艾 華 迪 集 團
AVISTA GROUP

Valuation Services in relation to the Acquisition of LionRock Capital Partners QiLe Limited

Valuation Date as of 2 July 2022

VALUATION REPORT

Prepared for:
Viva China Holdings Limited

STRICTLY PRIVATE AND CONFIDENTIAL

AVISTA Hong Kong
Suites 2401-06, 24th Floor,
Everbright Centre, No. 108 Gloucester Road,
Wan Chai, Hong Kong

AVISTA Shanghai
Unit C, 23/F, Phase II,
Sino-Ocean Tower, No. 618 East Yan An Road,
Huangpu District, Shanghai, PRC

AVISTA Beijing
Unit 2505, 25/F, Block C,
Sino-Ocean Office Park, No.5, South Jinghua Road,
Chaoyang District, Beijing, PRC

AVISTA Shenzhen
Unit D16, 22/F, Dinghe Tower,
No.100 Fuhua San Road, Futian District,
Shenzhen, PRC

艾 華 迪 集 團
AVISTA GROUP

The contacts at AVISTA in connected with this report are:

Vincent Pang
Managing Partner
+852 3702 7388
vincent.pang@avaval.com

Sarah Lee
Associate Director
+852 3702 7380
sarah.lee@avaval.com

Mandy Cheung
Senior Manager
+852 3702 7329
mandy.cheung@avaval.com

Mankry Cheung
Senior Analyst
+852 3702 7376
mankry.cheung@avaval.com

Turman Cheung
Senior Valuer
+852 3702 7359
turman.cheung@avaval.com

Mandy Wong
Senior Analyst
+852 3702 7351
mandy.mkwong@avaval.com

STRICTLY CONFIDENTIAL
Ref No: J22-00400

Viva China Holdings Limited
2/F, PopOffice, 9 Tong Yin Street,
Tseung Kwan O, New Territories,
Hong Kong

30 November 2022

Dear Sirs / Madams,

In accordance with your instructions, as confirmed in our engagement proposal dated 22 March 2021 and email correspondence dated 4 August 2022, AVISTA Valuation Advisory Limited ("**AVISTA**" or "**we**") has performed valuation services for Viva China Holdings Limited ("**Viva China**", the "**Company**" or "**you**") in connection with the Purchase Price Allocation ("**PPA**") in relation to the acquisition of LionRock Capital Partners QiLe Limited ("**LionRock**" or the "**Target**") as of 2 July 2022 (the "**Valuation Date**") for financial reporting purpose in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**" or the "**Standard**").

This report has been prepared solely for the purpose stated in our proposal. This report is strictly confidential to our client and no party is entitled to rely on the report for any purpose and we accept no responsibility or liability to any party whatsoever in respect of the contents of this report.

This report has been prepared based on the work procedures performed from 4 August 2022 to 30 November 2022. We are not responsible for identifying all relevant changes in market conditions which may impact on the valuations, and no obligation is assumed to update our findings described in this report for any events and circumstances occurring subsequent to the date of this report (the "**Report**").

AVA 艾華迪集團 AVISTA GROUP

The contacts at AVISTA in connected with this report are:

Vincent Pang
Managing Partner
+852 3702 7388
vincent.pang@avaval.com

Sarah Lee
Associate Director
+852 3702 7380
sarah.lee@avaval.com

Mandy Cheung
Senior Manager
+852 3702 7329
mandy.cheung@avaval.com

Mankry Cheung
Senior Analyst
+852 3702 7376
mankry.cheung@avaval.com

Turman Cheung
Senior Valuer
+852 3702 7359
turman.cheung@avaval.com

Mandy Wong
Senior Analyst
+852 3702 7351
mandy.mkwong@avaval.com

STRICTLY CONFIDENTIAL
Ref No: J22-00400

Viva China Holdings Limited
2/F, PopOffice, 9 Tong Yin Street,
Tseung Kwan O, New Territories,
Hong Kong

30 November 2022

The information in this Report may be obtained from various sources. Our valuation has been performed based on the information (the "**Information**") provided by management of the Company and the Target (the "**Management**"). We have also made enquiries to the Management to obtain an understanding of the bases and assumptions of the Information. However, we have not attempted to verify the assumptions adopted in the Information. We have not performed any audit or due diligence procedures or otherwise to verify the truth, accuracy or reliability of the Information provided to us during our engagement. We do not assume any responsibility for and make no representations with respect to the accuracy or completeness of any information provided by the Management. Accordingly, we accept no responsibility or liability whatsoever for any losses incurred by the Company or any third parties as a result of our reliance on the information made available to us.

Thank you for appointing us in this engagement. If you have any opinions or recommendations on our Report, please do not hesitate to contact us through the contact information set opposite.

Respectfully submitted,
For and on behalf of

AVISTA Valuation Advisory Limited

Vincent Pang
CFA, FCPA (HK), FCPA (Aus.), MRICS, RICS Registered Valuer
Managing Partner

Table of Contents

艾華迪集團
AVISTA GROUP

Section 1

Executive Summary

1. Executive Summary

We have been engaged by the Company to assess the fair values of the intangible assets (the "**Intangible Assets**") and tangible assets (the "**Tangible Assets**", together with the Intangible Assets as the "**Subject Assets**") of the Target as of the Valuation Date.

For the purposes and scope of this engagement and subject to the limitations, principal assumptions and key information set out in Section 2, the valuation results are summarized in the table opposite.

This appraisal will be used solely for the Company for the purposes stated in our proposal. The Company may disclose this appraisal to the internal board of directors and the external auditor of the Company (the "**Auditor**"). It is inappropriate to use this appraisal for purposes other than its intended use by any other party.

This Report documents the methodology adopted, key valuation inputs/parameters used and the valuation results for this appraisal.

Valuation Results Summary
GBP'million (unless otherwise stated)

Valuation Date: 2 July 2022	Assumed Remaining Useful Life (Year)	Fair Values
Intangible Assets:		
- Brand Name	20.0	5.0
Tangible Assets:		
- Property		79.2
- Plant and Equipment		55.6
Favorable/(Unfavorable) Lease:[1]		
- The United States ("**U.S.**")	3.0	0.4
- The United Kingdom ("**UK**")	3.0	5.8
- Other Regions	4.0	(0.2)

Source: AVISTA analysis

Note 1: According to the instruction from the Management, part of the leases of the Target are excluded from the valuation scope of Favorable/(Unfavorable) Lease.

艾華迪集團
AVISTA GROUP

Section 2

Engagement Overview

2.1 Purpose of Our Work

Viva China is listed in Hong Kong (SEHK:8032). It mainly operates through two segments, (i) multi-brand apparel and footwear segment; and (ii) sports experience segment engages in management and operation of sports parks, sports centres and ice-skating rinks and management and operation of e-sports clubs, coordination of sports events and sports-related marketing services.

The Target is a company incorporated in the British Virgin Islands on 14 September 2020. Before the Transaction mentioned below, the Target was a wholly owned subsidiary of LionRock Capital Partners QiLe L.P. ("**LionRock LP**"), which was principally engaged in private equity investment in consumer and sports businesses. The principal business activity of the Target since its incorporation is acting as an investment holding company to invest in 51% shareholding in C&J Clark (No. 1) Limited ("**Clark**"). Clark is a UK based international shoe wholesaler and retailer.

Based on our understanding, the Company, through its subsidiary, has subscribed for 510 shares of the Target (representing 51% of the issued share capital of the Target) at the subscription price of GBP51 million, and has acquired the Purchase Shareholder's Loan from LionRock LP at the consideration of GBP51 million (the "**Transaction**"). Upon completion of the Transaction on 2 July 2022, the Target became an indirect non-wholly owned subsidiary of the Company.

Besides, upon completion of the Transaction, LionRock LP has transferred all ordinary shares of Clark held by it to the Target. Accordingly, the Target holds a majority of the ordinary shares and all of the A preference shares of Clark, and Clark became a non-wholly owned subsidiary of the Target.

In connection with the Transaction, the Company is required to determine the fair values of the net identifiable assets, the liabilities assumed and any non-controlling interest of the Target acquired as of the Valuation Date under the requirement of the Standard, in particular, HKFRS 3(R) *Business Combinations*.

In these regards, the Company would like us to provide the valuation service to assist you in determining the fair values of the Subject Assets in accordance with the Standard.

The Valuation Date for this engagement is 2 July 2022.

The valuation analysis was performed on the basis of Fair Value, which is defined as following:

"the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

2.2 Scope of Our Work

As agreed, we have mainly performed the following procedures in this valuation:

- Discussed with the Management to understand the background of the Transaction and the business nature of the Target and Clark;
- Discussed with management of the Company and the Auditor for the key issues and concerns of this valuation;
- Conducted market research of the industry which the Target and Clark are operating;
- Performed interview with staff in charge of the tangible assets;
- Assisted the Company in identifying tangible and intangible assets with regards to the requirement of the Standard;
- Reviewed the financial projections of Clark (the "**Financial Projection**") provided by the Management;
- Selected appropriate valuation model in respect of each tangible and intangible asset identified;
- Built valuation model for each tangible and intangible asset identified, and collected relevant market data as input to the model;
- Calculated the fair values of the identified tangible and intangible assets;
- Discussed our findings and valuation results with management of the Company and the Auditor; and
- Prepared the valuation report in English.

2.3 Limitations of Our Work

In performing the valuation, we have relied upon the Information provided by the Management. We have not performed any audit or due diligence procedures or otherwise verified the truth, accuracy or reliability of the information provided to us during our engagement. We do not assume any responsibility for and make no representations with respect to the accuracy or completeness of any information provided by the Management.

Besides, our valuation involved the use of prospective or estimated information provided by the Management. We have made enquiries to the Management to obtain an understanding of the bases and rationale of their assumptions or assertions. However, we have not attempted to verify the assumptions or assertions. It should be noted that actual results are likely to be different from those prospective or estimated information based on the Management's representation because events and circumstances frequently do not occur as expected, and the differences may be material.

