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AVISTA GROUP
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VALUATION REPORT

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

Prepared for:

Viva China Holdings Limited

Valuation Date:

30 July 2022

Suites 2401-06, 24/F, Everbright Centre, 108 Gloucester Road, Wan Chai, Hong Kong 香港灣仔告士打道108號光大中心24樓2401-06室
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STRICTLY CONFIDENTIAL

Ref. No: J22-00450

30 December 2022

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

Dear Sirs / Madams,

Re: Valuation of the 49% Equity Interest in LionRock Capital Partners QiLe Limited

In accordance with your instructions, AVISTA Valuation Advisory Limited ("**AVISTA**" or "**we**") has conducted fair value valuation in connection with the fair value of the 49% equity interest in LionRock Capital Partners QiLe Limited ("**LionRock**" or the "**Target**") for Viva China Holdings Limited (the "**Company**", "**Viva China**" or "**you**") as of 30 July 2022 (the "**Valuation Date**"). We understand that the Company intends to enter into an agreement, which involves the acquisition of the 49% equity interest in LionRock from LionRock Capital Partners QiLe L.P. ("**LionRock LP**") (the "**Proposed Acquisition**").

It is our understanding that this appraisal is strictly addressed to the directors of the Company (the "**Directors**") and used for the Proposed Acquisition solely for your internal reference purpose. In addition, we acknowledge that this report may be made available to the Company for public documentation purpose and used as reference on the Company's circular dated 30 December 2022 (the "**Circular**").This report (the "**Report**") does not constitute an opinion on the commercial merits and structure of the Proposed Acquisition. We are not responsible for unauthorized use of the Report.

We accept no responsibility for the realisation and completeness of any estimated data, or estimates furnished by or sourced from any third parties which we have used in connection with this Report. We assumed that financial and other information provided to us are accurate and complete.

This Report presents the summary of the business appraised, describes the basis of analysis and assumptions and explains the analysis methodology adopted in this appraisal process to calculate the value.

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BASIS OF ANALYSIS

We have appraised the fair value of the 49% equity interest of the Target.

Fair value is 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.

COMPANY AND ACQUISITION BACKGROUND

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. It is an indirect non-wholly-owned subsidiary of the Company, where the Company and LionRock LP holds 51% and 49% equity interest in the Target, respectively. 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 United Kingdom ("**UK**") based international shoe wholesaler and retailer.

We understand that the Company intends to acquire the remaining 49% of the issued share capital of the Target as previously defined as the Proposed Acquisition.

Upon completion of the Proposed Acquisition, the Company's effective shareholding in the Target would increase from 51% to 100%.

The Proposed Acquisition, which is a connected transaction and fulfils the requirement for an exemption under the Rule 20.99 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**"), also constitutes a very substantial acquisition for the Company and is, therefore, subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As such, the Company engaged us as an independent valuer to assess the fair value of the 49% equity interest of the Target as of the Valuation Date.

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SCOPE OF WORK

In conducting this valuation exercise, we have

- Co-ordinated with the Company's representatives to obtain the required information and documents for our valuation;
- Gathered the relevant information of the Target, including the legal documents, financial statements, etc. made available to us;
- Discussed with the Company and the Target to understand the history, business model, operations, business development plan, etc. of the Target for valuation purpose;
- Carried out research in the sectors concerned and collected relevant market data from reliable sources for analysis;
- Studied the information of the Target made available to us and considered the bases and assumptions of our conclusion of value;
- Selected an appropriate valuation method to analyze the market data and derived the estimated fair value of the Target; and
- Compiled this Report on the valuation, which outlines our findings, valuation methodologies and assumptions, and conclusion of value.

When performing our valuation, all relevant information, documents, and other pertinent data concerning the assets, liabilities and contingent liabilities should have been provided to us. We relied on such data, records and documents in arriving at our opinion of value and had no reason to doubt the truth and accuracy of the information provided to us by the Company, the Target and their authorized representatives.

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ECONOMIC OVERVIEW

Overview of the Global Economy

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.

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.

