



Valor Appraisal & Advisory Limited

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匯來評估及顧問有限公司

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Date: 22 December 2021

The Board of Directors
Jiahua Stores Holdings Limited
Suite 715, 7/F, Ocean Centre
5 Canton Road, Tsimshatsui
Kowloon, Hong Kong

Dear Sirs,

INSTRUCTIONS

In accordance with your instructions for us to value a property which Jiahua Stores Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) intends to acquire 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 the market value of the property interests as at 31 October 2021.

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

BASIS OF VALUATION

Our valuation of the property interests represents 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 and where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION METHODOLOGY

We have adopted an income capitalisation approach to assess the market value, applying a yield to market rent. To assess the appropriate yield implied in the market, it is estimated with reference to the yields achieved in the sales of similar properties in the market. To assess the market rent, the direct comparison method is adopted.

VALUATION CONSIDERATIONS

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards published by The Hong Kong Institute of Surveyors.

VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the seller sells the property interests on the open market in their existing states without the benefit of a deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements, which could serve to affect the values of the property interests.

In undertaking our valuation, we have assumed that, unless otherwise stated, transferable land use rights in respect of the property interests for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have also assumed that 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.

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

TITLE INVESTIGATION

We have been, in some instances, shown copies of various title documents and other documents relating to the property interests and have made relevant enquiries. We have not examined the original documents to verify the existing title to the property interests and any material encumbrances that might be attached to the property interests or any lease amendments. However, we have relied considerably on the information given by the Company's PRC legal adviser, Guangdong Pinfang Law Firm (廣東品方律師事務所), concerning the validity of Shenzhen Jiahua Real Estate Development Company Limited (the "**Landlord**") (深圳市佳華房地產開發有) 's title to the property interests located in the PRC.

All legal documents provided by the Company have been used for reference only. No responsibility regarding legal title to the property interests is assumed in this valuation report.

LIMITING CONDITIONS

We have inspected the exterior, and wherever possible, the interior of the properties but no structural survey had been made. In the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. Further, no test has been carried out on any of the building services. All dimensions, measurements and areas are only approximates. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the copies of documents handed to us are correct.

The site inspection of the property was carried out on 30 October 2021 by Mr. Liang Zhipeng (BBA (Acc), who has over 5 years' experience in property valuation.

We have relied to a considerable extent on information provided by the Landlord and have accepted advice given to us on such matters, in particular, but not limited to, the sales records, tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the property interests.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Landlord. We have also been advised by the Company and the Landlord that no material factors have 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.

Liability in connection with this valuation is limited to the client to whom this valuation is addressed and for the purpose for which it is carried out only. We will accept no liability to any other parties or any other purposes.

This valuation is to be used only for the purpose stated herein, any use or reliance for any other purpose, by you or third parties, is invalid. No reference to our name or our valuation report in whole or in part, in any document you prepare and / or distribute to third parties may be made without written consent.

The Novel Coronavirus Disease (COVID-19) has impacted on the global financial markets and the real estate market is being impacted by prevailing uncertainty. Our valuation is reported on the basis of material valuation uncertainty. We cannot predict the progress of COVID-19 and its impact on the real estate market. The market condition may change significantly over a relatively short period of time. There may be material difference between our estimation of market value based on the current market and actual transaction price of the property. Given the uncertain impact of COVID-19 on the market, the valuation of the property is recommended to have under frequent review.

EXCHANGE RATE

Unless otherwise stated, all monetary amounts stated in this valuation are in Renminbi (RMB).

“Property Particulars and Opinion of Value” is herewith attached.

Yours faithfully,
For and on behalf of
Valor Appraisal & Advisory Limited



Ian K. F. Ng
MHKIS
Associate Director

Mr. Ian K. F. Ng is a professional surveyor with over 10 years' experience in valuation of properties in HKSAR, Macau SAR and mainland China. Mr. Ng is a Professional Member of The Hong Kong Institute of Surveyors.

PROPERTY PARTICULARS AND OPINION OF VALUE

Property interests intended to be acquired by the Group in the PRC

Property	Description and Tenure	Particular of Occupancy	Market Value in Existing State as at 31 October 2021
<p>Shopping Mall, Level 1 of a Commercial Podium, Jiahua Hao Yuan (Lot No.: A711-0158), Western side of Shiyan Avenue, Shiyan Town, Bao'an District, Shenzhen City, Guangdong Province, the PRC</p> <p>(中華人民共和國廣東省深圳市寶安區石岩鎮石岩大道西側佳華豪苑1棟商場01層(宗地號: A711-0158))</p>	<p>The property comprises a shopping mall on Level 1 of a commercial podium of a commercial/residential development completed in 2006.</p> <p>The gross floor area of the property is approximately 5,851.5 sq.m.</p> <p>The property is located at Shiyan Avenue in Shiyan Town of Bao'an district. Developments in the vicinity are mainly residential and commercial developments of various ages.</p> <p>The land use rights and building ownership rights of the property for a term of nine years and eleven months are to be acquired by the Group.</p>	<p>The property is currently occupied by the Group for commercial purpose.</p>	<p>RMB31,400,000</p> <p>(Renminbi Thirty One Million Four Hundred Thousand)</p>

Notes:

- (1) Pursuant to a Certificate of Real Estate Ownership - Shen Fang Di Zi Di No.5000286886 registered on 21 August 2007, the land use rights and the building ownership rights of a shopping mall with a gross floor area of approximately 5,851.5 sq.m. were granted to Shenzhen Jiahua Real Estate Development Company Limited for a term expiring on 27 May 2074 for commercial and finance uses.
- (2) We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:
 - (i) Shenzhen Jiahua Real Estate Development Company Limited legally owns the property and is entitled to transfer the property; and
 - (ii) The property is subject to a mortgage in favour of Industrial and Commercial Bank of China Limited - Shenzhen Bao'an Branch which has given consent letter to Shenzhen Jiahua Real Estate Development Company Limited to transfer the property to the Group for the term of nine years and eleven months.