Moreover, our valuation has also relied upon other information obtained from public sources which we believe to be reliable. We accept no responsibility for accuracy and reliability of any information obtained from public sources.

In this appraisal, non-operating assets and liabilities have been included on top of the business enterprise value in order to derive the fair value of 100% equity interest of the Target. The Management is solely responsible for the identification of these non-operating assets and liabilities and the estimation of the accounts involved. We take no responsibility to verify the accuracy of the amounts of these non-operating assets and liabilities balances. Our work scope does not include to estimate the fair value of each individual non-operating asset and liability.

Excluded from the investigation are all other current assets and liabilities that might exist. We will accept and assume the book value of assets or liabilities not included in this valuation as a reasonable estimate of fair values without our verification.

Our valuation results presented in this Report are indicative only and are provided to management of the Company as reference for financial reporting purpose. Our work scope does not include to prepare the financial statements for management of the Company nor make final decision for the input adopted in their financial statements.

We are not responsible for identifying all relevant changes in market conditions which may impact on the business, and our work scope should not include to update our findings described in this Report for any events and circumstances occurring subsequent to the date of this Report.

The outbreak of Coronavirus Disease 2019 ("**COVID-19**"), as declared by the World Health Organization as a global pandemic on 11 March 2020, has been adversely affecting the global economy as well as the financial markets. As such, the subsequent impact due to COVID-19 has imposed an unprecedented set of circumstances on which to base a valuation judgement as of the Valuation Date. In particular, the increased volatilities in political, legal, fiscal, economic conditions and/or other market situations as a result of COVID-19 would bring higher uncertainties to the underlying projections and assumptions. Consequently, higher degree of caution should be attached to our valuation than would normally be the case.

2.3 Limitations of Our Work (Cont'd)

We have been provided with copies of various title documents including land search records and property information reports, zoning maps relating to the property interests and have made relevant enquiries. However, we have not examined the original documents and assumed that the copies of the documents obtained are consistent with their originals.

All documents have been used for reference only and all dimensions, measurements and areas included in the valuation report are based on information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been made to verify their correctness.

We have not seen the original planning consents and have assumed that the Property has been erected, being occupied and used in accordance with such consents and that there are no outstanding statutory notices.

2.4 Principal Assumptions

Before arriving at our opinion of values, we have considered the following principal factors:

- The financial and operating results of the Target and Clark;
- The economic outlook in general and the specific economic and competitive elements affecting the Target and Clark's businesses, their industry and market;
- The nature and prospects of the industry of the Target and Clark are operating;
- The assumptions and bases of the Financial Projection prepared by the Management;
- The market-derived investment returns of entities engaged in a similar line of business and returns from other similar types of business;
- The stage of development and the business risks of the Target and Clark; and
- The currently prevailing long-term borrowing rate and risk-free interest rate in the U.S. and the UK's capital market.

Due to the changing environment in which the Target and Clark are operating, a number of assumptions have to be established in order to sufficiently support our concluded valuation results. The major principal assumptions adopted in this appraisal are:

- The Information provided and the estimations/representations made by the Management with regards to our valuation are complete, accurate and reliable;
- The Financial Projection has been prepared on a reasonable basis, reflecting estimates which have been arrived at after due and careful consideration by the Management;
- The public and statistical information we have been obtained from sources are deemed to be reputable, accurate and reliable;
- There will be no major changes in the existing political, legal, fiscal and economic conditions in the countries that the Target and Clark are operating;
- There will be no substantial fluctuation in the economic outlook and specific industry outlook affecting the continuity of the businesses of the Target and Clark;
- The availability of finance will not be a constraint on the forecast growth of the Target and Clark's operation in accordance with the Financial Projection;

2.4 Principal Assumptions (Cont'd)

The major principal assumptions adopted in this appraisal are (Cont'd):

- There are no material changes, after the date of this Report, in the relevant corporate tax rate, interest rate, long-term borrowing rate, and exchange rate from that currently prevailing in the countries that the Target and Clark are operating which may significantly impact its businesses;

- The Target and Clark will retain and have competent management, key personnel, and technical staff to support their ongoing operation and will continue to operate as a going concern and have sufficient liquidity and capability to achieve the Financial Projection;

- There will be no material changes as to the management and business strategies and operational structure, which will continue to be operated under the current existing and expected business model; and

- The book values of the non-operating assets/liabilities identified by the Management reflects their fair values.

In addition, we have certain critical assumptions which collectively have a material impact upon our valuation are as follows:

- Our valuation of the properties of the tangible assets is based on the latest official plans and information available to us; and

- We have assumed that the interior of the properties of the tangible assets is in a reasonable condition commensurate with its age and uses.

2.5 Inspection and Area Measurement

We have not carried out inspections of the tangible assets held by the Target.

In the course of our valuation, we have assumed that the tangible assets are maintained and finished in a reasonable condition commensurate with other similar assets and is free from unauthorized alternations/additions/modifications.

Moreover, we have not carried out any site investigation to determine the suitability of the ground conditions or the services for any property development erected or to be erected thereon. Nor did we undertake archaeological, ecological or environmental surveys for the property interests. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Should it be discovered that contamination, subsidence or other latent defects exist in the property or on adjoining or neighbouring land or that the property had been or are being put to contaminated use, we reserve the right to revise our opinion of value.

We have not carried out any on-site measurements to verify the correctness of the areas in respect of the Property but have assumed that the areas shown on the documents and the plans are correct. All documents and plans have been used as reference only and all dimensions, measurements and areas are therefore approximations.

2.6 Sources of Information

The key information we have made reference to and used in our valuation includes but not limited to the following:

- Agreements in relation to the Transaction, including but not limited to the Agreement relating to Subscription Shares in and Sales and Purchase of Shareholder's Loan to LionRock Capital Partners QiLe Limited (the "**Agreements**");
- Management accounts of the Target for the 6-month period ended 2 July 2022;
- Audited annual report of Clark for the years ended 1 February 2020, 30 January 2021 and 29 January 2022;
- Management account of Clark for the 5-month period ended 2 July 2022;
- Fixed assets register of Clark as of the Valuation Date;
- The documents in relation to the property ownership of the properties of the tangible assets;
- Site plans of the properties of the tangible assets;
- The Financial Projection of Clark as of the Valuation Date provided by the Management;
- Information in relation to the active operating lease contracts of Clark as of the Valuation Date;
- Information obtained through discussion and correspondence with the Management; and
- Publicly available information sources (e.g. Bloomberg, S&P Capital IQ).

Section 3

Economic and Industry Overview

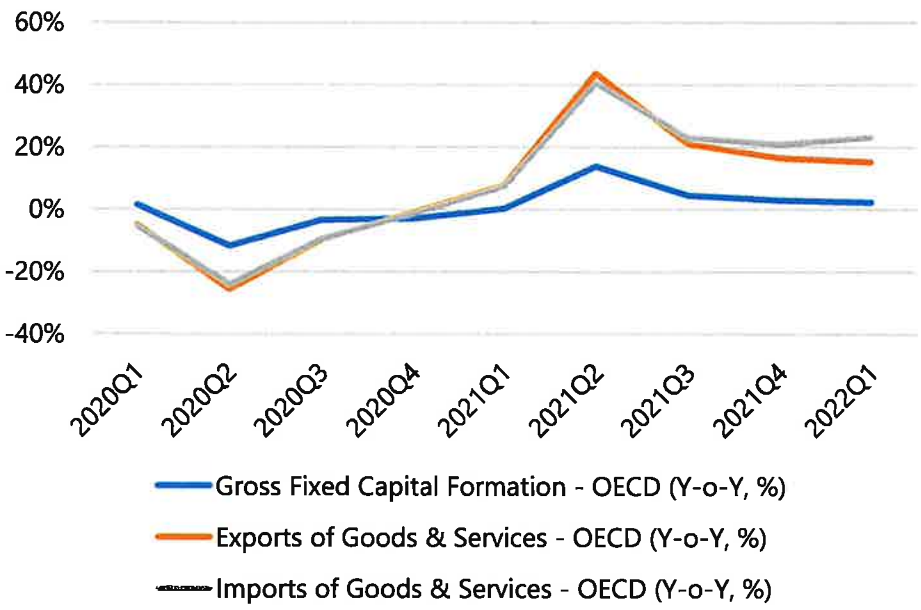
3.1 Economic Overview – Global

Rising inflation and commodity price spikes worldwide showed no sign of abating in 2022Q2. Under the shock waves from Russia-Ukraine war and outbreak of Omicron subvariants, the road to global economic recovery remains unclear.

According to the latest forecast of the International Monetary Fund ("**IMF**"), the global economy is set to expand by 3.6% in 2022 and 2023. The IMF has marked down the short-term economic growth in 2022 from 6.1% in 2021, mainly due to weaker economic position than expected in the developing and emerging countries, contributed by soaring food and energy prices.

Downturns in China and Russia has led to contraction in global output. According to the data provided by Organization for Economic Co-operation and Development ("**OECD**"), the gross fixed capital formation in OECD countries up by 2.2% year-over-year ("**y-o-y**") in 2022Q1, indicating a slightly slower growth from 2.8% y-o-y in 2021Q4. Slight decline is also noted in the international trade in OECD countries. The exports and imports of goods of OECD countries expanded by 14.4% y-o-y and 23.9% y-o-y in 2022Q1, respectively, reflecting subdued growth in international trade activities.

