

## APPENDIX III

## VALUATION REPORT

*The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this document received from BMI Appraisals Limited, an independent valuer, in connection with its valuations as at 31 October 2017 of the properties located in Hong Kong.*

# BMI APPRAISALS

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29 December 2017

The Directors

### **Twintek Investment Holdings Limited**

Room 806, 8<sup>th</sup> Floor

Eastern Centre

No. 1065 King’s Road

Quarry Bay

Hong Kong

Dear Sirs,

### **INSTRUCTIONS**

We refer to the instructions from Twintek Investment Holdings Limited (the “Company”) for us to value the properties held by the Company and/or its subsidiaries (together referred to as the “Group”) located in Hong Kong. We confirm that we have conducted inspections, made relevant enquiries and obtained such further information, as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 31 October 2017 (the “valuation date”).

### **BASIS OF VALUATION**

Our valuations of the concerned properties have been based on the Market Value, which is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

### **PROPERTY CATEGORISATIONS**

In the course of our valuations, the portfolio of the properties are categorized into the following groups:

Group I — Property held by the Group for owner occupation in Hong Kong

Group II — Property held by the Group for investment in Hong Kong

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### **VALUATION METHODOLOGIES**

For the property in Group I, we have valued it on market basis by the Comparison Approach assuming sale in its existing state with the benefit of vacant possession and by making reference to comparable sales evidence as available in the market. Appropriate adjustments have then been made to account for the differences between the property and the comparables in terms of location, size, time and other relevant factors.

For the property in Group II, we have adopted the Investment Approach by taking into account the current rent passing of the property being held under existing tenancy and the reversionary potential of the tenancy if it has been or would be let to tenant.

### **TITLE INVESTIGATION**

We have caused land searches to be made at the Land Registry of Hong Kong and have been provided with extracts of title documents and tenancy agreement. We have been advised by the Group that no further relevant documents have been produced. However, we have neither examined the original documents to verify ownership nor to ascertain the existence of any amendments, which do not appear on the copies handed to us. All documents have been used for reference only.

### **VALUATION ASSUMPTIONS**

Our valuations have been made on the assumptions that the properties are sold in the market without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to affect the values of the properties.

In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the properties and no forced sale situation in any manner is assumed in our valuations.

### **VALUATION CONSIDERATIONS**

The site inspections were conducted by Mr. Edmund Cheng (MRICS) in March 2017 and Mr. Man Lam (MHKIS) in August 2017. We have inspected the properties externally and where possible, the interior of the properties. In the course of our inspections, we did not note any serious defects. However, no structural surveys have been made. We are, therefore, unable to report whether the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of their services.

In the course of our valuations, we have relied to a considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenures, completion dates of buildings, particulars of occupancy, floor areas, identifications of the properties and other relevant information.

We have not carried out detailed on-site measurements to verify the correctness of the floor areas in respect of the properties but have assumed that the floor areas shown on the documents handed to us are correct. Dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are therefore only approximations.

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We have no reason to doubt the truth and accuracy of the information provided to us by the Group and we have relied on your confirmation that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information for us to reach an informed view.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties or for any expenses or taxation, which may be incurred in effecting a sale.

Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

Our valuations have been prepared in accordance with The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

Our valuations have been prepared under the generally accepted valuation procedures and are in compliance with the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

**REMARKS**

Unless otherwise stated, all money amounts stated herein are in Hong Kong Dollars (HK\$) and no allowances have been made for any exchange transfer.

Our Summary of Values and the Valuation Certificates are attached herewith.

Yours faithfully,  
For and on behalf of  
**BMI APPRAISALS LIMITED**

**Joannau W.F. Chan**  
*BSc., MSc., MRICS, MHKIS, RPS(GP)*  
**Senior Director**

*Note:* Ms. Joannau W.F. Chan is a member of the Hong Kong Institute of Surveyors (General Practice) who has over 25 years' experience in valuations of properties in Hong Kong.

