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## THIS CIRCULAR AND OFFER DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in doubt as to any aspect of this Circular and Offer Document and/or the accompanying Form of Acceptance, the Share Buy-Back Offer or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in CK Asset Holdings Limited, you should at once hand this Circular and Offer Document, the accompanying Form of Acceptance and the proxy form to the purchaser or transferee or to the licensed securities dealer, registered institution in securities, bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Other than in respect of the Share Buy-back Offer, this Circular and Offer Document is for information purposes only and does not constitute an offer to acquire, purchase or subscribe for any securities of the Company or an invitation to enter into an agreement to do any such things, nor is it calculated to invite any offer to buy, sell or subscribe for any securities of the Company. This Circular and Offer Document is not for release, publication or distribution, in whole or in part, in, into or from any jurisdiction where to do so would constitute a violation of the relevant laws or regulations of such jurisdiction.

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### CK ASSET HOLDINGS LIMITED 長江實業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1113)

- (1) DISCLOSEABLE AND CONNECTED TRANSACTION AND SPECIAL DEAL  
RELATING TO THE PROPOSED ACQUISITION OF  
THE TARGET HOLDCOS  
IN CONSIDERATION FOR THE ISSUE OF CONSIDERATION SHARES  
UNDER A SPECIFIC MANDATE  
(2) CONDITIONAL CASH OFFER BY HSBC ON BEHALF OF THE COMPANY TO  
BUY-BACK UP TO 380,000,000 SHARES AT HK\$51.00 PER SHARE  
(3) APPLICATION FOR THE WHITWASH WAIVER  
AND  
(4) NOTICE OF THE EXTRAORDINARY GENERAL MEETING

Financial Adviser to the Company



Independent Financial Adviser to the Independent Shareholders and  
the Independent Board Committee

ANGLO CHINESE 英高  
CORPORATE FINANCE, LIMITED 高

A letter from the Board is set out on pages 23 to 55 of this Circular and Offer Document. A letter from the Independent Board Committee containing its advice to the Independent Shareholders in relation to the Proposal is set out on pages 67 to 68 of this Circular and Offer Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the Proposal is set out on pages 69 to 144 of this Circular and Offer Document.

The notice convening the forthcoming EGM to be held at 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 13 May 2021 at 4:30 p.m. (Hong Kong time) (or as soon thereafter as the AGM to be held at 3:30 p.m. (Hong Kong time) on the same day shall have concluded or adjourned or, if there is (i) a tropical cyclone warning signal no. 8 or above; or (ii) a black rainstorm warning signal; or (iii) extreme condition caused by super typhoon in force in Hong Kong at 9:00 a.m. (Hong Kong time) on Thursday, 13 May 2021, at the same time and place on Tuesday, 18 May 2021 (Hong Kong time)) is set out on pages N-1 to N-4 of this Circular and Offer Document. A proxy form for use at the EGM is enclosed with this Circular and Offer Document. The proxy form can also be downloaded from the websites of the Company at [www.ckah.com](http://www.ckah.com) and Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk).

Whether Shareholders are able to attend the EGM physically or online, they are encouraged to appoint the Chairman of the EGM as their proxy by completing, signing and returning the proxy form in accordance with the instructions printed thereon to the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong or depositing the completed and signed proxy form at the Company's principal place of business in Hong Kong at 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong as soon as possible and in any event no less than 48 hours before the time appointed for the holding of the EGM (or any adjournment or postponement thereof). **Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the EGM (or at any adjournment or postponement thereof) should they subsequently so wish and, in such event, the proxy shall be deemed to be revoked. For the EGM convened to be held on Thursday, 13 May 2021 at 4:30 p.m., the deadline to submit completed proxy forms is Tuesday, 11 May 2021 at 4:30 p.m.**

In the case of inconsistency between the Chinese version and the English version of this Circular and Offer Document, the English version will prevail.

#### PRECAUTIONARY MEASURES FOR PHYSICAL ATTENDANCE AT THE EXTRAORDINARY GENERAL MEETING

The following precautionary measures might be implemented at the EGM venue:

- (1) compulsory temperature screening/checks;
- (2) submission of Health Declaration Form, and scanning of the "LeaveHomeSafe" venue QR code or registering contact details in written form;
- (3) wearing of surgical face mask;
- (4) no provision of refreshments or drinks; and
- (5) no provision of shuttle bus service.

Attendees who do not comply with the precautionary measures referred to in (1) to (3) above may be denied entry to the EGM venue at the absolute discretion of the Company as permitted by law.

**For the health and safety of the EGM attendees, the Company would encourage Shareholders to exercise their right to attend and vote at the EGM electronically or by appointing the Chairman of the EGM as their proxy and to return their proxy forms by the time specified above, instead of attending the physical EGM.**

27 April 2021  
(Hong Kong time)

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## QUESTIONS AND ANSWERS

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*The following are some of the questions you, as a Shareholder, may have and the answers to those questions.*

**This Circular and Offer Document contains important information and you are encouraged to carefully read this Circular and Offer Document in full, including the Appendices.**

### **1. What is the Proposal?**

The Proposal comprises (i) the Proposed Acquisition of the Target Holdcos from LKSF in consideration of the issue of the Consideration Shares and (ii) the Share Buy-back Proposal (which includes the Share Buy-back Offer).

### **2. What are the objectives of the Proposal?**

The Proposal aims to enhance the Company's investment portfolio of assets that provide stable recurrent cash flow while minimising any dilutive impact on the shareholding interest of the Shareholders. The Proposed Acquisition will allow the Company to acquire a sizeable and high quality portfolio of assets. Although the Purchase Price for the Proposed Acquisition will be settled in full by the issue of the Consideration Shares, when taken together with the effect of the Share Buy-back Offer (assuming acceptances are received for the Maximum Number of Shares), the overall effect of the Proposal would be the deployment of HK\$19.38 billion of cash to acquire cash flow generating assets and to buy-back additional Shares, thereby enhancing returns per Share to the Shareholders.

Assuming the Share Buy-back Proposal (with the revised Maximum Number of Shares) is completed in full, it would result in a net reduction in the number of issued Shares and thereby greater financial accretion and an enhanced return on capital compared to the original Share Buy-back Proposal, which would be beneficial to all Shareholders.

### **3. What are the reasons and benefits of the Proposal?**

The reasons for and benefits of the Proposal, as described in more detail in this Circular and Offer Document, are set out below:

- (i) the Proposal is a rare opportunity to acquire interests in a sizeable and high quality investment portfolio with low execution risk;
- (ii) the Proposal will increase the contribution of the recurrent income base and enhance the stability of earnings of the Group;
- (iii) the Proposal is a financially accretive transaction; and
- (iv) the Proposal represents a liquidity event providing an opportunity for Shareholders to monetise at a premium to the prevailing market price at the time of Announcement.

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## QUESTIONS AND ANSWERS

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### 4. What is the purpose of this Circular and Offer Document?

The purpose of this Circular and Offer Document is to provide you with, among other things:

- (i) further information regarding the Proposal, in particular:
  - (a) the Proposed Acquisition and the issue of the Consideration Shares pursuant to the Specific Mandate;
  - (b) the Share Buy-back Proposal, which includes the Share Buy-back Offer;
  - (c) the Takeovers Code implications of the Proposal and the application for the Whitewash Waiver; and
  - (d) other general information regarding the Proposal;
- (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders;
- (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; and
- (iv) notice of the EGM to consider and, if thought fit, pass the resolutions to approve the Proposal.

### 5. What do I need to do if I want to vote at the EGM?

For the health and safety of EGM attendees, the Company would encourage Shareholders to:

- (i) attend the EGM and vote by means of electronic facilities; or
- (ii) exercise their right to vote at the EGM by appointing the Chairman of the EGM as their proxy instead of attending the physical EGM.

The EGM will be a hybrid meeting. Shareholders have the option of attending, participating and voting at the EGM through online access by visiting the website at <https://web.lumiagm.com> (“Online Platform”). Shareholders participating in the EGM using the Online Platform will be deemed present at, and will be counted towards the quorum of, the EGM and they will be able to cast their votes and submit questions through the Online Platform.

**All Shareholders who wish to vote in the EGM through Online Platform are advised to read “Guidance For the Extraordinary General Meeting” of this Circular and Offer Document carefully.**

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## QUESTIONS AND ANSWERS

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For Shareholders who would like to attend the physical EGM, please note that the following precautionary measures will be implemented by the Company at the EGM venue to safeguard the health and safety of the EGM attendees and to comply with the requirements for the prevention and control of the spreading of COVID-19.

- (i) In light of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation, Cap. 599G (“**Regulation**”), the Company will limit the physical attendance at the EGM venue to 50 attendees (including the working team to facilitate with the conduct of the EGM) who have been allocated the right of admission to the EGM venue through the following procedures.
- (ii) Both registered and non-registered Shareholders (including their proxy or corporate representative) who wish to attend the physical EGM are requested to register their interest and provide the following details by email at **EGM2021reg@ckah.com** during the period from Friday, 30 April 2021, 9:00 a.m. to Wednesday, 5 May 2021, 5:00 p.m.:
  - (a) full name;
  - (b) contact phone number (optional) for better co-ordination; and
  - (c) for registered Shareholders, the 10-digit shareholder reference number starting with “C” printed under the barcode on the top right corner of the Shareholder Notification.
- (iii) If the online registrations exceed the attendance limit permitted by the Regulation, balloting will be conducted. Registered Shareholders and non-registered Shareholders who have been allocated the right of admission to the EGM venue will be notified by email on or before Thursday, 6 May 2021. No notification will be sent to those who are not successful in the balloting.

**All Shareholders who wish to attend the physical EGM are advised to read “Precautionary Measures for Physical Attendance at the Extraordinary General Meeting” of this Circular and Offer Document carefully.**

### **6. What do I need to do if I want to accept the Share Buy-back Offer?**

To accept the Share Buy-back Offer, Qualifying Shareholders should complete and sign the Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Share Buy-back Offer. The instructions in this Circular and Offer Document should be read together with the instructions on the Form of Acceptance (which instructions form part of the terms and conditions of the Share Buy-back Offer).

In order to be valid, the completed Form of Acceptance should be forwarded, together with the Title Documents for not less than the number of Shares in respect of which the relevant Qualifying Shareholder wishes to accept the Share Buy-back Offer, by post or by hand to the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong

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## QUESTIONS AND ANSWERS

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Kong, in an envelope marked “CK Asset Holdings Limited – Share Buy-back Offer” as soon as possible after receipt of the Form of Acceptance but in any event so as to reach the Hong Kong Share Registrar by no later than the Latest Acceptance Time, i.e. 4:00 p.m. (Hong Kong time) on Thursday, 27 May 2021.

**7. What should I do if I support the Company in buying-back the Shares, but I don’t want my own Shares to be bought back?**

All Independent Shareholders can vote at the EGM to approve the Share Buy-back Offer even if such Shareholders do not intend accepting the Share Buy-back Offer themselves. Shares will only be bought back from Qualifying Shareholders who validly complete and sign a Form of Acceptance.

**8. Am I entitled to the 2020 Final Dividend if I accept the Share Buy-back Offer?**

Qualifying Shareholders who accept the Share Buy-back Offer and whose names appear on the register of members on the Final Dividend Record Date will be entitled to receive in respect of each Share bought-back pursuant to the Share Buy-back Offer (i) the final cash dividend (if approved by Shareholders at the 2021 AGM) and (ii) the Offer Price per Share.

**9. Will I have to pay any stamp duties, fees or commissions?**

Shares bought back by the Company will be free of commissions and dealing charges, but seller’s ad valorem stamp duty payable by the Accepting Shareholders, calculated at a rate of HK\$1.00 for every HK\$1,000 or part thereof of the market value of the Shares to be bought back under the Share Buy-back Offer or the consideration payable by the Company in respect of relevant acceptances of the Share Buy-back Offer, whichever is the higher, will be deducted by the Company from the amount payable to the Accepting Shareholders. The Company will arrange for payment of the seller’s ad valorem stamp duty on behalf of the Accepting Shareholders to the Stamp Duty Office in accordance with the Stamp Duty Ordinance.

**10. I am an overseas Shareholder. What should I do?**

All Overseas Shareholders are advised to read this Circular and Offer Document in its entirety. Your attention is drawn to “Appendix I – Terms of the Share Buy-back Offer – 8. Overseas Shareholders” of this Circular and Offer Document.

**11. What are “odd lots” and are there any arrangements being made relating to the sale of odd lots of Shares?**

Since the Shares are currently traded in board lots of 500 Shares, any holding of those Shares that is not a whole multiple of 500 is known as an “odd lot”. The Company has no intention to change the board lot size as a result of the Share Buy-back Offer. Shareholders should note that acceptance of the Share Buy-back Offer may result in their holding of odd lots of Shares.

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## QUESTIONS AND ANSWERS

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### **12. What is the position of the Independent Board Committee on the Proposal?**

Having taken into account the factors and reasons considered by, and the opinion of the Independent Financial Adviser, the Independent Board Committee is of the opinion that:

- (i) the entering into of the Share Purchase Agreement (including the Proposed Acquisition contemplated thereunder) is in the ordinary and usual course of business of the Group, the terms of the Share Purchase Agreement (including the Proposed Acquisition contemplated thereunder) and the Specific Mandate are fair and reasonable so far as the Independent Shareholders are concerned and on normal commercial terms, and the Proposed Acquisition and the Specific Mandate are in the interests of the Company and the Shareholders as a whole;
- (ii) the terms of the Share Buy-back Offer are fair and reasonable so far as the Independent Shareholders are concerned and that the Share Buy-back Offer is in the interests of the Company and the Shareholders as a whole; and
- (iii) the terms of the Whitewash Waiver and the Special Deal are fair and reasonable so far as the Independent Shareholders are concerned and that the Whitewash Waiver and the Special Deal are in the interests of the Company and the Shareholders as a whole.

Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to approve the Matters for Approval at the EGM.

Anglo Chinese Corporate Finance, Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal. It considers that, so far as the Independent Shareholders are concerned, the terms of the Proposal are fair and reasonable. The text of the letter from the Independent Financial Adviser is set out in the “Letter from the Independent Financial Adviser” section of this Circular and Offer Document. You are advised to carefully read such letter of advice before taking any action in respect of the Proposal.

### **13. If I accept the Share Buy-back Offer, when will I be paid for my Shares that are bought-back?**

The latest date for despatch of cheques to the Accepting Shareholders will be Monday, 7 June 2021.

### **14. What will happen if not all of the Shares in respect of which I have accepted the Share Buy-back Offer are bought?**

If the Shares of an Accepting Shareholder in respect of which the Share Buy-back Offer has been accepted are not bought-back by the Company in full, the Title Documents in respect of the balance of such Shares or a replacement certificate therefor will be returned or sent to you by ordinary post at your own risk, as soon as possible, but in any event within 7 Business Days following the close of the Share Buy-back Offer.

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## QUESTIONS AND ANSWERS

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**15. Who should I contact if I have additional questions?**

If you have any questions concerning administrative matters, such as dates, documentation and procedures relating to the Proposal, please call the hotline of the Hong Kong Share Registrar at its hotline at (852) 2862 8555 during the period between 9:00 a.m. and 6:00 p.m. (Hong Kong time) from Mondays to Fridays (other than public holidays).

The hotline cannot and will not provide any advice on the merits of the Proposal or give any financial or legal advice. If you are in doubt as to the content of this Circular and Offer Document, any aspect of the Proposal or any action to be taken, you are encouraged to consult a licensed securities dealer or registered institution in securities, stockbroker, bank manager, solicitor, professional accountant or other professional adviser and obtain independent professional advice.



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## GUIDANCE FOR THE EXTRAORDINARY GENERAL MEETING

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The Company does not in any way wish to diminish the opportunity available to Shareholders to exercise their rights and to attend, participate and vote in person at the EGM, but is conscious of the need to protect EGM attendees from possible exposure to the COVID-19 pandemic. **For the health and safety of EGM attendees, the Company would encourage Shareholders to: (i) attend the EGM and vote by means of electronic facilities; or (ii) exercise their right to vote at the EGM by appointing the Chairman of the EGM as their proxy instead of attending the physical EGM.**

### ATTENDING THE EGM BY MEANS OF ELECTRONIC FACILITIES

The EGM will be a hybrid meeting. In addition to the traditional physical attendance at the EGM, Shareholders have the option of attending, participating and voting at the EGM through online access by visiting the website at <https://web.lumiagm.com> (“**Online Platform**”). Shareholders participating in the EGM using the Online Platform will be deemed present at, and will be counted towards the quorum of, the EGM and they will be able to cast their votes and submit questions through the Online Platform.

The Online Platform will be open for registered Shareholders and non-registered Shareholders (see below for login details and arrangements) to log in approximately 30 minutes prior to the commencement of the EGM and can be accessed from any location with internet connection by a smart phone, tablet device or computer. Shareholders should allow ample time to log into the Online Platform to complete the related procedures. Please refer to the Online User Guide for the EGM at [www.ckah.com/eng/investor\\_other\\_info.html](http://www.ckah.com/eng/investor_other_info.html) for assistance.

#### Login details for registered Shareholders

Details regarding the EGM arrangements including login details to access the Online Platform are included in the Company’s notification letter to registered Shareholders (“**Shareholder Notification**”) sent together with this Circular and Offer Document.

#### Login details for non-registered Shareholders

Non-registered Shareholders who wish to attend, participate and vote at the EGM using the Online Platform should (1) contact and instruct their banks, brokers, custodians, nominees or HKSCC Nominees Limited through which their shares are held (together, “**Intermediary**”) to appoint themselves as a proxy or a corporate representative to attend the EGM and (2) provide their e-mail addresses to their Intermediary before the time limit required by the relevant Intermediary. Details regarding the EGM arrangements including login details to access the Online Platform will be sent by the Company’s Hong Kong Share Registrar to the e-mail addresses of the non-registered Shareholders provided by the Intermediary. Without the login details, non-registered Shareholders will not be able to participate and vote using the Online Platform. Non-registered Shareholders should therefore give clear and specific instructions to their Intermediary in respect of both (1) and (2) above.

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## GUIDANCE FOR THE EXTRAORDINARY GENERAL MEETING

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If any non-registered Shareholder has not received the login details through the e-mail address provided to the relevant Intermediary by 12 May 2021, such non-registered Shareholder should contact the Company's Hong Kong Share Registrar to request for those login details to be re-sent.