Figure 1: Y-o-Y Growth in Gross Fixed Capital Formation and International Trade of OECD



Source: OECD

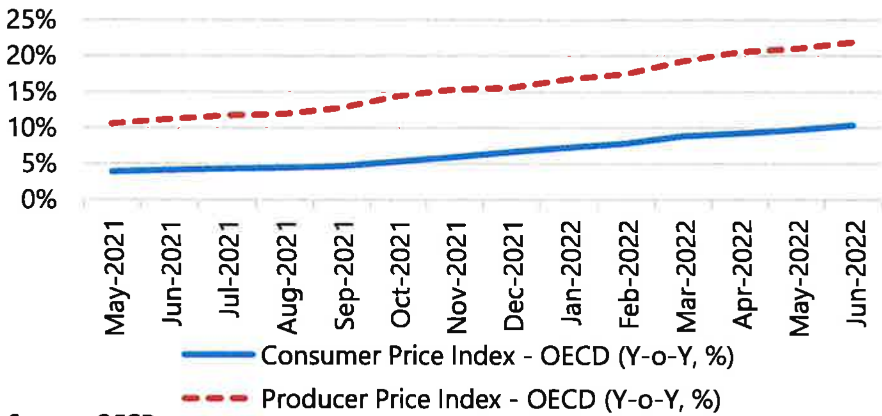
3.1 Economic Overview – Global (Cont'd)

Geopolitical fragmentation impedes the economic cooperation among countries and hinders global economic recovery. Monetary tightening, pandemic induced worker shortage and mobility restriction compounded supply bottlenecks greatly reduced business confidence in developing countries. In June 2022, the producer price index ("**PPI**") in OECD countries increased significantly by 21.9%, the 14th consecutive month to record a double-digit y-o-y growth while consumer price index ("**CPI**") surged 10.27% in June compared with a 7.8% rise in February.

Multiple major central banks including the United States Federal Reserves (the "**Fed**") and Bank of England ("**BoE**") made aggressive move in pushing up interest rates in 2022Q2 in order to tame inflation. The Fed would increase interest rate to a range of 2.25% to 2.5% in July 2022, which is significantly higher than the low level of 0.25% in 2021Q4. The European Central Bank ("**ECB**") kept interest rates the same but signaled plan of interest rate hike in July 2022 and ended the net asset purchases to fight record-high inflation.

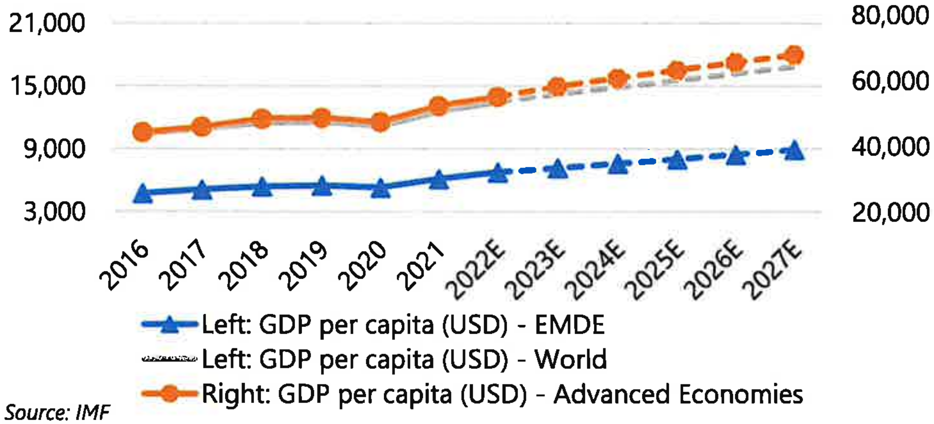
According to the IMF, the war in Ukraine and thus rising commodity prices are expected to affect global economy in 2022Q2, and the gross domestic product ("**GDP**") per capita is forecasted to reach the level of USD16,854 in 2027. In particular, the GDP per capita of advanced economies and emerging markets and developing economies ("**EMDE**") are forecasted to reach the level of USD67,708 and USD8,897, respectively.

Figure 2: Y-o-Y Growth in CPI and PPI of OECD



Source: OECD

Figure 3: GDP per capita of World, Advanced Economies and EMDE (2018 – 2027E)



Source: IMF

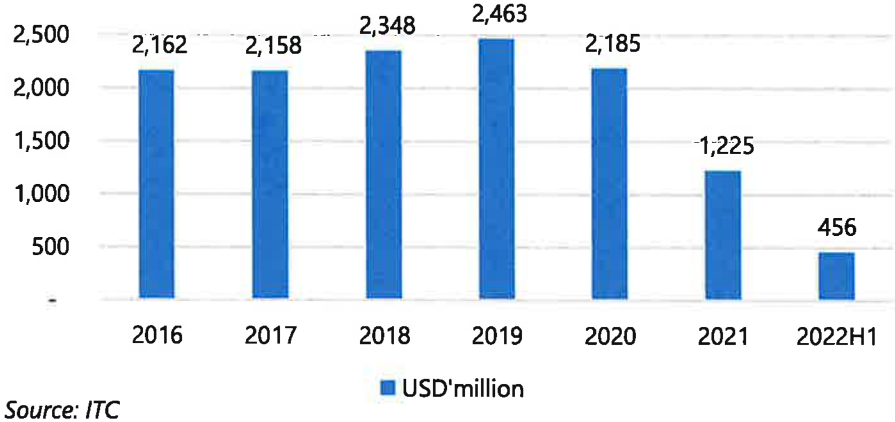
3.2 Industry Overview – the UK Footwear Market

While commodity and machinery markets drive progressive recovery of the UK export market from the COVID-19 pandemic, reported by the Office of National Statistics of the UK ("**ONS**"), export of footwear products continues to decline in 2022H1. According to International Trade Centre ("**ITC**"), a joint agency of the World Trade Organization and the United Nations, total value of footwear exports in 2022H1 amounts to USD456 million, representing a y-o-y decline of 27.0% from USD625 million in 2021H1. British Footwear Association suggests that one of the major reasons of such downtrend shall be due to the shortage in international shipment market. Surging freight cost and uncertain schedule materially halt the recovery of physical trade of the island country.

Under Brexit and the consequential trade arrangement, UK's trade with Ireland exhibits exponential growth. Total value of footwear exports from the UK to Ireland increased 131.8% y-o-y from USD22 million in 2021H1 to USD51 million in 2022H1, hence, following Netherlands, Ireland becomes the second largest importing country of the British footwear products. Besides, the United States ("**US**") also surpassed France, Belgium and Italy in terms of the total British footwear products import in 2022H1, according to ITC. The significance of the European Union countries in the UK footwear export market might be diminishing.

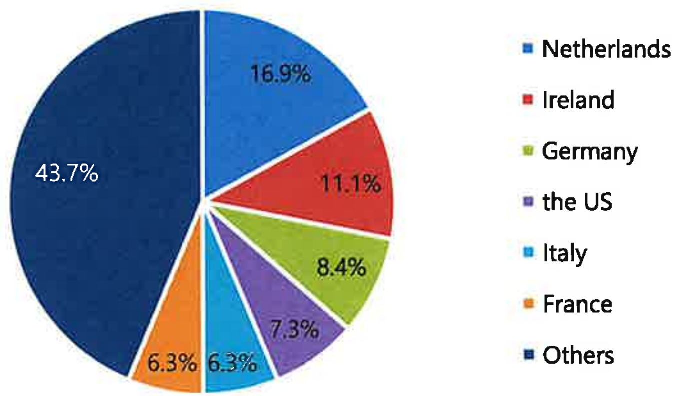
The downstream retail channels of the domestic footwear market in the UK may be no longer to take advantage from the COVID-19 business grant schemes which have been ended by 2022H1, stated by the Department for Business, Energy & Industrial Strategy of the UK ("**BEIS**"). BEIS concludes that businesses from wholesale and retail trade sector has received about 16% of the Cohort 2 schemes starting from August 2020. Based on the data published by ONS, UK domestic sales volumes from department stores and clothing stores sustainably increased by 6.4% and 4.5%, respectively, across December 2021 to June 2022.

Figure 4: Total Value of Footwear Exports from the UK (2016 – 2022H1)



Source: ITC

Figure 5: Importing Market for Footwear Exports from the UK (2021)



Source: ITC

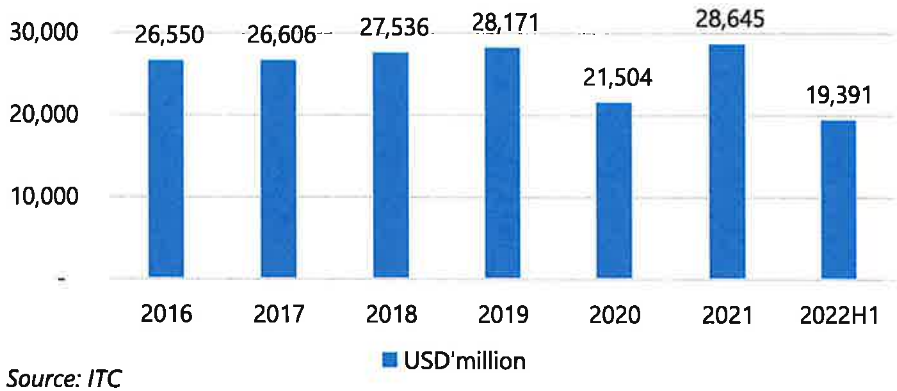
3.3 Industry Overview – the U.S. Footwear Market

With climbing interest rate and USD appreciation which shall be beneficial to import market, total value of footwear imports to the US increases from USD13,359 million in 2021H1 to USD19,391 million in 2022H1, representing a y-o-y growth of 45.2%, reported by ITC. On the other hand, ITC states that the total value of footwear exports from the US increases by 9.9% from USD608 million in 2021H1 to USD668 million in 2022H1. The US has shown its resilience in the consumable goods market with the continuous growth after the outbreak of the COVID-19.

Share of footwear product imports to the US from China gradually decreases from 42.9% in 2021 to 41.1% in 2022H1, reported by ITC, while the production recovery in China continues to be limited by restrictive measures in relation to the volatile pandemic. Significant share of supply has been shifted to South-East Asia countries including Vietnam, Indonesia and Cambodia, and Indian products are gaining market share overtime. Nevertheless, the amount of footwear imports from China remains substantial and significant, and it may not be replaced by its neighboring countries in short term.

