

Urban Renewal Authority

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**Economic Impact  
Assessment Study on  
the Urban Renewal  
Authority's Urban  
Regeneration Projects**

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Tsuen Wan Town Center  
Redevelopment Project  
Economic Impact Case  
Study

FINAL

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Assessment Study on  
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Regeneration Projects**

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Tsuen Wan Town Center  
Redevelopment Project  
Economic Impact Case  
Study

May 2010

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It is not intended for and should not be relied upon by any third party and no responsibility is undertaken to any third party

Job number 210939

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## Executive Summary

### Introduction

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As part of the Urban Renewal Strategy Review, an Economic Impact Assessment based on a Case Study of the Vision City and CityWalk redevelopment project ("the Project") has been undertaken by Ove Arup and Partners Hong Kong and Colliers International. The Case Study includes both an assessment of the Project and of the surrounding 400m area within an approximate 15 minute walk of the Project in order to capture the economic linkages and distributional impacts the Project has generated.

### Project Description and History

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The Project is a major residential and commercial redevelopment in Tsuen Wan which was completed in late 2007. The commercial area (CityWalk) contains a wide variety of retail outlets while the residential complex (Vision City) is located above the commercial area. A 3,700 square meter public open space and community facilities are included in the development. The nearby Tsuen Wan and Tsuen Wan West MTR stations, bus stops, and taxi stands and a minibus terminus in the Project area provide convenient public access. The urban landscape surrounding the Project comprises a mixture of old and new buildings containing commercial, residential and government uses.

Prior to redevelopment, the Project site was already urbanised with residential, retail and commercial uses. Almost all of the buildings within the area were constructed before 1966 and most were in poor or deteriorating condition. Most of the private lots were under multi-ownership and too small for satisfactory re-development on their own.

### Tsuen Wan

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Tsuen Wan boasts a long history, from a humble primary industry based beginning to industrial and new town developments. The area is continuing to undergo change which is evident through its declining manufacturing and industrial base and transition towards residential, retail, hospitality and service based industries. The population in Tsuen Wan Town center has fallen steadily over the last several years. Higher skilled occupations are increasing amongst its residents and accordingly, incomes are higher than the wider Hong Kong average. New road and rail infrastructure has enhanced mobility and connectivity to and from Tsuen Wan.

### Approach and Methodology

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The approach adopted for the Case Study relied on published data, literature reviews, stakeholder interviews, stratified surveys and data analysis. The key focus of the methodology was to analyse the additional economic impact the Project has generated relative to conditions prior to its construction.

### Surveys

A survey of over 250 stakeholders (including residents, commercial tenants, shoppers and pedestrians, and businesses in the surrounding area) was undertaken which aimed to elicit feedback regarding the Project character before redevelopment and structural changes in terms of employment, income, business activity, customer type etc, that have occurred since the Project was completed. For any given category of stakeholders a random selection process was utilised to eliminate sample bias. All data collected from the survey was entered into a database and statistically analysed.

### Employment, Income and Retail Sales

Employment and income were estimated at three key stages: 1) pre construction when property acquisition was undertaken, 2) construction and 3) operation after project completion. Construction phase employment opportunities were estimated based on those directly involved in the construction of the Project. Operational phase employment

opportunities and income were estimated based on the survey results and published HK worker densities per area of commercial gross floor area (GFA).

The additional annual retail sales the Project generated were estimated by assessing and comparing the gross retail sales before and after the Project. Gross retail sales were estimated based on the survey data of CityWalk business tenants and shoppers and GFA.

#### Real Estate Prices and Property Levels

Capital values were analysed at three separate levels including the Project itself, the 400m surrounding area and Tsuen Wan District level using transacted prices obtained from listings in the Economic Property Research Centre (EPRC).

The methodology for rental analysis was conducted at three separate levels, similar to the analysis of capital values. Rental estimates are based on the rateable values for domestic and commercial property provided by the Rating and Valuation Department (RVD).

The Existing Use Values (EUV) of the Project before and after the re-development were assessed in accordance with the existing valuation standards. Three valuation methods were adopted, namely the 1) Direct Comparison Approach, 2) Direct Capitalisation of Income and 3) Discounted Cash Flow Analysis.

#### Property-related Government Revenues

Property related government revenues included stamp duties, rates, government rent and property tax.

Stamp duty estimates were derived based on charges on applicable legally binding documents. Rates were calculated based on the rateable value which is an estimate of the annual rental value of the property at a designated valuation reference. Government rent was estimated based on that levied on applicable properties. Property tax was computed on the net assessable value at the standard rate for the relevant year of assessment.

#### Wider Economic Impacts

The wider economic impacts were estimated using applicable multipliers for China and calculations of Gross Value Added (GVA) using data published by the Hong Kong Census and Statistics Department. Multipliers capture the flow on effects that the initial capital expenditure generates. GVA measures the contribution to the economy of each individual producer, industry or sector in the economy. GVA is used in the estimation of Gross Domestic Product.

### Economic Findings

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#### Employment, Income, Revenue and Wider Impacts

The quantified economic impacts of the Project are significant and include employment, income, property and wider economic impacts. During acquisition, approximately HK\$2,400 Million was paid above the market price in home purchase allowance to affected property owners which acted as an additional stimulus to the economy. Project construction works injected an estimated HK\$1,760 Million directly into the economy and generated an additional approximate HK\$1,443 Million in flow - on economic activity. Around 1,227 jobs were directly employed in the Project construction from 2003 to 2007 and approximately 7,900 further positions were supported from the construction expenditure.

During the operational stage, the Project created around an additional 738 commercial and retail jobs and an estimated HK\$362 Million per year in additional retail sales at current values. The estimated additional employee GVA contribution to the Hong Kong economy is HK\$190 Million per year at current values. Some HK\$259 Million has been paid to Government revenues in the form of stamp duties from the sale of residential units in Vision City and a further HK\$21 Million per year since the Project opened through Government rents and rates.



## Property Impacts

There have been multiple increases in both the domestic and non-domestic components as capital values have been enhanced by the change in quality and scale of the re-development. The value of Vision City compared with the property before re-development based on current valuation is summarised below.

### Summary of Existing Use Values

Component	Prior to Development	Current Vision City/CityWalk
Domestic Portion	HK\$562 Million	HK\$6,926 Million
Car Park Space (domestic portion)	-	HK\$99 Million
Non-domestic Portion	HK\$836 Million	HK\$1,888 Million
Total	HK\$1,398 Million	HK\$8,913 Million

The difference in values does not represent project profit as the after re-development values would include various project costs such as acquisition costs, construction costs and land premium. The enhancement in values is also due to the increase in project scale following redevelopment. Furthermore, the domestic units have already traded in the secondary market and have increased in capital value. The increase in capital values in a secondary transaction would have subsequently benefited the unit owner and not the developer.

The results show that if the property was not re-developed, values would have actually declined. Since its completion, the Project has positively affected the immediate 400m radius vicinity where the appreciation of residential capital values have all outperformed Vision City and the whole district of Tsuen Wan. Although Vision City's current residential capital value is at a premium over the average in the immediate vicinity (400m radius), other nearby developments are starting to achieve higher prices.

While there is evidence of a positive impact on prices and rents, it is still localised within the immediate vicinity. It should be noted that Vision City has only been in existence since 2007 and a more widespread effect is anticipated in the longer-term.

### Induced Linkages

The Project is inducing change within the community in a number of ways. Many of the new residents in Vision City are from the higher income groups with household incomes above HK\$50,000 per month and the survey findings show that they are spending around 36% of their income in Tsuen Wan area, outside of the Project itself.

The Project is also attracting new visitors into Tsuen Wan, particularly in the younger age groups below 25 years. In addition, the Project is an attraction to tourists.

### Synergies and Economic Clusters

The Project does provide a significant improvement to the Tsuen Wan Town Center, compared to the previous poor building conditions. The Project is also generating synergies, particularly with Nina Tower, which will also be extended to include CityWalk2. Tourists from Nina Tower are moving through both CityWalk and into the area surrounding the Project. Nina Tower tenants and the tourists benefit in the additional attraction the Project provides, while the Project and the surrounding areas, captures expenditure. These synergies and the resulting clusters will continue to develop and grow over time. The Project is part of this change, and while it is not directly responsible for the change, it is a key component in enabling change to occur and a key component in sustaining the change already noted to be occurring.

## Survey Results

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In the following summary of the key findings from the survey it should be noted that averages are presented and all results are associated with standard deviations.

### 400m Study Area

#### Businesses in the 400m Study Area

The business community in the surrounding 400m area of the Project is well established with an average business in operation for 9 years. Local residents account for the highest patron type comprising 74% of all patron types, and 60% are repeat customers.

During the construction stage, the Project had a reported negative impact on 18% of businesses in the 400m surrounding area, the majority of which were located adjacent to the Project and were impacted through disruption to pedestrian flows, noise, and dust. However 49% reported no impacts during construction.

Since opening, the Project has had a relatively small impact on surrounding businesses. 7% reported a general increase in business turnover attributable to the Project due to higher patronage from Vision City residents and visitors from outside Tsuen Wan. 8% reported a decrease in turnover during the operational period which was attributable to the Project due to loss of patronage, competition (brands), and a changing customer demographic (younger, higher income and different preferences). 56% of surveyed businesses reported no change in business activity.

12% of businesses have reported a change in customer profile, of which 6% were attributed to new residents from Vision City and 4% to more tourists.

A concern to around half of the businesses in the surrounding area is the increase in rental price and 24% of businesses in the 400m study area feel that the Project is responsible for rental price increases. Analysis show that retail rental growth in Tsuen Wan since 1996 has been higher in the 400m radius compared to HK Island and Kowloon, while it is in line with New Territories. There are potentially other reasons leading to higher rental growth in Tsuen Wan and may not necessarily be due to the Project given similar price movements in the New Territories as a whole.

#### Relocated Businesses Remaining in the 400m Surrounding Area

The survey results showed that several businesses operating within the site prior to redevelopment had relocated into the surrounding area. Further such businesses were identified in the surrounding area and an additional survey was conducted of these to appreciate the impact on their business since relocation. Over 60% of such relocated businesses that were surveyed provide construction, car repair, medicine and food retail services.

The majority of these same surveyed businesses reported no change in turnover since relocation directly due to the Project. A small proportion (7%) of these businesses reported a slight decrease in turnover which they felt was related to the Project due to loss of patronage and competition.

#### Project influence on Pedestrians in the Surrounding 400m Area

30% of surveyed pedestrians in the 400m Study Area reported they had switched their shopping habits to CityWalk since its opening, for reasons including greater product choice, convenience, better atmosphere and a more pleasant shopping experience. Some pedestrians interviewed in the surrounding had also changed their habits and were shopping more in Tsuen Wan outside of CityWalk since its opening. Overall, most of the pedestrians in the surrounding 400m Study Area spent up to 50% of their total monthly expenditure in Tsuen Wan outside of CityWalk.

## Project

### Businesses in CityWalk

Most of the businesses in CityWalk are new branches of existing businesses while the remainder have relocated from other addresses in Hong Kong. Businesses relocated to CityWalk due to its convenient location, the new development, its appeal to customers, and relatively low rental price compared to other shopping malls in Tsuen Wan.

Local residents account for the highest types of patrons. Since opening, many CityWalk businesses have noticed a change in their customer profile most notably an increasing number of tourists.

A quarter of CityWalk businesses reported an increase in business activities since opening and 35% reported no change. The remaining 40% reported a decrease in business activity which was mostly attributed to the downturn in the economy. The majority of businesses have increased their staff numbers and shop sale workers are the dominant employee type.

### Project influence on Shoppers

Just over a quarter of shoppers interviewed in CityWalk have changed their habit since the Project opened. The reasons for this change include the atmosphere of CityWalk, the pleasant shopping experience, convenience and product choice. Almost a third of shoppers reported they visit CityWalk for other reasons apart from purely shopping such as to attend public events and performances.

Just over a quarter of shoppers reported they now shop more in Tsuen Wan outside of Citywalk after the opening of Citywalk. On average, those interviewed spend a third of their total monthly expenditure in Tsuen Wan outside of CityWalk.

### Vision City Residents

Around three quarters of residents were living in Tsuen Wan District before they relocated to Vision City indicating the attraction of the Project to local residents. On average, each resident visits CityWalk around 3 times per week. The majority of purchased items were food, however clothes, sportswear, furniture and necessities were also commonly purchased.

On average, Vision City residents spent 18% of their monthly income in CityWalk and 36% of their monthly income elsewhere in Tsuen Wan. 41% of Vision City residents have changed their shopping habits as a result of the opening of CityWalk, with around two thirds of them spending more in CityWalk.

32% of Vision City residents hire help including education tutors, piano tutor, cleaner and helper, of which 42% of hired help are from the local Tsuen Wan area.

## Feedback

On the whole, community feedback on the Project is positive with 76% of interviewees reporting it a positive influence to Tsuen Wan.

### Businesses in the Surrounding 400m area

Businesses in the surrounding area are relatively equally divided between positive and negative feedback. Roughly 37% commented negatively about the Project citing increased rental prices and loss of patronage a concern. By comparison, 35% commented positively seeing it as a quality development and benefiting from increased patronage of shoppers.

### Relocated Businesses that Remained in the 400m Study Area

Approximately 50% of relocated businesses commented that the Project is good for the local area due to higher patronage and none felt the Project was a negative influence on local businesses.

### Pedestrians in surrounding 400m area

Pedestrians in the surrounding 400m area are mostly supportive of the Project with 76% reporting the Project a positive influence to Tsuen Wan. This was due to the attraction of

visitors and new residents to the area, visual amenity, increased shopping choice, and enhanced accessibility and connectivity.

#### Shoppers in CityWalk

The majority of shoppers in CityWalk viewed the Project favorably with 92% perceiving CityWalk as a positive influence to Tsuen Wan due to more restaurants and shopping choice, better access and convenience, and a better environment.

#### Businesses in CityWalk

A greater proportion of businesses in CityWalk viewed the business outlook positively rather than negatively. 68% were favourable in their outlook reporting an expected increase in business activity due to opening of CityWalk2, increasing patronage from residents in Vision City, plus other reasons such as seasonal demand and future economic recovery. 13% anticipated a decrease in business activity due to the economic downturn.

#### Summary of Findings

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The Project is a new attraction for visitors to Tsuen Wan. It generates a distributional flow of spending into the community, and enhances linkages within its locality. It provides significant additional income in its acquisition, construction and operational stages and employment opportunities in these later two stages. Overall, the Project complements commercial activities locally and provides accessibility, an improved environment and additional and diversified choice in the community. Property and rental values have increased locally since the project was completed. In addition, the Project has contributed to the Hong Kong economy through Government Revenues and wider economic benefits associated with it.

The Project is however not without some negative impacts including temporary disruption to neighbouring local businesses during the construction phase and competition to some local retailers since the opening of CityWalk.

The findings of this assessment are nevertheless supportive that the Project provides positive additional economic benefits to Tsuen Wan which are greater than those available prior to its development. This finding is also supported by the results of the survey feedback which indicates that the majority of the community view the Project favourably.

# 1 Introduction

**“Regeneration** - the holistic process of reversing economic, social and physical decay in areas where it has reached a stage when market forces alone will not suffice” (UK Department of Communities and Local Government).

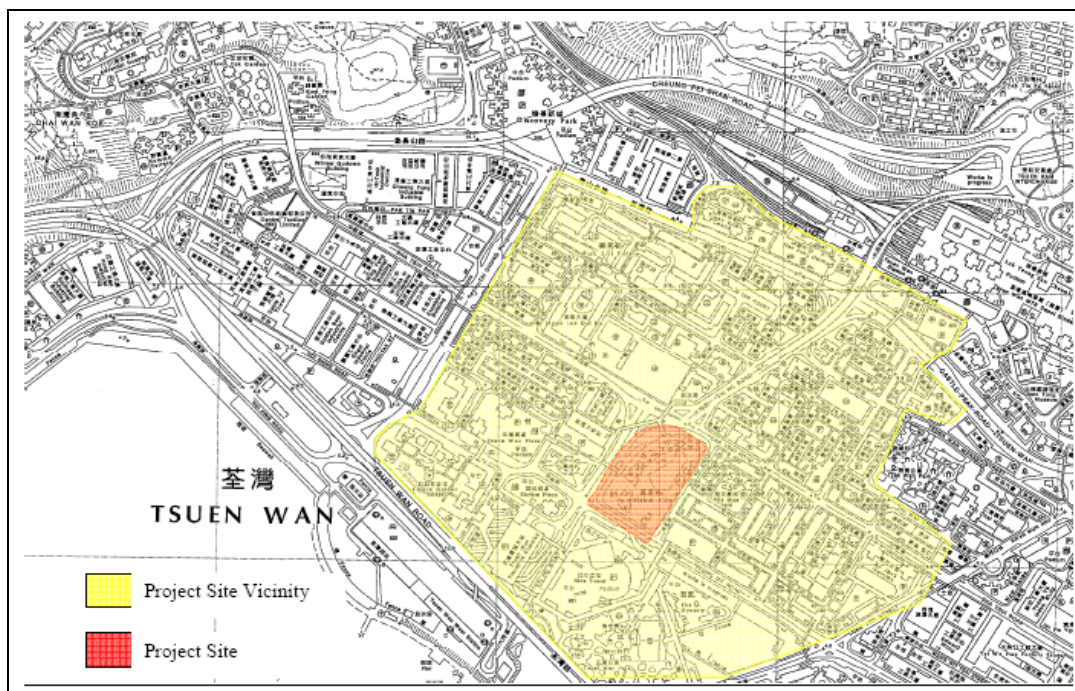
## 1.1 Background

The Urban Renewal Strategy Review was launched by the Development Bureau in July 2008. As part of the Review, an Economic Impact Study based on a Case Study of the Vision City and CityWalk redevelopment project (“the Project”) was undertaken by Ove Arup and Partners Hong Kong and Colliers International.

The Project is part of a major residential and commercial redevelopment in Tsuen Wan which was completed in late 2007. The commercial area (CityWalk) contains a variety of retail outlets including restaurants, clothing, toy and household appliance establishments. The residential complex (Vision City) is located above the commercial area. The development includes public open space and community facilities. The nearby Tsuen Wan and Tsuen Wan West MTR stations, bus stops at Yeung Uk Road and Sha Tsui Road, taxi stands at Nina Tower and a minibus terminus beneath the Project provide convenient public access. The urban landscape surrounding the Project comprises a mixture of old and new buildings containing commercial, residential and government use. Commercial activities include markets, automobile workshops, restaurants, jewellery and shopping centres. Schools, law courts and Tsuen Wan Town Hall are also located nearby.

## 1.2 Study Context

The Case Study includes the surrounding 400m<sup>1</sup> within an approximate 15 minute walk of the Project in order to capture the economic linkages and distributional impacts the Project generates (Figure 1). It also considers the Project impacts over time and the local character prior to the Project as compared to the economic impacts generated during the construction and operational phases.



**Figure 1 Defined 400-Metre Radius Area**

Source: Urban Renewal Authority

<sup>1</sup> The 400m Study Area was defined as part of the Study Brief

Urban regeneration is a multifaceted combination of economics, planning, social, cultural, temporal and infrastructure considerations that are brought together to improve the urban fabric. Its objective is to maintain and strengthen the social and cultural norms of the community and provide real social and economic opportunities to enhance the sustainability of the urban environment. The distinguishing characteristic of these interventions is that they have a strong spatial focus and often distributional impacts. They tend to aim or contribute to the overall goals for sustainable development of target areas, and have the specific objective of improving outcomes in social, economic and environmental terms.<sup>2</sup>

The most effective use of public money in urban regeneration is to access a greater pool of investment from the private sector.<sup>3</sup> Urban regeneration aims to strategically invest in under-developed areas to catalyze private investment and generate tax revenues. In turn, these investments and revenues provide the financial basis for further capital improvements such as parks, streets, parking garages, and transit systems that stimulate private investment and attract new businesses, jobs, and residents.<sup>4</sup>

### 1.3 Objectives

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The objective of the Case Study was to assess the net additional economic impact of the Project to the community, relative to before its development. Specifically, the objectives were to assess:

- Job creation and changes in income levels both within the Project site and in the vicinity;
- Changes in business volume, business nature and customer profile as a result of the Project both within the Project site and in the vicinity;
- Changes in real estate prices and rental levels within the Project site and its vicinity before the commencement, during the implementation and after the completion of the Project;
- Changes in Government revenue within the Project site and the vicinity;
- Indirect economic impacts generated during the project delivery stage and after the completion of the Project;
- Induced economic impacts associated with the spending of those who derive incomes both directly and indirectly as a result of the Project; and
- Wider impacts of the development of the Project site on the local community and economy, such as bringing forward developments in the vicinity of the Project.

### 1.4 Limitations

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The findings in the report are constrained by the length of time since the Project opened in 2007. The relatively short time period since its opening means that it's likely the full scale of impact is yet to materialise.

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<sup>2</sup> Assessing the Impact of Spatial Interventions: Regeneration, Renewal, and Regional Development – Main Guidance, September 2003, UK Department of Communities and Local Government.

<sup>3</sup> Adair A, Berry J, McGreal S, Deddis Bill and Hirst S (2000), The financing of urban regeneration. Land Use Policy (17), 147-156

<sup>4</sup> EcoNorthwest (2009), Preliminary Westside Central City Urban Renewal Study. Prepared for the City of Portland Bureau of Planning and Sustainability

## 1.5 Report Layout

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The remainder of the report is organised as follows.

<b>Section</b>	<b>Content</b>
Chapter 2	Describes the policy context and the Project
Chapter 3	Outlines the approach and methodology
Chapter 4	Profiles Tsuen Wan and its context within Hong Kong
Chapter 5	Provides the feedback from the stakeholder discussions and surveys
Chapter 6	Details the capital values analysis
Chapter 7	Presents the rental analysis
Chapter 8	Provides the existing use values analysis
Chapter 9	Presents the property-related government revenues
Chapter 10	Assesses employment, income and Gross Value Added impacts
Chapter 11	Presents the summary and conclusions

## 2 Urban Regeneration Policy and the Project

### 2.1 URA Regeneration Policy

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The Urban Renewal Authority (“URA”) was established in May 2001 under the URA Ordinance to, inter alia, address the problem of urban decay, and to improve the living conditions of residents in dilapidated areas. The URA is an independent statutory body with a board that is accountable for the use of public funds.

In pursuing these aims, the Authority has adopted a ‘4Rs’ strategy of Redevelopment, Rehabilitation, Preservation and Revitalisation. Projects commenced under the 4Rs strategy involve significant financial investment, especially in the case of redevelopment.

One of the key principles underlying the URS is that the community at large should benefit from urban renewal and such benefits could, in an economic sense, be in the form of new employment opportunities, increased business activities, improved property values and rentals, and enhanced government revenues.

### 2.2 Vision City and CityWalk

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#### 2.2.1 Overview

The Project has an area of 20,300 square metres and falls within Tsuen Wan Town Lot (TWTL) No.398. It is bounded by Sha Tsui Road in the north, Yeung Uk Road in the south, Tai Ho Road in the west and Wo Tik Street in the east. It is located near the Tsuen Wan Town Hall, the Tsuen Wan Ferry Pier and the Tsuen Wan Mass Transit Railway (MTR) station is about 400m to the northeast of the area. The Tsuen Wan West MTR station is about 300m west of the area.

#### 2.2.2 Project History

Prior to redevelopment, the Project site already comprised of residential and retail commercial development. It was predominantly residential on upper floors with retail shops and motor repair workshops on ground floors. The site previously occupied by the Hong Kong Housing Society's Four Seasons Estate was also used as a temporary carpark. There was a high concentration of on-street parking and loading/unloading activities in the area. Almost 97% of the buildings within the area were constructed before 1966 and most were in poor or deteriorating conditions. The buildings were five to seven storeys in height with the exception of a 16-storey building situated at Sai Lau Street. Most of the private lots were under multiple ownership and were too small for satisfactory re-development on their own.

The chronology of events in the resumption of the property is as follows:

- Freezing survey of occupants was carried out between 26 April 1997 and 30 April 1997;
- The Land Development Corporation (now known as Urban Renewal Authority) announced the re-development of the subject property in Tsuen Wan in June 1997;
- On 4 December 2002, TWTL 398 land exchange was executed for commercial/residential (C/R) usage;
- The site was re-granted in December 2002, with Sino Land awarded the tender to develop the site;
- In 2003, Sino Land applied for additional domestic area and completed the application at a premium of HK\$340 million;
- Date of first sale for residential component was 30 April 2006; and
- Development was completed in 2007.



### 2.2.3 Business Representation

A breakdown of original businesses by industry before redevelopment is shown below (Table 1). Construction related businesses were the largest business type accounting for 24% of all original businesses. Clothing and restaurants were the smallest business type with each accounting for 2% of all original businesses in the Project Site.

**Table 1 Businesses in the Project Site Before Redevelopment**

	Clothes	Food	Restaurant	Household	Jewellery	Medicine	Construction	Printing	Leisure	Personal Care	Other/NA	Total
Total	3	20	3	14	0	6	36	5	7	8	50	152
%	2%	13%	2%	9%	0%	4%	24%	3%	5%	5%	33%	100%

Source: Urban Renewal Authority

Note: "Others" include banks, pet shops, car repair services and unidentified

After redevelopment, the site was converted into a high quality residential and commercial hub containing one of the largest shopping malls in the district. The current population within the Vision City residential towers is estimated at 5,800 persons.

A breakdown of businesses by type present after redevelopment (i.e within CityWalk) is shown below (Table 2). Clothing stores are the largest group comprising 40% of all businesses followed by restaurants which account for 12%. There is no construction related businesses in the Project Site after redevelopment.

**Table 2 Businesses in the Project Site After Redevelopment**

	Clothes	Food	Restaurant	Household	Jewellery	Medicine	Construction	Printing	Leisure	Personal Care	Other/NA	Total
Total	58	13	17	16	5	1	0	1	5	16	13	145
%	40%	9%	12%	11%	3%	1%	0%	1%	3%	11%	9%	100%

Source: CityWalk

Note: "Others" include banks, real estates, education centre and unidentified

Redevelopment has led to an increase in the number of clothing shops and restaurants in the Project Site. It also shows increases in other business types including personal care, jewellery and household related retailers. Alternatively, construction related businesses are no longer present, and the proportion of other retailers including food, medicine, printing and leisure related businesses have been reduced (Table 3).

**Table 3 Comparison of Businesses in the Project Site Before and After Redevelopment**

	Clothes	Food	Restaurant	Household	Jewellery	Medicine	Construction	Printing	Leisure	Personal Care	Other/NA	Total
Before	3	20	3	14	0	6	36	5	7	8	50	152
After	58	13	17	16	5	1	0	1	5	16	13	145
Changes	55	-7	14	2	5	-5	-36	-4	-2	8	-37	-7

A selection of photos showing the Project site before and after redevelopment is as follows.



**Figure 2 Pre-development Western Tsuen Wan**



**Figure 3 Post-development Western Tsuen Wan**



**Figure 4 Pre-development Yeung Uk Road**



**Figure 5 Post-development Yeung Uk Road**



**Figure 6 Pre-development Residential**



**Figure 7 Post-development Residential**



**Figure 8 Pre-development Street-level Retail in Wo Tik Street**



**Figure 9 Post-development Retail Shopping Mall**

#### 2.2.4 Project Details

The formal address of the Project is No. 1 Yeung Uk Road, Tsuen Wan. The land grant is for 50 years commencing on 4 December 2002. The project was developed by Prime Harvest Development Limited with the following holding companies: Sino Land Company Limited, King Chance Development Limited, Giant Venture Limited and Prestone Venture Limited. Building details of Vision City are shown below (Table 4).

**Table 4 Project Details**

General	Details
Gross Site Area	20,300 square metres
Net Site Area	19,292 square metres
Permitted Land Use	Comprehensive development area (commercial, residential, open space, government institution and community or GIC)
Building Height Restriction	Not to exceed 327 mPD
Plot Ratio	Domestic not to exceed 107,400 square metres Non-domestic not to exceed 22,800 square metres
Site Coverage	Domestic (above 61 m) not to exceed 20% Non-domestic (below 20 m) not to exceed 100% Non-domestic (above 20 m) not to exceed 65%
Parking	<ul style="list-style-type: none"> <li>▪ 301 slots, Domestic</li> <li>▪ 25 slots, Visitor</li> <li>▪ 114 slots, Commercial</li> <li>▪ 44 slots, Motorcycle</li> <li>▪ 1 slot, District Elderly Community Centre</li> </ul>
Loading/Unloading Provision	<ul style="list-style-type: none"> <li>▪ 5 bays, Domestic</li> <li>▪ 19 bays, Commercial</li> <li>▪ 1 bay, RCV</li> <li>▪ 7 bays, Taxi Lay-by</li> </ul>
Public Open Space	<ul style="list-style-type: none"> <li>▪ 3,700 square metres</li> </ul>

<b>Domestic</b>	<b>Details</b>
Domestic GFA	107,400 square metres
No. of Towers	5 (1, 2, 3, 5 and 6)
Total Domestic Flats	1,466 units
No. of Storeys	<ul style="list-style-type: none"> <li>▪ Tower 1: 42 storeys (7/F to 67/F excluding 13/F, 14/F, 24/F, 34/F, 40/F-49/F, 53/F, 54/F, 58/F and 64/F; 35/F is refuge floor)</li> <li>▪ Tower 2-6: 44 storeys (7/F to 69/F excluding 13/F, 14/F, 24/F, 34/F, 40/F-49/F, 53/F, 54/F, 58/F and 64/F; 35/F is refuge floor)</li> </ul>
Recreational Facilities and Clubhouse	Outdoor swimming pool, children's pool, Jacuzzi, indoor swimming pool, sauna, changing rooms, health spa, indoor multi-purpose sports hall, gymnasium, aerobic dance room, bowling alley, billiard room, lounge, library, function room, learning room, music room, indoor children's playroom, outdoor children's play area, BBQ area, outdoor tennis court and landscaped gardens
<b>Non-Domestic</b>	<b>Details</b>
Non-Domestic GFA	22,800 square metres
Government, Institution and Community	3,080 square metres including District Elderly Community Centre, Housing for the Mentally Handicapped, and Public Light Bus Terminus

Source: Urban Renewal Authority

### 2.2.5 Project Cost

The aggregate project cost was approximately HK\$6 billion. The cost breakdown is presented below (Table 5).

**Table 5 Project Cost**

<b>Stage</b>	<b>HK\$ million</b>
<b>Acquisition and Maintenance Cost</b>	
Property Acquisition Cost	4,000
Stamp Duty	101
Legal, Maintenance and Other Costs	56
<b>Tenant Compensation, Re-Housing and Holding Cost</b>	
Tenant Compensation and Ex-Gratia Payment	332
URA's Re-Housing, Holding and Legal Cost	40
<b>Construction Stage</b>	
Demolition and Construction Costs (Approx.)	1,760
Professional and Consultancy Fees (Approx.)	107
<b>TOTAL</b>	<b>6,396</b>

Source: Urban Renewal Authority

### 2.2.6 Public Open Space and Events Space

CityWalk contains a central outdoor public open space (POS) around 3,700 m<sup>2</sup> in size. It also contains an indoor events hall approximately 500 m<sup>2</sup> in size which is situated at the first floor level as part of the shopping centre. Both of these spaces generate community benefits by being used to hold events for non-profit making organisations or non-government organisations at little or no charge. These events include performances, exhibitions and charity, cultural and public interest promotions. In turn, they increase the diversity and number of activities and visitors to CityWalk and will potentially increase customer patronage. The types of non-profit making and NGO's events held at the CityWalk POS and Event Hall can be categorised into the following major groups (Table 6).

**Table 6 Summary of Event Types**

Event Type	CityWalk POS (no. of events held)	CityWalk Event Hall (no. of events held)
1. Charity Events (eg. for earthquakes, floods)	2	7
2. Cultural Promotion (eg. East Asian Games, music performances, social events for the elderly)	18	25
3. Health Promotion (events related to health and safety promotion)	17	22
4. Festival Events (eg. Easter, Halloween, Christmas, Chinese New Year)	1	3
5. Environmental Awareness	0	2
6. URA events	2	2
<b>Total</b>	<b>40</b>	<b>61</b>

The usage rate of the CityWalk public open space over a two year period is approximately 10.8% whilst the usage rate for the Event Hall is approximately 13.8% (over 22 month period). It is estimated that many events were attended by thousands of visitors (Table 7).

**Table 7 Event Days**

POS	No. of Event Days
CityWalk POS (from Dec. 07 to Nov. 09)	78 (usage rate of 10.7%)
CityWalk Event Hall (from Mar. 08 to Dec. 09)	92 (usage rate of 13.8%)
<b>Total</b>	<b>170</b>

## 3 Approach and Methodology

### 3.1 Introduction

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The approach adopted for this assessment relies on published data, literature reviews, stakeholder interviews and surveys to identify and assess the typical economic indicators associated with urban regeneration:

- income;
- employment;
- business activity;
- real estate prices and property levels;
- property-related government revenue; and
- wider economic benefits,

The analysis considers these indicators and how they have changed as a result of the Project.

### 3.2 Literature Reviews

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A comprehensive literature review was undertaken to identify the baseline character prior to the development, to which the post development character was compared. The local data was assessed against published Territorial wide data to place trends in the wider Hong Kong context. The key source of information used in the assessment included:

- Census and Statistics data published by the Hong Kong Government;
- Population Census and By-census Tertiary Planning Units (1991, 1996, 2001 and 2006);
- Property data provided by Rating and Valuation Department;
- Overseas urban regeneration studies and policies;
- Plans, zoning, title documents, occupation of the subject site at the time of resumption, Government publications;
- Capital cost and expenditure profiles for the Project;
- Visitor numbers, tenants, GFA and employee numbers of Vision City and CityWalk;
- International economic input output literature;
- Economic Property Research Centre (EPRC) data;
- Consultant's (Colliers') internal database.

### 3.3 Stakeholder Engagement

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The Stakeholder engagement process comprised of two distinct tasks:

- Undertaking a survey of 264 randomly selected stakeholders from within the Project site and the surrounding 400m radius; and
- Meeting and discussion with key stakeholders on their perspectives of the Project impacts.

The guiding principle in selecting stakeholders for the survey was to include those directly related to the Project (Vision City and CityWalk Management and tenants) to provide actual estimates of income, employment and property benefits etc, and a representative selection of those in the surrounding area (government, commercial, retail and pedestrians), to provide a balanced and measurable perspective regarding the induced changes, flow on benefits and economic linkages that have been created since the Project was completed.

### 3.3.1 Stakeholder Surveys

A survey of 264 stakeholders was undertaken which aimed to elicit feedback to identify the Project character before redevelopment and structural changes in terms of employment, income, business activity, customer type etc, that have occurred since the Project was completed. The targeted stakeholders and the number of surveys are shown below (Table 8).

**Table 8 Survey Stakeholders**

Survey Group	Number Sampled
CityWalk Commercial Tenants	40
Vision City Residents	37
Shoppers in CityWalk	37
Pedestrians in surrounding area	36
Businesses in surrounding area	100
Original Businesses in surrounding area	14
<b>Total</b>	<b>264</b>

#### 3.3.1.1 Selection Process

For any given category of stakeholders a random selection process was utilised to eliminate sample bias. A survey of all businesses in the surrounding 400m of the Project was undertaken to identify type and distance from the project (Figure 37). These businesses were then split into 100m bands and entered into a database. Within each band, an equal number of businesses were randomly selected for inclusion into the survey. The only condition placed on the selection process was that where more than three of any business type (for example, restaurants) was selected in a 100m band, the fourth was removed and the process was repeated until a business type was selected that was not well represented in that band. The reason for dividing businesses into bands was to evaluate the relationship between impact and distance from the Project (Table 9).

