

The following is the text of a valuation report, prepared for the purpose of incorporation in this prospectus received from Royson Valuation Advisory Limited, an independent valuer, in connection with its valuation as at 30 April 2020 of the property interests of the Group.



Royson Valuation Advisory Limited
Unit 1503, 15/F, The L. Plaza
367–375 Queen’s Road Central
Hong Kong

Date: 24 June 2020

The Board
China Saftower International Holding Group Limited
Unit 901, 9th Floor, Belgian Bank Building
721–725 Nathan Road
Mongkok, Kowloon
Hong Kong

Dear Sirs,

INSTRUCTIONS

In accordance with your instructions for us to value various properties in which China Saftower International Holding Group Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) have interests in the People’s Republic of China (the “**PRC**”), we confirm that we have carried out property inspections, made relevant enquiries 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 30 April 2020 (the “**Valuation Date**”).

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

BASIS OF VALUATION

Our valuation of the property interests represents the market value which we would define as intended 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 and where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION METHODOLOGY

In valuing the property interests of the property nos. 1 to 3, we have adopted depreciated replacement cost approach by a combination of the open market value of land portions and depreciated replacement cost of the buildings and structures standing on the

land. Hence, the sum of the two results represents the value of the properties as a whole. In the valuation of the land portions, reference has been made to the comparables sales transactions as available in the subject localities.

As the nature of the buildings and structures cannot be valued on the basis of market value, they have therefore been valued on the basis of their depreciated replacement cost. The depreciated replacement cost approach considers the cost to reproduce or replace in new condition the property appraised in accordance with current construction costs for similar buildings and structures in the locality, with allowance for accrued depreciation as evidenced by observed condition or obsolescence present, whether arising from physical, functional or economic causes. The depreciated replacement cost approach generally furnished the most reliable indication of value for the property in the absence of a known market based on comparable sales. The approach is subject to adequate potential profitability of the business.

We have valued the property interests of the property no.4 on market basis and the direct comparison method is adopted where comparison based on comparable sales evidence is made. Comparable properties of similar size, character and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of values.

VALUATION CONSIDERATIONS

In valuing the property interests, we have complied with all the requirements contained in Chapter 8 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards published by The Hong Kong Institute of Surveyors.

VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the seller sells the property interests on the open market in their existing states without the benefit of a deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements, which could serve to affect the values of the property interests.

In undertaking our valuation, we have assumed that, unless otherwise stated, transferable land use rights in respect of the property interests for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have also assumed that the owners of the properties have enforceable titles to the properties and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

No allowance has been made in our valuation for any outstanding or additional land premium, charges, mortgages or amounts owing on the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

TITLE INVESTIGATION

We have been, in some instances, shown copies of various title documents and other documents relating to the property interests and have made relevant enquiries. We have not examined the original documents to verify the existing title to the property interests and any material encumbrances that might be attached to the property interests or any lease amendments. However, we have relied considerably on the information given by the Company's PRC legal adviser, Tahota Law Firm, concerning the validity of the Group's title to the property interests located in the PRC.

All legal documents provided by the Company have been used for reference only. No responsibility regarding legal title to the property interests is assumed in this valuation report.

LIMITING CONDITIONS

We have inspected the exterior, and wherever possible, the interior of the properties but no structural survey had been made. In the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. Further, no test has been carried out on any of the building services. All dimensions, measurements and areas are only approximates. 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.

The site inspection of the property was carried out on 14 and 15 February 2019 by Mr. Wang Xiaoqiang (王小強) (B. Land Management), who has over 3 years' experience in property valuation.

We have relied to a considerable extent on information provided by the Company and have accepted advice given to us on such matters, in particular, but not limited to, the sales records, tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the property interests.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also been advised by the Company that no material factors 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.

Liability in connection with this valuation is limited to the client to whom this valuation is addressed and for the purpose for which it is carried out only. We will accept no liability to any other parties or any other purposes.

This valuation is to be used only for the purpose stated herein, any use or reliance for any other purpose, by you or third parties, is invalid. No reference to our name or our valuation report in whole or in part, in any document you prepare and/or distribute to third parties may be made without written consent.

The Novel Coronavirus Disease (COVID-19) has impacted on the global financial markets and the real estate market is being impacted by prevailing uncertainty. Many countries have implemented travel restrictions. Our valuation is reported on the basis of material valuation uncertainty. We cannot predict the progress of COVID-19 and its impact on the real estate market. The market condition may change significantly over a relatively short period of time. There may be material difference between our estimation of market value based on the current market and actual transaction price of the property. Given the uncertain impact of COVID-19 on the market, the valuation of the property is recommended to have under frequent review.

EXCHANGE RATE

Unless otherwise stated, all monetary amounts stated in this valuation are in Renminbi (RMB).

