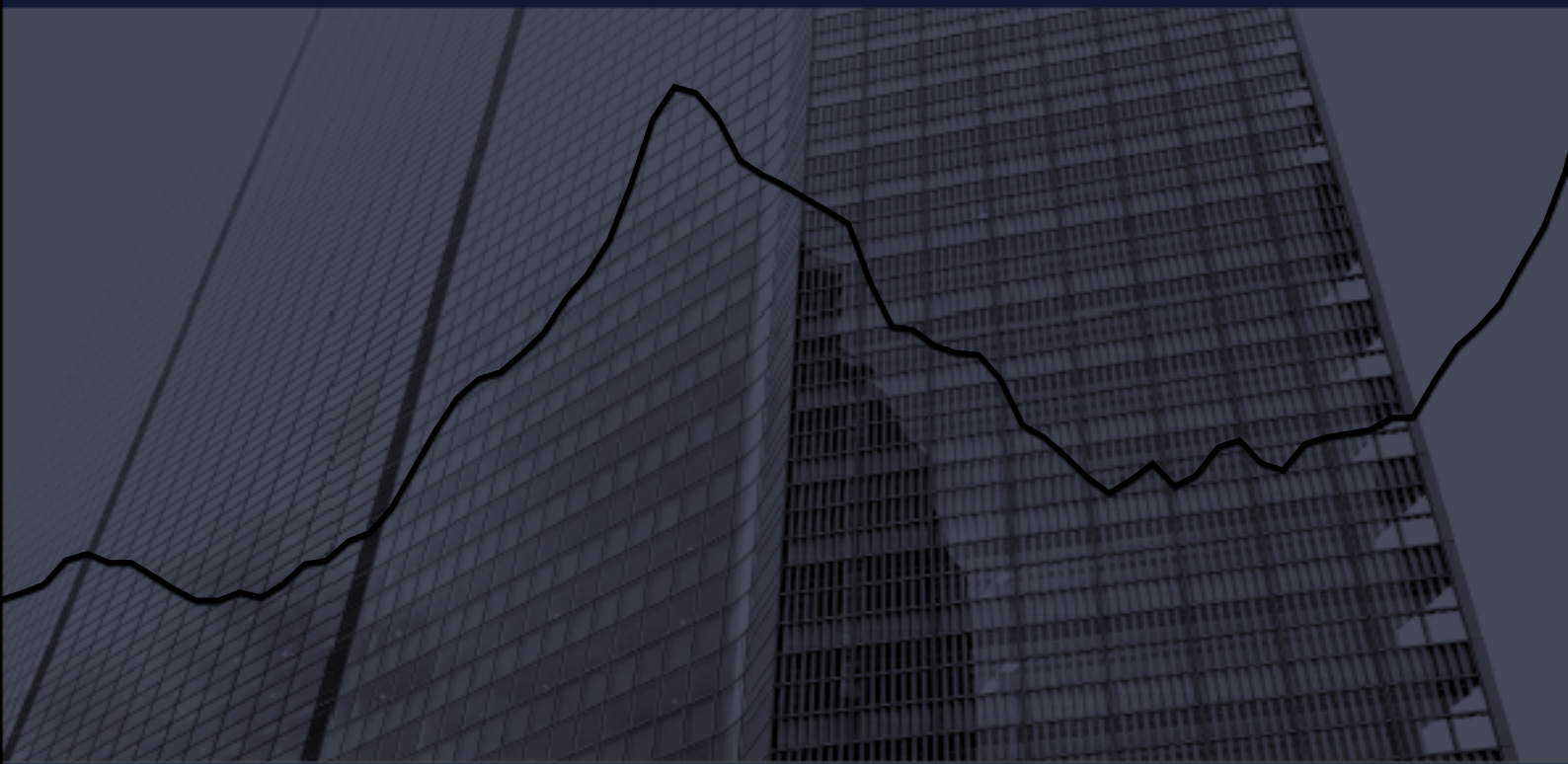


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Quarterly Hong Kong Construction Cost Report
September 2009

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Disclaimer

Quarterly Hong Kong Construction Cost Report is a quarterly publication by Rider Levett Bucknall Limited designed to highlight the tender price trends and key factors affecting the cost of construction in Hong Kong and the region.

While the information in this publication is believed to be correct at the time of publishing, no responsibility is accepted for its accuracy. Persons desiring to utilize any information appearing in the publication should verify its applicability to their specific circumstances. Cost information in this publication is indicative and for general guidance only.

Where information is required on a specific project, it is essential that professional advice is obtained.

COST COMMENTARY

Review of tender price movements in Hong Kong

According to Rider Levett Bucknall's Tender Price Index, which measures tender price movements of builder's works in the private sector in Hong Kong, there was a decline of 1.53% in tender prices in the second quarter of 2009. On a year-on-year basis, the decline was 11.33%.

The following are the second quarter year-on-year tender price movements of builder's works in the private sector in the past five years:

| 2004 - 2005 | 2005 - 2006 | 2006 - 2007 | 2007 - 2008 | 2008 - 2009 |
|-------------|-------------|-------------|-------------|-------------|
| +0.40% | +3.15% | +12.60% | +22.71% | -11.33% |

After a decline of 12.6% between the third quarter of 2008 and the first quarter of 2009, the fall in tender prices has moderated considerably in the second quarter. Although activity in the local construction market remains weak, there are strong signs that there will be significant improvements in the coming months when construction works on many government-funded infrastructure projects and public buildings commence. In recent months, international commodity prices have rebounded and steel material prices have strengthened. After many months of price depression, inflation, albeit mild, is expected to return while the US dollar becomes weaker against other major currencies. It is very likely that tender prices in Hong Kong will reverse their downward trend and show some upward movements by the end of this year.