**Table 9 Businesses Identified in the Study Area**

	Clothes	Food	Restaurant	Household	Jewellery	Medicine	Construction	Printing	Leisure	Personal Care	Other	Total
0-100m	0	31	7	5	1	4	1	0	3	5	10	67
100-200m	27	36	35	14	9	37	6	4	17	39	52	276
200-300m	15	37	58	37	12	35	9	7	21	46	66	343
300-400m	10	27	33	21	4	14	15	2	11	35	46	218
400-500m	2	13	12	9	0	4	9	5	4	3	12	73
<b>Total</b>	<b>54</b>	<b>144</b>	<b>145</b>	<b>86</b>	<b>26</b>	<b>94</b>	<b>40</b>	<b>18</b>	<b>56</b>	<b>128</b>	<b>186</b>	<b>977</b>
<b>%</b>	<b>6%</b>	<b>15%</b>	<b>15%</b>	<b>9%</b>	<b>3%</b>	<b>10%</b>	<b>4%</b>	<b>2%</b>	<b>6%</b>	<b>13%</b>	<b>19%</b>	<b>100%</b>

Note: "Others" include real estates, banks, telecommunication, pet shops, private investigators and car repair services

Original businesses in the surrounding area were identified by comparing the names of existing businesses to the names of non-domestic occupiers previous located in the Project Site. The relocation status was confirmed before the survey by questioning business owners whether they were relocated from the Project Site or not.

Pedestrians in the surrounding area and customers in CityWalk were randomly selected by interviewers on the street or in the shopping centre respectively.

CityWalk commercial tenants were randomly selected from a database, while Vision City residents were randomly selected as they entered the building by interviewers positioned outside the main entrance.

### 3.3.1.2 Survey Questionnaire

The interviews follow a structured format comprising a series of questions regarding employment, income, business activity, customer type, length of occupancy etc by developing a pro forma prior to interviews. The questions were developed for a specific audience to reflect the perception of the stakeholder group (for example – Vision City Residents, CityWalk commercial tenants and shoppers, pedestrians and businesses in the 400m surrounding area of the development). A copy of the questionnaires is attached in Appendix A.

All data collected from the survey was entered into a database and statistically analysed to determine the type and extent of impact the Project has had in Tsuen Wan within temporal and spatial contexts.

### 3.3.2 Stakeholder Engagement

Interviews were conducted with the following individual stakeholder parties for more detailed discussions (Table 10).

**Table 10 Interviewed Stakeholders**

Stakeholder	Relevance
Project Developer (Sino Group)	Project related information, project details and number of employees.
Nina Tower Management	Relationship with the Project and synergy and/or competition issues
Tsuen Wan District Councillors (including Chairman)	Local community perspectives.

## 3.4 Employment and Income

Employment and income changed relative to the baseline at three key stages on this project: 1) pre construction when acquisition was undertaken, 2) construction stage and 3) operational phases. During pre-construction, acquisition was undertaken which resulted in the purchase of affected properties, and in turn the households purchased new homes. During the construction phase, the initial capital investment provides opportunities for contractors who supplied goods and services. These construction phase employment opportunities were estimated based on those directly involved in the construction of the Project and were identified via discussions with the Project developer Sino Group.

Operational phase employment opportunities and income were based on interviews with management and tenants in CityWalk to provide actual estimates which were used as a crosscheck to forecast employment opportunities using estimated worker densities per area of commercial GFA.

Other benefits the Project could have also generated were assessed such as better paid and more highly skilled employment opportunities than previously available and these were described where relevant.

## 3.5 Business Volume, Activity and Customer Profile

Changes in business volume, activity and customer profile were based on the results of the stakeholder interviews to indicate changes over time (pre and post Project construction) and supplemented with relevant census and statistics data. The interviews were structured to differentiate between those businesses that were tenants within CityWalk and the



surrounding businesses so that induced changes could be estimated, through inclusion of specific questions of the influence of the Project.

Changes in business volume were estimated by interviewing business owners i.e. both qualitative and quantitative based questions as interviewees are often reluctant to specify a monetary value. Instead, the business owner could specify that business activity as a percentage of output has increased by 5%, or remained unchanged, etc. Similarly, current business activity and customer profiles and the changes that have occurred over time to the business and whether this is attributable to the Project were identified where possible through the stakeholder interview process.

### 3.6 Real Estate Prices and Property Levels

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#### 3.6.1 Capital Value

Capital values were analysed at three separate levels.

The first level of analysis focused on the Project itself where historical trends in capital values were examined starting from 2006 until the present. Transacted prices were obtained from listings in the Economic Property Research Centre (EPRC) database and collated to arrive at the annual average capital value for the project. The annual average capital values were then overlain on the price index for the whole territory and similarly at the district level to assess the historical performance vis-à-vis other locations.

The second level of analysis was within the defined 400m radius from the Project. The historical trends were assessed commencing in 1995 before the re-development until the present with regards to domestic capital values. Transacted prices were extracted from the database of property data provider EPRC and collated to arrive at the annual average capital value for the specified area. The annual average capital values were overlain with price indices for the whole territory and district levels to assess historical performance. They were also compared with the performance of the Project to assess the impact of the re-development on the immediate location.

The third level was within the Tsuen Wan district where historical trends from 1995 to the present were examined with regards to domestic capital values. Transacted prices for selected developments were based on information from EPRC, with averages analysed against the whole territory and the Project itself.

#### 3.6.2 Rental

The methodology for rental analysis is similar to the analysis of capital values. The rental data was approximated with the rateable values for domestic and commercial property provided by the Rating and Valuation Department (RVD). In Hong Kong, rates are taxes that are levied on domestic and non-domestic properties, based on a nominal rental value (also called rateable value) and payable on a quarterly basis.

#### 3.6.3 Existing Use Values

The Existing Use Values (EUV) of the Project before and after the re-development were assessed. The valuation was undertaken in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards (6<sup>th</sup> Edition) and the Hong Kong Institution of Surveyors (HKIS) Valuation Standards on Properties (First Edition 2005).

The valuation was on the basis of Market Value (MV) which was defined as "*the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion*".

Three valuation methods have been adopted in this assessment, namely the 1) Direct Comparison Approach, 2) Direct Capitalisation of Income and 3) Discounted Cash Flow Analysis.

### 3.6.3.1 Direct Comparison Approach

The Direct Comparison Approach estimates the value of the Property by comparing recent sales or rental transactions of similar interests in the buildings or buildings located in the surrounding area. By analysing sales or rental transactions which qualify as 'arm's-length transactions, between willing buyers and sellers, adjustments can be made for time, location, floor, building conditions and other relevant factors when comparing indicators such as unit price or rental against the property. This approach is commonly used to value standard properties in Asia when reliable transactions evidence is available.

This approach has been adopted for valuing the Market Value of domestic and non-domestic portions before the re-development as well as the Market Value of domestic portion and carparking spaces (of the domestic portion) after the re-development.

### 3.6.3.2 Direct Capitalisation Income Approach

Direct Capitalisation Income Approach estimates the values of the properties on an open market basis by capitalising net rental income on a fully leased basis having regard to the current passing rental income from existing tenancies and potential future reversionary income at the market level.

In this valuation method, the total rental income is divided into a current passing rental income over the existing lease term (the term income) and a potential future reversionary rental income over the residual land use term (the reversionary income). The term value involves the capitalisation of the current passing rental income over the existing lease term. The reversionary value is taken to be the current market rental income upon the expiry of the leases capitalised over the residual term of the economic life of the building on a fully leased basis. It is then discounted back to the date of valuation.

This method has been adopted in assessing the Market Value of the non-domestic portion and carparking spaces (of the non-domestic portion) after the Re-development.

### 3.6.3.3 Discounted Cashflow Approach

Discounted Cashflow Approach evaluates the value of a property by estimating what someone is willing to pay today in order to receive the anticipated cash flow in future years.

This is defined in the International Valuation Standards Committee (7th Edition), as a financial modelling technique based on explicit assumptions regarding the prospective cash flow to operating real properties. This analysis involves the projection of a series of periodic cash flows to an operating property. An appropriate discount rate is applied to the projected cash flow series to establish an indication of the present value of the rental income stream associated with the properties. In the case of operating real properties, periodic cash flow is typically estimated as gross rental income less vacancy and operating expenses and other outgoings. The series of periodic net operating incomes, along with an estimate of the reversionary or terminal value anticipated at the end of the projection period, is then discounted at the assumed discount rate. The discount rate reflects the cost of capital or a rate of return used to convert a monetary sum, payable or receivable in the future, into a present value.

This method has also been adopted to assess the Market Value of the non-domestic portion and carparking spaces (of the non-domestic portion) after the re-development.

## 3.7 Property-related Government Revenues

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### 3.7.1 Stamp Duty

Stamp duty is a form of tax that is levied on documents. According to the Schedule 1 of the Hong Kong Stamp Duty Ordinance Cap.117 (SDO), stamp duty is charged on some legal binding documents which are classified into four heads (Table 11).

**Table 11 Legal Binding Documentation Head Classification**

Type	Description
Head 1	All transactions of sale or lease of interests in Hong Kong immovable property
Head 2	The transfer of Hong Kong Stock
Head 3	All Hong Kong bearer instruments
Head 4	Any duplicates and counterparts of the above documents

### 3.7.2 Rates

Rates are one of Hong Kong's indirect taxes levied on properties and the revenue collected forms part of Government's general revenue stream.

Rates are charged as a percentage of the rateable value which is the estimated annual rental value of a property at a designated valuation reference date, assuming that the property was then vacant and to let. For the current financial year 2009-2010, the rates percentage charge is 5% and the designated valuation reference date is 1 October 2008.

Rateable value is an estimate of the annual rental value of the property at a designated valuation reference date, assuming that the property was then vacant and to let. Neither restrictions on sale or letting, such as those that apply to Home Ownership Scheme flats, nor the financial status of the ratepayer, can be taken into account. In assessing the rateable value, reference is made to other open market rents agreed at or around the date of valuation, for similar properties in the locality, with due adjustments to reflect any differences in size, location, facilities, standards of finish and management.

The rateable values of all types of property, including private and public housing, are assessed on the same basis. This provides a fair and uniform base on which to charge rates in accordance with the open market rental value of the property.

The rateable values are reviewed annually in the general revaluation so as to reflect more precisely the up-to-date rental values of the properties. For the 2009-2010 re-valuation, the designated valuation reference date is 1 October 2008 and the rateable values take effect from 1 April 2009. Following the revaluation, rateable values will be adjusted and may vary depending on the extent of change in the rental levels of the properties.

Generally, properties in all parts of Hong Kong are liable to be assessed to rates under the Rating Ordinance (Cap. 116). Altogether the 2009-2010 valuation list includes nearly 2.33 million assessments comprising about 2.96 million units.

Both the owner and the occupier are liable for rates. In practice, this will depend on the terms of the agreement between the owner and occupier of the premises. In the absence of any agreement to the contrary, liability for rates rests with the occupier.

### 3.7.3 Government Rent

Privately owned land in Hong Kong is normally held from the Government by way of a 'land grant' known as a Government lease (formerly called a Crown lease) under which a rent is payable. Government rent (formerly Crown rent) is paid by the Government lessee (the 'owner') to the Government in return for the right to hold and occupy the land for the term (i.e. duration) specified in the lease document.

All land leases in the New Territories and New Kowloon north of Boundary Street expired on 27 June 1997. However, Annex III to the Sino-British Joint Declaration provided that non-renewable land leases which expired before 30 June 1997 were automatically extended up to 30 June 2047 without payment of an additional premium but with a new Government rent becoming payable from the date of extension. In addition, all land leases whether on Hong Kong Island, Kowloon, or the New Territories which have been granted since 27 May 1985, the date from which the Joint Declaration took effect, are also liable for the new Government rent from 1 July 1997.

The assessment and collection of the new Government rent is governed by the Government Rent (Assessment and Collection) Ordinance (Cap. 515).

In general, the following types of properties are liable for Government rent:

- Properties in the New Territories and New Kowloon north of Boundary Street;
- Properties with land leases granted on or after 27 May 1985;
- Properties with their non-renewable land leases extended on or after 27 May 1985 at a Government rent payable at 3% of the rateable value of the lot from time to time. (The basis of assessment of the rateable value for Government rent purposes is the same as that for rates.)

The owner is liable for Government rent. The Government may however demand Government rent from the owner or the ratepayer of the property. If the person who pays Government rent is not the owner, he may claim reimbursement of the Government rent paid from the owner or offset the amount paid from any money due to the owner, unless there is an express agreement to the contrary.

#### 3.7.4 Property Tax

In Hong Kong, property tax is classified as an income tax. According to the Hong Kong Inland Revenue Ordinance IRO s5B, all property owners shall not be subject to this tax; unless the HK property owner has received a consideration, the example is rental income for the year of assessment. The property tax shall be computed on the net assessable value at the standard rate.

Property tax is computed at the standard rate on the net assessable value of the property for the relevant year of assessment. A year of assessment runs from 1 April to 31 March of the following year. The net assessable value is computed as shown below (Table 12).

**Table 12 Computation of Net Assessable Value**

Item	Computation
(A)	Rental income
(B) Less:	Irrecoverable Rent
(C)	(A-B)
(D) Less:	Rates Paid by Owner(s)
(E)	(C-D)
(F) Less:	Statutory Allowance for Repairs and Outgoings (E x 20%)
	Net Assessable Value (E-F)

Source: Hong Kong Inland Revenue Ordinance

The applicable rate of property tax for different years of assessment is presented below (Table 13).

**Table 13 Tax Rates**

Year of Assessment	Tax Rate
2008/09 onwards	15%
2004/05 to 2007/08*	16%
2003/04	15.5%
2002/03	15%

Source: Hong Kong Inland Revenue Ordinance

\*75% of the 2007/08 property tax is waived subject to a ceiling of \$25,000 per case.

### 3.8 Wider Economic Impacts

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The wider economic impacts were estimated using multipliers and estimates of Gross Value added (GVA).

#### 3.8.1 Multipliers

Multipliers provide an estimate of the 'gross' activity generated for a given impact on the economy. The concept of gross effects occurs because multipliers do not account for potential crowding out (from a conflicting need for resources such as labour) of one activity by another. Typical multipliers are published and publically available for various countries and can be used to estimate flow on effects.

Value added and employment multipliers published for China<sup>5</sup> capture the flow on effects that the capital expenditure for the Project construction generates. For example, construction of the Project would directly lead to demand for labour and value added in the construction sector and other sectors. This is referred to as the direct effect. The induced effect of the project refers to the consumption and investment this project eventually leads to, i.e., workers and firms who derive income from this project would increase their spending. The direct and induced effect is referred to as the total effect.

#### 3.8.2 Gross Value Added

GVA measures the contribution to the economy of each individual producer, industry or sector in the economy. It is the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used up in production i.e. the value which is added during the production process. GVA is used in the estimation of GDP.

GVA data per employee by sector is regularly published by the Hong Kong Census and Statistics Department. Using this data together with the estimated additional employment allows an estimation of the GVA contribution that employees working in the Project during operation make to the Hong Kong economy.

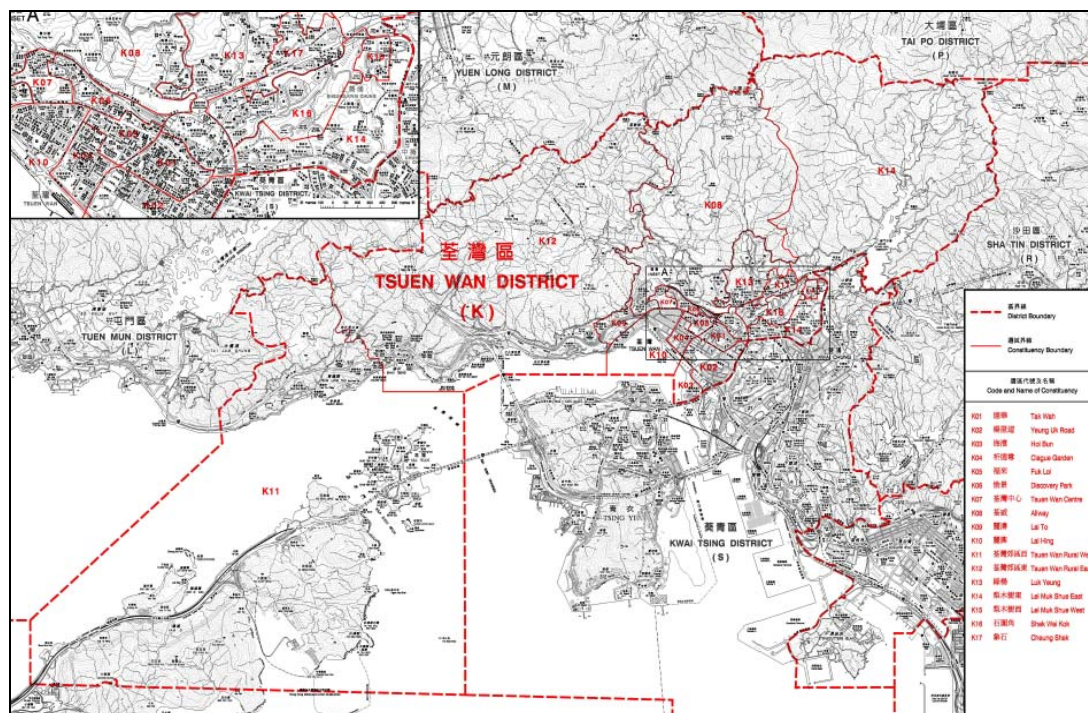
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<sup>5</sup> "How large will be the effect if China's fiscal-stimulus package on output and employment?" – Working Paper 05/2009, Hong Kong Monetary Authority

## 4 Tsuen Wan and its Position in Hong Kong

### 4.1 Location

Tsuen Wan is located at the western part of the New Territories with Tsing Yi Island situated adjacent across the Rambler Channel. Covering an area of about 6,000 hectares, it accounts for about 5% of Hong Kong's land area. The district is bounded by Wo Yi Hop Road and Texaco Road to the east. Its western boundary extends to Tsing Lung Tau, while the northern boundary covers the hilly areas of Tai Mo Shan. The coastline provides a natural boundary to the south, with Ma Wan Island and northeast Lantau also part of the Tsuen Wan district (Figure 10).



**Figure 10 Location Map of Tsuen Wan District**

Source: Lands Department - Survey and Mapping Office

### 4.2 Historical Context

In the 1910s to the 1940s gradual commercialization was experienced in Tsuen Wan as both local and outside entrepreneurs and manufacturers began to establish small scale industries and factories.

Tsuen Wan's development accelerated in the post-war decades when Hong Kong was undergoing economic transformation and was pressed to initiate new development programmes to cope with reconstruction. Industrial expansions and the inflow of refugees, entrepreneurs and capital throughout the 1950s to 1970s expedited the development of Tsuen Wan as a planned industrial new town and enabled it to play a major role as the hub for industries, firstly relating to the textile sector and later diversifying into other sectors of trade. In the course of this urbanization, many old villages and private land were cleared and resumed to make way for new housing and factories.

In 1973, the Hong Kong Government initiated the New Town Development Programme, of which Tsuen Wan was one of the first three new towns. The programme was implemented to address the increase in population and improve the living environment by de-centralizing the population from the over-crowded urban districts. The basic concept for developing a new town at this time was to provide a balanced community with provision of infrastructure and community facilities and to re-develop old run-down areas. The intention was to provide

the sites needed for the Ten Year Housing Programme which was placed under the care of the then New Territories Development Department.<sup>6</sup>

Tsuen Wan became more accessible with the arrival of the MTR in 1982. The completion of the Chek Lap Kok airport and associated transport connections enabled Tsuen Wan to further develop as the gateway link to the North West of the Territory in recent years. Landmarks in the area include Discovery Park, one of Hong Kong's largest shopping centres, the Panda Hotel which is one of the biggest hotels in Hong Kong and housing estates.

The Tsuen Wan Town Centre<sup>7</sup> contains a cluster of jewellery stores, Nina Tower, Tsuen Wan Shopping Plaza, Citylandmark, Vision City, CityWalk, L'Hotel Nina, Sam Tung Uk Museum, Tin Hau Temple etc.

### 4.3 Social and Economic Profile

#### 4.3.1 Overview

The Tsuen Wan Town Centre population has fallen steadily over the period 1991 to 2006, in contrast to the growth shown in the entire Tsuen Wan District, New Territories and Hong Kong wide population trends. Despite an aging population, income levels still remain above those recorded in the wider Hong Kong context. Representation in the less skilled resident population is falling, while the higher skilled resident population is increasing. The industrial context in Tsuen Wan is changing in line with the noted trends in income and historical lower skilled industries such as manufacturing have fallen dramatically to be replaced by retail, hospitality and services sectors. Such trends indicate that Tsuen Wan is in a period of transition and they are discussed further in the following sections.

#### 4.3.2 Population and Households

The population in Tsuen Wan Town Centre has fallen steadily between the census periods 1991 to 2006. By contrast, the population in the entire Tsuen Wan District has been growing steadily from 1996 onwards, which conforms with the New Territories and Hong Kong trends during the same period. The household size has also fallen slightly from 3.2 to 2.8 in line with the entire Tsuen Wan District, New Territories and Hong Kong trends (Table 14).

**Table 14 Population and Household in Tsuen Wan, New Territories and Hong Kong (1991-2006)**

	1991	1996	2001	2006
<b>Tsuen Wan Town Centre</b>				
Population	106,893	108,404	102,996	92,536
Population change (%)	-	1.4%	-5.0%	-10.2%
Household	32,955	33,921	32,707	31,585
Average Household Size	3.2	3.2	3.0	2.8
<b>Tsuen Wan District</b>				
Population	-	270,801	275,527	288,728
Population change (%)	-	-	1.7%	4.8%
Household	-	80,868	84,646	94,912
Average Household Size	-	3.3	3.3	3.0

<sup>6</sup> James Hayes (1999), Growth of a New Town and Its People, Cang Hai Sang Tian Hua Tsuen Wan Publications

<sup>7</sup> Note – Throughout this report, Tsuen Wan District refers to the area bounded by Wo Yi Hop Road and Texaco Road to the east, Tsing Lung Tau to the West and Tai Mo Shan to the North. Tsuen Wan Town Centre refers to a much smaller area which is slightly larger than the Project Study Area as defined under the Tertiary Planning Units.

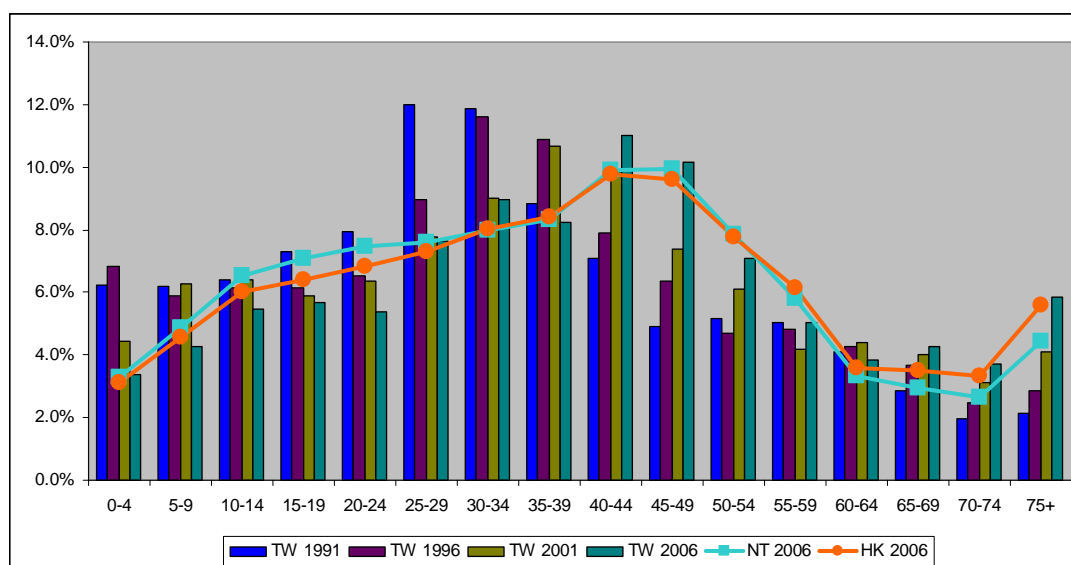
	1991	1996	2001	2006
<b>New Territories</b>				
Population	2,374,818	2,906,214	3,334,046	3,573,635
Population change (%)	-	22.4%	14.7%	7.2%
Average Household Size	3.6	3.4	3.2	3.0
<b>Hong Kong</b>				
Population	5,674,114	6,217,556	6,708,389	6,864,346
Population change (%)	-	9.6%	7.9%	2.3%
Average Household Size	3.4	3.3	3.1	3.0

Source: Population By-census – Basic Tables for Tertiary Planning Units (1991, 1996, 2001, 2006)

Note: 1991 Census Data for Tsuen Wan District is not available

#### 4.3.3 Age Distribution

A review of the age distribution between the 1991 and 2006 census periods indicates an aging population trend in the Tsuen Wan Town Centre. It can be noted that the representation of those aged 34 and less has decreased since 1991, while the representation of those in 35 age groups and above (especially those in the 65 years and over) has increased (Figure 11).



**Figure 11 Population Distribution by Age in Tsuen Wan (1991 - 2006)**

Source: Population By-census – Basic Tables for Tertiary Planning Units (1991, 1996, 2001, 2006)

In 2006, the entire Tsuen Wan District has a median age of 39, which was in line with that recorded in the New Territory and whole of Hong Kong (Table 15).

**Table 15 Median Age**

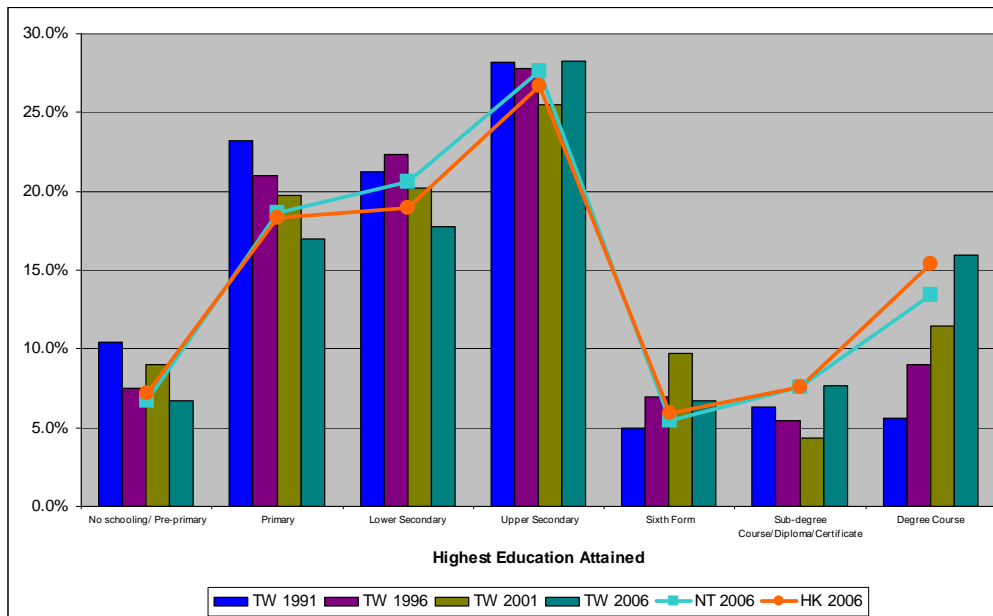
Age	0-14	15-34	35-64	65+	Median Age
Tsuen Wan District	14.4%	28.3%	45.8%	11.5%	39
Hong Kong Island	12.4%	26.7%	47.2%	13.7%	41
Kowloon	12.7%	27.0%	44.4%	15.9%	41
New Territories	14.7%	30.1%	45.1%	10.0%	38

Source: HK Census and Statistics Department, based on 2006 Census



### 4.3.4 Education

The education profile for Tsuen Wan Town Centre between the 1991 to 2006 census periods indicates a general increase in the level of education attainment in the local Tsuen Wan Town Centre population, in particular those pursuing secondary education. This trend is in line with the wider New Territory and Hong Kong averages (Figure 12).

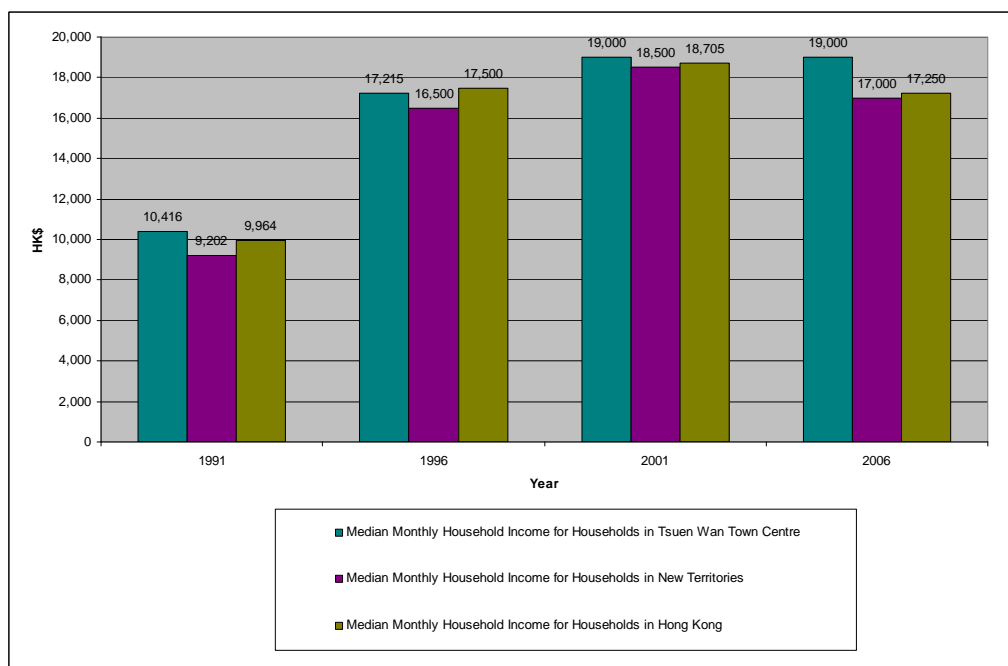


**Figure 12 Population Distribution by Highest Education Attainment in Tsuen Wan (1991 - 2006)**

Source: Population By-census – Basic Tables for Tertiary Planning Units (1991, 1996, 2001, 2006)

### 4.3.5 Household Income

In general, the Tsuen Wan Town Centre median monthly household income has been above the New Territories and Hong Kong levels as a whole. In 1991, the median monthly household income in Tsuen Wan Town Centre was HK\$10,416 while in 2006 it had risen to HK\$19,000 per month (Figure 13).



**Figure 13 Median Monthly Household Income in Current Prices for Households (1991-2006)**

Source: Population By-census – Basic Tables for Tertiary Planning Units (1991, 1996, 2001, 2006)

#### 4.3.6 Housing Type

Approximately half of domestic households in Hong Kong SAR are classified as private permanent flats. The remainder are public rental flats (31%), subsidised sale flats (16%) and temporary housing (1%). Tsuen Wan has the highest proportion of private permanent flats in the New Territories at 73% of its households followed by public rental flats with 25% of the aggregate (Table 16). This could be due to an increase in private residential developments in response to:

- Improvement in transport accessibility (e.g. West Rail line);
- Re-development in the area is incentivising developers to launch new projects;
- Proximity to the airport;
- Good facilities (e.g. schools); and
- Site opportunities for re-zoning from industrial to residential use.

**Table 16 Domestic Households by Type of Quarters (2006)**

Area	Public Rental Flat	%	Subsidized Sale Flat	%	Private Permanent Flat	%	Temporary Housing & Non-Domestic	%
Tsuen Wan	23,199	25%	1,080	1%	69,148	73%	1,161	1%
Hong Kong Island	68,368	16%	42,331	10%	300,039	72%	4,559	1%
Kowloon	246,929	37%	85,378	13%	335,206	50%	5,321	1%
New Territories	376,191	33%	235,201	21%	507,991	45%	17,589	2%
Hong Kong SAR	691,488	31%	362,910	16%	1,143,236	51%	27,469	1%

Source: Population By-census 2006

#### 4.3.7 Housing Rental and Mortgage

Median monthly rent in Tsuen Wan was HK\$1,860 while median mortgage repayments at HK\$9,003 per month Tsuen Wan were the highest in the New Territories. Both rents and mortgage payments are higher than the territory median by 11% and 16%, respectively.

Although Tsuen Wan rents are still below the average in the outlying Islands and Sai Kung, the higher average mortgage appears to point to developers increasing their exposure in Tsuen Wan and initiating more projects. Similarly, capital values could also be on an increasing trend (Table 17).

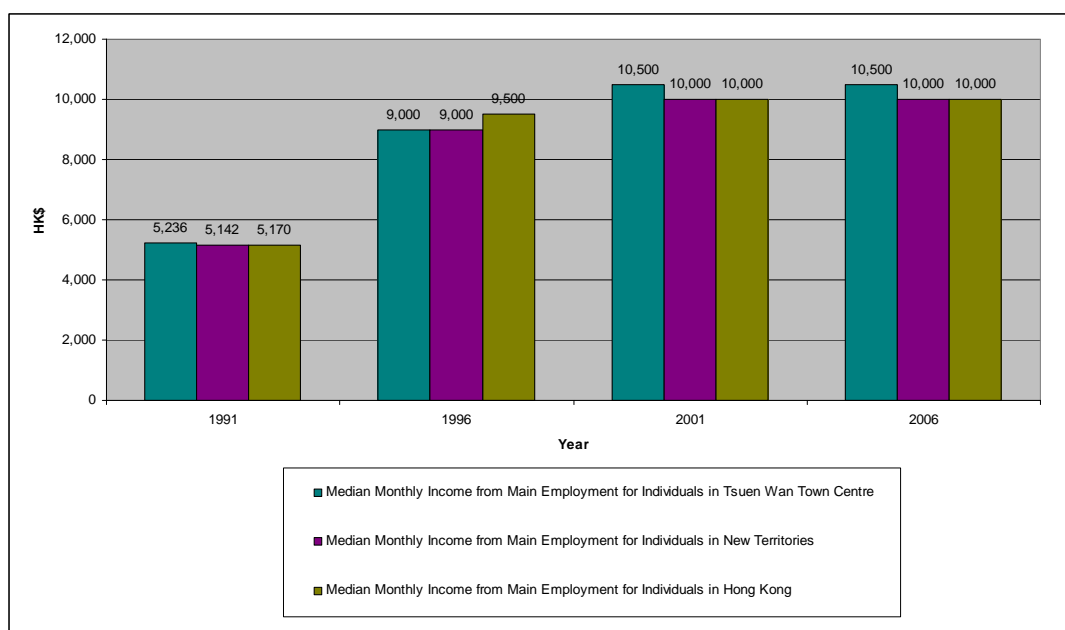
**Table 17 Median Household Rent and Mortgage Repayment (2006)**

Area	Rent (HK\$)	Mortgage Payment and Loan Repayment (HK\$)	Rent to Income %	Mortgage to Income %
<b>Tsuen Wan District</b>	<b>1,860</b>	<b>9,003</b>	<b>16.3%</b>	<b>28.7%</b>
Hong Kong Island	3,000	9,500	19.3%	26.9%
Kowloon	1,760	8,000	17.7%	27.3%
New Territories	1,499	7,200	14.1%	26.1%
Hong Kong SAR	1,677	7,800	16.0%	26.6 %

Source: Population By-census 2006

#### 4.3.8 Individual Earnings

Median individual earnings for working population residents in the Tsuen Wan Town Centre has remained relatively in line with the Hong Kong and New Territory trends, however from 2001 until 2006 it has remained slightly higher (Figure 14).

