

APPENDIX III

PROPERTY VALUATION REPORT

The following is the text of a valuation report prepared for the purpose of incorporation in this listing document by Jones Lang LaSalle Limited, an independent valuer, in connection with its valuation as at 31 December 2018 of the property interests held by the Group.



仲量聯行有限公司
物業估價部
香港
鰂魚涌
英皇道979號
太古坊一座7樓
公司牌照號碼：C-003464

Jones Lang LaSalle Limited
Valuation Advisory Services
7/F One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong
Company Licence No. C-003464

28 February 2019

Million Hope Industries Holdings Limited

Office A, 20th Floor
Kings Wing Plaza 1
3 On Kwan Street
Shatin
New Territories
Hong Kong

Attn: Mr. Benny Kwok

Dear Sirs,

- Re: (1) Offices A, B, C, D, E, F, G, H, J, K, L, M, N & P on 20th Floor and Car Parking Space Nos. P50 and P51 on Basement Floor, Kings Wing Plaza 1, 3 on Kwan Street, Shatin, New Territories, Hong Kong (“Property 1”); and**
- (2) An industrial complex located at Shangxia Development Zone, Shuikou, Huizhou, Guangdong Province, The PRC (“Property 2”)**

We refer to the instruction from Million Hope Industries Holdings Limited (“the Company”) for us to carry out market valuations of Property 1 and Property 2 as at 31 December 2018 (“date of valuation”) for public disclosure purpose in relation to a potential spin off.

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We are also required to provide our opinion of notional apportionment of market value of the following units/ portions of Property 1 as at the date of valuation:

- a. Car Parking Space Nos. P50 and P51;
- b. Portion of office spaces occupied by the Company; and
- c. Remaining Portion of offices spaces.

We have valued Items (b) and (c) above based on the delineations provided by the Company on 9 April 2018.

INTRODUCTION

Instructions

We confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the Property 1 and Property 2 as at the date of valuation.

Basis of Valuation

Unless otherwise stated, our valuation has been prepared in accordance with Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited, the “HKIS Valuation Standards 2017” published by The Hong Kong Institute of Surveyors (“HKIS”), the “International Valuation Standards 2017” published by the International Valuation Standards Council (“IVSC”) and the “RICS Valuation – Global Standards 2017” published by the Royal Institution of Chartered Surveyors (“RICS”) subject to variation to meet local established law. Unless otherwise stated, our valuations are undertaken as External Valuers as defined in the relevant Valuation Standards.

Our valuation of the property interests is made on the basis of Market Value as defined by IVSC and adopted by HKIS and RICS, set out 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.”

Our valuation of the property interests of Property 1 has been based on our experience of valuing property interests in Hong Kong. For Property 2 in the PRC, our valuation of its property interest has been based on our experience of valuing interests as “overseas consultants” in the PRC.

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Our valuation services have been executed in accordance with our Quality Assurance System, accredited by HKQAA via ISO 9001: 2015 and our report prepared with reference to the assumptions, definitions and limiting conditions as set out in our General Principles of Valuation for Hong Kong and for the PRC, copies of which are attached in Appendix No. 1 and Appendix No. 2.

Valuation Methodologies

For Property 1, we have adopted the income capitalization method and cross-checked by the direct comparison method for our valuation.

The income capitalization method is based on the capitalization of the net income potential by adopting appropriate capitalization rate, which is derived from analysis of sale transactions and our interpretation of prevailing investor requirements or expectations. The market rents adopted in our valuations have reference to lettings of comparable premises.

The direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transferred their legal ownership. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative differences that may affect the price likely to be achieved by the property under consideration.

In valuing Property 2, due to the nature of the buildings and structures of the property and the particular location in which it is situated, there are unlikely to be relevant market comparable sales readily available. The property interest has therefore been valued by cost approach with reference to its depreciated replacement cost.

Depreciated replacement cost is defined as “the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.” It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

In arriving at the value of land portion, reference has been made to the sales evidence as available in the locality. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business. In our valuation, it applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

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Valuation Assumptions

Our valuations have been made on the assumption that the owners sell the property interests on the open market without the benefit of deferred-terms contract, leaseback, joint venture, management agreements or any similar arrangements which would serve to affect the values of such property interests. In addition, no forced sale situation in any manner is assumed in our valuations.