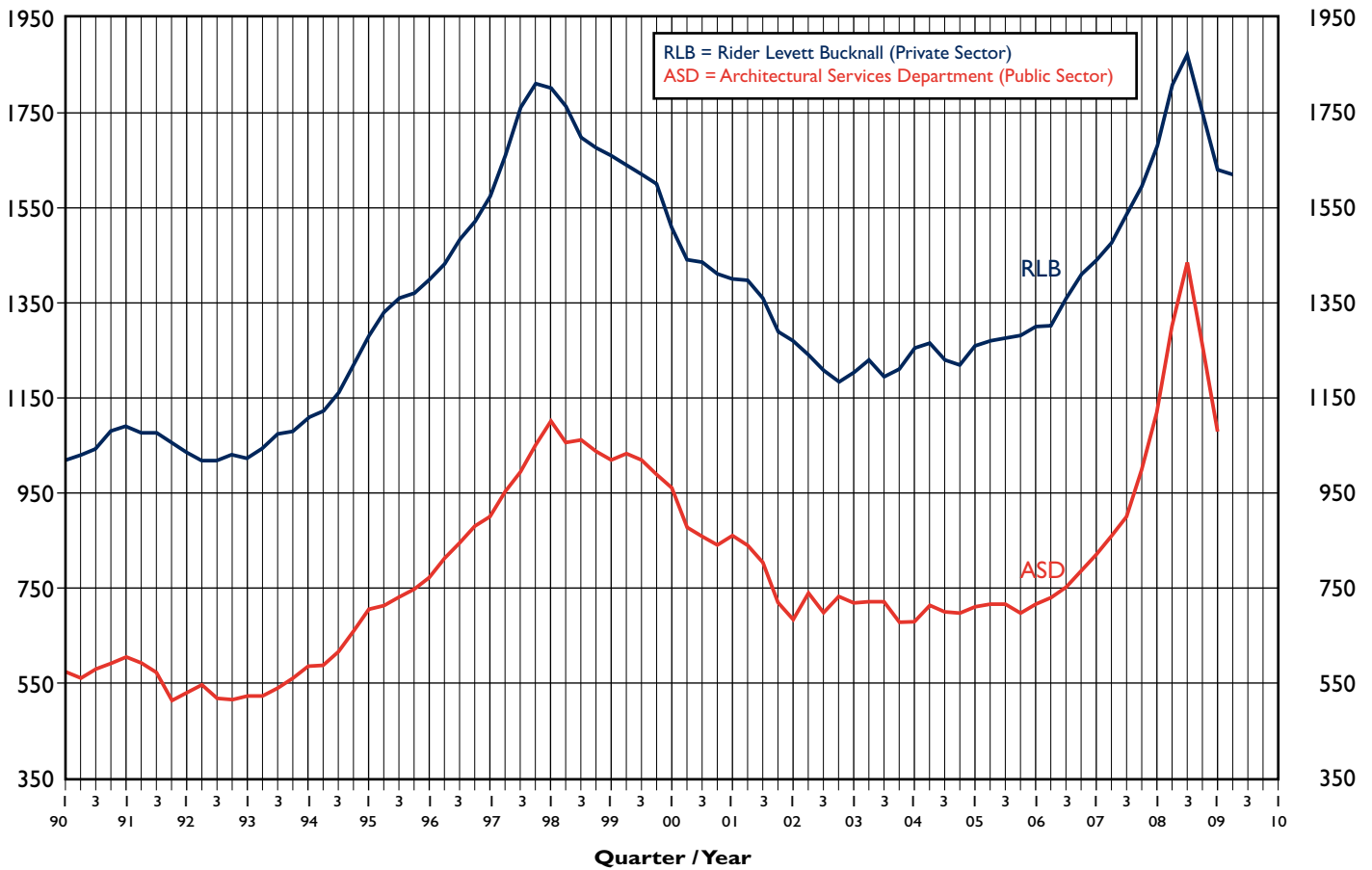
Macau

In the second quarter of 2009, Macau's GDP contracted by 13.7% in real terms on a year on year basis, with construction investment shrinking by 32.7%. Construction activity in Macau is expected to remain very weak and construction costs remain suppressed in the remaining months of this year unless and until construction works on major suspended projects resume.

Mainland China

The year-on-year growth in GDP in China was 7.1% in the second quarter of 2009, which was an improvement over the first quarter. The consumer price index fell by 1.2% year-on-year in August this year (it was 4.8% growth in August 2008) and is expected to remain in negative territory in the coming few months. Total investment in construction projects during the period January to August 2009 has increased by 36.2% year-on-year to 33,984.4 billion yuan while total planned investment in new projects in the same period has increased by 81.7% year-on-year to 9,673.9 billion yuan. With increased construction activities country wide, tender prices are expected to increase mildly in the next few months

Tender Price Indices in Hong Kong



Graph showing cost trends in the construction industry in Hong Kong based on Tender Prices for Builder's Works