Our summary of values and “Property Particulars and Opinion of Value” are herewith attached.

Yours faithfully,
For and on behalf of
Royson Valuation Advisory Limited

Ian Ng
MHKIS RPS(GP)
Associate Director

Mr. Ian Ng is a Registered Professional Surveyor with over 10 years' experience in valuation of properties in Hong Kong, Macau Special Administrative Region and the PRC. Mr. Ng is a Professional Member of The Hong Kong Institute of Surveyors.

SUMMARY OF VALUES

Property	Market Value in Existing State as at 30 April 2020 RMB
Property interests held and occupied by the Group in the PRC	
1 Land and buildings located at No.88 Qingma Road, Modern Industrial Park (South Area), Pidu District, Chengdu, Sichuan Province, the PRC	18,400,000
2 Land and buildings located at No.10 Nan Street, Xin Min Chang Town, Pidu District, Chengdu, Sichuan Province, the PRC	4,100,000
3 Land (Lot no. 008008000900) and buildings located at Sichuan-Zhejiang Park, Yuanjiaba Office, Guangyuan Economic Development Zone, Lizhou District, Guangyuan, Sichuan Province, the PRC	60,600,000
4 No.2001 on Level 20, Unit 1 of Block 6 and No.2 on Level 18, Unit 1 of Block 7, No.968 Zhong Xin Da Dao Si Duan, Pitong Town, Pidu District, Chengdu, Sichuan Province, the PRC	2,100,000
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	Total: <u><u>85,200,000</u></u>

PROPERTY PARTICULARS AND OPINION OF VALUE

Property interests held and occupied by the Group in the PRC

Property	Description and Tenure	Particular of Occupancy	Market Value in Existing State as at 30 April 2020	
1	<p>Land and buildings located at No.88 Qingma Road, Modern Industrial Park (South Area), Pidu District, Chengdu, Sichuan Province, the PRC</p> <p>(位於中國四川省成都市郫都區現代工業港(南片區)清馬路88號之土地和房屋)</p>	<p>The property comprises a parcel of land with an area of approximately 12,361 sq.m. and five 1- to 3-storey workshop buildings erected thereon completed in 2010.</p> <p>The total gross floor area of the buildings is approximately 7,498 sq.m.</p> <p>The property is located at Qingma Road in Xian Dai Gong Ye Gang in Pi County. Developments in the vicinity are mainly industrial developments.</p> <p>The land use rights of the property were granted for a term expiring on 21 April 2057 for industrial use.</p>	<p>The property is currently occupied by the Group for manufacturing and warehouse purposes.</p>	<p>RMB18,400,000</p> <p>(Renminbi Eighteen Million Four Hundred Thousand)</p>

Notes:

- (1) Pursuant to an Immovable Property Right Certificate — Chuan (2019) Pi Du Qu Bu Dong Chan Quan Di No. 0068631 (川(2019)郫都區不動產權第0068631號) issued by Pi County Bureau of Land Resources (郫縣國土資源局) dated 25 September 2019, the land use rights of a parcel of land with a site area of approximately 12,361 sq.m. and the building ownership rights of five 1- to 3-storey workshop buildings with a total gross floor area of approximately 7,498 sq.m. were granted to Sichuan Saftower Industry Company Limited (四川蜀塔實業有限公司) for a term expiring on 21 April 2057 for industrial use.
- (2) The major certificates and permits of the property are summarized as follows:
 - (i) Immovable Property Right Certificate Yes
- (3) We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, *inter alia*, the following:
 - (i) Sichuan Saftower Industry Company Limited legally owns the property and is entitled to lease, use, transfer, mortgage and dispose of the property in accordance with the PRC laws; and
 - (ii) The property is subject to a mortgage in favour of Hua Xia Bank Co., Limited Chengdu Branch (華夏銀行股份有限公司成都支行).

PROPERTY PARTICULARS AND OPINION OF VALUE

Property interests held and occupied by the Group in the PRC

Property	Description and Tenure	Particular of Occupancy	Market Value in Existing State as at 30 April 2020
2	Land and buildings located at No.10 Nan Street, Xin Min Chang Town, Pidu District, Chengdu, Sichuan Province, the PRC (位於中國四川省成都市郫都區新民場鎮南街10號之土地和房屋)	The property comprises a parcel of land with an area of approximately 5,700.8 sq.m. and three 1- to 4-storey workshop buildings erected thereon completed in 2006. The gross floor area of the building is approximately 2,705.53 sq.m. The property is located at Nan Street in Xin Min Chang Town in Pi County. Developments in the vicinity are mainly industrial developments. The land use rights of the property were granted for a term expiring on 25 July 2047 for commercial and service uses.	RMB4,100,000 (Renminbi Four Million One Hundred Thousand)

