

## APPENDIX III

## PROPERTY VALUATION

*The following is the text of a letter, with a valuation certificate, prepared for the purpose of incorporation in this document, received from CS Surveyors Limited, an independent valuer, in connection with its valuation of the property interests of the Group.*



[REDACTED]

**The Board of Directors  
Victory Securities (Holdings) Company Limited**

Room 1101-03, 11th Floor,  
Yardley Commercial Building,  
No.3 Connaught Road West,  
Hong Kong

Dear Sir / Madam,

### INSTRUCTIONS

We refer to your instruction for us to value the properties interest (“the Properties”) held by Victory Securities (Holdings) Company Limited (the “Company”) and its subsidiaries (together referred to as the “Group”) located in Hong Kong. We confirm that we have carried out property inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Properties as at 30<sup>th</sup> April 2018 (the “Valuation Date”) for the purpose of incorporation in the document of the Company dated [REDACTED].

This letter which forms part of our valuation report explains the basis and methodologies of valuation, clarifying assumptions, valuation considerations, title investigations and limiting conditions of this valuation.

### BASIS OF VALUATION

The valuation of the property interest is our opinion of the market value (“Market Value”) which is defined by The Hong Kong Institute of Surveyors (“HKIS”) Valuation Standards to mean “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 wherein the parties had each acted knowledgeably, prudently and without compulsion.”

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase and without offset for any associated taxes or potential taxes.

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The Market Value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as a typical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

### **VALUATION METHODOLOGY**

We have valued the Properties on market basis and the direct comparison method is adopted where comparison based on prices realised on actual sales of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

### **VALUATION CONSIDERATIONS**

In valuing the property interest, we have complied with all the requirements contained in Chapter 8 to the Rules Governing the Listing of Securities on GEM issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2012 Edition.

### **VALUATION ASSUMPTION**

Our valuation has been made on the assumption that the owner sells the Properties in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of the Properties.

Unless stated as otherwise, we have assumed that the Properties have been constructed, occupied and used in full compliance with, and without contravention of all laws, except only where otherwise stated. We have further assumed that, for any use of the Properties upon which this report is based, all required licenses, permit, certificate, and authorisations have been obtained.

We have assumed that the owners of the Properties have free and uninterrupted rights to use and dispose of the Properties for the whole of the unexpired term of its Government Lease.

Other special assumptions of the Properties, if any, have been stated in the footnote of the valuation certificates of the Properties.

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### TITLE INVESTIGATION

We have carried out searches to be made at the Land Registry for the Properties located in Hong Kong.

However, we have not verified ownership of the Properties or to verify the existence of any amendments which do not appear on the copies handed to us. All documents have been used for reference only.

### LIMITING CONDITIONS

We have conducted on-site inspection to the Properties. During the course of our inspection, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Properties are free from rot infestation or any other defects. No tests were carried out on any of the services.

We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the Properties and we have assumed that the areas shown on the copies of documents handed to us are correct.

We have relied to a considerable extent, on the information provided by the Group and have been accepted advice given to us by the Group on such matters as statutory notices, easements, tenure, occupation, tenancy details, floor area and in the identification of the Properties.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which are material to the valuation. We have been also advised by the Group that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

No allowance has been made in our valuation for any charges, mortgages or amount owing on any property interests nor for any expense or taxation which may be incurred in effecting a sale. We have assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

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**REMARKS**

We have valued the Property in Hong Kong Dollar (HKD).

We enclose herewith the valuation certificates.

Yours faithfully,  
For and on behalf of  
**CS Surveyors Ltd.**  
**Denys L.P. KWAN**

*MBA(Const. & RE) Dip.Proj.Man.(RICS) FRICS MHKIS RPS(GP)*  
*DIRECTOR*

Mr. Kwan has been working in the real estate profession for around 42 years. His all-around experience (in both Government and private sector) includes land administration, agency, property management, property / asset valuation and property development. Being specialized in land matters and development projects, Mr. Kwan works on land assembly, development planning / consultancy, feasibility studies, project valuations, town planning applications, land exchanges, land premium assessments, project management, lease modifications / waivers. He has around 12 years of post-qualification experience in property valuation. Administratively, Mr. Kwan is responsible for the overall operation of the valuation division in C S Surveyors Ltd.

**Professional Qualification**

- Registered Professional Surveyor (RPS) (GP)
- Member of The Hong Kong Institute of Surveyors (MHKIS)
- Fellow of The Royal Institution of Chartered Surveyors (FRICS)