**Registered and non-registered Shareholders should note that only one device is allowed per login. Please also keep the login details in safe custody for use at the EGM and do not disclose the details to anyone else.**

The votes submitted through the Online Platform using the login details provided to the registered or non-registered Shareholders will be conclusive evidence that such votes were validly cast by such registered or non-registered Shareholders.

The Company is not required to, and will not, independently verify the accuracy of the e-mail addresses or other information provided by registered or non-registered Shareholders. The Company and its agents take no responsibility for all or any loss or other consequence caused by or resulting from any inaccuracy and/or deficiency in the information provided or any unauthorised use of the login details.

### **Voting through the Online Platform**

**Registered and non-registered Shareholders who wish to cast their votes through the Online Platform should note that the Online Platform only permits them to submit their votes in respect of all of the Shares held by them or in respect of which they have been appointed as a proxy or corporate representative. There is no option to choose to submit a vote in respect of part only of the Shares held.**

**Further, once the online voting has closed, the votes which a registered Shareholder has submitted through the Online Platform will supersede any votes which may be cast by his/her proxy (if any) at the EGM.**

### **QUESTIONS AT AND PRIOR TO THE EGM**

Shareholders attending the EGM using the Online Platform will be able to submit questions relevant to the proposed resolutions online during the EGM. Shareholders can also send their questions by email from Thursday, 6 May 2021 (9:00 a.m.) to Tuesday, 11 May 2021 (5:00 p.m.) to EGM2021@ckah.com. For registered Shareholders, please state the 10-digit shareholder reference number starting with "C" (SRN) which is printed on the top right corner of the Shareholder Notification.

Whilst the Company will endeavour to respond to as many questions as possible at the EGM, due to time constraints, the Company may respond to any unanswered questions after the EGM as appropriate.

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## GUIDANCE FOR THE EXTRAORDINARY GENERAL MEETING

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### VOTING BY PROXY IN ADVANCE OF THE EGM

Shareholders are encouraged to submit their completed proxy forms well in advance of the EGM. Return of a completed proxy form will not preclude Shareholders from attending and voting in person (whether physically or by means of electronic facilities) at the EGM (or any adjournment or postponement thereof) should they subsequently so wish.

#### Submission of proxy forms for registered Shareholders

A proxy form for use at the EGM is enclosed with this Circular and Offer Document. A copy of the proxy form can also be downloaded from the websites of the Company at [www.ckah.com/eng/investor\\_other\\_info.html](http://www.ckah.com/eng/investor_other_info.html) and Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk).

**The deadline to submit completed proxy forms is Tuesday, 11 May 2021 at 4:30 p.m.** Completed proxy forms must be returned to the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong or deposited at the Company's principal place of business in Hong Kong at 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

#### Appointment of proxy by non-registered Shareholders

Non-registered Shareholders should contact their Intermediary as soon as possible to assist them in the appointment of proxy.

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## PRECAUTIONARY MEASURES FOR PHYSICAL ATTENDANCE AT THE EXTRAORDINARY GENERAL MEETING

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For Shareholders who would like to attend the physical EGM, please note that the following precautionary measures will be implemented by the Company at the EGM venue to safeguard the health and safety of the EGM attendees and to comply with the requirements for the prevention and control of the spreading of COVID-19.

### **LIMITING PHYSICAL ATTENDANCE AT THE EGM VENUE**

Pursuant to the requirements of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation, Cap. 599G (“**Regulation**”), as at the Latest Practicable Date, group gatherings of more than 20 persons for a shareholders’ meeting are required to be accommodated in separate partitioned rooms or areas of not more than 20 persons each. In light of the Regulation, the Company will limit the physical attendance at the EGM venue to 50 attendees (including the working team to facilitate with the conduct of the EGM) who have been allocated the right of admission to the EGM venue through the following procedures. This maximum number of attendees at the EGM is to ensure compliance with the requirement under the Regulation as at the Latest Practicable Date, and may be changed as the date of the EGM (or any adjournment or postponement thereof).

### **Prior online registration**

Both registered and non-registered Shareholders (including their proxy or corporate representative) who wish to attend the physical EGM are requested to register their interest and provide the following details by email at [EGM2021reg@ckah.com](mailto:EGM2021reg@ckah.com) during the period from Friday, 30 April 2021, 9:00 a.m. to Wednesday, 5 May 2021, 5:00 p.m.:

- (1) full name;
- (2) contact phone number (optional) for better co-ordination; and
- (3) for registered Shareholders, the 10-digit shareholder reference number starting with “C” printed under the barcode on the top right corner of the Shareholder Notification.

Duplicate registrations will be disregarded.

In addition, non-registered Shareholders should also contact and instruct their Intermediary to appoint them as a proxy or corporate representative so that they can attend and vote at the physical EGM if they are allocated the right of admission to the EGM venue. **Non-registered Shareholders who have not been duly appointed as proxy or corporate representative by their Intermediary will not be able to attend the physical EGM even if they are eventually allocated the right of admission to the EGM venue.**

### **Allocation by balloting**

If the online registrations exceed the attendance limit permitted by the Regulation, balloting will be conducted.

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## **PRECAUTIONARY MEASURES FOR PHYSICAL ATTENDANCE AT THE EXTRAORDINARY GENERAL MEETING**

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Registered Shareholders and non-registered Shareholders who have been allocated the right of admission to the EGM venue will be notified by email on or before Thursday, 6 May 2021. No notification will be sent to those who are not successful in the balloting.

### **HEALTH AND SAFETY MEASURES FOR THE PHYSICAL EGM**

To safeguard the health and safety of the EGM attendees, the following measures might also be implemented at the EGM venue:

- (1) compulsory temperature screening/checks will be required of every attendee at the main entrance of the EGM venue. Any person with a body temperature above the reference range quoted by the Department of Health from time to time, or exhibiting respiratory infection symptoms, or is apparently unwell, may be denied entry into the EGM venue and be requested to leave the venue;
- (2) every attendee will be required to (a) submit a completed Health Declaration Form which can be downloaded from the website of the Company at [www.ckah.com/eng/investor\\_other\\_info.html](http://www.ckah.com/eng/investor_other_info.html) and (b) scan the “LeaveHomeSafe” venue QR code or register his/her name, contact number and the date and time of visit, prior to entry into the EGM venue. Please have the completed and signed Health Declaration Form ready for collection at the main entrance of the EGM venue to facilitate prompt and smooth processing;
- (3) every attendee will be required to wear a surgical face mask at all times (including queuing for registration outside the EGM venue and throughout the EGM) and must follow the seating arrangement fixed by the Company;
- (4) no refreshments or drinks will be provided to EGM attendees; and
- (5) no shuttle bus service will be provided.

Attendees are in addition requested to observe and practise good personal hygiene at all times. To the extent permitted by law, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue so as to ensure the health and safety of the EGM attendees.

**Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the EGM arrangements at short notice. Shareholders should check the Company’s website at [www.ckah.com](http://www.ckah.com) or the Company’s EGM website at [www.ckah.com/eng/2021egm.html](http://www.ckah.com/eng/2021egm.html) for future announcements and updates on the EGM arrangements.**

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## **PRECAUTIONARY MEASURES FOR PHYSICAL ATTENDANCE AT THE EXTRAORDINARY GENERAL MEETING**

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If Shareholders have any questions relating to the EGM, please contact Computershare Hong Kong Investor Services Limited, the Company's Hong Kong Share Registrar, as follows:

Computershare Hong Kong Investor Services Limited  
17M Floor, Hopewell Centre  
183 Queen's Road East  
Hong Kong  
Telephone: (852) 2862 8558  
Facsimile: (852) 2865 0990  
Website: [www.computershare.com/hk/contact](http://www.computershare.com/hk/contact)

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## EXPECTED TIMETABLE<sup>(1)</sup>

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The timetable set out below is indicative only and is subject to change. Any changes to the timetable will be announced by the Company. Unless otherwise specified, all times and dates refer to Hong Kong local times and dates.

Event	Time and/or Date
Announcement of the Proposal	Thursday, 18 March 2021
Announcement of the revision of the Maximum Number of Shares to be bought back under the Share Buy-back Offer	Wednesday, 14 April 2021
Despatch date of this Circular and Offer Document, notice of EGM, proxy form for the EGM and Form of Acceptance	Tuesday, 27 April 2021
Latest time for lodging a transfer of Shares to qualify for attendance at the EGM	4:30 p.m. on Friday, 7 May 2021
Closure of the Register of Members	Monday, 10 May 2021 to Thursday, 13 May 2021
Latest time for lodging a proxy form for the EGM	4:30 p.m. on Tuesday, 11 May 2021
AGM	3:30 p.m. on Thursday, 13 May 2021
EGM	4:30 p.m. (or as soon thereafter as the AGM shall have concluded or adjourned) on Thursday, 13 May 2021
Announcement of results of the EGM and whether the Share Buy-back Offer has become unconditional	Thursday, 13 May 2021
Latest time for lodging a transfer of Shares to qualify for the 2020 Final Dividend	4:30 p.m. on Thursday, 20 May 2021
Final Dividend Record Date	Thursday, 20 May 2021
Latest time for lodging the Form of Acceptance <sup>(2)(3)</sup>	4:00 p.m. on Thursday, 27 May 2021
Closing date of the Share Buy-back Offer <sup>(2)</sup>	Thursday, 27 May 2021

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## EXPECTED TIMETABLE<sup>(1)</sup>

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Record Date ..... Thursday, 27 May 2021

Announcement of results of the Share Buy-back

Offer to be posted on the websites of  
the Stock Exchange and the Company ..... no later than 7:00 p.m. on  
Thursday, 27 May 2021

Payment of the 2020

Final Dividend ..... Thursday, 3 June 2021

Latest date for despatch of cheques

to the Accepting Shareholders and

(if applicable) despatch of

Share certificate to parties

with unsuccessful tenders<sup>(4)</sup> ..... Monday, 7 June 2021

*Notes:*

- (1) The above timetable assumes that the Matters for Approval are approved by the Independent Shareholders at the EGM and the Conditions (comprising the Acquisition Conditions and the Offer Conditions) are satisfied resulting in the Share Buy-back Offer becoming unconditional on Thursday, 13 May 2021.
- (2) The Executive has indicated, subject to, among other things, (i) the Whitewash Waiver having been approved by at least 75% of the votes cast by the Independent Shareholders at the EGM and (ii) the Proposed Acquisition and the Share Buy-back Offer having been approved by more than 50% of the votes cast by the Independent Shareholders at the EGM, to waive any obligation of LKSF to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by the Controlling Shareholder Group as a result of the Proposed Acquisition and the Share Buy-back Offer. Assuming that the Matters for Approval are approved by the Independent Shareholders and the Share Buy-back Offer becomes unconditional on Thursday, 13 May 2021, being the date of the EGM, the Share Buy-back Offer will remain open for acceptance for a period of 14 days thereafter and will not be extended.
- (3) In order to accept the Share Buy-back Offer, Qualifying Shareholders are required to submit to the Hong Kong Share Registrar the duly completed Form of Acceptance in accordance with the instructions as set out in this Circular and Offer Document and the Form of Acceptance (which instructions form part of the terms and conditions of the Share Buy-back Offer) at or before 4:00 p.m. on Thursday, 27 May 2021.
- (4) Remittance of the total amounts due to Accepting Shareholders under the Share Buy-back Offer (subject to deduction of seller's ad valorem stamp duty payable on the Shares bought-back from such Accepting Shareholders) will be made by the Company as soon as possible and in any event within 7 Business Days after the close of the Share Buy-back Offer.
- (5) Beneficial Owners of the Shares who hold their Shares in CCASS directly as an Investor Participant or indirectly via a broker or custodian participant should note the timing requirements (as set out in Appendix I to this Circular and Offer Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures. Acceptances of the Share Buy-back Offer are irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.



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## **EXPECTED TIMETABLE<sup>(1)</sup>**

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### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF THE SHARE BUY-BACK OFFER**

If there is (i) a tropical cyclone warning signal no. 8 or above; or (ii) a black rainstorm warning signal; or (iii) extreme condition caused by super typhoon: (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the closing date of the Share Buy-back Offer, the latest time and date for acceptance of the Share Buy-back Offer will remain at 4:00 p.m. on the same Business Day; or (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the closing date of the Share Buy-back Offer, the latest time and date for acceptance of the Share Buy-back Offer will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. or such other day as the Executive may approve.

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## DEFINITIONS

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*In this Circular and Offer Document, the following expressions have the meanings set out below, unless the context requires otherwise:*

<b>“2020 Final Dividend”</b>	the final cash dividend recommended by the Directors in respect of the year ended 31 December 2020 to Shareholders whose names appear on the register of members of the Company on the Final Dividend Record Date
<b>“Accepting Shareholder(s)”</b>	Qualifying Shareholder(s) accepting the Share Buy-back Offer
<b>“Acquisition Conditions”</b>	the conditions as set out in the section headed “ <i>The Proposed Acquisition – Conditions to Completion</i> ” of this Circular and Offer Document to which the Proposed Acquisition is subject
<b>“acting in concert”</b>	has the meaning ascribed to it in the Takeovers Code
<b>“AGM”</b>	the annual general meeting of the Company to be held on Thursday, 13 May 2021
<b>“Announcement”</b>	the announcement dated 18 March 2021 issued by the Company in relation to the Proposal
<b>“associate”</b>	has the meaning ascribed to it in the Takeovers Code
<b>“AUD”</b>	Australian dollars, the lawful currency of Australia
<b>“Board”</b>	the board of Directors
<b>“Beneficial Owner”</b>	any beneficial owner of the Shares whose Shares are registered in the name of a Registered Owner other than himself or herself
<b>“Business Day”</b>	a day on which the Stock Exchange is open for the transaction of business
<b>“Cash Distributions”</b>	cash distributions comprising dividends, interest and other distributions received by the Target Holdco Group from the Target Companies
<b>“Castle Holdco”</b>	Li Ka-Shing Castle Holdings Limited, a company incorporated in the Cayman Islands

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## DEFINITIONS

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<b>“Circular and Offer Document”</b>	this combined document comprising of (i) the circular relating to the Proposed Acquisition and the Specific Mandate and (ii) the circular relating to the Share Buy-back Offer, the Whitewash Waiver and the Special Deal
<b>“CCASS”</b>	the Central Clearing and Settlement System established and operated by HKSCC
<b>“CCASS Operational Procedures”</b>	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
<b>“CCASS Participant”</b>	a person admitted to participate in CCASS as a participant, including an Investor Participant
<b>“CK Asset Provident Fund”</b>	a registered scheme with the Mandatory Provident Fund Schemes Authority established under the Occupational Retirement Schemes Ordinance (Cap. 426 of the Laws of Hong Kong), with HSBC Global Asset Management (Hong Kong) Limited and Amundi Hong Kong Limited as its investment managers
<b>“CKH”</b>	Cheung Kong (Holdings) Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of CKHH
<b>“CKHH”</b>	CK Hutchison Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1)
<b>“CKI”</b>	CK Infrastructure Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1038)
<b>“CKII”</b>	Cheung Kong (Infrastructure Investment) Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of CKH
<b>“Codes”</b>	the Takeovers Code and the Share Buy-backs Code
<b>“Company”</b>	CK Asset Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1113)

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## DEFINITIONS

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<b>“Completion”</b>	completion of the Proposed Acquisition in accordance with the terms of the Share Purchase Agreement
<b>“Conditions”</b>	the Acquisition Conditions and the Offer Conditions
<b>“Consideration Shares”</b>	333,333,333 Shares to be issued by the Company for the purpose of satisfying the Purchase Price
<b>“connected person”</b>	has the meaning ascribed to it under the Listing Rules
<b>“controlling shareholder”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Controlling Shareholder Group”</b>	Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, Mr. Li Tzar Kai, Richard, Ms. Li Michelle Sarah Si De, the Trust, LKSF and LKSGF who directly and/or indirectly hold an aggregate of approximately 35.99% of the total issued Shares as at the Latest Practicable Date
<b>“Creep Limit”</b>	in relation to any Shareholder holding not less than 30%, but not more than 50%, of the voting rights of the Company, an increase in the aggregate percentage of voting rights of the Company held by such Shareholder, together with persons acting in concert with such Shareholder, of not more than 2% during any 12-month period
<b>“Directors”</b>	the directors of the Company
<b>“Dutch Enviro Energy”</b>	Dutch Enviro Energy Holdings B.V., a company incorporated in the Netherlands, in which LKSF has an indirect 10% shareholding interest as at the Latest Practicable Date
<b>“DT1”</b>	The Li Ka-Shing Unity Discretionary Trust, of which Mr. Li Ka-shing is the settlor and, among others, Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is TDT1
<b>“DT2”</b>	a discretionary trust of which Mr. Li Ka-shing is the settlor and, among others, Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is TDT2
<b>“DT3”</b>	a discretionary trust of which Mr. Li Ka-shing is the settlor and, among others, Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is TDT3

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## DEFINITIONS

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<b>“DT4”</b>	a discretionary trust of which Mr. Li Ka-shing is the settlor and, among others, Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary, and the trustee of which is TDT4
<b>“EBITDA”</b>	earnings before interest expenses, taxation, and depreciation and amortisation
<b>“Economic Benefits Agreement”</b>	the economic benefits agreement dated 31 August 2018 entered into between Henley Riches Limited (a subsidiary of CKHH), CKHH and Team Ace Enterprises Limited (a subsidiary of the Company)
<b>“EGM”</b>	the extraordinary general meeting of the Company to be held on Thursday, 13 May 2021 for the Independent Shareholders to consider and, if thought fit, approve the Proposed Acquisition (including the Specific Mandate and the Special Deal), the Share Buy-back Offer and the Whitewash Waiver
<b>“encumbrances”</b>	liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature
<b>“EUR”</b>	Euro, the lawful currency of the Eurozone
<b>“Excluded Shareholders”</b>	Overseas Shareholders, if any, whose addresses, as shown on the Register of Members as on the Record Date, are outside Hong Kong and located in jurisdictions the laws of which may prohibit the making of the Share Buy-back Offer to such Shareholders or otherwise require the Company to comply with additional requirements which are (in the opinion of the Directors, but subject to the prior consent of the Executive) unduly onerous or burdensome, having regard to the number of Shareholders involved in such jurisdictions and their shareholdings in the Company
<b>“Executive”</b>	the Executive Director of the Corporate Finance Division of the SFC or any delegate(s) for the time being of the Executive Director
<b>“Executive Directors”</b>	the executive Directors of the Company
<b>“exempt fund managers”</b>	has the meaning ascribed to it in the Takeovers Code
<b>“exempt principal traders”</b>	has the meaning ascribed to it in the Takeovers Code

