



Valor Appraisal & Advisory Limited

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滙來評估及顧問有限公司

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Date: 27 June 2023

The Board of Directors
Jiahua Stores Holdings Limited
Suite 715, 7/F, Ocean Centre
5 Canton Road, Tsimshatsui
Kowloon, Hong Kong

Dear Sirs,

INSTRUCTIONS

In accordance with your instructions for us to provide our opinion of the market rent of the properties (the “**Property**”) in the People’s Republic of China (the “**PRC**”) leased/to be leased to Jiahua Stores Holdings Limited (the “**Company**”) or its subsidiaries (hereinafter together referred to as the “**Group**”), we confirm that we have carried out property 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 rent of the Property as at 31 March 2023.

This letter which forms part of our valuation report explains the basis and methodologies of valuation, clarifying assumptions, valuation considerations, title investigation and limiting conditions of this valuation.

BASIS OF VALUATION

Our valuation is carried out on a market rent basis. Market rent is defined as “the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION METHODOLOGY

In valuing the market rent of the Property, we have adopted market comparison method which is universally considered the most acceptable method for assessing the rent of most forms of real estate. This involves the analysis of recent market rental evidences of similar properties to compare with the Property under assessment. Each comparable is analysed on the basis of its unit rent; each attribute of the comparable is then compared with the Property and where there is a difference, the unit rent is adjusted in order to arrive at the appropriate unit rent for the Property.

VALUATION CONSIDERATIONS

In valuing the market rent of the Property, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; 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.

VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the seller sells the Property on the open market in their existing states without the benefit of a deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements, which could serve to affect the values and market rents of the Property.

In undertaking our valuation, we have assumed that, unless otherwise stated, transferable land use rights in respect of the property interests for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have also assumed that the owners of the properties have enforceable titles to the properties and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

No allowance has been made in our valuation for any outstanding or additional land premium, charges, mortgages or amounts owing on the Property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values and market rents.

TITLE INVESTIGATION

We have been, in some instances, shown copies of various title documents and other documents relating to the Property and have made relevant enquiries. We have not examined the original documents to verify the existing title to the Property and any material encumbrances that might be attached to the property interests or any lease amendments. However, we have relied considerably on the information given by the Company's PRC legal adviser, Guangdong Pinfang Law Firm (廣東品方律師事務所), concerning the validity of the title of Shenzhen Jiahua Real Estate Development Company Limited (深圳市佳華房地產開發有限公司) and Shenzhen Shajing Shayi Stock Cooperative Company (深圳市沙井沙一股份合作公司) (collectively the "Landlords") to the Property located in the PRC.

All legal documents provided by the Company have been used for reference only. No responsibility regarding legal title to the Property is assumed in this valuation report.

LIMITING CONDITIONS

We have inspected the exterior, and wherever possible, the interior of the properties but no structural survey had been made. 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. Further, no test has been carried out on any of the building services. All dimensions, measurements and areas are only approximates. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the copies of documents handed to us are correct.

The site inspection of the Property was carried out on 22 March 2023 by Mr. Wang Kuanghong (BA Real Estate), who has 9 years' experience in valuation of real estate including industrial properties located in the PRC.

We have relied to a considerable extent on information provided by the Company and the Landlords, and have accepted advice given to us on such matters, in particular, but not limited to, the sales records, tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the Property.

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

Liability in connection with this valuation is limited to the client to whom this valuation is addressed and for the purpose for which it is carried out only. We will accept no liability to any other parties or any other purposes.

This valuation is to be used only for the purpose stated herein, any use or reliance for any other purpose, by you or third parties, is invalid. No reference to our name or our valuation report in whole or in part, in any document you prepare and/or distribute to third parties may be made without written consent.

EXCHANGE RATE

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

“Property Particulars and Opinion of Value” are herewith attached.

Yours faithfully,
For and on behalf of
Valor Appraisal & Advisory Limited



Haydn Y. C. Lee

MRICS CFA CPA (Aust.)

Director

Mr. Haydn Y.C. Lee is a professional member of Royal Institution of Chartered Surveyors, Chartered Financial Analyst charterholder and member of CPA Australia. He has over 10 years' experience in valuation of properties in HKSAR and mainland China.

SUMMARY OF VALUES

		Market Rent in Existing State as at 31 March 2023 RMB
Property		
1	Units -102, 102-111, 114, 202-210, 301-308, 404-409, 503-505, 507-509, Jiahua Lingchuang Plaza, No. 99 Haoxiang Road, Shaqi Community, Xinqiao Street, Bao'an District, Shenzhen City, Guangdong Province, the PRC	RMB1,469,000 per month
2	Units -101, 101, 112-113, 201, 211-213, 309-311, 401-403, 410-412, 501-502, 509a, 510, Jiahua Lingchuang Plaza, No. 99 Haoxiang Road, Shaqi Community, Xinqiao Street, Bao'an District, Shenzhen City, Guangdong Province, the PRC	RMB791,000 per month
3	Shopping Mall, Level 1 of a Commercial Podium, Jiahua Shuyuan Yage (Lot No.: A010-0384), Southern Side of Dabao Road, Xin'an Street, Bao'an District, Shenzhen City, Guangdong Province, the PRC	RMB65,000 per month