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**VALUATION CERTIFICATE**

Property interests held for own-use by the Group in Hong Kong

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Market value in its existing state as at 30<sup>th</sup> April 2018</b>														
Offices A, E & F on 11th Floor, Yardley Commercial Building, No.3 Connaught Road West, Hong Kong	Yardley Commercial Building comprises 22 office storeys built above a 7-storey car port and commercial podium (including basement and cockloft). The building was completed in about 1981.	Owner-Occupied for office use.	HK\$47,800,000 (Hong Kong Dollars Forty-Seven Million And Eight Hundred Thousand Only)														
34/2001 share of and in the Remaining Portion of Marine Lot Nos.424, 425 & 426; The Remaining Portion of Section A of Marine Lot Nos.424 & 425 and The Remaining Portion of Section B of Marine Lot No.425	<p>According to the measurement from the registered floor plan, the saleable area (SA) of the property is: 241.08 sq.m. or thereabouts (approx. 2,595 sq.ft.)</p> <p>The existing use of the property is an office unit with office rooms, conference room, reception counter, storeroom, server room and a pantry. The internal condition is reasonable.</p> <p>The property is held under Government Lease for 999 years commencing from January 31, 1901 for Marine Lot Nos.425 &amp; 426; and for 999 years commencing from December 1, 1900 for Marine Lot No.424.</p> <p>The Government Rent :</p> <table border="1"> <thead> <tr> <th><b>Lot No.</b></th> <th><b>HK\$ (Per Annum)</b></th> </tr> </thead> <tbody> <tr> <td>ML 424</td> <td>\$68.01</td> </tr> <tr> <td>ML 424 S.A</td> <td>\$34.2</td> </tr> <tr> <td>ML 425 S.B</td> <td>\$37.6</td> </tr> <tr> <td>ML 425</td> <td>\$39.2</td> </tr> <tr> <td>ML 426</td> <td>\$36</td> </tr> <tr> <td><b>Total:</b></td> <td><b>\$215.01</b></td> </tr> </tbody> </table>	<b>Lot No.</b>	<b>HK\$ (Per Annum)</b>	ML 424	\$68.01	ML 424 S.A	\$34.2	ML 425 S.B	\$37.6	ML 425	\$39.2	ML 426	\$36	<b>Total:</b>	<b>\$215.01</b>		
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<b>Total:</b>	<b>\$215.01</b>																

*Notes:*

1. The registered owner of the Property is Victory Securities Company Limited. It was assigned to the current owner for the consideration of HK\$14,872,200.00 registered vide memorial no. 09072802530085 dated 30th June 2009.
2. According to the information from the Land Registry, the Property is subject to the followings encumbrances:
  - i. Deed of Partition and Mutual Covenant and Grant registered vide memorial no. UB2175451 dated 2nd November 1981.
  - ii. Mortgage in favour of Chong Hing Bank Limited for the consideration of all monies registered vide memorial no. 16010401470048 dated 11th December 2015.

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3. The Property falls within an area zoned as "Commercial" under Sai Ying Pun & Sheung Wan Outline Zoning Plan No. S/H3/30 gazetted on 21st October 2016.
  
4. As confirmed by the Company, the property is not subject to any options or rights of pre-emption and any proposed transaction between any other members of the Group.
  
5. The inspection was performed by Mr. Alan Au-Yeung *MRICS MHKIS RPS(GP)* on 4th January 2017.

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Property interests held for investment by the Group in Hong Kong

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Market value in its existing state as at 30<sup>th</sup> April 2018</b>
Flat D2 on 9th Floor, King's View Court, Nos.901-907 King's Road, Hong Kong	King's View Court comprises 24 residential storeys built on a car port and commercial podium. The building was completed in about 1976.	The Subject Property is tenanted at a monthly rent of HK\$25,000 (inclusive of Government rent, rates and management fee) for a term of 2 years commencing from 10th June 2017 to 9th June 2019 for residential purpose.	HK\$10,200,000 (Hong Kong Dollars Ten Million and Two Hundred Thousand Only)
238/65953 share of and in the Remaining Portion of Section A of Quarry Bay Marine Lot No.4 and the Remaining Portion of Section B of Quarry Bay Marine Lot No.4	<p>According to the Rating and Valuation Department, the saleable area (SA) of the property is: 63.9 sq.m or thereabouts (approx. 688 sq.ft.)</p> <p>The existing use of the property is a residential unit with one living /dining area, one ensuite master bedroom with bathroom, two bedrooms, one toilet bathroom and one kitchen with verandah. The internal condition is reasonable.</p> <p>The property is held under Government Lease for 75 years commencing from April 27, 1931 for the Remaining Portion of Section A of Quarry Bay Marine Lot No.4 and the Remaining Portion of Section B of Quarry Bay Marine Lot No.4.</p> <p>The Government Rent : New rent under Government Leases Ordinance from 27th April 2006 is \$2,776 per annum.</p>		

*Notes:*

1. The registered owner of the Property is Victory Securities Company Limited. It was assigned to the current owner for the consideration of HK\$980,000.00 registered vide memorial no. 11060100860603 dated 4th May 2011.
2. According to the information from the Land Registry, the Property is subject to the followings encumbrances:
  - i. Deed of Mutual Covenant registered vide memorial no. UB1370618 dated 8th March 1977.
  - ii. Order No. DR00101/HK/10 by the Building Authority under Section 28(3) of the Buildings Ordinance vide memorial No. 10062900530065 dated 1st April 2010.
  - iii. Mortgage in favour of Chong Hing Bank Limited to secure general banking facilities to an unlimited extent, registered vide memorial no. 13061100970052 dated 20th May 2013.
3. The Property falls within an area zoned as "Residential (Group A)" under North Point Outline Zoning Plan No. S/H8/26 gazetted on 25th August 2017.

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4. As confirmed by the Company, the property is not subject to any options or rights of pre-emption and any proposed transaction between any other members of the Group.
  
5. The inspection was performed by Mr. Alan Au-Yeung *MRICS MHKIS RPS(GP)* on 4th January 2017.