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## DEFINITIONS

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<b>“Final Dividend Record Date”</b>	Thursday, 20 May 2021, being the record date for determining Shareholders’ entitlement to receive the final dividend in respect of the year ended 31 December 2020
<b>“Form of Acceptance”</b>	the form of acceptance issued with this Circular and Offer Document to Qualifying Shareholders for use by such persons in connection with the Share Buy-back Offer
<b>“GBP” or “£”</b>	Pound Sterling, the lawful currency of the United Kingdom
<b>“Group”</b>	the Company and its subsidiaries
<b>“Guarantee Period”</b>	the two years ending 31 December 2021 and 2022 in respect of which the Target Holdco Group will receive the guaranteed Cash Distributions from the Target Companies
<b>“HKSCC”</b>	Hong Kong Securities Clearing Company Limited
<b>“HKSCC Nominees”</b>	HKSCC Nominees Limited
<b>“HK\$” or “HKD”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Hong Kong Share Registrar”</b>	Computershare Hong Kong Investor Services Limited
<b>“HSBC”</b>	The Hongkong and Shanghai Banking Corporation Limited, being the financial adviser to the Company in relation to the Proposed Acquisition and the Share Buy-back Offer, a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
<b>“HSBC Group”</b>	HSBC and persons controlling, controlled by or under the same control as HSBC
<b>“IFRS”</b>	The International Financial Reporting Standards

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## DEFINITIONS

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<b>“Independent Board Committee”</b>	the independent committee of the Board comprising all the independent non-executive Directors who have no interest in the Proposal (including the Special Deal, the Share Buy-back Offer and the Whitewash Waiver) other than as Shareholders, which has been formed to advise the Independent Shareholders in respect of the above matters
<b>“Independent Financial Adviser”</b>	Anglo Chinese Corporate Finance, Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders
<b>“Independent Shareholders”</b>	<p>all Shareholders other than (i) LKSF and persons acting in concert with it (including the Controlling Shareholder Group, the Executive Directors and the LKSF Directors); (ii) the Company and persons acting in concert with it (including the Controlling Shareholder Group, the Executive Directors, CK Asset Provident Fund, INKA and HSTE); and (iii) any other Shareholder that is otherwise involved in, or interested in, the Matters for Approval</p> <p>For the avoidance of doubt, Independent Shareholders shall include any member of the HSBC Group which is a Registered Owner of Shares which are held on behalf of Beneficial Owners of such Shares who are investment clients where such Beneficial Owners (A) control the voting rights attached to such Shares, (B) give instructions as to how such Shares are to be voted and (C) are not otherwise involved in, or interested in, the Matters for Approval</p>
<b>“Intermediary”</b>	banks, brokers, custodians, nominees or HKSCC Nominees through which shares of non-registered Shareholders are held
<b>“Investor Participant”</b>	a person admitted to participate in CCASS as an investor participant
<b>“Latest Acceptance Time”</b>	the latest time for receipt by the Hong Kong Share Registrar of the Form of Acceptance submitted by Qualifying Shareholders, being 4:00 p.m. on Thursday, 27 May 2021, or such later date as the Company may announce in accordance with the requirements of the Codes

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## DEFINITIONS

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<b>“Last Trading Date”</b>	18 March 2021, being the last full trading day of the Shares on the Stock Exchange prior to the issue of the Announcement
<b>“Latest Practicable Date”</b>	23 April 2021, being the latest practicable date prior to the date of this Circular and Offer Document for the purpose of ascertaining certain information contained in this Circular and Offer Document
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended and supplemented from time to time)
<b>“LKSF”</b>	Li Ka Shing Foundation Limited, a company incorporated in Hong Kong limited by guarantee, which is a charitable foundation and a person acting in concert with, and may be regarded as an associate (as defined in Chapter 14A of the Listing Rules) of, Mr. Li Tzar Kuoi, Victor, the Chairman and Managing Director of the Company
<b>“LKSF Directors”</b>	Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, Mr. Li Tzar Kai, Richard, Mr. Chong Hok Shan, Mr. Chong Hok Hei, Charles, Ms. Pau Yee Wan, Ezra, Mr. Chow Kun Chee, Roland, Mr. Lee Yeh Kwong, Charles, Mrs. Lee Pui Ling, Angelina, Ms. Chau Hoi Shuen, Solina, Ms. Eirene Yeung, Mr. George Colin Magnus, Mr. Frank John Sixt, Mr. Kan Yuet Loong, Ms. Au Siu Yin, Amy, Ms. Li Michelle Sarah Si De and Mr. Man Ka Keung, Simon
<b>“LKSGF”</b>	Li Ka Shing (Global) Foundation, a company incorporated in the Cayman Islands limited by guarantee, which is a charitable foundation and a person acting in concert with, and may be regarded as an associate (as defined in Chapter 14A of the Listing Rules) of, Mr. Li Tzar Kuoi, Victor, the Chairman and Managing Director of the Company
<b>“Matters for Approval”</b>	(i) the Proposed Acquisition and the Special Deal (including the Specific Mandate), (ii) the Share Buy-back Offer and (iii) the Whitewash Waiver
<b>“Maximum Number of Shares”</b>	380,000,000 Shares, being the maximum number of Shares to be bought-back pursuant to the Share Buy-back Offer, representing approximately 10.29% of the issued Shares as at the Latest Practicable Date



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## DEFINITIONS

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<b>“Model Code”</b>	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
<b>“Net Assets Attributable to Shareholders”</b>	the audited net assets of the Group attributable to the Shareholders
<b>“Northumbrian Water”</b>	Northumbrian Water Group Limited, a company incorporated in the United Kingdom, in which LKSF has an indirect 20% interest (based on the entitlements to profits and capital attaching to relevant shares of Northumbrian Water) as at the Latest Practicable Date
<b>“Offer Conditions”</b>	the conditions as set out in the section headed “ <i>Part B – The Share Buy-back Proposal – 7. The Offer Conditions</i> ” on pages 41 to 42 of this Circular and Offer Document to which the Share Buy-back Offer is subject
<b>“Offer Period”</b>	has the meaning ascribed to it in the Takeovers Code, which commenced on Thursday, 18 March 2021
<b>“Offer Price”</b>	HK\$51.00 per Share
<b>“Online Platform”</b>	the online platform (by visiting <a href="https://web.lumiagm.com">https://web.lumiagm.com</a> ) through which Shareholders can attend, participate and vote in the EGM
<b>“Overseas Shareholder(s)”</b>	Shareholder(s), whose addresses as shown on the register of members of the Company are outside Hong Kong
<b>“PAH”</b>	Power Assets Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6)
<b>“percentage ratio”</b>	has the meaning ascribed to that term in Chapter 14 of the Listing Rules
<b>“profit contribution”</b>	contribution from the principal activities after depreciation, impairment and absorption of overhead expenses but before interest costs and tax

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## DEFINITIONS

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<b>“Property Valuers”</b>	Cushman & Wakefield Limited, CBRE, Inc., Colliers International Property Advisers UK LLP, Colliers International Valuation UK LLP, BNP Paribas Real Estate Advisory and Property Management Ireland Limited, Jones Lang LaSalle Limited, BNP Paribas Real Estate Consult GmbH, Frontline Appraisal, Inc., Aon Risk Services Australia Limited and Opteon Property Group Pty Ltd, the independent property valuers which carried out a valuation of certain of the Group’s property interests, further details of which are set out in “ <i>Appendix IV – Property Valuation</i> ”
<b>“Proposal”</b>	the Proposed Acquisition and the Share Buy-back Proposal
<b>“Proposed Acquisition” or “Special Deal”</b>	the proposed acquisition by the Company of the Target Holdcos from LKSF in accordance with the terms of the Share Purchase Agreement
<b>“Purchase Price”</b>	HK\$17 billion, being the consideration for the purpose of the proposed acquisition of the Target Holdcos payable by the Company pursuant to the Share Purchase Agreement
<b>“Qualifying Shareholders”</b>	Shareholders, other than the Excluded Shareholders (if any), whose names appear on the Register of Members on the Record Date
<b>“RAV”</b>	regulatory asset value
<b>“RCV”</b>	regulatory capital value
<b>“Record Date”</b>	Thursday, 27 May 2021, or such other date as shall have been announced to the Shareholders, being the record date for the purpose of determining entitlements in respect of the Share Buy-back Offer
<b>“recurrent profit contribution”</b>	profit contribution from all principal activities except property sales
<b>“Register of Members”</b>	the register of members of the Company
<b>“Registered Owner”</b>	any person (including without limitation a nominee, trustee, depositary or any other authorised custodian or third party) whose name is entered in the Register of Members of the Company as a holder of the Shares

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## DEFINITIONS

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<b>“Regulation”</b>	Prevention and Control of Disease (Prohibition on Group Gathering) Regulation, Cap. 599G
<b>“Relevant Period”</b>	the period commencing on 18 September 2020, being the date falling six months prior to 18 March 2021, being the commencement of the Offer Period, and ending on the Latest Practicable Date
<b>“relevant securities”</b>	has the meaning as defined in Note 4 to Rule 22 of the Takeovers Code
<b>“SFC”</b>	the Securities and Futures Commission of Hong Kong
<b>“SFO”</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
<b>“Share Buy-back Offer”</b>	a conditional cash offer by HSBC on behalf of the Company to buy-back Shares at the Offer Price from all Qualifying Shareholders, subject to the Maximum Number of Shares
<b>“Share Buy-back Proposal”</b>	the proposal of the Company to buy-back the Maximum Number of Shares through (i) the Share Buy-back Offer and (ii) possible on market buy-backs to eliminate all or part of the shortfall at a price not exceeding the Offer Price following the completion of the Share Buy-back Offer if valid acceptances under the Share Buy-back Offer received are less than the Maximum Number of Shares
<b>“Share Buy-backs Code”</b>	the Hong Kong Code on Share Buy-backs (as amended and supplemented from time to time)
<b>“Share Purchase Agreement”</b>	the agreement dated 18 March 2021 entered into between the Company and LKSF relating to the sale and purchase of the Target Holdcos
<b>“Shareholder Notification”</b>	the Company’s notification letter to registered Shareholders sent together with this Circular and Offer Document
<b>“Shareholders”</b>	the holders of the Shares
<b>“Shares”</b>	the ordinary shares in the share capital of the Company
<b>“Specific Mandate”</b>	the specific mandate to be sought at the EGM for the approval of the allotment and issue of the Consideration Shares

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## DEFINITIONS

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<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Takeovers Code”</b>	the Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
<b>“Target Companies”</b>	(a) UK Power Networks, (b) Northumbrian Water, (c) Wales & West Utilities and (d) Dutch Enviro Energy, and <b>“Target Company”</b> means any of them
<b>“Target Holdcos”</b>	(a) Eagle Frame Limited, which has an indirect 20% shareholding interest in UK Power Networks;  (b) Mondrem Corporation, which has an indirect 20% interest (based on the entitlements to profits and capital attaching to relevant shares of Northumbrian Water) in Northumbrian Water;  (c) Moonstone Global Investment Limited, which has an indirect 10% shareholding interest in Wales & West Utilities; and  (d) Gerbera Investments Limited, which has a direct 10% shareholding interest in Dutch Enviro Energy
<b>“Target Holdco Group”</b>	Target Holdcos and their subsidiaries
<b>“TDT1”</b>	Li Ka-Shing Unity Trustee Corporation Limited, a company incorporated in the Cayman Islands, which is the trustee of DT1
<b>“TDT2”</b>	Li Ka-Shing Unity Trustcorp Limited, a company incorporated in the Cayman Islands, which is the trustee of DT2
<b>“TDT3”</b>	Li Ka-Shing Castle Trustee Corporation Limited, a company incorporated in the Cayman Islands, which is the trustee of DT3
<b>“TDT4”</b>	Li Ka-Shing Castle Trustcorp Limited, a company incorporated in the Cayman Islands, which is the trustee of DT4
<b>“Title Documents”</b>	the relevant Share certificate(s), transfer receipt(s) and/or other evidence of title with respect to ownership(s) of the Share(s) (and/or any satisfactory indemnity or indemnities required in respect thereof)

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## DEFINITIONS

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<b>“Trust”</b>	DT1, DT2, DT3, DT4, UT1 and UT3, and where the context requires, any of them
<b>“TUT1”</b>	Li Ka-Shing Unity Trustee Company Limited, a company incorporated in the Cayman Islands, which is the trustee of UT1
<b>“TUT1 related companies”</b>	TUT1 and its related companies in which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings
<b>“TUT3”</b>	Li Ka-Shing Castle Trustee Company Limited, a company incorporated in the Cayman Islands, which is the trustee of UT3
<b>“TUT3 related companies”</b>	TUT3 and the related companies in which TUT3 as trustee of UT3 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings
<b>“UK Power Networks”</b>	UK Power Networks Holdings Limited, a company incorporated in the United Kingdom, in which LKSF has an indirect 20% shareholding interest as at the Latest Practicable Date
<b>“Unity Holdco”</b>	Li Ka-Shing Unity Holdings Limited, a company incorporated in the Cayman Islands
<b>“UT1”</b>	The Li Ka-Shing Unity Trust
<b>“UT3”</b>	The Li Ka-Shing Castle Trust
<b>“Wales &amp; West Utilities”</b>	Wales & West Gas Networks (Holdings) Limited, a company incorporated in the United Kingdom, in which LKSF has an indirect 10% shareholding interest as at the Latest Practicable Date

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## DEFINITIONS

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<b>“Whitewash Waiver”</b>	the waiver under Note 1 on Dispensations from Rule 26 of the Takeovers Code of the obligation on the part of LKSF to make a general offer to the Shareholders for all issued Shares and other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company not already owned or agreed to be acquired by the Controlling Shareholder Group as a result of the allotment and issue of the Consideration Shares to LKSF (or a subsidiary of LKSF) and the Share Buy-back Offer which will increase the Controlling Shareholder Group’s collective holding of the voting rights of the Company by more than 2% in any 12 month period
<b>“US” or “United States”</b>	United States of America
<b>“%”</b>	per cent

*All references in this Circular and Offer Document to times and dates are references to Hong Kong times and dates, except as otherwise specified.*

*Unless otherwise stated, the figures in US\$ are converted into HK\$ at the rate of US\$1.00:HK\$7.80, the figures in GBP are converted into HK\$ at the rate of GBP1.00: HK\$10.79 and the figures in EUR are converted into HK\$ at the rate of EUR1.00: HK\$9.24 (being the exchange rates used in the Announcement) for indicative purposes only, and should not be construed as a representation that any amount has been, could have been or may be, exchanged at this or any other rate.*

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## LETTER FROM THE BOARD

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### CK ASSET HOLDINGS LIMITED 長江實業集團有限公司

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 1113)

**Registered Office:** PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands  
**Principal Place of Business:** 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong

#### Board of Directors

##### *Executive Directors*

LI Tzar Kuoi, Victor *Chairman and Managing Director*  
KAM Hing Lam *Deputy Managing Director*  
IP Tak Chuen, Edmond *Deputy Managing Director*  
CHUNG Sun Keung, Davy  
CHIU Kwok Hung, Justin  
CHOW Wai Kam, Raymond  
PAU Yee Wan, Ezra  
WOO Chia Ching, Grace

##### *Independent Non-executive Directors*

CHEONG Ying Chew, Henry  
CHOW Nin Mow, Albert  
HUNG Siu-lin, Katherine  
Colin Stevens RUSSEL  
Donald Jeffrey ROBERTS  
Stephen Edward BRADLEY

#### Company Secretary

Eirene YEUNG

27 April 2021

Dear Shareholder(s),

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION AND  
SPECIAL DEAL RELATING TO THE PROPOSED ACQUISITION OF  
THE TARGET HOLDCOS IN CONSIDERATION FOR THE ISSUE OF  
CONSIDERATION SHARES UNDER A SPECIFIC MANDATE**

**(2) CONDITIONAL CASH OFFER BY HSBC ON BEHALF OF  
THE COMPANY TO BUY-BACK UP TO 380,000,000 SHARES  
AT HK\$51.00 PER SHARE**

**(3) APPLICATION FOR THE WHITEWASH WAIVER**

**AND**

**(4) NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

#### INTRODUCTION

Reference is made to the Announcement dated 18 March 2021 issued by the Company in relation to the Proposal and the announcement of the Company dated 14 April 2021 in relation to the revision of the Maximum Number of Shares to be bought back under the Share Buy-back Offer.

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## LETTER FROM THE BOARD

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As stated in the Announcement, the Proposal comprises (A) the Proposed Acquisition of the Target Holdcos from LKSF in consideration of the issue of the Consideration Shares and (B) the Share Buy-back Proposal (which includes the Share Buy-back Offer).

**The Proposed Acquisition and the Share Buy-back Offer are inter-conditional on each other.**

Subject to the fulfilment or waiver (if applicable) of the Conditions to the Proposal, it is expected that the Proposal will be completed around the end of the first half of 2021.

The purpose of this Circular and Offer Document is to provide you with, among other things:

- (i) further information regarding the Proposal, in particular:
  - (a) the Proposed Acquisition and the issue of the Consideration Shares pursuant to the Specific Mandate;
  - (b) the Share Buy-back Proposal, which includes the Share Buy-back Offer;
  - (c) the Takeovers Code implications of the Proposal and the application for the Whitewash Waiver; and
  - (d) other general information regarding the Proposal;
- (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders;
- (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; and
- (iv) notice of the EGM to consider and, if thought fit, pass the resolutions to approve the Proposal.

### OBJECTIVE OF THE PROPOSAL

The Proposal aims to enhance the Company's investment portfolio of assets that provide stable recurrent cash flow while minimising any dilutive impact on the shareholding interest of the Shareholders. The Proposed Acquisition will allow the Company to acquire a sizeable and high quality portfolio of assets. Although the Purchase Price for the Proposed Acquisition will be settled in full by the issue of the Consideration Shares, when taken together with the effect of the Share Buy-back Offer (assuming acceptances are received for the Maximum Number of Shares), the overall effect of the Proposal would be the deployment of HK\$19.38 billion of cash to acquire cash flow generating assets and to buy-back additional Shares, thereby enhancing returns per Share to the Shareholders.