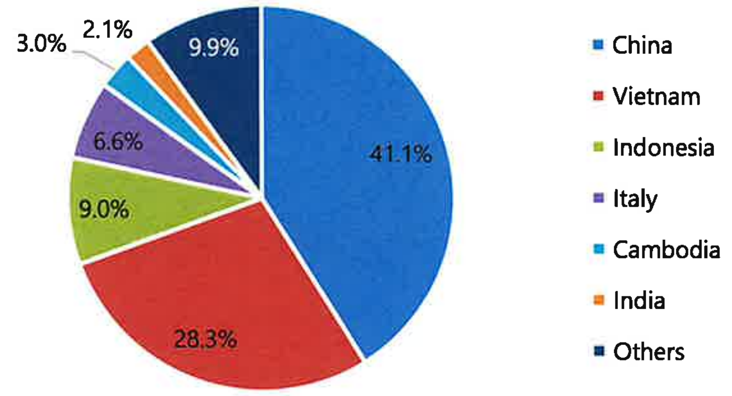
Similar to the UK, the US government is withdrawing the special subsidy schemes for small and medium enterprises in relation to the COVID-19 pandemic from 2022 onwards. Corresponding to the data released by the Census Bureau of the US, retail sales of domestic shoe stores reached USD40 million in 2021, which is higher than the pre-pandemic level of USD37 million in 2019. The encouraging figures may support the contractionary removal of the COVID-19 subsidies to mitigate the risk of overexpansion of retail businesses.

Figure 6: Total Value of Footwear Imports to the U.S. (2016 – 2022H1)



Source: ITC

Figure 7: Supplying Market for Footwear Exports to the U.S. (2021)



Source: ITC

艾華迪集團
AVISTA GROUP

Section 4

Valuation of Intangible Assets of the Target

4.1 Identification of Intangible Assets

Background

The Target is a company incorporated in the British Virgin Islands on 14 September 2020. Before the Transaction, the Target was a wholly owned subsidiary of LionRock LP, which was principally engaged in private equity investment in consumer and sports businesses. The principal business activity of the Target since its incorporation is acting as an investment holding company to invest in 51% shareholding in Clark. As such, we consider the intangible assets of the Target, if any, is solely attributable from Clark.

Definition/ Criteria of Intangible Assets

The Standard defines an intangible asset as an asset (other than a financial asset) that lacks physical substance (excluding goodwill). According to the Standard, such an asset is identifiable if it meets either of the following criteria:

- It is separable, that is, capable of being separated or divided from the entity and sold, transferred, licensed, rented, or exchanged, either individually or together with a related contract, identifiable asset, or liability, regardless of whether the entity intends to do so.

- It arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Identification Process

Through discussions with the Management and review of the Information provided by the Management, we have considered potentially separately identifiable intangible assets within the Target and Clark that may meet the recognition criteria and the required consideration.

Moreover, we have analyzed the business model of the Target and Clark, and their value drivers, as well as the legal and regulatory environment in which the Target and Clark operate to identify potential intangible assets.

We have also considered the potential intangible assets based upon our experience of similar valuation assignments and also considered those transactions involving comparable companies that have been required to disclose acquired intangible assets.

Based on the prescribed procedures, the Intangible Assets set out in the table on the following page have been identified and have been considered for valuation purposes.

Please also see the following pages for the detailed rationale regarding the identification of the Intangible Assets.

4.1 Identification of Intangible Assets (Cont'd)

Identification Process

Potential Intangible Assets	Criterion	Valued by AVISTA?	Valuation Approach
Brand Name	Separability	Yes	Relief from Royalty ("**RFR**")
Relationship with Retail / Outlet Customers	Separability	No	N/A
Relationship with Wholesalers	Separability	No	N/A
Backlog	Contractual	No	N/A
Non-compete Clause / Non-compete Agreement	Contractual	No	N/A
Favorable/(Unfavorable) Lease	Contractual	Yes	Incremental Cash Flow Method
Technology	Separability	No	N/A
Inventory	Separability	No	N/A

4.1 Identification of Intangible Assets (Cont'd)

Identification Process (cont'd)

Marketing Related		
Intangible Assets Considered	**Criterion**	**Valued by AVISTA?**
Brand Name	Separability	Yes
Description	"Clarks" (the "**Brand Name**")	
Rationale	Considering Clark has a long operating history and the Brand Name is well-known to the market, it is material to the business of Clark. It meets the separability criteria and therefore, is identified and valued as an intangible asset.	

Customer Related		
Intangible Assets Considered	**Criterion**	**Valued by AVISTA?**
Relationship with Retail / Outlet Customers	Separability	No
Description	Sales channels of Clark include retail and outlet stores. As of the Valuation Date, Clark owns multiple retail and outlet stores, which were mainly established in the U.S. and the UK.	
Rationale	Per discussion with the Management, retail and outlet customers are usually walk-in customers with no long-term relationship with Clark. Thus, it is considered that the value from relationship with retail and outlet customers is minimal and it is not separately identified and valued.	

4.1 Identification of Intangible Assets (Cont'd)

Identification Process (cont'd)

Customer Related

Intangible Assets Considered	Criterion	Valued by AVISTA?
Relationship with Wholesalers (the "**Wholesaler Relationship**")	Separability	No

Description	Wholesale represents Clark's key sales channel, delivering around 40% of Clark's total revenue in recent years.
Rationale	Based on understanding from the Management and our further consideration, as profitability of Clark's wholesales channel is low, in which significant expenses would still be required to build up the businesses, making the value of the Wholesaler Relationship insignificant to be valued. Also, the Management confirmed that the contract terms between Clark and its wholesalers have no material deviation from the generally adopted terms in the market and there is no abnormal benefit which can be captured from the Wholesaler Relationship. Thus, the Wholesaler Relationship is not separately identified and valued.

Contract Related

Intangible Assets Considered	Criterion	Valued by AVISTA?
Backlog	Contractual	No

Description	N/A
Rationale	Per discussion with the Management, there is no material outstanding backlog contract as of the Valuation Date.

4.1 Identification of Intangible Assets (Cont'd)

Identification Process (cont'd)

Contract Related

Intangible Assets Considered	Criterion	Valued by AVISTA?
Favorable/(Unfavorable) Lease	Separability	Yes

Description	Favorable/(Unfavorable) lease mainly represents the existing lease contracts in relation to the retail stores of Clark located in the U.S., the UK and other operating regions of Clark (the "**Other Regions**") with terms deviate from the observable fair terms among the respective market as of the Valuation Date (the "**Favorable /(Unfavorable) Lease**").
Rationale	Per discussion with the Management, Clark had a substantial amount of existing lease contracts that remained effective as of the Valuation Date, which were mainly related to the retail stores of Clark. Given the fluctuation and divergence in the retail property markets in various regions due to the COVID-19 pandemic, the current level of rent in relation to the existing lease contracts is considered to be deviated from market price in general. Hence, these existing lease contracts are considered as the Favorable/(Unfavorable) Lease. The Favorable/(Unfavorable) Lease meets the contractual criteria and therefore, are identified and valued.

Intangible Assets Considered	Criterion	Valued by AVISTA?
Non-compete Clause/ Non-compete Agreement	Contractual	No

Description	N/A
Rationale	Per discussion with the Management, there is no material non-compete clause/ non-compete agreement as of the Valuation Date.

4.1 Identification of Intangible Assets (Cont'd)

Identification Process (cont'd)

Technology Related		
Intangible Assets Considered	**Criterion**	**Valued by AVISTA?**
Technology	Separability	No

Description	N/A
Rationale	Per discussion with the Management, there is no material technology owned/ developed by Clark as of the Valuation Date.

Others		
Intangible Assets Considered	**Criterion**	**Valued by AVISTA?**
Inventory	Separability	No

Description	N/A
Rationale	Based on the nature of Clark's products as common products, we consider the difference between the historical cost (i.e. book value) and the ultimate selling price would represent a reasonable profit allowance for the future selling efforts. Market participant with similar products and brand would not pay a higher price than the historical cost. Hence, we consider that the inventory's historical cost would have no material difference from its fair value as of the Valuation Date and it is not separately identified and valued.

4.2 Valuation Methodology

Overview

In the appraisal of intangible assets, regardless of its diversity, location, or technological complexity, there are three basic approaches to value. The descriptive titles typically attached to these approaches are cost, market, and income. For details about the methodology, please refer to Appendix 3 of the Report.

In normal circumstances, the appraiser is obliged to consider all three approaches, as any, or perhaps all, may provide reliable measures of value.

Valuation Methods Adopted for Intangible Assets

In this valuation, due to the characteristics of the Intangible Assets, we are unable to identify comparable transaction from public information. As such market approach is not applicable.

Based on the information provided by the Management, including the Financial Projection, and the nature of identified Intangible Assets, **income approach** is used for the valuations of the Intangible Assets. In particular, we adopted the following valuation approaches:

Intangible Assets	Valuation Method
Brand Name	RFR
Favorable/(Unfavorable) Lease	Incremental Cash Flow Method

RFR

RFR assumes that the entity is not the owner of the related target asset and the entity will have to pay a royalty fee to the asset owner for the right of usage. Such royalty fee is considered as an inevitable cash outflow. When the entity has possessed the ownership of the target asset, it can avoid the royalty usage fee. The saved royalty fee is discounted to derive the present value of the target asset. RFR is applicable to intangible asset including brand name, patent, technology and know-how. It is applicable only when there are comparable asset that are operating voluntarily and independently by parties under similar situation.

