

**APPENDIX III**

**PROPERTY VALUATION REPORT**

*The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this document received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 October 2015 of the property interests held by the Group.*



仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited  
6/F Three Pacific Place 1 Queen's Road East Hong Kong  
tel +852 2846 5000 fax +852 2169 6001  
Licence No: C-030171

**[REDACTED]**

The Board of Directors  
**Ching Lee Holdings Limited**  
Room 203, 2/F,  
Hang Bong Commercial Centre,  
No. 28 Shanghai Street,  
Jordan, Kowloon,  
Hong Kong

Dear Sirs,

In accordance with your instructions to value the property interests held by Ching Lee Holdings Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") in Hong Kong, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 31 October 2015 (the "valuation date").

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

We have valued the property interests in Group I which are held and occupied by the Group and property interests in Group II which are to be disposed by the Group by direct comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

We have also attributed no commercial value to the property interests in Group III, which has not been assigned to the Group as at the valuation date, thus the title of the property is not vested in the Group.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoing of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 8 of the Rules Governing the Listing of Securities on the Growth Enterprise Market issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Professional Standards published by the Royal

**APPENDIX III**

**PROPERTY VALUATION REPORT**

Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and other relevant matters.

In valuing the property interest of the Group in Hong Kong held under the Government Leases expiring before 30th June, 1997, we have taken into account the stipulations contained in Annex III of the Joint Declaration of the Government of the United Kingdom and the Government of the People's Republic of China on the question of Hong Kong and the New Territories Leases (Extension) Ordinance 1988 that such leases have been extended without premium until 30th June 2047 and that a rent of three per cent of the then ratable value is charged per annum from the date of extension.

We have caused searches to be made at the Hong Kong Land Registry. However, we have not searched the original documents to verify the ownership or to ascertain any amendment.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken. We have inspected the exterior and where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but, in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The site inspection was carried out on 25 November 2015 by Mr. Isaac Yip and Ms. Tracy Yuen. Mr. Isaac Yip has 10 years' experience in the valuation of properties in Hong Kong.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Hong Kong Dollar (HKD).

Our valuation is summarised below and the valuation certificates are attached.

Yours faithfully, for and on behalf of  
**Jones Lang LaSalle Corporate Appraisal and Advisory Limited**  
**Eddie T. W. Yiu**  
*MRICS MHKIS RPS (GP)*  
*Director*

*Note:* Eddie T.W. Yiu is a Chartered Surveyor who has 21 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

**APPENDIX III**

**PROPERTY VALUATION REPORT**

**SUMMARY OF VALUES**

**Group I — Property interests held and occupied by the Group in Hong Kong**

<b>No.</b>	<b>Property</b>	<b>Market value in existing state as at 31 October 2015 HKD</b>
1.	Shops 2, 4 and 5 on 2nd Floor, Hang Bong Commercial Centre, No. 28 Shanghai Street, Kowloon	15,570,000
	<b>Sub-total:</b>	<u>15,570,000</u>

**Group II — Property interests to be disposed by the Group in Hong Kong**

<b>No.</b>	<b>Property</b>	<b>Market value in existing state as at 31 October 2015 HKD</b>
2.	Flat B on 27th Floor of Tower 7, Island Harbourview, No. 11 Hoi Fai Road, Kowloon	17,600,000
	<b>Sub-total:</b>	<u>17,600,000</u>

**Group III — Property interests to be acquired by the Group in Hong Kong**

<b>No.</b>	<b>Property</b>	<b>Market value in existing state as at 31 October 2015 HKD</b>
3.	Shops 3, 11 and 12 on 2nd Floor, Hang Bong Commercial Centre, No. 28 Shanghai Street, Kowloon	No commercial value
4.	Workshop 6 on 8th Floor, Ho Lik Centre, No. 66A Sha Tsui Road, New Territories	No commercial value
	<b>Sub-total:</b>	<u>Nil</u>
	<b>Grand-total:</b>	<u>33,170,000</u>

**APPENDIX III**

**PROPERTY VALUATION REPORT**

**VALUATION CERTIFICATE**

**Group I — Property interests held and occupied by the Group in Hong Kong**

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015 HKD
1.	Shops 2, 4 and 5 on 2nd Floor, Hang Bong Commercial Centre, No. 28 Shanghai Street, Kowloon  727/43880 parts or shares of and in Kowloon Inland Lot Nos. 8173, 8187, 8519, 7154, 9910 and 7156	The property comprises 3 units on the 2nd floor of a 22-storey commercial/office building completed in 1994.  The units have a total gross area of approximately 137.03 sq.m. (or 1,475 sq.ft.) or a total saleable area of approximately 100.61 sq.m. (or 1,083 sq.ft.)  The property is held under various leases subject to a payment of an annual Government Rent for the lots of HKD584. (See Notes No. 2 for details)	The property is currently occupied by the Group for office purpose.	15,570,000