In forming our opinion of the values of the property interest in the PRC, we have assumed that the owner has free and uninterrupted rights to use and assign the property interest for the whole of the unexpired land use right term as granted. Unless otherwise stated, we have valued the property interest in the PRC on the assumption that it is freely disposable and transferable for the existing use to both local and overseas purchasers without payment of any premium to the relevant authorities.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale, such as the Land Appreciation Tax for property transactions in the PRC. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Source of Information

We have relied to a very considerable extent on the information provided by the Company and those obtained from the Land Registry and the Buildings Department in Hong Kong. We have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, site and floor areas, the identification of the properties and all other relevant matters. Dimensions, measurements and areas included in the valuation certificates are based on information contained in copies of documents provided to us and are therefore only approximations.

Our valuations are totally dependent on the adequacy and accuracy of the information supplied and/or subsequent assumptions made. Should these prove to be incorrect or inadequate, the accuracy of our valuations may be affected.

Measurements

All measurements are carried out in accordance with the “Code of Measuring Practice” booklet published by the HKIS. To suit the local practices, we declare our departure from the “RICS property measurement” published by RICS in May 2015. Unless otherwise stated, we do not physically measure the actual property or verify the floor areas provided to us, unless we specifically agree in writing to do so, although we make reference to the registered floor plans if available.

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Title Investigation

We have not been provided with copy of the title document relating to the property interests in Hong Kong. However, we have caused searches to be made for Property 1 at the Land Registry in Hong Kong. We have not scrutinised the original document to verify ownership and encumbrances, or to ascertain any amendment which may or may not appear on the copy handed to us.

For the property interest in the PRC, we have been provided with copies of documents and legal opinion in relation to the title of Property 2. However, due to the nature of the land registration system in the PRC, we cannot cause searches to be made on the title of the property nor have we examined all the original documents to verify ownership and encumbrances or to ascertain the existence of any lease amendments which may not appear on the copies handed to us. All documents and leases have been used for reference only. We have relied considerably on the advice given by the Company's PRC legal adviser – Guantao Law Firm, concerning the validity of the property interest in the PRC.

Property Inspection

We inspected Property 1 on 13 September 2018 and 24 January 2019 and Property 2 on 12 September 2018. The inspection of Property 1 was conducted by Ms. Selena Lam, MHKIS & MRICS, Manager of our firm. The inspection of Property 2 was conducted by Mr. Jerry He, MCIREA, Senior Manager of our firm.

In the capacity as an external valuer, we have not carried out any building survey, nor have we inspected those parts of the properties which are covered, unexposed or inaccessible, which parts are assumed to be in good repair and condition. We cannot express an opinion about or advise upon the condition of the uninspected parts of the properties. This report should not be taken as making any implied representation or statement about such parts. We are not able to report that the properties are free from rot, infestation or any other structural defects. No tests have been carried out to any of the services.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the properties, or has since been incorporated, and we are therefore unable to report that the properties are free from risk in this respect. For the purpose of this valuation we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

Plant and Machinery

Our valuation normally includes all plant and machinery that form part of the building services installations. However, process plant, machinery and equipment which may have been installed wholly in connection with the occupiers' industrial or commercial processes, together with furniture and furnishings, tenants' fixtures and fittings are excluded in our valuation.

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Foreign Exchange

Property 2 has been valued in Renminbi (“RMB”) and such valuations have been translated into Hong Kong dollars at the rates of exchange prevailing on 28 December 2018 at RMB1 to HK\$1.1413. There has been no significant fluctuation in exchange rate between the date of valuation and the date of this report.

Report

Our summary of valuations and the valuation certificates are attached hereto.

Yours faithfully
For and on behalf of
Jones Lang LaSalle Limited
Dorothy Chow
BSc(Hons), MSc, MHKIS, MRICS, RPS (GP)
Senior Director
License No. E-182969

Note: Ms. Dorothy Chow, MHKIS MRICS RPS(GP), is a qualified general practice surveyor and has over 20 years of experience in the valuation of properties in Hong Kong and the PRC.

