



The Directors
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24 June 2024
Our Ref: **GV/2024/LSG/0004/CC/FL/AN/cl**

EA LICENCE: C-023750
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Dear Sirs

RE: 18TH FLOOR AND 19TH FLOOR, MAY TOWER II, 5 MAY ROAD AND CAR PARKING SPACES NOS. 60 AND 67 ON GROUND FLOOR OF MAY TOWER I & II, 5 AND 7 MAY ROAD, MID-LEVELS, HONG KONG (THE "PROPERTY")

In accordance with your instructions for us to value the Property held by Lai Sun Garment (International) Limited (the "Company") and its subsidiary (hereinafter together known as the "Group") for investment purposes, we confirm that we have carried out inspections, made relevant searches and 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 on a 100% interest basis as at 31 May 2024 ("Date of Valuation") for the purposes of inclusion in a circular to be issued by the Company on 24 June 2024 in relation to a major transaction – disposal of a subsidiary.

Basis of Valuation

Our valuation is our opinion of the market value of the Property concerned 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 and where 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.

Our valuation has been undertaken in accordance with the HKIS Valuation Standards 2020 of The Hong Kong Institute of Surveyors ("HKIS"), which incorporates the International Valuation Standards ("IVS"), and (where applicable) the relevant HKIS or jurisdictional supplement. Our valuation also complied with Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Identification and Status of the Valuer

The subject valuation exercise is handled by Mr Charles Chan and Mr Freddie Ling.

Mr Charles Chan is the Managing Director of Savills Valuation and Professional Services Limited ("SVPSL") and a Fellow of HKIS (General Practice Division) with over 39 years' experience in valuation of properties in Hong Kong and has sufficient knowledge of the relevant market, skills and understanding to handle the subject valuation exercise competently.

Mr Freddie Ling is the Senior Director of SVPSL and a Member of the HKIS (General Practice Division) with over 38 years' experience in valuation of properties in Hong Kong and has sufficient knowledge of the relevant market, the skills and understanding to handle the subject valuation exercise competently.

Prior to your instructions for us to provide this valuation services in respect of the Property, SVPSL, Mr Charles Chan and Mr Freddie Ling had not been involved in valuation of the Property in the past 12 months.

We are independent of the Group. We are not aware of any instances which would give rise to potential conflict of interest from SVPSL, Mr Charles Chan or Mr Freddie Ling in the subject exercise. We confirm SVPSL, Mr Charles Chan and Mr Freddie Ling are in the position to provide objective and unbiased valuation for the Property.

Valuation Methodology

In preparing our valuation of the Property, we have adopted the sales comparison approach which is a preferable method of property valuation and made reference to sales of comparable properties as available in the market. In our valuation, we have considered the different attributes between the Property and the comparables in terms of date of transaction, location, floor level, size, building age and condition, view, flat type, and other relevant factors, and have made adjustments accordingly.

We have not considered the income approach as there is insufficient recent relevant and registered rental information and data for this valuation approach in the subject valuation.

Title Investigations

We have not been provided with any title documents relating to the Property but we have caused searches to be made at the Land Registry. We have not, however, searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. As advised by the Company and to the best of their knowledge, there are no significant investigations, notices, pending litigations, breaches of law or title defects against the Property. In our valuation, we have assumed that the Property has good legal titles and is freely transferable in the market. We do not accept a liability for any interpretation which we have placed on such information which is more properly the sphere of your legal advisers.

Valuation Consideration and Assumptions

We have relied to a very considerable extent on information given by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, floor areas, identification of the Property and all other relevant matters. We have no reason to doubt the truth and accuracy of the information provided to us by the Company. We have been advised by the Company that no material facts have been omitted from the information provided. We have not carried out on-site measurements to verify the correctness of the floor areas in respect of the Property. Dimensions, measurements and areas included in this report are based on information contained in the documents provided to us and are therefore only approximations.

