

22 April 2024

**The Board of Directors**  
**Chuan Holdings Limited**  
2102-03, 21/F, 299 QRC  
287-299 Queen's Road Central, Hong Kong

Dear Sir/Madam,

**Valuation Services in relation to Market Value of  
the Industrial Complex located at 20 Senoko Drive, Singapore 758207**

**1. INSTRUCTIONS**

In accordance with the instructions of Chuan Holdings Limited (the “**Company**”) to value the captioned property interest (the “**Property**”) held by Hulett Construction (S) Pte. Ltd. located in Singapore, we confirm that we have conducted site 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 value of the Property as at 30 November 2023 (the “**Valuation Date**”).

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

**2. BASIS OF VALUATION**

The valuation is our opinion of the market value (“**Market Value**”) 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 wherein 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 and without offset for any associated taxes or potential taxes.

Market Value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

### **3. VALUATION METHODOLOGY**

We have considered various valuation methodologies, including direct comparison method, profits method and cost method. Profit method is not considered appropriate as plenty of assumptions are involved in formulating the financial projection of the Property, and the assumptions might not be able to reflect the uncertainties in the future performance of the Property and improper assumptions will impose significant impact on the fair value. Cost method, which establishes value based on the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation, will generally only be considered if there lacks market comparables. Taking into account (i) there are readily identifiable market comparables; (ii) the availability of reliable, verifiable and relevant recent market information; and (iii) the direct comparison method is universally considered as the most accepted valuation methodology for valuing most forms of property, the direct comparison method is considered to be the most appropriate valuation methodology for valuation for the Property. Direct comparison method is adopted based on the principle of substitution, where comparison is made based on prices realised on actual sales and/or asking prices of comparable properties. Comparable properties of similar size, scale, nature, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

#### **Valuation Standards**

In valuing the property interest, we have complied with all the requirements contained in Chapter 5 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the International Valuation Standards 2022.

### **4. VALUATION ASSUMPTIONS**

Our valuation has been made on the assumption that the Property would be sold in the open market in its existing state, with the benefit of vacant possession, without the benefit of deferred term contract, leaseback, joint venture, management agreement or any similar arrangements which could affect the value of the Property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

All dimensions, measurements and areas are approximations. No on-site measurement has been conducted. Appropriate adjustments are made in comparing the relevant costs. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and have no reason to suspect that any material information has been withheld.

We have also assumed that the Property have been constructed, occupied and used in full compliance with, and without contravention of all ordinances, except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, all required licenses, permit, certificates, and authorisations have been obtained.

## **5. TITLE INVESTIGATION**

We have caused title searches to be made at the Integrated Land Information Service (INLIS) of Singapore. We have not, however, searched the original documents to verify ownership or existence of any amendment which does not appear on the copies handed to us. All documents and leases have been used for reference only.

## **6. LIMITING CONDITIONS**

We have conducted on-site inspections to the Property on 31 August 2023 by Jimmy Wong, CPA, CFA, FRM, with over 10 year experience in valuation and related consulting. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free from rot infestation or any other defects. No tests were carried out on any of the services.

We have not carried out detailed on-site measurement to verify the correctness of the areas in respect of the Property but have assumed that the areas shown on the documents handed to us are correct. All dimensions, measurements and areas are approximations.

Should it be discovered that contamination, subsidence or other latent defects exists in the Property or on adjoining or neighboring land or that the Property had been or are being put to contaminated use, we reserve right to revise our opinion of value.

We have relied to a considerable extent on the information provided by the Company and have accepted advices given to us on such matters, in particular, but not limited to tenure, planning approvals, statutory notices, easements, particulars of occupancy, size 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. We have also been advised by the Company 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 we have no reason to suspect that any material information has been withheld.

We do not accept a liability for any interpretation which we have placed on such information, nor have we verified the correctness of any information supplied to us concerning the Property.

We hereby confirm that Valtech Valuation Advisory Limited and the undersigned have no pecuniary or other interest that could conflict with the property valuation of the Property or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion.

## **7. REMARKS**

We have valued the property interest in Singapore Dollar (SGD).

We enclose herewith the "Valuation Particulars".

Yours faithfully,

For and on behalf of

**Valtech Valuation Advisory Limited**



**Peggy Y. Y. Lai**

*MHKIS, MRICS, RPS(GP), BSC*

*Senior Associate Director*

*Ms. Peggy Y.Y. Lai is a Registered Professional Surveyor (GP) with over 18 years' experience in valuation of properties in HKSAR, Macau SAR, United Kingdom, Canada, mainland China and the Asia Pacific Region. Ms. Lai is a Professional Member of The Royal Institution of Chartered Surveyors and a Member of The Hong Kong Institute of Surveyors.*

Encl.

