

APPENDIX III

HONG KONG PROPERTY VALUATION

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 Vigers Appraisal And Consulting Limited, an independent valuer, in connection with their valuations of the properties as at 31 July 2016.

Vigers Appraisal And Consulting Limited

International Asset Appraisal Consultants

10th Floor, The Grande Building

398 Kwun Tong Road

Kowloon

Hong Kong



[REDACTED]

The Board of Directors

Altus Holdings Limited

No. 21 Wing Wo Street

Hong Kong

Dear Sirs,

RE : VALUATION OF VARIOUS PROPERTIES IN HONG KONG

In accordance with your instructions for us to value the property interests owned by Altus Holdings Limited (the "**Company**") and its subsidiary (hereinafter together referred to as the "**Group**"), we confirm that we have carried out inspections, made relevant enquiries and obtained such information as we consider necessary for the purpose of providing you with our opinion of values of the properties as at 31 July 2016 ("**the date of valuation**").

Our valuations are our opinion of market value of the properties which is defined as intended to mean "the estimated amount for which an asset or liability should exchange on the date of valuation 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."

Our valuation has been made on the assumption that the owner sold the properties on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which might serve to increase the values of the properties.

In valuing Group I – the property interest held by the Group for investment, we have adopted the investment approach as well as the comparison approach. The investment approach capitalises the rent receivable from the existing tenancy and the potential reversionary market rent of the property interest taking into account the market rental comparables in the open market and the comparison approach makes reference to comparable transactions in the market.

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In valuing Group II – the property interest held by the Group for their own occupation, we have adopted the direct comparison approach by making reference to comparable sales transactions as available in the relevant market. Appropriate adjustments and analysis are made to the differences between the comparable properties and the subject property.

We have conducted land searches at the Land Registry but we have not scrutinised the original documents to ascertain ownership nor to verify any lease amendments which might not appear on the copies handed to us. In any events, we reserve the right to revise our valuations should there be any information disclosed which is in contravention to the information provided to us.

We have relied to a considerable extent on the information provided by the Group and have accepted advice given to us on such matters as tenure, areas, occupation, tenancies, statutory notice, easements and other relevant matters. All documents have been used as reference purposes only. All dimensions, measurements and areas are approximate.

We have inspected the exterior and, where possible, the interior of the properties but we have not carried out any structural survey nor have we inspected woodwork or other parts of the structures which were covered, unexposed or inaccessible to us. We are therefore unable to report whether the properties were free from any structural or non-structural defect.

We have not arranged for any investigation to be carried out to determine whether or not high alumina cement concrete or calcium chloride additive or pulverized fly ash or any other deleterious material has been used in the construction of these properties and we are therefore unable to report that the properties are free from risk in this respect. For the purpose of these valuations, we have assumed that such investigation would not disclose the presence of any such material in any adverse conditions.

Inspection of the properties were carried out by Mr. Gilbert K. M. Yuen and Ms. Tina C. P. Kong in February 2016. Mr. Gilbert K M Yuen is a registered professional surveyor with ample experience in valuation of properties in Hong Kong. Ms. Tina C.P. Kong possesses MSc degree in Real Estate and has about 20 years' experience in valuation of properties in Hong Kong.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties for any expenses or taxation which might be incurred in effecting a sale. Unless otherwise stated, we have assumed that the properties are free from any encumbrances, restrictions and outgoings of an onerous nature which could serve to affect the values of the properties. According to the "The HKIS Valuation Standards on Properties", it states that "when assessing the Market Value of a Property, any encumbrances such as mortgage, debenture, charged against it should be disregarded".

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Our valuations have been prepared in accordance with “The HKIS Valuation Standards (2012 Edition)” published by The Hong Kong Institute of Surveyors and Chapter 8 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (GEM Board).

We enclose herewith the summary of values and valuation certificates.

Yours faithfully,
For and on behalf of
VIGERS APPRAISAL AND CONSULTING LIMITED
Gilbert K. M. Yuen
MRICS MHKIS RPS(GP)
Executive Director

Note: Mr. Gilbert K. M. Yuen is a Registered Professional Surveyor in General Practice Division with over 25 years’ valuation experience on properties in Hong Kong.

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SUMMARY OF VALUATION**Group I – Property interest held by the Group for investment in Hong Kong**

Property	Market value as at 31 July 2016
1. 8th Floor of Nos. 8-10 Duddell Street and No. 20 Ice House Street, Hong Kong	HK\$58,000,000

Group II – Property interest held by the Group for their own occupation in Hong Kong

Property	Market value as at 31 July 2016
2. No. 21 Wing Wo Street, Hong Kong	HK\$62,000,000
	<hr/> HK\$120,000,000 <hr/>

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VALUATION CERTIFICATES

Group I – Property interest held by the Group for investment in Hong Kong

Property	Description and tenure	Particular of occupancy	Market value as at 31 July 2016
1. 8th Floor of Nos. 8-10 Duddell Street and No. 20 Ice House Street, Hong Kong	The property comprises the whole of 8th floor of a 25-storey (excluding basement) office building with car parking spaces on ground floor. The subject building was completed in 1981.	As at the date of valuation, the property has been leased for a term of 1 year expiring on 31 May 2017 at a monthly rental of HK\$145,750 exclusive of rates, management fee and all other outgoings.	HK\$58,000,000
The property comprises 8/220th shares of and in the Remaining Portion of Section C of Inland Lot No. 339.	The property has a saleable area of approximately 2,267 sq.ft. (approximately 210.61 sq.m.). The property is held under Government Lease for a term of 999 years commencing from 11 May 1849. The government rent is HK\$78 per annum for the subject lot.		