Tender Price Indices

| Quarter | RLB | ASD | RLB | ASD | RLB | ASD | RLB | ASD | RLB | ASD | RLB | ASD | RLB | ASD | RLB | ASD | RLB | ASD | RLB | ASD | RLB | ASD | | |
|---------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| | 1968 | 1969 | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 |
| 1 | | 104 | 160 | 100 | 210 | 140 | 238 | 144 | 258 | 160 | 345 | 206 | 275 | 145 | 221 | 150 | 270 | 164 | 320 | 203 | 460 | 262 | | |
| 2 | | 112 | 173 | 106 | 222 | 143 | 236 | 146 | 275 | 167 | 345 | 213 | 258 | 145 | 238 | 153 | 270 | 174 | 350 | 208 | 500 | 285 | | |
| 3 | | 130 | 185 | 124 | 230 | 144 | 238 | 158 | 300 | 190 | 318 | 203 | 243 | 137 | 255 | 153 | 273 | 185 | 380 | 230 | 535 | 304 | | |
| 4 | 100 | 148 | 198 | 131 | 238 | 143 | 245 | 158 | 325 | 199 | 290 | 191 | 228 | 140 | 263 | 149 | 300 | 201 | 420 | 238 | 550 | 329 | | |
| | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | | | | | | | | | | | | |
| 1 | 570 | 347 | 620 | 389 | 630 | 364 | 560 | 298 | 570 | 328 | 560 | 326 | 605 | 376 | 665 | 385 | 785 | 479 | 960 | 542 | 1020 | 574 | 1090 | 608 |
| 2 | 570 | 353 | 620 | 393 | 620 | 370 | 560 | 298 | 570 | 332 | 555 | 335 | 615 | 392 | 690 | 403 | 820 | 510 | 960 | 548 | 1030 | 561 | 1075 | 592 |
| 3 | 600 | 369 | 630 | 375 | 600 | 342 | 540 | 317 | 570 | 323 | 565 | 344 | 630 | 373 | 700 | 411 | 865 | 521 | 985 | 552 | 1045 | 582 | 1075 | 573 |
| 4 | 610 | 381 | 630 | 376 | 580 | 327 | 560 | 326 | 560 | 337 | 585 | 351 | 655 | 380 | 740 | 438 | 925 | 541 | 1000 | 559 | 1080 | 596 | 1055 | 515 |
| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | | | | | | | | | | | | |
| 1 | 1035 | 531 | 1025 | 527 | 1100 | 586 | 1280 | 708 | 1400 | 772 | 1575 | 902 | 1800 | 1103 | 1660 | 1024 | 1510 | 959 | 1400 | 862 | 1270 | 687 | 1205 | 720 |
| 2 | 1020 | 548 | 1045 | 527 | 1125 | 594 | 1330 | 712 | 1430 | 813 | 1660 | 953 | 1765 | 1054 | 1640 | 1031 | 1440 | 873 | 1390 | 842 | 1240 | 742 | 1230 | 723 |
| 3 | 1020 | 519 | 1075 | 541 | 1160 | 615 | 1360 | 733 | 1485 | 848 | 1760 | 996 | 1695 | 1065 | 1620 | 1025 | 1435 | 858 | 1360 | 807 | 1210 | 692 | 1195 | 722 |
| 4 | 1030 | 518 | 1080 | 563 | 1220 | 666 | 1370 | 747 | 1520 | 885 | 1810 | 1051 | 1675 | 1034 | 1600 | 989 | 1410 | 844 | 1290 | 721 | 1185 | 733 | 1210 | 681 |
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | | | | | | | | | | | | |
| 1 | 1255 | 685 | 1260 | 711 | 1300 | 714 | 1440 | 821 | 1680 | 1118 | 1630 | 1074 | | | | | | | | | | | | |
| 2 | 1265 | 712 | 1270 | 716 | 1310 | 730 | 1475 | 859 | 1810 | 1305 | 1605 | | | | | | | | | | | | | |
| 3 | 1230 | 704 | 1275 | 718 | 1360 | 751 | 1535 | 906 | 1865 | 1401 | | | | | | | | | | | | | | |
| 4 | 1220 | 701 | 1280 | 697 | 1410 | 789 | 1595 | 998 | 1750 | 1262 | | | | | | | | | | | | | | |

Common Unit Rates in Hong Kong

| Description | Unit | Average Rates in HK\$ | | | |
|---|------|-----------------------|----------|----------|----------|
| | | 3Q2008 | 4Q2008 | 1Q2009 | 2Q2009 |
| Reinforced concrete Grade 40 | m3 | 1,070.00 | 1,000.00 | 1,000.00 | 980.00 |
| Sawn formwork | m2 | 155.00 | 145.00 | 140.00 | 135.00 |
| Deformed high yield steel bar reinforcement | kg | 13.80 | 9.50 | 8.00 | 7.80 |
| 105 mm Solid concrete block wall | m2 | 175.00 | 165.00 | 155.00 | 150.00 |
| Mastic asphalt roofing overall 20 mm thick (2-coat work) on horizontal surfaces | m2 | 125.00 | 115.00 | 110.00 | 105.00 |
| 20 mm (Finished) Timber strip flooring including plywood sub-floor, sanding and wax polishing | m2 | 530.00 | 500.00 | 480.00 | 470.00 |
| Timber skirting 100 mm high x 13 mm thick | m | 80.00 | 75.00 | 70.00 | 65.00 |
| 50 mm Solid core flush door faced both sides with 5 mm timber veneered plywood including door frame, architrave, mouldings and painting (excluding ironmongery) | No. | 4,800.00 | 4,500.00 | 4,250.00 | 4,200.00 |
| Galvanised mild steel in balustrades, railings and general welded and framed work | kg | 36.00 | 33.00 | 31.00 | 30.00 |
| Structural steelwork - standard sections | kg | 39.00 | 36.00 | 32.00 | 31.00 |
| Fluorocarbon coated aluminium windows - frame and hardware including clear float glass and glazing (single-glazed windows) | m2 | 2,050.00 | 1,900.00 | 1,800.00 | 1,750.00 |
| 20 mm Cement and sand (1:3) paving | m2 | 55.00 | 50.00 | 47.00 | 46.00 |
| Coloured unglazed ceramic mosaic floor tiling | m2 | 205.00 | 190.00 | 180.00 | 175.00 |
| Marble slab flooring (mid-range, European origin) | m2 | 2,650.00 | 2,450.00 | 2,350.00 | 2,300.00 |
| Two coat internal lime cement plaster to soffit and beams | m2 | 82.00 | 77.00 | 72.00 | 71.00 |
| Metal panel suspended ceiling | m2 | 565.00 | 530.00 | 500.00 | 490.00 |
| Ceramic / homogeneous wall tiling; internal work | m2 | 460.00 | 430.00 | 410.00 | 400.00 |
| Ceramic mosaic external wall tiling; adhesive fixed (45 x 45 or 45 x 95 mm tiles) | m2 | 330.00 | 310.00 | 290.00 | 285.00 |
| Alkali resistant primer and two coats of emulsion paint on plastered walls and ceilings | m2 | 42.00 | 39.00 | 37.00 | 36.00 |

Notes:

- The unit rates above are for general guidelines of likely tendered rates obtained by competitive tendering for lump sum fixed price contracts with a normal contract period.
- The rates are also based on normal site conditions, locations and normal working hours.

