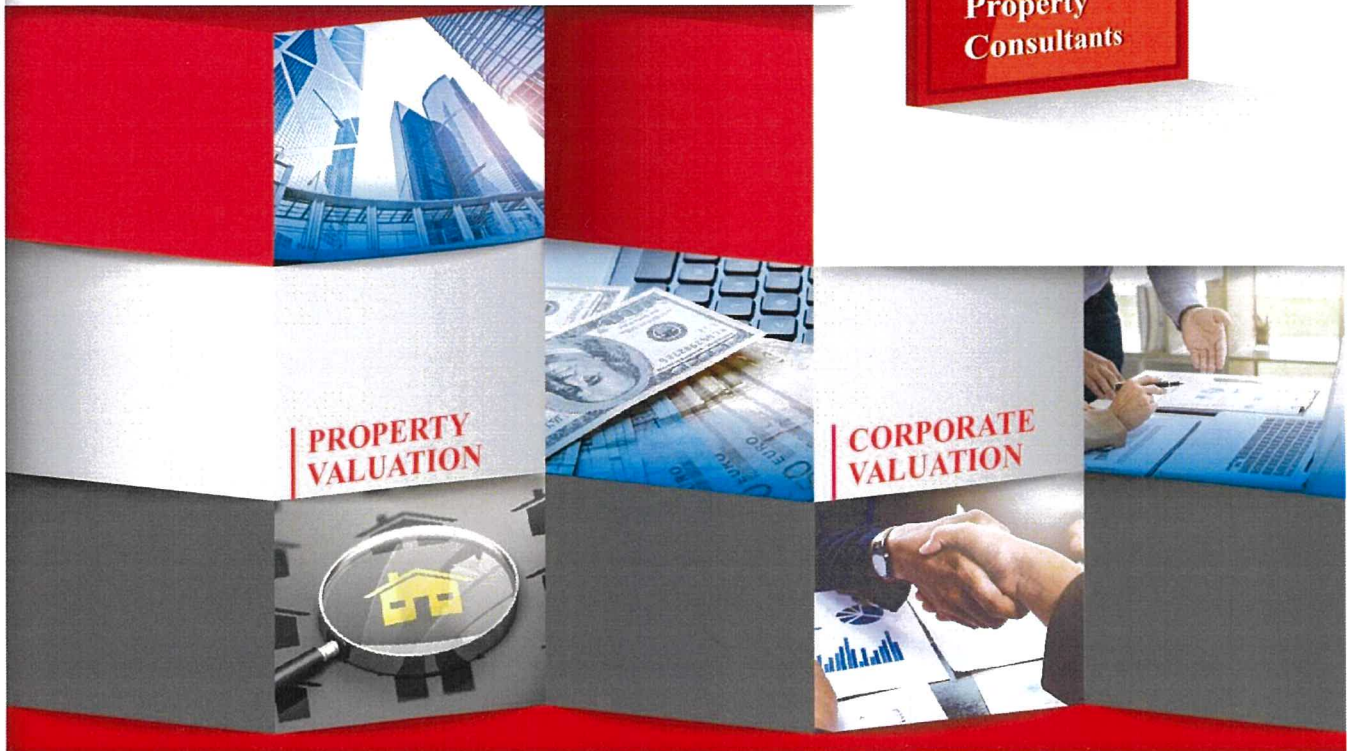




B.I. Appraisals Limited
保柏國際評估有限公司
Registered Professional Surveyors, Valuers & Property Consultants

Date : 6 May 2024
Report Ref : BI/WS/RT/101861/R



PROPERTY VALUATION

For

THE SINCERE COMPANY, LIMITED



B.I. Appraisals Limited

保柏國際評估有限公司

Registered Professional Surveyors, Valuers & Property Consultants

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Our Ref: BI/WS/RT/101861/R

6 May 2024

Private and Confidential

The Sincere Company, Limited

24th Floor, Jardine House

1 Connaught Place

Central

Hong Kong

For the Attention of the Directors

Dear Sirs / Madams,

Re: Unit A (including the store room thereof), Unit B, Unit C (including the store room thereof), Units D, E, F & G, Unit H (including the store room thereof) on 12th Floor, Carparking space No.L8 on 1st Floor, together with the extension to the Carparking Space and Carparking Space No.L26 on 2nd Floor together with the extension to the Carparking Space, Gemstar Tower, No. 23 Man Lok Street, Hung Hom, Kowloon, Hong Kong

In accordance with the instructions from The Sincere Company, Limited (hereinafter referred to as the "**Company**") for us to value the captioned property (hereinafter referred to as the "**Property**"), which is held by Right View Limited, an indirect wholly-owned subsidiary of the Company (hereinafter together referred to as the "**Group**"), we confirm that we have carried out inspection, conducted land searches at the Land Registry, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of value of the Property as at 31 March 2024 (hereinafter referred to as the "**Date of Valuation**").