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## LETTER FROM THE BOARD

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### REASONS FOR, AND BENEFITS OF, THE PROPOSAL

The Proposal provides the opportunity for the Company to expand its investment portfolio and enhance shareholder value and continues its stated investment strategy.

The key reasons for, and the benefits of, the Proposal are as follows:

**1. Rare opportunity to acquire interests in a sizeable and high quality investment portfolio with low execution risk**

The Proposed Acquisition is in line with the Company's stated corporate strategy of actively pursuing quality investment opportunities in and outside of Hong Kong that provide stable recurrent revenue and growth potential in order to improve the quality of the Group's earnings as well as cash flows, and increase its recurrent income.

The Proposed Acquisition represents a rare opportunity for the Company to acquire interests in a sizeable and high quality portfolio of assets comprising the Target Companies. The Proposed Acquisition would involve lower execution risk than would be the case with assets in which the Company had no prior interests since it already holds economic interests in three of the Target Companies (namely, Northumbrian Water, Wales & West Utilities and Dutch Enviro Energy).

The Proposed Acquisition would also allow the Company to further expand its investment portfolio without the need to go through a competitive auction process.

The Company has cash to deploy and has been actively searching for investment opportunities that would increase the proportion of its stable recurrent revenue base. As at 31 December 2020, the Group's bank balances and deposits amounted to approximately HK\$59.5 billion. While the Company would satisfy the Purchase Price for the Proposed Acquisition by issuing the Consideration Shares and thereby leave such excess funds unused, the Share Buy-back Proposal would allow the Group to offset the impact of issuing the Consideration Shares using cash. Assuming the Share Buy-back Proposal is completed in full, the net effect of the Proposal for the Company would effectively be the acquisition of the Target Holdcos for cash.

**2. Increase the contribution of the recurrent income base and enhance the stability of earnings of the Group**

With a view to delivering sustainable shareholder returns, the Group has been actively pursuing attractive investments that provide stable revenue to improve the quality of its earnings and cash flow and increase its recurrent income. The Group has established a diversified investment portfolio with stable recurrent revenue as a result of various quality investments and acquisitions made in recent years across different sectors and geographies.

For the year ended 31 December 2020, the Group's profit contribution from the infrastructure and utility asset operation (as disclosed in the Company's annual report for the year ended 31 December 2020) was HK\$4,488 million. The recurrent profit contribution,

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## LETTER FROM THE BOARD

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which is a non-IFRS financial measure used by the Company's management to evaluate the Group's financial and business performance, was HK\$8,695 million for the year ended 31 December 2020.

The Proposed Acquisition is expected to create an additional stream of stable income for the Group. Of the Target Companies, the assets under three of the Target Companies (namely, UK Power Networks, Northumbrian Water and Wales & West Utilities) are regulated infrastructure assets in the United Kingdom, while the remaining Target Company (namely, Dutch Enviro Energy) owns a long-term contracted cash flow producing business. See the section headed "*Information About the Parties, the Target Holdcos and the Target Companies*" below for selected financial information on the Target Companies.

### **3. Financially accretive transaction**

The effect of the Proposal, if the Share Buy-back Proposal is completed in full, would be to allow the Company to acquire interests in a sizeable and high quality portfolio comprising the Target Holdcos for cash. Although the Purchase Price for the Proposed Acquisition will be settled in full by the issue of the Consideration Shares, when taken together with the effect of the Share Buy-back Offer (assuming acceptances are received for the Maximum Number of Shares), the overall effect of the Proposal would be the deployment of HK\$19.38 billion of cash to acquire cash flow generating assets and buy-back the Maximum Number of Shares.

Based on the Purchase Price for the Target Holdcos under the Proposed Acquisition and the guaranteed Cash Distributions from the Target Companies for the two-year Guarantee Period, the implied cash distribution yield generated from the Target Holdcos would be 5.35%.

Subject to completion of the Proposal, the total amount that the Company will pay in dividends in respect of each of the years ending 31 December 2021 and 2022 will not be less than an amount equal to the sum of (a) the total amount paid by the Company in dividends in respect of the financial year ended 31 December 2020 and (b) the Cash Distributions referred to above in respect of the relevant financial year. The effect of the foregoing is that the total dividends per Share in respect of the financial years ending 31 December 2021 and 2022 will be higher than the total dividends per Share in respect of the financial year ended 31 December 2020 irrespective of the number of Shares bought back pursuant to the Share Buy-back Proposal, assuming that no new Shares are issued other than pursuant to the Proposed Acquisition prior to the record date for the final dividend in respect of the financial year ending 31 December 2022.

For further details on the financial effects of the Proposal, please refer to the section headed "*Part D – General Information – Financial Effects of the Proposal*" below.

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### **4. Liquidity event providing an opportunity for Shareholders to monetise at a premium to the prevailing market price at the time of Announcement**

The Share Buy-back Offer provides an opportunity for Shareholders to realise at least part of their investment in the Company at a premium to the recent historic market prices of the Shares if they so wish. As at the date of the Announcement, the Company's three-month average daily traded volume was 9.4 million Shares and the Share Buy-back Offer will be for up to a maximum of 380,000,000 Shares, therefore representing a liquidity event for Shareholders to monetise with price certainty.

As stated in the Company's announcement dated 14 April 2021, the revised Share Buy-back Proposal to increase the maximum number of Shares to be bought back from 333,333,333 to 380,000,000 was made based on feedback received from Shareholders after the Proposal was announced on 18 March 2021 and with the aim of enlarging the deployment by the Company of excess cash.

Assuming the Share Buy-back Proposal (with the revised Maximum Number of Shares) is completed in full, it would result in a net reduction in the number of issued Shares and thereby greater financial accretion and an enhanced return on capital compared to the original Share Buy-back Proposal, which would be beneficial to all Shareholders.

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## LETTER FROM THE BOARD

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### **PART A – THE PROPOSED ACQUISITION AND THE ISSUE OF THE CONSIDERATION SHARES**

#### **1. INTRODUCTION**

On 18 March 2021 (after trading hours), the Company (as the purchaser) and LKSF (as the seller) entered into the Share Purchase Agreement pursuant to which the Company has agreed to purchase, and LKSF has agreed to sell or procure the sale of, the Target Holdcos for the Purchase Price of HK\$17 billion.

#### **2. THE PROPOSED ACQUISITION**

The principal terms of the Proposed Acquisition are set out below.

##### **(a) Target Holdcos**

The Target Holdcos comprise:

- (a) Eagle Frame Limited, which has an indirect 20% shareholding interest in UK Power Networks;
- (b) Mondrem Corporation, which has an indirect 20% interest (based on the entitlements to profits and capital attaching to relevant shares of Northumbrian Water) in Northumbrian Water;
- (c) Moonstone Global Investment Limited, which has an indirect 10% shareholding interest in Wales & West Utilities; and
- (d) Gerbera Investments Limited, which has a direct 10% shareholding interest in Dutch Enviro Energy.

##### **(b) Purchase Price and Consideration Shares**

The Purchase Price for the Target Holdcos under the Proposed Acquisition payable by the Company is HK\$17 billion, which was determined after negotiation on an arm's length basis with LKSF, with reference to, among other things, the overall financial position and performance of the Target Companies.

The Purchase Price will be satisfied in full by the issue of 333,333,333 Consideration Shares to LKSF (or a subsidiary of LKSF) pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM. The Consideration Shares represent approximately 9.03% of the existing total issued Shares as at the Latest Practicable Date, approximately 9.14% of the total issued Shares as enlarged by the allotment and issue of the Consideration Shares (assuming the Share Buy-back Proposal is completed in full) and approximately 8.28% of the total issued Shares as enlarged by the allotment and issue of the Consideration Shares (assuming no Shares are bought-back pursuant to the Share Buy-back Proposal). An application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

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The Consideration Shares will be issued at the price of HK\$51.00 per Share, which was determined after arm's length negotiation with reference to the prevailing market price of the Shares and which represents:

- (i) a premium of approximately 8.4% to the closing price of HK\$47.05 per Share as quoted on the Stock Exchange on the date of the Share Purchase Agreement;
- (ii) a premium of approximately 9.8% to the average closing price of HK\$46.44 per Share as quoted on the Stock Exchange for the last five consecutive trading days ending on the date of the Share Purchase Agreement;
- (iii) a premium of approximately 10.0% to the average closing price of HK\$46.37 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days ending on the date of the Share Purchase Agreement;
- (iv) a premium of approximately 16.4% to the average closing price of HK\$43.80 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days ending on the date of the Share Purchase Agreement;
- (v) a premium of approximately 21.5% to the average closing price of HK\$41.96 per Share as quoted on the Stock Exchange for the last 60 consecutive trading days ending on the date of the Share Purchase Agreement;
- (vi) a premium of approximately 2.2% to the 52-week high price of HK\$49.90 per Share ending on the date of the Share Purchase Agreement based on the closing price as quoted on the Stock Exchange on 11 May 2020;
- (vii) a premium of approximately 5.2% to the closing price of the Shares of HK\$48.50 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (viii) a discount of 46.9% to the latest Net Assets Attributable to Shareholders per Share as at 31 December 2020, being HK\$96.02 per Share.

The Consideration Shares will be issued as fully paid and will rank *pari passu* in all respects with the Shares in issue.

### **(c) Conditions to Completion**

Completion of the Proposed Acquisition is conditional upon the fulfilment or waiver (if applicable) of the following conditions precedent:

- (i) the Proposed Acquisition and the Specific Mandate for the issue of the Consideration Shares having been approved by more than 50% of the votes cast by the Independent Shareholders at the EGM;
- (ii) the Whitewash Waiver having been approved by at least 75% of the votes cast by the Independent Shareholders at the EGM;

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- (iii) the Whitewash Waiver being granted by the Executive and not having been withdrawn;
- (iv) no regulatory authority under any applicable foreign investment regulation having objected to, or taken any action that would prevent closing in relation to, the increase in the percentage ownership of the Controlling Shareholder Group as a result of the Proposed Acquisition and the Share Buy-back Offer by way of notification in writing on or prior to the date of the EGM, and no mandatory and suspensory foreign investment filing being required under new regulations which are not applicable as at the date of the Announcement but which come into force prior to the date of the EGM; and
- (v) all of the conditions to the Share Buy-back Offer (other than the condition specifying that all of the conditions to the Proposed Acquisition have been satisfied) having been satisfied,

together the “**Acquisition Conditions**”.

The Acquisition Condition under paragraph (iv) above is waivable by the Company. The other Acquisition Conditions may not be waived by the parties to the Share Purchase Agreement. As at the Latest Practicable Date, none of the Acquisition Conditions has been fulfilled or waived (as applicable).

If the Acquisition Conditions are not fulfilled or waived (as applicable) by 31 August 2021 (or such other date as may be agreed in writing between the Company and LKSF), the Share Purchase Agreement shall automatically terminate and the Proposal (including the Share Buy-back Offer) will lapse.

### **(d) Completion**

Completion of the Proposed Acquisition will take place within five business days after all of the Acquisition Conditions are fulfilled or waived (as applicable) (or such other date as may be agreed between the Company and LKSF in writing).

### **(e) Cash Distributions by the Target Companies to the Target Holdco Group**

Under the terms of the Proposed Acquisition, LKSF will ensure that the Target Holdco Group receives cash distributions comprising dividends, interest and other distributions (the “**Cash Distributions**”) of not less than HK\$910 million in aggregate, directly or indirectly, from the Target Companies in respect of each of the years ending 31 December 2021 and 2022 (the “**Guarantee Period**”). If the aggregate amount of the Cash Distributions received by the Target Holdco Group, directly or indirectly, from the Target Companies is less than HK\$910 million in respect of either year of the Guarantee Period, LKSF will pay the shortfall amount to Target Holdco Group.

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The Company will comply with the disclosure requirement under Rule 14A.63(2) if the aggregate amount of the Cash Distributions received by the Target Holdco Group, directly or indirectly, from the Target Companies is less than the guaranteed amount in respect of either year of the Guarantee Period.

**(f) Proposed dividend arrangements of the Company for 2021 and 2022**

Following receipt of the Cash Distributions by the Target Holdco Group, directly or indirectly, from the Target Companies (and/or any shortfall payment received by the Target Holdco Group from LKSF) in respect of the Guarantee Period, the Company intends to distribute such amounts in full by way of dividend to Shareholders whose names appear on the Register of Members of the Company on the record date for determining entitlements to such dividend.

Subject to completion of the Proposal, the total amount that the Company will pay in dividends in respect of each of the years ending 31 December 2021 and 2022 will not be less than an amount equal to the sum of (a) the total amount paid by the Company in dividends in respect of the financial year ended 31 December 2020 and (b) the Cash Distributions referred to above in respect of each of the relevant financial year. The effect of the foregoing is that the total dividends per Share in respect of each of the financial years ending 31 December 2021 and 2022 will be higher than the total dividends per Share in respect of the financial year ended 31 December 2020 irrespective of the number of Shares bought back pursuant to the Share Buy-back Proposal, assuming that no new Shares are issued other than pursuant to the Proposed Acquisition prior to the record date for the final dividend in respect of the financial year ending 31 December 2022.

### **3. INFORMATION ABOUT THE PARTIES, THE TARGET HOLDCOS AND THE TARGET COMPANIES**

**(a) LKSF**

LKSF is a charitable organisation established to nurture a culture of giving and to co-ordinate donations towards educational, healthcare, cultural and community welfare projects. LKSF is a person acting in concert with, and may be regarded as an associate (as defined in Chapter 14A of the Listing Rules) of Mr. Li Tzar Kuoi, Victor, the Chairman and Managing Director of the Company.

As at the Latest Practicable Date, the directors of LKSF are Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, Mr. Li Tzar Kai, Richard, Mr. Chong Hok Shan, Mr. Chong Hok Hei, Charles, Ms. Pau Yee Wan, Ezra, Mr. Chow Kun Chee, Roland, Mr. Lee Yeh Kwong, Charles, Mrs. Lee Pui Ling, Angelina, Ms. Chau Hoi Shuen, Solina, Ms. Eirene Yeung, Mr. George Colin Magnus, Mr. Frank John Sixt, Mr. Kan Yuet Loong, Ms. Au Siu Yin, Amy, Ms. Li Michelle Sarah Si De and Mr. Man Ka Keung, Simon.

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### **(b) Eagle Frame Limited and UK Power Networks**

Eagle Frame Limited is an investment holding company and an indirect non-wholly owned subsidiary of LKSF. As at the Latest Practicable Date, LKSF directly holds 70% of the shareholding interest in Fortune Cone Limited, which in turn indirectly holds 100% of the shareholding interest in Eagle Frame Limited. The remaining 30% of the shareholding interest in Fortune Cone Limited is held by LKSGF.

Eagle Frame Limited holds an indirect 20% shareholding interest in UK Power Networks, which was acquired for an initial acquisition cost of HK\$6,305 million in 2010. UK Power Networks' RAV has increased from GBP4.4 billion as at 31 December 2010 to GBP6.3 billion as at 31 March 2020. Other than the indirect shareholding interest in UK Power Networks, Eagle Frame Limited does not hold any other assets or businesses. See the section headed “(h) Other Information” below for details of the remaining ownership and economic interests in UK Power Networks.

UK Power Networks, a company incorporated in the United Kingdom, is one of the United Kingdom's largest power distributors comprising three regional networks with a distribution area that covers London, the south east and the east of England; and non-regulated business comprising commercial contracts to distribute electricity to a number of privately owned sites.

### **(c) Mondrem Corporation and Northumbrian Water**

Mondrem Corporation is an investment holding company and an indirect wholly-owned subsidiary of LKSF. It holds an indirect 20% interest in Northumbrian Water (based on the entitlements to profits and capital attaching to relevant shares of Northumbrian Water), which was acquired for an initial acquisition cost of HK\$5,527 million in 2011. Northumbrian Water's RCV has increased from GBP3.6 billion as at 31 March 2012 to GBP4.3 billion as at 31 March 2020. See the section headed “(h) Other Information” below for details of the remaining ownership and economic interests in Northumbrian Water.

In addition to the indirect interest in Northumbrian Water, Mondrem Corporation also holds an indirect 20% shareholding interest in Northumbrian Services Limited and UK Water (2011) Limited.

Northumbrian Services Limited, a company incorporated in the United Kingdom, is principally engaged in the business of waste water services. It does not contribute materially to the financial results of Mondrem Corporation.

UK Water (2011) Limited, a company incorporated in the United Kingdom, is currently dormant and does not contribute materially to the financial results of Mondrem Corporation.

Save as disclosed above, Mondrem Corporation does not hold any other assets or businesses.



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## LETTER FROM THE BOARD

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Northumbrian Water, a company incorporated in the United Kingdom, is one of the 10 regulated water and sewerage companies in England and Wales and supplies water and sewerage services in the north east of England and supplies water services to the south east of England.

**(d) Moonstone Global Investment Limited and Wales & West Utilities**

Moonstone Global Investment Limited is an investment holding company and an indirect wholly-owned subsidiary of LKSF. It holds an indirect 10% shareholding interest in Wales & West Utilities, which was acquired for an initial acquisition cost of HK\$815 million in 2012. Wales & West Utilities' RAV has increased from GBP1.8 billion as at 31 March 2013 to GBP2.2 billion as at 31 March 2020. Other than the indirect shareholding interest in Wales & West Utilities, Moonstone Global Investment Limited does not hold any other assets or businesses. See the section headed “(h) Other Information” below for details of the remaining ownership and economic interests in Wales & West Utilities.

Wales & West Utilities, a company incorporated in the United Kingdom, principally operates a gas distribution network that serves Wales and the south west of England.

**(e) Gerbera Investments Limited and Dutch Enviro Energy**

Gerbera Investments Limited is an investment holding company and a direct wholly-owned subsidiary of LKSF. It holds a direct 10% shareholding interest in Dutch Enviro Energy, which was acquired for an initial acquisition cost of HK\$574 million in 2013. Dutch Enviro Energy's EBITDA has increased from EUR114 million for the year ended 31 December 2014 (based on its audited accounts) to EUR134 million for the year ended 31 December 2020 (based on its audited accounts). Other than the direct shareholding interest in Dutch Enviro Energy, Gerbera Investments Limited does not hold any other assets or businesses. See the section headed “(h) Other Information” below for details of the remaining ownership and economic interests in Dutch Enviro Energy.