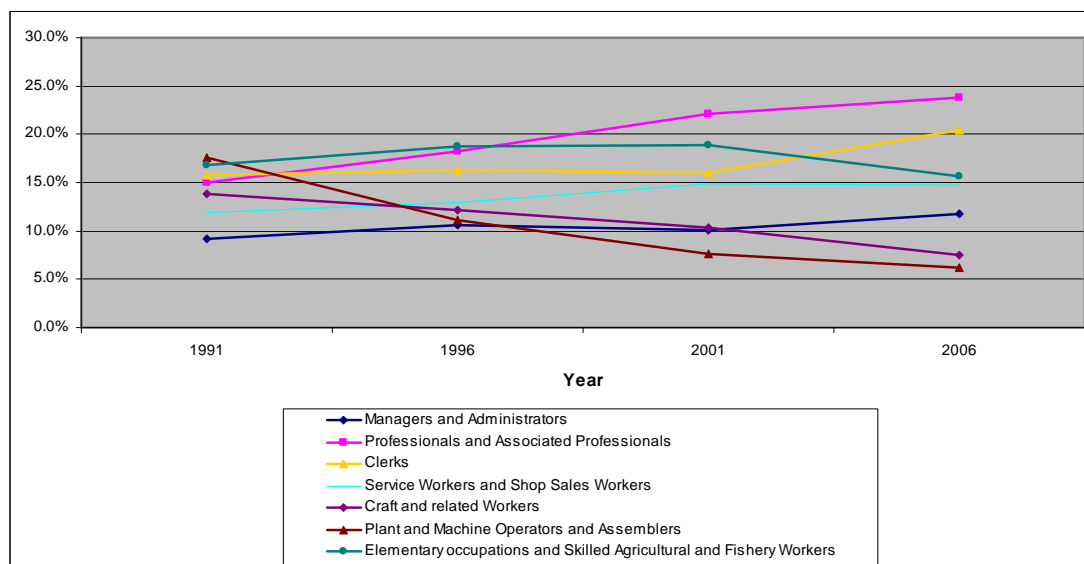


**Figure 14 Individual Median Monthly Income from Main Employment at Current Prices (1991-2006)**

Source: Population By-census – Basic Tables for Tertiary Planning Units (1991, 1996, 2001, 2006)

### 4.3.9 Occupation

There has been a noticeable trend in the types of occupation for Tsuen Wan Town Centre working population between 1991 and 2006 which correspond with the changes noted to be occurring in median individual incomes. There have been declines in elementary occupations and skilled agricultural and fishery workers, craft and related workers and especially plant and machine operators and assemblers. By contrast, occupations such as professionals and associated workers, clerks and managers and administrators are all showing upward trends highlighting the transition from less skilled to more skilled populations that is occurring within the area (Figure 15).

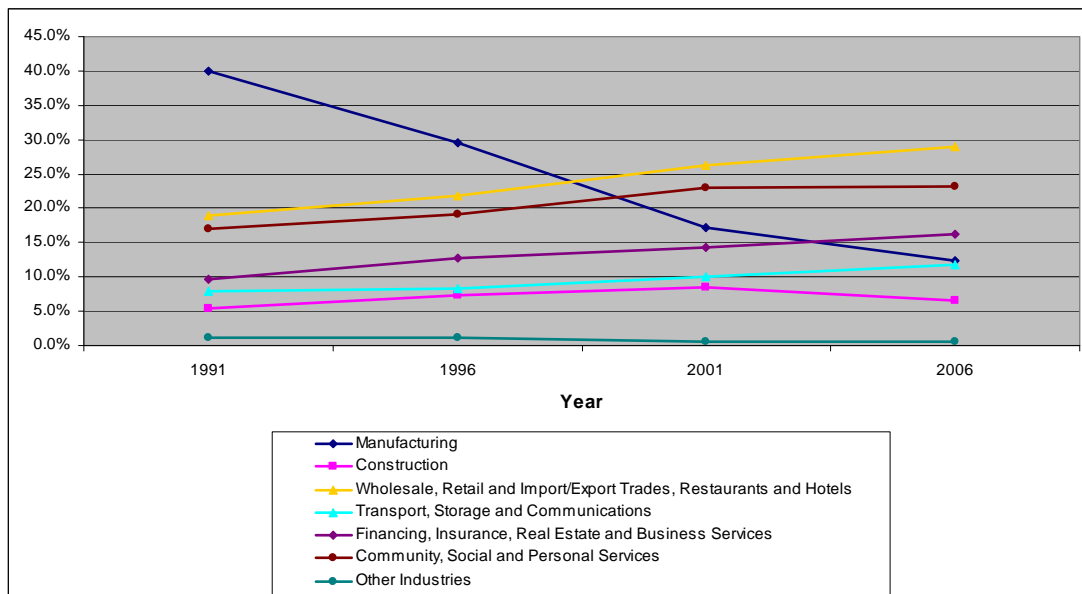


**Figure 15 Working Population Resident by Occupation, Tsuen Wan Town Centre (1991-2006)**

Source: Population By-census – Basic Tables for Tertiary Planning Units (1991, 1996, 2001, 2006)

### 4.3.10 Industry

In line with the change in the working population residents' occupations and income, their working industry is also showing noticeable trends between the census periods of 1991 to 2006. Manufacturing has fallen dramatically while wholesale, retail, and import export trades, restaurants and hotels, financing, insurance, real estate and business services and transport storage and communications have recorded a steady upward trend (Figure 16).



**Figure 16 Tsuen Wan Industrial Composition (1991 - 2006)**

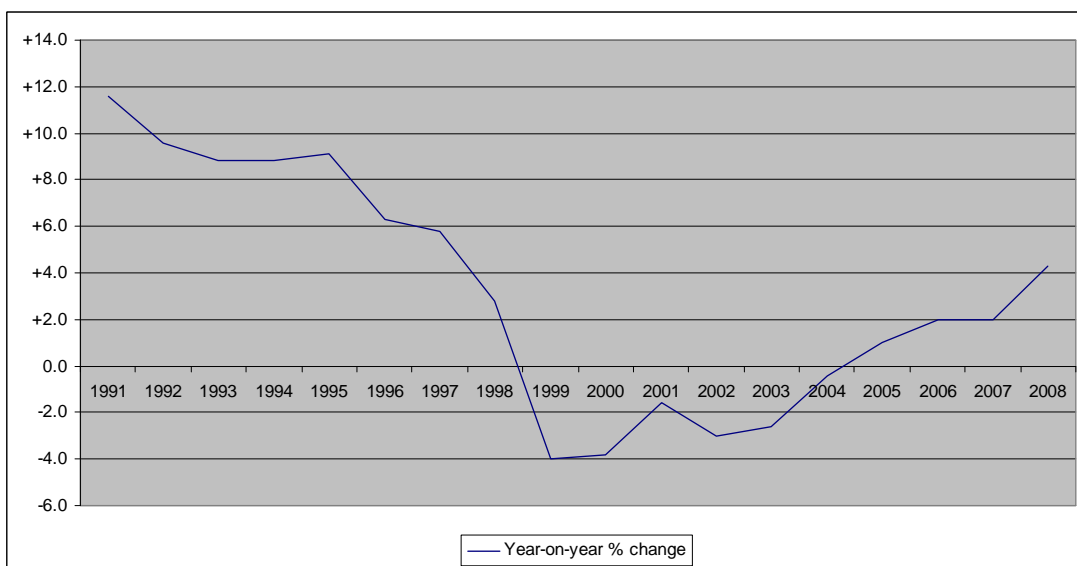
Source: Population By-census – Basic Tables for Tertiary Planning Units (1991, 1996, 2001, 2006)

#### 4.4 Hong Kong Inflation and GDP Trends

It is useful to review Inflation and Gross Domestic Product (GDP) trends as these provide an indication of the state and performance of the Hong Kong economy which helps to place observations regarding property price movements and perceptions of the business environment relative to the Project in context.

##### 4.4.1 Inflation

Inflation has steadily trended downward from its peak in 1991 to the low in late 1998, remaining negative until 2004. Midway through the construction period of the Project, the inflation rate returned positive and trended steadily upwards during the operation period reflecting a general increasing cost of living in Hong Kong. The average year on year change between 1991 and 2008 was 3.2% (Figure 17).

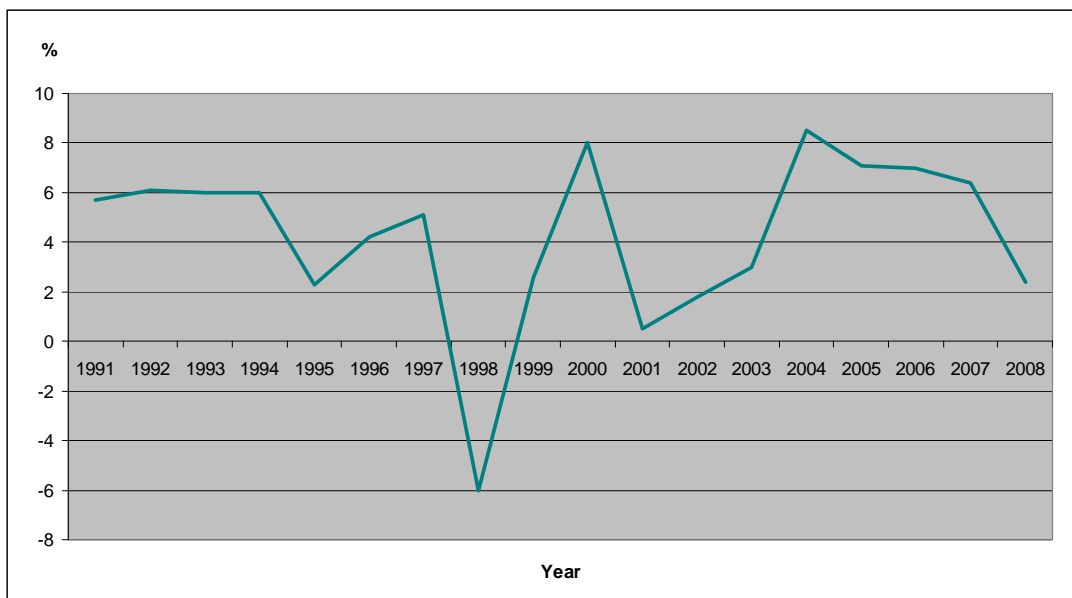


**Figure 17 Composite Consumer Price Index, Year on Year Change (%) (1991 – 2008)**

Source: GDP, Key Economic and Social indicators, Hong Kong Census and Statistics Department

#### 4.4.2 Gross Domestic Product

Gross Domestic Product (GDP) between 1991 and 2008 has fallen at three significant stages, the Asian Financial Crisis in the late 1990's, the SARS outbreak in the early 2000's, and the Global Financial Crisis in late 2008. It can be noted that the economy was buoyant during the Project construction period from 2001 to 2004, but trended downwards during the end of the construction period and following opening of the Project (Figure 18).

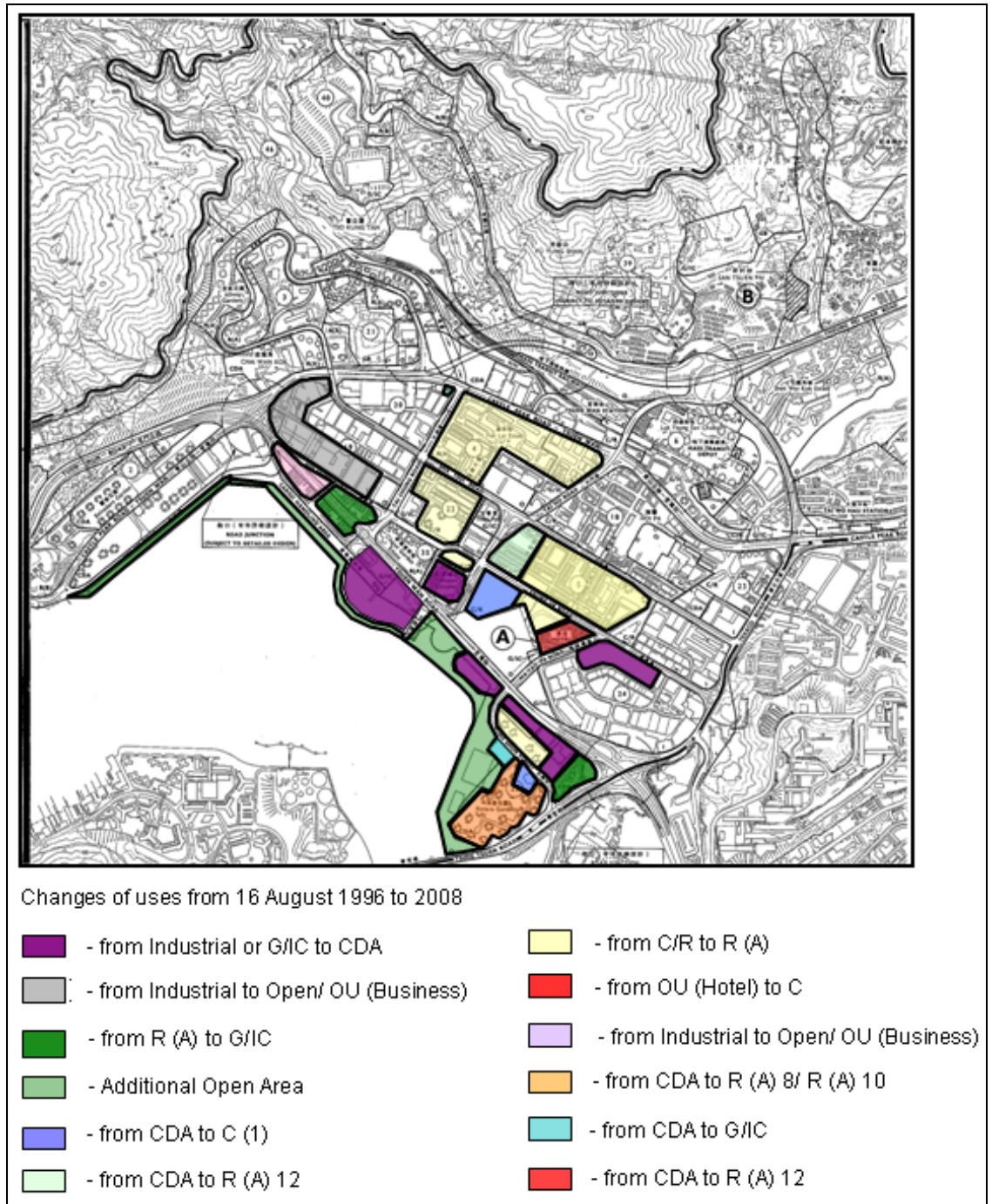


**Figure 18 Real GDP, % Year on Year Change, 1991 – 2008 (2007 Prices)**

Source: GDP, Key Economic and Social indicators, Hong Kong Census and Statistics Department

#### 4.5 Zoning Plan Changes

The first outline zoning plan for Tsuen Wan was approved in January 1975 and subsequently amended 14 times until the current approved outline zoning plan S/TW/26 which was approved on 12 December 2008. Since 1999, the plan has been amended 11 times, mainly due to changes of commercial/G/IC to Residential (A), Industrial to Residential (E) and OU (Business) and rezoning of comprehensive development areas (CDA) to Residential (A) 12 for Vision City. The changes that have occurred in the OZP from OZP No S/TW/7 to OZP No S/TW/26 and are illustrated below (Figure 19).



**Figure 19 Changes of Land Use in Tsuen Wan from 1996 to 2008**

Most of the areas have been converted from C/R to Residential (A), with a planning objective to increase the areas for high-density residential developments rather than pure commercial.

## 5 Stakeholder Feedback

### 5.1 Introduction

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The following Chapter provides the findings of the stakeholder engagement process and survey exercise.

### 5.2 Stakeholder Feedback

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Discussions with stakeholders including Tsuen Wan District Council Members (Mr Chau How-chen, Mr Chung Wai-ping and Mr Chan Han-pan), Sino Group (CityWalk and Vision City Management) and Nina Tower Management revealed some key themes regarding the Project and its impacts. These are presented below. The feedback from Sino Group and Nina Tower is contained within the "Synergies and Partnership" section only so as to distinguish between those with a vested interest in the Project.

#### 5.2.1 A Modern Landmark in Tsuen Wan

District Councillors reported that the Project has provided Tsuen Wan with a modern Landmark establishment. This has helped improve the image of the local area, and attracted both visitors from other parts of the city and international tourists. The synergies with Nina Tower and other shopping malls will potentially increase economic activities in the town centre as a whole and create employment opportunities.

#### 5.2.2 Transportation Linkages

One of the District Councillors reported that the Tsuen Wan West MTR Station bridges the connection between the areas of Kowloon West and New Territories West. The foot-bridge currently under construction will connect the old Tsuen Wan MTR Station and the new Tsuen Wan West MTR Station and enhance the connectivity between the two rail lines and potentially increase patronage in Tsuen Wan. However, the Councillor commented that there is insufficient parking space in Tsuen Wan Town Centre as a whole. Parking space provided in the Project could only satisfy part of the demand.

#### 5.2.3 Conservation of Local Characteristics

District Councillors reported that with a 60-year history, Tsuen Wan was one of the first new town developments in Hong Kong. It is currently a well-developed urban area with its own local cultural characteristics such as street-level retail shops and restaurants. Renewal programmes can potentially promote revitalisation instead of removal and redevelopment in order to conserve particular local traits. For example, local areas such as Tai Pei Square, Yi Pei Square and Sam Pei Square can be revitalised. A balance of revitalisation and redevelopment would help foster tourism in Tsuen Wan.

#### 5.2.4 Large-scale Redevelopment Disrupts the Local Economy

One of the District Councillors reported that clearance and construction works temporarily disrupt local economic activities. Large-scale urban redevelopment programmes negatively impact more businesses and residents compared with those smaller in size. The impacts also tend to last for a longer period of time and be more significant in nature.

#### 5.2.5 Local Employment Opportunities

All District Councillors reported that apart from focusing on the improvement of economic output in the regional economy, consideration should be given to the lower income households and less skilled labour.

#### 5.2.6 Synergies and Partnerships

CityWalk and Nina Tower provide collective commercial opportunities. In particular, the tourists staying in Nina Tower can exploit the shopping experience offered at CityWalk and are reported to regularly do so. Joint promotion schemes between the two commercial complexes are actively undertaken and demonstration apartments of Dynasty were also staged in Nina Tower.



The existing 1,000 employees working in Nina Tower are engaged in manufacturing and trading companies which are spread across 17 floors. These tenants utilise spare time to shop and eat in CityWalk. Occupancy for retail tenants in Nina Tower is currently about 30%, while in CityWalk it is approximately 95%. The existing office space occupancy in Nina Tower is over 90%.

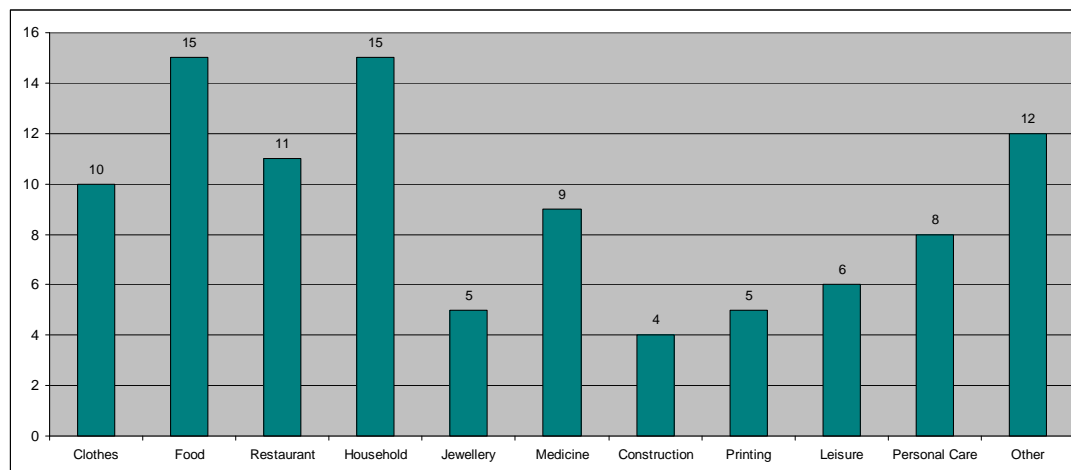
### 5.3 Survey Results

#### 5.3.1 Introduction

The survey targeted six groups as part of a stratified approach that included surrounding and relocated businesses, and pedestrians in the surrounding 400m of the Project, CityWalk customers and commercial retail tenants, and residents of Vision City.

#### 5.3.2 Businesses in Study Area

Businesses in the 400m surrounding area of the Project were divided in 100m bands from which 100 businesses were randomly selected. The number and types of businesses selected are presented below (Figure 20).



**Figure 20** Surveyed Businesses in Study Area by Categories

#### 5.3.3 Businesses in Study Area

A summary of the key findings from the survey of businesses in the surrounding area is shown below (Table 18).

**Table 18** Findings Business in Study Area

Summary	Specific
<p><b>Length of Establishment and Staffing-</b> On average businesses in the surrounding area is well established and most of the surveyed businesses have not relocated from elsewhere suggesting a strong sense of community.</p>	<ul style="list-style-type: none"> <li>▪ Average length of establishment 9 years (Std Dev +/-8yrs around the average)</li> <li>▪ Largest proportion is existing businesses with 61% original local businesses established in Tsuen Wan and 37% businesses that have relocated from other areas outside of Tsuen Wan. Remainder did not specify</li> <li>▪ Typically each business employs around 5 people (Std Dev +/- 4 around the average)</li> <li>▪ 16% of businesses have increased staff numbers since opening, and roughly half of these have occurred after 2005</li> <li>▪ 5% of businesses have reported a decrease in staff numbers of which only one was after 2005</li> <li>▪ 7% of businesses (including advertising, bank, bakery, restaurant, florist, furniture and jewellery) have changed their</li> </ul>

Summary	Specific
	<p>staff numbers since the opening of CityWalk in late 2007 and the average size of change is an additional 2 staff</p>
<p><b>Project Construction Stage-</b>                      Half of businesses report no change in business activity during the construction period.                      Around a fifth of surveyed businesses reported a decrease in businesses activity during the construction period of the Project mostly due to disruption to pedestrian access.</p>	<ul style="list-style-type: none"> <li>▪ In general, there is a negative relationship between distance and influence of the Project on business activity</li> <li>▪ 49% reported no change in business activity during the Project construction period</li> <li>▪ 18% reported a decrease in business activity during the Project construction period due to disruption to pedestrians, noise, dust etc from construction works</li> </ul>
<p><b>Project Operation Stage -</b>                      Approximately half of businesses reported no change in business activity following completion of the project.                      A small number reported a negative impact due to competition and loss of patronage and a similar number reported a positive impact due to increased patronage.</p>	<ul style="list-style-type: none"> <li>▪ In general, there is a negative relationship between distance from the site and increase in business activity during the operational period</li> <li>▪ 56% reported no change in business activity during the operational period</li> <li>▪ 10% reported a general increase in business activity during the operational period not directly attributable or related to the Project</li> <li>▪ 7% of businesses (including construction retail, Chinese medicine, florist, food products, restaurant and shoes) reported a general increase in business activity directly attributable to the Project due to higher patronage from more residents and visitors. (Note: 7% of businesses reported an average increase of 2 staff since the Project commenced operation. Given that 7% report a general increase in business activity, the increase in employment of businesses surveyed in the surrounding area would be around 14 people). The estimated change in staff number in the surrounding businesses is around a 3% increase.</li> <li>▪ 18% reported decrease in turnover during the operational period not directly attributable to the Project</li> <li>▪ 8% of business (including Chinese medicine, clothes, construction retail, convenient store, jewellery, pet shop and vegetables) reported decrease in turnover during the operational period directly attributable to the Project due to loss of patronage, competition (brands), changing customer demographic (younger, higher income and different preferences)</li> </ul>
<p><b>Patronage</b> – Most customers are local residents and more than half of them are repeat customers.                      Families account for more than half of customer types.</p>	<ul style="list-style-type: none"> <li>▪ 74% of customers are local residents and the remainder are from other areas including tourists</li> <li>▪ 60% are repeat customers</li> <li>▪ Families account for 54% of customers</li> <li>▪ 20% of customers are from all categories (not specific)</li> <li>▪ Tourists account for 8% of customers</li> <li>▪ Business workers account for 7% of customers</li> </ul>

Summary	Specific
	<ul style="list-style-type: none"> <li>▪ 12% of businesses reported a change in customer profile, of which 6% noticed new residents from Vision City, 4% noticed an increasing number of tourists, 1% noted a decrease in patronage and 1% was unknown</li> <li>▪ 35% of surrounding businesses (including construction retail, beauty shop, food, car repairing services, Chinese medicine, clothes, convenient store, restaurants, newspaper printing etc.) source 100% of raw materials from suppliers, distributors etc located in Hong Kong, 28% have no raw material input from Hong Kong, while on average, the proportion of raw material input sourced from Hong Kong per business is 54%</li> </ul>
<p><b>Perceptions</b> – Around a quarter of surrounding businesses felt that the rental price increased as result of the Project.<sup>8</sup></p> <p>More than a third of respondents viewed the project favourably.</p>	<ul style="list-style-type: none"> <li>▪ 26% of surrounding businesses commented that the Project had caused an increase in rental prices and it was too high<sup>8</sup></li> <li>▪ 22% felt that the development has drawn more patronage to the surrounding area since the opening of Vision City and CityWalk</li> <li>▪ 13% commented that the Project was a good development</li> <li>▪ 11% noticed a lower patronage since the completion of Project</li> <li>▪ 6% found lower demand for their services due to the economic downturn</li> <li>▪ The remaining comments included the length of the development period was too long, that females preferred shopping in CityWalk, no effect, and the inevitable trend for urban revitalization and regeneration in Tsuen Wan</li> </ul>

Note: Survey size 100 businesses

<sup>8</sup> Analysis show that retail rental growth in Tsuen Wan since 1996 has been higher in the 400m radius compared to HK Island and Kowloon, while it is in line with New Territories. There are potentially other reasons leading to higher rental growth in Tsuen wan and may not necessarily be due to the Project given similar price movements in New Territories as a whole.

### 5.3.4 Original Businesses in Study Area

A summary of the key findings from the survey of original businesses in the surrounding area affected by the Project is shown below (Table 19). Due to the small sample size of 14, the results are reported in absolute values rather than percentages. There is considerable variation in the results due to the small sample size and diversity in business type and operational character.

**Table 19 Findings Original Businesses in Study Area**

Summary	Specific																																						
<p><b>Business Character –</b> A variety of original business types are still present in the local area. Most still operate in a similar way after relocation employing the same number of staff, occupying a similar property size and a similar proportion owning or leasing their property.</p> <p>Roughly a third of these businesses reported that they are paying higher rental now compared to before they relocated.</p>	<ul style="list-style-type: none"> <li>▪ 14 businesses were interviewed</li> <li>▪ 3 businesses were construction related, 2 were car services, 2 were medicine, and the remainder were, food related, vegetable market, pet shop, pawn shop, fishing accessories, home accessories and sports accessories</li> <li>▪ 3 reported that they owned their property before relocation while 2 reported that they still owned their properties now after relocation</li> <li>▪ The average length of establishment before relocation was 19 years (Std Dev +/-12yrs)</li> <li>▪ 8 businesses have a similar shop size after relocation, 4 have a larger shop size and 2 have a smaller shop size</li> <li>▪ 8 businesses are paying a higher rental after relocation compared to before they relocated, however 4 of these reported that they are occupying a larger property size now than before they relocated. 4 are paying the same rental and the remainder are property owners</li> <li>▪ Typically each business employs around 4 people (Std Dev +/-3)</li> <li>▪ 3 reported a change in staff after relocation which on average was an increase of 2 staff and the remainder of businesses reported no change in staff numbers.</li> <li>▪ 21 out of 50 staff come from Tsuen Wan</li> <li>▪ 6 businesses reported staff arrive to Tsuen Wan by foot, 5 by bus, 2 by MTR, 1 by car and the remainder by mini-bus or taxi</li> <li>▪ On average these businesses sourced 61% of their raw materials from Hong Kong currently compared to 64% before relocation</li> </ul>																																						
<p><b>Customer –</b> Most businesses experience similar levels of patronage and proportion of customer spending before and after relocation with the majority of customers repeat patrons.</p> <p>Similar to other businesses in the surrounding areas, an increasing number of tourists and visitors from outside of Tsuen Wan were noticed.</p>	<ul style="list-style-type: none"> <li>▪ Patronage before and after relocation is approximately similar and in line with other similar businesses in the surrounding area (see following table).</li> </ul> <p><b>Daily Patronage</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2"></th> <th colspan="2" style="text-align: center;">Original Businesses</th> <th rowspan="2" style="text-align: center;">Businesses in the Surrounding Area</th> </tr> <tr> <th style="text-align: center;">Before Relocation</th> <th style="text-align: center;">After Relocation</th> </tr> </thead> <tbody> <tr> <td>Construction</td> <td style="text-align: center;">6</td> <td style="text-align: center;">6</td> <td style="text-align: center;">10</td> </tr> <tr> <td>Car Services</td> <td style="text-align: center;">8</td> <td style="text-align: center;">8</td> <td style="text-align: center;">7</td> </tr> <tr> <td>Pawn Shop</td> <td style="text-align: center;">15</td> <td style="text-align: center;">15</td> <td style="text-align: center;">15</td> </tr> <tr> <td>Medicine</td> <td style="text-align: center;">N/A</td> <td style="text-align: center;">N/A</td> <td style="text-align: center;">237</td> </tr> <tr> <td>Food</td> <td style="text-align: center;">N/A</td> <td style="text-align: center;">N/A</td> <td style="text-align: center;">272</td> </tr> <tr> <td>Vegetable Market</td> <td style="text-align: center;">550</td> <td style="text-align: center;">525</td> <td style="text-align: center;">500</td> </tr> <tr> <td>Sports Accessories</td> <td style="text-align: center;">55</td> <td style="text-align: center;">30</td> <td style="text-align: center;">30</td> </tr> <tr> <td>Pet Shop</td> <td style="text-align: center;">N/A</td> <td style="text-align: center;">N/A</td> <td style="text-align: center;">80</td> </tr> </tbody> </table>		Original Businesses		Businesses in the Surrounding Area	Before Relocation	After Relocation	Construction	6	6	10	Car Services	8	8	7	Pawn Shop	15	15	15	Medicine	N/A	N/A	237	Food	N/A	N/A	272	Vegetable Market	550	525	500	Sports Accessories	55	30	30	Pet Shop	N/A	N/A	80
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	<ul style="list-style-type: none"> <li>The proportion of customers that actually spend is roughly similar before and after relocation. In general, the percentage of customers that spend in original businesses conforms to the relationships reported by other similar businesses in the surrounding area. There are some variations, which could be due to the small number of original businesses sampled (see following table)</li> </ul> <p><b>Proportion of Customers that Spend (%)</b></p> <table border="1" data-bbox="719 573 1474 972"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Original Businesses</th> <th rowspan="2">Businesses in the Surrounding Area</th> </tr> <tr> <th>Before Relocation</th> <th>After Relocation</th> </tr> </thead> <tbody> <tr> <td>Construction</td> <td>83%</td> <td>67%</td> <td>10%</td> </tr> <tr> <td>Car Services</td> <td>50%</td> <td>50%</td> <td>100%</td> </tr> <tr> <td>Pawn Shop</td> <td>100%</td> <td>100%</td> <td>100%</td> </tr> <tr> <td>Medicine</td> <td>88%</td> <td>88%</td> <td>58%</td> </tr> <tr> <td>Food</td> <td>N/A</td> <td>70%</td> <td>74%</td> </tr> <tr> <td>Vegetable Market</td> <td>80%</td> <td>80%</td> <td>70%</td> </tr> <tr> <td>Fishing Accessories</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> <tr> <td>Home Accessories</td> <td>85%</td> <td>85%</td> <td>53%</td> </tr> <tr> <td>Sports Accessories</td> <td>85%</td> <td>85%</td> <td>85%</td> </tr> <tr> <td>Pet Shop</td> <td>N/A</td> <td>N/A</td> <td>65%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>On average 83% of customers were repeat customers before relocation compared to 82% customers who are repeat customers after relocation</li> <li>10 businesses did not notice any changes in customer profile before and after relocation, 1 reported an increased number of tourists, and 1 reported an increased number of customers from outside of Tsuen Wan</li> </ul>		Original Businesses		Businesses in the Surrounding Area	Before Relocation	After Relocation	Construction	83%	67%	10%	Car Services	50%	50%	100%	Pawn Shop	100%	100%	100%	Medicine	88%	88%	58%	Food	N/A	70%	74%	Vegetable Market	80%	80%	70%	Fishing Accessories	N/A	N/A	N/A	Home Accessories	85%	85%	53%	Sports Accessories	85%	85%	85%	Pet Shop	N/A	N/A	65%
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<p><b>Businesses Activity</b> – Half of original businesses reported a decrease in business turnover since relocation but all attributed the change to the current downturn in economic conditions.</p> <p>One business reported a direct negative impact from the Project while one business reported a direct positive impact from the Project.</p>	<ul style="list-style-type: none"> <li>7 of the businesses interviewed reported a decrease in turnover in their current location compared to before relocation due to the economic downturn and other reasons such as compliance with government regulation</li> <li>1 business (selling sport accessories) reported a decrease in turnover due to competition and loss of patronage from CityWalk</li> <li>1 business selling food related products reported a slight increase in turnover due to newcomers from Vision City and the remainder reported no change after relocation</li> </ul>																																														
<p><b>Perceptions</b> – More than half of the remaining businesses prefer their previous location before relocation due to less rent and competition from neighbouring businesses.</p> <p>Mostly due to economic downturn, a relatively large proportion of businesses</p>	<ul style="list-style-type: none"> <li>9 businesses interviewed felt that their existing business location is worse than before relocation due to rents and competition from neighbouring businesses, while 3 businesses felt that their existing location was better. The remained felt that both locations are equally preferable</li> <li>10 of those interviewed felt that their existing business performance is worse now than before relocation (due to higher rents, economic situation etc), 2 felt they perform better now, and the remaining reported no change</li> </ul>																																														

Summary	Specific
<p>commented that their existing business performance is worse now than before relocation.</p> <p>More than half of businesses commented that the Project was positive leading to higher patronage in the surrounding area but not everyone could benefit from it.</p>	<ul style="list-style-type: none"> <li>▪ 8 felt that while the Project has a positive influence on the local business community through attraction of higher patronage to the area, however only 7 of them felt that local businesses could directly benefit from it. For example, these respondents felt that while patronage was higher the proportion that actually spent had not changed substantially.</li> <li>▪ 1 business felt the Project had a negative influence on the local business community through competition effects.</li> </ul>

Note: Survey size 14 businesses

### 5.3.5 Pedestrians in Study Area

A summary of the key findings from the survey of pedestrians in the surrounding area is shown below (Table 20).