It is our understanding that this valuation document is to be used for reference purpose regarding the proposed disposal of the Property.

This letter, forming part of our valuation report, identifies the property being valued, explains the basis and methodology of our valuation, and lists out the assumptions and the title investigation that have been made in the course of our valuation, as well as the limiting conditions.

BASIS OF VALUATION

Our valuation of the Property is our opinion of its market value which we would define as intended to mean “an 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 has been carried out in accordance with The HKIS Valuation Standards 2020 issued by The Hong Kong Institute of Surveyors and under generally accepted valuation procedures and practices, which are in compliance with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

VALUATION METHODOLOGY

In valuing the Property, which is held and occupied by the Group, we have adopted the Direct Comparison Method assuming sale 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.

The Direct Comparison Method is universally considered to provide the most reliable indication of value for property with a known market. We have adopted this method in line with the market practice.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the Property would be sold in the open market in existing state without the benefit of any deferred terms contract, leaseback, joint venture, management agreement or any similar arrangements that could affect the value of the Property. In addition, no account has been taken of any option or right of pre-emption concerning or effecting the sale and no forced sale situation in any manner is assumed in our valuation.

We have assumed that the Property has 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 all consents, approvals, required licences, permits, certificates, and authorizations have been obtained, except only where otherwise stated, for the use of the Property upon which our valuation is based.

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

TITLE INVESTIGATION

We have caused searches to be made at the Land Registry. However, we have not scrutinized the original documents to verify the ownership or to ascertain the existence of any amendments that may not appear on the copies of documents handed to us. All documents have been used for reference only. We assume no responsibility for matters legal in nature nor do we render any opinion as to the title to the property interest that is assumed to be good and marketable.

LIMITING CONDITIONS

The exterior and, where possible, the interior of the Property was inspected on 12 March 2024 by Ms. Yukie P. Y. Tsang, an assistant manager of our firm who has more than 4 years of experience in the inspection and valuation of properties in Hong Kong. In the course of our inspection, 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 structural defects. No tests were carried out on any of the services.

We have not carried out investigations on site to determine the suitability of the ground conditions and the services etc. for any future development, nor have we undertaken environmental surveys. Our valuation is prepared on the basis that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during construction period.

Unless otherwise stated, we have not carried out any on-site measurements to verify the floor areas of the Property but have assumed that the areas shown on the copies of the documents furnished to us are correct. Dimensions, measurements and areas included in the valuation report attached herewith are based on information contained in the documents provided to us by the Group and are therefore only approximations.

We have relied to a considerable extent on the information and advice given or made available to us by the Group and the relevant government authorities on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, user of the Property, and all other relevant matters. We have not seen original planning consents and have assumed that the Property is erected, occupied and used in accordance with such consents.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material facts have been omitted from the information provided. 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.

CURRENCY

Unless otherwise stated, all monetary amounts stated in the valuation report attached herewith are in Hong Kong Dollars (HK\$).

REMARKS

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

Our valuation report is enclosed herewith.

Yours faithfully,

For and on behalf of

B.I. APPRAISALS LIMITED



William C. K. Sham MRICS, MHKIS, MCIREA
Registered Professional Surveyor (G.P.)
Registered Business Valuer
China Real Estate Appraiser
Executive Director

Notes:

- (1) *Mr. William C. K. Sham is a qualified valuer on the approved List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by the Hong Kong Institute of Surveyors. Mr. Sham has over 40 years' experience in the valuation of properties in Hong Kong and has over 25 years' experience in the valuation of properties in the People's Republic of China and the Asia Pacific regions.*
- (2) *Inspection of the Property was carried out on 12 March 2024 by Ms. Yukie P. Y. Tsang, Assistant Manager, who has more than 4 years' experience in the inspection and valuation of properties in Hong Kong.*