Approximate Order of Construction Costs in Hong Kong and Selected Cities in China
(Cost per Square Metre Construction Floor Area at 2nd Quarter 2009 Prices)

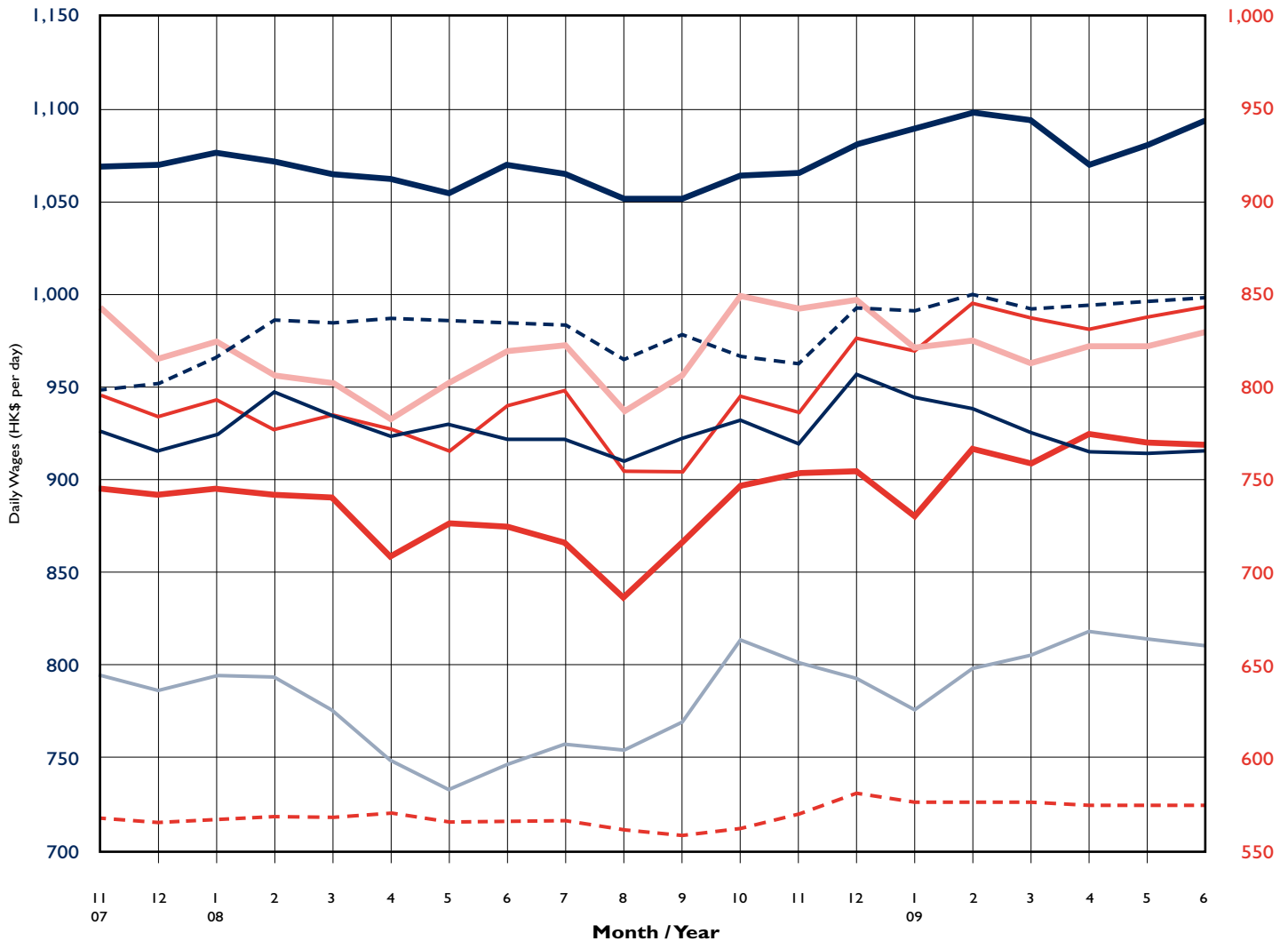
| Type of Building | Hong Kong HK\$ | Macau MOP | Beijing RMB | Chengdu RMB | Guangzhou RMB | Shanghai RMB | Shenzhen RMB | Tianjin RMB | Wuhan RMB | Wuxi RMB | Xian RMB | Zhuhai RMB |
|-----------------------------------|-------------------|-----------------|-----------------|----------------|------------------|-----------------|-----------------|----------------|----------------|-----------------|----------------|----------------|
| Office | | | | | | | | | | | | |
| High Quality | 13,300 - 18,200 | 11,700 - 16,100 | 6,250 - 9,000 | 5,400 - 7,600 | 5,950 - 8,550 | 6,150 - 8,750 | 5,950 - 8,550 | 5,950 - 8,550 | 5,400 - 7,600 | 6,150 - 8,750 | 5,000 - 7,100 | 5,350 - 7,600 |
| Medium Quality | 11,100 - 13,400 | 9,700 - 12,000 | 4,750 - 6,300 | 4,000 - 5,400 | 4,300 - 5,800 | 4,650 - 6,200 | 4,300 - 5,800 | 4,400 - 6,000 | 4,000 - 5,400 | 4,650 - 6,200 | 3,700 - 5,100 | 4,000 - 5,400 |
| Ordinary Quality | 9,600 - 11,900 | 7,800 - 10,200 | 3,450 - 4,500 | 2,950 - 3,800 | 3,200 - 4,100 | 3,400 - 4,300 | 3,200 - 4,100 | 3,300 - 4,250 | 2,950 - 3,800 | 3,400 - 4,300 | 2,750 - 3,600 | 2,900 - 3,800 |
| Shopping Centre | | | | | | | | | | | | |
| High Quality | 18,200 - 21,700 | 16,100 - 20,200 | 7,050 - 10,300 | 5,950 - 8,750 | 6,650 - 9,450 | 6,900 - 10,100 | 6,650 - 9,450 | N/A | N/A | N/A | N/A | N/A |
| Medium Quality | 13,800 - 16,500 | N/A | 5,500 - 6,700 | 4,700 - 5,700 | 5,100 - 6,200 | 5,400 - 6,550 | 5,100 - 6,150 | N/A | N/A | N/A | N/A | N/A |
| Residential | | | | | | | | | | | | |
| High Rise; High Quality | 11,500 - 14,600 | 8,100 - 13,000 | 3,450 - 4,600 | 2,950 - 3,850 | 3,200 - 4,200 | 3,400 - 4,500 | 3,200 - 4,200 | 3,300 - 4,250 | 2,950 - 3,850 | 3,400 - 4,500 | 2,750 - 3,650 | 2,900 - 3,850 |