**Table 20 Findings Pedestrians in Study Area**

Summary	Specific
<p><b>Community</b> - Awareness of the Project in the surrounding community is high with virtually all surveyed familiar with it.</p> <p>The main reason reported by visitors in the survey sample for coming to Tsuen Wan was because of recreational (e.g. shopping) purposes, followed by employment.</p>	<ul style="list-style-type: none"> <li>▪ 57% were males and 43% were females</li> <li>▪ 97% aware of Project</li> <li>▪ 62% were currently living in Tsuen Wan, 25% from Tsing Yi and Tsuen Mun, 5% from Yuen Long, and 3% from Kwai Chung. 5% were tourists from outside Hong Kong</li> <li>▪ 36% of non-Tsuen Wan residents visit Tsuen Wan for recreation purpose, 21% visit for employment and around 14% visit to study or see relatives respectively</li> <li>▪ 32% of interviewees have visited CityWalk between 100-200 times since its opening, while 49% had visited CityWalk between 10 to 49 times in the last year</li> <li>▪ On average, interviewees had visited CityWalk around 100 times since it opened in late 2007 (St. Dev. +/- 133), which approximately equates to once per week per person</li> </ul>
<p><b>Expenditure and Habits</b> - The opening of CityWalk has resulted in a change of shopping habits. Around a third of respondents shop more in CityWalk instead of elsewhere due to convenience, atmosphere and diversity of choice.</p> <p>Around a fifth of respondents are now shopping more in Tsuen Wan outside of CityWalk.</p> <p>CityWalk captures less than a tenth of the total expenditure of surrounding pedestrians on items such as food and</p>	<ul style="list-style-type: none"> <li>▪ 30% of those interviewed have switched their shopping habits to CityWalk after its opening from other previous locations in Tsuen Wan</li> <li>▪ 41% of those interviewed shop in CityWalk for reasons of more produce choices, 32% due to convenience, 19% due to atmosphere, 14% due to its pleasant shopping experience (note that interviewees could choose more than one response)</li> <li>▪ 19% of those interviewed have shopped more elsewhere in Tsuen Wan after the opening of CityWalk and none of those interviewed shopped less in Tsuen Wan after the opening of CityWalk</li> <li>▪ None of those interviewed spend more than 20% of their total monthly expenditure in CityWalk, and on average, they spend less than 10% of their total expenditure in CityWalk</li> <li>▪ 41% spend less than HK\$100 each time in CityWalk, while 35% spend HK\$100 to 500 each time they visit</li> <li>▪ The average expenditure per visit in CityWalk for Study Area</li> </ul>

Summary	Specific
<p>clothing.</p> <p>On average, most respondents spent half of their expenditure in Tsuen Wan outside of CityWalk, with the rest spent in other areas in Hong Kong.</p>	<p>pedestrians was HK\$150. Typical items purchased are food from the various restaurants and clothes</p> <ul style="list-style-type: none"> <li>81% spent 50% or less of their total monthly expenditure in Tsuen Wan outside of CityWalk, and on average, they spend 46% of their total monthly expenditure in Tsuen Wan outside of CityWalk</li> </ul>
<p><b>Perceptions</b> – The majority of respondents felt that CityWalk was a positive influence to Tsuen Wan for reasons such as attracting visitors, visual impact, enhancing connectivity and accessibility and increasing consumer choice.</p>	<ul style="list-style-type: none"> <li>76% of interviewees felt that CityWalk was a positive influence to Tsuen Wan, for reasons including attraction of visitors and new residents to the area, better visual impact, providing more shopping choice, enhancing accessibility and connectivity.</li> <li>24% of interviewees felt that CityWalk was not a positive influence to Tsuen Wan for reasons including blockage of air ventilation and the contrast to old style development. Interestingly, all who felt Tsuen Wan was not a positive development were in the age groups 50 years and above</li> </ul>

Note: Survey size 37 Pedestrians

### 5.3.6 Shoppers in CityWalk

A summary of the key findings from the survey of shoppers in CityWalk is shown below (Table 21).

**Table 21 Findings Shoppers in City Walk**

Summary	Specific
<p><b>Profile</b> – More than half of customers interviewed were visitors from outside of Tsuen Wan, suggesting CityWalk is attracting outsiders to the local area.</p> <p>A relatively large proportion of the interviewed were aged between 15 and 39 again suggesting that CityWalk is an important attraction point for younger people particularly.</p>	<ul style="list-style-type: none"> <li>41% males, 59% females</li> <li>35% from Tsuen Wan, 16% from Tsing Yi, 11% from Tuen Mun/Tin Shui Wai, 11% from Kwai Chung/Kwai Fung and 11% from Hong Kong Island. The remainder are from Tai Po, other areas in Kowloon or overseas</li> <li>76% aged between 15 to 39</li> <li>38% have visited CityWalk less than 5 times since opening, while 19% have visited CityWalk more than 100 times.</li> <li>On average, each interviewee had visited CityWalk approximately 78 times since its opening (approximately three times per month) (St Dev +/-152)</li> </ul>
<p><b>Expenditure and Habits</b> - The majority of those interviewed are spending less than a tenth of their income in CityWalk, and on average roughly a third of it in Tsuen Wan outside of CityWalk. The amount spent on average by Customers was very similar to the amount reported by residents in the surrounding area.</p>	<ul style="list-style-type: none"> <li>73% of those interviewed spend 10% or less of their total monthly expenditure in CityWalk with the remaining 27% spent 10-20% of their total monthly expenditure in CityWalk. On average, those interviewed spend 5% of their total monthly expenditure in CityWalk</li> <li>On average, those interviewed spend 33% of their total monthly expenditure in Tsuen Wan outside of CityWalk</li> <li>54% spend less than HK\$100 on items including personal care and books in CityWalk each time they visit. On average, each person interviewed spent HK\$150 each time they visited CityWalk, with the majority of purchases related to food. 18% of shoppers spend an average of HK\$200-\$500 on clothes</li> </ul>

Summary	Specific
	<ul style="list-style-type: none"> <li>▪ 27% of those interviewed have shopped more in CityWalk since its opening, while 27% have shopped more in Tsuen Wan outside Citywalk after the opening of CityWalk. None of those interviewed shopped less in Tsuen Wan outside CityWalk after the opening of CityWalk</li> <li>▪ 24% visited CityWalk due to its atmosphere, 24% due to its pleasant shopping experience, 22% due to its convenience, 22% for product choice, and 22% for other reasons such as passing through (noting that each interviewee could report more than once reason)</li> <li>▪ 30% reported they visit CityWalk for other reasons such as public events and performances, while one elderly resident reported they visit for the air-conditioning</li> <li>▪ 41% arrive at CityWalk by walking, 24% by MTR, 22% by bus and 10% by car</li> </ul>
<p><b>Perceptions</b> – The majority of customers interviewed felt that CityWalk was positive for Tsuen Wan due to better shopping choice, access and convenience.</p>	<ul style="list-style-type: none"> <li>▪ 92% of customers interviewed felt that CityWalk was a positive influence to Tsuen Wan for reasons including more restaurants and shopping choice, better access and convenience, and better environment</li> <li>▪ 8% of customers felt that CityWalk was not a positive influence for Tsuen Wan for reasons including unpopularity of brand names, high property price and poor design. Virtually all were aged 65 years and above</li> </ul>

Note: Survey size 37 customers

### 5.3.7 Commercial Tenants in CityWalk

A summary of the key findings from the survey of commercial tenants in CityWalk is shown below (Table 22).

**Table 22 Findings Commercial Tenants in City Walk**

Summary	Specific
<p><b>Establishment and Patronage</b> - Most commercial tenants are new branches of existing branches elsewhere in Hong Kong. Local Tsuen Wan residents account for roughly two third of customers, and more than a third of businesses have noticed an increase in tourists frequenting their shops.</p>	<ul style="list-style-type: none"> <li>▪ 85% are new businesses, (of which most were new branches of existing business), while the remaining 15% are relocated from other addresses including Tsuen Wan, Tsing Yi and Kwun Tong. The reasons for relocating included convenient location, the new development and appeal to customers, and relatively low rental price compared to other shopping malls in Tsuen Wan</li> <li>▪ 45% have annual turnover below HK\$5 million, while 40% did not specify their annual turnover</li> <li>▪ 28% have changed the number of staff since opening of which the majority increased staff numbers. The total net increase amongst respondents is 16 staff.</li> <li>▪ The average number of staff employed per tenant is 6.4. Shop sale workers are the dominant employee type (68%) followed by Managers and Administrators (11%), professionals and Clerks (7%)</li> <li>▪ 18% of staff are currently living in Tsuen Wan</li> <li>▪ 95% of commercial tenants employ staff that all travel to and</li> </ul>



Summary	Specific
	<p>from their workplace on public transport including bus, MTR etc.</p> <ul style="list-style-type: none"> <li>▪ 67% of customers are local residents</li> <li>▪ 37% are repeat customers</li> <li>▪ A relatively large group of customers (40%) are families, while the rest are students (13%), middle-aged (13%) business employees (10%) and tourists (8%). The remainder are unspecified.</li> <li>▪ 38% have noticed changes in their customer profile of which 87% reported an increasing number of tourists in CityWalk since opening</li> <li>▪ 25% of tenants (including home accessories, clothes and electronic appliances) have experienced an increase in business activities since opening, 40% (including restaurants, food stall, jewellery, clothes, beauty, outdoor equipment and home accessories) reported a decrease and 35% reported no change.</li> </ul>
<p><b>Perceptions</b> – More than half of businesses are optimistic about the future business environment and anticipate an increase in business activity</p>	<ul style="list-style-type: none"> <li>▪ 68% expected an increase in business activity due to opening of CityWalk2, increasing residents in Vision City, seasonal demand and economic recovery. 13% expected a decrease in business activity due to seasonal demand and economic trends</li> <li>▪ 28% commented that CityWalk has a low patronage, e.g. 15% commented that there is insufficient promotion whilst 13% said low accessibility</li> </ul>

Note: Survey size 40 Tenants

### 5.3.8 Residents in Vision City

A summary of the key findings from the survey of residents in Vision City is shown below (Table 23).

**Table 23 Findings Residents in Vision City**

Summary	Specific
<p><b>Profile</b> - The average household size in Vision City is 3.8 which is above the Tsuen Wan average of 2.8. Slightly more than half of the households interviewed had relocated from within Tsuen Wan, while the remainder came from other areas</p> <p>Vision City residents are spending slightly less than a fifth of their total income in CityWalk, and roughly a third in Tsuen Wan outside of CityWalk</p>	<ul style="list-style-type: none"> <li>▪ The estimated average household size in Vision City is 3.8 residents</li> <li>▪ 27% of households hire maids</li> <li>▪ 43% have one member of the household working (excluding hired help) and 51% have two or more people working</li> <li>▪ 76% travel by MTR, 51% travel by bus and 38% by private car (interviewees can choose more than one type of transport)</li> <li>▪ 55% were living in Tsuen Wan before they relocated to Vision City, while 19% was living in Tsing Yi. The remainder came from Kwai Chung, Hong Kong Island, Kowloon or other areas</li> <li>▪ 48% have a monthly household income of HK\$50,000 or above and 27% did not disclose their monthly household income. HK\$50,000 to HK\$79,000 is the most commonly reported income bracket for residents</li> <li>▪ 84% own the units they are living in</li> <li>▪ On average, each resident visits CityWalk 14 times per month. Around 78% of those interviewed spent HK\$101 to HK\$500 in</li> </ul>

Summary	Specific
	<p>CityWalk each time they visited. The majority of goods purchased are food, however clothes, sportswear, furniture and necessities were also reported</p> <ul style="list-style-type: none"> <li>▪ On average, Vision City residents are spending 18% of their monthly income in CityWalk and 36% of their monthly income in Tsuen Wan</li> <li>▪ 32% hire help including education tutors, piano tutor, cleaner and helper, of which 42% of hired help are from the local Tsuen Wan area</li> <li>▪ 41% have changed their shopping habit as a result of the opening of CityWalk, of which 67% spend more in CityWalk on items such as food</li> </ul>
<p><b>Perceptions</b> - Approximately a third of Vision City residents pointed out that Vision City has improved the living environment to them and other local residents</p>	<ul style="list-style-type: none"> <li>▪ 35% of the surveyed Vision City residents commented that Vision City provides better living environment to them and other local residents</li> <li>▪ 13% commented that living in Vision City is convenient</li> <li>▪ 13% commented that the development generated air-ventilation problem to the surroundings</li> <li>▪ 10% commented that footbridge connecting Tsuen Wan MTR Station and Vision City had taken too long to complete</li> <li>▪ The remaining comments include improvement were required for the variety and quality of restaurants, the lack of supermarket in CityWalk, traffic jam in Yeung Uk Road, and insufficient provision of facilities for children etc</li> </ul>

Note: Survey size 37 residents

A summary of the survey findings is provided in Chapter 11, Discussion and Conclusions.

## 6 Capital Value Analysis

### 6.1 Introduction

Historical capital values for domestic properties are based on the three defined areas in Tsuen Wan:

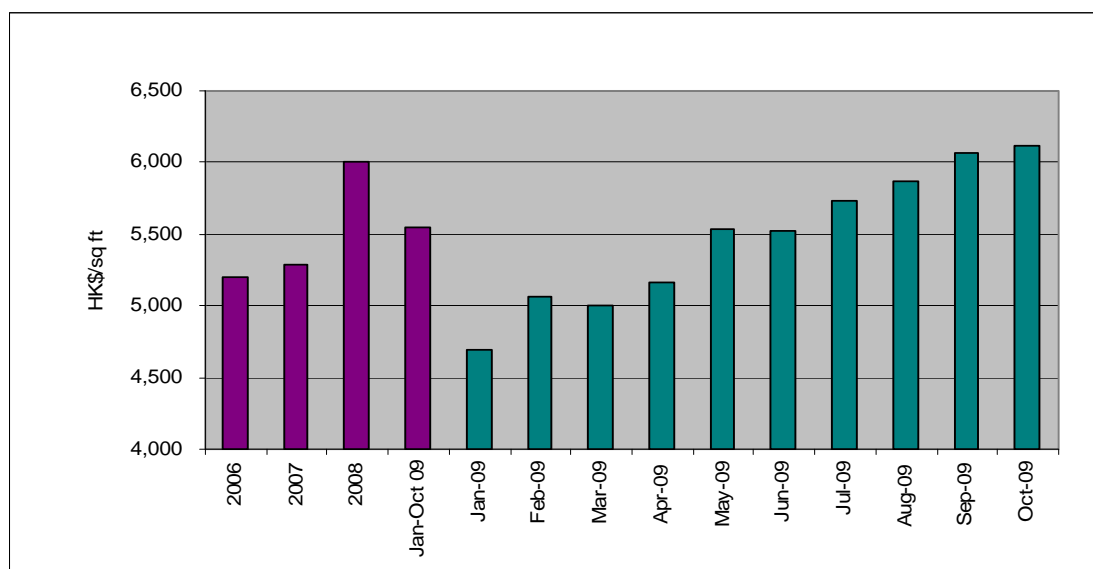
1. Vision City;
2. The 400m radius surrounding the Project;
3. The Tsuen Wan District.

### 6.2 Vision City

The Vision City development commenced foundation work in January 2003 and was completed in 12 months. Construction of the superstructure started in January 2004 and full project completion was recorded in June 2007.

Vision City has a short historical timeline given its fairly recent completion date. The earliest record of a transaction in the EPRC database was May 2006. Starting at an average of HK\$5,204 per sq ft, it marginally increased by less than 2% to HK\$5,291 per sq ft the following year. By 2008, a significant increase of nearly 14% was recorded at an average of HK\$6,007 per sq ft.

It was not until 2009 when the effects of the financial crisis were reflected in a steep fall in prices as it breached the HK\$5,000 per sq ft level in January. This has since recovered by 30% to HK\$6,122 per sq ft by October 2009 as consumer confidence appears to have bounced back (Figure 21 and Table 24).



**Figure 21 Historical Domestic Capital Values in Vision City (HK\$/sq ft)**

Source: EPRC \* based on gross area

**Table 24 Historical Domestic Capital Values in Vision City (HK\$/sq ft)**

Year	Average Price*	Year on Year Change	Lowest Price*	Highest Price*
2006	5,204	-	3,421	7,358
2007	5,291	1.67%	4,321	7,688
2008	6,007	13.53%	4,390	7,886

Year	Average Price*	Year on Year Change	Lowest Price*	Highest Price*
Jan-Oct 09	5,543	-7.71%	4,464	6,702
Jan 09	4,688	-	4,539	4,851
Feb 09	5,058	-	4,714	5,612
Mar 09	4,998	-	4,464	5,267
Apr 09	5,162	-	4,717	6,274
May 09	5,536	-	4,903	6,055
Jun 09	5,520	-	5,045	6,287
Jul 09	5,732	-	5,208	6,363
Aug 09	5,871	-	5,414	6,573
Sep 09	6,061	-	5,387	6,702
Oct 09	6,122	-	5,847	6,359

Source: EPRC \* based on gross area

### 6.3 400 Metre Radius Area

A basket of nine prominent domestic projects within the 400m radius area was defined as shown below (Table 25).

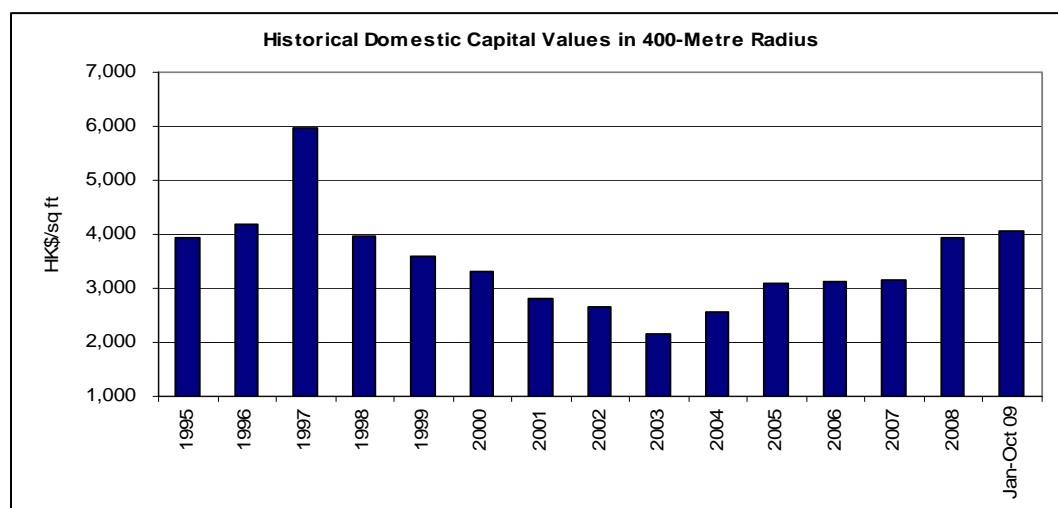
**Table 25 Basket of Domestic Developments within the 400m Area**

Domestic	Number of Units
Tsuen Wan Town Square	232
Blue Yard	152
Tsuen Wan Plaza	480
Brighton Place	54
Harmony Garden	240
Tsuen Kam Centre	496
Fou Wah Centre	152
The Dynasty	256
Skyline Plaza	280

Transacted domestic prices for each listed in the EPRC have been collated since 1995 until the present to obtain historical trends. A weighted average has been subsequently derived to represent the annual domestic capital values for the defined area. The annual averages for each domestic project are attached in Appendix B.

The property market within the 400m radius has had cyclical fluctuations in line with the economic performance of the region. From 1995 to 1997, prices increased by 52% to its peak average of HK\$5,979 per sq ft. In fact, new projects such as Skyline Plaza were being introduced into the market with a price in excess of HK\$7,000 per sq ft only to shed a third of its value the following year due to the Asian financial crisis. Prices corrected by 64% in the next six years until its trough average of HK\$2,165 per sq ft in 2003.

The steep decline of 18% YoY in 2003 due to the SARS epidemic should be noted. Prices strongly rebounded in 2004 by 18% to HK\$2,559 per sq ft as the SARS epidemic abated. From the trough during the SARS period until 2008, residential prices rebounded by 82%. In 2008 alone, prices increased by nearly 25% YoY. For the first ten months of 2009, average prices have been stable despite the current financial crisis. New developments are now achieving up to HK\$8,928 per sq ft, which is similar to the highest level achieved by Tsuen Wan Town Square before the 1997 Asian crisis (Figure 22 and Table 26).



**Figure 22 Historical Domestic Capital Values in 400m Radius**

Source: EPRC

**Table 26 Historical Domestic Capital Values in 400m Radius (HK\$/sq ft)**

Year	Average Price*	YoY Change	Lowest Price*	Highest Price*
1995	3,934	-	2,323	5,661
1996	4,203	6.83%	2,276	5,944
1997	5,979	42.25%	3,183	8,346
1998	3,980	-33.44%	2,280	6,148
1999	3,605	-9.41%	2,368	4,742
2000	3,300	-8.46%	1,649	4,547
2001	2,798	-15.22%	1,586	3,669
2002	2,644	-5.49%	1,753	3,841
2003	2,165	-18.14%	1,193	2,834
2004	2,559	18.24%	1,644	3,788
2005	3,109	21.49%	1,818	4,235
2006	3,115	0.19%	1,817	4,267
2007	3,161	1.48%	2,114	4,424
2008	3,950	24.96%	2,432	7,411
Jan-Oct 09	4,065	2.90%	2,685	8,928

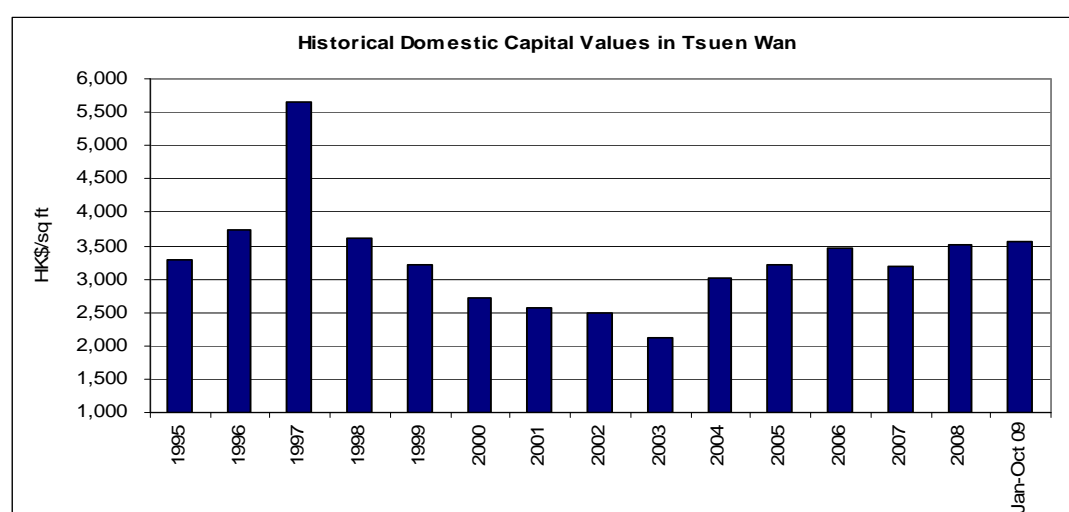
Source: EPRC \* based on gross area

## 6.4 Tsuen Wan District

For the whole district of Tsuen Wan, average domestic prices have been obtained from EPRC and collated since 1995 until the present to obtain the historical trend.

Residential prices for the whole district have similarly moved in line with the property cycle. In the run up before the Asian crisis, the district's residential prices expanded by 72% from 1995 to 1997. This was to correct by 36% in 1998. Prices declined by 62% after the Asian crisis until the SARS epidemic period in 2003.

A strong 42% YoY rebound was recorded in 2004, which continued well into 2006. It is interesting to note that the current financial crisis has left the Tsuen Wan district's residential sector largely unaffected given that current values are largely flat from 2008 levels. Developments located along Castle Peak Road with a good water view are now transacting at more than HK\$9,000 per sq ft (Figure 23 and Table 27).



**Figure 23 Historical Domestic Capital Values in Tsuen Wan**

Source: EPRC

**Table 27 Historical Domestic Capital Values in Tsuen Wan (HK\$/sq ft)**

Year	Average Price*	YoY Change	Lowest Price*	Highest Price*
1995	3,297	-	300	9,324
1996	3,747	13.65%	483	9,200
1997	5,660	51.05%	195	10,822
1998	3,611	-36.20%	1,456	8,083
1999	3,211	-11.08%	851	6,483
2000	2,713	-15.51%	1,009	4,923
2001	2,561	-5.60%	728	4,635
2002	2,495	-2.58%	276	5,280
2003	2,131	-14.59%	778	5,250
2004	3,021	41.76%	491	9,524
2005	3,215	6.42%	1,109	9,797
2006	3,452	7.37%	1,031	9,027

Year	Average Price*	YoY Change	Lowest Price*	Highest Price*
2007	3,183	-7.79%	1,276	9,140
2008	3,507	10.18%	1,444	9,677
Jan-Oct 09	3,550	1.23%	1,490	9,330

Source: EPRC \* based on gross area

## 6.5 Area Comparisons

### 6.5.1 Vision City vs. 400m Radius and Tsuen Wan

Vision City's current residential capital value of HK\$5,543 per sq ft is at a 36% premium over the average in the immediate vicinity (400m radius). However, newer developments are starting to achieve higher prices.

The vicinity's residential prices have increased from 2007 to 2008 by nearly 25% with the introduction of new developments. While it is still at a discount to Vision City, the gap has narrowed significantly. From a 67% premium in 2006, Vision City's prices are now just 36% higher as compared to the 400m radius vicinity. Values in the vicinity have even posted an increase despite the correction at Vision City (Figure 24 and Table 28).

It appears that there is an agglomeration of new developments along Yeung Uk Road south of Vision City which may be attributable to:

- Major re-development, such as the Project, has re-invigorated the ambience of the area and lifted values in the vicinity;
- New developments appear to be a positive offshoot from the Project;
- New developments are being linked to support and enhance property values. For instance, the Project is connected via footbridges to Nina Tower and The Dynasty to increase synergies in the retail developments;
- Enhanced accessibility with the nearby Tsuen Wan West station and the Tsuen Wan MTR station 400 metres away;
- Waterfront view in the area has given the premium in the development.

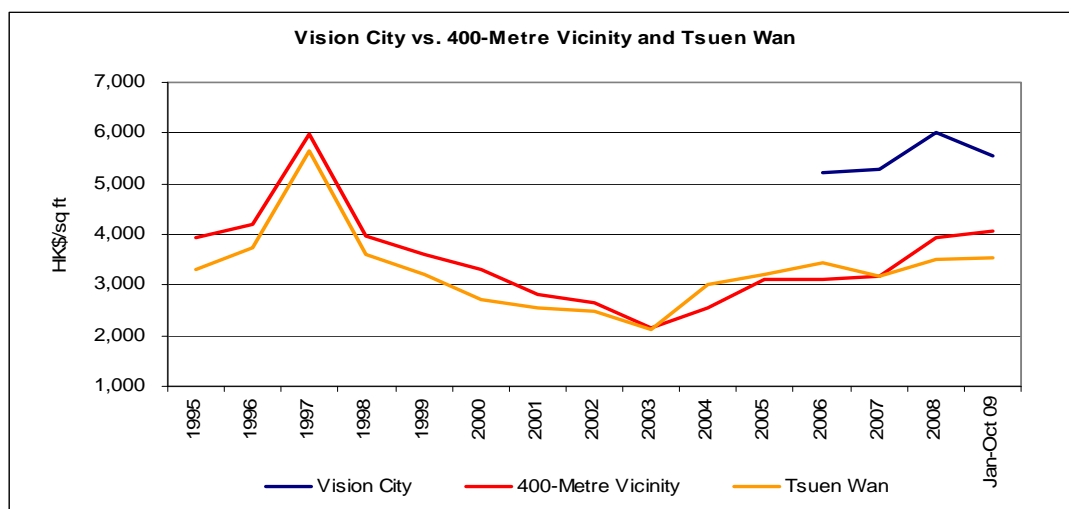


Figure 24 Vision City vs. 400m Vicinity and Tsuen Wan – Residential Capital Value

Source: EPRC

**Table 28 Historical Domestic Capital Values in Tsuen Wan (HK\$/sq ft)**

Year	Vision City	YoY Change	400-M Radius	YoY Change	Tsuen Wan	YoY Change
1995	-	-	3,934	-	3,297	-
1996	-	-	4,203	6.83%	3,747	13.65%
1997	-	-	5,979	42.25%	5,660	51.05%
1998	-	-	3,980	-33.44%	3,611	-36.20%
1999	-	-	3,605	-9.41%	3,211	-11.08%
2000	-	-	3,300	-8.46%	2,713	-15.51%
2001	-	-	2,798	-15.22%	2,561	-5.60%
2002	-	-	2,644	-5.49%	2,495	-2.58%
2003	-	-	2,165	-18.14%	2,131	-14.59%
2004	-	-	2,559	18.24%	3,021	41.76%
2005	-	-	3,109	21.49%	3,215	6.42%
2006	5,204	-	3,115	0.19%	3,452	7.37%
2007	5,291	1.67%	3,161	1.48%	3,183	-7.79%
2008	6,007	13.53%	3,950	24.96%	3,507	10.18%
Jan-Oct 09	5,543	-7-71%	4,065	2.90%	3,550	1.23%

Source: EPRC \* based on gross area

Vision City's average residential price is currently at a 56% premium over the whole district. Although the price premium over the 400m radius vicinity has narrowed in the past three years, it has fluctuated if Vision City is compared to the whole district. This could be explained by erratic project launches within the district and prices have been fragmented depending on location.

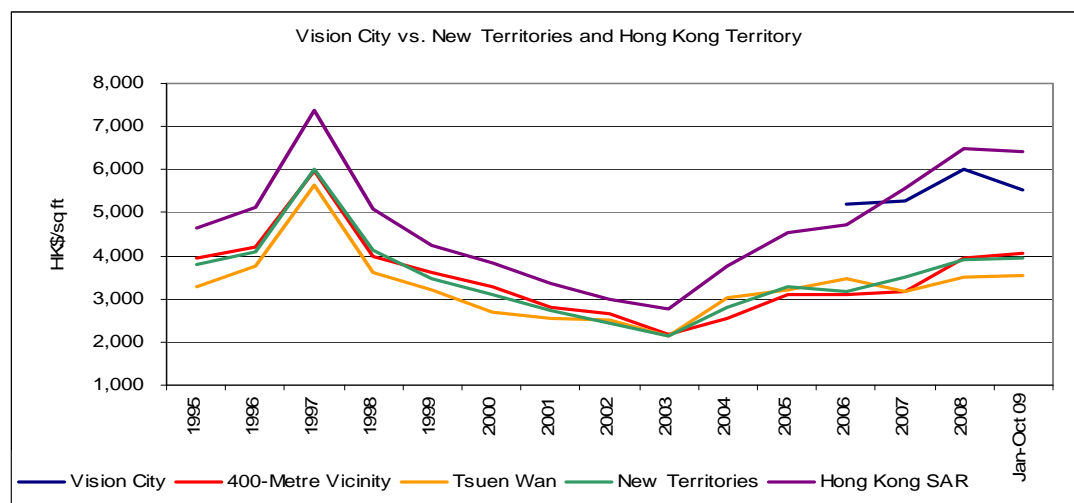
Overall, the positive economic impact on the real estate market of Vision City has been limited to the 400m radius vicinity. Since 2006, the immediate area has outperformed Vision City given that residential prices have expanded by nearly 30%. Vision City has expanded by only 7% in the same period. On the other hand, the whole Tsuen Wan district has underperformed compared to Vision City with a growth in residential prices at only 4% since 2006.

#### 6.5.2 Vision City vs. New Territories vs. Overall Hong Kong

Compared to overall in the New Territories, Vision City has a 41% premium on capital values, which has continuously narrowed since 2006 from 64%. However, the project has a lower price as compared to the overall Hong Kong residential capital value. Vision City is at a 13% discount to the overall Hong Kong average of HK\$6,404 per sq ft. It is interesting to note that the gap has widened since 2006. This is due to the emergence of more high-profile projects in Hong Kong Island and Kowloon.

Tsuen Wan district has historically been at a discount to New Territories' average. This is due to other areas in New Territories with much higher residential prices such as the outlying Islands. Also note that the gap between Tsuen Wan district and New Territories average widened after 2003 when the MTR West Rail Line commenced operation and also unlocked values in other districts (Figure 25 and Table 29).





**Figure 25 Vision City vs. New Territories and Hong Kong Territory – Domestic Capital Value**

Source: EPRC

**Table 29 Historical Domestic Capital Values in New Territories and Overall Hong Kong (HK\$/sq ft)**

Year	Vision City	YoY Change	New Territories	YoY Change	Kowloon	YoY Change	HK Island	YoY Change	HK SAR	YoY Change
1995	-	-	3,802	-	4,180	-	5,739	-	4,641	-
1996	-	-	4,102	7.90%	4,596	9.93%	6,475	12.82%	5,139	10.72%
1997	-	-	5,999	46.23%	6,310	37.31%	9,322	43.98%	7,387	43.76%
1998	-	-	4,121	-31.30%	4,608	-26.97%	6,249	-32.97%	5,093	-31.06%
1999	-	-	3,486	-15.42%	3,729	-19.08%	5,320	-14.87%	4,247	-16.62%
2000	-	-	3,110	-10.78%	3,288	-11.83%	5,002	-5.98%	3,846	-9.44%
2001	-	-	2,721	-12.50%	2,872	-12.65%	4,455	-10.95%	3,374	-12.27%
2002	-	-	2,423	-10.96%	2,525	-12.09%	4,013	-9.92%	3,007	-10.87%
2003	-	-	2,131	-12.05%	2,327	-7.83%	3,788	-5.59%	2,753	-8.44%
2004	-	-	2,795	31.15%	3,389	45.63%	5,298	39.85%	3,761	36.62%
2005	-	-	3,278	17.27%	4,153	22.55%	6,459	21.91%	4,539	20.67%
2006	5,204	-	3,169	-3.32%	4,208	1.33%	6,962	7.79%	4,712	3.81%
2007	5,291	1.67%	3,502	10.52%	5,139	22.12%	8,233	18.25%	5,569	18.20%
2008	6,007	13.53%	3,925	12.06%	5,909	14.99%	9,583	16.41%	6,472	16.20%
Jan-Oct 09	5,543	-7.71%	3,934	0.24%	5,914	0.08%	9,153	-4.50%	6,404	-1.05%

Source: EPRC for Vision City, Rating and Valuation Department for New Territories, Kowloon and Hong Kong

Further findings that can be summarised are:

- Prices in Vision City have been relatively stable. Current average residential price in Vision City as compared to its 2006 launch is up by only 7% as compared to 36% for the whole of Hong Kong;

- Timing of sales in Vision City has had an impact on price appreciation. Prices aggressively increased in 2004 and 2005, when residential capital values went up by nearly 60% for the whole of Hong Kong. Vision City only started selling in 2006. By then, price increases have started to moderate;
- Prices in the 400-metre radius vicinity appear to be in line with the New Territories. From 2003 to 2009, prices in the vicinity appreciated by 88% or at nearly the same pace as New Territories at 85%. However, this is at a slower pace than Kowloon and HK Island;
- The project's positive impact on real estate prices is only apparent in the performance of the 400-metre radius vicinity, where it has outperformed Vision City. Given Vision City's recent completion, price impacts have not yet filtered to the whole Tsuen Wan district; and
- Compared to the averages in New Territories, Kowloon, HK Island and the whole Hong Kong SAR, Vision City has underperformed within the period 2006 to 2009.

## 6.6 Sales Transactions

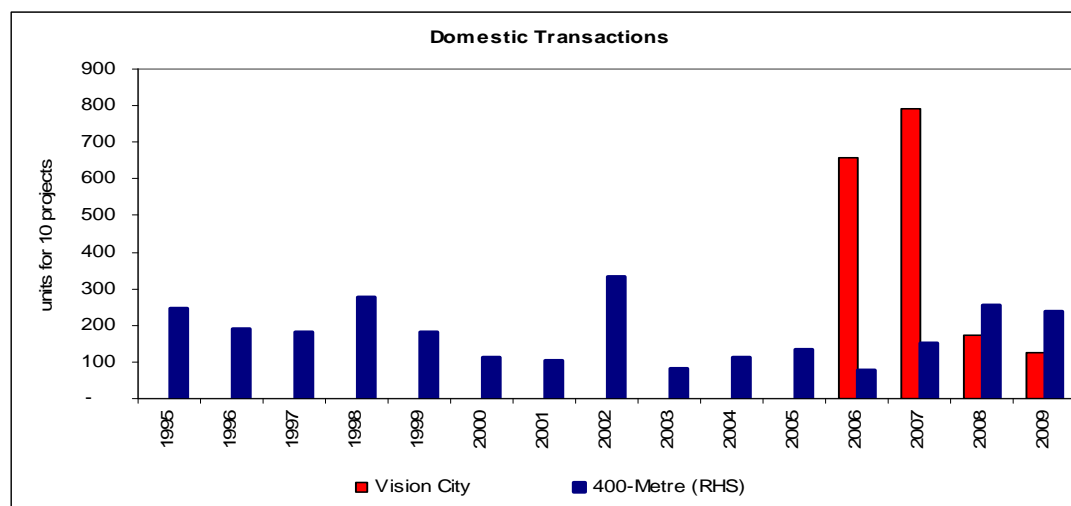
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Domestic property transactions in Vision City and the 400m vicinity have been compiled from the EPRC database.

From 1995 to 2008, there has been an annual average of 174 units sold within the 400 metre radius vicinity. Transactions posted a marked improvement in 2007 with all of the projects registering higher take-up as compared to the previous year. By 2008, transactions intensified with the introduction of Dynasty bringing the sales to 255 units for that year. For the first 10 months of 2009, there were already 236 units transacted in the vicinity.