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SUMMARY OF VALUATIONS

| Property | Market Value as at 31 December 2018 |
|---|--|
| | (HK\$) |
| 1. Offices A, B, C, D, E, F, G, H, J, K, L, M, N & P on 20th Floor and Car Parking Space Nos. P50 and P51 on Basement Floor, Kings Wing Plaza 1, 3 On Kwan Street, Shatin, New Territories, Hong Kong | \$162,500,000 |
| 2. An industrial complex located at Shangxia Development Zone, Shuikou, Huizhou, Guangdong Province, The PRC | \$32,000,000 |
| Total: | \$194,500,000 |

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VALUATION CERTIFICATES

| | Property | Description, age and tenure | Particulars of occupancy | Market value as at 31 December 2018 |
|----|--|--|--|---|
| 1. | Offices A, B, C, D, E, F, G, H, J, K, L, M, N & P on 20th Floor and Car Parking Space Nos. P50 and P51 on Basement Floor, Kings Wing Plaza 1, 3 On Kwan Street, Shatin, New Territories, Hong Kong | <p>The property comprises all 14 office units on the 20th Floor together with 2 car parking spaces on the Basement Floor of a 20-storey commercial building, namely Kings Wing Plaza 1. The building, being part of the Kings Wing Plaza Development, was completed in 2015.</p> <p>It is situated at the junction of On Muk Street and On Kwan Street in Shek Mun of Shatin District, which lies just east of the Shing Mun River and northeast of City One.</p> <p>Developments in the immediately locality are mainly office and industrial developments. Office developments in the vicinity include Kings Wing Plaza 2, Delta House, Metropole Square and Corporation Park, while industrial developments include Ever Gain Centre, New Commerce Centre, Ever Gain Building, Technology Park, etc.</p> <p>Accessibility to the property is convenient. MTR Shek Mun Station is standing opposite to Kings Wing Plaza 1. Other public transportation including buses, public light buses and taxis are readily available along On Kwan Street and On Ming Street.</p> <p>The building is served by 6 passenger lifts and 1 service lift. The total marketing gross floor area (“GFA”) of the office units of the property is approximately 14,981ft² (1,391.8m²). The total GFA of the office units occupied by the Company is approximately 9,348ft² (868.5m²).</p> <p>The lot is held under New Grant No. 21341 for a term of 50 years commencing on 9 January 2012. The Government rent per annum is equivalent to an amount of 3% of the rateable value of the property.</p> | <p>The Company occupied Offices A, B, J, K, L, M, N and P of the property under which were subject to a tenancy agreement for a term of 3 years from 18 December 2017 at a monthly rent of HK\$214,992 per month while the remaining office units were let to two related, associated or subsidiary companies of the Hanison Group for a term of 3 years from 27 December 2017 at the total monthly rental income of HK\$129,570. All of the above rentals are exclusive of rates, Government rents and management fees.</p> <p>On the other hand, Car Parking Space Nos. P50 and P51 of the property were owner-occupied as at the date of valuation.</p> | <p>HK\$162,500,000</p> <p>(HONG KONG DOLLARS ONE HUNDRED SIXTY TWO MILLION AND FIVE HUNDRED THOUSAND)</p> |

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Notes:

- (1) The registered owner of Property 1 is Rich Victory (Hong Kong) Limited.
- (2) The existing use of Offices A, B, C, D, E, F, G, H, J, K, L, M, N & P on 20th Floor of Property 1 is office use. Upon our inspection, we noted that the office units have been re-partitioned, which were different from their layouts as shown on the building plans approved on 8 September 2015. The interiors of the property had been finished with painted walls, carpeted/ wooden/ marble floors and suspended ceilings. Building services including water, electricity, sewage, central air-conditioning, sprinkler, smoke detector and lighting are provided therein.
- (3) According to our recent Land Registry search, the following major encumbrances are registered against Property 1:
 - Occupation Permit No. NT 67/2015 (OP) dated 28 October 2015 vide Memorial No. 15110402060076.
 - Certificate of Compliance (Remarks: From District Lands Office, Shatin, Lands Department) dated 18 January 2016 vide Memorial No. 16011902460061.
 - Memorandum Change of Building Name dated 3 February 2016 vide Memorial No. 16022302130034.
 - Deed of Mutual Covenant and Management Agreement with Plans dated 3 February 2016 vide Memorial No. 16022302130050.
- (4) Property 1 is zoned “Other Specified Uses (Business)” under the draft Shatin Outline Zoning Plan No. S/ST/34 and exhibited on 8 June 2018.
- (5) According to the New Grant No. 21341, the building erected on the lot shall not be used for any purposes other than for non-residential purposes.
- (6) Notional Apportionment of Market Value of various units / portions of Property 1 as at the date of valuation are as follows:

| Portion / Unit | Notional Apportionment of Market Value (HK\$) as at 31 December 2018 |
|--|---|
| Offices A, B, J, K, L, M, N & P on 20th Floor | \$95,500,000 |
| Offices C, D, E, F, G & H on 20th Floor | \$62,600,000 |
| Car Parking Space Nos. P50 & P51 on Basement Floor | \$4,400,000 |