PROPERTY PARTICULARS AND OPINION OF VALUE

Property interests to be leased for owner occupation by the Group in the PRC

Property	Description and Tenure	Particular of Occupancy	Market Rent in Existing State as at 31 March 2023
Units -102, 102-111, 114, 202-210, 301-308, 404-409, 503-505, 507-509, Jiahua Lingchuang Plaza, No. 99 Haoxiang Road, Shaqi Community, Xinqiao Street, Bao'an District, Shenzhen City, Guangdong Province, the PRC (中華人民共和 國廣東省深圳 市寶安區新橋 街道沙企社區 蠓鄉路99號佳 華領創廣場 -102, 102-111, 114, 202-210, 301-308, 404- 409, 503-505, 507-509)	The property comprises 41 units on the commercial portions of Levels B1-6 of a composite development completed in 2022. The total gross floor area of the property is approximately 34,945.39 sq.m. The property is located at Haoxiang Road, Shaqi Community, Xinqiao Street, Bao'an District. Developments in the vicinity are mainly residential and commercial developments of various ages.	As at the Valuation Date, the property was vacant.	RMB1,469,000 (Renminbi One Million Four Hundred Sixty Nine Thousand) per month

Notes:

- (1) Pursuant to 41 Immovable Property Right Certificates registered on 27 October 2022, the land use rights and the building ownership rights of the property with a total gross floor area of approximately 34,945.39 sq.m. were granted to Shenzhen Jiahua Real Estate Development Company Limited for a term expiring on 3 February 2060 for commercial use. The area breakdowns are shown below.

Unit	Gross Floor Area (sq.m.) (Approx)
-102	628.42
102	511.48
103	942.90
104	636.20
105	459.42
106	2,067.39
107	22.11
108	314.18
109	593.14
110	566.24
111	1,056.55
114	4,953.22
202	585.96
203	929.21
204	481.64
205	279.19
206	722.12
207	38.54
208	365.65
209	1,393.40
210	1,491.54
301	468.97
302	624.12
303	967.22
304	463.69
305	668.58
306	847.57
307	1,485.95
308	1,220.77
404	498.75
405	875.17
406	1,613.93
407	578.15
408	718.76
409	401.70
503	864.14
504	497.74
505	2,032.87
507	157.90
508	360.29
509	560.62
Total:	<u>34,945.39</u>

- (2) We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:
- (i) Shenzhen Jiahua Real Estate Development Company Limited legally owns the property and is entitled to lease out the property; and
 - (ii) The property is subject to a mortgage in favour of Shenzhen Rural Commercial Bank Co., Ltd. – Shajing Branch which has given a consent letter to Shenzhen Jiahua Real Estate Development Company Limited to lease out the property.
- (3) The rental valuation is conducted on the assumption that the property is let for a term of 15 years from 1 May 2023 with tenancy details as below:
- Landlord: Shenzhen Jiahua Real Estate Development Company Limited
Tenant: Shenzhen Baijiahua Commercial Management Limited (深圳市百佳華商業管理有限公司)
Lease Term: 15 years (1 May 2023 – 30 April 2038)
Rent Free Period: First 18 months
Monthly Rent for 1st Year: RMB1,223,088.65, inclusive of value-added tax
- (4) We have adopted market comparison method to select the relevant rent comparable. We have made reference to some rent comparable to the subject property and nearby development. In arriving at the key assumptions, appropriate adjustments and analysis are considered to the differences in several aspects including but not limited to floor level, building age, size and location between the subject property and the comparable properties. The general basis of adjustment is if the subject property is better than the comparable properties, an upward adjustment is made. Alternatively, if the subject property is inferior or less desirable than the comparable properties, a downward adjustment is made.

PROPERTY PARTICULARS AND OPINION OF VALUE

Property interests to be leased for owner occupation by the Group in the PRC

Property	Description and Tenure	Particular of Occupancy	Market Rent in Existing State as at 31 March 2023
Units -101, 101, 112-113, 201, 211-213, 309- 311, 401-403, 410-412, 501- 502, 509a, 510, Jiahua Lingchuang Plaza, No. 99 Haoliang Road, Shaqi Community, Xinqiao Street, Bao'an District, Shenzhen City, Guangdong Province, the PRC (中華人民共和 國廣東省深圳 市寶安區新橋 街道沙企社區 蠓鄉路99號佳 華領創廣場 -101, 101, 112- 113, 201, 211- 213, 309-311, 401-403, 410- 412, 501-502, 509a, 510)	The property comprises 21 units on the commercial portions of Levels B1-5 of a composite development completed in 2022. The total gross floor area of the property is approximately 18,730.09 sq.m. The property is located at Haoliang Road, Shaqi Community, Xinqiao Street, Bao'an District. Developments in the vicinity are mainly residential and commercial developments of various ages.	As at the Valuation Date, the property was vacant.	RMB791,000 (Renminbi Seven Hundred Ninety One Thousand) per month

Notes:

- (1) Pursuant to 21 Immovable Property Right Certificates registered on 27 October 2022, the land use rights and the building ownership rights of the property with a total gross floor area of approximately 18,730.09 sq.m. were granted to Shenzhen Shajing Shayi Stock Cooperative Company for a term expiring on 3 February 2060 for commercial use. The area breakdowns are shown below.

