



18 June 2024

Carrianna Group Holdings Company Limited

26/F, Wylar Centre Phase II
200 Tai Lin Pai Road
Kwai Chung, New Territories
Hong Kong

Dear Sir/Madam,

Re: Property Valuation for Carrianna Group Holdings Company Limited

In accordance with your instructions for us to value the property held by Carrianna Group Holdings Company Limited (the “**Company**”) and/or its subsidiaries (together with the Company referred to as the “**Group**”) located in the Hunan Province, the People’s Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the for the purpose of providing you with our opinion of the market value of the property as at Valuation Date (the “**31 March 2024**”) for the circular purpose of the Company dated 18 June 2024.

1. BASIS OF VALUATION

Our valuation of the property is our opinion of the market value of the concerned property 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 (or transaction) and without offset for any associated taxes or potential taxes.



2. VALUATION METHODOLOGY

The Income Approach

The income approach provides an indication of value based on the principle that an informed buyer would pay no more than the present value of anticipated future economic benefits generated by the subject asset.

The discounted cash flow (DCF) method is the most fundamental and prominent method of the income approach. In applying the DCF method, the free cash flows of the subject asset in future years were determined from the net income after tax plus non-cash expenses, such as depreciation and amortization expenses, and after-tax interest expense; the result was then less non-cash incomes, investment in capital expenditure and investment in net working capital.

The Market Approach

The property was valued by the direct comparison approach assuming sale of the property in its existing state with the benefit of vacant possession and by making reference to comparable property sales transactions/asking of similar type and characteristics to the property as available in the relevant market. Appropriate adjustments were made on various aspects to reflect the difference between the subject property and the comparable property.

The Cost Approach

The cost approach provides an indication of value based on the principle that an informed buyer would pay no more than the cost of producing the same or a substitute asset with equal utility as the subject asset.

Under the cost approach, the historical cost method measures the cost incurred throughout the development of the subject asset at the time it was developed. The replication cost method measures the amount of investment that would be required to develop an asset similar to the subject asset. The replacement cost method measures the amount of investment that would be required to develop the subject asset as it currently exists.

The Selected Valuation Approach

There are three generally accepted approaches to obtain the market value of the Target Company, namely the Market Approach, Income Approach and Cost 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.



The Market Approach was adopted in this case because most of the important assumptions of the comparable listings/transactions were readily available. The Income Approach was not adopted because a lot of assumptions would have to be made and the valuation could be largely influenced by any inappropriate assumptions made. The Cost Approach was not adopted because the value of the property is determined based on the cost of construction, and it does not consider the supply and demand of the market.

The market approach was considered to be the most appropriate valuation approach in the valuation.

The calculation details of the market value of the property was illustrated as follows:

Market Value:	<i>RMB</i>
182 hotel rooms, adopted the adjusted unit rate @994,728*	181,040,461
Market Value of the property (rounded)	181,000,000

* We made reference to the room unit rate from relevant listing comparables and applied the adjustment on location, size, time, building condition and facilities.

3. TITLE INVESTIGATION

For the property in the PRC, we have been provided with copies of extracts of various title documents relating to the property. However, we have not searched the original documents to ascertain the existence of any amendments which do not appear on the copies handed to us. We have relied to a very considerable extent on information given by the Group's legal advisor, Shenzhen Office, Commerce & Finance Law Offices (通商律師事務所深圳分所) regarding the title of the property in the PRC. All documents have been used for reference only.

In valuing the property, we have relied on the advice given by the Group and its legal advisor that the Group has valid and enforceable title to the property which is freely transferable, and has free and uninterrupted right to use the same, for the whole of the unexpired term granted subject to the payment of annual government rent/land use fees and all requisite land premium/purchase consideration payable have been fully settled.

4. VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the property in the market in their existing states without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of such property. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no allowance has been made for the property to be sold in one lot or to a single purchaser.



5. SOURCE OF INFORMATION

In the course of our valuation, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property, particulars of occupation, site/floor areas, ages of buildings and all other relevant matters which can affect the values of the property. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised 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 have no reason to suspect that any material information has been withheld.

6. VALUATION CONSIDERATION

We have inspected the exterior and, where possible, the interior of certain property. No structural survey has been made in respect of the property. However, in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the site/floor areas of the property under consideration but we have assumed that the site/floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the Valuation Certificates are based on information contained in the documents provided to us by the Group and are therefore approximations.

No allowance has been made in our valuations 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 an onerous nature which could affect their values.

Our valuations are prepared 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 and in accordance with 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.

7. REMARKS

Unless otherwise stated, all monetary amounts stated in our valuation is in Renminbi (RMB).

Our Valuation Certificate is attached.



8. INDEPENDENT CLAUSE

We are independent from the Company and its subsidiaries (collectively, the “Group”) and their respective directors and controlling shareholders and that we do not have any direct or indirect material interest in the securities or assets of the Group, its connected persons, or any associate of the Group.