Notes:

- (1) Pursuant to an Immovable Property Right Certificate — Chuan (2019) Pi Du Qu Bu Dong Chan Quan Di No. 0005032 (川(2019)郫都區不動產權第0005032號) issued by Chengdu City Pi Du District Bureau of Land Resources (成都市郫都區國土資源局) dated 28 January 2019, the land use rights of a parcel of land with a site area of approximately 5,700.8 sq.m. were granted to Sichuan Saftower Industry Company Limited for a term expiring on 25 July 2047 for commercial and service uses.
- (2) Pursuant to a Building Ownership Certificate- Cun Fang Quan Zheng Pi Zi Di No. 12110010 (村房權證郫字第12110010號) issued by Pi County Bureau of Development (郫縣建設局) dated 18 July 2006, the building ownership rights of three 1- to 4-storey workshop buildings with a total gross floor area of approximately 2,705.53 sq.m. are owned by Pixian Sandian Cables Company Limited (郫縣三電電纜有限責任公司).
- (3) As advised by the Company, the property is not allowed for commercial development according to the prevailing zoning. As instructed by the Company, we have valued the property in the current industrial use and no redevelopment potential of the property has been taken into account.
- (4) As advised by the Company, the name of Pixian Sandian Cables Company Limited has been changed to Sichuan Saftower Industry Company Limited.

- (5) The major certificates and permits of the property are summarized as follows:
- | | |
|--|-----|
| (i) Immovable Property Right Certificate | Yes |
| (ii) Building Ownership Certificate | Yes |
- (6) We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, *inter alia*, the following:
- (i) Sichuan Saftower Industry Company Limited legally owns the property and is entitled to lease, use, transfer, mortgage and dispose of the property in accordance with the PRC laws; and
- (ii) The property is subject a mortgage in favour of 成都蜀都中小企業融資擔保有限公司.

PROPERTY PARTICULARS AND OPINION OF VALUE

Property interests held occupied by the Group in the PRC

Property	Description and Tenure	Particular of Occupancy	Market Value in Existing State as at 30 April 2020	
3	<p>Land (Lot no. 008008000900) and buildings located at Sichuan- Zhejiang Park, Yuanjiaba Office, Guangyuan Economic Development Zone, Lizhou District, Guangyuan, Sichuan Province, the PRC</p> <p>(位於中國四川省廣元市利州區廣元經濟開發區袁家壩辦事處川浙園區之土地(地號: 008008000900)和房屋)</p>	<p>The property comprises a parcel of land with an area of approximately 65,027.87 sq.m. and various buildings erected thereon completed in between 2014 and 2017.</p> <p>The buildings comprise a 3-storey office building, a 3-storey dormitory building and four single storey workshop buildings. The total gross floor area of the buildings is approximately 20,780.14 sq.m.</p> <p>The property is located in Chuan Zhe Yuan Zone in Lizhou District. Developments in the vicinity are mainly industrial developments.</p> <p>The land use rights of the property were granted for a term expiring on 14 July 2061 for industrial use.</p>	<p>The property is currently occupied by the Group for manufacturing and warehouse purposes.</p>	<p>RMB60,600,000</p> <p>(Renminbi Sixty Million Six Hundred Thousand)</p>

Notes:

- (1) Pursuant to a State-owned Land Use Rights Certificate — Guang Guo Yong (2015) Di No. 6544 (廣國用(2015)第6544號) issued by Guangyuan City Bureau of Land Resources (廣元市國土資源局) dated 13 August 2015, the land use rights of a parcel of land with a site area of approximately 65,027.87 sq.m. were granted to Guangyuan Saftower Cable Company Limited (廣元蜀塔電纜有限公司) for a term expiring on 14 July 2061 for industrial use.
- (2) Pursuant to a Building Ownership Certificate — Guang Fang Quan Zheng Cheng Zi Di No. 2015081201744 (廣房權證城字第2015081201744號) issued by Guangyuan City Bureau of Real Estate Administration (廣元市房管局) registered on 13 August 2015, the building ownership rights of a 3-storey office building with a gross floor area of approximately 6,255.04 sq.m. are owned by Guangyuan Saftower Cable Company Limited.
- (3) Pursuant to a Building Ownership Certificate — Guang Fang Quan Zheng Cheng Zi Di No. 2015081201480 (廣房權證城字第2015081201480號) issued by Guangyuan City Bureau of Real Estate Administration (廣元市房管局) registered on 13 August 2015, the building ownership rights of a 3-storey dormitory building with a gross floor area of approximately 2,740.42 sq.m. are owned by Guangyuan Saftower Cable Company Limited.