VALUATION REPORT

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at 31 March 2024</u>
Units A, C and H (each including the store room thereof), B, D, E, F and G on 12 th Floor, Carparking space No.L8 on 1 st Floor (together with the extension to the Carparking Space) and Carparking Space No.L26 on 2 nd Floor (together with the extension to the Carparking Space), Gemstar Tower, No. 23 Man Lok Street, Hung Hom, Kowloon	<p>Gemstar Tower, completed in about 1992, was a block of 16-storey (Ground Floor to 15th Floor) godown / industrial building with car parking spaces on the ground, 1st to 3rd floors. In 2007, three additional storeys (16th Floor to 18th Floor) were built on top of the 15th floor.</p> <p>It is located on the eastern side of Man Lok Street at its junction with Man Yue Street and bounded respectively on the east and the south by Hung Hom Road and Fat Kwong Street Flyover within Hung Hom District.</p> <p>The subject development falls within an area zoned for "Other Specific Uses" under the Approved Hung Hom Outline Zoning Plan No. S/K9/28 gazetted on 10 June 2022.</p>	The Property is owner-occupied for storage and lorry parking uses.	<p>HK\$177,000,000</p> <p>(100% interest attributable to the Group : HK\$177,000,000</p>
36,524/691,680 th equal and undivided parts or shares of and in Hung Hom Inland Lot No. 545	<p>The Property comprises all eight godown units and three store rooms on 12th Floor together with two lorry parking spaces on the 1st and 2nd Floor respectively of the subject development.</p> <p>The gross floor area and the saleable area of the Property, excluding the two lorry parking spaces, are approximately 3,742.10 sq.m. (40,280 sq.ft.) and 2,524.25 sq.m. (27,171 sq.ft.) respectively.</p> <p>Hung Hom Inland Lot No. 545 is held under Conditions of Sale No. UB12089 for a term from 23 January 1990 until 30 June 2047.</p> <p>The Government rent payable for the Property is HK\$186,516 per annum.</p>		

VALUATION REPORT

Notes:

- 1) The registered owner of the Property is Right View Limited, an indirect wholly-owned subsidiary of the Company, via an assignment dated 30 September 1993, registered vide Memorial No. UB5829011.*
- 2) The Property is subject to a Mortgage to secure all sums of money including general banking facilities granted in favour of DBS Bank (Hong Kong) Limited dated 5 August 2010, registered vide Memorial No. 10090302570058, the outstanding amount of which, as advised by the Company, was approximately HK\$84.5 million as at the Latest Practicable Date (i.e. 2 May 2024).*
- 3) The weak logistics demand together with the high funding costs continued to affect the sales market of warehouse and industrial properties. The industrial sector continued to report a decline in capital values, whereas the investment market remained relative quiet for the 1st quarter of 2024. According to the statistics from Rating & Valuation Department, both number of transactions and consideration of industrial properties have reached the lowest since the 1st quarter of 2023. The rental index has experienced a 1.35% year-over-year increase and the yield of flatted factories is in an upward trend since the 2nd quarter of 2023 which is above 3%. Because of the subdued global trade and slower growth on e-commerce and retail activities, landlords of industrial properties are likely to compete for tenants with attractive rental packages. Recovery of the industrial property market is expected when interest rate begins to decline, which is expected to occur in the end of 2024.*



B.I. Appraisals Limited
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B.I. Appraisals Limited, formerly known as Brooke International Appraisals Limited, is set up by experienced professionals with over 30 years' solid experience in the field and is a multi-disciplinary professional group offering one-stop valuation / appraisal and property-related professional services.

B.I. Appraisals Limited is based in Hong Kong and provides to its clients a wide and comprehensive range of professional and corporate real estate services. Our scope of services extends beyond Hong Kong and China to cover generally the Asia Pacific region through our established network in the areas.

The firm believes in a focused approach towards client services and is dedicated to undertaking property and financial appraisals and valuations. By maintaining a medium size of professional staff, B.I. Appraisals targets to promote its reliability and approach ability in the process of delivering professional services to clients.

Our Services:

PROPERTY VALUATION

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- Property Portfolio
- Land Services
- Development Studies

CORPORATE VALUATION

- Business Appraisal
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- Public Listing
- Investment Portfolio
- Plant & Machinery
- China Services



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