Yours faithfully,

For and on behalf of

Roma Appraisals Limited

Frank F. Wong

BA (Business Admin in Acct/Econ) MSc (Real Est)

MRICS Registered Valuer MAusIMM ACIPHE

Director, Head of Property and Asset Valuation

Note: Mr. Frank F. Wong is a Chartered Surveyor, Registered Valuer, Member of the Australasian Institute of Mining & Metallurgy and Associate of Chartered Institute of Plumbing and Heating Engineering with over 25 years of valuation, transaction advisory and project consultancy experience of properties in Hong Kong and 17 years of experience in valuation of properties in the PRC as well as relevant experience in the Asia-Pacific region, Australia and Oceania-Papua New Guinea, Thailand, France, Germany, Austria, Czech Republic, Poland, United Kingdom, United States, Abu Dhabi (UAE), Ukraine and Jordan.



VALUATION CERTIFICATE

Property held by the Group for investment in the PRC

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2024										
I.	Carrianna International Hotel located at No. 2 Zishan Road, Yiyang City, Hunan Province, the PRC 中國湖南省益陽市梓山路2號佳寧娜國際大酒店	The property comprises a parcel of land with a total site area of approximately 34,489.59 sq.m., with a 7-storey hotel building and 3 ancillary facilities including conference areas and staff quarters erected thereon which was constructed in December 2008 and the latest renovation was in 2017. The hotel accommodates 182 hotel rooms, gym room, restaurants, conference rooms, multi-activities rooms and car parking facilities. The Gross Floor Area ("GFA") of the property is as follow:	The property is operated by the Group as hotel use as at the date of valuation.	RMB181,000,000.										
		<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Items</th> <th style="text-align: right;">GFA (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Hotel Building</td> <td style="text-align: right;">25,449.28</td> </tr> <tr> <td>Ancillary Facilities:</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Conference Areas</td> <td style="text-align: right;"><u>18,938.15</u></td> </tr> <tr> <td> Total</td> <td style="text-align: right;"> <u>44,387.43</u></td> </tr> </tbody> </table>	Items	GFA (sq.m.)	Hotel Building	25,449.28	Ancillary Facilities:		Conference Areas	<u>18,938.15</u>	 Total	 <u>44,387.43</u>		
Items	GFA (sq.m.)													
Hotel Building	25,449.28													
Ancillary Facilities:														
Conference Areas	<u>18,938.15</u>													
 Total	 <u>44,387.43</u>													
		The land use rights of the property have been granted on 12 December 2008 for a term expiring on 11 November 2045 for commercial use.												

Notes:

- I. Pursuant to a State-owned Land Use Right Certificate, Yi Guo Yong (2008) Di No. D00296 issued by the People's Government of Yiyang on 12 December 2008, the land use rights of the property with a site area of 34,489.59 sq.m. have been granted to 益陽佳寧娜國際酒店管理有限公司 (Yiyang Carrianna International Hotel Management Company Limited) (the "Carrianna"), a subsidiary of the Group, for a term expiring on 11 November 2045 for commercial use.



2. Pursuant to a Real Estate Title Certificates, Yi Fang Chan Zheng Chao Zi Di Nos.00116754 & 00116755, issued by the Yiyang Real Estate Management Bureau on 29 December 2008, the ownership of the property with a total GFA of 25,449.28 sq.m. and 18,938.15 sq.m. have been granted to the Carrianna for commercial service use.
3. For this valuation, we have identified and considered the following listing comparables for hotel uses situated in Hunan Province as at the Date of Valuation:
 - A hotel with 140 hotel rooms situated at Changsha City, Hunan Province (湖南省長沙市) with a GFA of approximately 11,000 sq.m. listed as at 19 April 2024 at a listing price of RMB150,000,000.
 - A hotel with 420 hotel rooms situated at Changsha City, Hunan Province (湖南省長沙市) with a GFA of approximately 44,494 sq.m. listed as at 19 April 2024 at a listing price of RMB530,000,000.
 - A hotel with 147 hotel rooms situated at Yongzhou City, Hunan Province (湖南省永州市) with a GFA of approximately 16,979 sq.m. listed as at 19 April 2024 at a listing price of RMB150,000,000.
4. The site inspection was performed by Ms. Wai Kwan Lam, Gloria, BSc (Hons) in Surveying, with about 4 years property valuation experience in the PRC in May 2024.
5. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisers, which contains, *inter alia*, the following information:
 - a. Carrianna is the legal owner of the State-owned Land Use Right Certificate Yi Guo Yong (2008) Di No. D00296 with the land area 34,489.59 sq.m., and the Real Estate Title Certificates Yi Fang Chan Zheng Chao Zi Di Nos.00116754 & 00116755 with the GFA 25,449.28 sq.m. and 18,938.15 sq.m. respectively.
 - b. Carrianna has a right to occupy, use, transfer, donate, lease or dispose the property with legal protection under the PRC law; and
 - c. The property has not been mortgaged, seized, limited by administration or limited from other registered information.