## VALUATION PARTICULARS

### Property Interests to be Acquired by the Group for owner-occupation

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2023 SGD												
An industrial complex located at 20 Senoko Drive, Singapore 758207	<p>The Property comprises a nine-storey industrial building with ancillaries and facilities erected on a site with site area of approximately 8,638.7 sq. m. (92,987 sq.ft.) completed at around 2016.</p> <p>The Property has a total gross floor area of approximately 21,596.75 sq.m. (232,467.42 sq.ft.) with breakdown area as below:</p> <table border="0" style="margin-left: 20px; width: 100%;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">GFA (m<sup>2</sup>)</th> </tr> </thead> <tbody> <tr> <td>Industrial</td> <td style="text-align: right;">11,026.24</td> </tr> <tr> <td>Dormitory</td> <td style="text-align: right;">7,980.62</td> </tr> <tr> <td>Ancillary</td> <td style="text-align: right;">2,462.80</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right; border-bottom: 1px solid black;">127.09</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right; border-bottom: 3px double black;"><b>21,596.75</b></td> </tr> </tbody> </table>	Usage	GFA (m <sup>2</sup> )	Industrial	11,026.24	Dormitory	7,980.62	Ancillary	2,462.80	Commercial	127.09	<b>Total</b>	<b>21,596.75</b>	<p>Portions of the Property are leased for industrial and dormitory uses for various terms with the latest one expiring on 30 April 2025 with total monthly rental of around SGD640,000 while the remaining portion is owner-occupied.</p>	<p><b>75,000,000</b> (Singapore Dollars SEVENTY-FIVE MILLION)</p>
Usage	GFA (m <sup>2</sup> )														
Industrial	11,026.24														
Dormitory	7,980.62														
Ancillary	2,462.80														
Commercial	127.09														
<b>Total</b>	<b>21,596.75</b>														
	<p>The property rights are held under leasehold estate for a term of 30 years commencing on 16 September 2012.</p>														

*Notes:*

- i. Based on the title search obtained from Singapore Land Authority, the proprietor of the Property is Hulett Construction(s) Pte. Ltd. registered on 3 May 2013.
  - a The land area is 8,638.7 sq.m.
  - b The Property is subject to Mortgage IF/588895M in favour of DBS Bank Ltd. lodged on 12 June 2019. For further details on the loans secured by the Mortgage, please refer to pages 20 and 21 of the circular of the Company dated 22 April 2024.
  
- ii. The Property is within an area zoned for “Business 2” use with a gross plot ratio of 2.5 under the Master Plan (2019). Based on Master Plan Written Statement 2019, Business 2 zone is used or intended to be used for clean industry, light industry, general industry, warehouse, public utilities and telecommunication uses and other public installations. Special industries such as manufacture of industrial machinery, shipbuilding and repairing, may be allowed in selected areas subject to evaluation by the competent authority. The quantum of permitted ancillary uses shall not exceed 40% of the total floor area. The types of uses that may be allowed are subject to the evaluation of the competent authority and other relevant authorities.

- iii. Pursuant to a Land Title (Instrument No. ID/419387V), the Property has been granted with 30 years of term of lease commencing from 16 September 2012.
- iv. In undertaking our valuation of the Property, we have collected market comparables of buildings, which are considered relevant to the Property in terms of property type, location and time, on an exhaustive basis. The unit rate of these comparables per gross floor area are in a range between SGD484 to SGD576 per sq.m.. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, amenities and land tenure in our assessment.

Details of selected land comparables are listed below:

	Property	Comparable A	Comparable B	Comparable C
Address	20 Senoko Drive	JTC B2 Factory	Woodlands Terrace Food Factory	Woodlands 4 storey B2 Factory with Dormitory
Gross Floor Area ("GFA") (sq.ft.)	232,467.42	28,000.00	15,068.00	17,000.00
Land Expired Date	remaining 19 years	remaining 33 years	remaining 31 years	remaining 31 years
Date of Offering	-	2023Q4	2023Q4	2023Q4
Offering Price (SGD)	-	14,000,000	7,288,888	9,800,000
Unit Rate on GFA (SGD/sq.ft.)	-	500	484	576
Total Adjustments	-	-41.00%	-31.00%	-41.00%
Adjusted Unit Rate (SGD/sq.ft)	-	295	334	340

*Source: CommercialGuru*

All comparables are situated in close proximity to the Property, with offering dates closely aligned to the Valuation Date. No adjustments for locality and time have been applied.

Comparable B lack dormitories in contrast to the Property. Amenities are deemed inferior, leading to an upward adjustment in the unit rate.

The Property has a relatively shorter land tenure compared to comparables, necessitating a downward adjustment.

The Property boasts a larger gross floor area than comparables. Quantum adjustments have been made, with larger size incurring downward adjustments.

After the aforementioned adjustments, the adjusted unit rates for comparables range from SGD295 to SGD340 per sq.ft. on the basis of total GFA. Assigning equal weights to the three adjusted unit rates results in a weighted average of SGD323 per sq.ft. Multiplying the weighted average of adjusted unit rate (SGD323) by the total GFA of the Property (232,467.42 sq.ft.) yields the market value of approximately SGD75,000,000.