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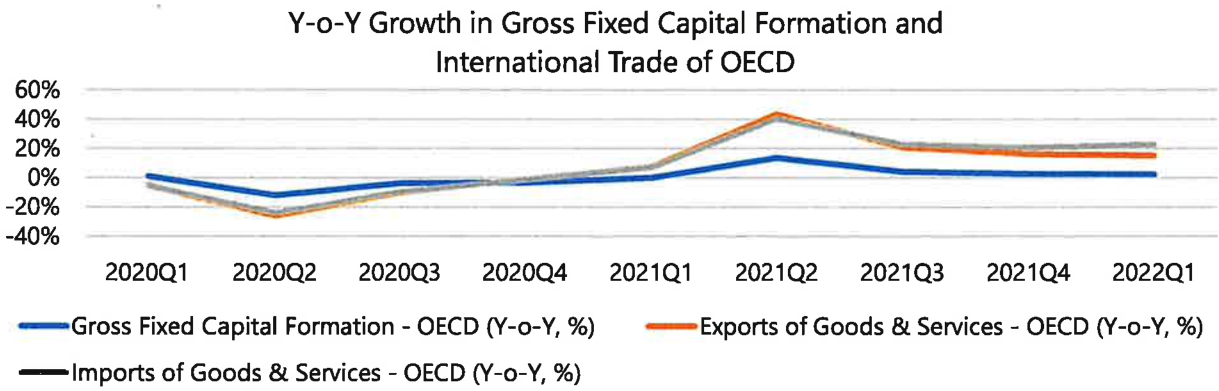
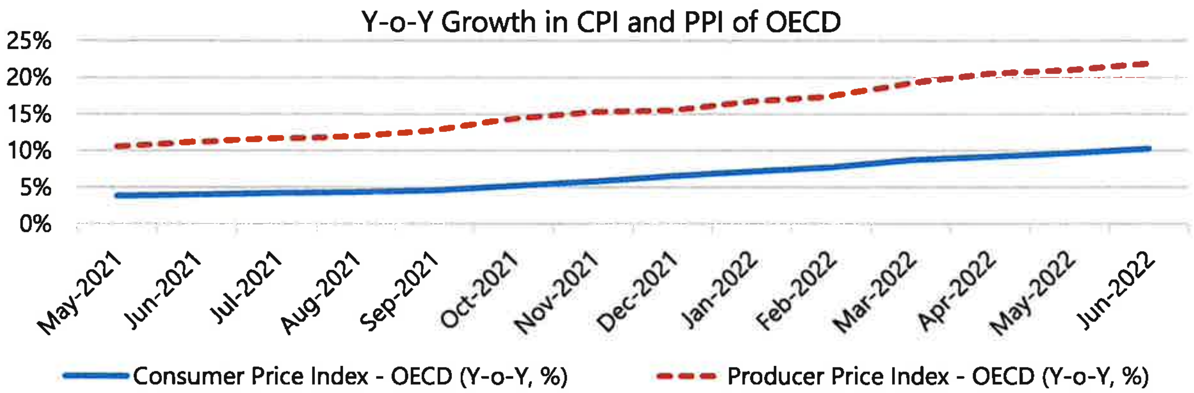


Source: OECD



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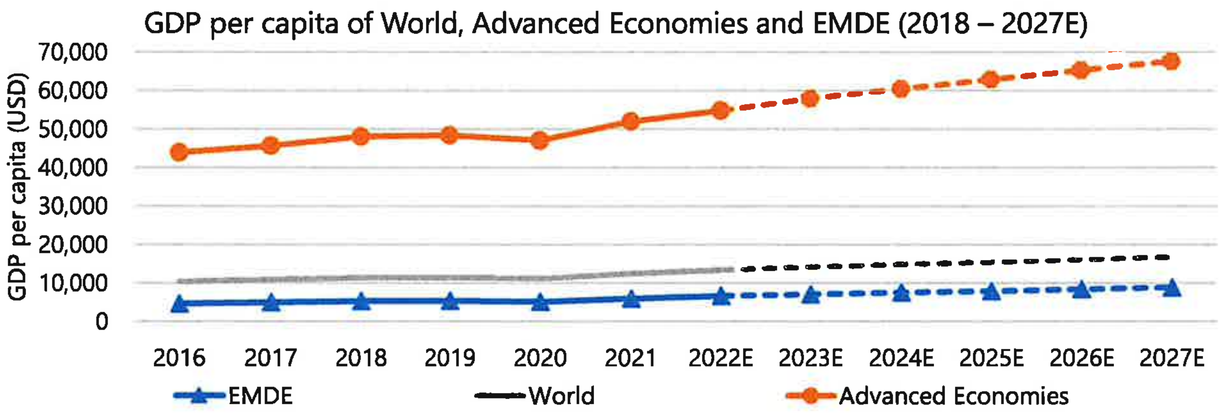

Source: IMF

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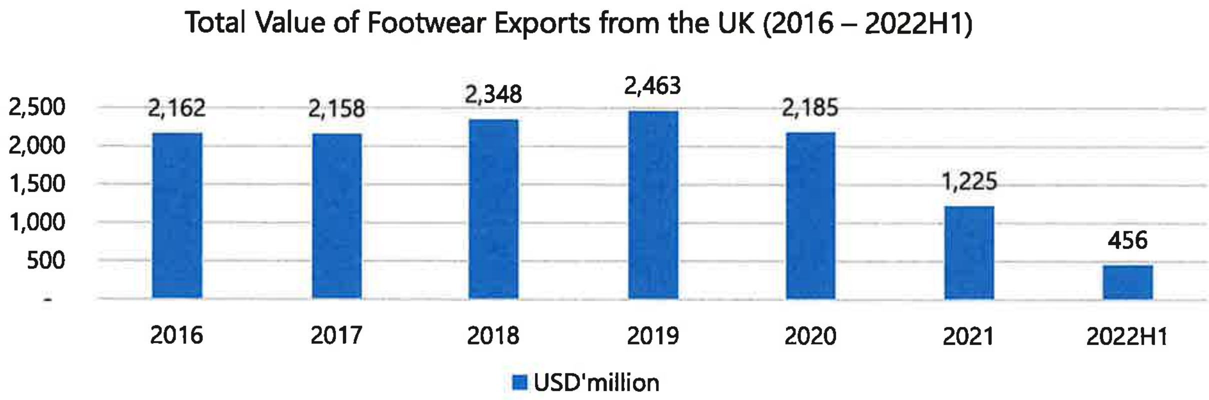
INDUSTRY OVERVIEW

Overview of the UK Footwear Market

While commodity and machinery markets drive progressive recovery of the UK export market from the Coronavirus Disease ("**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.