*Notes:*

- The property is situated on the east side of Shanghai Street close to the junction with Bowring Street. The general area is characterized by middle to high-rise composite buildings, commercial buildings and tenement buildings of various ages.
- The property is held under various leases as follows:

Lot No.	Lease	Lease term	Commencement of lease term
KIL 8173	Government Lease	150 years	24 June 1887
KIL 8187	Conditions of Re-Grant No. UB7031	150 years	25 December 1887
KIL 8519	Conditions of Re-Grant No. UB7912	150 years	25 December 1887
KIL 7154	Conditions of Re-Grant No. UB6969	150 years	25 December 1887
KIL 9910	Conditions of Sale No. UB10085	75 years	25 December 1962
KIL 7156	Conditions of Re-Grant No. UB5892	150 years	25 December 1887

- According to the Approved Tsim Sha Tsui Outline Zoning Plan No. S/K1/28 dated 13 December 2013, the site of the property is zoned as Residential (Group A).

## APPENDIX III

## PROPERTY VALUATION REPORT

4. The registered owners of the property are the wholly-owned subsidiaries of the Company as follows:

Property	Registered owner	Memorial No.	Date of instrument	Consideration
Shop 2	Right Lucky Limited	14082002580032	31 July 2014	HKD4,980,000
Shop 4	Ching Lee Construction Limited	10031902940120	4 March 2010	HKD2,000,000
Shop 5	Right Lucky Limited	14121202610025	28 November 2014	HKD4,430,000

5. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:

- a. Occupation Permit No. K40/94 vide Memorial No. UB6126540 dated 23 September 1994.
- b. Certificate of Compliance vide Memorial No. UB6194549 dated 23 December 1994.
- c. Deed of Mutual Covenant and Management Agreement vide Memorial No. UB6205644 dated 3 January 1995.
- d. Mortgage to secure all moneys in respect of general banking facilities in favour of the Hongkong and Shanghai Banking Corporation Limited vide Memorial No. 12081302270294 (Re.: Shop 4) dated 30 July 2012.
- e. Rent Assignment in favour of the Hongkong and Shanghai Banking Corporation Limited vide Memorial No. 12081302270309 (Re.: Shop 4) dated 30 July 2012.
- f. Mortgage for all monies in favour of Dah Sing Bank, Limited vide Memorial No. 14082002580045 dated 31 July 2014 (Re.: Shop 2).
- g. Second Mortgage for all monies in favour of Dah Sing Bank, Limited vide Memorial No. 14082002580056 dated 31 July 2014 (Re.: Shop 2).
- h. Mortgage for all monies in favour of Dah Sing Bank, Limited vide Memorial No. 14121202610035 dated 28 November 2014 (Re.: Shop 5).
- i. Rental Assignment in favour of Dah Sing Bank, Limited vide Memorial Nos. 14121202610046 and 14121202610062 dated 28 November 2014 (Re.: Shop 5).
- j. Second Mortgage for all monies in favour of Dah Sing Bank, Limited vide Memorial No. 14121202610056 dated 28 November 2014. (Re.: Shop 5)

6. Upon inspection, we noted that the Shops 2, 3, 4 and 5 had been repartitioned as a combined unit and a portion of common corridor (please refer to Note 7) was occupied by the Group, and Shops 11 and 12 had been repartitioned as a combined unit. In our valuation, we have assumed that the property is in its original layout and free from alteration and addition works and unauthorized structure.

7. In accordance with the Deed of Mutual Covenant, the right to the exclusive use of the occupied portion of common corridor, as mentioned in Note 6, shall be reserved to the owner who owns all the units of Units 2, 3 and 4 on 2nd floor and that occupied portion shall cease to be building common area.

