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25 June 2024

Dear Sirs,

RE: CHENGDU JOY CITY (成都大悅城), NO. 518 DAYUE ROAD, WUHOU DISTRICT, CHENGDU, SICHUAN PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA (THE "PROPERTY")

In accordance with the instructions from Joy City Property Limited (the "Company") for us to value the property held by the Company and its subsidiaries (collectively referred to as the "Group") in the People's Republic of China (the "PRC") on a 100% interest basis, we confirm that we have carried out an inspection, 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 property as at 31 March 2024 (the "valuation date") for incorporation in a circular.

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".

Moreover, 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 latest edition of Royal Institution of Chartered Surveyors (the "RICS") Valuation – Global Standards, the HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors ("HKIS"), which incorporates the International Valuation Standards ("IVS"), and, where applicable, the relevant RICS, HKIS or jurisdictional supplement. We have also complied with the requirements set out in Chapter 5 and Practice Note 12 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 our Ms. Jennie C.W. Chang, who is a Senior Associate Director of Savills Valuation and Professional Services (China) Limited (“SVPSC”) and a Member of the HKIS (General Practice Division) and a Member of the RICS with over 16 years’ experience in valuation of properties in the PRC 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, we had 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 us in the subject exercise. We confirm that we are in the position to provide objective and unbiased valuation for the Property.

VALUATION METHODOLOGY

Direct comparison Method is regarded as the most preferable method for property valuation. It involves the analysis of sales comparable in the market of similar properties compared with the property. However, there are insufficient recent commercial sales comparable of similar properties in the vicinity of the property for reference in our valuation. Instead, in the locality of the property, there are sufficient rentals in the lettings of similar commercial comparable available for reference in valuation.

Hence, in undertaking our valuation of commercial portion of the property, we have adopted the income capitalization method whereby the rental incomes of contractual tenancies for the unexpired terms and the reversionary market rents after the expiry of tenancies of the property are capitalized using market yield rate.

For the car parking portion of the property, as there are sufficient sale comparable in the market of similar properties compared with the property, we have adopted the direct comparison method by making reference to sale of comparable properties as available in the market assuming sale with the benefit of vacant possession.

TITLE INVESTIGATION

In respect of the property in the PRC, we have been provided with copies of the title documents relating to the property. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies provided to us. In the course of our valuation, we have relied on the information and advice given by the Group and the legal opinion issued by Dentons Law Offices (北京大成(成都)律師事務所) (the “Group’s PRC legal adviser”) on 19 September 2023 regarding the title to the property.

SOURCE OF INFORMATION

In the course of our valuation, we have relied to a considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, tenancy details, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on the information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Group, which is material to our valuation. We have also sought confirmation from the Group that no material facts have been omitted from the information supplied.

VALUATION ASSUMPTIONS

In valuing the property in the PRC, unless otherwise stated, we have relied on the legal opinion issued by the Group's PRC legal adviser and prepared our valuation on the basis that transferable land use rights in respect of the property for their respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable has already been fully paid. Therefore, unless otherwise stated, we have also prepared our valuation on the basis that the owner of the property has good legal title and has free and uninterrupted rights to occupy, use, transfer, lease or assign the property for the whole of the respective unexpired terms as granted.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property or 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.

SITE INSPECTION

We have inspected exterior and where possible, the interior of the property. Site inspection of the property was carried out by our Mrs. Yulia Xu (Manager) in April 2024. During 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.

CURRENCY

Unless otherwise stated, all money amounts stated are in Renminbi ("RMB").

We enclose herewith our valuation report.

Yours faithfully,

For and on behalf of

Savills Valuation and Professional Services (China) Limited



Jennie C. W. Chang

MRICS MHKIS RPS(GP)

Senior Associate Director

Note: Ms. Jennie C.W. Chang is a professional surveyor who has over 16 years' experience in valuation of properties in the PRC.

Encl.