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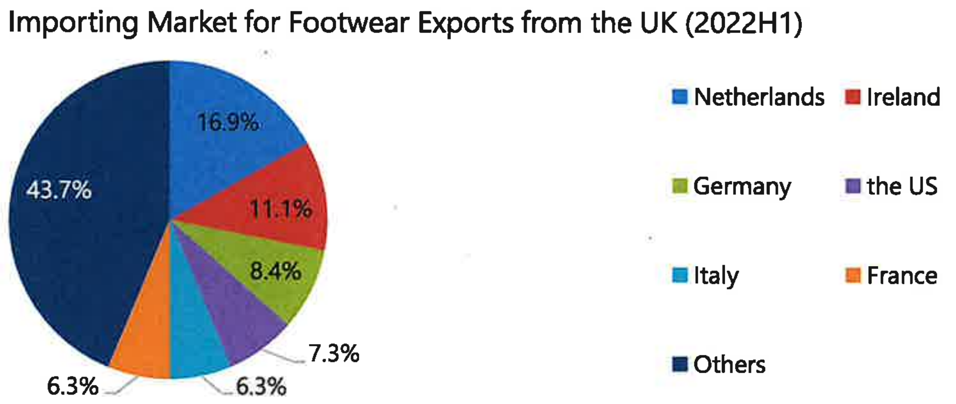


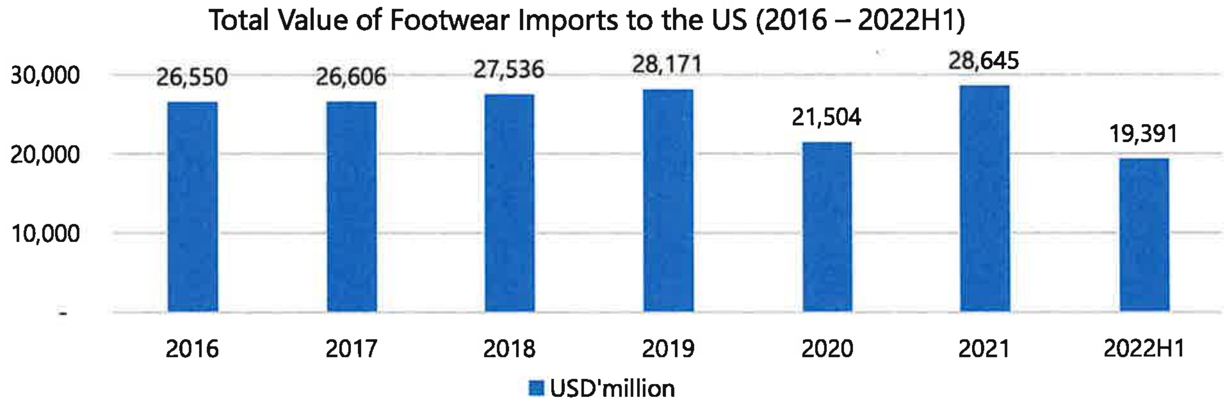
Source: ITC

Overview of the US Footwear Market

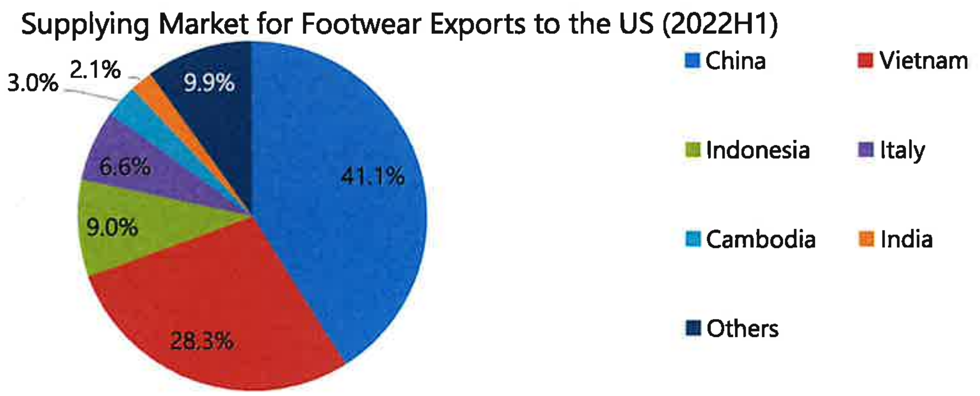
With climbing interest rate and USD appreciation which shall be beneficial to import market, total value of footwear imports to the US increases from USD13,359 million in 2021H1 to USD19,391 million in 2022H1, representing a y-o-y growth of 45.2%, reported by ITC. On the other hand, ITC states that the 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.



Source: ITC



Source: ITC

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LIMITATIONS OF THE REPORT

The Report is addressed strictly to the Directors for their internal reference only. Accordingly, the Report may not be used nor relied upon in any other connection by, and are not intended to confer any benefit on, any person (including without limitation the respective shareholders of the Company and the Target).