It is interesting to note that upon the completion of Vision City in 2007, there were more domestic transactions even for older buildings. In fact, transactions in 2007 increased by 96% to 151 units. While to a certain extent this is a function of the overall market upturn, it can also be argued that the re-development has attracted interest in the area. Furthermore, developers would not have been prompted to launch new developments (and subsequently achieve a higher price) if not for the encouraging performance of Vision City.

From 1995 to 2008, there has been an annual average of 174 units sold within the 400m radius vicinity. Transactions posted a marked improvement in 2007 with all of the projects registering higher take-up as compared to the previous year. By 2008, transactions intensified with the introduction of Dynasty bringing the sales to 255 units for that year. For the first 10 months of 2009, there were already 236 units transacted in the vicinity (Figure 26 and Table 30).



**Figure 26 Domestic Transactions**

Source: EPRC

**Table 30 Number of Domestic Transactions (units)**

Year	Vision City	400-metre	Town Square	Tsuen Wan Plaza	Tsuen Kam Centre	Fou Wah Centre	Skyline Plaza	Harmony Garden	Brighton Garden	Blue Yard	Dynasty
1995	-	245	14	26	198	7	-	-	-	-	-
1996	-	192	24	69	86	13	-	-	-	-	-
1997	-	183	24	51	80	20	8	-	-	-	-
1998	-	276	9	35	31	9	15	177	-	-	-
1999	-	183	7	35	19	9	18	70	25	-	-
2000	-	112	14	14	39	7	21	6	11	-	-
2001	-	105	12	24	35	11	16	3	4	-	-
2002	-	332	6	25	13	2	14	4	2	266	-
2003	-	82	9	20	21	4	14	4	2	8	-
2004	-	112	18	22	32	10	17	9	0	4	-
2005	-	133	14	28	35	12	16	11	4	13	-
2006	656	77	13	19	20	9	8	5	0	3	-
2007	791	151	18	37	36	12	26	14	4	4	-
2008	174	255	14	21	37	4	17	10	3	18	131
Jan-Oct 09	125	236	10	23	33	8	20	12	2	10	118

Source: EPRC

## 7 Rental Analysis

### 7.1 Introduction

This section tracks the historical rents for domestic and commercial properties within the three defined areas in Tsuen Wan of:

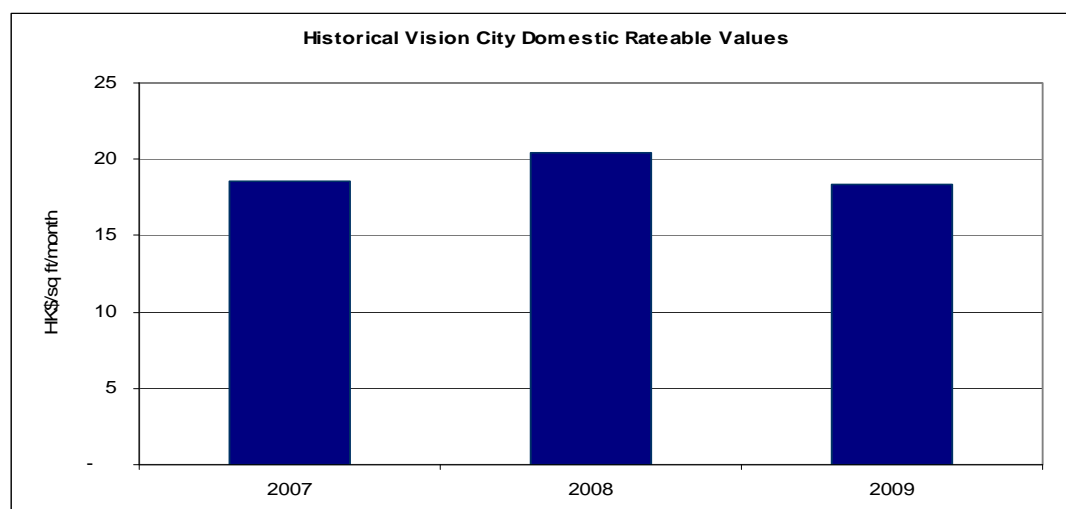
1. The Project;
2. The 400m radius surrounding the Project;
3. The Tsuen Wan District.

The rateable values are referred as the approximate rent for the property.

### 7.2 Domestic Rents

#### 7.2.1 Vision City

Based on information from the Hong Kong Rating and Valuation Department (RVD), the earliest record of residential rents for Vision City was in 2007 at HK\$18.62 per sq ft per month. Rents increased by nearly 10% in 2008 to HK\$20.43 per sq ft per month. By 2009, the financial crisis has led to a 10% decline in lease rates at HK\$18.39 per sq ft per month (Figure 27 and Table 31).



**Figure 27 Historical Vision City Domestic Rateable Values**

Source: Rating and Valuation Department

**Table 31 Historical Domestic Rateable values in Vision City (HK\$/sq ft/month)**

Year*	Rateable Value*	YoY Change
2007	18.62	-
2008	20.43	9.73%
2009	18.39	-10.00%

Source: Rating and Valuation Department

\*based on a valuation reference date of October of the previous year

### 7.2.2 400 Metre Radius Area

Similar to the capital value analysis, a basket of eight prominent domestic projects was defined within the 400m radius area as presented below (Table 32).

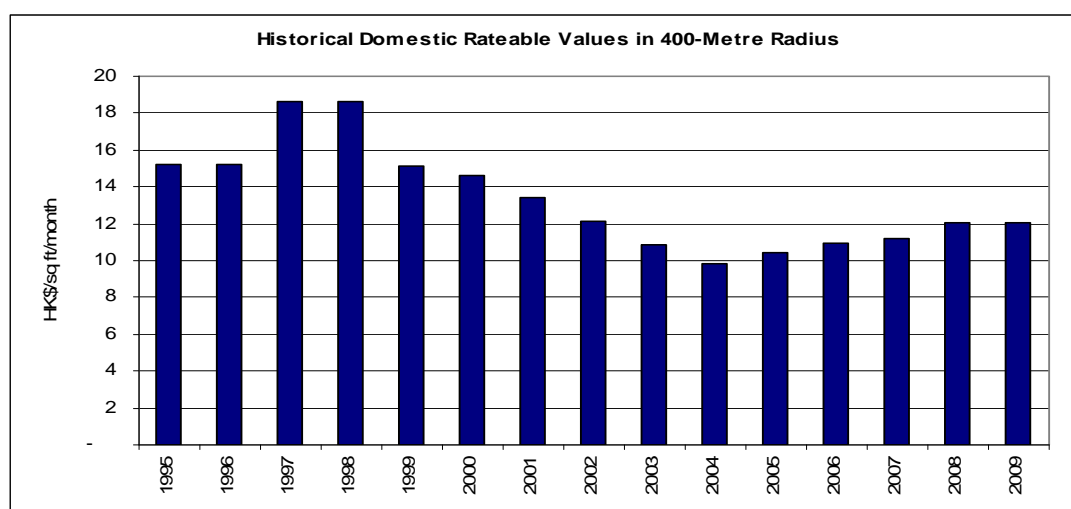
**Table 32 Basket of Domestic Developments within the 400m Area**

Domestic	Number of Units
Tsuen Wan Town Square	232
Blue Yard	152
Tsuen Wan Plaza	480
Brighton Place	54
Harmony Garden	240
Tsuen Kam Centre	496
Fou Wah Centre	152
The Dynasty	256
Skyline Plaza	280

Rateable values for each development were provided by the RVD. A weighted average was subsequently derived to represent the annual domestic rent for the defined area. The average for each domestic project is attached in Appendix B.

Rents of residential developments within the 400m radius vicinity show a similar trend in line with capital values. It should be noted that there is a lag given that rateable values for a particular year is based on a valuation made in October the previous year.

From 1995 to 1998, rents increased by 23% to its peak monthly average of HK\$18.67 per sq ft. Due to the lag in terms of the timing of the valuation, rents only declined in 1999 by 19% to HK\$15.12 per sq ft. From its peak in 1998, rental rates have corrected by 48% to its trough of HK\$9.80 per sq ft in 2004. This has since rebounded by 23% to the current estimate of HK\$12.03 per sq ft per month (Figure 28 and Table 33).



**Figure 28 Historical Domestic Rateable Values in 400-metre Radius**

Source: Rating and Valuation Department

**Table 33 Historical Domestic Rateable Values in 400m Radius (HK\$/sq ft/month)**

Year	Rateable Value	YoY Change	Lowest RV	Highest RV
1995	15.21	-	13.26	18.59
1996	15.21	0.00%	13.26	18.59
1997	18.67	22.73%	16.62	24.05
1998	18.67	0.00%	16.62	24.05
1999	15.12	-19.00%	13.48	20.40
2000	14.58	-3.55%	13.18	18.76
2001	13.38	-8.27%	12.24	15.74
2002	12.10	-9.55%	11.53	14.15
2003	10.84	-10.39%	10.35	12.06
2004	9.80	-9.64%	9.01	11.30
2005	10.46	6.78%	9.79	11.86
2006	10.96	4.74%	9.79	12.54
2007	11.20	2.18%	10.27	12.54
2008	12.07	7.79%	11.10	13.04
2009	12.03	-0.36%	11.10	13.04

Source: Rating and Valuation Department

## 7.2.3 Tsuen Wan District

For the whole district of Tsuen Wan, average domestic rateable values were obtained from the RVD. Given that there is no representative RVD data for the Tsuen Wan District, the following domestic developments were chosen to arrive at an average for the district (Table 34).

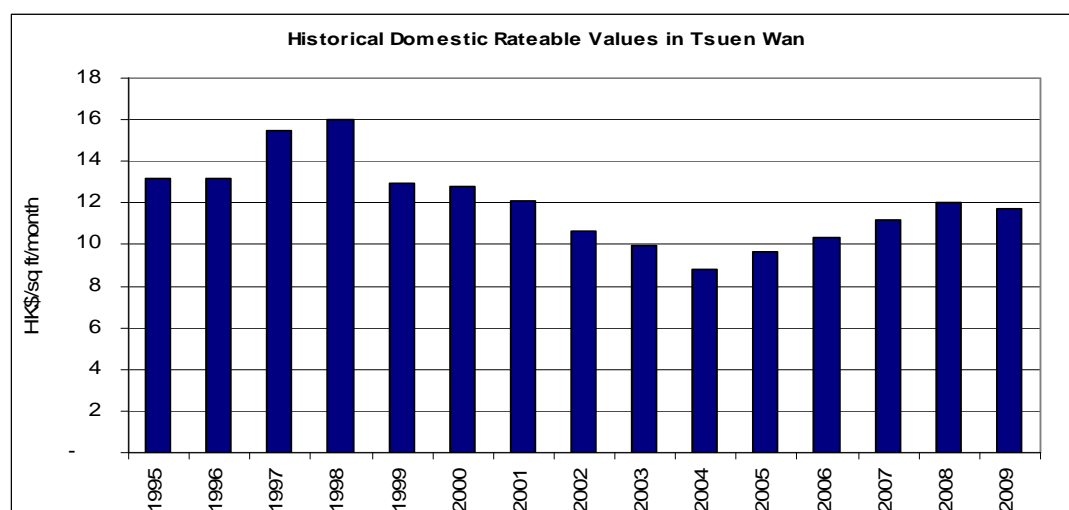
**Table 34 Basket of Domestic Developments in Tsuen Wan**

Domestic	Number of Units
Tsuen Wan Town Square	232
Blue Yard	152
Tsuen Wan Plaza	480
Brighton Place	54
Harmony Garden	240
Tsuen Kam Centre	496
Fou Wah Centre	152
Skyline Plaza	280
Belvedere Garden	6,016
Chelsea Court	1,624
Luk Yeung Sun Chuen	4,070
Fairview Garden	312
Ho Fai Garden	164
East Asia Garden	336

Domestic	Number of Units
Tsuen Wan Garden	464
Discovery Park	3,360
H Cube	440
Vision City	1,466
New Haven	657

Residential rents in Tsuen Wan reached its peak in 1998 at HK\$15.98 per sq ft before contracting by 45% to HK\$8.84 in 2004. This has since rebounded by 33% to HK\$11.73 per sq ft (Figure 29 and Table 35).

In the assumed basket of comparables, Vision City has the highest rental rate at HK\$18.40 per sq ft per month.



**Figure 29 Historical Domestic Rateable Values in Tsuen Wan**

Source: Rating and Valuation Department

**Table 35 Historical Domestic Rateable Values in Tsuen Wan (HK\$/sq ft/month)**

Year	Rateable Value	YoY Change	Lowest RV	Highest RV
1995	13.18	-	11.89	18.59
1996	13.18	0.00%	11.89	18.59
1997	15.45	17.19%	13.79	24.05
1998	15.98	3.43%	13.79	24.05
1999	12.97	-18.81%	11.45	20.40
2000	12.82	-1.17%	10.80	18.76
2001	12.09	-5.71%	10.47	15.74
2002	10.66	-11.83%	9.41	14.15
2003	9.99	-6.28%	8.51	12.06
2004	8.84	-11.47%	7.85	11.30

Year	Rateable Value	YoY Change	Lowest RV	Highest RV
2005	9.65	9.12%	8.18	11.86
2006	10.31	6.80%	8.75	14.38
2007	11.13	7.98%	9.14	18.62
2008	11.97	7.58%	9.72	20.43
2009	11.73	-2.04%	9.72	18.39

Source: Rating and Valuation Department

### 7.2.4 Area Comparisons

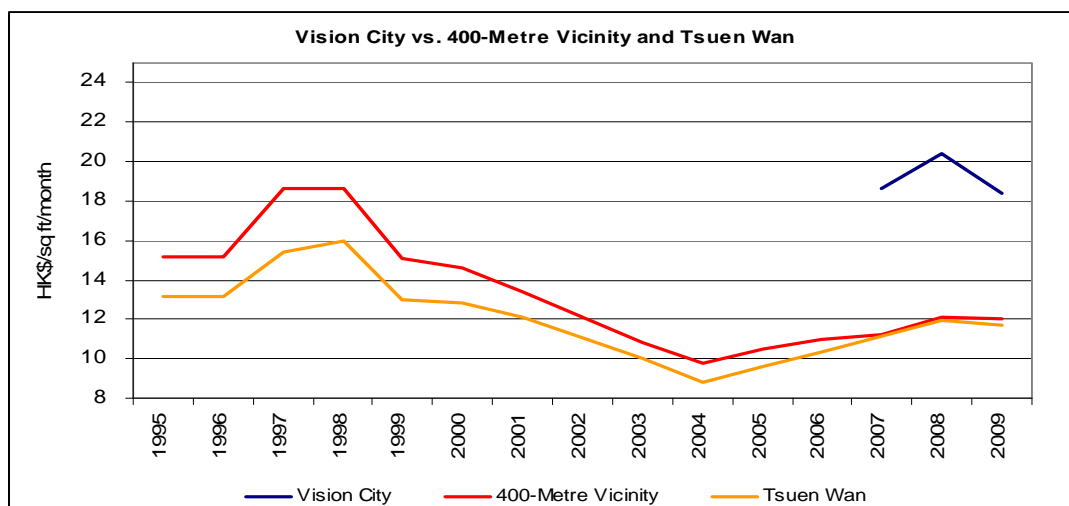
#### 7.2.4.1 Vision City vs 400M Radius and Tsuen Wan District

Vision City's current rental rate of HK\$18.39 per sq ft is at a 53% premium as compared to the average in the immediate vicinity (400m radius). This is expected to narrow as new developments would be included in RVD's annual rateable value survey. It should be noted that recently completed projects such as The Dynasty will only be reflected in the 2010 figures.

Similar to residential prices, the rental gap between Vision City and the immediate vicinity has narrowed in the past two years. It can be seen that in 2008 Vision City's HK\$20.43 is at a 69% premium over the 400-m area's HK\$12.07, while in 2009, Vision City's HK\$18.39 is at a 53% premium over the 400-m area's HK\$12.03 (Table 36).

Vision City's residential rent is currently at a 57% premium over the whole Tsuen Wan district. Similarly, this has narrowed from 71% in 2008 indicating that newer developments are starting to achieve higher rents in the district.

Residential rents in Vision City have marginally declined as compared to the opening monthly rent of HK\$18.62 per sq ft in 2007. Rents in the 400m radius vicinity are up by 7% from 2007 levels and has outperformed both Vision City and the Tsuen Wan District (Figure 30 and Table 36).



**Figure 30 Vision City vs. 400-metre Vicinity and Tsuen Wan – Residential Rental**

Source: Rating and Valuation Department



**Table 36 Historical Domestic Rateable Values in Tsuen Wan (HK\$/sq ft/month)**

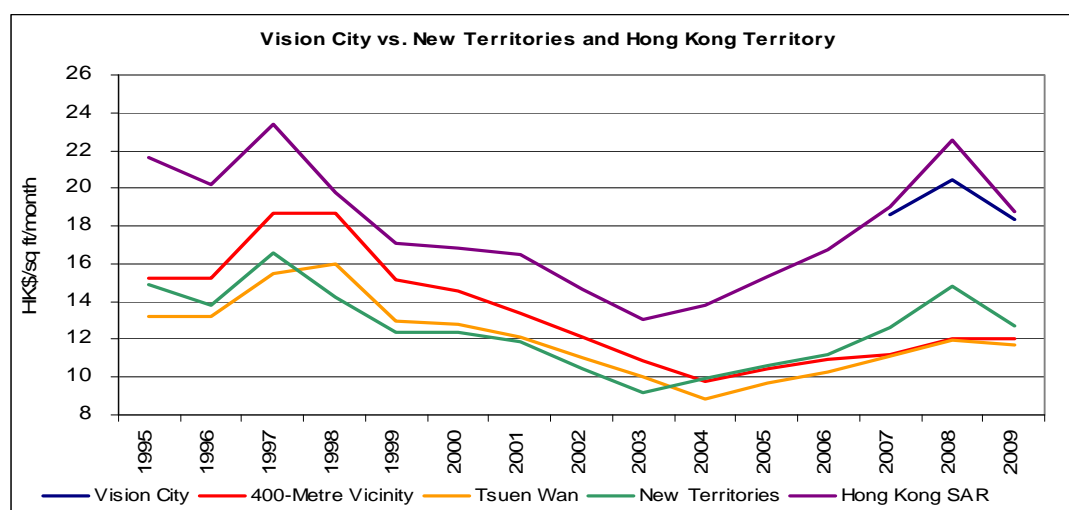
Year	Vision City	YoY Change	400-m Radius	YoY Change	Tsuen Wan	YoY Change
1995	-	-	15.21	-	13.18	-
1996	-	-	15.21	0.00%	13.18	0.00%
1997	-	-	18.67	22.73%	15.45	17.19%
1998	-	-	18.67	0.00%	15.98	3.43%
1999	-	-	15.12	-19.00%	12.97	-18.81%
2000	-	-	14.58	-3.55%	12.82	-1.17%
2001	-	-	13.38	-8.27%	12.09	-5.71%
2002	-	-	12.10	-9.55%	10.66	-11.83%
2003	-	-	10.84	-10.39%	9.99	-6.28%
2004	-	-	9.80	-9.64%	8.84	-11.47%
2005	-	-	10.46	6.78%	9.65	9.12%
2006	-	-	10.96	4.74%	10.31	6.80%
2007	18.62	-	11.20	2.18%	11.13	7.98%
2008	20.43	9.73%	12.07	7.79%	11.97	7.58%
2009	18.39	-10.00%	12.03	-0.36%	11.73	-2.04%

Source: Rating and Valuation Department

7.2.4.2 Vision City vs. New Territories vs. Overall Hong Kong

Current residential rents in Vision City are higher than the average in the New Territories and Kowloon by 45% and 3% (Table 37), respectively. By comparison, Vision City has a lower rent relative to the overall Hong Kong residential rents. Vision City is at a 27% discount to the overall Hong Kong average of HK\$25.36 per sq ft per month (Figure 31).

Measured from 2007 to 2009, residential rents in the 400m radius vicinity have outperformed Vision City and the Tsuen Wan district, as well as the whole Hong Kong SAR.



**Figure 31 Vision City vs. New Territories and Hong Kong Territory – Residential Rental**

Source: Rating and Valuation Department

**Table 37 Historical Domestic Rateable Values in New Territories and Hong Kong SAR (HK\$/sq ft/month)**

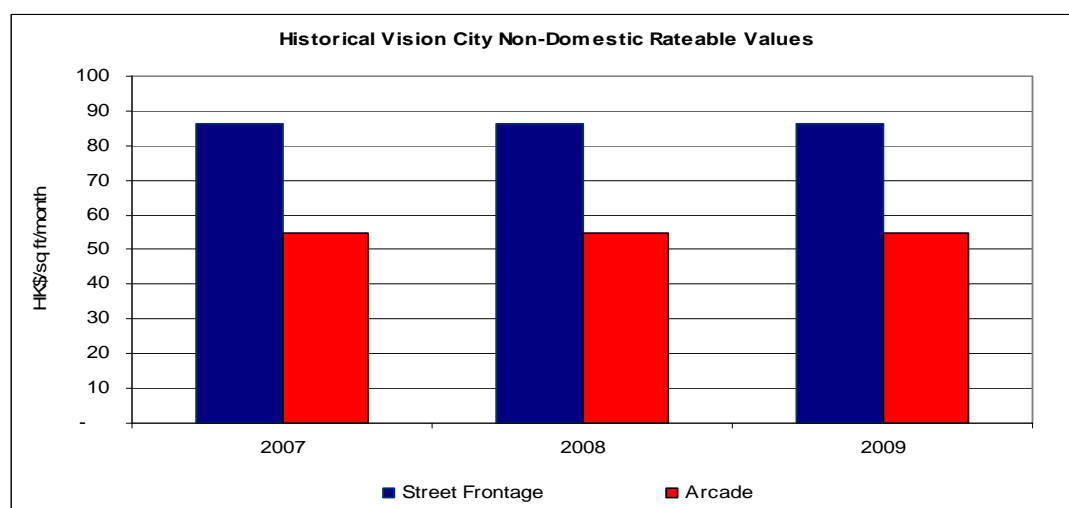
Year	Vision City	YoY Change	New Territories	YoY Change	Kowloon	YoY Change	HK Island	YoY Change	HK SAR	YoY Change
1995	-	-	14.87	-	20.46	-	28.19	-	21.63	-
1996	-	-	13.84	-6.92%	17.84	-12.82%	27.63	-2.01%	20.23	-6.50%
1997	-	-	16.54	19.51%	20.03	12.30%	31.41	13.69%	23.40	15.70%
1998	-	-	14.21	-14.06%	17.85	-10.91%	25.67	-18.25%	19.76	-15.55%
1999	-	-	12.41	-12.66%	15.83	-11.31%	22.06	-14.08%	17.07	-13.65%
2000	-	-	12.34	-0.59%	15.24	-3.75%	22.33	1.22%	16.81	-1.52%
2001	-	-	11.83	-4.11%	15.04	-1.28%	22.46	0.60%	16.50	-1.82%
2002	-	-	10.48	-11.48%	13.34	-11.30%	20.11	-10.45%	14.66	-11.13%
2003	-	-	9.15	-12.70%	12.45	-6.71%	17.69	-12.08%	13.02	-11.25%
2004	-	-	9.89	8.20%	13.07	5.03%	19.36	9.49%	13.81	6.14%
2005	-	-	10.58	6.95%	14.79	13.16%	21.83	12.75%	15.36	11.18%
2006	-	-	11.18	5.64%	15.64	5.76%	24.32	11.41%	16.77	9.21%
2007	18.62	-	12.59	12.65%	17.30	10.61%	27.66	13.71%	19.04	13.51%
2008	20.43	9.73%	14.82	17.65%	20.56	18.84%	32.24	16.55%	22.56	18.50%
Jan-Oct 09	18.39	-10.00%	12.68	-14.44%	17.82	-13.34%	25.36	-21.34%	18.77	-16.78%

Source: Rating and Valuation Department

### 7.3 Non-Domestic Rateable Values (CityWalk)

#### 7.3.1 CityWalk

Based on information from the RVD, non-domestic rental rates in CityWalk have been static in the last three years. Arcade shops are estimated to lease at HK\$54.83 per sq ft per month, while shops with street frontage have a 58% premium at HK\$86.46 per sq ft per month (Figure 32 and Table 38).

**Figure 32 Historical Vision City Non-domestic Rateable Values**

Source: Rating and Valuation Department

**Table 38 Historical Non-domestic Rateable Values in vision City (HK\$/sq ft/month)**

Year	Street Frontage	YoY Change	Arcade	YoY Change
2007	86.46	-	54.83	-
2008	86.46	0.00%	54.83	0.00%
2009	86.46	0.00%	54.83	0.00%

Source: Rating and Valuation Department

\*based on a valuation reference date of October of the previous year

### 7.3.2 400m Radius Area

For non-domestic properties, all of the comparable developments fall within the 400m radius. A basket of eleven prominent non-domestic projects were defined (Table 39).

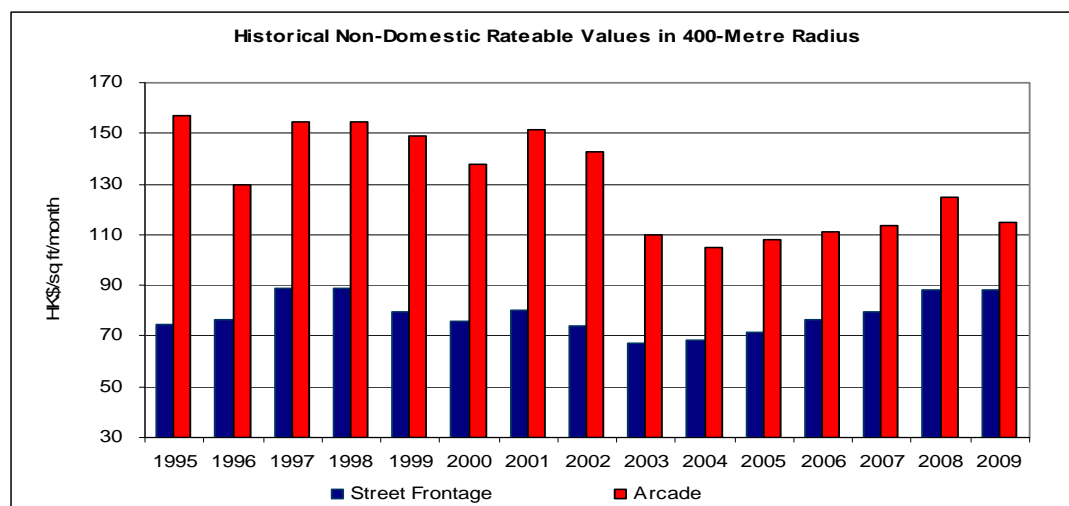
**Table 39 Basket of Non-domestic Developments within the 400m Area**

Non-domestic Developments	
Skyline Plaza	Jade Plaza
Tsuen Kam Centre	Fou Wah Centre
Nan Fung Centre	Concorde Square (Blue Yard)
City Landmark 1	99 Plaza
City Landmark 2	Hang Seng Tsuen Wan Building
Tsuen Wan Hoover Plaza	

Rateable values for each development were provided by the RVD. An average was subsequently derived to represent the non-domestic rental rate for the defined area. The annual average for each non-domestic project is attached in Appendix B.

Based on historical rateable values for non-domestic properties outside of CityWalk, the following can be observed (Figure 33 and Table 40):

- Current rateable values reveal that average rents for arcade shops are at a 30% premium over street frontage shops.
- Properties which are directly connected to the MTR Tsuen Wan station achieve the highest rental. Examples are Nan Fung Centre, Tsuen Kam Centre and Fou Wah Centre which are all linked to the MTR.
- The highest rent for arcade space is achieved at Nan Fung Centre at HK\$318.64 per sq ft per month. While the highest rent for street frontage property is City Landmark at HK\$150.98 per sq ft per month.
- Non-domestic properties north of Vision City are achieving a premium on rents particularly those with strong linkages to the MTR Tsuen Wan station. While there is the Tsuen Wan West station close to Vision City, the pedestrian traffic it generates is considerably lower.



**Figure 33 Historical Non-domestic Rateable Values in 400m Radius**

Source: Rating and Valuation Department

**Table 40 Historical Non-Domestic Rateable Values in 400m Radius (HK\$/sq ft/month)**

Year	Street Frontage	YoY Change	Lowest RV	Highest RV	Arcade	YoY Change	Lowest RV	Highest RV
1995	74.63	-	29.71	107.94	157.24	-	36.19	300.66
1996	76.72	2.80%	29.71	107.94	129.43	-17.68%	36.19	300.66
1997	89.05	16.06%	33.97	138.34	154.65	19.48%	36.19	367.13
1998	89.05	0.00%	33.97	138.34	154.65	0.00%	36.19	367.13
1999	79.48	-10.74%	33.52	151.79	149.00	-3.65%	36.19	384.17
2000	76.00	-4.37%	28.10	151.79	138.00	-7.38%	26.72	362.11
2001	80.25	5.58%	25.86	174.80	151.24	9.60%	25.57	392.94
2002	73.95	-7.85%	24.10	157.89	142.96	-5.47%	25.50	363.98
2003	66.96	-9.45%	22.13	134.31	110.03	-23.03%	21.54	316.42
2004	68.49	2.29%	19.31	137.41	104.68	-4.86%	16.95	292.90
2005	71.61	4.56%	12.19	147.03	108.18	3.34%	16.79	309.12
2006	76.49	6.82%	10.92	153.86	110.99	2.60%	17.67	312.50
2007	79.48	3.90%	10.85	153.86	113.43	2.20%	17.67	322.75
2008	88.48	11.33%	11.82	153.86	124.95	10.16%	19.44	355.13
2009	88.42	-0.07%	11.21	153.86	114.90	-8.04%	18.52	318.64

Source: Rating and Valuation Department

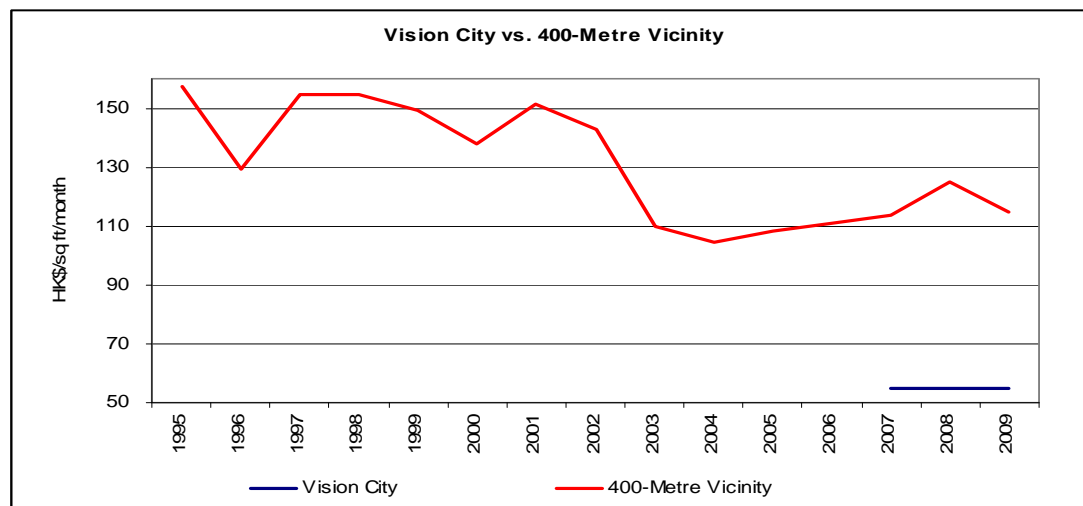
### 7.3.3 Area Comparisons

#### 7.3.3.1 CityWalk vs 400m Radius

Rents for street front shops in CityWalk are nearly at par with the average of other retail areas in Tsuen Wan.

However, there is a significant disparity for arcade shops in CityWalk and other developments in the district. CityWalk's rent at HK\$54.83 per sq ft per month is a 52%

discount to other retail areas in the district. It appears that arcade developments that are linked to the Tsuen Wan MTR (i.e. Nan Fung Centre and Fou Wah Centre) are achieving higher rents due to heavy transient pedestrian traffic. Nan Fung Centre alone is estimated to lease at HK\$318.64 per sq ft per month (Figure 34 and Table 41).



**Figure 34 Vision City vs. 400-m Vicinity – Arcade Shop Rental**

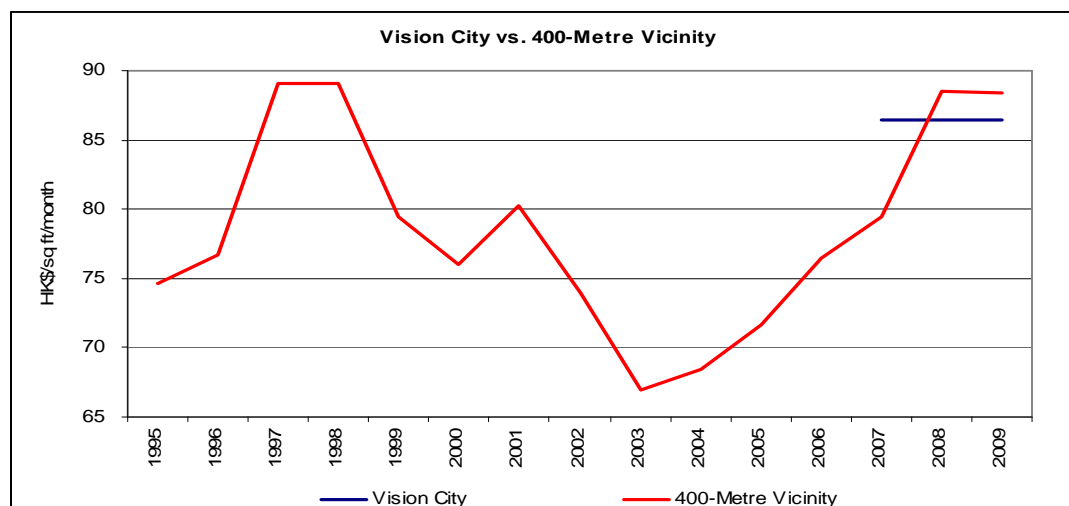
Source: Rating and Valuation Department

**Table 41 Historical Arcade Non-domestic Rateable Values in Tsuen Wan (HK\$/sq ft/month)**

Year	Citywalk	YoY Change	400-m Radius	YoY Change
1995	-	-	157.24	-
1996	-	-	129.43	-17.68%
1997	-	-	154.65	19.48%
1998	-	-	154.65	0.00%
1999	-	-	149.00	-3.65%
2000	-	-	138.00	-7.38%
2001	-	-	151.24	9.60%
2002	-	-	142.96	-5.47%
2003	-	-	110.03	-23.03%
2004	-	-	104.68	-4.86%
2005	-	-	108.18	3.34%
2006	-	-	110.99	2.60%
2007	54.83	-	113.43	2.20%
2008	54.83	0.00%	124.95	10.16%
2009	54.83	0.00%	114.90	-8.04%

Source: Rating and Valuation Department

Overall, rents in the 400m radius vicinity for street front and arcade shops have outperformed Vision City's retail rent (Figure 35 and Table 42).



**Figure 35 Vision City vs. 400m Vicinity – Street Front shops Rental**

Source: Rating and Valuation Department

**Table 42 Historical Street Front Non-domestic Rateable Values in Tsuen Wan (HK\$/sq ft/month)**

Year	Citywalk	YoY Change	400-m Radius	YoY Change
1995	-	-	74.63	-
1996	-	-	76.72	2.80%
1997	-	-	89.05	16.06%
1998	-	-	89.05	0.00%
1999	-	-	79.48	-10.74%
2000	-	-	76.00	-4.37%
2001	-	-	80.25	5.58%
2002	-	-	73.95	-7.85%
2003	-	-	66.96	-9.45%
2004	-	-	68.49	2.29%
2005	-	-	71.61	4.56%
2006	-	-	76.49	6.82%
2007	86.46	-	79.48	3.90%
2008	86.46	0.00%	88.48	11.33%
2009	86.46	0.00%	88.42	-0.07%

Source: Rating and Valuation Department

### 7.3.3.2 Vision City vs. New Territories and Overall Hong Kong

From 2007 to 2009, the whole Hong Kong SAR posted a meagre 0.02% net increase in net rents. New Territories was up by 2.02% followed by Kowloon (0.73%) and Hong Kong Island posting a net decline of 2.22% for the same period. Relative to the whole SAR, retail rents in Tsuen Wan underperformed given that it has been static since 2007 (Table 43).