Incremental Cash Flow Method

Incremental Cash Flow Method compares the difference of cash flow of entities with and without the ownership of the target asset. Incremental cash flow are usually reflected in two aspects. The first one is the price premium, i.e. the difference in value of assets with and without the target asset. The second one is the expense relief from owning the target asset. By discounting the incremental cash flow, we can derive the post-tax present value of the target asset. Incremental cash flow requires that the comparable asset's cash flow can be reliably estimated.

4.2 Valuation Methodology (Cont'd)

Tax Amortization Benefits Calculation

When applying the above income method to derive the fair value of the intangible asset, it is necessary to consider the tax amortization benefits, if applicable. The underlying principle of the concept is that the buyer of an asset will consider the present value of the tax amortization benefits resulting from the acquisition of the intangible asset when determining the consideration.

Tax amortization benefit is calculated as follows:

$$FV = PVC \times \frac{1}{(1 - \sum_{i=1}^{TL} (PVF_i \times \frac{1}{TL} \times t))}$$

Where:

FV = Fair value of the asset including tax amortization benefits
PVC = Present value of the contributions from the asset
TL = Remaining tax amortization period
PVF = Discount factor
T = Applicable income tax rate where the asset is located

4.3 Valuation of the Brand Name

Overview

Please refer to Section 4.1 of this Report for detailed description of the Brand Name.

Valuation Approach

Based on our understanding of the Brand Name, we have adopted RFR to assess the fair value of this intangible asset.

Assumptions

1. Revenue attributed to the Brand Name

The businesses of Clark are considered fully related to its Brand Name. Revenue attributable to the Brand Name was prepared by the Management based on the forecasted business performance of Clark.

2. Gross Royalty Rate

By using RFR, it requires to estimate an arm's-length royalty rate appropriate for the subject intangible asset. The royalty rate is estimated to be the amount that a licensor and licensee would negotiate if both had reasonably and voluntarily attempted to reach agreement.

With reference to the comparable royalty rates based on our research and rule of thumb, we adopted 3.3% as the applicable gross royalty rate by professional judgement.

3. Brand Name Maintenance Costs

Based on discussion with the Management, brand name maintenance costs are expected to be around 3.2% of revenue throughout the projection period.

4. Remaining Useful Life

Based on the Management's best estimation, useful life of the Brand Name is 20.0 years.

5. Income Tax

We adopted an applicable income tax rate of 25.6% according to the overall long-run effective tax rate of Clark to the pre-tax cash flow to arrive at the after-tax cash flow attributable to the Brand Name.

6. Discount Rate

In discounting the implied net cash flows of the Brand Name, we have included 4.0% risk premium to weighted average cost of capital ("**WACC**") of Clark, resulting in a discount rate of 21.6%, which reflects the inherent risk of the Brand Name being slightly higher than the overall business risk due to the uncertainty in the cash flow attributable to the Brand Name.

4.3 Valuation of the Brand Name (Cont'd)

Assumptions (Cont'd)

7. Tax Amortization Benefit

In calculating the tax amortization benefit, tax amortization year is assumed to be 20.0 years, being the lower of the assumed remaining useful life and 25.0 years according to the UK tax law.

Valuation Result

Based on the above assumptions, we derived the fair value of the Brand Name to be GBP5.0 million.

4.4 Valuation of the Favorable/(Unfavorable) Lease in the U.S.

Overview

Based on the below criteria, we have identified 94 lease contracts of Clark (the "**U.S. In-scope Leases**"), which may have material impact to Clark's financial performance.

a. Leased properties are located in the U.S.;

b. Final renewal start date of the lease contract was on or before 2 July 2021 (one year before the Valuation Date);

c. Lease contract will end on or after 3 July 2023 (one year after the Valuation Date); and

d. Payment of the lease contract is either fixed rent or variable rent with residual value guarantees.

As instructed by the Management, we have performed the lease valuation for all the U.S. In-scope Leases.

Assumption

Exchange Rate

USD to GBP exchange rate of 0.8265 as of the Valuation Date has been adopted for this favorable/(unfavorable) lease valuation, sourced from Bloomberg.

Assumption (Cont'd)

Remaining Useful Life

Based on the weighted average remaining lease term of the leases in the U.S., remaining useful life of the leases in the U.S. is 3.0 years.

Valuation Methodology

The valuation of the favorable/(unfavorable) lease in the U.S. has been divided into 4 steps.

Step 1 – Classification

We have identified the geographical locations for all leases, including city, county, state and division. We have furthermore categorized them into "Shopping Centre", "Outlet" or "General Retail" based on their type of property.

Step 2 – Market Rent Calculation

The current market rent of all leases has been calculated by indexation method, which applied the retail market rental index of corresponding geographical locations extracted from Marketbeat U.S. National published by Cushman & Wakefield to the initial monthly rent of the most recently reviewed contracts of each lease provided by Clark.

4.4 Valuation of the Favorable/(Unfavorable) Lease in the U.S. (Cont'd)

Valuation Methodology (Cont'd)

Step 2 – Market Rent Calculation (Cont'd)

To project the market rent beyond 2022, we have made references to Retail Market Report Boston – MA published by ABG Commercial Realty where the annual growth rate of market rent in the U.S. was expected to range from 1.11% to 4.13% for overall retail properties from 2023 to 2025. Annual growth rate of the market rent in the U.S. from 2026 onwards was expected to be 1.88% with reference to the 10-year average of historical CPI-U (All Urban Consumers) growth rate in the U.S..

Step 3 – Validation

In forming our opinion of the current market rent of the leases, we have compared the initial monthly rents between the previous contracts and most recently reviewed contracts on leases other than the U.S. In-Scope Leases provided by Clark to verify the validity of the adopted index, a selection of which are summarised below:

Property code	Previous contract		Most recently reviewed contract		% Difference between (a) & (b)	% Difference by indexation
	Date	Initial monthly rent (a)	Date	Initial monthly rent (b)		
A514	1 Mar 2018	18,331.61	1 May 2022	20,682.01	12.82%	19.44%
A843	1 Apr 2012	11,812.50	1 May 2022	13,884.60	16.38%	16.29%

4.4 Valuation of the Favorable/(Unfavorable) Lease in the U.S. (Cont'd)

Valuation Methodology (Cont'd)

Step 3 – Validation (Cont'd)

In addition, we have calculated the current market rent on 92 leases with direct comparison method, which compared the subject underlying properties with similar properties located in the neighborhood area in relation to the features which affect their value. The direct comparison result showed that out of 92 leases, 43 leases (46.74%) had a difference of less than 5% with the indexation result, whilst 77 leases (83.70%) had a difference of less than 10% with the indexation result.

Step 4 – Favorable/(Unfavorable) Value Calculation

The undiscounted rental difference of each lease, which is the annual market rent minus the annual contract rent, has been discounted by the sum of corresponding capitalization rate and the annual growth rate of market rent. Capitalization rates of 5.22% for general retail properties and 6.58% for shopping centres and outlets were captured from Retail Outlook Research published by JLL.

By adding together all discounted rental differences, the total value of favorable/(unfavorable) lease was determined.

Valuation Result

Based on the above methodology and assumptions, we derived the market value of the favorable lease in the U.S. to be GBP0.4 million.

4.5 Valuation of the Favorable/(Unfavorable) Lease in the UK

Overview

Based on the below criteria, we have identified 132 lease contracts of Clark (the "**UK In-scope Leases**"), which may have material impact to Clark's financial performance.

a. Leased properties are located in the UK;

b. Final renewal start date of the lease contract was on or before 2 July 2021 (one year before the Valuation Date);

c. Lease contract will end on or after 3 July 2023 (one year after the Valuation Date); and

d. Payment of the lease contract is either fixed rent or variable rent with residual value guarantees.

As instructed by the Management, we have performed the lease valuation for all the UK In-scope Leases.

Assumption

Remaining Useful Life

Based on the weighted average remaining lease term of the leases in the UK, remaining useful life of the leases in the UK is 3.0 years.

Valuation Methodology

The valuation of the favorable/(unfavorable) lease in the UK has been divided into 4 steps.

Step 1 – Classification

We have identified the geographical locations for all leases, including county and region. We have furthermore categorized them into "Shopping Centre", "Outlet" or "General Retail" based on their type of property.

Step 2 – Market Rent Calculation

The current market rent of all leases has been calculated by indexation method, which applied the retail market rental index of corresponding type of property extracted from Rental Snapshot Report published by Avison Young to the initial monthly rent of the most recently reviewed contracts of each lease provided by Clark.

To project the market rent beyond 2022, we have made references to Spring 2022 Survey of Independent Forecasts for UK Commercial Property Investment published by IPF Research Programme where the annual growth rate of market rent in the UK was expected to range from -0.70% to 1.20% for general retail properties, -1.00% to 0.70% for shopping centres, and 0.70% to 1.20% for outlets from 2023 to 2026. Annual growth rate of the market rent in the UK from 2027 onwards was expected to be 1.81% with reference to the 10-year average of historical CPIH (actual rentals for housing) growth rate in the UK.

4.5 Valuation of the Favorable/(Unfavorable) Lease in the UK (Cont'd)

Valuation Methodology (Cont'd)

Step 3 – Validation

In forming our opinion of the current market rent of the leases, we have compared the initial monthly rents between the previous contracts and most recently reviewed contracts on leases other than the UK In-Scope Leases provided by Clark to verify the validity of the adopted index, a selection of which are summarised below:

Property code	Previous contract		Most recently reviewed contract		% Difference between (a) & (b)	% Difference by indexation
	Date	Initial monthly rent (a)	Date	Initial monthly rent (b)		
2675	27 Mar 2018	40,833.33	1 Feb 2022	31,250.00	(23.47%)	(23.23%)
2953	23 Mar 2018	8,333.33	4 Jan 2022	6,666.67	(20.00%)	(23.23%)
2435	16 Mar 2018	9,083.33	1 May 2022	6,666.67	(26.61%)	(23.23%)
1930	2 Mar 2018	2,583.33	11 Oct 2021	2,083.33	(19.35%)	(20.07%)

In addition, we have calculated the current market rent on 55 leases with direct comparison method, which compared the subject underlying properties with similar properties located in the neighbourhood area in relation to the features which affect their value. The direct comparison result showed that out of 55 leases, 26 leases (47.27%) had a difference of less than 5% with the indexation result, whilst 40 leases (72.73%) had a difference of less than 10% with the indexation result.