Dutch Enviro Energy, a company incorporated in the Netherlands, owns the largest energy-from-waste player in the Netherlands, AVR-Afvalwerking B.V., which operates five waste treatment plants in Rozenburg and Duiven as well as four transfer stations.

## LETTER FROM THE BOARD

### (f) Selected financial information on the Target Holdcos

The following table sets out selected audited financial information on the Target Holdcos for the last two financial years:

(HK\$ million)		Profit before (i) taxation; (ii) gain on fair value changes of financial assets; and (iii) exchange gain/(loss) <sup>(2)</sup>		Profit before taxation for the year <sup>(3)</sup>	
Financial year ended 31 December <sup>(1)</sup>	Net assets <sup>(4)</sup>	2019	2020	2019	2020
<b>Eagle Frame Limited</b>	8,022	633	636	845	2,591
<b>Mondrem Corporation</b>	3,776	253	245	509	567
<b>Moonstone Global Investment Limited</b>	1,103	48	48	71	66
<b>Gerbera Investments Limited</b>	978	52	49	77	310
<b>Total</b>	13,879	986	978	1,502	3,534

*Notes:*

- (1) Financial information for each of the Target Holdcos for 2019 and 2020 is based on their respective audited accounts. The Target Holdcos' investments in the Target Companies and loans to the Target Companies are accounted for as financial assets at fair value through profit or loss and financial assets at amortised costs respectively. Dividend income and interest income from the Target Companies are recorded in profit or loss of the Target Holdcos.
- (2) For each Target Holdco, profit before (i) taxation; (ii) gain on fair value changes of financial assets; and (iii) exchange gain/(loss) and profit (i) after taxation; (ii) before gain on fair value changes of financial assets; and (iii) before exchange gain/(loss) are the same, given there were no tax expenses for each of the financial years ended 31 December 2019 and 2020.
- (3) Profit before taxation and profit for the year for each Target Holdco are the same given there were no tax expenses for each of the financial years ended 31 December 2019 and 2020.
- (4) Based on the respective audited financial statements of each of the Target Holdcos for the year ended 31 December 2020, the aggregated audited consolidated net asset value of the Target Holdcos as at 31 December 2020 was HK\$13,879 million. Before the date of Completion, a subsidiary of LKSF will subscribe for new share(s) in Mondrem Corporation for a consideration of HK\$1,948 million, which will be satisfied by way of the capitalisation of intercompany loans owed by Mondrem Corporation to a subsidiary of LKSF. It is expected that the intercompany loan capitalisation will increase the consolidated net asset value of the Target Holdcos by HK\$1,948 million.

### (g) Selected Financial Information on the Target Companies

Set out below is the EBITDA of the Target Companies in the local currency and in HK\$. EBITDA is defined as earnings before interest expenses and other finance costs, tax, depreciation and amortisation. EBITDA is a non-IFRS financial measure.

## LETTER FROM THE BOARD

### EBITDA (local currency)

	<u>Currency and unit</u>	<u>Financial year ended</u>	<u>Based on audited accounts</u>		
			<u>2018</u>	<u>2019</u>	<u>2020</u>
UK Power Networks	GBP million	31 March	1,217	1,204	1,270
Northumbrian Water	GBP million	31 March	486	488	506
Wales & West Utilities	GBP million	31 March	243	265	313
Dutch Enviro Energy	EUR million	31 December	120	130	134

### EBITDA (HK\$)

	<u>Currency and unit</u>	<u>Financial year ended</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
UK Power Networks	HK\$ million	31 March	13,131	12,991	13,703
Northumbrian Water	HK\$ million	31 March	5,244	5,266	5,460
Wales & West Utilities	HK\$ million	31 March	2,622	2,859	3,377
Dutch Enviro Energy	HK\$ million	31 December	1,109	1,201	1,238

Set out below is the regulatory asset value (“**RAV**”)<sup>(1)</sup> or regulatory capital value (“**RCV**”)<sup>(2)</sup> and net debt of the Target Companies in the local currency and in HK\$.

### RAV / RCV and net debt (excluding shareholders’ loan) (local currency)

		<b>RAV / RCV as at 31 March 2020</b>	<b>Net debt (excluding shareholder loan) as at 31 March 2020 or 31 December 2020</b>
	<u>Currency and unit</u>		
UK Power Networks	GBP billion	6.3 <sup>(1)</sup>	4.6 <sup>(3)</sup>
Northumbrian Water	GBP billion	4.3 <sup>(2)</sup>	3.2 <sup>(3)</sup>
Wales & West Utilities	GBP billion	2.2 <sup>(1)</sup>	1.5 <sup>(3)</sup>
Dutch Enviro Energy	EUR billion	n/a	0.3 <sup>(3)</sup>

#### Notes:

- (1) RAV is the value ascribed by the relevant regulator to the capital employed in the company’s regulated business (i.e. the regulated asset base).
- (2) RCV is a measure published by the relevant regulator and is primarily used in setting price limits for the relevant regulated industry in the United Kingdom. One of the elements considered by the relevant regulator when assessing the revenues that a company needs is a return on the capital invested in the business. The value of the capital base of the company for the purposes of setting price limits is the RCV.

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(3) Based on the audited accounts.

### RAV/RCV and net debt (excluding shareholders' loan) (HK\$)

		RAV/RCV as at 31 March 2020	Net debt (excluding shareholder loan) as at 31 March 2020 or 31 December 2020
	Currency and unit		
UK Power Networks	HK\$ billion	68.3	49.4 <sup>(1)</sup>
Northumbrian Water	HK\$ billion	46.6	34.3 <sup>(1)</sup>
Wales & West Utilities	HK\$ billion	23.9	16.0 <sup>(1)</sup>
Dutch Enviro Energy	HK\$ billion	n/a	2.9 <sup>(2)</sup>

*Notes:*

(1) As at 31 March 2020.

(2) As at 31 December 2020.

### (h) Other Information

The Proposed Acquisition will simplify the holding structure of the Target Holdcos by reducing in part the joint holdings in the Target Holdcos with the Company's connected persons.

As at the Latest Practicable Date, the Group has invested in the economic benefits arising from the performance of three of the Target Companies (namely, Dutch Enviro Energy, Northumbrian Water and Wales & West Utilities). Pursuant to the Economic Benefits Agreement dated 31 August 2018 entered into between Henley Riches Limited (a subsidiary of CKHH), CKHH and Team Ace Enterprises Limited (a subsidiary of the Company), the Group will receive 40% of the economic benefits comprising amounts which include dividends and other distributions declared by CKII to CKH and other proceeds or payments (including interest payments) received by CKH from CKII from and including 31 October 2018 arising from the performance of a portfolio of infrastructure assets, including Northumbrian Water, Wales & West Utilities and Dutch Enviro Energy. For further details of the Economic Benefits Agreement, please see the Company's announcement of 31 August 2018.

Upon Completion of the Proposed Acquisition, LKSF and LKSGF will cease to have any interest in the Target Companies, and the minority interests in the Target Companies held by LKSF and LKSGF would be amalgamated with the economic interests in the same assets held by the Group. See the chart below for further details.

## LETTER FROM THE BOARD

### Before Completion of the Proposed Acquisition

	Ownership interests						Economic interest <sup>(3)(4)</sup>					
	Company	LKSF	CKHH <sup>(1)</sup>	CKI <sup>(2)</sup>	PAH	Total	Company	LKSF	CKHH <sup>(1)</sup>	CKI <sup>(2)</sup>	PAH	Total
UK Power Networks	–	20%	–	40%	40%	100%	–	20%	–	40%	40%	100%
Northumbrian Water	–	20% <sup>(5)</sup>	40% <sup>(5)</sup>	40% <sup>(5)</sup>	–	100%	16%	20%	4%	52%	8%	100%
Wales & West Utilities	–	10%	30%	30%	30%	100%	12%	10%	3%	39%	36%	100%
Dutch Enviro Energy	–	10%	35%	35%	20%	100%	14%	10%	4%	46%	27%	100%

### After Completion of the Proposed Acquisition

	Ownership interests					Economic interest <sup>(3)(4)</sup>				
	Company	CKHH <sup>(1)</sup>	CKI <sup>(2)</sup>	PAH	Total	Company	CKHH <sup>(1)</sup>	CKI <sup>(2)</sup>	PAH	Total
UK Power Networks	20%	–	40%	40%	100%	20%	–	40%	40%	100%
Northumbrian Water	20% <sup>(5)</sup>	40% <sup>(5)</sup>	40% <sup>(5)</sup>	–	100%	36%	4%	52%	8%	100%
Wales & West Utilities	10%	30%	30%	30%	100%	22%	3%	39%	36%	100%
Dutch Enviro Energy	10%	35%	35%	20%	100%	24%	4%	46%	27%	100%

*Notes:*

- (1) Excludes ownership interests or economic interests owned by CKI.
- (2) Excludes ownership interests or economic interests owned by PAH.
- (3) For Northumbrian Water, Wales & West Utilities and Dutch Enviro Energy, this represents the split of economic interests arising from the respective economic benefits agreements entered into by the respective subsidiaries of the Company, CKHH, CKI and PAH in August 2018. For further details, please see the Company's announcement dated 31 August 2018.
- (4) UK Power Networks is not subject to the Economic Benefits Agreement.
- (5) Based on the entitlements to profits and capital attributing to relevant shares of Northumbrian Water. For further details, please see the announcement of CKI dated 14 December 2020.

On Completion of the Proposed Acquisition, the Company will, directly or indirectly, supersede LKSF as a party to the following joint venture arrangements with the parties set out below (or their subsidiaries) in respect of each of the Target Companies: (1) joint venture agreement with CKI and PAH in respect of UK Power Networks; (2) joint venture agreement with CKHH and CKI in respect of Northumbrian Water; (3) joint venture agreement with CKHH, CKI and PAH in respect of Wales & West Utilities and (4) joint venture agreement with CKHH, CKI and PAH in respect of Dutch Enviro Energy. No financial contribution is required to be made by the Company, directly or indirectly, upon becoming a party to the joint venture arrangements referred to above.

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## LETTER FROM THE BOARD

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### 4. INFORMATION ON THE GROUP

The Company is a leading multinational corporation and has diverse capabilities with activities encompassing property development and investment, hotel and serviced suite operation, property and project management, aircraft leasing, pub operation and investment in infrastructure and utility asset operation.

### 5. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Proposed Acquisition exceeds 5% but is less than 25%, the Proposed Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Proposed Acquisition is subject to the reporting and announcement requirements, but is exempt from the shareholders' approval requirement, under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, the Controlling Shareholder Group directly and/or indirectly holds an aggregate of approximately 35.99% of the total issued Shares. LKSF is a person acting in concert with, and may be regarded as an associate (as defined in Chapter 14A of the Listing Rules) of, Mr. Li Tzar Kuoi, Victor, the Chairman and Managing Director of the Company, and may therefore be regarded as a connected person of the Company under the Listing Rules.

As the highest applicable percentage ratio in respect of the Proposed Acquisition exceeds 5%, the Proposed Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## PART B – THE SHARE BUY-BACK PROPOSAL

### 1. INTRODUCTION

Pursuant to the Share Buy-back Proposal, the Company proposes to buy-back for cancellation up to the Maximum Number of Shares. The Share Buy-back Proposal will be implemented through (i) the Share Buy-back Offer to all Qualifying Shareholders (so that all Qualifying Shareholders can participate should they wish) and (ii) possible subsequent on-market share buy-backs to eliminate all or part of the shortfall at a price not exceeding the Offer Price following the completion of the Share Buy-back Offer if the number of valid acceptances received under the Share Buy-back Offer is less than the Maximum Number of Shares.

### 2. REVISION OF THE MAXIMUM NUMBER OF SHARES TO BE BOUGHT BACK UNDER THE SHARE BUY-BACK OFFER

On 14 April 2021, the Company announced that the Maximum Number of Shares to be bought back under the Share Buy-back Offer was increased from 333,333,333 to 380,000,000, representing approximately 10.29% of the total issued Shares as at the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### 3. THE SHARE BUY-BACK OFFER

The Share Buy-back Offer is being made by HSBC on behalf of the Company, subject to the Offer Conditions, to buy-back for cancellation up to the Maximum Number of Shares, being 380,000,000 Shares at the price of HK\$51.00 per Share.

The Share Buy-back Offer is being made in full compliance with the Takeovers Code and the Share Buy-back Code. The Shares to be bought-back by the Company will not exceed the Maximum Number of Shares and there is no minimum number of Shares proposed to be bought-back under the Share Buy-back Offer.

The Share Buy-back Offer, if accepted in full, will result in the Company paying HK\$19.38 billion to the Accepting Shareholders. The consideration for the Share Buy-back Offer will be paid in cash and will be funded by cash resources of the Group.

HSBC is satisfied that sufficient financial resources are available to the Company to enable it to satisfy acceptances of the Share Buy-back Offer in full in accordance with the terms of the Share Buy-back Offer stated in this Circular and Offer Document.

### 4. POSSIBLE ON-MARKET SHARE BUY-BACK

If valid acceptances received under the Share Buy-back Offer are less than the Maximum Number of Shares, the Company intends to seek to buy-back all or part of the shortfall through on-market share buy-backs from time to time at a price not exceeding the Offer Price following the completion of the Share Buy-back Offer, utilising the share buy-back mandate from Shareholders to be sought and granted at the Company's 2021 AGM.

Any such possible on-market share buy-backs will also be subject to, among other things, market conditions, the trading liquidity and availability of the Shares to be bought-back on-market, compliance with applicable laws and regulations (including the requirements and restrictions of the Listing Rules applicable to on-market share buy-backs and the provisions of the Takeovers Code), no Shareholder breaching the Creeper Limit, and any other factors which the Directors consider to be relevant in determining whether or not to exercise the power of the Company to make on-market share buy-backs pursuant to the share buy-back general mandate if granted by the Shareholders.

The Company has no intention to buy-back Shares on-market other than the buy-back of the shortfall (if any) between the number of valid acceptances received under the Share Buy-back Offer and the Maximum Number of Shares until the earlier of completion of the buy-back of the shortfall or the expiry of the share buy-back mandate proposed to be sought and granted at the Company's 2021 AGM, after which the Company will assess what is in the best interests of the Company and the Shareholders.

If the subsequent on-market share buy-backs (or any other purchase of Shares) cause the aggregate holding of voting rights of the Company owned or controlled by the Controlling Shareholder Group to increase by more than 2% from the percentage of voting rights held by the Controlling Shareholder Group immediately following Completion of the

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## LETTER FROM THE BOARD

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Proposed Acquisition and the Share Buy-back Offer, the Controlling Shareholder Group would be under an obligation pursuant to Rule 26 of the Takeovers Code to make a mandatory general offer for all the Shares not already owned by the Controlling Shareholder Group.

The Whitewash Waiver (as further described in the section headed “*Part C – Takeovers Code Implications of the Proposal and Application for the Whitewash Waiver – The Whitewash Waiver*” below), if granted by the Executive and approved by the Independent Shareholders at the EGM, would only apply to waive LKSF’s obligation to make a mandatory general offer as a result of the Proposed Acquisition and the Share Buy-back Offer.

Please refer to the “Letter from HSBC” in this Circular and Offer Document for further information.

### 5. THE 2020 FINAL DIVIDEND

As disclosed in the annual results announcement of the Company dated 18 March 2021, the Directors have recommended the payment of a final cash dividend in respect of the year ended 31 December 2020 to Shareholders whose names appear on the Register of Members on the Final Dividend Record Date. Accordingly, Qualifying Shareholders who accept the Share Buy-back Offer and whose names appear on the Register of Members on the Final Dividend Record Date will be entitled to receive in respect of each Share bought-back pursuant to the Share Buy-back Offer (i) the final cash dividend (if approved by Shareholders at the 2021 AGM) and (ii) the Offer Price per Share.

### 6. THE OFFER PRICE

The Offer Price of HK\$51.00 in cash per Share represents:

- (i) a premium of approximately 8.4% to the closing price of the Shares of HK\$47.05 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a premium of approximately 9.8% to the average closing price of the Shares of approximately HK\$46.44 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date;
- (iii) a premium of approximately 10.0% to the average closing price of the Shares of approximately HK\$46.37 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Date;
- (iv) a premium of approximately 16.4% to the average closing price of the Shares of approximately HK\$43.80 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Date;
- (v) a premium of approximately 21.5% to the average closing price of the Shares of approximately HK\$41.96 per Share as quoted on the Stock Exchange for the last 60 consecutive trading days up to and including the Last Trading Date;



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## LETTER FROM THE BOARD

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- (vi) a premium of approximately 2.2% to the 52-week high price of HK\$49.90 per Share ending on the Last Trading Date based on the closing price as quoted on the Stock Exchange on 11 May 2020;
- (vii) a premium of approximately 5.2% to the closing price of the Shares of HK\$48.50 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (viii) a discount of 46.9% to the latest Net Assets Attributable to Shareholders per Share as at 31 December 2020, being HK\$96.02 per Share.

### 7. THE OFFER CONDITIONS

The Share Buy-back Offer is conditional upon fulfilment of all of the following conditions:

- (i) the passing of an ordinary resolution by way of poll to approve the Share Buy-back Offer by the Independent Shareholders, either voting in person or by proxy, at the EGM;
- (ii) not less than 75% of the votes cast on the resolution by Independent Shareholders, either voting in person or by proxy, at the EGM approving the Whitewash Waiver;
- (iii) the Whitewash Waiver being granted by the Executive and not having been withdrawn;
- (iv) (a) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Special Deal is fair and reasonable so far as the Independent Shareholders are concerned; (b) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Special Deal; and (c) the consent under Rule 25 of the Takeovers Code from the Executive in respect of the Special Deal being granted and such consent not having been withdrawn; and
- (v) all of the conditions to the Proposed Acquisition (other than the condition specifying that all of the conditions to the Share Buy-back Offer have been satisfied) having been satisfied or waived (as applicable).

None of the Offer Conditions are waivable. As at the Latest Practicable Date save for the condition in paragraph (iv)(a) above, none of the Offer Conditions had been fulfilled. Accordingly, if any of the Offer Conditions is not fulfilled, the Share Buy-back Offer will not proceed and the Proposal (including the Proposed Acquisition) will lapse.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Company may only invoke the above Offer Conditions as a basis for not proceeding with the Share Buy-back Offer if the circumstances which give rise to a right to invoke such Offer Conditions are of material significance to the Company in the context of the Share Buy-back Offer.

