



永利行評值顧問有限公司
RHL Appraisal Limited
Corporate Valuation & Advisory

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Room 1010, 10/F, Star House,
Tsimshatsui, Hong Kong

17 June 2024

The Board of Directors
Wang On Group Limited
Suite 3202, 32/F,
Skyline Tower
39 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Dear Sirs/Madam,

INSTRUCTIONS

We refer to your instruction for us to value the properties interests (the “**Unsold Properties**”) held by Wang On Group Limited (the “**Company**”) or its subsidiaries (together referred as the “**Group**”) located in the People’s Republic of China (the “**PRC**”). 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 market value of the such property interest as at 30 April 2024 (the “**Valuation Date**”).

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微信公众号
永利行評值



ISO 9001:2015
證書編號: CC 6139
永利行評值顧問有限公司
提供企業及房地產評值服務



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

BASIS OF VALUATION

The valuation is our opinion of the market value (the “**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.

The 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.

VALUATION METHODOLOGY

We have valued property by using direct comparison method, which is adopted based on the principle of substitution, where comparison is made based on prices realized 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 capital values.

VALUATION CONSIDERATIONS

In valuing the Property, we have complied with all the requirements contained in Chapter 5, Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the International Valuation Standards 2022.

VALUATION ASSUMPTION

In our valuation, unless otherwise stated, we have assumed that:

- a. all necessary statutory approvals for the Properties or the subject building of which the Properties forms part of their use have been obtained;
- b. transferable land use rights in respect of the Properties for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid;
- c. 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;
- d. no deleterious or hazardous materials or techniques have been used in the construction of the Properties;
- e. the Properties are not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and that good title can be shown; and
- f. the Properties are connected to main services and sewers which are available on normal terms.

TITLE INVESTIGATION

We have been shown copies of various documents relating to the property interest. However, we have not examined the original documents to verify the existing titles to the property interest or any amendment which does not appear on the copies handed to us. We have relied considerably on the information given by the Group's PRC legal advisers, Guangdong Zhuo Jian Law Firm, concerning the validity of the titles to the property interests.

LIMITING CONDITIONS

We have conducted on-site inspections in April 2024 by Ms. Liu Jing (MSc in Geo-information Science).

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 are 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 Properties but have assumed that the areas shown on the documents handed to us are correct. All dimensions, measurements and areas are approximate.

Should it be discovered that any contamination, subsidence or other latent defect 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 very considerable extent on the information provided by the Group 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. The plans including but not limited to location plan, site plan, lot index plan, outline zoning plan, building plan if any, in the report are included to assist the reader to identify the Property for reference only and we assume no responsibility for their accuracy.

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 fact has 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 which is more properly the sphere of the legal advisers of the Group. Neither have we verified the correctness of any information supplied to us concerning the Property.

REMARKS

We have valued the property in Renminbi (RMB).

We enclose herewith the "Property Particulars and Opinion of Value".

Yours faithfully,
For and on behalf of
RHL Appraisal Limited



Jessie X. Chen
MRICS, MSc (Real Estate), BEcon
Senior Associate Director



Jenny S. L. Mok
MHKIS, MRICS, BSc (Hons)
Senior Manager

Ms. Jessie X. Chen is a Registered Professional Surveyor (Valuation) with over 10 years' experience in valuation of properties in HKSAR, Macau SAR, mainland China and the Asia Pacific Region. Ms. Chen is a Professional Member of The Royal Institution of Chartered Surveyors.

Ms. Jenny S. L. Mok is a Chartered Surveyor with over 10 years' experience in valuation of properties in HKSAR and mainland China. Ms. Mok is a Professional Member of The Royal Institution of Chartered Surveyors and a Member of The Hong Kong Institute of Surveyors.