4.5 Valuation of the Favorable/(Unfavorable) Lease in the UK (Cont'd)

Valuation Methodology (Cont'd)

Step 4 – Favorable/(Unfavorable) Value Calculation

The undiscounted rental difference of each lease, which is the annual market rent minus the annual contract rent, has been discounted by the sum of corresponding capitalization rate and the annual growth rate of market rent. Capitalization rates of 6.25% for general retail properties, 7.90% for shopping centres and 4.80% for outlets were captured from UK Retail Figures published by CBRE.

By adding together all discounted rental differences, the total value of favorable/(unfavorable) lease was determined.

Valuation Result

Based on the above methodology and assumptions, we derived the market value of the favorable lease in the UK to be GBP5.8 million.

4.6 Valuation of the Favorable/(Unfavorable) Lease in the Other Regions

Overview

Based on the below criteria, we have identified 21 lease contracts of Clark (the "**Other Regions In-scope Leases**"), which may have material impact to Clark's financial performance.

a. Leased properties are located in China, ROI, Singapore and Spain;

b. Final renewal start date of the lease contract was on or before 2 July 2021 (one year before the Valuation Date);

c. Lease contract will end on or after 3 July 2023 (one year after the Valuation Date); and

d. Payment of the lease contract is either fixed rent or variable rent with residual value guarantees.

As instructed by the Management, we have performed the lease valuation for all the Other Regions In-scope Leases.

Assumption

Exchange Rate

CNY to GBP, EUR to GBP and SGD to GBP exchange rates of 0.1233, 0.8617 and 0.5919 as of the Valuation Date have been adopted for this favorable/(unfavorable) lease valuation respectively, sourced from Bloomberg.

Assumption (Cont'd)

Remaining Useful Life

Based on the weighted average remaining lease term of the leases in the Other Regions, remaining useful life of the leases in the Other Regions is 4.0 years.

Valuation Methodology

The valuation of the favorable/(unfavorable) lease in the Other Regions has been divided into 4 steps.

Step 1 – Classification

We have categorized all the leases into "Shopping Centre", "Outlet", "General Retail" or "Office" based on their type of property.

Step 2 – Market Rent Calculation

The current market rent of all leases have been calculated by indexation method, which applied the retail market rental index of corresponding type of property to the initial monthly rent of the most recently reviewed contracts of each lease provided by Clark. The retail market rental indexes were extracted from PRC Retail Property Report Market Outlook published by JLL, Investment Report - Market Overview published by JLL, Price and Rental Index of Office and Retail Space in the Central Region published by Urban Redevelopment Authority and Marketbeat Spain published by Cushman & Wakefield for China, ROI, Singapore and Spain respectively.

4.6 Valuation of the Favorable/(Unfavorable) Lease in the Other Regions (Cont'd)

Valuation Methodology (Cont'd)

Step 2 – Market Rent Calculation (Cont'd)

To project the market rent beyond 2022, for China, we have made references to PRC Retail Property Report Market Outlook published by JLL where the annual growth rate of market rent was expected to range from 1.26% to 2.12% for overall retail properties from 2023 to 2025. Annual growth rate of the market rent in China from 2026 onwards was expected to be 2.06% with reference to the 10-year average of historical CPI (All items) growth rate in China.

For ROI, we have made references to European Property Market Searching for Value Outlook published by BNP Paribas Real Estate, where the annual growth rate of market rent was expected to be 1.23% for general retail properties and 0.03% for shopping centres and outlets from 2023 to 2026. Annual growth rate of the market rent in ROI from 2027 onwards was expected to be 0.81% with reference to the 10-year average of historical CPI (All items) growth rate in ROI.

For Singapore, we have made references to Singapore Market Outlook published by Cushman & Wakefield, where the annual growth rate of the market rent was expected to range from 2.69% to 3.14% for overall retail properties and 2.57% to 4.80% for offices from 2023 to 2025. Annual growth rate of the market rent in Singapore from 2026 onwards was expected to be 1.06% with reference to the 10-year average of historical CPI (All items) growth rate in Singapore.

Valuation Methodology (Cont'd)

Step 2 – Market Rent Calculation (Cont'd)

For Spain, we have made references to European Property Market Searching for Value Outlook published by BNP Paribas Real Estate, where the annual growth rate of market rent was expected to be -0.94% for outlets from 2023 to 2026. Annual growth rate of the market rent in Spain from 2027 onwards was expected to be 1.01% with reference to the 10-year average of historical CPI (All items) growth rate in Spain.

Step 3 – Validation

In forming our opinion of the current market rent of the leases, we have calculated the current market rent on 20 leases with direct comparison method, which compared the subject underlying properties with similar properties located in the neighbourhood area in relation to the features which affect their value to verify the validity of the adopted index. The direct comparison result showed that out of 20 leases, 14 leases (70.00%) had a difference of less than 5% with the indexation result, whilst all 20 leases (100.00%) had a difference of less than 10% with the indexation result.

4.6 Valuation of the Favorable/(Unfavorable) Lease in the Other Regions (Cont'd)

Valuation Methodology (Cont'd)

Step 4 – Favorable/(Unfavorable) Value Calculation

The undiscounted rental difference of each lease, which is the annual market rent minus the annual contract rent, has been discounted by the sum of corresponding capitalization rate and the annual growth rate of market rent. Capitalization rates of 4.61% for overall retail properties in China and 4.75% for overall retail properties and 3.30% for offices in Singapore were captured from Asia Pacific Cap Rate Survey published by CBRE, 4.50% for overall retail properties in ROI were captured from Investment Report published by Lisney, and 5.50% for outlets in Spain were captured from Spain Retail Snapshot published by Knight Frank.

By adding together all discounted rental differences, the total value of favorable/(unfavorable) lease was determined.

Valuation Result

Based on the above methodology and assumptions, we derived the market value of the unfavorable lease in the Other Regions to be GBP0.2 million.

艾 華 迪 集 團
AVISTA GROUP

Section 5

Valuation of Tangible Assets of the Target

5.1 Tangible Assets Description

For the purpose of this valuation, the values of the Tangible Assets mainly comprise the values of Property and Plant and Equipment. The Tangible Assets are mainly located in the U.S. and the UK as of the Valuation Date. Brief descriptions of each Tangible Asset are as follows:

Property

Property includes shops, offices, factories, warehouses and mixed-use properties and vacant land located in the U.S. and the UK (the "**Property**"). Please refer to the tables in the following pages for the description of appraised properties. Clark also has shopfits with total net book value of GBP4.9 million as of the Valuation Date.

Plant and Equipment

Clark held different kinds of equipment (the "**Plant and Equipment**"). Major types of Plant and Equipment included plant and equipment, fixtures and fittings, computer hardware and computer software.

5.1 Tangible Assets Description (Cont'd)

Bournemouth Property	
Address	Clarks, 16 Commercial Road, Bournemouth, BH2 5LP, the UK
Floor Area (sq. ft.)	4,109
Land Expiry Date	Freehold
Registered Owner	C&J Clark International Limited (Co. Regn. No. 00141015)
Usage	Shop and Premises

Chester Property	
Address	1/3 Foregate Street, Chester, Cheshire, England, CH1 1HD, the UK
Floor Area (sq. ft.)	8,500
Land Expiry Date	Freehold
Registered Owner	C&J Clark International Limited (Co. Regn. No. 00141015)
Usage	Shop and Premises

5.1 Tangible Assets Description (Cont'd)

HQ Property	
Address	40 High St, Street, Somerset, England, BA16 0EQ, the UK
Floor Area (sq. ft.)	219,758
Land Expiry Date	Freehold
Registered Owner	C&J Clark International Limited (Co. Regn. No. 00141015)
Usage	Office and Premises

Kendal Land	
Address	Land at Watercrook Business Distribution Centre, Natland Road, Kendal, LA9 7LR, the UK
Site Area (acres)	50
Land Expiry Date	Freehold
Registered Owner	C&J Clark International Limited (Co. Regn. No. 00141015)
Usage	Vacant Land

5.1 Tangible Assets Description (Cont'd)

Kendal Property	
Address	Watercrook Business Distribution Centre, Natland Road, Kendal, LA9 7LR, the UK
Floor Area (sq. ft.)	219,296
Land Expiry Date	Freehold
Registered Owner	C&J Clark International Limited (Co. Regn. No. 00141015)
Usage	Factory and Premises

Maidstone Property	
Address	34 Week Street, Maidstone, Kent, England, ME14 1RP, the UK
Floor Area (sq. ft.)	6,861
Land Expiry Date	Freehold
Registered Owner	C&J Clark International Limited (Co. Regn. No. 00141015)
Usage	Shop and Premises

5.1 Tangible Assets Description (Cont'd)

Norwich Property	
Address	10 - 14 Brigg Street, Norwich, Norfolk, England, NR2 1QN, the UK
Floor Area (sq. ft.)	11,500
Land Expiry Date	Freehold
Registered Owner	C&J Clark International Limited (Co. Regn. No. 00141015)
Usage	Shop and Premises

Southampton Property	
Address	36 Above Bar Street, Southampton, Hampshire, England, SO14 7DR, the UK
Floor Area (sq. ft.)	4,894
Land Expiry Date	Leasehold (14 April 2119)
Registered Owner	C&J Clark International Limited (Co. Regn. No. 00141015)
Usage	Shop and Premises

5.1 Tangible Assets Description (Cont'd)

Westway Property	
Address	Westway Distribution Centre, Westway, Street, Somerset, BA16 0LN, the UK
Floor Area (sq. ft.)	553,211
Land Expiry Date	Freehold
Registered Owner	C&J Clark International Limited (Co. Regn. No. 00141015)
Usage	Distribution Warehouse and Premises

Winchester Property	
Address	114 High Street, Winchester, Hampshire, England, SO23 9AS, the UK
Floor Area (sq. ft.)	4,374
Land Expiry Date	Freehold
Registered Owner	C&J Clark International Limited (Co. Regn. No. 00141015)
Usage	Shop and Premises

5.1 Tangible Assets Description (Cont'd)

Hanover Property	
Address	355 Kindig Lane, Hanover, PA 17331, the U.S.
Floor Area (sq. ft.)	408,000
Land Expiry Date	Freehold
Registered Owner	C&J Clark America Inc. (Co. Regn. No. N/A)
Usage	Distribution Warehouse

Gravesend Property	
Address	10/11 Kempthorne Street Gravesend Kent, the UK
Floor Area (sq. ft.)	4,878
Land Expiry Date	Leasehold (25 March 2107)
Registered Owner	CJC (UK) Limited (Co. Regn. No. N/A)
Usage	Shop and Premises

5.2 Valuation Method of Tangible Assets

Overview

In the appraisal of property or tangible assets, there are three basic approaches to value. The descriptive titles typically attached to these approaches are market, income and cost. For details about the methodology, please refer to Appendix 3 of this Report.