**Table 43 Historical Non-domestic Rateable Values in New Territories and Hong Kong SAR (HK\$/sq ft/month)**

Year	Vision City (Street F)	YoY Change (Arcade)	New Territories	YoY Change	Kowloon	YoY Change	HK Island	YoY Change	HK SAR	YoY Change
1995	-	-	61.90	-	99.01	-	95.74	-	-	-
1996	-	-	66.49	7.43%	95.11	-3.94%	91.51	-4.42%	88.47	-
1997	-	-	74.28	11.70%	108.16	13.72%	102.40	11.90%	98.86	11.74%
1998	-	-	66.54	-10.41%	90.70	-16.15%	84.49	-17.49%	83.40	-15.64%
1999	-	-	62.20	-6.53%	82.29	-9.27%	71.84	-14.98%	73.94	-11.34%
2000	-	-	69.24	11.31%	90.30	9.74%	74.09	3.14%	79.90	8.06%
2001	-	-	63.50	-8.29%	87.19	-3.45%	79.94	7.90%	78.35	-1.94%
2002	-	-	60.11	-5.34%	80.66	-7.49%	73.49	-8.08%	72.50	-7.46%
2003	-	-	61.73	2.70%	77.76	-3.60%	70.21	-4.46%	70.84	-2.30%
2004	-	-	66.15	7.15%	83.66	7.59%	78.25	11.45%	77.08	8.81%
2005	-	-	71.33	7.83%	91.09	8.88%	87.12	11.34%	84.28	9.35%
2006	-	-	73.07	2.44%	93.51	2.65%	92.67	6.37%	87.57	3.90%
2007	86.46	54.83	75.69	3.59%	95.41	2.04%	98.57	6.37%	90.84	3.73%
2008	86.46	54.83	83.29	10.03%	103.19	8.15%	110.02	11.62%	99.54	9.58%
Jan-Oct 09	86.46	54.83	76.61	-8.01%	95.53	-7.42%	94.79	-13.84%	90.02	-9.56%

Source: Rating and Valuation Department

### 7.3.3.3 Summary of Conclusions

In terms of economic impacts on the property market, the development of Vision City has positively affected the immediate 400-metre radius vicinity where:

- Domestic capital values have outperformed Vision City and the whole district of Tsuen Wan. Although Vision City's current residential capital value is at a premium over the average in the immediate vicinity (400-metre radius) other developments are starting to achieve higher prices.
- Domestic rents have outperformed Vision City and the whole district of Tsuen Wan.
- Retail rents have outperformed Vision City and the whole district of Tsuen Wan.

While there is evidence of a positive impact on prices and rents, it is still localised within the immediate vicinity (Yeung Uk Road, Chung On Street and Wo Tik Street) given that Vision City has only been in existence since 2007. A more widespread effect is expected in the long-term.

Although the positive impact on property prices and rents is currently limited to the 400-metre radius vicinity, the role of Vision City's re-development should not be discounted. It is unlikely that Vision City was the lone development stimulus in the area. Other factors that

have had positive influences would include the opening of the Tsuen Wan West line and the establishment of Nina Tower and L'Hotel in the vicinity.

Changes in the local economy, such as the relocation of industrial activity, have brought about zoning plan changes. Residential re-development is expected in the future, particularly in old industrial locations near the Tsuen Wan West station behind Nina Tower and the area along Yeung Uk Road and Luen Yan Street. New residential projects are being developed south of Tsuen Wan within the vicinity of Vision City towards the waterfront area (Yeung Uk and Tsuen Wan Road areas) rather than northwards near the Tsuen Wan MTR station area. Formerly zoned as industrial, the south of Tsuen Wan has been amended as a comprehensive development area. It is noticeable that residual industrial areas are being redeveloped into projects such as Chelsea Court, H Cube and Indi Home.



## 8 Existing Use Value

### 8.1 Introduction

This section details the analysis for Existing Use Value (EUV). The analysis is divided into:

1. EUV before the re-development;
2. EUV after the re-development;
3. EUV Comparison.

### 8.2 Existing Use Value Before the Re-development

There were a total of 582 domestic properties, 33 non-domestic properties, 33 roof properties and 4 whole blocks buildings within the Project area before the re-development. The total saleable area of the domestic portion accounted for approximately 33,101 sq.m. (356,305 sq.ft) (plus roof structure saleable area which accounted for approximately 950 sq.m. (10,226 sq.ft)); while that of the non-domestic portion was approximately 9,471sq.m. (101,940 sq.ft).

The valuation date of the EUV before the re-development is 1 January 1997. Five comparables of the similar types of domestic properties and four comparables of ground floor street shops have been analysed. By adopting the Direct Comparison Approach, adjustments for time, location and building quality have been made in order to assess the Market Value of the subject properties.

The rationale of the adjustments is summarised below (Table 44)

**Table 44 Adjustment Rationale for EUV Before the Re-development**

Adjustment Factors	Basis of Adjustment
Time	Refers to the difference in market condition between the date of transaction of the comparable properties and the date of valuation. Adjustments are made with reference to private domestic price indices issued by the RVD.
Location	In the course of the valuation, the appropriate adjustments have been made to reflect the location and accessibility factors.
Building Quality	Adjustments are only made to the unit rate of comparable properties to account for the differences in building age, condition, facilities and the management level of buildings where necessary.

Source: Colliers International

#### 8.2.1 EUV of Domestic Portion

For the domestic comparables, the unit prices (on saleable area) range from HK\$1,633 per sq ft to HK\$2,687 per sq ft. After appropriate adjustments, the adjusted prices (on saleable area) range from HK\$1,470 per sq ft to HK\$2,020 per sq ft. HK\$1,800 per sq ft has been adopted as the unit price (N) of the before EUV (domestic portion).

In addition, there were 33 roof top structures accounting for about 950 sq.m. (10,226 sq.ft.). 1/10 of the domestic price has been adopted for their market value, i.e. HK\$180 per sq ft (on saleable area). Accordingly, the EUV (domestic portion include roof structures) before the re-development is HK\$643,000,000 (See Appendix C for the Direct Comparison Approach of the domestic portion).

#### 8.2.2 EUV of Non-Domestic Portion

For the non-domestic comparables, the unit prices (on saleable area) range from HK\$8,796 per sq ft to HK\$16,350 per sq ft. After appropriate adjustments, the adjusted prices (on saleable area) range from HK\$8,249 per sq ft to HK\$11,245 per sq ft. HK\$9,200 per sq ft has been adopted as the unit price (N) of the before EUV (non-domestic portion).

Accordingly, the EUV (non-domestic Portion) before the re-development is HK\$938,000,000 (See Appendix D for the Direct Comparison Approach of the non-domestic portion).

### 8.2.3 Total EUV Before the Re-development

The total Existing Use Value before the Re-development is thus HK\$1,581,000,000.

Existing Use Value is not necessarily equal to the Property Acquisition Cost given that besides the market value, the acquisition cost would include the Home Purchase Allowance, Supplementary Allowance for the domestic properties and Ex-gratia Allowance for non-domestic properties.

## 8.3 Existing Use Value After the Re-development

The valuation date of the EUV after the re-development is 1 November 2009.

### 8.3.1 EUV of Domestic Portion

Direct Comparison Approach has been adopted for the assessments of the domestic portion and carparking spaces (domestic portion).

As the view from each residential tower would be different, analysis has been made for each individual tower. A total of 10 sales comparables (2 for each tower) have been analyzed. Time and floor adjustments have been made in order to assess the Market Value of each domestic tower.

The rationale of the adjustments is summarised below (Table 45)

**Table 45 Adjustment Rationale for EUV After the Redevelopment**

Adjustment Factors	Basis of Adjustment
Time	Refers to the difference in market condition between the date of transaction of the comparable properties and the date of valuation. Adjustments are made with reference to private domestic price indices issued by the RVD.
Floor	The analysis assumes the higher the floor, the higher the unit price will be for the Properties. Adjustments are made to reflect this factor.

Source: Colliers International

For the comparables, the unit prices (on gross floor area) range from HK\$5,771 per sq ft to HK\$6,932 per sq ft. After appropriate adjustments, the adjusted prices (on saleable area) range from HK\$5,549 per sq ft to HK\$6,308 per sq ft. The Gross Floor Areas and the unit rates adopted for each tower are shown below (Table 46).

**Table 46 Adopted Unit Rates for Domestic Development**

	GFA (sq.ft.)	Unit Price (G) per sq ft
Tower 1	226,646	\$5,800
Tower 2	242,256	\$5,900
Tower 3	233,841	\$6,000
Tower 5	233,717	\$6,300
Tower 6	217,743	\$6,000
<b>Total</b>	<b>1,154,203</b>	

Accordingly, the EUV (domestic portion) after the re-development is HK\$6,926,000,000 (See Appendix E for the Direct Comparison Approach of the domestic portion).

### 8.3.2 EUV of Carparking Spaces (Domestic Portion)

There is a total of 301 carparking spaces (CPS) within the domestic portion. Three comparables (which are CPS inside similar type of residential towers in the locality) have been analysed. Location adjustment has been made to arrive at the adopted price for each CPS.

For the comparables, the unit prices (for each space) range from HK\$228,000 to HK\$450,000. After appropriate adjustments, the adjusted prices (for each space) range from HK\$270,000 per sq ft to HK\$410,000. The adopted unit price is HK\$330,000.

Accordingly, the EUV (CPS in domestic portion) after the re-development is HK\$99,330,000 (See Appendix F for the Direct Comparison Approach of the CPS).

### 8.3.3 EUV of Non-Domestic Portion

Both Direct Comparison Income Approach (Term and Reversion Method) and Discounted Cash Flow Analysis have been adopted for the assessment of the non-domestic portion (including the CPS) after the re-development (Table 47).

**Table 47 Rental Comparables – The Project**

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	Comp 7
Floor	G	G	G	UG	UG	1	1
Unit	6A-9	11&12	28	37	48	127	129
Nature of Transaction	Transacted	Transacted	Transacted	Transacted	Transacted	Transacted	Transacted
Commencement Date	Jun-09	May-09	Jul-09	Jun-09	Jul-09	Nov-09	Mar-09
Marketable Area (sq.ft.)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Saleable Area (sq.ft.)	2,325	1,253	763	2,364	1,087	6,924	1,644
Term (Year)	5	4	4	4	4	4	4
Contract Rent (HK\$/month)	130,920	57,400	44,109	94,175	48,708	127,008	37,008
Effective Rent (HK\$/month)	123,647	47,728	44,109	91,232	48,708	179,928	32,382
Average Effective Rent (HK\$/sq.ft./month)	53.2	38.1	57.8	38.6	44.8	26.0	19.7
Tenants	Supermarket	Education Centre	Café	Japanese Restaurant	Fashion	Design	Salon
Remarks	Located at one of the entrance	N/A	N/A	N/A	N/A	N/A	N/A
Source	Land Registry	Land Registry	Land Registry	Land Registry	Land Registry	Land Registry	Land Registry
Time Adjustments	3%	4%	1%	3%	1%	0%	5%
Total Adjustments	3%	4%	1%	3%	1%	0%	5%
Adjusted Monthly Rent (HK\$/sq.ft.)	55	40	58	40	45	26	21

The above table shows some recent rental transactions of each floor of the retail portion inside the Subject (CityWalk). The adjusted unit rent ranges from \$21 (N) to \$58 (N). It was noted that the floors on the low zone of the Property, generally achieve rental higher than those of the high zone floors.

The adopted unit rental (on saleable area) for each floor is shown below (Table 48).

**Table 48 Adopted Unit Rates for Non-domestic Development**

Level	Unit Rental (N) per sq ft
G/F	\$51
UG/F	\$42
1/F	\$23
CPS	\$3,000 for each space

The assessment has made the following assumptions to value the property (Table 49 and Table 50).

**Table 49 Direct Capitalisation of Income Assumptions**

Rate	Assumptions
Term Capitalisation Rate	The term capitalisation rates (term yield) adopted is 4% for the retail component and 9% for the car park portion. Individual yields to the retail and car park portion of the Property have been applied with a higher yield for the car park to reflect the perceived higher levels of risk associated with the car park property market.
Reversionary Capitalisation Rate	The reversionary capitalisation rate (reversionary yield) adopted is 5% for the retail component and 10% for the car park portion. The reversionary yields are based on an analysis of the market rental income and the market value of the comparables properties, with reference to the market data on rental yields and our knowledge of the relevant market.

**Table 50 Discount Rate Assumptions**

Rate	Assumptions
Discount Rate	Determining the appropriate discount rate has been derived by studying the current market situation for an investment return over a ten-year period from a commercial property. The return required by active property investors in the market was also investigated as purchasers of commercial buildings. Based on the above, the market expectations are estimated at around 4% to 6%. HK's risk-free rate as a proxy has been noted and the risk-free rate is equal to the HK ten-year note, which stands at about 2.36%. Since it is a risk-free rate, it is considered that an equity risk premium of 3.60% should be added for office properties by taking into account the current investment environment, based on professional judgement. Therefore, the discount rate for the Property adopted was 6.00%.
Terminal Capitalisation Rate	In order to determine the terminal capitalisation rate of the Property, reference was made to both the strata-title transactions in the locality and yield of retail released by government institutions. 4% for the capitalisation rate on a net rental income was adopted.

The values of the Property using Direct Capitalisation of Income Approach and Discounted Cash Flow Analysis are HK\$1,660 Million and HK\$1,888 Million respectively (See Appendix G for Direct Capitalisation of Income Approach and for Discounted Cash Flow Analysis).

Accordingly, the EUV (non-domestic portion) after the re-development is estimated at HK\$1,888 Million. The discounted cashflow approach was chosen given that the methodology considers a growth rate, which is appropriate for a recently established area and where newer developments are driving further growth in the area.

#### 8.3.4 Total EUV After the Re-development

The total Existing Use Value after the re-development is estimated at HK\$8,913 Million.

### 8.4 Existing Use Value Comparison

Comparison of the before and after re-development values of the property are summarised and shown below (Table 51).

**Table 51 Summary of Values**

<b>Before Re-development</b>	<b>Value</b>
Domestic Portion	HK\$643,000,000
Non-Domestic Portion	HK\$938,000,000
<b>Total</b>	<b>HK\$1,581,000,000</b>
<b>After Re-development</b>	<b>Value</b>
Domestic Portion	HK\$6,926,000,000
Carpark Space (Domestic Portion)	HK\$99,330,000
Non-Domestic Portion	HK\$1,888,000,000
<b>Total</b>	<b>HK\$8,913,000,000</b>

Before any adjustment, the value of the property has increased by 5.6 times. In effect, there has been a nominal increase of HK\$7,332 Million after the re-development. The residential component has been enhanced by 10.8 times while the non-domestic portion expanded at a multiple of 2.0 times.

It should be noted that the difference in values do not represent project profit as the after re-development values would include various project costs (e.g. construction costs, contingency allowances, professional fees, legal costs, home purchase allowance etc.). Furthermore, the enhancement in values is also due to the increased project scale.

To properly compare the two values, the effects of the property cycle need to be considered and value assumed if the property had remained in a similar state prior to re-development. To do this, market comparables of buildings in the vicinity (Tai Ho, Sha Tsui Road, Heung Wo and Heung Shing Street) were adopted that are of a similar use, state, quality and age as that of the property before re-development (See Appendix H and Appendix I).

The following table compares the current value of Vision City to the property before re-development as if it were still in existence (Table 52). Overall values have increased by a multiple of 6.4 times with the domestic portion being enhanced by 12.3 times and the non-domestic area is up by 2.3 times. It is interesting to note that if the property was not re-developed, values would have actually declined.

**Table 52 Summary of Values with Adjusted Prior Development Value**

<b>Value as at 2009</b>	<b>Current Vision City</b>	<b>Prior Development</b>
Domestic Portion	HK\$6,926,000,000	HK\$562,000,000
CPS (domestic portion)	HK\$99,330,000	-
Non-domestic Portion	HK\$1,888,000,000	HK\$836,000,000
<b>Total</b>	<b>HK\$8,913,000,000</b>	<b>HK\$1,398,000,000</b>

## 9 Property-related Government Revenues

### 9.1 Introduction

Another impact from the re-development of the Project is property-related government revenues. This section estimates the various taxes and revenues derived from the Project.

### 9.2 Stamp Duty

The estimated Stamp Duty generated by the Project as at 30 October 2009 was about HK\$ 259,457,805. Stamp Duty on sale of immovable property in Hong Kong is charged at rates which vary with the amount or value of the consideration (Table 53).

**Table 53 Considerations for Stamp Duty**

Amount of Value of the Consideration		Rate
Exceeds	Does Not Exceed	
	\$2,000,000	\$100
\$2,000,000	\$2,351,760	\$100 + 10% of excess over \$2,000,000
\$2,351,760	\$3,000,000	1.5%
\$3,000,000	\$3,290,320	\$45,000 + 10% of excess over \$3,000,000
\$3,290,320	\$4,000,000	2.25%
\$4,000,000	\$4,428,570	\$90,000 + 10% of excess over \$4,000,000
\$4,428,570	\$6,000,000	3%
\$6,000,000	\$6,720,000	\$180,000 + 10% of excess over \$6,000,000
\$6,720,000		3.75%

Source: Hong Kong Stamp Duty Ordinance

### 9.3 Rates

Rates from the Project were collected by the Rating and Valuation Department since April 2007. The average rateable value of the residential, street frontage shops and arcade shops of the Project are shown below (Table 54).

**Table 54 Average Rateable Value (HK\$/sq ft/year)**

Year	Vision City	CityWalk (Street Frontage)	CityWalk (Arcade)
2007/2008	223	1,038	658
2008/2009	245	1,038	658
2009/2010	221	1,038	658

Source: Rating and Valuation Department

The total rateable value of the residential and retail parts is then computed by multiplying the saleable area of both portions (Table 55).

**Table 55 Total Rateable Value (HK\$/sq ft/year)**

Year	Saleable Area (sq ft)			Total Rateable Value (HK\$)		
	Vision City	CityWalk (Street Frontage)	CityWalk (Arcade)	Vision City	CityWalk (Street Frontage)	CityWalk (Arcade)
2007/2008	888,700	37,500	121,800	198,357,840	38,925,000	80,095,680
2008/2009	888,700	37,500	121,800	217,553,760	38,925,000	80,095,680
2009/2010	888,700	37,500	121,800	196,224,960	38,925,000	80,095,680

Source: Rating and Valuation Department

Given that rates are 5% of the rateable value, the total rates collected by the Government is estimated at approximately HK\$48 million (Table 56).

**Table 56 Total Rates Collected (HK\$)**

Year	Vision City	CityWalk (Street Frontage)	CityWalk (Arcade)	Total
2007/2008	9,917,892	1,946,250	4,004,784	15,868,926
2008/2009	10,877,688	1,946,250	4,004,784	16,828,722
2009/2010	9,811,248	1,946,250	4,004,784	15,762,282
<b>Total</b>				<b>48,459,930</b>

Source: Rating and Valuation Department

### 9.3.1 Net Additional Rates Collected due to the Project

The net additional rates collected by the Government per year is estimated at around HK\$13 million which is calculated by using the current annual rates less the rates paid before demolition (Table 57).

**Table 57 Net Change in Annual Rates Collected (HK\$)**

Rate	Total (HK\$)
Current Annual	15,762,282
Before Demolition	2,619,006
<b>Difference (HK\$)</b>	<b>13,143,276</b>



## 9.4 Government Rents

The collection of Government rents for Vision City and Citywalk started in April 2007. Given that the Government rent payable is at 3% of the rateable value, based on the calculation of the rateable value in Section 7.3, the total government rents collected by the Government is estimated at around HK\$29 million (Table 58).

**Table 58 Total Government Rents Collected (HK\$)**

Year	Vision City	CityWalk (Street Frontage)	CityWalk (Arcade)	Total
2007/2008	5,950,735	1,167,750	2,402,870	9,521,355
2008/2009	6,526,612	1,167,750	2,402,870	10,097,232
2009/2010	5,886,749	1,167,750	2,402,870	9,457,369
<b>Total (HK\$)</b>				<b>29,075,956</b>

Source: Rating and Valuation Department

### 9.4.1 Net Additional Rents Collected due to the Project

The net additional rents collected by the Government per year is estimated at around HK\$8 million which is calculated by using the current annual rental less the rental paid before demolition.

**Table 59 Net Change in Annual Government Rents Collected (HK\$)**

Government Rent	Total (HK\$)
Current Annual	9,457,369
Before Demolition	1,571,404
<b>Difference (HK\$)</b>	<b>7,885,965</b>

## 9.5 Property Tax

The estimated net assessable value for Vision City is arrived using the formula provided by the Inland Revenue. First the annual rental income is estimated by analysis of the passing rent of the Property. It is based on the net market rental and assumes that the units are fully let. Then, by deducting the rates paid by the owner and 20% statutory allowance for repair and outgoing, the net assessable value is derived at approximately HK\$64,000,000 (Table 60).

**Table 60 Computation of Net Assessable Value**

Item	Amount
Annual Rental Income	HK\$84,669,140
Irrecoverable Rent	HK\$0
Rates Paid by Owner(s)	HK\$4,233,457
	HK\$80,435,683
Statutory Allowance for Repairs and Outgoings	HK\$16,087,136
Net Assessable Value (E-F)	HK\$64,348,547
<b>Say</b>	<b>HK\$64,000,000</b>

## 9.6 Summary of Government Revenues

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The estimated additional government revenues are summarized below (Table 61).

**Table 61 Summary of Additional Government Revenues (Approximate)**

Item	Amount
Stamp Duty as at 30 October 2009	HK\$ 259,457,805
Rates per year since 2007	HK\$13,143,276
Government Rents per year since 2007	HK\$7,885,965

## 10 Economic Impacts of the Project

### 10.1 Employment

#### 10.1.1 Introduction

The Project generates employment and income impacts during the pre-construction, construction and operation periods and these impacts are discussed further below.

#### 10.1.2 Construction

Construction of the Project occurred between 2003 and 2007. Information provided by the project developer Sino Group indicates that at its peak, around 671 people were working on the Project construction site and a total of 1,227 were employed over the construction period. Assuming an 8 hour day, and excluding Sundays and statutory holidays, around 2,946,000 employment hours were created during the construction period (Table 62).

**Table 62 Estimated Construction Stage Direct Employment Impacts**

Period	Average Number of Employed per Year (Approximate)
2003 – 2004	61
2004 – 2005	110
2005 – 2006	385
2006 – 2007	671
<b>Total Over Construction Period</b>	<b>1,227</b>

Source: Site Daily Reports 2003-2006, Sino Group

#### 10.1.3 Operation

The Project generates two types of employment effects during its operation that include the full time equivalent staff employed to manage and maintain Vision City and CityWalk, and the additional staff employed by the commercial tenants in CityWalk.

**10.1.3.1 Vision City and CityWalk Operation and Maintenance Employees**  
Information provided by Sino Group indicates that 170 people are employed full time for the management and maintenance of Vision City and CityWalk.

#### 10.1.3.2 CityWalk Commercial Tenants Employees

The number of CityWalk commercial tenant employees can be estimated using average worker densities per square meter of Gross Floor Area (GFA). The Hong Kong Planning Standard and Guidelines (HKPSG) states that the average worker density for commercial space in Hong Kong is 20 to 25m<sup>2</sup>.

As a cross check, the HKPSG worker density provision was compared to the survey results of commercial tenants in CityWalk. The findings of the survey indicated the total number of staff in 40 of the CityWalk commercial tenants was 255, i.e. 6.4 staff per commercial tenant.

Assuming the average number of staff per commercial tenant is 6.4, the estimated total number of staff in the existing 145 commercial tenants is 924, which is equivalent to a worker density of one per 23.4m<sup>2</sup>.

There are currently 145 commercial tenants operating in CityWalk and the GFA for the retail portion<sup>9</sup> is 22,800m<sup>2</sup>. Discussions with Sino Group reported that the occupancy is currently 95%. Based on the reported GFA, occupancy, and worker density provision of 20 to 25m<sup>2</sup>, the estimated number of employees is in the order of 866 to 1,083. Including the staff for Vision City and CityWalk Management, it is estimated the total number of employment opportunities in Vision City and CityWalk is within the range of 1,036 to 1,253.

<sup>9</sup> MLP Amendment to TPB dated 6 Jun 05, Urban Renewal Authority

### 10.1.3.3 Net Change in Employment Opportunities

To estimate the additional employment opportunities (i.e. the net change) generated by the Project, the estimated employment numbers were compared to the estimated number of pre Project employment opportunities.

The total number of employment opportunities before redevelopment were estimated using the average worker density provision specified by HKPSG as actual data was not available. The total GFA for non-domestic properties before the redevelopment was 9,523m<sup>2</sup>.<sup>10</sup> Based on the average worker density of 20 to 25m<sup>2</sup>, the estimated number of employment opportunities before redevelopment was within the range of 381 to 476 positions. However, it should be highlighted that this assumes 100% occupancy which is highly unlikely, and even with an efficient operation, the occupancy would still be around 95%. Therefore the estimated employment opportunities would be lower at around 362 to 452, and the net gain would be in the order of 675 to 801 (Table 63).

**Table 63 Estimated Additional Employment Opportunities**

Development Phase	GFA m <sup>2</sup>	20m <sup>2</sup> / Worker	25m <sup>2</sup> / Worker
Pre – Project [b]	9,523	452	362
Post – Project [b]	22,800	1083 + 170 [a]	866 +170 [a]
<b>Net change</b>	<b>13,277</b>	<b>801</b>	<b>675</b>

Note: [a] Full time staff employed by Sino for Management and Maintenance

[b] Occupancy assumed at 95%

### 10.1.3.4 Staff Occupations

The survey was also able to determine the employment type of CityWalk commercial tenants. The majority are employed in the service and shop sale worker categories, followed by managers and administrators (Table 64). Types of occupation prior to redevelopment were not available.

**Table 64 Occupation Types in CityWalk Commercial Tenants**

Occupations	Number of Staff	% of Total
Managers and Administrators	28	11.0%
Professionals	9	3.5%
Clerks	9	3.5%
Service Workers and Shop Sale Workers	173	67.8%
Craft and related Workers	2	0.8%
Plants and Machine Operators and Assemblers	4	1.6%
Elementary Occupations	2	0.8%
Others	28	11.0%
<b>Total</b>	<b>255</b>	<b>100.0%</b>

<sup>10</sup> Acquired Properties and Saleable Area, Urban Renewal Authority, 5<sup>th</sup> Nov, 2009

## 10.2 Income

### 10.2.1 Acquisition

Approximately HK\$4 Billion (in 1997 Prices) was paid in acquisition costs to domestic and non-domestic owners prior to redevelopment and it is approximately equal to HK\$9,250/sq ft. The market value of the acquired properties in 1997 was estimated at \$HK1.58 billion<sup>11</sup>. The residential property price was around HK\$5,980/sq ft based on 1997 valuation and therefore the home purchase allowance allowed on average a markup of around HK\$3,300/sq ft. The total home purchase allowance and ex-gratia payment is approximately HK\$2.4 Billion (Table 65).

**Table 65 Acquisition Costs to Domestic and Non-domestic Owners (1997 Prices)**

Item	Amount
Market Value in 1997	HK\$1, 580 Million
Home Purchase Allowance and Ex-gratia Payment	<b>HK\$2, 420 Million</b>
Total Acquisition Costs	HK\$4,000 Million

### 10.2.2 Employment Income

The additional income generated by the Project was estimated by examining employment types prior to the Project and comparing those to the employment types after the Project was completed. Due to data constraints, the employment types before the Project was estimated by determining the sector proportion (i.e. % as retail, food services etc.) relative to the total, and applying it to the GFA, from which the employment number could be estimated by taking the average typical worker densities as per the HKPSG of 20m<sup>2</sup> to 25m<sup>2</sup> per worker. The results indicate that the additional employment opportunities the Project creates are associated with around HK\$9 million of additional income per month, or HK\$108 million per year (Table 66).

**Table 66 Estimated Additional Income Generated by the Project**

Sector	Retail	Food Services	Financial Services	Real Estate	Personal Service	Manufacturing	Management
Pre Project Employment (No.) [a]	285	26	13	0	42	40	0
Post Project Employment (No.) [a]	699	175	20	27	54	0	170
Net Employment Change (No.)	414	148	7	27	11	-40	170
Average Monthly Income (HK\$) [b]	13,900	8,800	16,500	8,600	11,400	11,700	13,600
Additional Monthly Income (HK\$)	5,753,929	1,308,894	118,174	231,192	134,127	-468,000	2,363,000
<b>Estimated Total Additional Monthly Income (HK\$)</b>	<b>HK\$9M</b>						

Notes: All figures rounded to nearest hundred HK\$

[a] Average upper and lower bounds of 20m<sup>2</sup> to 25m<sup>2</sup> worker density as per HKPSG

[b] Hong Kong Census and Statistics

[b] Source: Average Wage Rates for Employees up to Supervisory Level in 2009, Hong Kong Census and Statistics Department

### 10.3 Additional Gross Retail Sales

The additional annual retail sales the Project generated was estimated by assessing the gross retail sales generated by the Project after completion less that generated before redevelopment. Gross retail sales generated by the Project after completion was estimated based on the survey data of CityWalk business tenants and shoppers. Two methods were adopted:

- Reported gross turnover by CityWalk retail tenants; and
- Reported expenditure by CityWalk customers.

The findings are presented below.

#### 10.3.1 Gross turnover

The average gross turnover reported by the 40 CityWalk retail tenants was HK\$4.3 Million per year.<sup>12</sup> Extrapolating the average across all tenants provided an indication of average annual gross retail sales in CityWalk which was estimated at HK\$622 million per year (Table 67).

**Table 67 Estimated Annual Gross Retail Sales in CityWalk**

Item	Amount
Reported average gross turnover per CityWalk business per year	HK\$4.3 Million/yr
Number of tenants in CityWalk	145
<b>Estimated gross turnover in CityWalk per year</b>	<b>HK\$622 Million/yr</b>

Note: Total may not sum up due to rounding

#### 10.3.2 Expenditure

As a comparison to the above findings, the expenditure by shoppers in CityWalk (which correlates to gross retail sales) was estimated based on the number of customers reported by retail tenants, the actual spending rate as reported by retail tenants and average expenditure as reported by customers (all derived from the survey results). Using this method, the estimated annual gross retail sales in CityWalk was HK\$691 Million, which was similar to the average gross turnover reported by retail tenants (Table 68).

**Table 68 Estimated Annual Expenditure in CityWalk**

Item	Amount
Estimated number of potential customers in CityWalk [a]	8.40 Million/yr
Reported average spending rate	55%
Estimated Average expenditure per shopper	HK\$150
<b>Estimated gross expenditure in CityWalk per year</b>	<b>HK\$691 Million/yr</b>

Note: [a] Number of customers for all Citywalk tenants is not equal to the total patronage in CityWalk since the customers of different businesses may duplicate. There are also pedestrians passing through CityWalk without going into the shops.

#### 10.3.3 Net Additional Gross Retail Sales

Based on the two methods, the estimated annual gross retail sales in CityWalk could be in the range of HK\$622 to HK\$691 million, and conservatively the lower estimate has been adopted.

<sup>12</sup> It should be noted that 60% of total surveyed retail businesses in CityWalk were willing to answer this question.

The additional gross retail expenditure generated by the Project was estimated by examining gross retail sales prior to the Project and comparing that to the estimated annual gross retail sales after the completion of the Project.

Gross retail sales data prior to the Project was not available, so instead it was estimated based on the change in non domestic GFA.<sup>13</sup> Assuming the pre Project GFA is around 43% of the Post Project GFA, then pre Project gross retail sales would be in the order of HK\$261 million per year, and the additional gross retail sales from the Project would be HK\$362 million per year (Table 69).

**Table 69 Estimated Net Change in Expenditure**

Development Phase	Amount
Estimated Pre Project gross retail sales per year	HK\$261 million/yr
Estimated Project gross retail sales per year	HK\$622 million/yr
Net change in retail GFA	42%
Net additional gross retail sales per year (from the Project)	<b>HK\$362 Million/yr</b>

#### 10.4 Wider Economic Benefits

##### 10.4.1 Estimated Construction Gross Value Added and Employment Impacts

A recent research paper published by the Hong Kong Monetary Authority<sup>14</sup> estimated value added and employment multipliers for various sectors in China. The total value added multiplier for the construction industry was estimated to be 0.821. In other words, a RMB 1 injection into the construction industry would stimulate an additional RMB 0.821 of value added activity in the economy. Similarly, published multipliers for the construction industry in Australia<sup>15</sup> are 1.04, while those in the UK<sup>16</sup> are 2.086. To reflect the local character, the estimated multipliers for the Chinese Mainland have been adopted. The results indicate that the initial capital injection of HK\$1,760 Million for construction of the Project stimulated an additional HK\$1,443 Million of economic activity in the wider economy (Table 70). It should be noted that the multiplier effect is not a one off injection, rather it continues over time in diminishing amounts as its effects filter through the economy.

**Table 70 Construction Value Added Multiplier Effects**

Item	Indicator
Construction Value Added Multiplier [1]	0.821
Construction Cost [2]	HK\$1,760 M
<b>Additional Gross Value Added</b>	<b>HK\$1,443 M</b>

Source: [1] Dong et al (2009)

[2] K13 Project Cost estimate, Urban Renewal Authority

The same research paper published by the Hong Kong Monetary Authority estimated employment multipliers for the construction industry in China, with direct employment coefficients of 5.9 per million RMB. In other words, expenditure of RMB 1 million in the construction industry stimulates a further 5.9 employment opportunities. The impact extends

13 Pre Project non domestic GFA was 9,523m<sup>2</sup>, or 42% of Post Project non domestic GFA at 22,800m<sup>2</sup>

14 Dong He, Zhiwei Zhang and Wenland Zhang (2009), How Large will be the Effect of China's Fiscal Stimulus Package on Output and Employment? Hong Kong Monetary Authority, Working Paper 05/2009, March.

15 Queensland Input-Output Tables 1996 to 1997, 35 Industries, Office of the Government Statistician, Queensland Government

16 United Kingdom Input-Output Analytical Tables 1995, National Statistics (2002 Edition)

to other sectors as employees and households in the construction industry spend their wages. This is called the induced effect.

An important consideration when applying employment multipliers concerns the likely short-term response of employers to sudden and temporary increases in demand. Employment responses can often be short-term or, where excess capacity exists, an increase in labour demand may result in existing staff being employed to work overtime leading to a reduction in the real effect. For this reason, the analysis has conservatively only estimated the direct employment effect and the induced effect has not been included even though it would occur to some extent. Finally, the 1,227 employment opportunities directly related to construction are subtracted from the estimate to avoid double counting. The estimated additional person years of employment opportunities supported by the construction expenditure is around 7,900<sup>17</sup> (Table 71).

**Table 71 Construction Indirect Employment Multiplier Effects**

Item	Indicator
Construction Employment Multiplier per RMB Million [1]	5.9
Construction Cost (HK\$) [2]	HK\$1,760 M
Construction Cost (RMB equivalent)	RMB 1,549 M
Estimated gross additional employment opportunities	9,138
Less directly employed	1,227
<b>Estimated net additional employment opportunities (Person years)</b>	<b>7,900</b>

Source: [1] Dong et al (2009)

[2] K13 Project Cost estimate, Urban Renewal Authority

#### 10.4.2 Estimated Operational Gross Value Added Impact

Gross Value Added (GVA) refers to the net output each employee contributes to the economy, which is an input into GDP and was used to estimate the operational impact of the Project. The GVA of an economy is the total output of the economy minus intermediate purchases of inputs.

The annual GVA per employee by industries in Hong Kong was estimated based on the GVA of different industries in Hong Kong and the number of workers in each (Table 72).

