CUSHMAN & WAKEFIELD
戴德梁行

Karrie International Holdings Limited

Appendix VI of the Circular – Equity Valuation Report

Valuation as at 30 September 2021

27/F, One Island East, Taikoo Place, 18 Westlands Road, Quarry Bay, Hong Kong
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Valuation Report No. F21-003684-02
BZO/PT/pcy

CUSHMAN & WAKEFIELD
戴德梁行

27/F, One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

31 January 2022

Dear Sirs,

The Directors
Karrie International Holdings Limited
9th Floor
Southeast Industrial Building
611–619 Castle Peak Road
Tsuen Wan
New Territories
Hong Kong

Re: Valuation of the entire equity interest in 東莞市嘉訊通電腦產品有限公司

In accordance with the instructions to us to conduct a valuation of the entire equity interest in Dongguan City Jiaxuntong Computer Products Limited* (東莞市嘉訊通電腦產品有限公司) (referred to as the "**Target Company**"), we are pleased to report that we have made relevant enquiries and obtained necessary information for the purpose of providing you with our valuation as at 30 September 2021 (hereinafter referred to as the "**Valuation Date**").

This report states the purpose and basis of valuation, scope of work, source of information, major assumptions, valuation methodology, limiting conditions, and presents our opinion of value.

1. PURPOSE OF VALUATION

The purpose of this valuation is to value the entire equity interest in the Target Company (following completion of the Corporate Division) as of Valuation Date, for internal reference purpose of Karrie International Holdings Limited (hereinafter referred to as the "**Company**") only.

* *For identification only*

We assume no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If any party chooses to rely in any way on the contents of this report, they do so entirely at their own risk.

2. BASIS OF VALUATION

We have carried out the valuation on the basis of market value in accordance with the International Valuation Standards. Market value 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".

3. SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and on information provided by the management of the Target Company and/or the Company, and/or their representatives (together referred to as the "**Management**").

In the course of our valuation work, the following processes had been conducted to evaluate the reasonableness of the adopted bases and assumptions provided by the Management:

- Discussed with the Management and obtained relevant financial information in respect of the Target Company;
- Examined the relevant bases and assumptions of the financial information in respect of the Target Company;
- Conducted appropriate research to obtain sufficient market data and statistical figures and prepared the valuation based on generally accepted valuation procedures and practices; and
- Presented the purpose and basis of valuation, scope of work, company background, source of information, major assumptions, valuation methodology and our opinion of value in this report.

4. COMPANY BACKGROUND

The Target Company has been established in the People's Republic of China (the "**PRC**") since 2000. It is principally engaged in a residential development project located at Da Long Industrial District, Fenggang Town, Dongguan City, Guangdong Province, the PRC.

The balance sheet of the pro forma financial statement of the Target Company as at 30 September 2021 (following completion of the Corporate Division) provided by the Management was as follows:

As at 30 September 2021	*(in RMB '000)*
Cash and bank deposits	82,985
Prepaid accounts	112
Real estate inventory	31,918
Other receivable	649,900
Total current assets	**764,915**
Property, plant, and equipment	43
Deferred tax asset	91,921
Total non-current assets	**91,964**
Total assets	**856,879**
Accounts payable	993
Dividends payable	170,000
Advances from customers	30,790
Accrued expenses and other liabilities	383,376
Total current liabilities	**585,159**
Total liabilities	**585,159**

5. SOURCE OF INFORMATION

In arriving at our assessment of the value of the entire equity interest in the Target Company, we have relied on the following information that was provided to us by the Management, as well as other publicly available information that we have gathered through our own research, including, but not limited to, the following:

- Copies of business licenses and other relevant documents of the Target Company;
- The unaudited pro forma financial statement and related financial information of the Target Company as at 30 September 2021 (following completion of the Corporate Division) provided by the Management; and
- Other public information relating to the valuation.

6. MAJOR ASSUMPTIONS

We have adopted certain specific assumptions in our valuation and the major ones are as follows:

- The information provided has been prepared on a reasonable basis after due and careful consideration by the Management;
- There will be no major change in the current taxation laws in the localities in which the Target Company operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- There will be no major change in the political, legal, economic or financial conditions in the localities in which the Target Company operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Target Company;
- The core business operation of the Target Company will not differ materially from those of present or expected; and
- The information regarding the Target Company provided by the Management is true and accurate.

7. VALUATION METHODOLOGY

There are generally three accepted approaches to obtain the market value of the entire equity interest in the Target Company, namely the market approach, the income approach and the asset-based approach. Each of these 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.

Market Approach

The market approach values a business entity by comparing prices at which other business entities in a similar nature changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative. The market approach comprises two methods namely guideline (or comparable) company method and similar transaction method.

The guideline company method focuses on analyzing the data and valuation multiples of companies that can be considered comparable to those being valued. Adjustments are made to the comparable companies to compensate for differences between those companies and the company being valued. Finally, appropriate valuation multiples are applied to the subject company's normalized financial data to arrive at an indication of the value of the subject company.

The similar transaction method measures value based on what other purchasers in the market have paid for companies that can be considered reasonably similar to those being valued. When the similar transaction method is utilized, data are collected on the prices paid for reasonably comparable companies. Adjustments are made to the comparable companies to compensate for differences between those companies and the company being valued. The application of the similar transaction method results in an estimate of the price reasonably expected to be realized from the sale of the company.