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## LETTER FROM THE BOARD

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### **WARNING:**

**The Share Buy-back Offer is subject to all of the Offer Conditions being fulfilled and therefore may or may not become unconditional. If any of the Offer Conditions is not fulfilled, the Share Buy-back Offer and the Proposed Acquisition will not proceed and will immediately lapse. Shareholders of and/or potential investors in the Company should therefore exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

Qualifying Shareholders are able to tender their Shares for acceptance under the Share Buy-back Offer from and including the date of this Circular and Offer Document. If the Share Buy-back Offer is declared unconditional, Qualifying Shareholders will be able to tender their Shares for acceptance under the Share Buy-back Offer for a period of 14 days thereafter. If the Share Buy-back Offer is not declared unconditional, the Share Buy-back Offer will lapse and any Shares tendered will not be accepted.

### **8. INFORMATION AND FUTURE INTENTIONS OF THE GROUP**

It is the intention of the Company (i) not to rely upon sections 705, 711 to 716 and 718 to 721 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) or any comparable provisions of applicable company law in Cayman Islands; and (ii) to continue to meet the public float requirements of Rule 8.08 of the Listing Rules.

### **PART C – TAKEOVERS CODE IMPLICATIONS OF THE PROPOSAL AND APPLICATION FOR THE WHITEWASH WAIVER**

#### **1. SPECIAL DEAL**

As the Share Purchase Agreement is between the Company (the offeror for the purposes of the Share Buy-Back Offer) and LKSF (being a Shareholder), and is not capable of being extended to all the Shareholders, the Proposed Acquisition constitutes a special deal under Rule 25 of the Takeovers Code and requires the consent of the Executive.

The Company has made an application for consent from the Executive in respect of the Special Deal. Such consent, if granted, will be subject to (i) the Independent Financial Adviser stating that in its opinion the terms of the Proposed Acquisition are fair and reasonable and (ii) the approval of the Proposed Acquisition by the Independent Shareholders by way of poll at the EGM

#### **2. THE WHITEWASH WAIVER**

As at the Latest Practicable Date, the Controlling Shareholder Group directly and/or indirectly holds an aggregate of 1,329,429,800 Shares, representing approximately 35.99% of the total issued Shares. Following the allotment and issue of the Consideration Shares to LKSF (or a subsidiary of LKSF) and assuming the Maximum Number of Shares are bought-back pursuant to the Share Buy-back Offer, the shareholding of the Controlling Shareholder Group in the Company will be increased to 1,662,763,133 Shares in aggregate,

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## LETTER FROM THE BOARD

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representing approximately 45.60% of the total issued Shares as enlarged by the allotment and issue of the Consideration Shares and the Share Buy-back Offer. As the implementation of the Proposed Acquisition and the Share Buy-back Offer will increase the Controlling Shareholder Group's aggregate holding of voting rights of the Company by more than 2%, in the absence of the Whitewash Waiver, LKSF would be under an obligation pursuant to Rule 26 of the Takeovers Code to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by the Controlling Shareholder Group.

The members of the Controlling Shareholder Group have confirmed that they will not accept the Share Buy-back Offer in respect of any of the Shares held by them (directly or indirectly) as at the Latest Practicable Date.

An application has been made to the Executive for the Whitewash Waiver pursuant to Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, (i) the Whitewash Waiver having been approved by at least 75% of the votes cast by the Independent Shareholders at the EGM and (ii) the Proposed Acquisition and the Share Buy-back Offer having been approved by more than 50% of the votes cast by the Independent Shareholders at the EGM.

As at the Latest Practicable Date, the Company does not believe that the Proposal (including the Proposed Acquisition and the Share Buy-back Offer) gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). The Company notes that the Executive may not grant the Whitewash Waiver if the Proposal (including the Proposed Acquisition and the Share Buy-back Offer) does not comply with other applicable rules and regulations (including the Listing Rules).

### **PART D – GENERAL INFORMATION**

#### **1. FINANCIAL EFFECTS OF THE PROPOSAL**

As a result of the Proposal (including the Completion of the Proposed Acquisition): (a) the Target Holdcos will become wholly-owned subsidiaries of the Company; (b) the Company will indirectly hold 20%, 20%, 10% and 10% of the ownership interest in UK Power Networks, Northumbrian Water, Wales & West Utilities and Dutch Enviro Energy, respectively (see the section headed “3(h) Other Information” under “Part A – Proposed Acquisition” above for details of the ownership and economic interests in the Target Companies after Completion of the Proposed Acquisition); and (c) the financial results of the Target Holdcos will be consolidated into those of the Company.

The unaudited pro forma financial information of the Group upon completion of the Proposal, illustrating the financial impact of the Proposal on the earnings per Share, dividends per Share, net assets per Share, liabilities and working capital (expressed as net current assets) of the Group, is set out in Appendix III to this Circular and Offer Document.

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## LETTER FROM THE BOARD

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### **Earnings per Share**

Based on the unaudited pro forma financial information of the Group set out in Appendix III to this Circular and Offer Document and assuming that the Proposed Acquisition and full acceptance of the Share Buy-back Offer were completed on 1 January 2020 and the Maximum Number of Shares had been bought-back, the earnings per Share attributable to Shareholders for the year ended 31 December 2020 would, as a result, have increased by approximately 7.01% from approximately HK\$4.42 per Share to approximately HK\$4.73 per Share.

### **Dividends per Share**

Based on the unaudited pro forma financial information of the Group set out in Appendix III to this Circular and Offer Document and assuming that the Proposed Acquisition and full acceptance of the Share Buy-back Offer were completed on 1 January 2020 and the Maximum Number of Shares had been bought-back, the dividends per Share for the year ended 31 December 2020 would, as a result, have increased by approximately 15% from HK\$1.80 per Share to approximately HK\$2.07 per Share.

### **Net assets per Share**

Based on the unaudited pro forma financial information of the Group set out in Appendix III to this Circular and Offer Document and assuming that the Proposed Acquisition and full acceptance of the Share Buy-back Offer were completed on 31 December 2020 and the Maximum Number of Shares had been bought-back, the Net Assets Attributable to Shareholders per Share as at 31 December 2020 would, as a result, have increased by approximately 0.57% from approximately HK\$96.02 per Share to approximately HK\$96.57 per Share.

### **Liabilities**

The Proposed Acquisition will be satisfied by the issue of the Consideration Shares, and the Share Buy-back Offer will be paid in cash and funded by the cash resources of the Group. Based on the unaudited pro forma financial information of the Group set out in Appendix III to this Circular and Offer Document and assuming that the Proposed Acquisition and full acceptance of the Share Buy-back Offer were completed on 31 December 2020 and the Maximum Number of Shares had been bought-back, the liabilities as at 31 December 2020 would have increased by approximately 0.02% from HK\$153,485 million to HK\$153,519 million following completion of the Share Buy-back Offer.

### **Working capital**

Based on the unaudited pro forma financial information of the Group set out in Appendix III to this Circular and Offer Document and assuming that the Proposed Acquisition and full acceptance of the Share Buy-back Offer were completed on 31

## LETTER FROM THE BOARD

December 2020 and the Maximum Number of Shares had been bought-back, the working capital (expressed as net current assets) as at 31 December 2020 would have decreased by approximately 15.9% from HK\$121,912 million to HK\$102,544 million.

Based on the above and having considered the manner of funding of the consideration for the Proposal, the Company considers that completion of the Proposal will have no material adverse effect on the Group's earnings per Share, dividends per Share, net assets per Share, liabilities or working capital.

## 2. CHANGES IN SHAREHOLDINGS STRUCTURE

The table below shows the Company's existing shareholding structure and the shareholding structure assuming (i) completion of the issue of the Consideration Shares; (ii) no Shares are bought-back pursuant to the Share Buy-back Proposal; and (iii) no Shares other than the Consideration Shares are issued from the Latest Practicable Date up to and including the date of completion of the Proposal:

Name of Shareholder	As at the Latest Practicable Date		Upon completion of the Proposal	
	Number of Shares	%	Number of Shares	%
<b>Controlling Shareholder Group</b>				
Li Ka-Shing Unity Trustee Company Limited ( <i>TUTI</i> ) as trustee of The Li Ka-Shing Unity Trust	1,003,380,744	27.17%	1,003,380,744	24.92%
Li Ka-Shing Castle Trustee Company Limited as trustee of The Li Ka-Shing Castle Trust	72,387,720	1.96%	72,387,720	1.80%
L.F. Investments S.à r.l. <sup>(1)</sup>	84,427,246	2.29%	84,427,246	2.10%
LKSF <sup>(2)</sup>	61,523,000	1.67%	394,856,333	9.81%
Lankford Profits Limited <sup>(3)</sup>	50,425,500	1.37%	50,425,500	1.25%
Grand Duke Enterprises Limited and Rapid Gain Investments Limited <sup>(4)</sup>	407,800	0.01%	407,800	0.01%
Mr. Li Tzar Kuoi, Victor and family (including Ms. Li Michelle Sarah Si De) and controlled companies <sup>(5)</sup>	2,897,550	0.08%	2,897,550	0.07%
Companies jointly controlled by Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor <sup>(6)</sup>	53,905,000	1.46%	53,905,000	1.34%
Mr. Li Tzar Kai, Richard	75,240	0.002%	75,240	0.0019%
<b>Sub-total</b>	<b>1,329,429,800</b>	<b>35.99%</b>	<b>1,662,763,133</b>	<b>41.29%</b>

## LETTER FROM THE BOARD

Name of Shareholder	As at the Latest Practicable Date		Upon completion of the Proposal	
	Number of Shares	%	Number of Shares	%
<b>Executive Directors of the Company (other than Mr. Li Tzar Kuoi, Victor)</b>				
Mr. Kam Hing Lam	108,400	0.0029%	108,400	0.0027%
Mr. Ip Tak Chuen, Edmond	300,000	0.0081%	300,000	0.0075%
<b>Sub-total</b>	<b>408,400</b>	<b>0.01%</b>	<b>408,400</b>	<b>0.01%</b>
<b>LKSF Directors (other than Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, Mr. Li Tzar Kai, Richard and Ms. Li Michelle Sarah Si De)<sup>(7)</sup></b>				
Mr. Chong Hok Shan	1,000	0.000027%	1,000	0.000025%
Ms. Chau Hoi Shuen, Solina	13,589,849	0.37%	13,589,849	0.34%
Mr. Man Ka Keung, Simon	134,395	0.0036%	134,395	0.0033%
Ms. Eirene Yeung	13,654	0.00037%	13,654	0.00034%
Mr. George Colin Magnus	936,000	0.025%	936,000	0.023%
Mr. Frank John Sixt	136,800	0.0037%	136,800	0.0034%
Mr. Chow Kun Chee, Roland	99,752	0.0027%	99,752	0.0025%
Mr. Lee Yeh Kwong, Charles	806,584	0.022%	806,584	0.02%
Ms. Lee Pui Ling, Angelina	283,722	0.0077%	283,722	0.007%
Mr. Kan Yuet Loong	36,840	0.001%	36,840	0.00091%
Ms. Au Siu Yin, Amy	6,996	0.00019%	6,996	0.00017%
<b>Sub-total</b>	<b>16,045,592</b>	<b>0.43%</b>	<b>16,045,592</b>	<b>0.40%</b>

## LETTER FROM THE BOARD

Name of Shareholder	As at the Latest Practicable Date		Upon completion of the Proposal	
	Number of Shares	%	Number of Shares	%
HSBC Group <sup>(8)</sup>	1,987,605	0.05%	1,987,605	0.05%
CK Asset Provident Fund <sup>(9)</sup>	616,000	0.02%	616,000	0.02%
<b>Total for Controlling Shareholder Group, the Executive Directors (other than Mr. Li Tzar Kuoi, Victor), LKSF Directors (other than Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, Mr. Li Tzar Kai, Richard and Ms. Li Michelle Sarah Si De), HSBC Group and CK Asset Provident Fund</b>	<b>1,348,487,397</b>	<b>36.51%</b>	<b>1,681,820,730</b>	<b>41.77%</b>
<b>Independent Shareholders</b>	<b>2,344,913,103</b>	<b>63.49%</b>	<b>2,344,913,103</b>	<b>58.23%</b>
<b>Total</b>	<b>3,693,400,500</b>	<b>100.00%</b>	<b>4,026,733,833</b>	<b>100.00%</b>

*Notes:*

- (1) L.F. Investments S.à r.l. is 99.99% owned by Chinaton Investment Limited, which in turn is 100% owned by Evago Investment Limited. Evago Investment Limited is a 100% owned by Li Ka-Shing Castle Trustee Corporation Limited as trustee of a discretionary trust.
- (2) The shareholding of LKSF upon completion of the issue of the Consideration Shares represents the total number of Consideration Shares to be issued. Under the terms of the Share Purchase Agreement, LKSF may elect to nominate an affiliate to receive a portion of the Consideration Shares.
- (3) Lankford Profits Limited is 100% owned by Li Ka Shing (Global) Foundation.
- (4) Grand Duke Enterprises Limited and Rapid Gain Investments Limited (both wholly-owned subsidiaries of Mayspin Management Limited) holds 251,000 and 156,800 Shares, respectively. Mayspin Management Limited is 100% owned by Mr. Li Ka-Shing.
- (5) Mr. Li Tzar Kuoi, Victor is the beneficial owner of 220,000 Shares.  
  
Dragonfield Limited and Dragon Reign Limited (both 100% owned by Mr. Li Tzar Kuoi, Victor) hold 1,108,186 and 1,164,164 Shares respectively.  
  
Mr. Li Tzar Kuoi, Victor's family collectively hold 405,200 Shares, including 205,200 Shares held by Ms. Li Michelle Sarah Si De, a member of the Controlling Shareholder Group and one of the LKSF Directors.
- (6) Castle Link Holdings Limited and Shine Diamond Investment Limited, which are both indirectly 50% owned by Mr. Li Ka-Shing and indirectly 50% owned by Mr. Li Tzar Kuoi, Victor, hold 33,456,500 Shares and 20,448,500, respectively.
- (7) Comprises interests of the LKSF Directors, together with their close relatives, related trusts and companies controlled by any of the LKSF Directors, their close relatives or related trusts.

## LETTER FROM THE BOARD

- (8) INKA Internationale Kapitalanlagegesellschaft mbH (“**INKA**”) holds 1,982,778 Shares, over which it has voting discretion. Hang Seng Bank (Trustee) Limited (“**HSTE**”) holds 4,827 Shares, over which it has voting and investment discretion. Both INKA and HSTE are members of the HSBC Group (and neither is an exempt principal trader or an exempt fund manager, in each case recognised by the Executive as such for the purposes of the Takeovers Code). Accordingly, INKA and HSTE are presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code and will abstain from voting on the resolutions in respect of Matters for Approval at the EGM.
- (9) CK Asset Provident Fund is a registered scheme with the Mandatory Provident Fund Schemes Authority (**MPFA**) established on 3 June 2015 under the Occupational Retirement Schemes Ordinance. The beneficiaries of the fund are employees of various members of the Group. HSBC Global Asset Management (Hong Kong) Limited and Amundi Hong Kong Limited are the investment managers to the of the fund and they manage the fund on a fully discretionary basis. CK Asset Provident Fund is presumed to be acting in concert with the Company and will abstain from voting on the resolutions in respect of Matters for Approval at the EGM.

The table below shows the Company’s existing shareholding structure and the shareholding structure, assuming (i) completion of the issue of the Consideration Shares; (ii) the Maximum Number of Shares are bought-back pursuant to the Share Buy-back Proposal; and (iii) no Shares other than the Consideration Shares are issued from the Latest Practicable Date up to and including the date of completion of the Proposal:

Name of Shareholder	As at the Latest Practicable Date		Upon completion of the Proposal	
	Number of Shares	%	Number of Shares	%
<b>Controlling Shareholder Group</b>				
Li Ka-Shing Unity Trustee Company Limited ( <b>TUTI</b> ) as trustee of The Li Ka-Shing Unity Trust	1,003,380,744	27.17%	1,003,380,744	27.51%
Li Ka-Shing Castle Trustee Company Limited as trustee of The Li Ka-Shing Castle Trust	72,387,720	1.96%	72,387,720	1.99%
L.F. Investments S.à r.l. <sup>(1)</sup>	84,427,246	2.29%	84,427,246	2.32%
LKSF <sup>(2)</sup>	61,523,000	1.67%	394,856,333	10.83%
Lankford Profits Limited <sup>(3)</sup>	50,425,500	1.37%	50,425,500	1.38%
Grand Duke Enterprises Limited and Rapid Gain Investments Limited <sup>(4)</sup>	407,800	0.01%	407,800	0.01%
Mr. Li Tzar Kuoi, Victor and family (including Ms. Li Michelle Sarah Si De) and controlled companies <sup>(5)</sup>	2,897,550	0.08%	2,897,550	0.08%
Companies jointly controlled by Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor <sup>(6)</sup>	53,905,000	1.46%	53,905,000	1.48%
Mr. Li Tzar Kai, Richard	75,240	0.002%	75,240	0.0021%
<b>Sub-total</b>	<b>1,329,429,800</b>	<b>35.99%</b>	<b>1,662,763,133</b>	<b>45.60%</b>