| High Rise; Better Quality | 9,700 - 11,800 | 6,600 - 8,900 | 2,950 - 3,350 | 2,500 - 2,900 | 2,650 - 3,150 | 2,900 - 3,350 | 2,650 - 3,150 | 2,800 - 3,250 | 2,500 - 2,900 | 2,900 - 3,350 | 2,400 - 2,750 | 2,500 - 2,900 |
| High Rise; Ordinary Quality | 8,900 - 10,000 | 5,700 - 7,000 | 1,800 - 2,450 | 1,550 - 2,150 | 1,700 - 2,300 | 1,750 - 2,400 | 1,700 - 2,300 | 1,700 - 2,400 | 1,550 - 2,150 | 1,750 - 2,400 | 1,450 - 2,050 | 1,500 - 2,150 |
| House; High Quality | 19,700 - 24,300 | N/A | 4,000 - 5,250 | 3,350 - 4,400 | 3,650 - 4,800 | 3,950 - 5,150 | 3,650 - 4,800 | 3,750 - 4,950 | 3,350 - 4,400 | 3,950 - 5,150 | 3,150 - 4,100 | 3,350 - 4,400 |
| House; Medium Quality | 13,900 - 17,900 | N/A | 2,550 - 3,200 | 2,250 - 2,750 | 2,400 - 2,950 | 2,500 - 3,150 | 2,400 - 2,950 | 2,500 - 3,050 | 2,250 - 2,750 | 2,500 - 3,150 | 2,100 - 2,500 | 2,200 - 2,750 |
| Hotel (including FF&E) | | | | | | | | | | | | |
| 5-Star | 20,700 - 25,100 | 18,600 - 22,700 | 10,600 - 13,000 | 8,900 - 11,100 | 9,900 - 12,200 | 10,400 - 12,900 | 9,900 - 12,200 | 9,900 - 12,400 | 8,900 - 11,100 | 10,400 - 12,800 | 8,300 - 10,400 | 8,800 - 11,100 |
| 3-Star | 16,700 - 19,200 | 15,000 - 17,800 | 7,600 - 9,350 | 6,600 - 8,000 | 7,300 - 8,650 | 7,600 - 9,150 | 7,300 - 8,650 | 7,350 - 8,950 | 6,600 - 8,000 | 7,500 - 9,150 | 6,000 - 7,450 | 6,450 - 8,000 |
| Industrial | | | | | | | | | | | | |
| Landlord; High Rise | 6,000 - 6,900 | N/A | 2,100 - 2,800 | 1,800 - 2,400 | 1,950 - 2,550 | 2,050 - 2,750 | 1,950 - 2,550 | 2,000 - 2,600 | 1,800 - 2,400 | 2,050 - 2,750 | 1,650 - 2,250 | 1,750 - 2,400 |
| End User; Low Rise | 7,700 - 11,800 | N/A | 3,250 - 5,400 | 2,800 - 4,600 | 3,000 - 5,250 | 3,200 - 5,300 | 3,000 - 5,250 | 3,100 - 5,200 | 2,800 - 4,600 | 3,200 - 5,300 | 2,550 - 4,250 | 2,750 - 4,600 |
| Carpark | | | | | | | | | | | | |
| Basement; up to 2 Levels | 9,000 - 12,900 | 5,700 - 7,600 | 2,950 - 5,150 | 2,500 - 4,250 | 2,950 - 5,100 | 3,200 - 5,300 | 2,950 - 5,100 | 2,800 - 4,850 | 2,500 - 4,250 | 2,900 - 5,000 | 2,400 - 4,050 | 2,500 - 4,250 |
| Multi-Storey | 5,200 - 6,200 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