Income Approach

The income approach focuses on the economic benefits due to the income producing capability of the business entity. The underlying theory of this approach is that the value of the business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the income approach estimates the future economic benefits and discounts them to their present values using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this present value can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

Asset-Based Approach

The asset-based approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital. In other words, the value of the business entity is represented by the money that has been made available to purchase the business assets needed.

This money comes from investors who buy stocks of the business entity and investors who lend money to the business entity. After collecting the total amounts of money from equity and debt, and converted into various types of assets of the business entity for its operation, their sum equals the value of the business entity.

Selection of Valuation Methodology

The selection of a valuation approach is based on, among others, the quantity and quality of information provided, access to available data, availability of relevant market transactions, type and nature of subject assets, purpose and objective of the valuation and professional judgment and technical expertise. Among the three approaches, we consider that asset-based approach is more appropriate for valuing the entire equity interest in the Target Company as the major assets owned by the Target Company are real estate assets.

Valuation Summary

The adopted values and valuation methodologies for each of the balance sheet items of the Target Company are listed below:

As at 30 September 2021	**Market Value** *(in RMB '000)*	**Remark**
Cash and bank deposits	83,338	1
Prepaid accounts	112	2
Real estate inventory	126,170	3
Other receivable	649,900	2
Total current assets	**859,520**	
Property, plant, and equipment	311	4
Deferred tax asset	91,921	2
Total non-current assets	**92,232**	
Total assets	**951,752**	
Accounts payable	993	2
Dividends payable	170,000	2
Advances from customers	30,790	2
Accrued expenses and other liabilities	383,376	2
Total current liabilities	**585,159**	
Deferred tax liabilities	14,706	5
Provision for land appreciation tax	36,049	6
Total liabilities	**635,914**	
Equity	**316,000**	**(Rounded)**

Remarks:

1. The cash and bank deposits are cash, cash in banks and structured deposit.

   For cash and cash in banks, book values shown on the financial statement of the Target Company as at 30 September 2021 were stated as provided by the Management.

   For structured deposit, the fair value is estimated by adjusting the accrued interest as of 30 September 2021 on the basis of the deposit principal provided by the Management.

2. Book values shown on the financial statement of the Target Company as at 30 September 2021 were stated as provided by the Management.

3. For Real estate inventory, please refer to the Property Valuation Report prepared by Cushman & Wakefield Limited as set out in Appendix V to this circular.

4. Property, plant and equipment can be classified into office equipment and vehicles.

   For equipment, the cost approach was adopted in the valuation.

   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 the condition, utility, age, wear and tear, or obsolescence present (physical, functional or economical), taking into consideration past and present maintenance policy and rebuilding history. The cost approach generally furnishes the most reliable indication of value for assets without a known used market.

   For vehicles, the market approach was adopted in the valuation.

   The market approach considers prices recently paid for similar assets. Assets for which there is an established used market may be appraised by this approach.

5. The value of deferred tax liabilities is the provision of the deferred tax on surplus arising from the valuation of structured deposit, property, plant and equipment and inventories that were for sale purposes after provision for land appreciation tax (assuming a prevailing tax rate of 25%).

6. The fair value of provision for land appreciation tax is the provision for tax on surplus arising from the valuation of inventories that were for sale purposes.

8. LIMITING CONDITIONS

The valuation reflects facts and conditions existing at the Valuation Date. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied to a considerable extent on information provided by the Management, including written information and oral representation, in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

The recent outbreak of the Novel Coronavirus (COVID-19) has brought high volatility to global financial markets and uncertainty to the stock market. It is expected that valuation will be very sensitive to development of the pandemic and changes in the financial markets. The extents of impact on different sectors of the market are different and the time for marketing and negotiating sale of shares will be longer than normal. There will be less certainty as to how long a valuation may sustain and financial situation may fluctuate rapidly and materially over a short period of time. Our valuation is valid only at the valuation date and any subsequent changes in market conditions as well as the resulting impacts on share prices after the valuation date cannot be taken into account. If any party intends to make reference to our valuation when entering into any transaction, he must bear in mind the high market volatility during this period of time and that share prices may or may not have changed since the valuation date.

Our conclusion of the market value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

Neither the whole nor any part of this report or any reference hereto may be included in any published document, circular or statement, or published in any way, without our prior written approval of the form and context in which it may appear.

Finally and in accordance with our standard practice, we must state that this report and valuation are for the exclusive use only of the addressee and for the purpose stated herein. No responsibility is accepted to any third party for the whole or any part of its contents.

9. REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in Renminbi (RMB).

We hereby confirm that we have neither present nor prospective interests in the Company, the Target Company or the value reported herein.

10. OPINION OF VALUE

Based on the investigation and analysis stated above and on the valuation method employed, the market value of the entire equity interest in the Target Company as at the Valuation Date is, in our opinion, reasonably estimated as RMB316,000,000 (RENMINBI THREE HUNDRED SIXTEEN MILLION ONLY).

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited

Philip Tsang
Registered Business Valuer registered with the Hong Kong Business Valuation Forum
MSc, MHKIS
Director, Valuation & Advisory Services

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited

Bruce Oong
CPA
Senior Director,
Valuation & Advisory Services