



22/F, China Overseas Building,  
139 Hennessy Road, Wan Chai, Hong Kong  
Tel (852) 2529 6878 Fax (852) 2529 6806  
E-mail [info@romagroup.com](mailto:info@romagroup.com)  
[http:// www.romagroup.com](http://www.romagroup.com)

10 November 2021

**Lee Hing Development Limited**  
Suite 1506-07, 15th Floor,  
Nine Queen's Road Central, Central,  
Hong Kong

Dear Sir/Madam,

**Re: Valuation of properties situated in Japan and Hong Kong**

In accordance with your instructions for us to value the properties held by Lee Hing Development Limited (the "**Company**") and/or its subsidiaries (together with the Company referred to as the "**Group**") in Japan and Hong Kong, we confirm that we 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 30 September 2021 (the "**Valuation Date**") for circular purpose.

**VALUATION STANDARDS**

Our valuations are prepared in compliance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, Rule 11 on Asset Valuations of the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong and in accordance with the "RICS Valuation – Global Standards" published by the Royal Institution of Chartered Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

**BASIS OF VALUATION**

Our valuations of the properties are our opinion of the market values of the concerned properties which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".



Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

#### **PROPERTY CATEGORIZATION**

In the course of our valuations, the properties owned by the Group are categorized into the following groups:

- Group I — Property held for disposal in Japan;
- Group II — Property held for owner occupation in Hong Kong; and
- Group III — Property held for investment purposes in Hong Kong.

#### **VALUATION METHODOLOGY**

For the property Nos 1, 2 and 3 in Group I which has no redevelopment potential, we have assumed that it will not be redeveloped in accordance with the latest Company's confirmation and there is no development planning provided to us. We have valued the property in Group I, II and III by the direct comparison approach assuming sale or asking price of the property in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.

#### **TITLE INVESTIGATION**

For the property in Japan, we have been shown copies of extracts of title documents and have been advised by the Group that no further legal opinion have been provided. Furthermore, due to the nature of the land registration system in the Japan, we have not been able to examine the original documents to verify ownership or to ascertain the existence of any amendment documents, which may not appear on the copies handed to us. All documents have been used for reference only.

For property in Hong Kong, we have carried out land searches at the Land Registry. However, we have not scrutinized all the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the copies handed to us.

We have also relied on the advice given by the Group that the Group has valid and enforceable titles to the properties which are freely transferable, and have free and uninterrupted right to use the same.



## **VALUATION ASSUMPTIONS**

Our valuations have been made on the assumption that the owners sell the properties in the market in their existing states without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the values of such 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 allowance has been made for the properties to be sold in one lot or to a single purchaser.

## **SOURCE OF INFORMATION**

In the course of our valuations, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of properties, particulars of occupation, site/floor areas, ages of buildings and all other relevant matters which can affect the values of the properties. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

## **VALUATION CONSIDERATION**

For property in Japan, due to the outbreak of Coronavirus Disease (COVID-19) and the relevant travelling restrictions, we are unable to conduct physical inspections of the property and the Group cannot provide the photos of the property. As agreed with the Group, we have conducted our valuation on desktop basis because there is a limitations or restrictions on the inspection, we conduct our valuation without a physical inspection as per VPS 1 of the RICS Red Book Global.

For property in Hong Kong, we have inspected the exterior and, where possible, the interior of the properties. No structural survey has been made in respect of the properties. However, in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the site/floor areas of the properties under consideration but we have assumed that the site/floor areas shown on the documents handed to us are correct. Except as otherwise stated, all 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 approximations.



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. 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.

As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty — and a higher degree of caution — should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the property under frequent review. As a consequence of the COVID-19 outbreak, the liquidity and transaction volume in the real estate market have been significantly reduced which resulted in a lack of clarity as to pricing levels and market drivers. Together with general weakening of sentiment towards real estate, there is less certainty with regard to valuations as market values might change rapidly in the current market conditions. The period required to negotiate a sale may also extend considerably beyond the normally expected period.

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and advised by the Group, the potential tax liabilities which would arise on the disposal of the property interests held by the Group, for the amount of market value minus the cost of purchase, comprise Withholding Tax (10.21%) in Japan and corporate profit tax of 16.5% with effect from the year of assessment 2020/21 in Hong Kong. The exact amount of the tax payable upon realization of the relevant properties will be subject to the formal tax advice issued by the relevant tax authorities at the time of disposal by presenting the relevant transaction documents. For the property interests held by the Group in Group I, they are going to be disposed of or being disposed of. Hence, the potential tax liabilities of these property interests are likely to be crystallized. For the property interests held by the Group in Group II and Group III, they are continued to be held by the Group and with no intention for disposal. Hence, the likelihood of any potential tax liabilities of these property interests being crystallized is remote.