NOTES

- The construction costs above are based on prices obtained by competitive tendering for lump sum fixed price contracts with a normal contract period and are based on normal site conditions and locations.
- The costs are average square metre unit costs only not based on any specific drawings / design. Therefore they provide nothing more than a rough guide to the probable cost of a building. Figures outside the given ranges may be encountered. When information is required on a specific project, it is essential that professional advice be sought.
- The standards for each type of building in selected cities in China do not necessarily follow those in Hong Kong due to local design practices and choice of materials.
- The costs exclude furniture, fittings and equipment (except hotel / serviced apartment), site formation and external works, finance and legal expenses, consultants' fees and reimbursables, value of land and fluctuations in prices between the price date as specified above and the time of calling tenders.
- Construction floor areas are measured to the outside face of external walls (or in the absence of such walls, the external perimeter) of the building and include all lift shafts, stairwells and E&M rooms but exclude lightwells and atrium voids. These areas are usually larger than Architect's calculation of Gross Floor Area (Plot Ratio Area).
- Other Specific Exclusions:
HOTEL: pre-opening expenses, operating expenses, working capital, staff training and administrative costs
SHOPPING CENTRE: fit out to tenant areas
INDUSTRIAL; LANDLORD: security system, air conditioning, electrical distribution in tenant areas; production and warehousing equipment; special M&E provisions
PROJECTS IN SELECTED CITIES IN CHINA: utilities to the site beyond site boundary, connection charges and capital contribution; local authority levies and taxation; import duties