In normal circumstances, the appraiser is obliged to consider all three approaches, as any, or perhaps all, may provide reliable measures of value.

Valuation Methods Adopted

In this valuation, based on the information provided by the Management and the nature of the Property and the Plant and Equipment, market approach and cost approach are used for property valuation. In particular, we adopted the following valuation approach(es):

Tangible Assets	Valuation Method
Property (excluding Shopfits)	Direct Comparison Method
Property – Shopfits	Depreciated Replacement Cost Method ("**DRC**")
Plant and Equipment	DRC

Valuation Methods Adopted (Cont'd)

Direct Comparison Method

Direct comparison method is generally by comparing recent market evidence of similar properties located in the neighbourhood area of the Property. Adjustments are made to reflect the differences in various aspects including market conditions, size, location, time, age, quality and any other relevant factors when comparing such sales against the property. This approach is commonly used to value properties where reliable sales evidence is available.

DRC

DRC is generally used in the absence of sufficient market data to arrive at the market value of a property by means of market-based evidence.

DRC is defined as "the current cost of replacing an asset with its modern equivalent asset less deduction for physical deterioration and all relevant forms of obsolescence and optimization".

The application of the DRC method in real property valuation is based on an estimate of the market value of the land in its existing use, plus the current cost of replacement (reproduction) of the improvements, less allowance for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost of the property interests is subject to the adequate potential profitability of the concerned business.

5.2 Valuation Method of Tangible Assets (Cont'd)

Valuation Methods Adopted (Cont'd)

DRC (Cont'd)

We have valued the Plant and Equipment by considering the cost of replacement (reproduction) or update to a current cost as of the Valuation Date from historical cost by applying an index factor in accordance with current market prices for similar assets, with allowance for accrued depreciation arising from the condition, utility, age, wear and tear, or obsolescence present (physical, functional or economical), taking into consideration past and present maintenance policy and rebuilding history.

Cost of replacement is the estimated amount of money needed to acquire in like kind and in new condition, an asset or group of assets taking into consideration current prices of materials, manufactured equipment, labour, contractor's overhead, profit and fees, and all other attendant costs associated with its acquisition, but without provision for overtime or bonuses for labour and premium for materials.

5.3 Valuation of Property (Excluding Shopfits)

Overview

Please refer to Section 5.1 of this Report for detailed description of the Property (excluding Shopfits)

Valuation Approach

Based on our understanding of the Property (excluding Shopfits), we have adopted the market approach, namely direct comparison method, in the valuation to assess the fair value of the Property.

Primary Inputs and Key Assumptions

To obtain an understanding of the general condition of the Property (excluding Shopfits), we have relied on discussions and correspondence with the Management and information obtained during our interview with the Company.

To estimate the value of the Property (excluding Shopfits), we have applied the following key inputs:

We have made reference to the recent market evidence of similar properties located in the neighborhood area of the Property.

Appropriate adjustments were allowed to consider the difference in terms of time, location, size, trading potential, etc. between the Property and the comparables. We have therefore adopted the adjusted unit rate for valuing the Property (excluding Shopfits).

Please refer to the tables on the following page for the unit rates adopted for each of the Property and the valuation results.

5.3 Valuation of Property (Excluding Shopfits) (Cont'd)

Valuation Results

Property	Bournemouth Property	Chester Property	HQ Property	Kendal Land
Adopted Unit Rate	GBP231/sq.ft.	GBP511/sq.ft.	GBP31/sq.ft.	GBP10,431/acre
Floor Area/Site Area	4,109 sq.ft.	8,500 sq.ft.	219,758 sq.ft.	50 acres
Fair Value of the Property (GBP'million)	**0.9**	**4.3**	**6.8**	**0.5**

Property	Kendal Property	Maidstone Property	Norwich Property	Southampton Property
Adopted Unit Rate	GBP21/sq.ft.	GBP296/sq.ft.	GBP271/sq.ft.	GBP281/sq.ft.
Floor Area	219,296 sq.ft.	6,861 sq.ft.	11,500 sq.ft.	4,894 sq.ft.
Fair Value of the Property (GBP'million)	**4.6**	**2.0**	**3.1**	**1.4**

Property	Westway Property	Winchester Property	Hanover Property	Gravesend Property
Adopted Unit Rate	GBP37/sq.ft.	GBP469/sq.ft.	GBP69/sq.ft.	Retail portion: GBP185/sq.ft. Storage portion: GBP19/sq.ft.
Floor Area	553,211 sq.ft.	4,374 sq.ft.	408,000 sq.ft.	4,878 sq.ft.
Fair Value of the Property (GBP'million)	**20.5**	**2.1**	**28.2**	**0.5**

Source: AVISTA analysis

The total fair value of the Property (excluding Shopfits) is GBP74.9 million.

5.4 Valuation of Property – Shopfits and Plant and Equipment

Overview

Please refer to Section 5.1 of this Report for detailed description of Property – Shopfits and Plant and Equipment.

Valuation Methodology

Due to the nature of Property – Shopfits and Plant and Equipment, we have used the cost approach, namely DRC, in the valuation to assess the fair value of these tangible assets.

Primary Inputs and Major Assumptions

To obtain an understanding of the general condition of Property – Shopfits and Plant and Equipment, we have relied on discussions and correspondence with management and information obtained during our interview with the Company.

In arriving at a fair value of the tangible assets we have considered the below:

- Cost of replacement new of the replaceable assets;
- Historical cost and acquisition date;
- Inflation indices;
- Economic and functional obsolescence
- Accrued depreciation; and
- Age, condition, past maintenance and present and prospective serviceability in comparison with new units of like kind.

The following is the application of DRC to tangible assets:

1. Estimate the current cost of reproducing a new replica of the asset being valued using the same, or closely similar, materials; or estimate the replacement cost of the similar new assets by applying PPI of relevant countries sourced from OECD, Federal Reserve Bank of St. Louis, etc., to the original book cost to derived the replacement cost new of the tangible assets;

2. Estimate the accrued depreciation cost of the assets measured by comparing the remaining life of the subject assets at the Valuation Date with its expected total life, assumed 3-20 years. We also considered functional and economic obsolescence; and

3. Derived the fair value of the tangible assets by deducting the accrued depreciation cost from the replacement cost new of the assets.

Major factors considered in our valuation include the followings:

- Useful Life – Property – Shopfits: 5-10 years
- Useful Life – Plant and Equipment: 3-20 years
- Residual Value – Property – Shopfits: 0%
- Residual Value – Plant and Equipment: 3%

5.4 Valuation of Property – Shopfits and Plant and Equipment (Cont'd)

Valuation Result

Based on the above assumptions, we derived the fair values as follows:
- The fair value of the Property (excluding Shopfits) to be GBP74.9 million;
- The fair value of the Property – Shopfits to be GBP4.3 million; and
- The fair value Plant and Equipment to be GBP55.6 million.

Therefore, the total fair value of the Tangible Assets of the Target to be GBP134.9 million.

5.5 Tangible Assets Valuation Results Summary

Tangible Assets Valuation Results Summary
GBP (unless otherwise stated)

Description	Net Book Value	Fair Value	Percentage change
Property	68,762,627	79,241,500	15.2%
Plant and Equipment	58,652,429	55,648,300	-5.1%

Source: AVISTA analysis

艾 華 迪 集 團
AVISTA GROUP

Section 6

Conclusion of Values

6. Conclusion of Values

In accordance with the purpose and scope of our engagement set out in Sections 2.1 & 2.2, and subject to the limitations of our work set out in Section 2.3, principal assumptions adopted in Section 2.4, limitations of inspection and area measurement set out in Section 2.5 and key information set out in Section 2.6, and further subject to the General Assumptions and Limiting Conditions set out in Appendix 1, based upon the methodology employed and key parameters adopted outlined in Sections 4 to 5, it is our opinion that the fair values of the Subject Assets as of the Valuation Date are concluded in the table opposite.

Our valuation is prepared in compliance with the requirements of International Valuation Standards published by The International Valuation Standards Council, with the conclusion of value relying extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. We have no obligation to update this Report or our conclusion of values for information that comes to our attention after the date of this Report.

We hereby certify that we have neither present nor prospective interests in the Company, the Target, Clark or the values reported.

This Report is solely for the use of management of the Company for the purpose stated herein and may not be shown or referred to in any communication to other parties, in whole or in part, without our prior written consent.