**Table 72 Estimated Annual GVA per worker by Industries in Hong Kong**

	Retail Trade	Restaurants	Financial Services	Manufacturing	Professional Services and Other Producer Services
Annual GVA of Industry (in 2008 HK\$M) [a]	11,200	4,600	315,000	42,200	178,200
Number of Employee in the Industry	76,000	31,200	192,700	142,183	406,500
<b>Annual GVA per Employee</b>	<b>146,800</b>	<b>147,100</b>	<b>1,634,600</b>	<b>296,800</b>	<b>438,500</b>

<sup>17</sup> Jobs during construction are not of equal length, some are very brief and others are far longer. As an example, 7,900 person years over an approximate construction period of 5 years would equate to around 1,580 full time jobs per year over that time.



<b>(in 2008 HK\$)</b>					
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Note: [a] Converted to 2008 prices (Year-on-year % change in Consumer Price Indices (CPI) between 2007 and 2008 is 4.3%)

Source:

[1] The Four Key Industries in the Hong Kong Economy – Value added for the Four Key Industries, Hong Kong Census and Statistics Department

[2] The Four Key Industries in the Hong Kong Economy – Employment in the Four Key Industries, Hong Kong Census and Statistics Department

[3] Principal Statistics for All Manufacturing Establishments by Value Added, Hong Kong Census and Statistics Department

[4] Consumer Price Indices, Hong Kong Census and Statistics Department

The average annual GVA per employee excluding the financial services sector was estimated at HK\$257,300. The Financial Services is excluded from the calculation due to the small number employed in the Project and inclusion could overstate the impact. Based on an average net increase of 738 employments and an average annual GVA per employee of HK\$257,300, it suggests the additional contribution that employees working in the Project make to the Hong Kong economy are HK\$189.8 million per year (Table 73).

**Table 73 Changes in Annual GVA in the Project Site**

<b>Item</b>	<b>Total</b>
Average Net Changes in Employment	738
Average Annual GVA per Employee (in 2008 HK\$) [1]	HK\$257,300
<b>Net Changes in Annual GVA (in 2008 HK\$M)</b>	<b>HK189.8 M</b>

Note: [1] Average Annual GVA per Employee is the average of Retail Trade, Restaurants, Manufacturing, and Professional Services and Other Producer Services

## 11 Discussion and Conclusions

### 11.1 Introduction

The Project is a new mixed commercial and residential development in Tsuen Wan. Construction works occurred over the period 2001 to late 2007 and operation commenced in December 2007.

Tsuen Wan boasts a long history from its humble agricultural based beginnings, to industrial and new town development with continued transition to its present form. The area continues to undergo change which is evident through its declining manufacturing and industrial base and transition towards retail, hospitality and services based industries. The population in Tsuen Wan Town center has fallen steadily which may in part be due to the relatively recent change in industrial structure. Higher skilled occupations are increasing amongst its residents and accordingly, incomes remain higher than the wider Hong Kong context. New road and rail infrastructure has enhanced mobility and connectivity for the movement of people, goods and services to and from Tsuen Wan.

### 11.2 Economic Findings

#### 11.2.1 Employment, Income, Revenue and Wider Impacts

The quantified economic impacts of the Project are significant and include employment, income, property and wider economic impacts. During acquisition, approximately HK\$2,400 Million was paid above the market price in home purchase allowance to affected property owners which acts as an additional stimulus to the economy as expenditure occurs. Construction works injected HK\$1,760 Million directly into the economy, generated an additional HK\$1,433 Million in flow on value added activity, employed around 1,227 people directly between 2003 and 2007 and supported around 7,900 person years of further positions outside of the Project.

Upon the operational phase, the Project created around an additional 738 jobs and an estimated HK\$362 Million per year in additional retail sales at current values. The estimated additional employee GVA contribution to the Hong Kong economy is HK\$190 Million per year at current values. Some HK\$259 Million has been paid to Government revenues in the form of Stamp duties and a further HK\$85 Million per year since the Project opened through Government Rents and Rates and property taxes. These findings are summarised and shown below (Table 74).

**Table 74 Key Estimated Economic Impacts of the Project (Approximate)**

Indicator	Impact
<b>Employment</b>	
Construction stage direct opportunities	▪ 1,227
Construction stage indirect opportunities (person years)	▪ 7,900
Operation stage opportunities	▪ 738
<b>Income (Lump-sum)</b>	
Acquisition	▪ HK\$2,400 Million
Construction stage direct [a]	▪ HK1,760 Million
Construction stage value added	▪ HK\$1,433 Million
<b>Total, lump-sum income</b>	▪ <b>HK\$5,593 Million</b>
<b>Income (Annual)</b>	
Operation stage incomes per year since 2007	▪ HK\$108 Million

Indicator	Impact
Retail sales per year since 2007 [b]	▪ HK\$362 Million
<b>Total per year</b>	▪ <b>HK\$470 Million</b>
<b>Government Revenues</b>	
Property Tax [c]	▪ HK\$64 Million
Stamp Duty	▪ HK\$259 Million
Net Change in Rates [d]	▪ HK\$13 Million
Net Change in Rents [d]	▪ HK\$8 Million
<b>Total, excluding property tax (1997 to present)</b>	▪ <b>HK\$344 Million</b>
<b>Wider Economic Benefits</b>	
Operational stage GVA contribution per year	▪ HK\$190 Million
<b>Total Economic Impact (1997 to present)</b>	▪ <b>HK6,600 Million</b>

[a] Includes materials

[b] Based on current estimates but it should be noted that retail sales were likely to be lower when CityWalk first opened and public awareness was less.

[c] For the Project only and not net as property tax for the original development in unknown

[d] net change in rates is computed from rates before demolition versus the last computed annual rates for 2009. Net change in government rents is computed from rents before demolition versus the last computed government rents for 2009.

### 11.2.2 Property Impacts

There have been multiple increases in both the residential and non-domestic components as capital values have been enhanced by the change in quality and scale from the re-development. The current value of Vision City and the property before re-development as if it were still in existence is summarised below (Table 75).

**Table 75 Summary of Values with Adjusted Prior Development Value**

Value as at 2009	Prior Development	Current Vision City
Domestic Portion	HK\$562 Million	HK\$6,926 Million
CPS (domestic portion)	-	HK\$99 Million
Non-domestic Portion	HK\$836 Million	HK\$1,888 Million
Total	HK\$1,398 Million	HK\$8,913 Million

It should be noted that the difference in values do not represent project profit as the after re-development values would include various project costs and the enhancement in values is also due to the increased project scale. Furthermore, the domestic units have already traded in the secondary market and have had increases in capital values. The increase in capital values in the secondary transaction would subsequently benefit the unit owner and not the developer.

The results show that if the property was not re-developed, values would have actually declined. The development of the Project has positively affected the immediate 400m radius vicinity where:

- As analysed in Section 6.5.1, domestic capital values have outperformed Vision City and the whole district of Tsuen Wan. There has been a net change of 7% in capital values in Vision City since 2007 as compared to 4% in Tsuen Wan. Although Vision

City's current residential capital value is at a premium over the average in the immediate vicinity (400m radius) other developments are starting to achieve higher prices.

- Domestic rents in the 400m vicinity have outperformed Vision City. There has been a net change of 7% in the domestic rents in the 400m vicinity as compared to -0.27% in Vision City since 2007.
- Retail rents in the 400m vicinity posted a net change of 2% (arcade) to 11% (street) as compared to flat rents in Vision City.

While there is evidence of a positive impact on prices and rents, it is still localised within the immediate vicinity (Yeung Uk Road, Chung On Street and Wo Tik Street). It should be remembered that Vision City has only been in existence since 2007 and a more widespread effect is anticipated in the longer term.

#### 11.2.3 Induced Linkages

The Project is inducing change within the community in a number of ways. Many of the new residents in Vision City are from the higher income groups with household incomes above HK\$50,000 per month and the survey findings show that they are spending around a third of their income in the surrounding business community outside of the Project itself.

The Project is also attracting new visitors into Tsuen Wan, particularly in the younger age groups below 25 years and they too are spending a similar proportion of their incomes in the business community surrounding the Project. In addition, the Project is an attraction to tourists and there is a relationship between the greater number of tourist noted in the surrounding area by business owners and the Project.

#### 11.2.4 Synergies and Economic Clusters

A UK study (Raco 2003),<sup>18</sup> highlighted the critical role of place in regeneration programmes and how it provides the basis for how an area is perceived providing a catalyst for development. In successful regeneration examples, aesthetically pleasing developments, contribute to the creation of place and local image.

The Project does provide a substantial improvement to the Tsuen Wan Town Center, compared to the physical infrastructure previously in its place. The Project is also generating synergies, particularly with Nina Tower, but which will extend to include CityWalk2 and the residents from Dynasty. Tourists from Nina Tower are moving through both CityWalk and further into the community surrounding the Project. Nina Tower tenants and the tourists staying there benefit in the additional attraction the Project provides (which manifests as additional occupancy etc), while the Project and surrounding areas captures expenditure. These synergies and the resulting clusters will continue to develop and grow over time and in turn, they will stimulate further synergies and clusters. The Project is part of this change, and while it is not directly responsible for the change, it is a key component in enabling change to occur and a key component in sustaining the change already noted to be occurring (Figure 36).

#### 11.2.5 Use of Public Open Space and Events Space

Public Open Space generates other wider benefits to the community through the ability to host a variety of events for non-profit making organisations or non-government organisations at little or no charge. The diversity of these contributes to vibrancy, a sense of place increased visitors to the area and its surrounding.

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<sup>18</sup> Raco, M. (2003), Assessing the discourses and practices of urban regeneration in a growing region. *Geoforum* (34), 37-55

## 11.3 Survey Results

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A summary of the key findings from the survey are provided below. It should be noted that averages are presented and all results are associated with standard deviations.

### 11.3.1 400m Study Area

#### 11.3.1.1 Businesses in the 400m Study Area

The business community in the surrounding 400m area of the Project is well established with an average business in operation for 9 years. A number of businesses that occupied the site prior to redevelopment have relocated into the surrounding area.

Local residents and repeat customers account for the majority of patron types and an increased number of tourists and residents from Vision City have been noticed.

A concern to around half of businesses in the surrounding area is the increase in rental price and approximately a quarter feel that the Project is responsible for rental price increase.

#### 11.3.1.2 Original Businesses in the 400m Surrounding Area

A variety of original business types are still present in the local area. Most still operate in a similar manner after relocation employing the same number of staff, occupying a similar property size and a similar proportion owning or leasing their property. Roughly a third of these businesses reported that they are paying higher rental now compared to before they relocated.

Most businesses experience similar levels of patronage and proportion of customer spending before and after relocation with the majority of customers being repeat patrons. Similar to other businesses in the surrounding areas, an increasing number of tourists and visitors from outside of Tsuen Wan were noticed.

Half of original businesses reported a decrease in business turnover since relocation but all attributed the change to the current economic conditions. One business reported a direct negative impact from the Project while one business reported a direct positive impact from the Project.

More than half of the remaining businesses prefer their previous location before relocation due to less rent and competition from neighbouring businesses. Mostly due to economic downturn, a relatively large proportion of businesses commented that their existing business performance is worse now than before relocation. More than half of businesses commented that the Project was positive leading to higher patronage in the surrounding area but not everyone could benefit from it.

#### 11.3.1.3 Project Influences on Businesses in the 400m Surrounding Area

In general, the further away from the Project, the less impact (positive and negative) it has on surrounding businesses. During construction, the Project had a reported negative impact on slightly less than a fifth of businesses in the 400m surrounding area, the majority of which were located adjacent to the Project and were impacted through disruption to pedestrian flows, noise, and dust.

Since opening, the Project has had a relatively small impact on surrounding businesses, and resulted in roughly similar positive and negative impacts due to competition and patronage effects. More than half of surveyed businesses reported no change in business activity. This finding could reflect the relative recent period of time since opening.

The Project is attracting new people and tourists into Tsuen Wan and these were being noted by a smaller proportion of surveyed businesses.

#### 11.3.1.4 Project influence on Pedestrians in the Surrounding 400m Area

Around a third of surveyed pedestrians in the 400m Study Area reported they had switched their shopping habits to CityWalk since its opening for reasons including greater product

choice, convenience, atmosphere and a more pleasant shopping experience. Roughly a fifth of respondent had also changed their habits and were shopping more in Tsuen Wan outside of CityWalk since its opening.

None of those interviewed in the surrounding 400m study area spent more than a fifth of their total monthly expenditure in CityWalk, and on average, they spent less than a tenth. However the majority of pedestrians interviewed spent on average nearly half of their total monthly expenditure in Tsuen Wan outside of CityWalk.

### 11.3.2 Project

#### 11.3.2.1 Businesses in CityWalk

Most businesses in CityWalk are typically new branches of existing business while the remainder have relocated from other addresses in Hong Kong. Businesses relocated to CityWalk due to its convenient location, the new development and appeal to customers and its relatively low rental price compared to other shopping malls in Tsuen Wan.

Similar to businesses in the surrounding area, local residents account for around two thirds of patrons and roughly a third are repeat customers. Since opening, more than a third of CityWalk businesses have noticed a change in their customer profile most of which is due to an increasing number of tourists.

Around a quarter of CityWalk businesses retailing home accessories, clothes and electronic appliances reported an increase in business activities since opening and around a third reported no change. The remainder from various business types (e.g. restaurants, food, clothes, beauty convenient store etc.) reported a decrease in business activity mostly due to the economic downturn and seasonal demand.

Slightly less than a third of businesses have changed the number of staff they employ since opening with the majority of them increasing staff numbers by around 6%. Around two thirds of employees are shop sale workers, followed by managers and administrators, and professionals and clerks respectively.

#### 11.3.2.2 Project influence on Shoppers

Similar to pedestrians in the surrounding area, slightly less than a third of shoppers interviewed in CityWalk have changed their habit since the Project opened and are now shopping more in CityWalk. The reasons for this change include greater atmosphere, a more pleasant shopping experience convenience and product choice. Around a fifth of shoppers interviewed also reported that they were simply passing through and approximately a third reported they visit CityWalk for other reasons apart from purely shopping such as to attend public events and performances.

Around a quarter of shoppers reported they now shop more in Tsuen Wan outside of CityWalk after its opening where they spend around a third of their total monthly expenditure.

#### 11.3.2.3 VisionCity Residents

On average the household size in Vision City is 3.8 residents which is slightly larger than the Tsuen Wan average. Around three quarters of residents were living in Tsuen Wan before they relocated to Vision City.

On average, Vision City residents spent around a fifth of their monthly income in CityWalk and a third in Tsuen Wan outside of the Project. Slightly less than half have changed their shopping habit as a result of the opening of CityWalk, of which the majority is due to spending more in CityWalk on items such as food.

Around a third of households hire help including education tutors, piano tutor, cleaner and helper, of which slightly less than half of them are from the local Tsuen Wan area. It's likely that the proportion of households who hire external help is greater after the Project completion due to their higher income.

### 11.3.3 Feedback

On the whole, community feedback on the Project is positive with the majority of respondents reporting it a positive influence to Tsuen Wan.

Businesses in the surrounding area are relatively equally divided between positive and negative feedback. Roughly a third commented negatively about the Project citing increased rental prices and loss of patronage a concern. A similar proportion commented positively about the Project seeing it as a quality development that increased patronage both to the Project and the surrounding area.

Pedestrians in the surrounding 400m area are mostly supportive of the Project with the majority viewing the Project a positive influence to Tsuen Wan for reasons including attraction of visitors and new residents to the area, improvements to visual amenity, increased shopping choice, and enhanced accessibility and connectivity.

By comparison, the remainder felt that the Project was not a positive influence to Tsuen Wan due blockage of air ventilation and the contrast to old style development.

Most shoppers in CityWalk viewed the Project favorably perceiving it as a positive influence to Tsuen Wan due to more restaurants and shopping choice, better access and convenience, and a better environment (e.g. open space).

The remaining small proportion of shoppers in CityWalk felt that it was not a positive influence for Tsuen Wan due to unpopularity of brand names, high property price and poor design.

### 11.4 Conclusions

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The Project acts as a point of attraction for visitors to Tsuen Wan, enhances linkages with surrounding areas and generates distributional flow on spending effects in the community. It provides significant additional employment and income opportunities both in acquisition, construction and operational stages, and creates commercial synergies, accessibility, visual appeal, and diversified choice in the community. It also contributes to the Hong Kong economy through the Government revenues and the wider economic benefits associated with it.

The Project is not without some negative impacts and these include temporary disruption to neighbouring local businesses during the construction phase and competition to some local retailers once opened.

The findings of this assessment are however supportive that the Project provides positive additional economic benefits to Tsuen Wan which are greater than those available prior to its development. This finding is also supported by the results of the survey feedback which indicates that the majority of the community view the Project favourably.

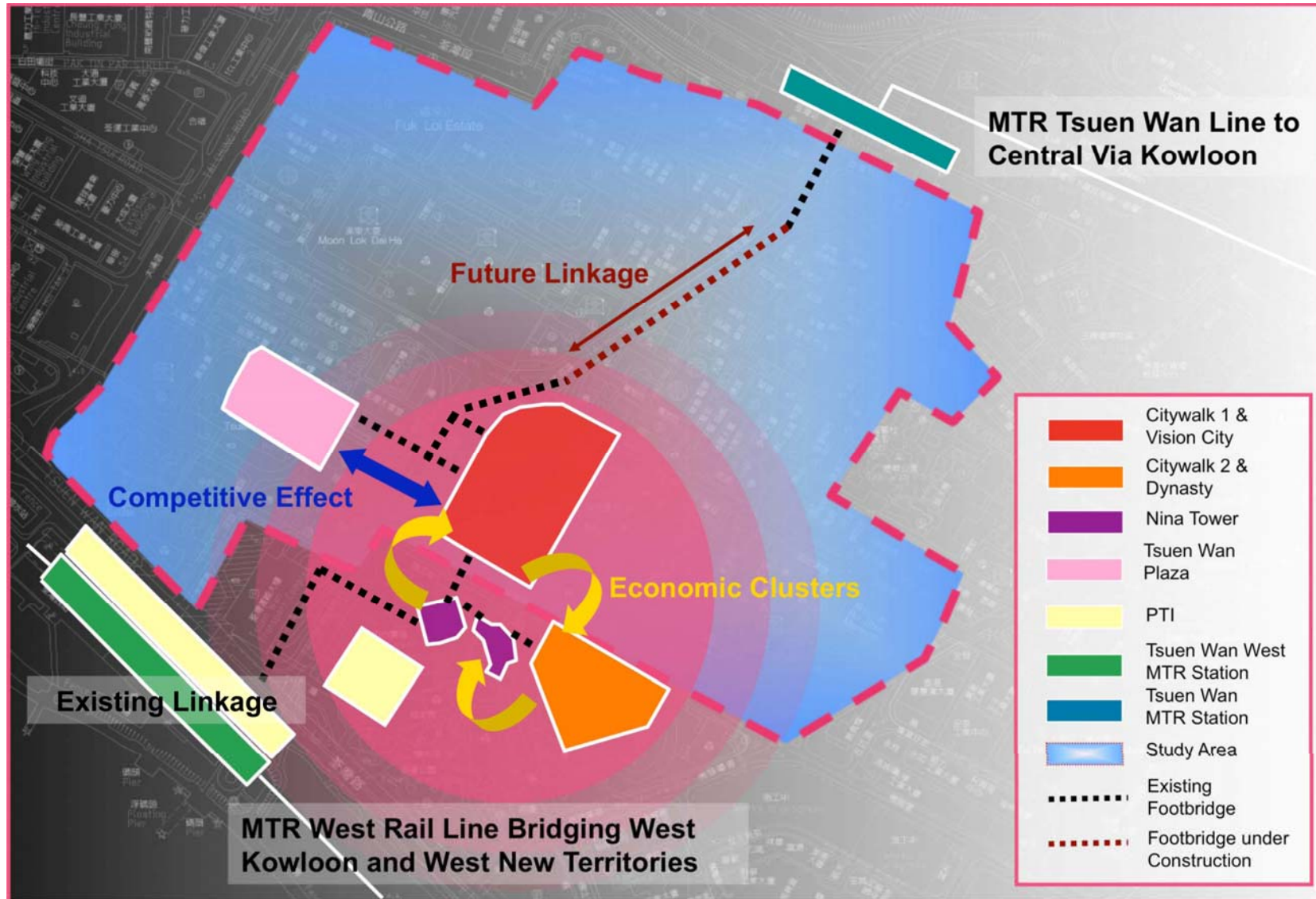


Figure 36 Economic Linkages in the Study Area



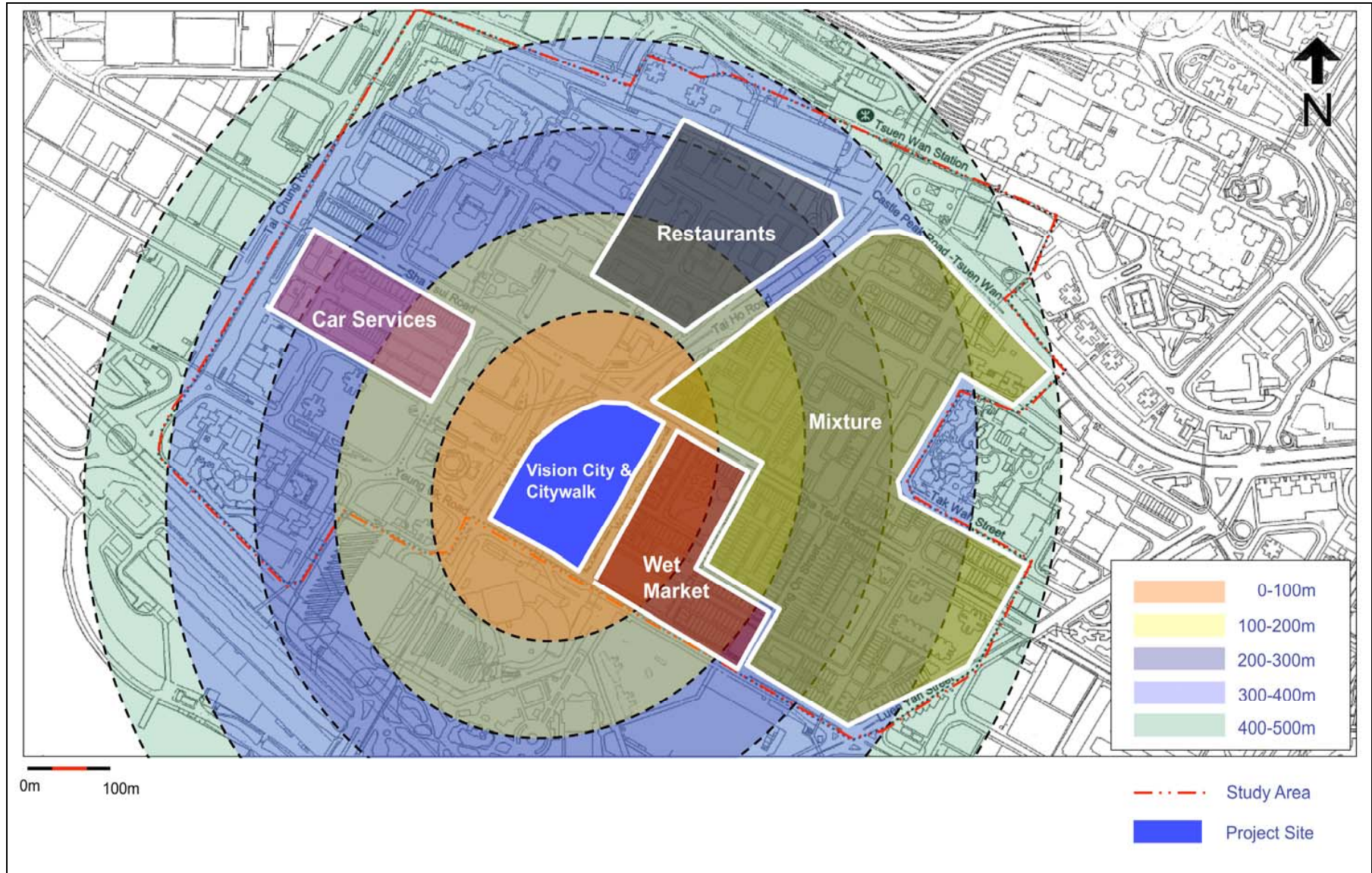


Figure 37 Study Area Breakdown by Distance

## Appendix A

### Questionnaires

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**Study Area Retail Questionnaire**

**1. Business location**

---

**2. Please list the name of your organization**

---

**3. Please describe the main products/services your business produces/provides**

---

---

**4. What are your business trading hours?**

---

**5. How long has your business been operating for at this location? (Years)**

---

**6. Is this a new business, or have you relocated from a previous location?**

---

**7. If you have relocated, from where?**

---

**8. If you have relocated, why?**

---

**9. If you have relocated, do you know if your business replaced an existing business?**

---

**10. Please circle which best describes the gross average output of your business per year (in HK\$ thousand)**

- a) < 100
- b) 100-499
- c) 500 – 999
- d) 1,000 – 1,999
- e) 2,000 – 4,999
- f) 5,000 – 9,999
- g) 10,000 – 19,999
- h) 20,000 – 49,999
- i) ≥ 50,000
- j) Did not specify

11. How many staff does your business employ?

---

12. How many of your staff are from the local Tsuen Wan area?

---

13. Please detail i) the type, ii) respective number of these staff your business employs, and iii) indicate their approximate salary

Occupation	Number	Income [1]
Managers and Administrators		
Professionals		
Clerks		
Service workers and shop sale workers		
Craft and related workers		
Plant and machine operators and assemblers		
Elementary occupations		
Others		
<b>Total</b>		

[1] As per defined brackets

14. Has the number of staff you employed changed from when you first opened? (Yes/No)

If yes, by i) how many? \_\_\_\_\_

ii) what type of staff? \_\_\_\_\_

iii) approximate timeframe? \_\_\_\_\_

15. What percentage of your raw products is sourced from Hong Kong?

---

16. Please estimate the average number of customers that visits your shop on a typical weekday.

---

17. What is the daily average number of customers that visits your shop on a typical weekend?

---

18. What is the percentage of customers who will actually spend in your shop?

---

19. How much would they spend on average?

---

20. Please briefly describe the typical customer who visits your shop? (e.g family, business person, young female etc)

---

---

**21. What percentage of your customers would you estimate are regular repeat customers?**

---

**22. What percentage of your customers would you estimate are from the Tsuen Wan area?**

---

**23. Are you familiar with the Vision City and City Walk redevelopment? (Yes/No)**

---

**CONSTRUCTION PHASE of VISION CITY AND CITYWALK (2003 and 2007)**

**24. Were there any changes in your customer profile (i.e. the types of customers who visited your business) during the period 2003 and 2007 compared to prior to 2003? If yes, please describe.**

---

---

**25. Which of the following best describes the volume of your business activity during the period 2003 and 2007, compared to prior to 2003**

- 1) Large increase
- 2) Slight increase
- 3) Neutral
- 4) Slight decrease
- 5) Large decrease
- 6) Unknown

**26. Please describe in what way the volume of business activity changed, if relevant**

---

---

**27. Do you think this change in business activity was due to the construction works at Vision City and Citywalk? (Yes/No/Unsure) If no, what would be the underlying reason?**

---

**28. How much was this change in terms of percentage of your turnover? (e.g. 10% increase, 5 % decrease etc)**

---

---

**29. Did the number of staff you employ change during this period? If yes, by i) what type and ii) how many?**

---

---

**OPERATION (Since the completion and opening of Vision City and Citywalk, Late 2007)**

**30. Were there any changes in your customer profile since the opening of Vision City and Citywalk in late 2007? If yes, please describe.**

---

---

**31. Have you noticed any changes in business activity since late 2007?**

- 1) Large increase
- 2) Slight increase
- 3) Neutral
- 4) Slight decrease
- 5) Large decrease
- 6) Unknown

**32. Please describe in what way the volume of business activity has changed, if relevant**

---

---

**33. How much was this change in terms of percentage of your turnover? (e.g. 10% increase, 5 % decrease etc)**

---

---

**34. Has the number of staff you employ changed since the opening of Vision City and Citywalk? If yes, by i) how many and ii) what type?**

---

---

**35. Do you think this change in your business is due to Vision City and Citywalk?**

---

---

**36. Do you think that Vision City and Citywalk has had a positive or negative influence on your business? If yes, in what way?**

---

---

**37. Do you have any comments you wish to make regarding the Vision City and CityWalk urban regeneration project?**

---

---

**ATTACHMENT – Reference Income Brackets**

<b>Monthly Employment Earnings (\$)</b>
< 10,000
10,000 – 19,999
20,000 – 29,999
30,000 – 39,999
40,000 – 49,999
50,000 – 59,999
60,000 – 69,999
70,000 – 79,999
80,000 – 89,999
90,000 – 99,999
≥ 100,000



**Original Businesses Questionnaire**

**1. Business location and Name of business**

---

**2. Was your business required to relocate as part of the VisionCity/CityWalk redevelopment project? (Yes/No) If no, no further questions should be asked.**

---

**3. Were you tenant or owner before you relocate? What about now?**

---

**4. Why did you relocate your business to this particular location? (eg. Customer attraction, convenience, rental price, local connections, business opportunities etc)**

---

**5. Did you rename your business when you relocated? If so, what was the old business name?**

---

---

**6. Please describe the main products/services your business produces/provides?**

---

---

**7. Is this different to what you provided before relocation and if yes, how so? And why (to cater for different customer needs, etc.)?**

---

---

**8. What are your business trading hours? When are your busiest hours? Does this correlate to customer types?**

---

**9. How big (sq ft.) is your shop now as compared to the previous location? Has the unit rent (\$/sq ft.) increased/decreased?**

---

**10. How long has your business been operating for at this location (years)?**

---

**11. How long had your business operated in the previous location (years) where Vision City / CityWalk is now situated?**

---

**12. Do you know if your business replaced an existing business when you relocated here? If yes, what was it?**

---

**13. Please circle which best describes the current gross average output of your business per year (in HK\$ thousand)**

- a) < 100
- b) 100-499
- c) 500 – 999
- d) 1,000 – 1,999
- e) 2,000 – 4,999
- f) 5,000 – 9,999
- g) 10,000 – 19,999
- h) 20,000 – 49,999
- i) ≥ 50,000
- j) Did not specify

**14. How many staff did your business employ before relocation?**

---

**15. How many staff does your business employ now after relocation? If the number of staff has changed after relocation, what was the reason for the change?**

---

**16. How many of your staff lives in the local Tsuen Wan area?**

---

**17. How do your staff travel to work?**

- a) MTR/Westrail
- b) Bus
- c) Walk
- d) Car
- e) Others – please specify: \_\_\_\_\_

**18. Please detail i) the type, ii) respective number of these staff your business currently employs, and iii) indicate their approximate salary**

Occupation	Number	Income [1]
Managers and Administrators		
Professionals		
Clerks		
Service workers and shop sale workers		
Craft and related workers		
Plant and machine operators and assemblers		
Elementary occupations		
Others		

<b>Total</b>		
--------------	--	--

[1] As per defined brackets

**19. What percentage of your raw products is sourced from Hong Kong currently?**

---

**20. What percentage of your raw products was sourced from Hong Kong before relocation?**

---

**21. Please estimate the average number of customers that visits your shop on a typical weekday currently.**

---

**22. Is the number of customers that visits your shop on a typical weekday now different to before you relocated? If yes, please describe (i) why and (ii) how much.**

---

**23. What is the daily average number of customers that visits your shop on a typical weekend?**

---

**24. Is the number of customers that visits your shop on a typical weekend now different to before you relocated? If yes, please describe i) why and ii) by how much?**

---

**25. What is the percentage of customers who will actually spend in your shop now?**

---

**26. Is this different to before you relocated and if yes, i) why and ii) by how much?**

---

**27. How much would they spend per visit (on average) now?**

---

**28. Is this different to before you relocated and if yes, i) why and ii) by how much?**

---

**29. Please briefly describe the typical customer who visits your shop now (e.g family, business person, young females, tourists, students etc)**

---



---

**30. Is this different to before you relocated and if yes, i) why and ii) in what way?**

---

**31. What percentage of your customers would you estimate are regular repeat customers?**

---

**32. Is this different to before you relocated and if yes, i) why and ii) by how much?**

---

**33. Have you noticed any changes in the percentage of your customers that are from the Tsuen Wan area now compared to before relocation? If yes, in what way?**

---

**34. Which of the following best describes the change in turnover after relocation compared to before relocation?**

- 1) Large increase ( $+ >30\%$ )
- 2) Slight increase ( $+ \leq 30\%$ )
- 3) Neutral ( $+/- 0\%$ )
- 4) Slight decrease ( $- \leq 30\%$ )
- 5) Large decrease ( $- >30\%$ )
- 6) Unknown

**35. Do you think this change in turnover was due to your relocation? (Yes/No/Unsure) Please describe the reason for your answer.**

---

**36. Please describe how the net income of your business changed after relocation compared to before relocation (e.g. change in rental, patronage etc), if relevant**

---

---

**37. Do you think this change in net income was due to your relocation and the opening of Vision City and CityWalk? (Yes/No/Unsure) Please describe the reason for your answer.**

---

**38. In general, do you think that the relocation has had a positive or negative influence on your business operation? If either, then in what way?**

---

---

**39. Do you think that the opening of Vision City and CityWalk has had a positive or negative influence on your business? If either, then in what way?**

---

---

**40. How does your current business location compared with your previous business location? (better/worse/ no change)**

---

---

**41. How is your current business performing compared to the previous location?  
(better/worse/no change)**

---

---

**42. Do you think overall, the local business community in Tsuen Wan is better or worse off after the development of Vision City and CityWalk? Please describe the reasons for your answer.**

---

---

**43. Do you think Vision City and CityWalk is positive or negative for the local community? and describe?**

---

---

**44. Do you know if any other original shop owners had relocated to and are still operating in the surrounding Tsuen Wan area? If yes, where?**

---

---

**45. How has the mix of neighbouring shops affected your business (after relocation)? If any effect, is this due to a cluster of compatible uses, etc.?**

---

---

**46. Do you have any comments you wish to make regarding the Vision City and CityWalk urban regeneration project?**

---

---

**ATTACHMENT – Reference Income Brackets**

<b>Monthly Employment Earnings (\$)</b>
< 10,000
10,000 – 19,999
20,000 – 29,999
30,000 – 39,999
40,000 – 49,999
50,000 – 59,999
60,000 – 69,999
70,000 – 79,999
80,000 – 89,999
90,000 – 99,999
≥ 100,000

**Study Area Pedestrians Questionnaire**

1. Male / Female

2. Are you aware of the VisionCity and City Walk development? (Yes/No)

3. Are you living in Tsuen Wan? (If no, following question and ignore Q4. If yes, go to Q4)

i) How often do you come to Tsuen Wan?

ii) What is your purpose for coming to Tsuen Wan?

- a) Employment
- b) Study
- c) Recreation
- d) Visit Relatives
- e) Other

4. If yes (confirm not living in VisionCity), and

i) How long have you lived in Tsuen Wan?

ii) Where did you live previously?

iii) Why did you relocate to Tsuen Wan?