The Report does not constitute an opinion on the commercial merits and structure of the Proposed Acquisition. The Report does not purport to contain all the information that may be necessary or desirable to fully evaluate the Proposed Acquisition. We are not required to and have not conducted a comprehensive review of the business, technical, operational, strategic or other commercial risks and merits of the Proposed Acquisition and such remain the sole responsibility of the Directors and the management of the Company (the "**Management**").

We have assumed and relied upon, and have not independently verified the accuracy, completeness and adequacy of the information provided or otherwise made available to us or relied upon by us in the Report, especially for the historical financial information of the Target of the trailing 12-months ("**LTM**") period ended 30 July 2022 provided by the Management, whether written or verbal, and no representation or warrant, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information.

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.

The outbreak of 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 assumptions. Consequently, higher degree of caution should be attached to our valuation than would normally be the case.

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VALUATION ASSUMPTIONS OF BUSINESS ENTERPRISE VALUE ANALYSIS

In arriving at our opinion of value, we have considered the following principal factors:

- the economic outlook for the region operated by the Target and specific competitive environments affecting the industry;
- the business risks of the Target;
- the selected comparable companies are engaging in business operations similar to the Target;
- the experience of the management team of the Target and support from its shareholders; and
- the legal and regulatory issues of the industry in general.

A number of general assumptions have to be made in arriving at our value conclusion. The key assumptions adopted in this valuation include:

- There will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Target; and
- We have assumed that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

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VALUATION APPROACH

General Valuation Approaches

There are three generally accepted approaches to appraise the fair value of the equity interest of the Target, namely Income Approach, Cost Approach and Market Approach. All three of them have been considered regarding the valuation of the Target.

Income Approach

The income approach provides an indication of value based on the principle that an informed buyer would pay no more than the present value of anticipated future economic benefits generated by the subject asset.

The fundamental method for income approach is the discounted cash flow ("**DCF**") method. Under the DCF 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 equity value is calculated as the present value of the future free cash flow of a company 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.

Cost Approach

The cost approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence (physical, functional or economical) present, taking into consideration past and present maintenance policy and rebuilding history.

Market Approach

The market approach provides an indication of value by comparing the subject asset to similar assets that have been sold in the market, with appropriate adjustments for the differences between the subject asset and the assets that are considered to be comparable to the subject asset.

Under the market approach, the comparable company method computes a price multiple for publicly listed companies that are considered to be comparable to the subject asset and then applies the result to a base of the subject asset. The comparable transaction method computes a price multiple using recent sales and purchase transactions of assets that are considered to be comparable to the subject asset and then applies the result to a base of the subject asset.

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Selected Valuation Approach

Each of the abovementioned approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature. In this appraisal regarding the fair value of the equity interest of the Target, we applied the Market Approach due to the following reasons:

- Cost Approach is not appropriate in current appraisal as it assumed the assets and liabilities of the Target are separable and can be sold separately. This methodology is more appropriate for the industries that its assets are highly liquid, like property development and financial institution. Thus, Cost Approach is not adopted in this valuation.

- Income Approach is also considered inappropriate as plenty of assumptions were involved in formulating the financial projections of the Target, and the assumptions might not be able to reflect the uncertainties in the future performance of the Target. Given that improper assumptions will impose significant impact on the fair value, Income Approach is not adopted in this valuation.

- Fair value arrived from Market Approach reflects the market expectations over the corresponding industry as the price multiples of the comparable companies were arrived from market consensus. Since there are sufficient public companies in similar nature and business to that of the Target, their market values are good indicators of the industry of the Target. Therefore, Market Approach has been adopted in this valuation.

There are two methods commonly used in performing market approach, namely comparable transactions and comparable companies.

Comparable Transactions Method

The comparable transactions are selected for the Target with reference to the following selection criteria:

- The primary industry of the acquiree is being in industry of Textiles, Apparel and Luxury Goods, under Global Industry Classification Standard, as extracted from S&P Capital IQ;
- The principal business of the acquiree is provision of the manufacturing and sales of non-athletic footwear products under self-owned brands;
- The transaction was completed and announced between August 2021 and July 2022;
- The acquiree is profit-making in the LTM period as of the completion date of the corresponding transaction; and
- The financial information of the acquiree is available to the public.

Based on the above selection criteria, there was no comparable transaction with the acquiree engaging in similar businesses as the Target during the selected period. Given the fact that no recent comparable transaction can be identified, we consider that the comparable transactions method is not appropriate for the valuation of the 49% equity interest of the Target.

Comparable Companies Method

Comparable companies method is therefore selected as the primary method for the valuation of the 49% equity interest of the Target. By adopting comparable companies method, we have to select the appropriate comparable public companies. The selection of the comparable companies was based on the comparability of the overall industry sector. Although no two companies are ever exactly alike, behind the differences there are certain business universals such as required capital investment and overall perceived risks and uncertainties that guided the market in reaching the expected returns for companies with certain similar attributes.