PROPERTY PARTICULARS AND OPINION OF VALUE

Property	Description and tenure	Particulars of occupancy	Market Value as at 30 April 2024 RMB
<p>Huai'an Hong-Jin Agri-Products International Logistics Centre, north of Bei Huan Road and east of Huaihai South Road, Qing Pu District, Huai'an, Jiangsu Province, the PRC (位於中華人民共和國江蘇省淮安市清浦區北環路北側及淮海南路東側之淮安宏進農副產品國際物流中心)</p>	<p>The property comprises unsold portion of a Agri-products logistic market mainly consisting of 2 parcels of adjacent land with a total site area of approximately 101,630.60 sq.m. (1,093,943 sq.ft.).</p> <p>The property comprises various buildings and structures with a total gross floor area of approximately 25,955.73 sq.m. (279,385 sq.ft.). The property is completed in about 2016 to 2021 for retail, wholesale, storage, office and facility uses.</p> <p>The land use rights of the property have been granted for a term expiring latest on 23 October 2054 for wholesale and retail uses.</p>	<p>The property is operated by the owner as an agricultural products and by-products wholesale market.</p>	<p>156,000,000 (RENMINBI ONE HUNDRED AND FIFTY SIX MILLION ONLY)</p> <p>100% interest attributed to the Group: RMB156,000,000</p>

Notes:

- Pursuant to a State Land Use Rights Contract — State-owned Land Use Rights Grant Contract No.3208012013CR0045 (國有建設用地使用權出讓合同編號 3208012013CR0045), the land use rights of the property with a total site area of approximately 53,178.00 sq.m. have been granted to Huai'an Hong-Jin Agricultural By-Products Logistics Limited (淮安宏進農副產品物流有限公司) ("Huai'an Hong-Jin"), an indirect wholly-owned subsidiary of the Company, with details as follows:

<u>Restricted Items</u>	<u>Parameters</u>
Plot Ratio	No more than 1.2
Site Coverage	No more than 50%
Building Height Restriction	100m
Ratio of Green Space	No less than 20%
Maximum Gross Floor Area	63,813.60 sq.m.

2. Pursuant to a State Land Use Rights Contract — State-owned Land Use Rights Grant Contract No.3208012014CR0447 (國有建設用地使用權出讓合同編號 3208012014CR0447), the land use rights of the property with a total site area of approximately 48,452.60 sq.m. have been granted to Huai'an Hong-Jin with details as follows:

<u>Restricted Items</u>	<u>Parameters</u>
Plot Ratio	No more than 1.2
Site Coverage	No more than 50%
Building Height Restriction	n/a
Ratio of Green Space	No less than 20%
Maximum Gross Floor Area	58,143.12 sq.m.

3. Pursuant to State-owned Land Use Rights Certificate — Huai Guo Yong (2014) Di No. 11012 (淮國用(2014)第11012號), the land use rights of the property with a total site area of approximately 53,178.00 sq.m. was granted to Huai'an Hong-Jin, an indirect wholly-owned subsidiary of the Company for a term expiring on 20 June 2054 for wholesale and retail uses. As advised by the Company, the subject land parcels were acquired on 29 January 2013 at a total land grant premium at RMB42,000,000.
4. Pursuant to State-owned Land Use Rights Certificate — Huai Guo Yong (2014) Di No. 17295 (淮國用(2014)第17295號), the land use rights of the property with a total site area of approximately 48,452.60 sq.m. was granted to Huai'an Hong-Jin for a term expiring on 23 October 2054 for wholesale and retail uses. As advised by the Company, the subject land parcels were acquired on 4 September 2014 at a total land grant premium at RMB44,000,000.

Pursuant to the legal opinion, pursuant to various Building Ownership Certificates, the building ownership with a total gross floor area of approximately 14,330.35 sq.m., has been vested in Huai'an Hong-Jin. Among which, portion of the property with a total gross floor area of 2,919.15 sq.m. has been sold and all the payment have been settled. But the purchaser has not yet gone through the transfer registration procedures, the lawyer consider such portion had been sold. Therefore, we have only taken account properties with gross floor area of 11,411.20 sq.m. as the unsold portion in the valuation.