According to the alteration and addition plan approved by the Building Authority on 14 March 2006, an internal staircase has been erected between the 19th Floor and the 20th Floor of the subject building. In accordance with your specific instruction, we shall value the Property assuming the said internal staircase has been demolished and the relevant parts of the Property have been reinstated as at the Date of Valuation without taking into account any related costs.

According to the alteration and addition plan approved by the Building Authority on 9 March 2001, an internal staircase has been erected between the 18th Floor and 19th Floor of the Property. In the course of our valuation, we shall value the Property as a duplex unit based on the said approved alteration and addition plan.

We have inspected the exterior of the Property. Our inspection was carried out by Mr Alvin Ng, MHKIS, MRICS in June 2024. In undertaking our valuation, we have assumed that the interiors of the Property are finished and maintained in reasonable condition commensurate with its age and uses and in its layout based on the alteration and addition plan approved by the Building Authority on 9 March 2001 without any other unauthorized structures / extensions. We have also assumed in our valuation that the Property is provided with normal and satisfactory building services for its existing uses as at the Date of Valuation.

Moreover, no structural survey has been made but, in the course of our inspection, we did not note any serious defect. We are not, however, able to report that the Property is free from rot, infestation or any other structural defect. No tests were carried out to any of the services. No environmental study for the Property has been made.

As advised by the Company and to the best of their knowledge, there were no plans for substantial construction, renovation, improvement, development or change of uses of the Property as at the Date of Valuation.

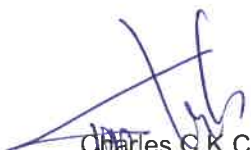
No allowance has been made in our report for any charge, mortgage or amount owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature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

Except for the purpose of disclosure in the public circular to be issued by the Company in connection with the major disposal, neither the whole nor any part of the valuation report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it may appear.

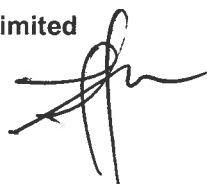
We enclose herewith our valuation report.

Yours faithfully
For and on behalf of

Savills Valuation and Professional Services Limited



Charles C K Chan
MSc FRICS FHKIS MCIArb RPS(GP)
Managing Director



Freddie Ling
MRICS MHKIS RPS(GP)
Senior Director

Notes: Mr Charles C K Chan is a professional surveyor who has over 39 years' experience in valuation of properties in Hong Kong.
Mr Freddie Ling is a professional surveyor who has over 38 years' experience in valuation of properties in Hong Kong.

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VALUATION REPORT

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at 31 May 2024</u>
<p>18th Floor and 19th Floor, May Tower II, 5 May Road and Car Parking Spaces Nos. 60 and 67 on Ground Floor of May Tower I & II, 5 and 7 May Road, Mid-Levels, Hong Kong</p> <p>70/2,480th shares of and in Inland Lot No. 1772 and the Extension thereto.</p>	<p>May Towers is a private residential development comprising two high-rise apartment blocks above a 3-level recreational/ car parking podium completed in 1974 for May Tower I and in 1992 for May Tower II. May Tower II of the development is a 28-storey residential building of reinforced concrete construction with tiled/ glazed external finishes.</p> <p>The building is situated on the south of May Road near its junction with Tregunter Path in Mid-Levels district of Hong Kong Island. This locality is a prestigious residential area where developments in the vicinity comprise mainly medium to high-rise residential developments with associated recreational and car parking facilities intermingled with a number of educational and religious establishments.</p> <p>The Property comprises a duplex unit on the whole 18th and 19th Floors of May Tower II with a saleable area of approximately 5,338 sq ft (495.91 sq m).</p> <p>The Property also comprises two covered private car parking spaces on the Ground Floor of the development.</p> <p>Inland Lot No. 1772 and the Extension thereto are held from the Government under a Government Lease and a Conditions of Extension No. 6018 respectively for a term of 75 years commencing on 8 April 1907 renewable for 75 years at a total annual Government rent of HK\$140,400.</p>	<p>The Property is valued on vacant possession basis.</p>	<p>HK\$215,000,000 (Hong Kong Dollars Two Hundred and Fifteen Million) (100% interest)</p>