Unit	Gross Floor Area (sq.m.) (Approx)
-101	341.69
101	376.57
112	2,860.41
113	627.47
201	309.89
211	2,513.17
212	215.53
213	618.27
309	2,098.59
310	214.53
311	1,182.52
401	590.78
402	806.69
403	851.16
410	462.98
411	485.57
412	797.44
501	2,077.57
502	581.67
509a	231.79
510	485.80
Total:	<u>18,730.09</u>

- (2) We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:
- (i) Shenzhen Shajing Shayi Stock Cooperative Company legally owns the property and is entitled to lease out the property; and
 - (ii) The property is not subject to a mortgage.
- (3) The rental valuation is conducted on the assumption that the property is let for a term of 9 years and 11 months from 1 April 2024 with tenancy details as below:
- Landlord: Shenzhen Shajing Shayi Stock Cooperative Company
Tenant: Shenzhen Baijiahua Commercial Management Limited
Lease Term: 9 years and 11 months (1 April 2024 – 28 February 2034)
Monthly Rent for 1st Year: RMB786,663.78, inclusive of value-added tax
- (4) We have adopted market comparison method to select the relevant rent comparable. We have made reference to some rent comparable to the subject property and nearby development. In arriving at the key assumptions, appropriate adjustments and analysis are considered to the differences in several aspects including but not limited to floor level, building age, size and location between the subject property and the comparable properties. The general basis of adjustment is if the subject property is better than the comparable properties, an upward adjustment is made. Alternatively, if the subject property is inferior or less desirable than the comparable properties, a downward adjustment is made.

PROPERTY PARTICULARS AND OPINION OF VALUE

Property interests to be leased for owner occupation by the Group in the PRC

Property	Description and Tenure	Particular of Occupancy	Market Rent in Existing State as at 31 March 2023
<p>Shopping Mall, Level 1 of a Commercial Podium, Jiahua Shuyuan Yage (Lot No.: A010- 0384), Southern Side of Dabao Road, Xin'an Street, Bao'an District, Shenzhen City, Guangdong Province, the PRC</p> <p>(中華人民共和 國廣東省深圳 市寶安區新安 街道大寶路南 側佳華書苑雅 閣(宗地號: A010-0384) 1 棟商場01層)</p>	<p>The property comprises a shopping mall on Level 1 of a commercial podium of a commercial/residential development completed in 2008.</p> <p>The total gross floor area of the property is approximately 2,693.69 sq.m.</p> <p>The property is located at Dabao Road, Xin'an Street, Bao'an District. Developments in the vicinity are mainly residential and commercial developments of various ages.</p>	<p>As at the Valuation Date, the property was leased to the Group for commercial use for a term expiring on 31 May 2023 at a monthly rental of RMB59,261.18, inclusive of value-added tax.</p>	<p>RMB65,000</p> <p>(Renminbi Sixty Five Thousand)</p> <p>per month</p>

Notes:

- (1) Pursuant to a Certificate of Real Estate Ownership – Shen Fang Di Zi Di 5000376649 Hao (深房地字第 5000376649號) registered on 9 June 2009, the land use rights and the building ownership rights of the property with a total gross floor area of approximately 2,693.69 sq.m. were granted to Shenzhen Jiahua Real Estate Development Company Limited for a term expiring on 19 February 2062 for commercial and finance uses.
- (2) We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:
 - (i) Shenzhen Jiahua Real Estate Development Company Limited legally owns the property and is entitled to lease out the property; and
 - (ii) The property is subject to a mortgage in favour of Shenzhen Rural Commercial Bank Co., Ltd. – Shajing Branch which has given a consent letter to Shenzhen Jiahua Real Estate Development Company Limited to lease out the property.

- (3) The rental valuation is conducted on the assumption that the property is let for a term of 3 years from 1 June 2023 with tenancy details as below:

Landlord: Shenzhen Jiahua Real Estate Development Company Limited

Tenant: Shenzhen Baijiahua Department Stores Company Limited (深圳市百佳華百貨有限公司)

Lease Term: 3 years (1 June 2023 – 31 May 2026)

Monthly Rent for 1st Year: RMB62,224.23, inclusive of value-added tax

- (4) We have adopted market comparison method to select the relevant rent comparable. We have made reference to some rent comparable to the subject property and nearby development. In arriving at the key assumptions, appropriate adjustments and analysis are considered to the differences in several aspects including but not limited to floor level, building age, size and location between the subject property and the comparable properties. The general basis of adjustment is if the subject property is better than the comparable properties, an upward adjustment is made. Alternatively, if the subject property is inferior or less desirable than the comparable properties, a downward adjustment is made.