Our valuation opinion as stated in this report only based on the information as available as at the Valuation Date such as economic and market environment or any other matters which might affect our valuation opinion. As the existing market condition, we would recommend the users of this report to seek latest opinion on the real estate market for their decisions.



## REMARKS

Unless otherwise stated, all monetary amounts stated in our valuations are in Japanese Yen ("JPY") and Hong Kong Dollar ("HK\$"). The exchange rate adopted in our valuation is approximately HK\$1.00 = JPY14.11, which was approximately the prevailing exchange rates as at the Valuation Date.

Our Summary of Values and Valuation Certificates are attached.

Yours faithfully,  
For and on behalf of  
**Roma Appraisals Limited**

**Frank F Wong**  
*BA (Business Admin in Acct/Econ) MSc (Real Est)*  
*MRICS Registered Valuer MAusIMM ACIPHE*  
Director

Contributing Valuer:  
**Jack Zhou MSc BA**

*Note:* Mr. Frank F Wong is a Chartered Surveyor, Registered Valuer, Member of the Australasian Institute of Mining & Metallurgy and Associate of Chartered Institute of Plumbing and Heating Engineering who has 22 years' valuation, transaction advisory and project consultancy of properties experience in Hong Kong and 14 years' experience in valuation of properties in the PRC as well as relevant experience in the Asia-Pacific region, Australia and Oceania-Papua New Guinea, France, Germany, Poland, United Kingdom, United States, Abu Dhabi (UAE) and Jordan.



## SUMMARY OF VALUES

### Group I — Property held for disposal in Japan

No.	Property	Market Value in Existing State as at 30 September 2021
1.	Lot No. 1320-299, Mukoyama, Gora-Aza, Hakone-machi, Ashigarashimo-gun, Japan	JPY85,900,000 (HK\$6,090,000)
2.	Lot No. 1308-15, Kawamukai, Kiga-Aza, Hakone-machi, Ashigarashimo-gun, Japan	JPY52,500,000 (HK\$3,720,000)
3.	Lot No. 1308-2, Kawamukai, Kiga-Aza, Hakone-machi, Ashigarashimo-gun, Japan	JPY2,300,000 (HK\$160,000)
<b>Sub-Total:</b>		<b>JPY140,700,000</b> <b>(HK\$9,970,000)</b>

### Group II — Property held for owner occupation in Hong Kong

4.	Office No. 6 and Office No. 7 on 15th Floor, "Nine Queen's Road Central", No. 9 Queen's Road Central, Hong Kong	HK\$118,000,000
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### Group III — Property held for investment purposes in Hong Kong

5.	Flat A on 15th Floor and Carpark Space No. 4 on P2 Level, Po Garden, No. 9 Brewin Path, Hong Kong	HK\$61,900,000
<b>Sub-Total:</b>		<b>HK\$179,900,000</b>
<b>Grand Total:</b>		<b>HK\$189,870,000</b>



## VALUATION CERTIFICATE

### Group I — Property held for disposal in Japan

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 September 2021
1.	Lot No. 1320-299, Mukoyama, Gora-Aza, Hakone-machi, Ashigarashimo-gun, Japan	The property comprises a parcel of land located near the railway station of Gora, Hakone-machi, Ashigarashimo-gun.  As per the register certificate, the property has a total site area of approximately 5,000.68 sq.m.  As per the register certificate, the land category is building land.  The land is held under of Fee Simple Estate.	As advised by the Group, the property is vacant as at the Valuation Date.	JPY85,900,000 (HK\$6,090,000)

*Note:* Pursuant to the Register certificate (Land) (全部事項証明書(土地)) No.0203000067142, the registered owner of the property with a total site area of approximately 5,000.68 sq.m. is Wang Tak Company Limited (“ワン・タック・カンパニー・リミテッド”), a wholly-owned subsidiary of the Group, dated 26 August 2004.



## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 September 2021
2.	Lot No. 1308-15, Kawamukai, Kiga-Aza, Hakone-machi, Ashigarashimo-gun, Japan	The property comprises a parcel of land located near the railway station of Gora, Hakone-machi, Ashigarashimo-gun.  As per the register certificate, the property has a total site area of approximately 3,040.73 sq.m.  As per the register certificate, the land category is building land.  The land is held under of Fee Simple Estate.	As advised by the Group, the property is vacant as at the Valuation Date.	JPY52,500,000 (HK\$3,720,000)

*Note:* Pursuant to the Register certificate (Land) (全部事項証明書(土地)) No.0203000066696, the registered owner of the property with a total site area of approximately 3,040.73 sq.m. is Wang Tak Company Limited (“ワン・タック・カンパニー・リミテッド”), a wholly-owned subsidiary of the Group, dated 26 August 2004.





## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 September 2021
3.	Lot No. 1308-2, Kawamukai, Kiga-Aza, Hakone-machi, Ashigarashimo-gun, Japan.	The property comprises a parcel of land located near the railway station of Gora, Hakone-machi, Ashigarashimo-gun.  As per the register certificate, the property has a total site area of approximately 2,771 sq.m.  As per the register certificate, the land category is forest preserve.  The land is held under of Fee Simple Estate.	As advised by the Group, the property is vacant as at the Valuation Date.	JPY2,300,000 (HK\$160,000)

*Note:* Pursuant to the Register certificate (Land) (全部事項証明書(土地)) No.0203000066687, the registered owner of the property with a total site area of approximately 2,771 sq.m. is Wang Tak Company Limited (“ワン・タック・カンパニー・リミテッド”), a wholly-owned subsidiary of the Group, dated 26 August 2004.



## VALUATION CERTIFICATE

### Group II — Property held for owner occupation in Hong Kong

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 September 2021
4.	Office No. 6 and Office No. 7 on 15th Floor, "Nine Queen's Road Central", No. 9 Queen's Road Central, Hong Kong  679/3000 of 500/23086 equal and undivided shares of and in the Remaining Portion of Section A of Marine Lot No. 102, Section C of Marine Lot No. 103, The Remaining Portion of Marine Lot No. 101, The Remaining Portion of Inland Lot No.514, Section A of Marine Lot No. 101, Section B of Marine Lot No. 101, The Remaining Portion of Section C of, Marine Lot No. 101	The property comprises two office units on 15th floor of an office building completed in about 1991.  The property has a saleable area of approximately 2,114 sq.ft..  The property is held under the Government Lease for the lease terms of 999 years commencing from 16 November 1855 (Re: The Remaining Portion of Section A of Marine Lot No. 102, Section C of Marine Lot No. 103, The Remaining Portion of Marine Lot No. 101, Section A of Marine Lot No. 101, Section B of Marine Lot No. 101, The Remaining Portion of Section C of Marine Lot No. 101) and 999 years commencing from 21/01/1857. (Re: The Remaining Portion of Inland Lot No. 514)	As advised by the Group, the property is owner-occupied for office use.	HK\$118,000,000

*Notes:*

1. The registered owner of the property is Lee Hing Investment Company Limited, a wholly-owned subsidiary of the Group, vide Memorial No. UB8824814 dated 31 October 2002.
2. The property lies within an area zoned "Commercial" under the Central District Outline Zoning Plan No. S/H4/17 gazetted Section 5 of Town Planning Ordinance on 24 May 2019.
3. The property is subjected to the following material encumbrances:
  - a. Deed Of Mutual Covenant and Management Agreement with Plans vide Memorial No. UB5711938 dated 30 June 1993;
  - b. Sub-Deed of Mutual Covenant with Plan vide Memorial No. UB7098399 dated 8 May 1997; and
  - c. Mortgage to Secure General Banking Facilities in favour of Liu Chong Hing Bank Limited vide Memorial No. UB8824815 dated 31 October 2002 (Remarks: the consideration is all moneys).



## VALUATION CERTIFICATE

### Group III — Property held for investment purposes in Hong Kong

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 September 2021
5.	Flat A on 15th Floor and Carpark Space No. 4 on P2 Level, Po Garden, No. 9 Brewin Path, Hong Kong  31/2397 equal and undivided shares of and in the Inland Lot No. 8646	The property comprises a residential unit and a car parking space on 15th floor and P2 level of a residential building completed in about 1990.  The property has a saleable area of approximately 1,943 sq.ft..  The property is held under the Conditions of Exchange No. 11885 for the lease terms of 75 years renewable for 75 years commencing from 17 January 1955.	As advised by the Group, the property is subject to a tenancy agreement dated 15 December 2020 for a term of 2 years commencing on 1 January 2021 to 31 December 2022 (both days inclusive) in monthly rental of \$75,000 inclusive of management fee, Government Rates, Government Rent and Property Tax. Rent free period is from 1 January 2021 to 7 January 2021 (both days inclusive).	HK\$ 61,900,000

*Notes:*

1. The registered owner of the property is Teamlight Enterprises Limited, a wholly-owned subsidiary of the Group, vide Memorial No. 11062700420147 dated 3 June 2011.
2. The property lies within an area zoned "Residential (Group B)" under the Mid-Levels West Outline Zoning Plan No. S/H11/15 gazetted section 9(1)(a) of Town Planning Ordinance on 19 March 2010.
3. The property is subjected to the following material encumbrances:
  - a. Deed Of Mutual Covenant and Management Agreement vide Memorial No. UB5008779 dated 31 August 1991;
  - b. Certified Copy Memorandum of Compliance vide Memorial No. UB7558343 dated 19 May 1992;
  - c. Mortgage for consideration of all moneys in favour of Chong Hing Bank Limited vide Memorial No. 11062700420154 dated 3 June 2011; and
  - d. Assignment of Rentals in favour of Chong Hing Bank Limited vide Memorial No. 11062700420165 dated 3 June 2011.