8. Our valuation has been made on the following basis and analysis:

- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. The unit price of these comparables range from HKD13,600/sq.ft. to HKD17,900/sq.ft. on saleable area. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HKD14,377/sq.ft. on saleable area for the subject property; and
- b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

**APPENDIX III**

**PROPERTY VALUATION REPORT**

**VALUATION CERTIFICATE**

**Group II — Property interests to be disposed by the Group in Hong Kong**

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015 HKD
2.	Flat B on 27th Floor of Tower 7, Island Harbourview, No. 11 Hoi Fai Road, Kowloon  1106/3980030 parts or shares of and in Kowloon Inland Lot No. 11074	The property comprises a unit on the 27th floor of a 37-storey residential building completed in 2000.  The unit has a gross area of approximately 111.95 sq.m. (or 1,205 sq.ft.) or a saleable area of approximately 85.10 sq.m. (or 916 sq.ft.)  The property is held under Conditions of Grant No. 12375 for a term commencing from 31 January 1996 and expiring on 30 June 2047 subject to a payment of an annual Government Rent of 3% of the rateable value for the time being of the lot.	The property is currently occupied by the Group for residential purpose.	17,600,000

*Notes:*

1. The property is situated on the east side of Hoi Fai Road at the junction with Cherry Street. The general area is characterized by private residential estates.
2. The registered owner of the property is Ching Lee Engineering Limited, a wholly-owned subsidiary of the Company, vide Memorial No. UB8653688 dated 15 March 2002.
3. According to the Approved South West Kowloon Outline Zoning Plan No. S/K20/30 dated 3 October 2014, the site of the property is zoned as Residential (Group A).
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
  - a. Deed of Mutual Covenant and Management Agreement vide Memorial No. UB8030989 dated 15 March 2000.
  - b. Occupation Permit No. PR9/2000 vide Memorial No. UB8097166 dated 4 May 2000.
  - c. Legal Charge/Mortgage in favour of Standard Chartered Bank vide Memorial No. UB8653689 dated 15 March 2002.
  - d. Second Legal Charge/Mortgage for all monies in favour of Standard Chartered Bank (Hong Kong) Limited vide Memorial No. 13111502450122 dated 31 October 2013.
5. Our valuation has been made on the following basis and analysis:
  - a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. The unit price of these comparables range from HKD18,300/sq.ft. to HKD20,900/sq.ft. on saleable area. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HKD19,200/sq.ft. on saleable area for the subject property; and
  - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

**APPENDIX III**

**PROPERTY VALUATION REPORT**

**VALUATION CERTIFICATE**

**Group III — Property interests to be acquired by the Group in Hong Kong**

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015 HKD
3.	Shops 3, 11 and 12 on 2nd Floor, Hang Bong Commercial Centre, No. 28 Shanghai Street, Kowloon  647/43880 parts or shares of and in Kowloon Inland Lot Nos. 8173, 8187, 8519, 7154, 9910 and 7156	The property comprises 3 units on the 2nd floor of a 22-storey commercial/office building completed in 1994.  The units have a total gross area of approximately 128.21 sq.m. (or 1,380 sq.ft.) or a total saleable area of approximately 94.11 sq.m. (or 1,013 sq.ft.)  The property is held under various leases subject to a payment of an annual Government Rent for the lots of HKD584. (See Notes No. 2 for details)	The property is currently occupied by the Group for office purpose.	No commercial value

*Notes:*

- The property is situated on the east side of Shanghai Street close to the junction with Bowring Street. The general area is characterized by middle to high-rise composite buildings, commercial buildings and tenement buildings of various ages.
- The property is held under various leases as follows:

Lot No.	Lease	Lease term	Commencement of lease term
KIL 8173	Government Lease	150 years	24 June 1887
KIL 8187	Conditions of Re-Grant No. UB7031	150 years	25 December 1887
KIL 8519	Conditions of Re-Grant No. UB7912	150 years	25 December 1887
KIL 7154	Conditions of Re-Grant No. UB6969	150 years	25 December 1887
KIL 9910	Conditions of Sale No. UB10085	75 years	25 December 1962
KIL 7156	Conditions of Re-Grant No. UB5892	150 years	25 December 1887

- According to the Approved Tsim Sha Tsui Outline Zoning Plan No. S/K1/28 dated 13 December 2013, the site of the property is zoned as Residential (Group A).