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VALUATION CERTIFICATES

| | Property | Description, age and tenure | Particulars of occupancy | Market value as at 31 December 2018 |
|----|---|---|--|--|
| 2. | An industrial complex located at Shangxia Development Zone, Shuikou, Huizhou, Guangdong Province, The PRC | The property comprises an industrial complex erected on a land parcel (identified as “Land Parcel 1”) together with its adjoining land parcel (identified as “Land Parcel 2”) located in the Shangxia Development Zone of Huizhou. It is situated 300m to the south-west of the junction of Huize Avenue and Mashui Road East in Shangxia Development Zone. Developments in the immediately locality are mainly industrial developments include Dong Jiang Hi-Tech, Longjin Development Zone, Huayang Industrial Zone, etc. | Property 2 was owner-occupied as at the date of valuation. | HK\$32,000,000 (HONG KONG DOLLARS THIRTY TWO MILLION) |

Accessibility to the property is reasonable. The entrance of S23 Highway is approximate 500m to the east of the property. Other public transportation including buses and taxis are readily available along Huize Avenue.

According to copies of the Realty Title Certificates, Land Parcels 1 and 2 are both permitted for industrial use with site areas of about 11,657m² and 5,000m² respectively.

The industrial complex includes a 3-storey workshop, a 4-storey office and a 5-storey dormitory completed in 2008 with a total gross floor area (“GFA”) of about 12,645.8m² and an ancillary structure of about 2,080m².

The GFA breakdown is as follows:

| Use | Approx. GFA (m ²) |
|-----------|----------------------------------|
| Workshop | 8,567.1 |
| Dormitory | 3,059.5 |
| Office | 1,019.2 |
| Total | 12,645.8 |

Land Parcel 1 was granted for land use rights term due to expire on 24 June 2043 and Land Parcel 2 was granted for land use rights term due to expire on 25 November 2055.

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Notes:

- (1) According to copies of Realty Title Certificates 粵房地證字第C 6695013號, 粵房地證字第C 6695014號and粵房地證字第C 6695015號 dated 12 August 2008, and copy of State-owned Land Use Certificate 惠府國用（2008）第13021701021號 and 惠府國用（2008）第13021701022號, the title of the property is vested in 美興新型建築材料（惠州）有限公司.
- (2) We have prepared our valuation based on the following assumptions:
 - (i) The property is valued with the benefit of good title.
 - (ii) The property is free of any encumbrances and could be freely assigned, mortgaged, let and transferred in the market.
 - (iii) We have valued the property in its existing state with the benefit of vacant possession as at the date of valuation.
 - (iv) In the valuation of this property, we have attributed no commercial value to ancillary structures the property which have not obtained Building Ownership Certificate or construction approvals.
- (3) We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, inter alia, the following:
 - (i) The property is not subject to any mortgage or third party encumbrance;
 - (ii) 美興新型建築材料（惠州）有限公司legally owns the land use rights of the property and has rights to occupy, use, lease, transfer, mortgage or other dispose of the land of the property; and
 - (iii) The ancillary structure of the property has not obtained the construction approvals. The costs of the structures are not material and it will not have adverse effect if these structures were demolished.
- (4) For reference purpose, the notional value apportionment of building element and land element of the Property as at 31 December 2018 are in the region of approximately HK\$23,300,000 and HK\$8,700,000 respectively.
- (5) Property 2 was valued in Renminbi and the valuation was translated into Hong Kong Dollars at the rate of exchange at RMB1 to HK\$1.1413 as at 28 December 2018.

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GENERAL PRINCIPLES ADOPTED IN THE PREPARATION AND CONDITIONS THAT APPLY TO AND FORM PART OF HONG KONG VALUATIONS AND REPORTS

This document sets out the terms of engagement for our valuation services. They apply unless we have specifically mentioned otherwise in the service agreement or in the body of the Reports. Where appropriate, we will be pleased to discuss variations to suit any particular circumstances. Any variations to these terms of engagement must be confirmed in writing.

Our Valuations and Reports are confidential to, and for the use only of, the party to whom they are addressed and for the stated specific purpose. No responsibility whatsoever is accepted to any third parties who may use or rely on the whole or any part of the contents of any such Valuation or Report. The whole or any part of the Valuation or Report, or reference thereto, must not be published or referred to in any document, statement, circular, or in any communication with third parties, without our prior written approval of the form and context in which it will appear.

