

A. C. Hill F.R.I.C.S., A.A.I.V., Dip. T.P., F.H.K.I.S.
 N. C. Raymond F.S.V.A., A.R.V.A.
 P. Harris A.L.A.A.
 C. Y. Leung B.Sc., A.R.I.C.S., A.S.V.A., A.H.K.I.S.
 M.T. Manony A.A.I.V., A.H.K.I.S.
 D. M. Royce B.Sc., A.R.I.C.S.
 J. B. Stewardson A.R.I.C.S.
 S. H. Ng A.R.I.C.S., F.S.V.A., A.H.K.I.S.
 P. H. T. Lee
 D. J. M. Holdsworth A.R.I.C.S., A.H.K.I.S.
 G. A. Kipling A.R.I.C.S., A.H.K.I.S.
 A.T.W. Lam A.R.I.C.S., A.C.I.A.R., A.H.K.I.S.
 P. H. Cox A.D.B.
 G. R. Courts M.A., A.R.I.C.S.
 F. Choi A.R.I.C.S., A.H.K.I.S.
 B. Yeung
 E. Lee B.Sc., A.R.I.C.S., A.H.K.I.S.
 P. E. Scales B.Sc. Surv. Dip. Env. Econ.

Associates:

E.K.K. Lee B.Sc.
 D. K. Pirakis, M.A.
 M. S. F. Chan M.B.A.
 J. O. Ferguson A.R.I.C.S.
 B. Lam M.B.A.
 W. K. H. Nei
 P.M. Small
 P. Lam B.Sc. M.Sc. FGS

Partnership Secretary:

A. W. K. So B.Com., A.H.K.S.A., A.A.S.A.

JLW Research:

P. Churchouse B.A. M.Soc. Sc.

24th & 25th Floors,
 One Exchange Square,
 Central,
 Hong Kong.

Tel: 5-217171
 Telex: HX 74247
 Fax: 5-291714



Jones Lang Wootton

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Your Ref.

13th January, 1987

Chairman - Pay Level Survey Advisory Committee
 Standing Commission on Civil Service Salaries
 and Condition of Service
 Room 1801, 18th Floor
 Admiralty Centre, Tower I
 HONG KONG

Attention: Mr. Gordon MacWhinnie, C.B.E., J.P.

Dear Sirs,

RE: HK GOVERNMENT PAY LEVEL SURVEY - GOVERNMENT HOUSING

Further to our letter dated 2nd January, 1987 we write to advise you that we have now received the comments from Rating and Valuation Department (R&V).

We note these comments, but cannot really comment on them specifically as we are not aware of the comparable evidence which they have used. In any event, many of the entirely owned Government developments are unique with no direct comparable evidence available. In these situations, the method of arriving at value by adjusting comparable lettings becomes quite subjective. We do not know the basis on which R&V have arrived at value, although it does seem obvious that our figures have been heavily discounted by R&V to reflect, especially in the older and larger flats, older style layout, high ceilings, large balconies etc.

In our experience, it is precisely these aforementioned features that many people in the upper end of the luxury housing market are looking for and for which a premium would be paid.

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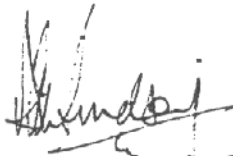
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Where direct comparable evidence was unavailable, we have relied on our considerable experience in the leasing market to arrive at our opinion of value.

We would be quite happy to get together with R&V to go over their methodology, comparables adjustments and eventually the figures. However, we have found in our experience that getting involved in these types of discussion can be very time consuming and financially costly.

Without seeing further evidence from R&V, we see no reason to alter our figures.

Yours faithfully,
JONES LANG WOOTTON



David M. C. Lindsay

c.c. Mr. Peter Duke, Hay Management Limited