Valuation Results Summary
GBP'million (unless otherwise stated)

Valuation Date: 2 July 2022	Assumed Remaining Useful Life (Year)	Fair Values
Intangible Assets:		
- Brand Name	20.0	5.0
Tangible Assets:		
- Property		79.2
- Plant and Equipment		55.6
Favorable/(Unfavorable) Lease:[1]		
- The United States ("**U.S.**")	3.0	0.4
- The United Kingdom ("**UK**")	3.0	5.8
- Other Regions	4.0	(0.2)

Source: AVISTA analysis

Note 1: According to the instruction from the Management, part of the leases of the Target are excluded from the valuation scope of Favorable/(Unfavorable) Lease.

Appendix 1

General Assumptions and Limiting Conditions

Appendix 1: General Assumptions and Limiting Conditions

This report was prepared based on the following general assumptions and limiting conditions:

- The conclusion of value arrived at herein is based on the prevailing or then prevailing economic environment, market conditions, and purchasing power of the currency stated in the report as of the Valuation Date, which is valid only for the stated purpose as of the Valuation Date.

- Financial statements and other related information provided by the Company or its representatives, in the course of this engagement, have been accepted without any verification as fully and correctly reflecting the enterprise's business conditions and operating results for the respective periods, except as specifically noted herein. We have not audited, reviewed, or compiled the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information.

- If prospective financial information approved by management of the Company has been used in our work, we have not examined or compiled the prospective financial information and therefore, do not express an audit opinion or any other form of assurance on the prospective financial information or the related assumptions. Events and circumstances frequently do not occur as expected and there will usually be differences between prospective financial information and actual results, and those differences may be material.

- Public information and industry and statistical information have been obtained from sources we believe to be reliable. However, we make no representation as to the accuracy or completeness of such information and have performed no procedures to corroborate the information.

- We do not provide assurance on the achievability of the results forecasted or estimated by the Management because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted or estimated results is dependent on actions, plans, and assumptions of the Management.

- This report and the conclusion of value arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. They may not be used for any other purpose or by any other party for any purpose. Furthermore the report and conclusion of value are not intended by the author and should not be construed by the reader to be investment advice in any manner whatsoever. The conclusion of value represents the considered opinion of AVISTA based on information furnished to them by the Company and other sources.

Appendix 1: General Assumptions and Limiting Conditions (Cont'd)

This report was prepared based on the following general assumptions and limiting conditions (Cont'd):

- Neither all nor any part of the contents of this report (especially the conclusion of value, the identity of any valuation specialist(s), or the firm with which such valuation specialists are connected or any reference to any of their professional designations) should be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other means of communication without the prior written consent and approval of AVISTA.

- Future services regarding the subject matter of this report, including, but not limited to testimony or attendance in court, shall not be required of AVISTA unless previous arrangements have been made in writing.

- AVISTA is not an environmental consultant or auditor, and it takes no responsibility for any actual or potential environmental liabilities. Any person entitled to rely on this report, wishing to know whether such liabilities exist, or the scope and their effect on the value of the subject assets/business, is encouraged to obtain a professional environmental assessment. AVISTA does not conduct or provide environmental assessments and has not performed one for the subject assets/business.

- AVISTA has not made a specific compliance survey or analysis of the subject business to determine whether it is subject to, or in compliance with the relevant laws and regulations and this valuation does not consider the effect, if any, of noncompliance.

- Unless otherwise stated, no effort has been made to determine the possible effect, if any, on the subject business due to future national or local legislation, including any environmental or ecological matters or interpretations thereof.

- No change of any item in this appraisal report shall be made by anyone other than AVISTA and we shall have no responsibility for any such unauthorized change.

Appendix 2

Valuation Methodology of Business Enterprise Value

Appendix 2: Valuation Methodology of Business Enterprise Value

In the appraisal, regardless of its diversity, location, or technological complexity, there are three basic approaches to value. The descriptive titles typically attached to these approaches are cost, market, and income. In normal circumstances, the appraiser is obliged to consider all three approaches, as any, or perhaps all, may provide reliable measures of value.

Cost Approach

The cost approach estimates value by determining the current cost of replacing an asset with one of equivalent economic utility. An indication of value is developed by estimating the cost of reproduction or replacement new for the property, less an allowance for loss in value due to depreciation or obsolescence. This approach is most appropriate when applied to specific assets, such as land improvements, buildings, machinery and equipment, and certain intangible assets.

Market Approach

The market approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparable. Assets for which there is an established used market may be appraised by this approach.

There are two methods under the market approach, namely the "Comparable Transaction (Acquisition) Method" or the "Guideline Company Method".

Comparable Transaction (Acquisition) Method

In this method, one would identify and analyze purchases and sales of companies which operate a similar business as that of subject company. The price multiples implied in these purchases and sales transactions would be adjusted to reflect differences between the subject company and the comparable companies

Guideline Company Method

Under the guideline company method, the valuation of a company is determined with reference to certain key value indicators, such as multiples to revenue, pre-tax or post tax earnings, or book values, of publicly traded companies. In this regard, it is necessary to take into account factors such as differences in the size, growth potential, profitability, financial position, operational and business risks, management capabilities and expertise, as well as the liquidity of the shares of the company concerned.

Appendix 2: Valuation Methodology of Business Enterprise Value

Income Approach

In the income approach, value is dependent on the present value of future economic benefits such as cost savings, periodic income, or sale proceeds. Indications of value are developed by discounting future net cash flows available for distribution to their present value at a rate that reflects both the current return requirements of the market and the risks inherent in the specific investment.

Income Approach – Discounted Cash Flow ("DCF") Method

In this method, the value depends on the present value of future economic benefits to be derived from ownership of the enterprise. Thus, an indication of the enterprise value is calculated as the present value of the future free cash flow less outstanding interest-bearing debt, if any. The future cash flow is discounted at the market-derived rate of return appropriate for the risks and hazards of investing in a similar business.

Definition of Free Cash Flow

The term *free cash flow ("**FCF**")* can be represented by the following equation:

FCF = NOPLAT + DEPR– CAPEX – NWC

Where:

FCF	=	projected free cash flow available to equity and debt holders
NOPLAT	=	net operating profit and loss after tax
DEPR	=	depreciation and amortization expenses
CAPEX	=	capital expenditures
NWC	=	changes in net working capital (current assets net of current liabilities)

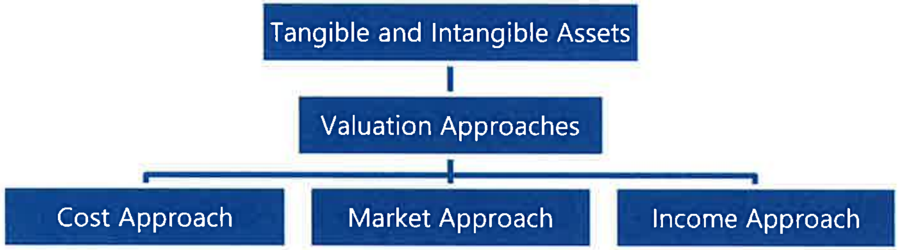
Appendix 3

General Valuation Methodology of Assets

Appendix 3: General Valuation Methodology of Assets

Tangible and Intangible assets

In appraising the value of tangible and intangible assets, regardless of the diversity, location or technological complexity, there are three basic valuation approaches, namely Cost, Market, and Income.



Cost Approach

Cost Approach provides a systematic framework for estimating the value of tangible or intangible asset based upon the economic theory that rational investor would purchase an existing asset for no more than the cost to create a comparable asset. For tangible asset valuation, cost approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

Market Approach

Market Approach is used to estimate value through the analysis of recent transactions of comparable assets. However, transaction prices of intangible assets are rarely available because intangible assets typically are transferred only as part of a transaction, not in piecemeal.

Furthermore, since intangible assets are unique to a particular enterprise, benchmark among enterprises is difficult.

Therefore, Market Approach is rarely used and considered appropriate in the valuation of intangible assets, unless exchange of individual assets that is comparable to the subject asset can be observed. Instead, Market Approach is more commonly used in valuing tangible assets.

Income Approach

The term "income" quantifies future benefits as expected future cash flows. It does not mean that Income Approach should only be used with forecasts of net income in financial reporting sense. Instead, Income Approach involves two general steps. The first one is to establish a forecast of future net cash flows expected to accrue directly or indirectly to an investor in return of the ownership of the asset or a group of assets. The second step involves discounting these estimated future net cash flows to their present value.

Appendix 4

Derivation of Discount Rate

Appendix 4: Derivation of Discount Rate

Discount Rate Derivation

A discount rate is the expected rate of return (or yield) that an investor would have to give up by investing in the subject investment instead of in available alternative investments that are comparable in terms of risk and other investment characteristics. When developing a discount rate to apply to the FCF from operation, the discount rate is the weighted average cost of capital.

WACC is computed with the below formula:

WACC = *Ke * (Eq/IC) + Kd * (D/IC)*
Where:
Ke = Cost of equity
Eq = Equity
IC = Invested capital (equity plus all interest bearing debt)
Kd = Tax adjusted cost of debt
D = Debt

The cost of equity of the business was developed through the application of the Capital Asset Pricing Model ("**CAPM**"), which is the most commonly adopted method of estimating the required rate of return for equity. CAPM states that the cost of equity is the risk-free rate plus a linear function of a measure of systematic risk ("**Beta**") times equity market premium in general. The guideline companies used in deriving the discount rate are companies engaged in similar business.

Following is the CAPM formula for derivation of Ke:

Ke = Rrf + MRP x Beta
Where:
Ke = cost of equity
Rrf = risk-free rate
MRP = market risk premium, which is the return the market portfolio is expected to generate in excess of the risk-free rate
Beta = the "beta coefficient" that measures the relative risk of the asset being valued as compared to the risk of the market portfolio. It is computed by regressing returns on a comparable security on returns for the market index. It is a measure of the systematic risk of the asset.

- END OF REPORT -