## LETTER FROM THE BOARD

Name of Shareholder	As at the Latest Practicable Date		Upon completion of the Proposal	
	Number of Shares	%	Number of Shares	%
<b>Executive Directors of the Company (other than Mr. Li Tzar Kuoi, Victor)</b>				
Mr. Kam Hing Lam	108,400	0.0029%	108,400	0.0030%
Mr. Ip Tak Chuen, Edmond	300,000	0.0081%	300,000	0.0082%
<b>Sub-total</b>	<b>408,400</b>	<b>0.01%</b>	<b>408,400</b>	<b>0.01%</b>
<b>LKSF Directors (other than Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, Mr. Li Tzar Kai, Richard and Ms. Li Michelle Sarah Si De)<sup>(7)</sup></b>				
Mr. Chong Hok Shan	1,000	0.000027%	1,000	0.000027%
Ms. Chau Hoi Shuen, Solina	13,589,849	0.37%	13,589,849	0.37%
Mr. Man Ka Keung, Simon	134,395	0.0036%	134,395	0.0037%
Ms. Eirene Yeung	13,654	0.00037%	13,654	0.00037%
Mr. George Colin Magnus	936,000	0.025%	936,000	0.026%
Mr. Frank John Sixt	136,800	0.0037%	136,800	0.0038%
Mr. Chow Kun Chee, Roland	99,752	0.0027%	99,752	0.0027%
Mr. Lee Yeh Kwong, Charles	806,584	0.022%	806,584	0.022%
Ms. Lee Pui Ling, Angelina	283,722	0.0077%	283,722	0.0078%
Mr. Kan Yuet Loong	36,840	0.001%	36,840	0.001%
Ms. Au Siu Yin, Amy	6,996	0.00019%	6,996	0.00019%
<b>Sub-total</b>	<b>16,045,592</b>	<b>0.43%</b>	<b>16,045,592</b>	<b>0.44%</b>
<b>HSBC Group<sup>(8)</sup></b>	<b>1,987,605</b>	<b>0.05%</b>	<b>1,987,605</b>	<b>0.05%</b>
<b>CK Asset Provident Fund<sup>(9)</sup></b>	<b>616,000</b>	<b>0.02%</b>	<b>616,000</b>	<b>0.02%</b>

## LETTER FROM THE BOARD

Name of Shareholder	As at the Latest Practicable Date		Upon completion of the Proposal	
	Number of Shares	%	Number of Shares	%
Total for Controlling Shareholder Group, the Executive Directors (other than Mr. Li Tzar Kuoi, Victor), LKSF Directors (other than Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, Mr. Li Tzar Kai, Richard and Ms. Li Michelle Sarah Si De), HSBC Group and CK Asset Provident Fund	1,348,487,397	36.51%	1,681,820,730	46.12%
Independent Shareholders	2,344,913,103	63.49%	1,964,913,103	53.88%
<b>Total</b>	<b>3,693,400,500</b>	<b>100.00%</b>	<b>3,646,733,833</b>	<b>100.00%</b>

*Notes:*

- (1) L.F. Investments S.à r.l. is 99.99% owned by Chinaton Investment Limited, which in turn is 100% owned by Evago Investment Limited. Evago Investment Limited is a 100% owned by Li Ka-Shing Castle Trustee Corporation Limited as trustee of a discretionary trust.
- (2) The shareholding of LKSF upon completion of the issue of the Consideration Shares represents the total number of Consideration Shares to be issued. Under the terms of the Share Purchase Agreement, LKSF may elect to nominate an affiliate to receive a portion of the Consideration Shares.
- (3) Lankford Profits Limited is 100% owned by Li Ka Shing (Global) Foundation.
- (4) Grand Duke Enterprises Limited and Rapid Gain Investments Limited (both wholly-owned subsidiaries of Mayspin Management Limited) holds 251,000 and 156,800 Shares, respectively. Mayspin Management Limited is 100% owned by Mr. Li Ka-Shing.
- (5) Mr. Li Tzar Kuoi, Victor is the beneficial owner of 220,000 Shares.  
  
Dragonfield Limited and Dragon Reign Limited (both 100% owned by Mr. Li Tzar Kuoi, Victor) hold 1,108,186 and 1,164,164 Shares respectively.  
  
Mr. Li Tzar Kuoi, Victor's family collectively hold 405,200 Shares, including 205,200 Shares held by Ms. Li Michelle Sarah Si De, a member of the Controlling Shareholder Group and one of the LKSF Directors.
- (6) Castle Link Holdings Limited and Shine Diamond Investment Limited, which are both indirectly 50% owned by Mr. Li Ka-Shing and indirectly 50% owned by Mr. Li Tzar Kuoi, Victor, hold 33,456,500 Shares and 20,448,500, respectively.
- (7) Comprises interests of the LKSF Directors, together with their close relatives, related trusts and companies controlled by any of the LKSF Directors, their close relatives or related trusts.
- (8) INKA Internationale Kapitalanlagegesellschaft mbH ("INKA") holds 1,982,778 Shares, over which it has voting discretion. Hang Seng Bank (Trustee) Limited ("HSTE") holds 4,827 Shares, over which it has voting and investment discretion. Both INKA and HSTE are members of the HSBC Group (and neither is an exempt principal trader or an exempt fund manager, in each case recognised by the Executive as such for the purposes of the Takeovers Code). Accordingly, INKA and HSTE are

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## LETTER FROM THE BOARD

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presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code and will abstain from voting on the resolutions in respect of Matters for Approval at the EGM.

- (9) CK Asset Provident Fund is a registered scheme with the Mandatory Provident Fund Schemes Authority (*MPFA*) established on 3 June 2015 under the Occupational Retirement Schemes Ordinance. The beneficiaries of the fund are employees of various members of the Group. HSBC Global Asset Management (Hong Kong) Limited and Amundi Hong Kong Limited are the investment managers to the of the fund and they manage the fund on a fully discretionary basis. CK Asset Provident Fund is presumed to be acting in concert with the Company and will abstain from voting on the resolutions in respect of Matters for Approval at the EGM.

The Controlling Shareholder Group, the Executive Directors (other than Mr. Li Tzar Kuoi, Victor) and LKSF Directors have confirmed that they will not accept the Share Buy-back Offer in respect of any of the Shares held by them (directly or indirectly) as at the Latest Practicable Date.

### 3. WAIVER IN RELATION TO RULE A.3(a)(i) OF THE MODEL CODE

Rule A.3(a)(i) of the Model Code provides that a director must not deal in any securities of the listed issuer on any day on which its annual results are published and during the period of 60 days immediately preceding the publication date of its annual results. As Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF, pursuant to Rule A.3(a)(i) of the Model Code, the entering into of the Share Purchase Agreement and the proposed issue of the Consideration Shares to LKSF (or its subsidiary) thereunder could technically be construed as a “dealing” by Mr. Li Tzar Kuoi, Victor in the Consideration Shares.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance by Mr. Li Tzar Kuoi, Victor with Rule A.3(a)(i) of the Model Code so that the parties can enter into the Share Purchase Agreement and the announcement of the Proposal can be published on the same day as, and shortly after, the publication by the Company of its 2020 annual results announcement (the “**Signing Arrangement**”). The reasons for seeking the waiver were as follows: (i) in view of the price sensitive nature of the Proposal and to ensure transparency and prompt, timely disclosure of inside information, the Signing Arrangement was in the best interests of the Company and Shareholders as a whole and potential investors as it allowed them sufficient time to consider the Company’s 2020 annual results as well as the Proposal before the commencement of dealings in the Shares on the following trading day, (ii) the Company did not reasonably expect the Company’s 2020 annual results would be out of line with market expectations and therefore, the Company’s 2020 annual results were not materially price sensitive, (iii) the Proposed Acquisition (including the issue of the Consideration Shares) is subject to the approval of the Independent Shareholders at the EGM, (iv) the price at which the Consideration Shares will be issued to LKSF (or a subsidiary of LKSF) was determined after arm’s length negotiation with reference to the prevailing market price of the Shares and without reference to the Company’s 2020 annual results and (v) LKSF is a charitable organisation and Mr. Li Tzar Kuoi, Victor is not a beneficiary of LKSF or any of its subsidiaries which may hold any of the Consideration Shares.

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## LETTER FROM THE BOARD

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### 4. GENERAL

#### **Restriction on on-market share buy-backs**

The Company will not conduct any on-market share buy-backs from the date of the Announcement up to and including the date the Share Buy-back Offer closes, lapses or is withdrawn, as the case may be.

#### **Hong Kong Stamp Duty**

Sellers' ad valorem stamp duty arising in connection with acceptance of the Share Buy-back Offer will be payable by each Shareholder at the current rate of HK\$1.00 for every HK\$1,000 or part thereof of the consideration payable by the Company for such person's Shares and will be deducted from the cash amount due to such Accepting Shareholder. The Company will pay the buyer's ad valorem stamp duty on its own behalf and, subject to such deduction aforesaid, will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the Shares which are sold under the Share Buy-back Offer.

### 5. EGM

The EGM is to be held on Thursday, 13 May 2021 for the Independent Shareholders to consider and, if thought fit, approve the Matters for Approval.

As the Controlling Shareholder Group is presumed to be acting in concert with LKSF, its members will abstain from voting on the resolutions in respect of Matters for Approval at the EGM.

As Mr. Ip Tak Chuen, Edmond and Mr. Kam Hing Lam, being Executive Directors who hold interests in Shares, are presumed to be acting in concert with the Company, they will abstain from voting on the resolutions in respect of the Matters for Approval at the EGM.

As CK Asset Provident Fund is presumed to be acting in concert with the Company, it will abstain from voting on the resolutions in respect of the Matters for Approval at the EGM.

As the LKSF Directors are presumed to be acting in concert with LKSF, the LKSF Directors will abstain from voting on the resolutions in respect of the Matters for Approval at the EGM.

HSBC is the financial adviser to the Company in respect of the Share Buy-back Offer. Accordingly, HSBC and relevant members of the HSBC Group (including INKA and HSTE) will abstain from voting on the resolutions in respect of the Matters for Approval at the EGM, other than for any member of the HSBC Group which is: (1) a Registered Owner of Shares which are held on behalf of Beneficial Owners of such Shares who are investment clients where such Beneficial Owners (A) control the voting rights attached to such Shares, (B) give instructions as to how such Shares are to be voted and (C) are not otherwise involved in, or interested in, the Proposed Acquisition, the Share Buy-back Offer, the

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## LETTER FROM THE BOARD

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Whitewash Waiver, the Special Deal or the Specific Mandate, (2) an exempt fund manager as regards Shares held in that capacity; or (3) an exempt principal trader who holds the Shares as a simple custodian for and on behalf of non-discretionary clients, where such non-discretionary clients (A) control the voting rights attached to such Shares, and (B) give instructions as to how such Shares are to be voted. For this purpose, a written confirmation of the matters set out in points (A) and (B) above and whether the relevant underlying clients are entitled to vote in the context of the Proposal shall be submitted to the Executive prior to the EGM.

Save as disclosed above, as at the Latest Practicable Date, no other Shareholder had any material interest in the Matters for Approval, and no other Shareholder was required to abstain from voting at the EGM on the resolutions in respect of the Matters for Approval.

The notice convening the forthcoming EGM to be held at 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 13 May 2021 at 4:30 p.m. (or as soon thereafter as the AGM to be held at 3:30 p.m. on the same day shall have concluded or adjourned or, if there is (i) a tropical cyclone warning signal no. 8 or above; or (ii) a black rainstorm warning signal; or (iii) extreme condition caused by super typhoon in force in Hong Kong at 9:00 a.m. on Thursday, 13 May 2021, at the same time and place on Tuesday, 18 May 2021) is set out on pages N-1 to N-4 of this circular.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. The Chairman of the forthcoming EGM will therefore put each of the resolutions to be proposed at the EGM to be voted by way of a poll pursuant to Article 81 of the Articles of Association. If there are any procedural or administrative matters to be dealt with at the EGM, any resolution relating to such matters will also be taken by poll.

A proxy form for use at the EGM is enclosed with this Circular and Offer Document. The proxy form can also be downloaded from the websites of the Company at [www.ckah.com](http://www.ckah.com) and Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk). Whether Shareholders are able to attend the EGM physically or online, they are encouraged to appoint the Chairman of the EGM as their proxy by completing, signing and returning the proxy form in accordance with the instructions printed thereon to the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong or depositing the completed and signed proxy form at the Company's principal place of business in Hong Kong at 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong as soon as possible and in any event no less than 48 hours before the time appointed for the holding of the EGM (or any adjournment or postponement thereof). **Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the EGM (or at any adjournment or postponement thereof) should they subsequently so wish and, in such event, the proxy shall be deemed to be revoked.** Shareholders can also attend the EGM and vote by means of electronic facilities. See the section headed "Guidance for the Extraordinary General Meeting" in this Circular and Offer Document.

The Independent Board Committee, comprising all the independent non-executive Directors who have no interest in the Proposal other than as Shareholders, has been formed to advise the Independent Shareholders in respect of the Proposal. Anglo Chinese Corporate

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## LETTER FROM THE BOARD

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Finance, Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Proposal is fair and reasonable so far as the Independent Shareholders are concerned, whether they are in the interests of the Company and the Shareholders as a whole, and as to acceptance and voting.

**Independent Shareholders should note that their decisions on how to vote on the resolutions in respect of the Matters for Approval at the EGM should not affect their decisions on whether to accept the Share Buy-back Offer or not. Even if they vote in favour of or against the resolutions in respect of the Matters for Approval at the EGM, they are free nonetheless to accept or not accept the Share Buy-back Offer.**

### 6. RECOMMENDATION OF THE BOARD

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 67 to 68 of this Circular and Offer Document, containing its recommendation to the Independent Shareholders in respect of the Proposal (including the Special Deal and the Whitewash Waiver); and (ii) the letter from the Independent Financial Adviser set out on pages 69 to 144 of this Circular and Offer Document, containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Proposal (including the Special Deal and the Whitewash Waiver).

Having regard to the reasons for, and benefits of, the Proposal (including the Proposed Acquisition) as set out above, the Directors (other than the members of the Independent Board Committees, whose view is set out in the letter from the Independence Board Committee contained in this Circular and Offer Document) believe that:

- (a) the terms of the Share Purchase Agreement (including the Proposed Acquisition and the Special Deal contemplated thereunder) and the Specific Mandate are fair and reasonable and in the interests of the Shareholders as a whole;
- (b) the terms of the Share Buy-back Proposal (including the Share Buy-back Offer) are fair and reasonable and in the interests of the Shareholders as a whole; and
- (c) the Whitewash Waiver is fair and reasonable and in the interests of the Shareholders as a whole.

As LKSF is a person acting in concert with, and may be regarded as an associate (as defined under Chapter 14A of the Listing Rules) of, Mr. Li Tzar Kuoi, Victor, the Chairman and Managing Director of the Company, Mr. Li has a material interest in the Proposal and has therefore abstained from voting on the board resolutions of the Company for approving the Proposal (including the Proposed Acquisition and the Share Buy-back Offer).

As Ms. Pau Yee Wan, Ezra is a Director and a LKSF Director, Ms. Pau has a material interest in the Proposal and has therefore abstained from voting on the board resolutions of the Company for approving the Proposal (including the Proposed Acquisition and the Share Buy-back Offer).

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## LETTER FROM THE BOARD

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Save as disclosed above, none of the Directors had a material interest in the Share Purchase Agreement (including the Proposed Acquisition contemplated thereunder) and the Specific Mandate and no Director has abstained from voting on the relevant resolutions of the Board.

### 7. FURTHER INFORMATION

Your attention is also drawn to (i) the terms of the Share Buy-back Offer as set out in the letter from HSBC and in Appendix I to this Circular and Offer Document; (ii) the financial information of the Group as set out in Appendix II to this Circular and Offer Document; (iii) the unaudited pro forma financial information of the Group as set out in Appendix III to this Circular and Offer Document; (iv) the property valuation reports or summary reports as set out in Appendix IV to this Circular and Offer Document; and (v) the general information as set out in Appendix V to this Circular and Offer Document.

Yours faithfully,

For and on behalf of the Board of  
**CK ASSET HOLDINGS LIMITED**

**Victor T K Li**  
*Chairman and Managing Director*

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## LETTER FROM HSBC

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Global Banking and Markets  
Level 24  
1 Queen's Road Central  
Hong Kong

27 April 2021

*To the Shareholders*

Dear Sir or Madam,

**(1) CONDITIONAL CASH OFFER BY HSBC ON BEHALF OF THE  
COMPANY TO BUY-BACK UP TO 380,000,000 SHARES  
AT HK\$51.00 PER SHARE  
AND  
(2) APPLICATION FOR THE WHITEWASH WAIVER**

### **1. INTRODUCTION**

On 18 March 2021, the Board announced that the Share Buy-back Offer will be made by HSBC on behalf of the Company, subject to the Offer Conditions, to buy-back for cancellation up to the Maximum Number of Shares at the price of HK\$51.00 per Share. On 14 April 2021, the Board announced that the Maximum Number of Shares to be bought back under the Share Buy-back Offer was increased from 333,333,333 to 380,000,000, representing approximately 10.29% of the existing total issued Shares as at the Latest Practicable Date. The Shares to be bought-back by the Company will not exceed the Maximum Number of Shares and there is no minimum number of Shares proposed to be bought-back under the Share Buy-back Offer.

The Qualifying Shareholders may accept the Share Buy-back Offer by lodging the Form of Acceptance for the sale of their Shares to the Company at the Offer Price of HK\$51.00 per Share.

This letter sets out details of the terms of the Share Buy-back Offer. Further details of the terms and conditions of the Share Buy-back Offer are set out in Appendix I to this Circular and Offer Document and the accompanying Form of Acceptance.

Your attention is drawn to the "Letter from the Board" set out on pages 23 to 55 of this Circular and Offer Document. You are also strongly advised to read the "Letter from the Independent Board Committee" set out on pages 67 to 68 of this Circular and Offer Document which contains its recommendation to the Independent Shareholders in respect of the Proposal, and the "Letter from the Independent Financial Adviser" set out on pages 69 to 144 of this Circular and Offer Document containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Proposal.



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## LETTER FROM HSBC

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### 2. THE SHARE BUY-BACK OFFER

The Share Buy-back Offer is being made by HSBC on behalf of the Company, subject to fulfilment of the Offer Conditions and on the terms set out below to buy-back up to the Maximum Number of Shares, being 380,000,000 Shares:

For every Share .....HK\$51.00 in cash

All Qualifying Shareholders are entitled to accept the Share Buy-back Offer by submitting a Form of Acceptance for the sale of any number of the Shares held by them, to the Company on the basis set out under the section headed “Other Terms of the Share Buy-back Offer” below.