Valuation Methodology:

All work is carried out in accordance with the “HKIS Valuation Standards 2017” published by The Hong Kong Institute of Surveyors (“HKIS”), the “International Valuation Standards 2017” published by the International Valuation Standards Council (“IVSC”) and the “RICS Valuation – Global Standards 2017” published by the Royal Institution of Chartered Surveyors (“RICS”) subject to variation to meet local established law. Unless otherwise stated, our valuations are undertaken as External Valuers as defined in the relevant Valuation Standards.

Compliance with the RICS standards may be subject to monitoring under the RICS’ conduct and disciplinary regulations.

Valuation Basis:

Our valuations are made on the basis of Market Value as defined by IVSC and adopted by HKIS and RICS, set out 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.”

Our valuations are made on the assumption that the owner sells the property on the open market without the benefit of a deferred terms contract, leaseback, joint venture or similar arrangement which would serve to affect the value of the property.

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Each valuation is current as at the date of valuation only. The value assessed may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of preceding half of this paragraph, we do not assume any responsibility or accept liability where this valuation is relied upon after the expiration of three months from the date of valuation.

Costs:

No allowances are made in our valuations for dealing with any encumbrances such as charges, mortgages, nor for amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale or disposal.

Source of Information:

We accept as being complete and correct the information provided to us, by the sources listed, as to details of tenure, tenancies, tenant's improvements, planning consents and other relevant matters, as summarized in our report.

Assumptions:

Unless we state otherwise in the valuation, our valuation assumes (without investigation on our part), where applicable,

- (a) good and marketable title, and no encumbrance on the property's title which could materially affect its value,
- (b) no encroachment by or on the property and no unauthorised additions or structural alterations (our valuation is made according to the original layout as shown in the Registered Floor Plans or developer's brochure and assumes no outstanding reinstatement costs to be charged on the property),
- (c) no major environmental factor (including contamination) affects the property,
- (d) no deficiencies in the structural integrity of the property and other improvements,
- (e) the property is not affected or required for any public purposes or is to be acquired for a public purpose,
- (f) there are no outstanding statutory orders on the property or the likely possibility of future orders being made by a regulatory authority,

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- (g) body corporate records and finances are in a satisfactory order and there are no major financial commitments, orders or levies in respect of any major rectifications, remedial or other works to be undertaken by the body corporate above normal maintenance,
- (h) no material litigation pending relating to the property,
- (i) that the property (and any works thereto) comply with all relevant statutory regulations, including enactments relating to fire regulations,
- (j) no deleterious materials (including by way of example asbestos and calcium chloride),
- (k) ground conditions and services are suitable (including, particularly with respect to agricultural land, no possibility of latent infestation in the soil or of disease which might affect crops or stock at any time in the future) and no extraordinary expenses or delays will be incurred due to archaeological, ecological or environmental matters.

Without affecting the generality of the above, where leases or documents of title or site and building surveys or building report or pest certificate or engineer's certificate or body corporate records are provided to us for the purpose of the valuation, reliance must not be placed on our interpretation thereof of any of these documents.

Tenants:

Enquiries as to the financial standing of actual or prospective tenants are not made unless we specifically agree to in writing. Where properties are valued with the benefit of lettings, it is therefore assumed, unless we are informed otherwise in writing, that the tenants are capable of meeting their financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

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Measurements:

All measurements are carried out in accordance with the “Code of Measuring Practice” booklet published by the HKIS. To suit the local legislation and/or client’s request or agreement, we declare our departure from the “RICS property measurement” published by RICS in May 2015. Unless otherwise stated, we do not physically measure the actual properties or verify the floor areas provided to us, unless we specifically agree in writing to do so, although we make reference to the Registered Floor Plans if available.

Jurisdiction:

Unless the parties otherwise agree in writing, all disputes arising out of and relating to our valuation shall be finally settled under Hong Kong Law and the parties irrevocably submit to the jurisdiction of the Hong Kong Courts.

GENERAL PRINCIPLES ADOPTED IN THE PREPARATION AND CONDITIONS THAT APPLY TO AND FORM PART OF THE PEOPLE’S REPUBLIC OF CHINA VALUATIONS AND REPORTS

This document sets out the general principles upon which our Valuations and Reports are normally prepared, and the conditions that apply to and form part of our Valuations and Reports in our capacity as overseas consultants in The People’s Republic of China. They apply unless we have specifically mentioned otherwise in the body of the report. Where appropriate, we will be pleased to discuss variations to suit any particular circumstances, where appropriate, or to arrange for the execution of structural or site surveys, or any other more detailed enquiries. Any variations to these general principles and/or conditions must be confirmed in writing.