The comparable public companies are selected with reference to the following selection criteria:

- The primary industry of the companies is being in industry of Textiles, Apparel and Luxury Goods, under Global Industry Classification Standard, as extracted from S&P Capital IQ;
- The principal business of the companies is provision of the manufacturing and sales of non-athletic footwear products under self-owned brands;
- The companies are listed in all major exchange markets in the US, Hong Kong or the UK;
- The companies are profit-making in the LTM period as of the Valuation Date; and
- The financial information of the companies is available to the public.

During our research process, as obtained on the best effort basis, we have identified an exhaustive list of nine comparable companies that engaged in the provision of the manufacturing and sales of non-athletic footwear products under self-owned brands. As mentioned above, since no two companies are ever exactly alike, the differences should not overshadow the similarities of the business nature of the companies. We consider these companies are comparable to the Target.

Details of the selected comparable companies are listed as follows:

#	Company Name	Stock Code	Listing Location	Business Description	Revenue Contribution from Business Segment(s) (1)
1)	Daphne International Holdings Limited ("**Daphne**")	SEHK: 210	HK	Daphne International Holdings Limited, an investment holding company, engages in the distribution, retailing, and licensing of footwear and accessories in Mainland China. The company offers footwear products, such as women's dress shoes, and casual shoes under the Daphne brand name through offline and online channels. It is also involved in the brand management and property holding businesses. The company was formerly known as Prime Success International Group Limited and changed its name to Daphne International Holdings Limited in June 2008. Daphne International Holdings Limited was founded in 1987 and is headquartered in Shanghai, China.	Relevant to the business of the Target: Footwear Products Manufacturing – Brand Business (100%)

Source: S&P Capital IQ and Bloomberg

(1) Based on the latest annual financial data as of the Valuation Date from Bloomberg.

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#	Company Name	Stock Code	Listing Location	Business Description	Revenue Contribution from Business Segment(s) [(1)]
2)	Deckers Outdoor Corporation ("**Deckers**")	NYSE: DECK	The US	Deckers Outdoor Corporation, together with its subsidiaries, designs, markets, and distributes footwear, apparel, and accessories for casual lifestyle use and high-performance activities. The company offers premium footwear, apparel, and accessories under the UGG brand name; sandals, shoes, and boots under the Teva brand name; and relaxed casual shoes and sandals under the Sanuk brand name. It also provides footwear and apparel for ultra-runners and athletes under the Hoka brand name; and fashion casual footwear using other plush materials under the Koolaburra brand. The company sells its products through department stores, domestic independent action sports and outdoor specialty footwear retailers, and larger national retail chains, as well as online retailers. It also sells its products directly to consumers through its retail stores and e-commerce websites, as well as distributes its products through distributors and retailers in the United States, Europe, the Asia-Pacific, Canada, Latin America, and internationally. As of March 31, 2022, it had 149 retail stores, including 75 concept stores and 74 outlet stores worldwide. The company was founded in 1973 and is headquartered in Goleta, California.	Relevant to the business of the Target: Wholesale (61.5%); Direct-to-Consumer (38.5%)
3)	Le Saunda Holdings Limited ("**Le Saunda**")	SEHK: 738	HK	Le Saunda Holdings Limited, an investment holding company, trades and sells footwear and accessories in Mainland China, Hong Kong, and Macau. It designs, develops, manufactures, and retails ladies' and men's footwear, handbags, and fashionable accessories under the le saunda, le saunda MEN, LINEA ROSA, PITTI DONNA, and CNE brand names. The company also sells its products through online. It operated 389 stores, including 353 self-owned stores and 36 franchised stores. In addition, it is involved in the property holding business; provision of management services; holding and licensing of trademarks and names; and wholesale and trading of shoes. The company was founded in 1977 and is headquartered in Quarry Bay, Hong Kong.	Relevant to the business of the Target: Footwear Manufacturing (100%)

Source: S&P Capital IQ and Bloomberg

(1) Based on the latest annual financial data as of the Valuation Date from Bloomberg.

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#	Company Name	Stock Code	Listing Location	Business Description	Revenue Contribution from Business Segment(s) [(1)]
4)	Stella International Holdings Limited ("**Stella**")	SEHK: 1836	HK	Stella International Holdings Limited designs, develops, manufactures, and sells footwear products and leather goods in North America, the People's Republic of China, Europe, Asia, and internationally. It operates in two segments, Manufacturing; and Retailing and Wholesaling. The company is also involved in the holding of intellectual property rights; and the provision of secretary and accounting services. In addition, it manufactures and sells handbags. The company offers its products under the Stella Luna and What For brands names. Stella International Holdings Limited was founded in 1982 and is based in Kowloon, Hong Kong.	Relevant to the business of the Target: Manufacturing (99.0%); Retailing & Wholesaling (1.0%)
5)	Crocs, Inc. ("**Crocs**")	NasdaqGS: CROX	The US	Crocs, Inc., together with its subsidiaries, designs, develops, manufactures, markets, and distributes casual lifestyle footwear and accessories for men, women, and children. It offers various footwear products, including clogs, sandals, slides, flip-flops, boots, flats, wedges, platforms, socks, shoe charms, loafers, sneakers, and slippers under the Crocs brand name. The company sells its products in approximately 85 countries through wholesalers, retail stores, e-commerce sites, and third-party marketplaces. As of December 31, 2021, it had 193 outlet stores, 107 retail stores, 373 company-operated stores, 73 kiosks and store-in-stores, and 14 company-operated e-commerce sites. The company serves in the Americas, the Asia Pacific, Europe, the Middle East, and Africa. Crocs, Inc. was founded in 1999 and is headquartered in Broomfield, Colorado.	Relevant to the business of the Target: Footwear (100.0%)

Source: S&P Capital IQ and Bloomberg

(1) Based on the latest annual financial data as of the Valuation Date from Bloomberg.