Notes:

- Pursuant to the land search record, the registered owner is Starich Resources Limited.
- Pursuant to the land search record, the property is subject to a Mortgage in favour of Chong Hing Bank Limited to secure all moneys in respect of general banking facilities vide Memorial No. 10081301090041 dated 29 July 2010.
- Pursuant to the land search record, the property is subject to an Assignment of Rentals in favour of Chong Hing Bank Limited vide Memorial No. 12041301560015 dated 22 March 2012.
- The property is zoned "Commercial" under Central District Outline Zoning Plan No. S/H4/15 dated 11 December 2015.
- The property is located on the south-eastern side of Duddell Street in the Central District of Hong Kong Island. The locality is characterised with numbers of high-rise commercial buildings. It is well served by various public transport facilities including Central MTR station.
- We have capitalised the net passing rent as well as the reversionary market rent at about 3% in our valuation. We have counter-checked the valuation with comparable properties in the market and have made reference to four office transactions which are considered appropriate for this purpose. Appropriate adjustments and analysis are made to the differences between the comparable properties and the subject property such as floor level, age and quality of the building, size and date of transactions etc. The adjusted unit rate of the comparables are in the range of HK\$25,000 and HK\$27,000 per sq.ft. and our valuation of the property falls within this range.

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Group II – Property interest held by the Group for their own occupation in Hong Kong

Property	Description and tenure	Particular of occupancy	Market value as at 31 July 2016										
2. No. 21 Wing Wo Street, Hong Kong The property comprises the whole of and in the Remaining Portion of Sub-section 3 of Section C of Marine Lot No. 63A.	The property is a 6-storey office building with shop on ground floor and office units above. The building was completed in 1977. According to the building plans obtained from the Buildings Department, the property has a total gross floor area of approximately 4,513 sq.ft. (419.27 sq.m.) and its breakdown areas are as follows:	As at the date of valuation, the property was owner-occupied.	HK\$62,000,000 (The acquisition cost including transaction costs in 2012 was HK\$49,184,121.6 and the total costs expended on the property since acquisition was HK\$57,282,218.6)										
	<table border="1"> <thead> <tr> <th>Floor</th> <th>Area (sq.ft.)</th> </tr> </thead> <tbody> <tr> <td>G/F</td> <td>687</td> </tr> <tr> <td>M/F</td> <td>605</td> </tr> <tr> <td>1/F – 5/F</td> <td>3,221</td> </tr> <tr> <td>Total</td> <td>4,513</td> </tr> </tbody> </table>	Floor	Area (sq.ft.)	G/F	687	M/F	605	1/F – 5/F	3,221	Total	4,513		
Floor	Area (sq.ft.)												
G/F	687												
M/F	605												
1/F – 5/F	3,221												
Total	4,513												
	The property is held under Government Lease for a term of 981 years commencing from 26 December 1861. The government rent is HK\$18 per annum for the subject lot.												

Notes:

- Pursuant to the land search record, the registered owner is Galaxy Base Limited, a wholly-owned subsidiary of the Group
- Pursuant to the land search record, the property is subject to a Mortgage in favour of Hang Seng Bank Limited to secure all moneys in respect of general banking facilities vide Memorial No. 14032601370015 dated 10 March 2014.
- The property is zoned "Commercial" under Sai Ying Pun & Sheung Wan Outline Zoning Plan No. S/H3/29 dated 10 September 2013.
- The property is located on the eastern side of Wing Wo Street opposite to Grand Millennium Plaza in Sheung Wan District of Hong Kong Island. The locality, which is subject of vigorous conversions in the last couple of decades, is characterised with numbers of small to medium scaled commercial buildings. Grand Millennium Plaza is, however, a large scale development in the area. The locality is well served by various public transport facilities including Sheung Wan MTR station.
- The valuation is made up of two parts: firstly, ground and mezzanine floors and secondly the upper office floors. In valuing the ground and mezzanine floors, we have made reference to three comparable properties which are considered appropriate for this purpose. Appropriate adjustments and analysis are made to the differences between the comparable properties and the subject property like location, size, frontage and date of transactions. The adjusted unit rate of the comparables are in the range of HK\$51,000 and HK\$56,000 per sq.ft. and our valuation of the property falls within this range.

In valuing the upper office floors, we have made reference to five comparable properties which are considered appropriate for this purpose. Appropriate adjustments and analysis are made to the differences between the comparable properties and the subject property like floor level, size, age and quality of the building, and date of transactions. The adjusted unit rate of the comparables are in the range of HK\$8,500 and HK\$12,600 per sq.ft. and our valuation of the property falls within this range.