Labour Cost Trends

Average Daily Wages of Workers Engaged in Public Sector Construction Projects



Labour Cost Trends

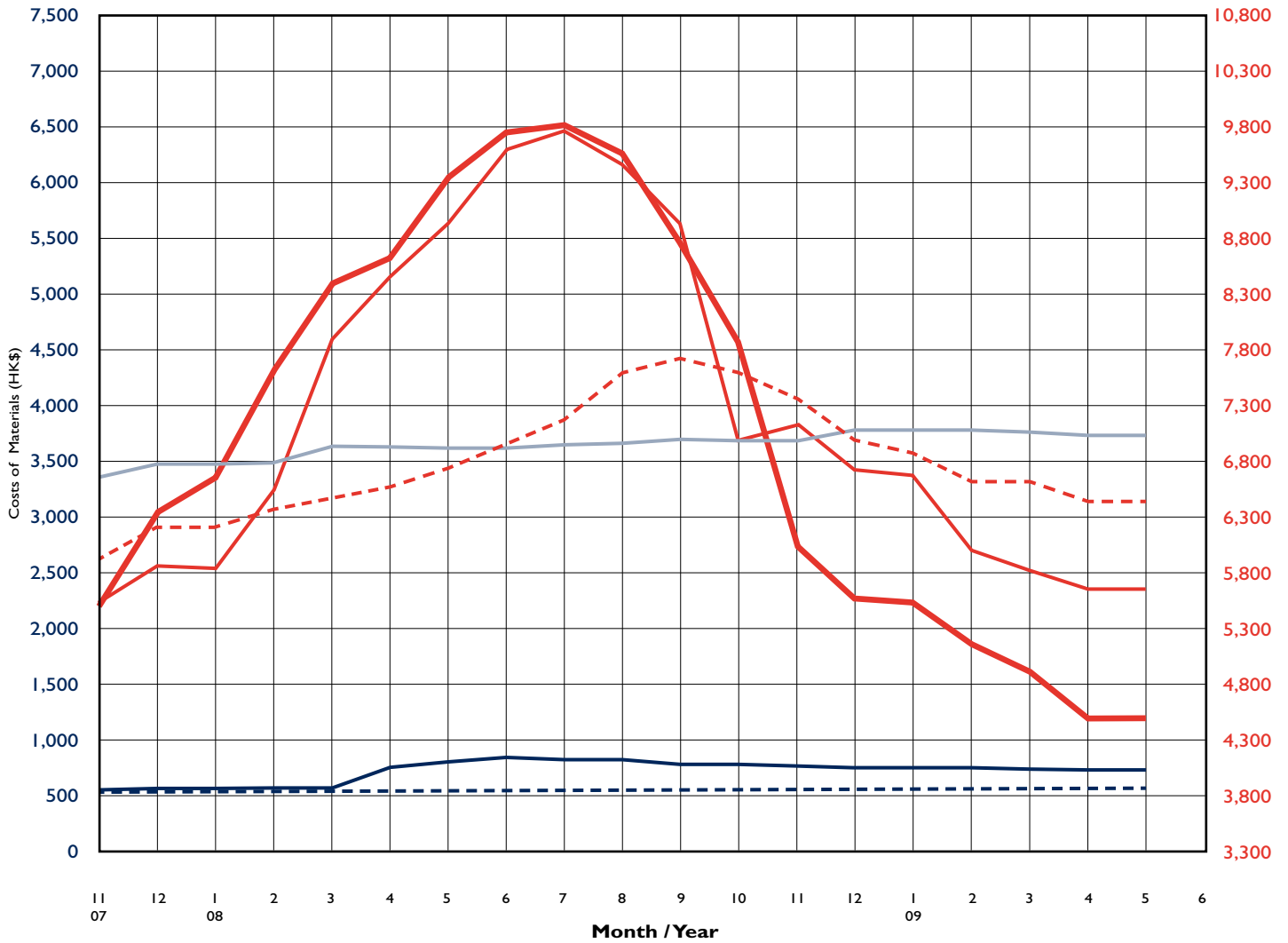
Average Daily Wages in HK\$ per day

| Selected Occupations | 2007 | | 2008 | | | | | | | | | | | | 2009 | | | | | |
|-----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 11 | 12 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 1 | 2 | 3 | 4 | 5 | 6 |
| Bar Bender and Fixer | 1,070.7 | 1,071.4 | 1,077.4 | 1,072.6 | 1,067.4 | 1,061.0 | 1,055.6 | 1,070.6 | 1,067.9 | 1,051.3 | 1,052.5 | 1,064.9 | 1,065.4 | 1,081.0 | 1,090.4 | 1,098.3 | 1,094.2 | 1,070.2 | 1,081.6 | 1,094.7 |
| Concretor | 927.9 | 915.3 | 924.3 | 948.4 | 932.8 | 923.6 | 931.3 | 922.6 | 923.5 | 908.6 | 923.4 | 933.4 | 919.3 | 957.4 | 944.2 | 938.2 | 925.3 | 915.2 | 914.5 | 916.9 |
| Carpenter (formwork) | 948.3 | 951.4 | 967.9 | 987.9 | 986.9 | 988.4 | 984.9 | 986.7 | 983.4 | 966.2 | 978.2 | 966.4 | 963.0 | 994.1 | 992.2 | 1,001.8 | 990.9 | 993.1 | 997.3 | 998.2 |
| Painter and Decorator | 745.6 | 742.1 | 747.0 | 741.1 | 740.6 | 710.2 | 727.9 | 725.4 | 717.0 | 684.4 | 716.4 | 747.4 | 751.8 | 752.3 | 730.4 | 766.2 | 760.6 | 774.1 | 770.6 | 769.1 |
| Plasterer | 842.2 | 816.8 | 823.5 | 806.2 | 802.8 | 783.0 | 802.1 | 820.0 | 823.7 | 787.3 | 807.7 | 849.9 | 843.9 | 846.6 | 822.5 | 825.9 | 816.6 | 822.2 | 823.1 | 831.8 |
| Metal Worker | 795.2 | 786.2 | 794.7 | 792.7 | 775.2 | 749.7 | 733.0 | 746.6 | 757.4 | 752.9 | 769.6 | 813.1 | 802.8 | 792.5 | 776.7 | 797.6 | 807.7 | 818.1 | 813.2 | 810.5 |
| Plumber | 795.8 | 782.4 | 792.1 | 778.6 | 784.9 | 779.1 | 767.1 | 790.4 | 797.9 | 756.3 | 755.3 | 795.3 | 786.0 | 826.1 | 819.8 | 845.3 | 838.0 | 831.9 | 838.7 | 844.6 |
| General Workers | 567.7 | 565.5 | 566.1 | 568.6 | 568.1 | 570.8 | 562.3 | 565.2 | 566.8 | 561.9 | 558.9 | 564.5 | 570.9 | 581.7 | 576.8 | 576.9 | 576.7 | 570.1 | 570.4 | 570.3 |

(Source: Census and Statistics Department, HKSAR Government)

Material Cost Trends

Average Wholesale Prices of Selected Building Materials



Material Cost Trends

Average Wholesale Prices of Selected Building Materials

| Building Materials | 2007 | | 2008 | | | | | | | | | | | | 2009 | | | | | |
|--------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|---|
| | 11 | 12 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 1 | 2 | 3 | 4 | 5 | 6 |
| Sand (\$/10 t) | 560.00 | 570.00 | 570.00 | 580.00 | 580.00 | 760.00 | 800.00 | 830.00 | 810.00 | 810.00 | 790.00 | 790.00 | 770.00 | 750.00 | 750.00 | 740.00 | 740.00 | 730.00 | 730.00 | |
| Bitumen (\$/t) | 5,900.00 | 6,180.00 | 6,180.00 | 6,353.00 | 6,467.00 | 6,560.00 | 6,720.00 | 6,940.00 | 7,187.00 | 7,600.00 | 7,720.00 | 7,600.00 | 7,360.00 | 7,020.00 | 6,880.00 | 6,620.00 | 6,620.00 | 6,440.00 | 6,440.00 | |
| Portland Cement (\$/t) | 530.00 | 530.00 | 517.00 | 518.00 | 524.00 | 532.00 | 536.00 | 538.00 | 563.00 | 563.00 | 563.00 | 563.00 | 564.00 | 569.00 | 579.00 | 578.00 | 580.00 | 580.00 | 580.00 | |
| Sawn Hardwood 50x75 (\$/m3) | 3,358.00 | 3,475.00 | 3,475.00 | 3,481.00 | 3,607.00 | 3,622.00 | 3,628.00 | 3,628.00 | 3,643.00 | 3,674.00 | 3,709.00 | 3,697.00 | 3,697.00 | 3,792.00 | 3,786.00 | 3,786.00 | 3,762.00 | 3,734.00 | 3,734.00 | |
| Mild Steel Round Bars (\$/t) | 5,500.00 | 5,847.00 | 5,809.00 | 6,538.00 | 7,896.00 | 8,457.00 | 8,910.00 | 9,602.00 | 9,758.00 | 9,471.00 | 8,931.00 | 6,999.00 | 7,124.00 | 6,722.00 | 6,688.00 | 6,005.00 | 5,819.00 | 5,652.00 | 5,652.00 | |
| High Tensile Steel Bars (\$/t) | 5,492.00 | 6,346.00 | 6,656.00 | 7,634.00 | 8,406.00 | 8,629.00 | 9,347.00 | 9,742.00 | 9,823.00 | 9,559.00 | 8,763.00 | 7,881.00 | 6,128.00 | 5,588.00 | 5,536.00 | 5,194.00 | 4,911.00 | 4,483.00 | 4,494.00 | |

(Source: Census and Statistics Department, HKSAR Government)

FEATURE

Cost Model for Guestroom Renovation

The cost model developed by us for the renovation of 3-star to 5-star hotel guestrooms indicates a range of HK\$260,000 to HK\$500,000 per room. The variance in unit costs is mainly due to sophistication of design, content of provisions / facilities and origin of finishes and furniture. In some exceptional cases such as guestrooms in high-end or boutique hotels, unit costs well above the upper range may be encountered.