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>								
Chengdu Joy City(成都大悅城), No.518 Dayue Road, Wuhou District, Chengdu, Sichuan Province, PRC.	<p>The property is a large-scale commercial development erected on three parcels of land with a total site area of approximately 68,747.98 sq.m.</p> <p>The property is situated at the intersection of Taiyue Road and Yunjin Road in Wuhou District of Chengdu.</p> <p>Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 33-minute drive from the property to the city center of Chengdu.</p> <p>According to the information provided by the Group, the property comprises various commercial units and 633 car parking spaces with a total gross floor area of approximately 172,540.69 sq m. Breakdown of areas and uses of the property are listed as follows:</p> <table border="1" data-bbox="454 1406 826 1624"> <thead> <tr> <th>Use</th> <th>Approximate gross floor area sq.m.</th> </tr> </thead> <tbody> <tr> <td>Commercial</td> <td>137,403.86</td> </tr> <tr> <td>Car Parks</td> <td><u>35,136.83</u></td> </tr> <tr> <td>Total</td> <td><u>172,540.69</u></td> </tr> </tbody> </table>	Use	Approximate gross floor area sq.m.	Commercial	137,403.86	Car Parks	<u>35,136.83</u>	Total	<u>172,540.69</u>	<p>As at the valuation date, portion of the property with a total lettable floor area of approximately 84,312.54 sq m was subject to various tenancies with the latest one due to expire on 30 April 2034 at a total monthly rental of approximately RMB20,868,000, exclusive of VAT and management fee.</p> <p>The remaining portion of the property with a total lettable floor area of approximately 2,843.01 sq m was vacant.</p>	<p>RMB3,114,000,000 (Renminbi Three Billion One Hundred and fourteen Million)</p>
Use	Approximate gross floor area sq.m.										
Commercial	137,403.86										
Car Parks	<u>35,136.83</u>										
Total	<u>172,540.69</u>										
	<p>As advised by the Group, the property was completed in 2015.</p> <p>The land use rights of the property have been granted for a term expiring on 3 September 2047 for wholesale retail (underground), wholesale retail, commercial (logistic transaction), wholesale retail (underground car parking spaces) and car parking spaces use.</p>										

Notes:

1. Pursuant to eight Real Estate Ownership Certificates, the land use rights of three parcel of land with a total site area of approximately 68,747.98 sq.m. and the buildings ownerships of the property with a total gross floor area of approximately 172,540.69 sq.m. are vested in Chengdu Boyue Commercial Management Co., Ltd. (成都博悅商業管理有限公司) (“**Chengdu Boyue**”), an indirect wholly-owned subsidiary of the Company, for a term expiring on 3 September 2047 for various purposes. Detail of the said Certificates are listed as follows:

Certificate No.	Land Use	Site Area (sq.m.)	Gross Floor Area (sq.m.)
Chuan(2023) Cheng Du Shi Bu Dong Chan Quan Di No. 0285164	Wholesale retail (underground)/Commercial (logistic transaction)		13,333.32
Chuan(2023) Cheng Du Shi Bu Dong Chan Quan Di No. 0285158		37,867.16	81,673.41
Chuan(2023) Cheng Du Shi Bu Dong Chan Quan Di No. 0285060	Wholesale retail/Commercial (logistic transaction)		173.37
Chuan(2023) Cheng Du Shi Bu Dong Chan Quan Di No. 0284073			837.04
Chuan(2023) Cheng Du Shi Bu Dong Chan Quan Di No. 0285163	Wholesale retail (underground)/Commercial (logistic transaction)		1,029.62
Chuan(2023) Cheng Du Shi Bu Dong Chan Quan Di No. 0285133	Wholesale retail (underground car parking spaces)/Car parking spaces	2,212.09	35,136.83
Chuan(2023) Cheng Du Shi Bu Dong Chan Quan Di No. 0285162	Wholesale retail (underground)/Commercial (logistic transaction)	28,668.73	12,671.37
Chuan(2023) Cheng Du Shi Bu Dong Chan Quan Di No. 0285153	Wholesale retail/Commercial (logistic transaction)		27,685.73
	Total:	68,747.98	172,540.69

2. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) Chengdu Boyue is the legal owner of the property, which is protected under the PRC laws;
 - (ii) Chengdu Boyue is entitled to occupy, use, lease, transfer or by other means to dispose of the property; and
 - (iii) The property is not subject to mortgage, seizure, any other encumbrances and limitation of the property rights.

3. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. We have identified and analysed three commercial comparable and three car parking space comparable all located in Wuhou District. The selected comparable are relevant to the property in terms of usage and location. The monthly unit rents of the market comparables are in a range between RMB183 to 216 per sq.m. (GFA) for commercial units (1/F), and the unit rates of the market comparables are in a range from RMB120,000 to 130,000 per lot for car parking spaces. Due adjustments to the unit rents of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.

We consider that the relevant comparable have met our selection criteria are included and they are set out in the following tables with adopted adjustments which are exhaustive, fair and representative.

List of Commercial Rental Comparable

	Comparable 1	Comparable 2	Comparable 3
Development	A commercial unit at Yulin Road West	A commercial unit at Wuhou Starry Street	A commercial unit at Chengdu Jinnan Paradise Walk
District	Wuhou	Wuhou	Wuhou
City	Chengdu	Chengdu	Chengdu
Year of Completion	2010	2020	2015
Usage	Commercial	Commercial	Commercial
GFA (sq m)	63.00	36.00	40.00
Unit Rent (RMB/sq m/month)	183.00	216.00	190.00
Adjustment			
Time		0.00% – 0.00%	
Location		0.00% – 5.00%	
Age		-2.50% – 2.50%	
Size		0.00% – 0.00%	
Floor Level		0.00% – 0.00%	
Building Quality		0.00% – 0.00%	

List of Car Parking Space Sale Comparable

	Comparable 1	Comparable 2	Comparable 3
Development	A car parking space at Chunghua Park	A car parking space at Poly Garden	A car parking space at Langqiao
District	Wuhou	Wuhou	Wuhou
City	Chengdu	Chengdu	Chengdu
Year of Completion	2006	2017	2009
Usage	Car Parking Space	Car Parking Space	Car Parking Space
Unit Rent (RMB/sq m/month)	120,000	120,000	130,000
Adjustment			
Time		0.00% – 0.00%	
Location		-5.00% – 0.00%	
Age		-1.00% – 4.50%	
Size		0.00% – 0.00%	
Floor Level		0.00% – 0.00%	
Building Quality		0.00% – 0.00%	

In our valuation, we have adopted average monthly unit rents of approximately RMB200 per sq.m. (GFA). for commercial units (1/F) and average unit rates of approximately 120,000 per lot for car parking spaces, which are consistent with the relevant market comparables.

4. Based on our market research, the market yields of comparable commercial developments are in a range between 5.3% to 5.6% as at the valuation date. Due adjustments to the market yield of these market comparables have been made to reflect factors including but not limited to location, size and quality in arriving at the key assumptions.

In our valuation, we have adopted a market yield rate of 5.5% for commercial units, which is consistent with the relevant comparables.

5. In undertaking our valuation of the commercial portion of the property, we have collected the tenancies schedule from the Group. The contractual tenancies for the unexpired terms of each commercial unit are capitalized based on the actual monthly rent receivable. After expiry of the tenancies, we have applied our average monthly unit rents which is derived from comparable with appropriate adjustments as mentioned in Note 3 above to estimate the monthly income of the property. The estimated monthly income of the property is then capitalized for the remaining land use term of the property by using market yield rate as mentioned in Note 4 above.

Based on the above, the market value of the commercial portion of the property as at 31 March 2024 is RMB3,038,000,000.

In valuing the car parks portion of the property, we have adopted direct comparison method, where number of car parks is multiplied by our adopted average unit rate which is derived from comparable with appropriate adjustments as mentioned in Note 3 above of each car park.

Based on the above, the market value of the car park portion of the property as at 31 March 2024 is RMB76,000,000. Therefore, the total market value of the property as at 31 March 2024 is RMB3,114,000,000.