- (4) Pursuant to four Immovable Property Right Certificates — Chuan (2019) Guangyuan City Bu Dong Chan Quan Di Nos. 0005456, 0005460, 0005546 and 0005466 (川 (2019) 廣元市不動產權第0005456, 0005460, 0005546 和0005466號) all dated 27 March 2019, the land use rights and the building ownership rights of four single storey Nos.1 to 4 workshop buildings with a total gross floor area of approximately 11,784.68 sq.m. were granted to Guangyuan Saftower Cable Company Limited for a term expiring on 14 July 2061 for industrial use.
- (5) Pursuant to a document dated 29 July 2015, Guangyuan City Bureau of Land Resources issued a consent to permit to transfer the land use rights of the property to Guangyuan Saftower Cable Company Limited at the original land premium in the amount of RMB1,030,000.
- (6) The major certificates and permits of the property are summarized as follows:
- | | |
|---|-----|
| (i) State-owned Land Use Rights Certificate | Yes |
| (ii) Building Ownership Certificate | Yes |
| (iii) Immovable Property Right Certificate | Yes |
- (7) We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, *inter alia*, the following:
- (i) Guangyuan Saftower Cable Company Limited legally owns the property and is entitled to lease, use, transfer, mortgage and dispose of the property in accordance with the PRC laws; and
- (ii) The property is subject to a mortgage in favour of 廣元市國開科技創業融資擔保有限公司.

PROPERTY PARTICULARS AND OPINION OF VALUE

Property interests held and occupied by the Group in the PRC

			Market Value in Existing State as at 30 April 2020
Property	Description and Tenure	Particular of Occupancy	
4	<p>No.2001 on Level 20, Unit 1 of Block 6 and No.2 on Level 18, Unit 1 of Block 7, No.968 Zhong Xin Da Dao Si Duan, Pitong Town, Pidu District, Chengdu, Sichuan Province, the PRC</p> <p>(中國四川省成都市 郫都區郫筒鎮 中信大道四段968號6棟 1單元20層2001號和7棟 1單元18層2號)</p>	<p>The property comprises a residential unit on Level 20 of a 26-storey residential building (Block 6) and a residential unit on Level 18 of 31-storey residential building (Block 7) both completed in 2013.</p> <p>The total gross floor area of the property is approximately 222.26 sq.m.</p> <p>The property is located at Zhong Xin Da Dao in Pitong Town in Pi County. Developments in the vicinity are mainly residential development.</p> <p>The land use rights of the property were granted for a term expiring on 11 June 2080 for residential use.</p>	<p>RMB2,100,000</p> <p>(Renminbi Two Million One Hundred Thousand)</p>

Notes:

- (1) Pursuant to an Immovable Property Right Certificate — Chuan (2019) Pi Du Qu Bu Dong Chan Quan Di No. 0059047 (川 (2019) 郫都區不動產權第0059047號) issued by Chengdu City Pi Du District Bureau of Planning and Natural Resources (成都市郫都區規劃和自然資源局) dated 23 August 2019, the land use rights and the building ownership rights of a residential unit, No.2001 on Level 20, Unit 1 of Block 6, with a gross floor area of approximately 102.61 sq.m. were granted to Sichuan Saftower Industry Company Limited for a term expiring on 11 June 2080 for residential use.
- (2) Pursuant to an Immovable Property Right Certificate — Chuan (2019) Pi Du Qu Bu Dong Chan Quan Di No. 0059571 (川 (2019) 郫都區不動產權第0059571號) issued by Chengdu City Pi Du District Bureau of Planning and Natural Resources (成都市郫都區規劃和自然資源局) dated 23 August 2019, the land use rights and the building ownership rights of a residential unit, No.2 on Level 18, Unit 1 of Block 7, with a gross floor area of approximately 119.65 sq.m. were granted to Sichuan Saftower Industry Company Limited for a term expiring on 11 June 2080 for residential use.
- (3) Pursuant to a Sale and Purchase Contract dated 27 August 2014, No.2001 on Level 20, Unit 1 of Block 6, the property was acquired by Pixian Sandian Cables Company Limited at a consideration of RMB536,235.

- (4) Pursuant to a Sale and Purchase Contract dated 21 August 2014, No.2 on Level 18, Unit 1 of Block 7, the property was acquired by Pixian Sandian Cables Company Limited at a consideration of RMB556,445.
- (5) The major certificates and permits of the property are summarized as follows:
- (i) Immovable Property Right Certificate Yes
- (6) We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, *inter alia*, the following:
- (i) Sichuan Saftower Industry Company Limited legally owns the property and is entitled to lease, use, transfer, mortgage and dispose of the property in accordance with the PRC laws; and
- (ii) The property is subject mortgages in favour of Hua Xia Bank Co., Limited Chengdu Branch (華夏銀行股份有限公司成都支行) and 旺蒼縣農村信用合作聯社.