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**SUMMARY OF VALUES**

<b>No.</b>	<b>Property</b>	<b>Market Value in existing state as at 31 October 2017 HK\$</b>	<b>Interest attributable to the Group</b>	<b>Value attributable to the Group as at 31 October 2017 HK\$</b>
<i>Group I — Property held by the Group for owner occupation in Hong Kong</i>				
1.	Unit B4 on 11 <sup>th</sup> Floor, Fortune Factory Building, No. 40 Lee Chung Street, Chai Wan, Hong Kong	11,500,000	100%	11,500,000
		<hr/>		<hr/>
	Sub-total:	<hr/> 11,500,000		<hr/> 11,500,000
<i>Group II — Property held by the Group for investment in Hong Kong</i>				
2.	Unit 5 on 8 <sup>th</sup> Floor, Eastern Centre, No. 1065 King's Road, Quarry Bay, Hong Kong	21,200,000	100%	21,200,000
		<hr/>		<hr/>
	Sub-total:	<hr/> 21,200,000		<hr/> 21,200,000
	Grand-total:	<hr/> <u>32,700,000</u>		<hr/> <u>32,700,000</u>

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**VALUATION CERTIFICATE**

***Group I — Property held by the Group for owner occupation in Hong Kong***

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 October 2017 HK\$
1.	Unit B4 on 11 <sup>th</sup> Floor, Fortune Factory Building, No. 40 Lee Chung Street, Chai Wan, Hong Kong	The property comprises an industrial unit on the 11 <sup>th</sup> floor of a 25-storey industrial building completed in or about 1978.	As at the valuation date, the property was occupied by the Group for storage use.	11,500,000
	10/2,000 <sup>th</sup> equal and undivided shares of and in Chai Wan Inland Lot Nos. 78 and 79	The saleable area of the property is approximately 2,655 sq.ft.		100% interest attributable to the Group: HK\$11,500,000
		The property is held under Conditions of Sale Nos. 10668 and 10680 for terms of 75 years renewable for further 75 years commencing on 28 June 1974 and 26 July 1974 respectively.		

*Notes:*

1. The registered owner of the property is Kwan Tai Engineering Co., Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 05030700100091 dated 15 February 2005.
2. The property is subject to the following material encumbrances:
  - a. Deed of Mutual Covenant with Plans vide Memorial No. UB1624261 dated 4 December 1978; and
  - b. Mortgage in favour of Bank of China (Hong Kong) Limited vide Memorial No. 12041600510116 dated 30 March 2012.
3. The property is located within an "Other Specified Uses (BUSINESS)" zone under the Approved Chai Wan Outline Zoning Plan No. S/H20/23 gazetted on 15 September 2017.

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***Group II — Property held by the Group for investment in Hong Kong***

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 October 2017 <i>HK\$</i>
2.	Unit 5 on 8 <sup>th</sup> Floor, Eastern Centre, No. 1065 King's Road, Quarry Bay, Hong Kong  14/2,808 <sup>th</sup> equal and undivided shares of and in:  (1) Sub-Section 1 of Section E of Quarry Bay Marine Lot No. 2 and the Extension Thereto  (2) Sub-Section 1 of Section C of Quarry Bay Inland Lot No. 15	The property comprises an industrial unit on the 8 <sup>th</sup> floor of a 24-storey industrial building completed in or about 1984.  The gross floor area of the property is approximately 2,636 sq.ft.  The property is held under two Government Leases for terms of 999 years commencing on 18 April 1900 and 2 February 1882 respectively.	As at the valuation date, the property was subject to a tenancy agreement for a term of two years commencing on 1 May 2016 at a monthly rent of HK\$54,000 inclusive of rates, management fee and government rent.	21,200,000  100% interest attributable to the Group: HK\$21,200,000

*Notes:*

1. The registered owner of the property is Kwan Tai Engineering Co., Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 17081500840025 dated 4 August 2017 at a consideration of HK\$20,429,000.
2. The property is subject to a Mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. 17081500840032 dated 4 August 2017.
3. The property is located within a "Commercial" zone under the Approved Quarry Bay Outline Zoning Plan No. S/H21/28 gazetted on 17 September 2010.