5. Pursuant to the legal opinion, level 4 of block A5 with gross floor area of 844.53 sq.m. is used for property management office use but without real estate right certificate. As property management office is part of facility in the whole development and the construction of such portion has been applied and accepted when completed. The lawyer considered such portion can be used legally.
6. There are 7 steel frame sheds on the site which called zone C. They are permitted pursuant to 7 Temporary Construction Work Planning Permits dated 3 September 2021 expiring on 2 September 2024. As stated, the total construction area is at 13,700 sq.m. with details as below:

Certificate No.	Block No.	Permitted GFA (sq.m.)
320812202100577	C-1#	2,400
320812202100578	C-2#	2,400
320812202100579	C-3#	2,400
320812202100580	C-4#	2,400
320812202100581	C-5#	2,400
320812202100582	C-6#	1,000
320812202100583	Storehouse	700
	Total	13,700

7. Refer to the legal opinion by the Group's PRC legal adviser, Guangdong Zhou Jian Law Firm, dated 11 June 2024, regarding the legal title of the property, which contains, inter alia, the followings:
- i. the property is legally held by Huai'an Hong-Jin;
 - ii. all land premium of the property has been fully settled by Huai'an Hong-Jin;
 - iii. the property with a site area of approximate 48,452.60 sq.m. is subject to mortgage in favour of Bank of Suzhou Corporation Limited Huai'an Branch (蘇州銀行股份有限公司淮安分行) with a lump sum of RMB48,400,000. We have not taken into account such mortgage in our valuation;
 - iv. the property with a total gross floor area of approximate 1,397.24 sq.m. is subject to mortgage in favour of Bank of Suzhou Corporation Limited Huai'an Branch (蘇州銀行股份有限公司淮安分行) with a lump sum of RMB8,640,000. We have not taken into account such mortgage in our valuation;
 - v. the property with a total gross floor area of approximate 3,358.42 sq.m. is subject to mortgage in favour of Jiangsu Huaian Rural Commercial Bank Corporation Limited (江蘇淮安農村商業銀行股份有限公司) with a lump sum of RMB15,000,000. We have not taken into account such mortgage in our valuation;
 - vi. Huai'an Hong-Jin is entitled to freely transfer, lease, mortgage or dispose of individual units with real estate title certificates separately in the market;
 - vii. Huai'an Hong-Jin is entitled to freely transfer, lease, mortgage or dispose of the property as a whole in the market;
 - viii. the temporary sheds can be occupied or leased in the market, but cannot be mortgaged or transferred in the market; and
 - ix. except for (iii), (iv) and (v), the property is free from any mortgage or third parties' encumbrance.
8. Portions of property including some apartments and shops had been sold but have not delivered to purchaser, we have included such in our valuation based on the consideration.

9. As the property includes various shops, apartment and vacant site. We have assessed the property based on respective usage to come out a total market value, break down area of the property is as below:

Property Type	Gross Floor Area (sq.m.)	Breakdown Value (RMB) (ROUNDED)
<i>Sold But Not Yet Delivered Portion</i>		
Apartment	225.96	670,000
Inner Street Shop	265.54	910,000
Sub Total	491.50	1,580,000
Unsold Portion		
Apartment	4,771.72	15,460,000
Street-face Shop	1,449.15	6,170,000
Inner Street Shop	4,698.83	19,020,000
Facility	844.53	No Commercial Value
Shed	13,700.00	10,540,000
		(Refer to Construction Cost)
Vacant Site	(Site Area 100,122.09)	103,580,000
Sub Total	24,619.70	154,770,000
Total	25,955.73	156,000,000

We have identified various relevant comparable which satisfied the selection criteria on time, usage, condition and location. The comparable with price too high or too low are excluded.