Our Valuations and Reports are confidential to, and for the use only of, the party to whom they are addressed and for the stated specific purpose. No responsibility whatsoever is accepted to any third parties who may use or rely on the whole or any part of the contents of any such Valuation or Report. The whole or any part of the Valuation or Report, or reference thereto, must not be published or referred to in any document, statement, circular, or in any communication with third parties, without our prior written approval of the form and context in which it will appear.

Valuation Methodology:

All work is carried out in accordance with the “International Valuation Standards 2017” published by the International Valuation Standards Council (IVSC) subject to variation to meet local established law. Unless otherwise stated, our valuations are undertaken as External Valuers as defined in the IVSC Valuation Standards.

The valuation will also comply with the “RICS Valuation – Global Standards 2017” published by the Royal Institution of Chartered Surveyors.

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Valuation Basis:

Our valuations are made on the basis of Market Value as defined by IVSC, set out 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.”

Our valuations are made on the assumption that the owner sells the property on the open market without the benefit of a deferred terms contract, leaseback, joint venture or similar arrangement which would serve to affect the value of the property.

Each valuation is current as at the date of valuation only. The value assessed may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of preceding half of this paragraph, we do not assume any responsibility or accept liability where this valuation is relied upon after the expiration of three months from the date of valuation.

Costs:

No allowances are made in our valuations for dealing with any encumbrances such as charges, mortgages, nor for amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale or disposal.

Source of Information:

We accept as being complete and correct the information provided to us, by the sources listed, as to details of tenure, tenancies, tenant’s improvements, planning consents and other relevant matters, as summarized in our report.

Assumptions:

Unless we state otherwise in the valuation, our valuation assumes (without investigation on our part), where applicable,

- (a) good and marketable title, and no encumbrance on the property’s title which could materially affect its value,
- (b) no encroachment by or on the property and no unauthorised additions or structural alterations (our valuation is made according to the original layout as shown in the Registered Floor Plans or developer’s brochure and assumes no outstanding reinstatement costs to be charged on the property),

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- (c) no major environmental factor (including contamination) affects the property,
- (d) no deficiencies in the structural integrity of the property and other improvements,
- (e) the property is not affected or required for any public purposes or is to be acquired for a public purpose,
- (f) there are no outstanding statutory orders on the property or the likely possibility of future orders being made by a regulatory authority,
- (g) body corporate records and finances are in a satisfactory order and there are no major financial commitments, orders or levies in respect of any major rectifications, remedial or other works to be undertaken by the body corporate above normal maintenance,
- (h) no material litigation pending relating to the property,
- (i) that the property (and any works thereto) comply with all relevant statutory regulations, including enactments relating to fire regulations,
- (j) no deleterious materials (including by way of example asbestos and calcium chloride),
- (k) ground conditions and services are suitable (including, particularly with respect to agricultural land, no possibility of latent infestation in the soil or of disease which might affect crops or stock at any time in the future) and no extraordinary expenses or delays will be incurred due to archaeological, ecological or environmental matters.

Without affecting the generality of the above, where leases or documents of title or site and building surveys or building report or pest certificate or engineer's certificate or body corporate records are provided to us for the purpose of the valuation, reliance must not be placed on our interpretation thereof of any of these documents.

Tenants:

Enquiries as to the financial standing of actual or prospective tenants are not made unless we specifically agree to in writing. Where properties are valued with the benefit of lettings, it is therefore assumed, unless we are informed otherwise in writing, that the tenants are capable of meeting their financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

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Measurements:

All measurements are carried out in accordance with the “Code of Measuring Practice” booklet published by the HKIS. Unless otherwise stated, we do not physically measure the actual properties or verify the floor areas provided to us, unless we specifically agree in writing to do so, although we make reference to the Registered Floor Plans if available. To suit the local legislation and/or client’s request or agreement, we declare our departure from the “RICS property measurement” published by RICS in May 2015.

Jurisdiction:

Unless the parties otherwise agree in writing, all disputes arising out and relating to our valuation shall be finally settled under Hong Kong Law and the parties irrevocably submit to the jurisdiction of the Hong Kong Courts.