5. Please circle which best describes your age

- f) 0 – 14
- g) 15 – 24
- h) 25 – 39
- i) 40 – 49
- j) 50 – 64
- k) 65 +

6. What is your occupation?

7. Which industry are you working in?

8. Please tick which best describes your average monthly employment earning (in HK\$)

Monthly Employment Earnings (\$)
< 10,000
10,000 – 19,999

20,000 – 29,999
30,000 – 39,999
40,000 – 49,999
50,000 – 59,999
60,000 – 69,999
70,000 – 79,999
80,000 – 89,999
90,000 – 99,999
≥ 100,000

9. How many times have you visited CityWalk since its opening in late 2007? e.g. per week / per month etc (if employed in CityWalk, record where they work)

---

10. How many times have you visited CityWalk in the last year?

---

11. What proportion of your total shopping do you undertake in CityWalk? (%)

---

12. What proportion of your shopping do you undertake outside of CityWalk but elsewhere in Tsuen Wan? (%)

---

13. Where else do you mostly shop apart from Tsuen Wan?

---

14. How much do you typically spend each time you visit CityWalk? (in HK\$)

- a) 0
- b) <50
- c) 50-100
- d) 101-200
- e) 201-500
- f) 501-1,000
- g) >1,000

15. What are the main goods and services you buy in CityWalk?

---

16. How did you find out about CityWalk?

- a) Word of mouth
- b) Newspaper
- c) Internet
- d) TV
- e) Other \_\_\_\_\_

17. Where did you usually go shopping before CityWalk opened in late 2007?

---

18. Did you switch your shopping destination to CityWalk after its opening?



---

**19. What attracts you to shopping in CityWalk? (Tick more than one).**

- a) Convenience
- b) Atmosphere
- c) Product Choice
- d) Pleasant shopping experience
- e) Unknown/Not applicable
- f) Other \_\_\_\_\_

**20. Do you visit CityWalk for any other reasons e.g. public open space, public events?**

---

**21. Do you now shop more elsewhere in Tsuen Wan as a result of the opening of CityWalk/VisionCity? (Yes/No)**

---

**22. If yes,**

**i) why?**

---

**ii) for what types of goods and services?**

---

**iii) by how much? (in terms of frequency and volume)**

---

**23. Has your shopping habits changed as a result of the opening of CityWalk/Vision City?**

---

**24. If yes, please describe in what way?**

---

**25. How do you travel to and from Tsuen Wan? (Tick more than one).**

- a) Bus
- b) Minibus
- c) MTR
- d) Taxi
- e) Private Car
- f) Walk
- g) Other: \_\_\_\_\_

**26. Do you think CityWalk has had a positive influence on Tsuen Wan (Yes/No)**

---

**27. Do you have any comments you wish to make regarding the CityWalk/VisionCity urban regeneration project?**

---

**CityWalk Shoppers Questionnaire**

1. Male / Female

2. Are you living in Tsuen Wan town centre? If no, where do you live?

---

3. If yes,

i) How long have you lived in Tsuen Wan?

---

ii) Where did you live previously?

---

iii) Why did you relocate to Tsuen Wan?

---

4. Please circle which best describes your age

- a) 0 – 14
- b) 15 – 24
- c) 25 – 39
- d) 40 – 49
- e) 50 – 64
- f) 65 +

5. What is your occupation?

---

6. Which industry are you working in?

---

7. Please tick which best describes your average monthly employment earning (in HK\$)

Monthly Employment Earnings (\$)
< 10,000
10,000 – 19,999
20,000 – 29,999
30,000 – 39,999
40,000 – 49,999
50,000 – 59,999
60,000 – 69,999
70,000 – 79,999
80,000 – 89,999
90,000 – 99,999
≥ 100,000

8. How many times have you visited CityWalk since its opening in late 2007?

---

**9. How many times have you visited CityWalk in the last year?**

---

**10. What proportion of your total shopping do you typically undertake in CityWalk? (%)**

---

**11. What proportion of your total shopping do you typically undertake outside of CityWalk but elsewhere in Tsuen Wan? (%)**

---

**12. Where else do you mostly shop apart from Tsuen Wan?**

---

**13. How much do you typically spend each time you visit CityWalk? (in HK\$)**

- a) 0
- b) <50
- c) 50-100
- d) 101-200
- e) 201-500
- f) 501-1,000
- g) >1,000

**14. What are the main goods and services you buy in CityWalk?**

---

**15. How did you find out about CityWalk?**

- a) Word of mouth
- b) Newspaper
- c) Internet
- d) TV
- e) Other \_\_\_\_\_

**16. Where did you usually go shopping before CityWalk opened in late 2007?**

---

**17. Did you switch your shopping destination to CityWalk after its opening?**

---

**18. What attracts you to shopping in CityWalk?**

- a) Convenience
- b) Atmosphere
- c) Product Choice
- d) Pleasant shopping experience
- e) Unknown/Not applicable
- e) Other \_\_\_\_\_

**19. Do you visit CityWalk for any other reasons e.g. public open space, public events?**

---

**20. Do you shop more in Tsuen Wan now as a result of the opening of CityWalk/VisionCity?  
(Yes/No)**

---

**21. If yes,**

**i) why?**

---

**ii) for what types of goods and services?**

---

**iii) by how much? (for example, shop x% more regularly, or increase purchase of (ii) by x%)**

---

**22. Has your shopping habits changed as a result of the opening of CityWalk/Vision City?**

---

**23. If yes, please describe in what way?**

---

**24. How do you travel to Citywalk?**

- a) Bus
- b) Minibus
- c) MTR
- d) Taxi
- e) Private Car
- f) Walk
- g) Other: \_\_\_\_\_

**25. Do you think CityWalk has a positive influence on Tsuen Wan (Yes/No)**

---

**26. Do you have any comments you wish to make regarding the CityWalk/VisionCity urban  
regeneration project?**

---

---

---

**CityWalk Retail Questionnaire**

**1. Business location**

---

**2. Name of organization**

---

**3. Please describe the main products/services your business produces/provides**

---

---

**4. What are your business trading hours?**

---

**5. How long has your business been operating for at this location?**

---

**6. Is this a new business, or have you relocated from a previous location? If you have relocated, why did you relocate?**

---

**7. What attracted you to Citywalk to set up your business?**

---

**8. Please circle which best describes the gross average output of your business per year (in HK\$ thousand)**

- a) < 100
- b) 100-499
- c) 500 – 999
- d) 1,000 – 1,999
- e) 2,000 – 4,999
- f) 5,000 – 9,999
- g) 10,000 – 19,999
- h) 20,000 – 49,999
- i) ≥ 50,000

**9. How many staff does your business employ?**

---

- 10. Please detail i) the type, ii) respective number of these staff your business employs, and iii) indicate their approximate salary**

<b>Occupation</b>	<b>Number</b>	<b>Income [1]</b>
Managers and Administrators		
Professionals		
Clerks		
Service workers and shop sale workers		
Craft and related workers		
Plant and machine operators and assemblers		
Elementary occupations		
Others		
<b>Total</b>		

[1] As per defined brackets

- 11. Has the number of staff you employed changed from when you first opened? If yes, by i) how many and ii) what type of staff?**

---



---

- 12. What percentage of your staff is living in Tsuen Wan?**

---

- 13. For those living outside Tsuen Wan town centre, what percentage of them would travel to work by public transport?**

---

- 14. What percentage of your raw products is sourced from Hong Kong?**

---

- 15. Please estimate the average number of customers that visits your shop on a typical weekday.**

---

- 16. What is the average number of customers that visits your shop on a typical weekend?**

---

- 17. What is the percentage of customers who will actually spend in your shop?**

---

- 18. How much do they spend on average?**

---



---

**19. Please briefly describe the typical customer who visits your shop? (e.g family, business person, young female etc)**

---

---

**20. What percentage of your customers would you estimate are regular repeat customers?**

---

**21. What percentage of your customers would you estimate are from the Tsuen Wan area?**

---

**22. Have you i) noticed any change in your customer profile since you first opened and if yes, ii) please describe.**

---

---

**23. Compared to when you first opened, which of the following best describes your business activity currently?**

- a) Large increase
- b) Slight increase
- c) Neutral
- d) Slight decrease
- e) Large decrease

**24. Do you expect that i) the turnover of your business will increase or decrease over time, and if so, ii) by how much? (%)**

---

**25. If yes, why do you think your business turnover will change?**

---

---

**26. Do you have any comments you wish to make regarding the Tsuen Wan urban regeneration project?**

---

---

**ATTACHMENT – Reference Income Brackets**

<b>Monthly Employment Earnings (\$)</b>
< 10,000
10,000 – 19,999
20,000 – 29,999
30,000 – 39,999
40,000 – 49,999
50,000 – 59,999
60,000 – 69,999
70,000 – 79,999
80,000 – 89,999
90,000 – 99,999
≥ 100,000



**Vision City Resident Questionnaire**

**1. How many people are living in this unit? (include/exclude domestic helpers)**

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5
- f) 6+

**2. How many of them are currently working? (include/exclude domestic helpers)**

- a) 1
- b) 2
- c) 3
- d) 4
- e) 5
- f) 6+

**3. How do you and your family members travel? (Tick more than one).**

- a) Bus
- b) Minibus
- c) MTR
- d) Taxi
- e) Private Car
- f) Walk
- g) Other: \_\_\_\_\_

**4. When did you move into Vision City?**

---

**5. Where were you living before?**

---

**6. What attracted you to move to Vision City?**

---

**7. Do you own or rent your unit?**

---

**8. Please tick which best describes your average monthly household income (in HK\$)**

Monthly Household Earnings (\$)
< 10,000
10,000 – 19,999
20,000 – 29,999
30,000 – 39,999
40,000 – 49,999
50,000 – 59,999
60,000 – 69,999
70,000 – 79,999
80,000 – 89,999
90,000 – 99,999
≥ 100,000

**9. Do you usually go shopping in Citywalk? (Yes / No) If Yes, How many times? Per day? Per week, per month etc?**

---

**10. What proportion of your total shopping do you typically undertake in CityWalk? (%)**

---

**11. What proportion of your total shopping do you typically undertake outside of CityWalk but in the local Tsuen Wan Area? (%)**

---

**12. Where else do you mostly shop apart from Tsuen Wan?**

---

**13. How much do you typically spend each time you visit CityWalk? (in HK\$)**

- a) 0
- b) <50
- c) 50-100
- d) 101-200
- e) 201-500
- f) 501-1,000
- g) >1,000

**14. What are the main goods and services you buy in CityWalk?**

---

**15. How much you typically spend each time in Tsuen Wan but outside CityWalk? (HK\$)**

- a) 0
- b) <50
- c) 50-100
- d) 101-200
- e) 201-500
- f) 501-1,000
- g) >1,000

**16. What are the main goods you buy in Tsuen Wan but outside CityWalk?**

---

**17. Do you hire help (e.g. tutor, cleaner, domestic help)?**

---

**18. If yes, are they from Tsuen Wan?**

---

**19. Has your typical shopping habits changed as a result of CityWalk?**

---

**20. If yes, please describe in what way? (e.g. different types of purchases, volume, frequency?)**

---

**21. Do you have any comments you wish to make regarding the VisionCity/CityWalk urban regeneration project?**

---

---

## Appendix B

### Domestic and Non-domestic Average Prices and Rents

## Average Unit Price (Domestic)

	Vision City	Town Square	Tsuen Wan Plaza	Tsuen Kam Centre	Luk Yeung Sun Chuen	Fou Wah Centre	Fairview Garden	Ho Fai Garden	East Asia Garden
1995		4,623	4,224	3,655	3,783	2,877	3,929	2,723	2,531
1996		4,834	4,428	4,027	4,189	3,101	4,482	3,049	2,681
1997		6,591	5,945	5,536	5,789	4,094	6,012	4,224	3,954
1998		4,265	4,217	3,797	4,295	2,971	4,088	2,827	2,842
1999		3,956	3,726	3,353	3,458	2,654	3,366	2,621	2,292
2000		3,611	3,507	2,898	3,107	2,135	3,268	2,130	2,416
2001		2,977	2,996	2,640	2,800	2,085	2,774	2,058	2,015
2002		2,964	2,822	2,381	2,436	1,828	2,632	1,921	1,848
2003		2,464	2,250	1,975	2,080	1,632	2,097	1,638	1,414
2004		2,784	2,706	2,443	2,803	1,913	2,581	1,768	1,726
2005		3,570	3,187	2,957	3,269	2,196	2,897	2,155	1,822
2006	5,204	3,349	3,346	2,831	3,263	2,321	2,801	2,180	1,893
2007	5,291	3,475	3,416	2,924	3,420	2,365	3,084	2,367	2,070
2008	6,007	3,926	3,906	3,482	3,855	2,996	3,571	2,871	2,561
2009	5,543	4,352	3,914	3,432	3,922	3,063	3,420	2,781	2,724

	Tsuen Wan Garden	Discovery Park	Skyline Plaza	Harmony Garden	Brighton Place	The Blue Yard	H Cube	The Dynasty
1995	2,829							
1996	2,969	5,041						
1997	4,394	7,025	7,338					
1998	3,010	4,663	4,624	3,492				
1999	2,565	4,386	3,982	3,567	4,237			
2000	2,286	3,885	3,774	3,489	3,811			
2001	2,066	3,372	3,159	2,481	3,255			
2002	1,944	3,016	2,741	2,636	2,949	2,995		
2003	1,624	2,399	2,449	2,273	1,366	2,176		
2004	1,884	3,167	2,822	2,465	2,405	2,501		
2005	2,158	3,671	3,483	2,899	3,444	3,099		
2006	2,249	3,466	3,733	2,952	3,408	2,767	2,886	
2007	2,524	3,549	3,584	2,844	3,372	3,093	3,454	
2008	2,890	3,996	4,117	3,452	3,906	3,549	3,876	6,062
2009	2,885	3,914	4,081	3,319	4,180	3,492	3,812	6,905

### Average Unit Rent (Domestic)

	Vision City	Town Square	Tsuen Wan Plaza	Tsuen Kam Centre	Luk Yeung Sun Chuen	Fou Wah Centre	Fairview Garden	Ho Fai Garden	East Asia Garden	Tsuen Wan Garden
1995		18.6	14.0	15.3	14.2	13.3	14.6	14.8	12.2	12.7
1996		18.6	14.0	15.3	14.2	13.3	14.6	14.8	12.2	12.7
1997		24.1	16.6	18.0	16.3	17.0	17.6	18.2	15.2	15.8
1998		24.1	16.6	18.0	16.3	17.0	17.6	18.2	15.2	15.8
1999		20.4	14.4	13.5	12.8	14.3	14.9	14.5	12.6	12.8
2000		18.8	13.9	13.2	13.3	13.9	14.6	14.0	12.4	12.6
2001		15.7	13.2	12.2	12.6	12.8	13.5	12.9	11.6	11.8
2002		14.1	11.6	11.6	11.7	11.5	11.8	11.6	11.0	11.2
2003		12.0	10.8	10.4	10.5	10.3	10.9	10.4	9.8	10.0
2004		11.3	10.1	9.0	8.7	9.2	10.2	9.2	8.5	8.8
2005		11.9	10.9	9.8	9.8	9.8	10.9	9.7	8.9	9.4
2006		12.5	10.9	10.5	10.4	9.8	10.2	10.3	9.5	9.8
2007	18.6	12.5	10.9	11.0	10.8	10.3	10.8	10.8	9.8	10.3
2008	20.4	13.0	11.4	12.3	11.6	11.8	11.4	11.5	10.6	10.7
2009	18.4	13.0	11.4	12.3	11.6	11.8	11.4	11.5	9.8	10.7

	Discovery Park	Skyline Plaza	Harmony Garden	Brighton Place	The Blue Yard	H Cube	Belvedere Garden	New Haven	Chelsea Court
1995		15.4					11.9		
1996		15.4					11.9		
1997		19.7					13.8		
1998	18.0	19.7					13.8		
1999	14.4	16.2	14.0	15.6			11.5		
2000	14.7	15.8	13.7	15.2			10.8		
2001	13.6	14.5	12.6	14.1			10.5		
2002	12.5	12.2	12.0	13.4			9.4		
2003	11.2	10.9	10.7	12.1	10.9		8.5	11.2	
2004	9.8	9.8	9.3	10.9	9.9		7.9	10.1	
2005	10.5	10.5	10.0	11.5	9.9		8.2	11.1	11.3
2006	11.1	11.5	10.4	12.0	10.9	14.4	8.8	11.6	11.8
2007	11.1	12.1	10.4	12.0	10.9	14.4	9.1	12.2	11.8
2008	11.9	12.8	11.1	13.0	12.1	15.5	9.7	12.7	13.0
2009	11.9	12.8	11.1	13.0	11.5	14.0	9.7	12.7	12.4

## Average Unit Rent (Non-Domestic)

### Arcade Shops

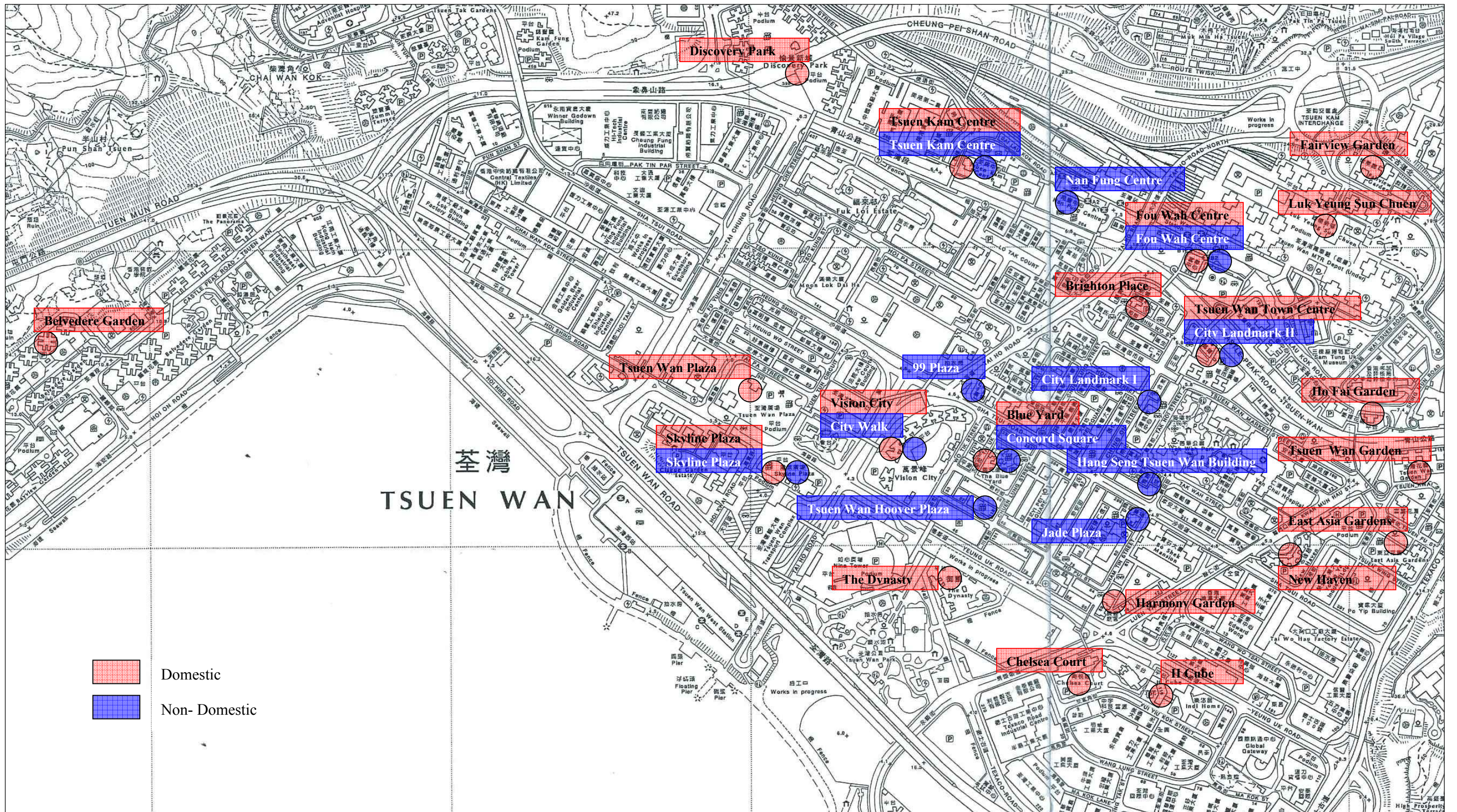
	City Walk	Town Square	Tsuen Wan Plaza	Tsuen Kam Centre	Luk Yeung Sun Chuen	Fou Wah Centre	Fairview Garden	Ho Fai Garden	East Asia Garden	Tsuen Wan Garden
1995		18.6	14.0	15.3	14.2	13.3	14.6	14.8	12.2	12.7
1996		18.6	14.0	15.3	14.2	13.3	14.6	14.8	12.2	12.7
1997		24.1	16.6	18.0	16.3	17.0	17.6	18.2	15.2	15.8
1998		24.1	16.6	18.0	16.3	17.0	17.6	18.2	15.2	15.8
1999		20.4	14.4	13.5	12.8	14.3	14.9	14.5	12.6	12.8
2000		18.8	13.9	13.2	13.3	13.9	14.6	14.0	12.4	12.6
2001		15.7	13.2	12.2	12.6	12.8	13.5	12.9	11.6	11.8
2002		14.1	11.6	11.6	11.7	11.5	11.8	11.6	11.0	11.2
2003		12.0	10.8	10.4	10.5	10.3	10.9	10.4	9.8	10.0
2004		11.3	10.1	9.0	8.7	9.2	10.2	9.2	8.5	8.8
2005		11.9	10.9	9.8	9.8	9.8	10.9	9.7	8.9	9.4
2006		12.5	10.9	10.5	10.4	9.8	10.2	10.3	9.5	9.8
2007	54.8	12.5	10.9	11.0	10.8	10.3	10.8	10.8	9.8	10.3
2008	54.8	13.0	11.4	12.3	11.6	11.8	11.4	11.5	10.6	10.7
2009	54.8	13.0	11.4	12.3	11.6	11.8	11.4	11.5	9.8	10.7

### Street Shops

	City Walk	Skyline Plaza	Tsuen Kam Centre	City Landmark I	City Landmark II	TW Hoover Plaza	Jade Plaza
1995		29.7	37.9		106.7	90.8	
1996		29.7	37.9	87.2	106.7	90.8	
1997		34.0	45.1	101.6	118.8	96.4	
1998		34.0	45.1	101.6	118.8	96.4	
1999		33.5	38.3	101.6	106.8	72.8	
2000		28.1	34.5	91.1	106.8	72.8	
2001		25.9	34.5	101.3	99.0	76.4	
2002		24.1	31.0	91.7	88.7	69.1	83.4
2003		22.1	29.4	100.5	87.7	62.2	71.6
2004		19.3	31.0	103.8	93.3	62.2	71.6
2005		12.2	32.5	107.2	98.4	68.2	75.1
2006		10.9	34.6	116.4	109.2	68.2	78.8
2007	86.5	10.9	34.6	135.0	119.6	68.2	78.8
2008	86.5	11.8	40.5	152.1	126.9	91.8	78.8
2009	86.5	11.2	42.5	151.0	126.7	91.8	78.8

	Fou Wah Centre	Concord Square	99 Plaza	Hang Seng Tsuen Wan Building
1995	107.9			
1996	107.9			
1997	138.3			
1998	138.3			
1999	151.8		58.6	72.5
2000	151.8		52.9	70.1
2001	174.8		52.9	77.2
2002	157.9		50.1	69.5
2003	134.3	57.5	40.1	64.0
2004	137.4	57.5	40.1	68.6
2005	147.0	58.5	41.4	75.5
2006	153.9	57.9	47.7	87.4
2007	153.9	58.8	47.7	87.4
2008	153.9	74.9	57.4	96.6
2009	153.9	71.4	60.3	96.6

**Location of Selected Development (Domestic and Non-domestic)**





## Appendix C

### Direct Comparison for Domestic Portion Before Re-development

## Valuation - Domestic (Before the Redevelopment)

Date of Valuation

1-Jan-97

	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Memo No.	TW1115358	TW1107849	TW1106618	TW1106925	TW1094657
Development	Cheuk Ming Mansion	Chen Hsin Mansion	On On Building	Kwong Fat Building	Kwong Yick Building
Address	Tai Ho Road 57-75	Sam Pei Square 2-12	Sam Pei Square 14-18	Sha Tsui Road 260-276	Sha Tsui Road 315-323
Floor	3	2	5	2	6
Unit	16	F	D	G	3
Year Built	1967	1964	1965	1967	1966
Transaction Date	Jan-97	Jan-97	Dec-96	Dec-96	Oct-96
Transaction Nature	ASP	ASP	ASP	ASP	ASP
Saleable Area	450 sq.ft.	525 sq.ft.	509 sq.ft.	495 sq.ft.	605 sq.ft.
Price	\$735,000	\$1,300,000	\$865,000	\$1,330,000	\$1,500,000
Unit Price (N)	\$1,633	\$2,476	\$1,699	\$2,687	\$2,479

### Adjustment

Time	0%	0%	6%	6%	16%
Location	-10%	0%	0%	-15%	-15%
Building Quality	0%	-20%	0%	-20%	-20%
Total	-10%	-20%	6%	-29%	-19%

### Adjusted Unit Price

	<b>\$1,470</b>	<b>\$1,981</b>	<b>\$1,805</b>	<b>\$1,913</b>	<b>\$2,020</b>
--	----------------	----------------	----------------	----------------	----------------

Adopted Average	\$1,838
Say	<b>\$1,800</b>
Total Market Value	\$643,188,827
Say	<b>\$643,000,000</b>

## Appendix D

### Direct Comparison for Non-domestic Portion Before Re-development

## Valuation - Non-domestic (Before the Redevelopment )

Date of Valuation 1-Jan-97

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Memo No.	TW1145178	TW1141055	TW1140200	TW1136392
Development	Tak Yan Hse Stage 16	Dao Shing Building	Ka Wah Building	Tsuen King Building
Address	Tai Pa Street 53-75	Heung Wo Street 43-59	Heung Shing Street 11-17	Hoi Pa Street 83-93
Floor	G	G	G	G
Unit	3	E	F	C
Year Built	1973	1973	1974	1973
Transaction Date	Jun-97	Jun-97	May-97	May-97
Transaction Nature	ASP	ASP	ASP	ASP
Saleable Area	905 sq.ft.	550 sq.ft.	375 sq.ft.	653 sq.ft.
Price	\$14,800,000	\$4,838,000	\$3,450,000	\$9,000,000
Unit Price (N)	\$16,350	\$8,796	\$9,200	\$13,783
Remark				
<b>Adjustment</b>				
Time	-16.2%	-16.2%	-16.2%	-17.6%
Location	-15.0%	10.0%	10.0%	-20.0%
Total	-31%	-6%	-6%	-38%
<b>Adjusted Unit Price</b>				
	\$11,245	\$8,249	\$8,628	\$8,607

Adopted Average \$9,182  
 Say **\$9,200**  
 Total Market Value \$937,852,250  
 Say **\$938,000,000**

## Appendix E

### Direct Comparison for Domestic Portion After Re-development

**Valuation - Domestic (After the Redevelopment)**

Date of Valuation Nov-09  
Subject Level 30

	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6	Comparable 7	Comparable 8	Comparable 9	Comparable 10
Memo No.										
Development	Vision City	Vision City	Vision City	Vision City	Vision City	Vision City	Vision City	Vision City	Vision City	Vision City
Tower	Tower 1	Tower 1	Tower 2	Tower 2	Tower 3	Tower 3	Tower 5	Tower 5	Tower 6	Tower 6
Floor	33	62	12	50	66	28	60	36	23	36
Unit	A	F	C	D	C	G	G	C	B	D
Year Built	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Transaction Date	Oct-09	Oct-09	Nov-09	Oct-09	Oct-09	Oct-09	Oct-09	Oct-09	Oct-09	Sep-09
Transaction Nature	ASP	ASP	ASP	P-ASP	ASP	ASP	ASP	ASP	ASP	ASP
Gross Floor Area	1,363 sq.ft.	668 sq.ft.	1,102 sq.ft.	687 sq.ft.	1,082 sq.ft.	690 sq.ft.	981 sq.ft.	1,085 sq.ft.	886 sq.ft.	797 sq.ft.
Saleable Area	1,045 sq.ft.	513 sq.ft.	849 sq.ft.	528 sq.ft.	831 sq.ft.	530 sq.ft.	750 sq.ft.	833 sq.ft.	680 sq.ft.	601 sq.ft.
Price	\$8,460,000	\$4,100,000	\$6,360,000	\$4,150,000	\$7,200,000	\$4,200,000	\$6,800,000	\$6,900,000	\$5,180,000	\$4,948,000
Unit Price (G)	\$6,207	\$6,138	\$5,771	\$6,041	\$6,654	\$6,087	\$6,932	\$6,359	\$5,847	\$6,208
Unit Price (N)	\$8,096	\$7,992	\$7,500	\$7,860	\$8,664	\$7,925	\$9,067	\$8,283	\$7,618	\$8,233
Remark										

	Adjustment									
Time	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Floor	-0.9%	-9.6%	5.4%	-6.0%	-10.8%	0.6%	-9.0%	-1.8%	2.1%	-1.8%
other	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total	-1%	-10%	5%	-6%	-11%	1%	-9%	-2%	2%	-2%

	Adjusted Unit Price									
Adjusted Unit Price (G)	\$6,151	\$5,549	\$6,083	\$5,678	\$5,936	\$6,123	\$6,308	\$6,245	\$5,969	\$6,097

Adopted Unit Price (G) \$5,800 \$5,900 \$6,000 \$6,300 \$6,000

Market Value of Vision City (Domestic Portion) as at 1 Jan 09		
	GFA (sq ft)	
Tower 1	226,646	\$1,314,543,919
Tower 2	242,256	\$1,429,307,825
Tower 3	233,841	\$1,403,048,520
Tower 5	233,717	\$1,472,416,009
Tower 6	217,743	\$1,306,459,144
	1,154,203	\$6,925,775,416
Say		\$6,926,000,000

## Appendix F

### Direct Comparison for Car Park Spaces After Re-development

## Valuation - CPS (After the redevelopment)

Date of Valuation

Nov-09

	Comparable 1	Comparable 2	Comparable 3
Memo No.			
Development	H Cube	New Haven	Indihome
Address	Yeung UK Road 118	Sha Tsui Road 363	Yeung UK Road 138
Floor	2	G	2
Unit	P213	C11	38
Year Built	2006	2002	2005
Transaction Date	Jan-09	Nov-08	Nov-08
Transaction Nature	P-ASP	ASP	ASP
Price	\$228,000	\$450,000	\$260,000
Remark			

Adjustment			
Time	0%	0%	0%
Location	20.0%	-10.0%	20.0%
Accessibility	0%	0%	0%
Total	20%	-10%	20%
Adjusted Unit Price	\$273,600	\$405,000	\$312,000
Rounded	\$270,000	\$410,000	\$310,000
Adopted Unit Price	<b>\$330,000</b>		
Total Market Value	\$99,330,000		
Say	<b>\$99,300,000</b>		



## Appendix G

### Direct Capitalisation of Income and Discounted Cash Flow Analysis

## Valuation Calculations Summary

CityWalk, Yeung UK Road, Tsuen Wan Hong Kong



## VALUATION DETAILS

Valuation Date	30 November 2009	Cash Flow Model Date	1 January 2009
Interest Valued	100%	Purpose of Valuation	Internal Reference Purpose

## CORE VALUATION ASSUMPTIONS

## Financial Details

Gross Passing Income (Fully Let)	SHK	86,919,266
Outgoings (pa)	SHK	4,353,163
Net Passing Income (Fully Let)	SHK	75,612,562

Passing Income is \$HK 337,695 below current market levels

## Global Assumptions

Agents Leasing Fees (Gross)	2.00%
Vacancy Allowance	8.00%

## Retail

Lease Term	3 years
Letting Up	2 months
Retention Rate	75.0%

## Term &amp; Reversion Capitalisation Approach

Term Rate		Reversion Rate	
Office	3.50%	Office	4.000%
Retail	4.00%	Retail	5.000%
Parking	9.00%	Parking	10.000%
Telecoms	6.50%	Telecoms	7.000%

Adopted Gross Market Income	SHK	87,256,962
Outgoings (pa)	SHK	4,353,163
Adopted Net Market Income	SHK	82,903,799

## Refurb Allowance - Initial Expiries

-

## Refurb Allowance - Secondary Expiries

-

Acquisition Costs 3.85%

Disposal Costs 0.65%

## Retail

Lease Term	3 years
Letting Up	2 months
Retention Rate	75.0%

## Discounted Cash Flow Approach

Cash Flow Term	10 years
Terminal Yield	4.000%
Discount Rate	6.000%
10 Yr Rental Growth (compounded)	Office (Gross Face) #N/A Retail (Gross Face) -

## VALUATION CONCLUSIONS

## Traditional Valuation Approach

Sum of Term value	10%	SHK	173,343,390
Sum of Reversion Value	90%	SHK	1,487,359,333
Term and Reversion Value		SHK	1,660,702,722
Rounded Term & Reversion Value		SHK	\$1,660,000,000

## Discounted Cash Flow Approach

Discounted Terminal Value	70%	1,368,866,748
NPV of Cash Flows	30%	590,464,249
Sum of Discounted Cash Flows		1,959,330,997
Less Acquisition Costs		(72,637,692)
Net Present Value		1,886,693,305
Rounded DCF Value	SHK	1,888,000,000

## ADOPTED VALUE

**\$HK1,887,500,000 - GST Exclusive**

(WORDS)

## RESULTANT YIELDS AND IRR'S ON ADOPTED VALUE

Direct Comparison (Rate per ft <sup>2</sup> of NLA)	SHK11,847	Terminal Reversionary Yield	8.69%
Average Lease Duration	2.64 years	Terminal Capital Value (Rate per ft <sup>2</sup> of NLA)	SHK15,492
Weighted Lease Duration by Area	1.58 years	Rate of Increase in Capital Value	2.72% #
Weighted Lease Duration by Income	3.05 years	IRR (Incl. Capex)	5.99%
		IRR (Excl. Capex)	6.04%

## Appendix H

### Old Residential Developments in the Vicinity

## Valuation - Old Aged Residential Development Value after the Redevelopment

Date of Valuation

1-Jan-09

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Memo No.		8070400110035	09011600580023	08112100920038	08110701380146	08093001120024
Development	No. 1 Yeung UK Road	Cheuk Ming Mansion	Kwong Fat Building	Chen Hsin Mansion	Kwong Yick Building	Chen Hsin Mansion
Address		Tai Ho Road 57-75	Sha Tsui Road 260-276	Sam Pei Square 2-12	Sha Tsui Road 315-323	Sam Pei Square 2-12
Floor		10	6	4	3	8
Unit		57	F	A	5	F
Year Built		1967	1967	1964	1966	1964
Transaction Date		Jun-08	Dec-08	Oct-08	Oct-08	Sep-08
Transaction Nature		ASP	P-ASP	ASP	S-ASP	ASP
Saleable Area		500 sq.ft.	425 sq.ft.	280 sq.ft.	520 sq.ft.	525 sq.ft.
Price		\$1,450,000	\$1,250,000	\$500,000	\$1,350,000	\$1,000,000
Unit Price (N)		\$2,900	\$2,941	\$1,786	\$2,596	\$1,905
Remark						

	Adjustment				
Time	-14%	2%	-6%	-6%	-12%
Location	-10%	-15%	0%	-15%	0%
Building Quality	0%	-20%	-20%	-20%	-20%
Total	-24%	-33%	-26%	-41%	-32%
<b>Adjusted Unit Price</b>					
	<b>\$2,194</b>	<b>\$1,969</b>	<b>\$1,320</b>	<b>\$1,530</b>	<b>\$1,298</b>

Adopted Average	\$1,662
Say	<b>\$1,700</b>
Saleable Area (sq.ft)	330,498
Total Market Value	\$561,846,355
Say	<b>\$562,000,000</b>

## Appendix I

### Old Retail Developments in the Vicinity

## Valuation - Old Aged Retail Development Value after the Redevelopment

Date of Valuation 1-Jan-09

	Comparable 1	Comparable 2	Comparable 3
Memo No.	0809202470019	08082000780023	08032802650016
Development	Kam Shing Building	Heung Shing Building	Mee Wah Building
Address	Heung Wo Street 25-41	Heung Shing Street 6-14	Heung Shing Street 4
Floor	G	G	G
Unit	H1	2	D
Year Built	1973	1973	1971
Transaction Date	Aug-08	Aug-08	Mar-08
Transaction Nature	ASP	P-ASP	ASP
Saleable Area	165 sq.ft.	405 sq.ft.	600 sq.ft.
Price	\$1,200,000	\$4,530,000	\$4,820,000
Unit Price (N)	\$7,273	\$11,185	\$8,033
Remark			

Adjustment			
Time	-16.9%	-16.9%	-19.1%
Location	10.0%	10.0%	10.0%
Total	-7%	-7%	-9%
Adjusted Unit Price			
	\$6,769	\$10,411	\$7,304

Adopted Average	\$8,162
Say	<b>\$8,200</b>
Total Non-dom (sq.ft.)	101,940
Total Market Value	\$835,911,788
<b>Say</b>	<b>\$836,000,000</b>