Below are comparable tables:

Shop:

Comparables	A	B	C	D	E
Address	Shop unit at Zone A2, Gold List Garden, 16 Mingyuan Road	Shop unit at Hancheng Plaza, 33 Tianjin Road	Shop unit at Zone A1, Gold List Garden, 16 Mingyuan Road	Shop unit at South Gate of Southern Garden, 23 Feiyao Road	Shop unit at West Zone, Southern Garden, 23 Feiyao Road
Date of Asking	April 2024	April 2024	March 2024	April 2024	April 2024
Approximate gross floor area (sq.m.)	70.00	98.00	100.00	330.00	215.00
Asking price (RMB)	580,000	800,000	720,000	2,360,000	1,750,000
Unit rate (RMB/sq.m.)	8,286	8,163	7,200	7,152	8,140

We have compared the factors and made adjustments on asking discount, location, size and condition. Downward adjustment on price as asking discount is made to reflect to negotiation. A downward adjustment on unit rate is made for increase in size to reflect the marketability and affordability of the total amount, and vice versa. For location, downward adjustment is made due to comparable is in better location. Further discount on the condition is made to reflect the difference between subject property and the comparable.

After making the above due adjustments, the five adjusted unit rates are assigned with the same weight and represent a weighted average of RMB4,260 per sq.m. on the basis of gross floor area.

Residential:

Comparables	Transaction A	Asking B	Asking C	Asking D
Address	Unit at Balsa Pond, 15 Shantou Road	Unit at Balsa Pond, 15 Shantou Road	Unit at Balsa Pond, 15 Shantou Road	Unit at Brick Well Garden, 8 Hong Heng Sheng Road
Date of Asking/Transaction	March 2024	March 2024	March 2024	March 2024
Approximate gross floor area (sq.m.)	77.00	52.00	87.00	73.51
Asking / Transaction price (RMB)	298,000	310,000	520,000	400,000
Unit rate (RMB/sq.m.)	3,870	5,962	5,977	5,441

We have compared the factors and made adjustments on asking discount, location, size, floor and condition. Downward adjustment on price as asking discount is made to reflect to negotiation. A downward adjustment on unit rate is made for increase in size to reflect the marketability and affordability of the total amount, and vice versa. For location, downward adjustment is made due to comparable is in better location. Floor factor is also adjusted based on better view and air ventilation on higher floor and vice versa. Further discount on the condition is made to reflect the difference between subject property and the comparable.

After making the above due adjustments, the three adjusted unit rates are assigned with the same weight and represent a weighted average of RMB3,240 per sq.m. on the basis of total gross floor area.

Land:

Comparables	A	B	C	D
Address	A parcel of land at North of Tianming Road	A parcel of land at North of Chunhui Road	A parcel of land at South of Tongfu Road	A parcel of land at East of South Huaihai Road
Lot No.	Huai Ziran (Pu) Gua 2023 No.19	Huai Ziran (Gong) Gua 2023 No.7	Huai Ziran (Gong) Gua 2023 No.2	Huai Ziran (Pu) Gua 2021 No.20
Date of Transaction	October 2023	November 2023	May 2023	January 2022
Usage	Retail commercial land	Retail commercial land	Retail commercial land	Wholesale market land
Site area (sq.m.)	55,086.00	58,846.00	84,043.00	110,875.40
Plot Ratio	3.00	3.00	2.00	1.20
Permitted Gross Floor Area (sq.m.)	165,258.00	176,538.00	168,086.00	133,028.88

Comparables	A	B	C	D
Transaction price (RMB)	221,000,000	220,000,000	248,000,000	111,200,000
Unit rate (RMB/sq.m.)	1,337	1,246	1,475	836
Remaining Tenure (year)	39.57	39.63	39.13	37.80

We have compared the factors and made adjustments on location, usage, size, and tenure. A downward adjustment on unit rate is made for increase in size to reflect the marketability and affordability of the total amount, and vice versa. For location factors, upward adjustments have been made on comparable A and B while discount has been given to comparable C. No adjustment on location of comparable D is made. As all comparable are newly acquired land with longer land use right tenure comparing to land use right of subject property, discount is made on tenure.

After making the above due adjustments, the four adjusted unit rates are assigned with the same weight and represent a weighted average of RMB910 per sq.m. on the basis of total gross floor area.