## APPENDIX III

## PROPERTY VALUATION REPORT

4. The registered owners of the property are as follows:

Property	Registered owner	Memorial No.	Date of instrument	Consideration
Shop 3	Ng Choi Wah	10031902940103	3 March 2010	HKD2,250,000
Shop 11	Strong Knight Limited	13062402390019	13 June 2013	HKD3,920,000
Shop 12	Strong Knight Limited	13062402390027	13 June 2013	HKD2,480,000

5. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:

- a. Occupation Permit No. K40/94 vide Memorial No. UB6126540 dated 23 September 1994.
- b. Certificate of Compliance vide Memorial No. UB6194549 dated 23 December 1994.
- c. Deed of Mutual Covenant and Management Agreement vide Memorial No. UB6205644 dated 3 January 1995.
- d. Mortgage to secure all moneys in respect of general banking facilities in favour of the Hongkong and Shanghai Banking Corporation Limited vide Memorial No. 12081302270261 (Re.: Shop 3) dated 30 July 2012.
- e. Rent Assignment in favour of the Hongkong and Shanghai Banking Corporation Limited vide Memorial No. 12081302270275 (Re.: Shop 3) dated 30 July 2012.
- f. Mortgage in favour of the Hongkong and Shanghai Banking Corporation Limited vide Memorial Nos. 14021802220128 (Re.: Shop 11) and 14021802220145 (Re.: Shop 12) dated 11 February 2014.
- g. Rental Assignment in favour of the Hongkong and Shanghai Banking Corporation Limited vide Memorial Nos. 14021802220132 (Re.: Shop 11) and 14021802220155 (Re.: Shop 12) dated 11 February 2014.

6. Upon inspection, we noted that the Shops 2, 3, 4 and 5 had been repartitioned as a combined unit and a portion of common corridor (please refer to Note 7) was occupied by the Group, and Shops 11 and 12 had been repartitioned as a combined unit. In our valuation, we have assumed that the property is in its original layout and free from alteration and addition works and unauthorized structure.
7. In accordance with the Deed of Mutual Covenant, the right to the exclusive use of the occupied portion of common corridor, as mentioned in Note 6, shall be reserved to the owner who owns all the units of Units 2, 3 and 4 on 2nd floor and that occupied portion shall cease to be building common area.
8. As at the valuation date, the property has not been assigned to the Group and thus the title of the property has not been vested in the Group. Therefore we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be HKD14,500,000, on condition the Group is entitled to freely transfer, lease, mortgage or otherwise dispose of the property.



**APPENDIX III**

**PROPERTY VALUATION REPORT**

**VALUATION CERTIFICATE**

<b>No.</b>	<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Market value in existing state as at 31 October 2015 HKD</b>
4.	Workshop 6 on 8th Floor, Ho Lik Centre, No. 66A Sha Tsui Road, New Territories  46/8470 parts or shares of and in Sub-Section 1 of Section A and the Remaining Portion of Section B of Tsun Wan Inland Lot No. 27	The property comprises a unit on the 8th floor of a 22-storey industrial building completed in 1994.  The unit has a gross area of approximately 65.77 sq.m. (or 708 sq.ft.) or a saleable area of approximately 46.54 sq.m. (or 501 sq.ft.)  The property is held under Conditions of Sale No. UB5087 for a term of 75 years renewable for 24 years commencing from 1 July 1898 and statutorily renewed until 30 June 2047 at nil premium but subject to a payment of an annual Government Rent of 3% of the rateable value for the time being of the lot.	The property is currently occupied by the Group for storage purpose.	No commercial value

*Notes:*

1. The property is situated on the south-west side of Sha Tsui Road close to the junction with Tai Chung Road. The general area is characterized by high-rise industrial buildings.
2. The registered owner of the property is Strong Knight Limited vide Memorial No. 11011702490037 dated 30 December 2010 for a consideration of HKD1,000,000.
3. According to the Approved Tsuen Wan Outline Zoning Plan No. S/TW/31 dated 17 January 2014, the site of the property is zoned as Industrial.
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
  - a. Deed of Mutual Covenant vide Memorial No. UB6069862 dated 23 June 1994.
  - b. Occupation Permit No. 72/94 vide Memorial No. UB6132735 dated 8 June 1994.
  - c. Mortgage to secure all moneys in respect of general banking facilities in favour of the Hongkong and Shanghai Banking Corporation Limited vide Memorial No. 12081302270321 dated 30 July 2012.
  - d. Rent Assignment in favour of the Hongkong and Shanghai Banking Corporation Limited vide Memorial No. 12081302270331 dated 30 July 2012.
5. As at the valuation date, the property has not been assigned to the Group and thus the title of the property has not been vested in the Group. Therefore we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be HKD2,640,000, on condition the Group is entitled to freely transfer, lease, mortgage or otherwise dispose of the property.