

## Premium Assessment

The premium assessment is based on the prevailing market value of the flat which is not subject to any alienation restrictions, and will be calculated at a proportion being the difference between the purchase price of the flat and its initial market value as set out in the first Deed of Assignment of the flat. In other words, the amount of the premium is equivalent to the prevailing value of the discount offered at the time of purchase.

Calculations of the premium are illustrated in the example below:

The following figures are set out in the first Deed of Assignment of the flat:

Initial market value:	\$5,000,000
Purchase price:	\$3,500,000 (original discount of the purchase price at 30% of initial market value)

As the original discount of the purchase price represents 30% of initial market value, the amount of premium payable by the purchaser is 30% of the prevailing market value. Assuming that the prevailing market value of the flat is \$6,000,000 when the premium is assessed:

Assumed prevailing market value:	\$6,000,000
Premium payable:	\$1,800,000 (30% of prevailing market value)

Purchasers should note that the figures and discount rates cited in the above example are for illustration purpose only. The initial market value used to calculate the discount at the time of purchase is the market value prevailing at the date of the Preliminary Agreement for Sale and Purchase ("PASP"). Once determined, the purchase price of each flat under this sales scheme will remain unchanged during offer period. There is usually a gap of several months between determination of purchase price and execution of the PASP. During such time the market value of a flat may be adjusted in accordance with the market conditions. As a result, the discount offered at the time of purchase may be different from that offered when the purchase price was set. The amount of premium payable is calculated based on the actual discount enjoyed by the purchaser at the time of signing the PASP.

Note: The assessment of premium as illustrated in the above example is based on the relevant provisions contained in the Land Grant. The Hong Kong Housing Society ("HS") does not have any right or power to vary such provisions. Further, HS will not buy back the flats of Eminence Terrace I sold under this sales scheme.