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#	Company Name	Stock Code	Listing Location	Business Description	Revenue Contribution from Business Segment(s) [(1)]
6)	Rocky Brands, Inc. ("**Rocky**")	NasdaqGS: RCKY	The US	Rocky Brands, Inc. designs, manufactures, and markets footwear and apparel under the Rocky, Georgia Boot, Durango, Lehigh, Muck, XTRATUF, Servus, NEOS, Ranger, and licensed Michelin brand names in the United States, Canada, and internationally. It operates through Wholesale, Retail, and Contract Manufacturing segments. The Wholesale segment offers products in approximately 10,000 retail locations through a range of distribution channels comprising sporting goods stores, outdoor retailers, independent shoe retailers, hardware stores, catalogs, mass merchants, uniform stores, farm store chains, specialty safety stores, and specialty and online retailers. The Retail segment sells its products directly to consumers through its e-commerce websites, and Rocky outlet store in Nelsonville, Ohio, and retail stores. The Contract Manufacturing segment include private label sales and any sales to customers which are contracted to manufacture a specific footwear product for a customer and include sales to the US Military. It serves industrial and construction workers, as well as workers in the hospitality industry, such as restaurants or hotels; farmers and ranchers; consumers enamored with western influenced fashion; commercial military personnel; hunting, fishing, camping, and hiking enthusiasts; law enforcement, security personnel, and postal employees; and for the US military personnel. Rocky Brands, Inc. was founded in 1932 and is headquartered in Nelsonville, Ohio.	Relevant to the business of the Target: Work Footwear (54.5%); Western Footwear (17.0%); Outdoor Footwear (14.8%); Duty Footwear (7.7%); Military Footwear (4.4%)

Source: S&P Capital IQ and Bloomberg

(1) Based on the latest annual financial data as of the Valuation Date from Bloomberg.

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#	Company Name	Stock Code	Listing Location	Business Description	Revenue Contribution from Business Segment(s) [(1)]
7)	Wolverine World Wide, Inc. ("**WWW**")	NYSE: WWW	The US	Wolverine World Wide, Inc. designs, manufactures, sources, markets, licenses, and distributes footwear, apparel, and accessories in the United States, Europe, the Middle East, Africa, the Asia Pacific, Canada and Latin America. The company operates through two segments, Wolverine Michigan Group and Wolverine Boston Group. It offers casual footwear and apparel; performance outdoor and athletic footwear and apparel; kids' footwear; industrial work boots and apparel; and uniform shoes and boots. The company sources, markets, and licenses a range of footwear styles, such as shoes, boots, and sandals under the Bates, Cat, Chaco, Harley-Davidson, Hush Puppies, Hytest, Keds, Merrell, Saucony, Sperry, Sweaty Betty, Wolverine, and Stride Rite brands. It also markets Merrell and Wolverine branded apparel and accessories, as well as licenses its brands for use on non-footwear products, including the Hush Puppies apparel, eyewear, watches, socks, handbags, and plush toys; Wolverine branded eyewear and gloves; and Keds, Saucony, and Sperry branded apparel. In addition, the company markets pigskin leather under the Wolverine Warrior Leather, Weather Tight, and All Season Weather Leathers trademarks for use in the footwear industry. Further, it operates brick and mortar retail stores, and eCommerce sites. The company sells its products to department stores, national chains, catalog and specialty retailers, independent retailers, uniform outlets, and mass merchant and government customers through retail stores, as well as through third-party licensees and distributors, and joint ventures. As of January 1, 2022, it operated 143 retail stores, as well as 65 consumer-direct eCommerce sites. Wolverine World Wide, Inc. was founded in 1883 and is based in Rockford, Michigan.	Relevant to the business of the Target: Wolverine Michigan Group (53.8%); Wolverine Boston Group (38.8%)

Source: S&P Capital IQ and Bloomberg

(1) Based on the latest annual financial data as of the Valuation Date from Bloomberg.