- Notes: (1) Pursuant to the land register record obtained from the Land Registry, the current registered owner of the Property is Hong Kong Hill Limited.
- (2) The Property is subject to the following encumbrances:-
- i. Occupation Permit dated 12 March 1992 vide Memorial No. UB5225592 (re: 18th Floor and 19th Floor);
 - ii. Deed of Mutual Covenant and Management Agreement in favour of Kerry Real Estate Agency Limited "the Manager" dated 30 March 1992 vide Memorial No. UB5247138;
 - iii. Debenture and Mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited dated 7 July 2023 vide Memorial No. 23072602150079;
 - iv. Supplement to Debenture and Mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited dated 7 December 2023 vide Memorial No. 23121401720054.
- (3) The Property lies within an area zoned "Residential (Group B)" under the Mid-levels West (HPA 11) Outline Zoning Plan No. S/H11/15 gazetted on 19 March 2010.
- (4) In undertaking our valuation of the Property, we have considered the sales of residential properties in Mid-Levels of Hong Kong Island. The comparables are primarily selected based on the following criteria: (i) the comparables are recent transactions, (ii) the comparables are located in the immediate locality of the Property, (iii) the comparables are located on the middle level of their respective buildings and (iv) the comparables have similar view as the Property.

As no transaction of duplex unit of large size is found according to the above selection criteria, transactions of simplex units with smaller saleable area are selected. The details of the selected comparables which are representative and exhaustive based on the aforesaid selection criteria are tabulated below with relevant adjustments:-

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Property	Unit B on 21/F, Tower 3 and Car Park Space No. 36 on Level LG5, Dynasty Court, 23 Old Peak Road, Mid-Levels, Hong Kong	Unit A on 19/F, Tower 3 and Car Park Space No. 12 on Level LG5, Dynasty Court, 23 Old Peak Road, Mid-Levels, Hong Kong	Unit 2 on 8/F, May Tower I, 7 May Road and Car Parking Space No. 34 on Lower Ground Floor, May Tower I & II, 5 and 7 May Road, Mid-Levels, Hong Kong	Unit A on 18/F, Block 1 and Car Parking Space No. 168 on Lower Ground Floor 3 & the Adjoining Spaces (if any), Clovelly Court, 12 May Road, Mid-Levels, Hong Kong
Year of Completion	1991	1991	1974	1994
Date of Instrument	8 May 2024	2 May 2024	3 Jan 2024	24 Nov 2023
Consideration (HK\$)	\$53,800,000	\$53,500,000	\$80,000,000	\$80,380,000
Saleable Area (SA) (sq ft)	1,513	1,530	2,218	2,348
Unit Rate (HK\$ / sq ft SA)	\$35,558	\$34,967	\$36,069	\$34,233
Factor	Adjustment			
Time	-1.5% to 0%			
Floor level	-1.25% to +2%			
Size	-5% to -2%			
Building age and condition	0% to +12%			
View	0%			
Flat type (Simplex unit vs Duplex unit)	+15%			
Adjusted Unit Rate (HK\$ / sq ft SA)	\$38,368	\$38,046	\$46,420	\$37,828
Adjusted Average Unit Rate (HK\$ / sq ft SA)	\$40,166			

- (5) The unit rates of the comparables range from HK\$34,233 to HK\$36,069 per sq. ft. In our valuation, we have considered the different attributes between the Property and the comparables in terms of date of transaction, floor level, size, building age and condition, view, flat type, and have made adjustments accordingly.
- (6) In applying adjustments to the comparables, if a comparable is superior to the Property in terms of the abovementioned attributes, a downward adjustment would be made to adjust down the unit rate of that comparable, and vice versa. Having considered the above adjustments to the comparables, the adjusted average unit rate for the comparables is approximately HK\$40,200. Hence, we have adopted a unit rate of approximately HK\$40,200 per sq. ft. for the valuation of the Property.