Assumptions and Exclusions

The following assumptions have been made in the compilation of the cost model:

1. The cost model is based on a hotel guestroom with net fit-out floor area of about 40m².
2. The cost model is based on rectangular guestroom layout.
3. There is no alteration to existing configuration.
4. Locations of bathroom and sanitary fixtures remain unchanged.
5. All existing finishes, furniture, light fittings and fixtures are to be replaced.
6. There is no modification of existing building services except for re-wiring to suit new interior setting.
7. Neither structural alteration nor repair is required.
8. The renovation will be carried out in phases and the remaining areas outside the construction phase will maintain operation.

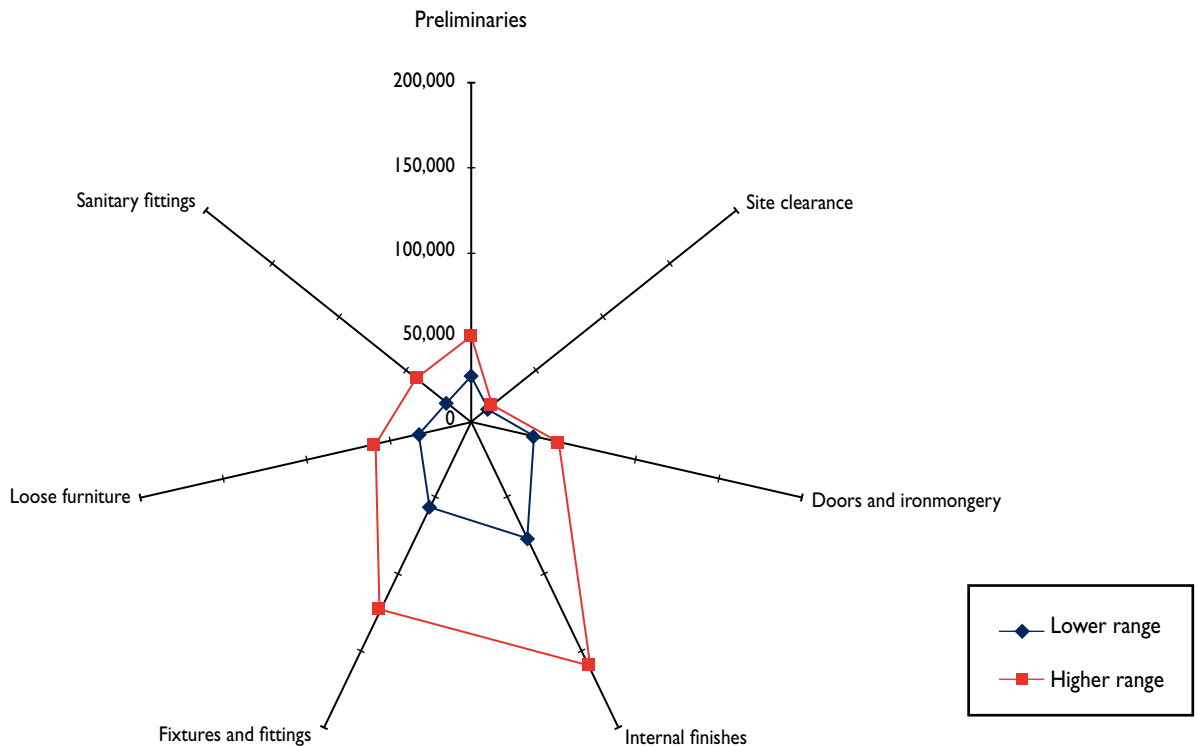
The following items are excluded from the cost model:

1. Areas other than guestroom (e.g. public corridors at guestroom floors)
2. Loss of revenue during construction period.
3. Works to existing windows and external walls.
4. Artworks.
5. IT&T and associated equipment.
6. Operating equipment (e.g. bathroom scales, crockery and cutlery, etc.)
7. Expendables (e.g. bath gel, shampoo, slippers, etc.)
8. Design and other professional fees.
9. Legal and financial cost.

Approximate order of renovation costs

| Element of Work | Cost Range per room (HK\$) |
|--------------------------------------|----------------------------|
| 1 Preliminaries | 27,500 - 50,000 |
| 2 Site clearance | 12,000 - 16,000 |
| 3 Doors and ironmongery | 37,500 - 53,000 |
| 4 Internal finishes | 76,000 - 160,000 |
| 5 Fixtures and fittings | 56,000 - 123,000 |
| 6 Loose furniture, TV and furnishing | 32,500 - 58,000 |
| 7 Sanitary fittings | 18,500 - 40,000 |
| TOTAL | 260,000 - 500,000 |

COST RANGE (HK\$)



The variances of the unit costs are due to:

| | Lower range | Upper range |
|-----------------------|---|---|
| Floor Finishes | Carpet (PC \$150/m ² supply); Granite tile (PC \$600/m ² supply) | Carpet (PC \$220/m ² supply); Granite tile (PC \$900/m ² supply) |
| Ceiling Finishes | w/o feature / coffer ceiling | With feature /coffer ceiling |
| Wall Finishes | Wall paper (\$100/m ² supply); | Wall paper (\$120/m ² supply); With featured wall panels |
| Fixtures and fittings | Function-oriented; w/o make-up counter; w/o shower cubicle; Vanity counter for one basin | Performance-oriented; With make-up counter; With shower cubicle; Vanity counter for twin basins |
| Loose fittings | w/o TV in bathroom; Box-spring; Ordinary furniture; Ordinary curtain and sheer | With TV in bathroom; Custom-made bed frame; Designer products may be used; With louver / sliding panels in addition to blind |
| Sanitary fittings | Ordinary quality; Single basin; w/o ceiling rain shower head / massage shower column; | High quality; Twin basins; With ceiling rain shower head / massage shower column; |

Remarks

The cost model should be regarded as guidelines to indicate the likely range of renovation costs for early stage cost planning. Actual costs will depend, among others, on the final design, the eventual selection of materials and the percentage of existing elements retained.

Note: The above costs are based on 2nd Quarter 2009 price level.

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