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#	Company Name	Stock Code	Listing Location	Business Description	Revenue Contribution from Business Segment(s) [(1)]
8)	Steven Madden, Ltd. ("**Steven Madden**")	NasdaqGS: SHOO	The US	Steven Madden, Ltd. designs, sources, markets, and sells fashion-forward branded and private label footwear, accessories, and apparel for women, men, and children in the United States and internationally. Its Wholesale Footwear segment provides footwear under the Steve Madden, Steven by Steve Madden, Madden Girl, BB Dakota, Dolce Vita, DV Dolce Vita, Betsey Johnson, GREATS, Blondo, Anne Klein, Mad Love, Superga, Madden NYC, and COOL Planet brands, as well as private label footwear. The company's Wholesale Accessories/Apparel segment offers handbags, apparel, small leather goods, belts, soft accessories, fashion scarves, wraps, gifting, and other accessories under the Steve Madden, BB Dakota, Anne Klein, Betsey Johnson, Cejon, Madden NYC, and Dolce Vita brands, as well as private label handbag and accessories to department stores, mass merchants, off-price retailers, online retailers, specialty stores, and independent stores. Its Direct-to-Consumer segment operates Steve Madden and Superga full-price retail stores, Steve Madden outlet stores, and Steve Madden shop-in-shops, as well as digital e-commerce websites. The company's Licensing segment licenses its Steve Madden, Madden Girl, and Betsey Johnson trademarks. Its First Cost segment operates as a buying agent for footwear products under private labels for national chains, specialty retailers, and value-priced retailers. As of December 31, 2021, it owned and operated 214 brick-and-mortar retail stores that included 147 Steve Madden full-price stores, 66 Steve Madden outlet stores, and 1 Superga store, as well as 6 e-commerce websites. Steven Madden, Ltd. was incorporated in 1990 and is headquartered in Long Island City, New York.	Relevant to the business of the Target: Wholesale (73.2%); Direct-to-Consumer (26.1%)

Source: S&P Capital IQ and Bloomberg

(1) Based on the latest annual financial data as of the Valuation Date from Bloomberg.

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#	Company Name	Stock Code	Listing Location	Business Description	Revenue Contribution from Business Segment(s) (1)
9)	Dr. Martens plc ("**Dr. Martens**")	LSE: DOCS	The UK	Dr. Martens plc designs, develops, procures, markets, sells, and distributes footwear in Europe, the Middle East, Africa, the Americas, and the Asia-Pacific. Its product segments include originals, fusion, kids, and casual, as well as accessories. The company offers its products under the Dr. Martens brand name. Dr. Martens plc was founded in 1945 and is based in London, the United Kingdom.	Relevant to the business of the Target: Wholesale (50.7%); E-Commerce (28.9%); Retail (20.4%)

Source: S&P Capital IQ and Bloomberg

(1) Based on the latest annual financial data as of the Valuation Date from Bloomberg.

As over 50% of revenue of the above comparable companies are generated from the manufacturing and sales of non-athletic footwear products under self-owned brands, these comparable companies, together with the Target, are considered to be similarly subject to fluctuations in the economy and performance of the footwear industry, among other factors. Thus, we consider they are confronted with similar industry risks and rewards.

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Adopted Valuation Multiples

After selecting the abovementioned comparable companies, we have to determine the appropriate valuation multiples for the valuation of Target, in which we have considered price-to-earnings ("**P/E**"), price-to-book ("**P/B**"), price-to-sales ("**P/S**"), enterprise value/sales ("**EV/S**") and enterprise value/earnings before interests, taxes, depreciation and amortization ("**EV/EBITDA**") multiples.

P/B multiple is considered not appropriate for the valuation of the Target because book value captures only the tangible assets of a company which, if a company creates any added market value (as reflected by a P/B multiple of larger than one), should have its own intangible competencies and advantages. These intangible company-specific competencies and advantages are not captured in the P/B multiple and so in general, the equity's book value has little bearing with its fair value. Thus, the P/B multiple is not a good measurement of the fair value of a company.

P/S and EV/S multiples are considered not appropriate for the valuation of the Target because they do not consider the profitability of the Target nor that of the comparable companies. As both P/S and EV/S multiples only focus on the sales amounts but not the margins, the result will be easily distorted if the cost structure is not being taken into account. Thus, P/S and EV/S multiples are not adopted in the valuation of the Target.

EV/EBITDA multiple use the market capitalization of a company as the starting point, considering the inclusion of the value of debt, minority interest, preferred shares and the exclusion of any cash and cash equivalents to represent enterprise value, which is then divided by EBITDA amount. Since EV/EBITDA multiple excludes depreciation and amortisation expenses, and therefore does not take into account the needs of capital expenditures required to maintain the business growth, it is not adopted in the valuation of the Target.

P/E multiple is one of the most commonly used valuation multiples. It relates the market value of the equity interest of the Target to its earnings, an important driver of shareholders' value. We consider that it is fair and reasonable to use the P/E multiple for assessing the value of the Target because net income is a more direct economic measurement of earning attributable to the equity value of the Target. In addition, the Target has been profit-making in the latest financial year. Hence, the P/E multiple is adopted in the valuation of the Target.

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The P/E multiples of comparable companies of the Target are as follows:

No.	Company Name	Reporting Currency (in million)	Market Capitalization as of 30 July 2022	LTM Net Profit [(1)]	P/E Multiple Before LOMD	P/E Multiple Before LOMD (excluding outliers) [(2)]
1	Daphne	HKD	223	53	4.2x	4.2x
2	Deckers	USD	8,310	452	18.4x	18.4x
3	Le Saunda	RMB	267	3	89.5x	N/A
4	Stella	USD	774	90	8.6x	8.6x
5	Crocs	USD	4,411	700	6.3x	6.3x
6	Rocky	USD	240	23	10.3x	10.3x
7	WWW	USD	1,814	40	45.6x	N/A
8	Steven Madden	USD	2,504	256	9.8x	9.8x
9	Dr. Martens	GBP	2,597	181	14.3x	14.3x
					Maximum	18.4x
					Minimum	4.2x
					Median [(2)]	**9.8x**
					Lack of Marketability Discount ("LOMD")[(3)]	**35.0%**

Notes:

(1) Data sourced from Bloomberg and the financial statements of the comparable companies. The equity values of the comparable companies are computed based on the market capitalization of the companies as of 30 July 2022. LTM net profit data are based on the latest financial data of the comparable companies available as of the Valuation Date.

(2) To avoid distortion of selected multiples by abnormal data, P/E multiples of Le Saunda (89.5x) and WWW (45.6x) are considered as outliers and have been excluded for analysis purpose. Thereafter, we consider taking median of the available multiples is a fair and reasonable estimate of the P/E multiple for the valuation of the Target.

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(3) LOMD reflects the fact that there is no ready market for shares in a closely held company. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in publicly listed companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly listed company.

The P/E multiples adopted in the valuation were calculated from public listed companies, which represent marketable ownership interest. Fair value calculated using such P/E multiple, therefore, represent the marketable interest. Thus, LOMD was adopted to adjust such marketable interest fair value to non-marketable interest fair value.

LOMD is estimated based on the Black-Scholes put option pricing model which is a common and widely adopted method in estimating LOMD of an industry. A LOMD of 35.0% is considered appropriate and suitable for the valuation of the Target as we understand that the Target is a privately held company.

The value of non-marketable interest can be calculated from marketable interest using the following formula:

Fair Value of Non-Marketable Interest = Fair Value of Marketable Interest x (1– LOMD)

Valuation Results

	GBP'000
LTM Consolidated Net Profit of the Target[1]	44,502
Median of P/E Multiple	9.8x
Estimated 100% Equity Value of the Target (marketable and minority basis)[2]	436,019
Less: LOMD (35%)	(152,607)
Estimated 100% Equity Value of the Target (non-marketable and minority basis)	283,412
Shareholding % of the Target to be Acquired	49.0%
Fair Value of 49% Equity Value of the Target	138,872

Notes:

(1) As of the Valuation Date, the best available LTM financial information of Clark and the Target covered up to 30 June 2022 according to the Management. These have therefore been adopted for the valuation. The consolidated net profit data is based on the consolidated financial statements of Clark for the year ended 29 January 2022, and the 5-month periods ended 30 June 2021 and 30 June 2022; and the financial statements of the Target on standalone basis for the year ended 31 December 2021, and the 6-month periods ended 30 June 2021 and 30 June 2022, provided by the Company.

(2) The amount does not equal to the multiple of LTM consolidated net profit of the Target and the adopted multiple illustrated above due to rounding.

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CONCLUSION OF VALUE

Based on our investigation and analysis method employed, it is our opinion that as of the Valuation Date, the fair value of the 49% equity interest in the LionRock Capital Partners QiLe Limited is GBP138,872 thousand.

The conclusion of the fair value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We hereby certify that we have neither present nor prospective interests in Viva China Holdings Limited nor the value reported.

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

Vincent C B Pang
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Note: Mr. Vincent Pang is a member of CFA Institute and CPA Australia, a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of Royal Institution of Chartered Surveyors (RICS) and a registered valuer of RICS. Vincent has over 20-year experience in financial valuation and business consulting in Hong Kong and the PRC.

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APPENDIX – GENERAL LIMITATIONS AND CONDITIONS

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

- All data, including historical financial data, which we relied upon in reaching opinions and conclusions or set forth in the Report are true and accurate to our best knowledge. Whilst reasonable care has been taken to ensure that the information contained in the Report is accurate, we cannot guarantee its accuracy and we assume no liability for the truth or accuracy of any data, opinions, or estimates furnished by or sourced from any third parties which we have used in connection with the Report.

- We also assume no responsibilities in the accuracy of any legal matters. In particular, we have not carried out any investigation on the title of or any encumbrances or any interest claimed or claimable against the equity interest of the Target appraised. Unless otherwise stated in the Report, we have assumed that the owner's interest is valid, the titles are good and marketable, and there are no encumbrances that cannot be identified through normal processes.

- The value opinion presented in this Report is based on the prevailing or then prevailing economic conditions and on the purchasing power of the currency stated in the Report as of the date of analysis. The date of value on which the conclusions and opinions expressed apply is stated in this Report.

- This Report has been prepared solely for the use or uses stated. Except for extraction of or reference to the Report by the Company, its financial advisor and/or its independent financial advisor for their respective work in relation to the Proposed Acquisition, it is not intended for any other use or purpose or use by any third parties. We hereby disclaim that we are not liable for any damages and/or loss arisen in connection with any such unintended use.

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APPENDIX – GENERAL LIMITATIONS AND CONDITIONS (CONT'D)

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- We assume all applicable laws and governmental regulations are being complied with unless otherwise stated in this Report. We have also assumed responsible ownership and that all necessary licenses, consents, or other approval from the relevant authority or private organisations have been or to be obtained or renewed for any use that is relevant to value analysis in this Report.

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