The salient terms of the Share Buy-back Offer are as follows:

- (i) HSBC is making the Share Buy-back Offer to the Qualifying Shareholders on behalf of the Company to buy-back up to the Maximum Number of Shares at the Offer Price;
- (ii) Qualifying Shareholders are able to accept the Share Buy-back Offer in respect of any number of Shares held by them at the Offer Price up to their entire shareholding (subject to the procedures for scale down described under the section headed “Other Terms of the Share Buy-back Offer” below);
- (iii) the Share Buy-back Offer is not conditional upon a minimum number of Shares being tendered for buy-back;
- (iv) a Form of Acceptance duly received by or on behalf of the Company will become irrevocable and will not be capable of being withdrawn after the Share Buy-back Offer has been declared unconditional unless in accordance with Rule 19.2 of the Takeovers Code;
- (v) Shares will be bought-back for cash, free of commission, levies and dealing charges, save that the amount of stamp duty due on the Shares repurchased attributable to the seller will be deducted from the amount payable to the Accepting Shareholders and will be paid by the Company on behalf of the Accepting Shareholders;
- (vi) Shares repurchased will be cancelled and will not be entitled to any dividend declared for any record date set subsequent to the date of their cancellation. For the avoidance of doubt, the Final Dividend Record Date (in relation to the final cash dividend in respect of the year ended 31 December 2020) is set before the date of cancellation of the repurchased Shares; and
- (vii) Shares will be repurchased free from all encumbrances. Accordingly, the submission of a Form of Acceptance by an Accepting Shareholder will be deemed to constitute a warranty by that Accepting Shareholder to HSBC and the Company that the Shares are being sold free from all encumbrances.

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## LETTER FROM HSBC

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Under the Share Buy-backs Code, the Share Buy-back Offer will need to be approved by the Independent Shareholders in a general meeting by a majority of votes by way of poll and will also be subject to other Offer Conditions as referred to in the section headed “Offer Conditions” below.

If the Share Buy-back Offer is declared unconditional, Qualifying Shareholders will be able to tender their Shares for acceptance under the Share Buy-back Offer for a period of 14 days thereafter.

### 3. THE OFFER PRICE

The Offer Price of HK\$51.00 in cash per Share represents:

- (i) a premium of approximately 8.4% to the closing price of the Shares of HK\$47.05 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a premium of approximately 9.8% to the average closing price of the Shares of approximately HK\$46.44 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date;
- (iii) a premium of approximately 10.0% to the average closing price of the Shares of approximately HK\$46.37 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Date;
- (iv) a premium of approximately 16.4% to the average closing price of the Shares of approximately HK\$43.80 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Date;
- (v) a premium of approximately 21.5% to the average closing price of the Shares of approximately HK\$41.96 per Share as quoted on the Stock Exchange for the last 60 consecutive trading days up to and including the Last Trading Date;
- (vi) a premium of approximately 2.2% to the 52-week high price of HK\$49.90 per Share ending on the Last Trading Date based on the closing price as quoted on the Stock Exchange on 11 May 2020;
- (vii) a premium of approximately 5.2% to the closing price of the Shares of HK\$48.50 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (viii) a discount of 46.9% to the latest Net Assets Attributable to Shareholders per Share as at 31 December 2020, being HK\$96.02 per Share.

The Offer Price was determined after taking into account, among other things, the historical prices of the Shares traded on the Stock Exchange, historical financial information of the Company, and the prevailing market conditions and sentiments, and with reference to share buy-back transactions in Hong Kong in recent years.

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## LETTER FROM HSBC

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### 4. THE OFFER CONDITIONS

The Share Buy-back Offer is conditional upon fulfilment of all of the following conditions:

- (i) the passing of an ordinary resolution by way of poll to approve the Share Buy-back Offer by the Independent Shareholders, either voting in person or by proxy, at the EGM;
- (ii) not less than 75% of the votes cast on the resolution by Independent Shareholders, either voting in person or by proxy, at the EGM approving the Whitewash Waiver;
- (iii) the Whitewash Waiver being granted by the Executive and not having been withdrawn;
- (iv) (a) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Special Deal is fair and reasonable so far as the Independent Shareholders are concerned; (b) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Special Deal; and (c) the consent under Rule 25 of the Takeovers Code from the Executive in respect of the Special Deal being granted and such consent not having been withdrawn; and
- (v) all of the conditions to the Proposed Acquisition (other than the condition specifying that all of the conditions to the Share Buy-back Offer have been satisfied) having been satisfied or waived (as applicable).

None of the Offer Conditions are waivable. Save for the condition in paragraph (iv)(a) above, as at the Latest Practicable Date, none of the Offer Conditions had been fulfilled. Accordingly, if any of the other Offer Conditions is not fulfilled, the Share Buy-back Offer will not proceed and the Proposal (including the Proposed Acquisition) will lapse.

### **WARNING:**

**The Share Buy-back Offer is subject to all of the Offer Conditions being fulfilled and therefore may or may not become unconditional. If any of the Offer Conditions is not fulfilled, the Share Buy-back Offer will not proceed and will immediately lapse. Shareholders and/or potential investors of the Company should therefore exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

Qualifying Shareholders are able to tender their Shares for acceptance under the Share Buy-back Offer from and including the date of this Circular and Offer Document. If the Share Buy-back Offer is declared unconditional, Qualifying Shareholders will be able to

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## LETTER FROM HSBC

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tender their Shares for acceptance under the Share Buy-back Offer for a period of 14 days thereafter. If the Share Buy-back Offer is not declared unconditional, the Share Buy-back Offer will lapse and any Shares tendered will not be accepted.

### 5. OTHER TERMS OF THE SHARE BUY-BACK OFFER

Qualifying Shareholders may accept the Share Buy-back Offer in respect of some or all of their shareholding. If valid acceptances are received for the Maximum Number of Shares or less, all Shares for which the Share Buy-back Offer was validly accepted will be bought-back. If valid acceptances received exceed the Maximum Number of Shares, the total number of Shares to be bought-back by the Company from each Accepting Shareholder will be determined in accordance with the following formula, save that the Company may, in its absolute discretion, round such figure down to the nearest whole number with the intention of avoiding (as far as practicable) Shares being held by Accepting Shareholders in fractional entitlements of a Share:

$$\frac{A}{B} \times C$$

- A** = 380,000,000 Shares, being the Maximum Number of Shares
- B** = Total number of Shares for which valid acceptances are received from all Accepting Shareholders under the Share Buy-back Offer
- C** = Total number of Shares for which valid acceptances are received from the relevant individual Accepting Shareholder under the Share Buy-back Offer

As a result, it is possible that not all of the Shares as regards which the Share Buy-back Offer is validly accepted by an Accepting Shareholder will ultimately be bought-back. The total number of Shares which will be bought-back by the Company will not exceed the Maximum Number of Shares. The decision of the Company as to any scaling down of acceptances in accordance with the above formula and as to the treatment of fractions will be conclusive and binding on all Shareholders.

### 6. OVERSEAS SHAREHOLDERS

The making and implementation of the Share Buy-back Offer to Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdiction in which such Shareholders are located. Such Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of any Overseas Shareholders wishing to take any action in relation to the Share Buy-back Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or to the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due from such Overseas Shareholders in such jurisdiction as a result of their acceptances. Any acceptance of the Share Buy-back Offer by any Overseas Shareholder shall be deemed to constitute a representation and warranty from such Overseas Shareholder to the Company and HSBC that all applicable local laws and requirements have been observed and complied with.

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## LETTER FROM HSBC

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According to the Register of Members, as at the Latest Practicable Date, the Company had Overseas Shareholders with registered addresses located in Australia, Austria, Bermuda, Canada, France, Guyana, Indonesia, Ireland, Japan, Kenya, Macau, Malaysia, Myanmar, New Zealand, Nigeria, Panama, the Philippines, Portugal, Singapore, Sri Lanka, Sweden, Switzerland, Tahiti, Taiwan, Thailand, the PRC, the Republic of Korea, the United Kingdom and the United States of America.

The Company has obtained advice from legal advisers in these jurisdictions, and it has been advised that under the applicable legislations and regulations of these jurisdictions, there is no regulatory restriction of any regulatory body or stock exchange with respect to extending the Share Buy-back Offer to these Overseas Shareholders in the relevant jurisdictions on the terms of the Share Buy-back Offer. Accordingly, the Share Buy-back Offer will be extended to the Overseas Shareholders and there are therefore no Excluded Shareholders.

Overseas Shareholders should refer to “*Appendix I – Terms of the Share Buy-back Offer – 8. Overseas Shareholders*” for further details of the requirements applicable to the jurisdictions where they are located or resident.

**It is the responsibility of any Overseas Shareholders wishing to take any action in relation to the Share Buy-back Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or to the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due from such Overseas Shareholders in such jurisdiction as a result of their acceptances. Any acceptance of the Share Buy-back Offer by any Overseas Shareholder shall be deemed to constitute a representation and warranty from such Overseas Shareholder to the Company and HSBC that all applicable local laws and requirements have been observed and complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty. Shareholders should consult their professional advisers if in doubt.**

### **7. OVERSEAS SHAREHOLDERS LOCATED IN THE UNITED STATES**

The Share Buy-back Offer will be subject to Hong Kong disclosure and procedural requirements, which are different from those of the United States of America. The Share Buy-back Offer will be made in the United States of America in compliance with Section 14(e) of the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and the applicable rules and regulations promulgated thereunder, including Regulation 14E (subject to any exemptions or relief therefrom, if applicable) and otherwise in accordance with the requirements of Hong Kong law and the Takeover Code. Accordingly, the Share Buy-back Offer will be subject to disclosure and other procedural requirements, including with respect to the Share Buy-back Offer timetable, settlement procedures, withdrawal, waiver of conditions and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and laws.

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## LETTER FROM HSBC

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To the extent permissible under applicable laws and regulations, including Rule 14e-5 under the Exchange Act, and in accordance with normal Hong Kong practice, HSBC and some of its affiliates may continue to act as exempt principal traders and exempt fund managers in the Shares and any securities that are immediately convertible into, exchangeable for or exercisable for Shares. These purchases or arrangements to purchase may occur either in the open market at prevailing prices or in private transactions at negotiated prices provided that any such purchases or arrangements comply with applicable law and the Takeover Code and are made outside of the United States. Any information about such purchases will be reported to the SFC and, to the extent required to be made publicly available under the Takeovers Code, will be available on the website of the SFC at <http://www.sfc.hk>.

The receipt of cash pursuant to the Share Buy-back Offer by a U.S. Shareholder of Shares may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of Shares is urged to consult his or her independent professional adviser regarding the tax consequences of accepting the Share Buy-back Offer.

Neither the U.S. Securities and Exchange Commission nor any securities commission of any state of the United States has (a) approved or disapproved the Share Buy-back Offer, (b) passed upon the merits or fairness of the Share Buy-back Offer, or (c) passed upon the adequacy or accuracy of the disclosure in this Circular and Offer Document. Any representation to the contrary is a criminal offense.

### **8. CONFIRMATION OF FINANCIAL RESOURCES**

The Share Buy-back Offer, if accepted in full, will result in the Company paying HK\$19.38 billion to the Accepting Shareholders. The consideration for the Share Buy-back Offer will be paid in cash and will be funded by cash resources of the Group.

HSBC is satisfied that sufficient financial resources are available to the Company to enable it to satisfy acceptances of the Share Buy-back Offer in full in accordance with the terms of the Share Buy-back Offer stated in this Circular and Offer Document.

### **9. PROCEDURES FOR ACCEPTANCE**

To accept the Share Buy-back Offer, Qualifying Shareholders should complete and sign the Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Share Buy-back Offer. The instructions in this Circular and Offer Document should be read together with the instructions on the Form of Acceptance (which instructions form part of the terms and conditions of the Share Buy-back Offer).

In order to be valid, the completed Form of Acceptance should be forwarded, together with the Title Documents for not less than the number of Shares in respect of which the relevant Qualifying Shareholder wishes to accept the Share Buy-back Offer, by post or by hand to the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, in an envelope marked "CK Asset Holdings Limited – Share Buy-back Offer" as soon

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## LETTER FROM HSBC

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as possible after receipt of the Form of Acceptance but in any event so as to reach the Hong Kong Share Registrar by no later than the Latest Acceptance Time, i.e. 4:00 p.m. (Hong Kong time) on Thursday, 27 May 2021, or such later time and/or date as the Company may, subject to the Takeovers Code, decide and announce.

Unless the Share Buy-back Offer is extended or revised in accordance with the Takeovers Code, no Form of Acceptance received after the Latest Acceptance Time will be accepted.

If the Form of Acceptance is executed by a person other than the Registered Owner, appropriate evidence of authority (e.g. a grant of probate or certified copy of a power of attorney) must be delivered to the Hong Kong Share Registrar with the completed Form of Acceptance.

No acknowledgement of receipt of any Form of Acceptance or Title Documents will be given.

Only one Form of Acceptance may be accepted from each Qualifying Shareholder by the Hong Kong Share Registrar. Forms of Acceptance which have been duly completed and received by the Hong Kong Share Registrar will become irrevocable and cannot be withdrawn after the Share Buy-back Offer has become or been declared unconditional unless in accordance with Rule 19.2 of the Takeovers Code.

### **10. ODD LOTS**

The Shares are currently traded in board lots of 500 Shares each. The Company has no intention to change the board lot size as a result of the Share Buy-back Offer. Shareholders should note that acceptance of the Share Buy-back Offer may result in their holding of odd lots of Shares. No matching services will be provided.

### **11. NOMINEE REGISTRATION OF SHARES**

To ensure equality of treatment of Shareholders, those registered holders of the Shares who hold Shares as nominees for more than one Beneficial Owner should, as far as practicable, treat the holding of each Beneficial Owner separately. In order for Beneficial Owners of the Shares, whose investments are registered in nominee names (including those whose interests in Shares are held through the Central Clearing and Settlement System established and operated by the HKSCC), to accept the Share Buy-back Offer, it is essential that they provide instructions to their nominee agents of their intentions with regard to the Share Buy-back Offer.

### **12. WHITEWASH WAIVER**

As at the Latest Practicable Date, the Controlling Shareholder Group directly and/or indirectly holds an aggregate of 1,329,429,800 Shares, representing approximately 35.99% of the total issued Shares. Following the allotment and issue of the Consideration Shares to LKSF and assuming the Maximum Number of Shares are bought-back pursuant to the Share Buy-back Offer, the shareholding of the Controlling Shareholder Group in the Company will



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## LETTER FROM HSBC

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be increased to 1,662,763,133 Shares in aggregate, representing approximately 45.60% of the total issued Shares as enlarged by the allotment and issue of the Consideration Shares and the Share Buy-back Offer. As the implementation of the Proposal will increase the Controlling Shareholder Group's aggregate holding of voting rights of the Company by more than 2%, in the absence of the Whitewash Waiver, LKSF would be under an obligation pursuant to Rule 26 of the Takeovers Code to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by the Controlling Shareholder Group.

The members of the Controlling Shareholder Group have confirmed that they will not accept the Share Buy-back Offer in respect of any of the Shares held by them (directly or indirectly) as at the Latest Practicable Date.

An application has been made to the Executive for the Whitewash Waiver pursuant to Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, (i) the Whitewash Waiver having been approved by at least 75% of the votes cast by the Independent Shareholders at the EGM and (ii) each of the Proposed Acquisition and the Share Buy-back Offer having been approved by more than 50% of the votes cast by the Independent Shareholders at the EGM.

As at the Latest Practicable Date, the Company does not believe that the Proposal (including the Proposed Acquisition and the Share Buy-back Offer) gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). The Company notes that the Executive may not grant the Whitewash Waiver if the Proposal (including the Proposed Acquisition and the Share Buy-back Offer) does not comply with other applicable rules and regulations (including the Listing Rules).

**If the Share Buy-back Offer or the Whitewash Waiver is not approved by the Independent Shareholders by way of poll at the EGM, or if the latter is not granted by the Executive, the Proposal (including the Share Buy-back Offer) will immediately lapse.**

### 13. RESPONSIBILITY FOR DOCUMENTS

All communications, notices, Forms of Acceptance, the Title Documents and remittances to be delivered or sent by, or from any Shareholder will be delivered or sent by, to and from them, or their designated agents, at their risk and none of the Company, HSBC, the Hong Kong Share Registrar or any of their respective directors or any other persons involved in the Share Buy-back Offer accepts any liability for any loss or any other liabilities whatsoever which may rise as a result.

### 14. SETTLEMENT

Subject to the Share Buy-back Offer becoming unconditional and provided that a duly completed Form of Acceptance, accompanied by the relevant Title Documents are received by the Hong Kong Share Registrar by not later than the Latest Acceptance Time and are or are deemed to be in order, the Hong Kong Share Registrar will inform the relevant Accepting Shareholder by ordinary post of the buy-back of its/his/her Shares. At the same



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## LETTER FROM HSBC

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time, the Hong Kong Share Registrar will send, by ordinary post at that Accepting Shareholder's risk, a remittance for such total amount as is due to that Accepting Shareholder under the Share Buy-back Offer, subject to deduction pursuant to paragraph 5(e) in the section headed "Terms and Conditions of the Share Buy-back Offer" in "Appendix I – Terms of the Share Buy-back Offer" to this Circular and Offer Document, as soon as possible, but in any event within 7 Business Days following the close of the Share Buy-back Offer.

If the Shares of an Accepting Shareholder in respect of which the Share Buy-back Offer has been accepted are not bought-back by the Company in full, the Title Documents in respect of the balance of such Shares or a replacement certificate therefor will be returned or sent to it/him/her by ordinary post at its/his/her own risk, as soon as possible, but in any event within 7 Business Days following the close of the Share Buy-back Offer.

If the Share Buy-back Offer does not become unconditional, the Title Documents will be returned and/ or sent to each Accepting Shareholder (by ordinary post, at that Accepting Shareholder's own risk) within 10 days of the lapse of the Share Buy-back Offer. Where any Accepting Shareholder has sent one or more transfer receipt(s) and in the meantime one or more Share certificate(s) has/have been collected on that Shareholder's behalf in respect thereof, that Accepting Shareholder will be sent (by ordinary post, at that Accepting Shareholder's own risk) such Share certificate(s) in lieu of the transfer receipt(s).

### 15. TAXATION

Qualifying Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Share Buy-back Offer. It is emphasised that none of the Company, its ultimate beneficial owners and parties acting in concert with any of them, HSBC, the Independent Financial Adviser, the Hong Kong Share Registrar or any of their respective directors or any persons involved in the Share Buy-back Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of acceptance of the Share Buy-back Offer by the Qualifying Shareholders.

### 16. EGM

A notice convening the forthcoming EGM to be held at 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong at 4:30 p.m. on Thursday, 13 May 2021 (or as soon thereafter as the AGM to be held at 3:30 p.m. on the same day shall have concluded or adjourned or, if there is (i) a tropical cyclone warning signal no. 8 or above; or (ii) a black rainstorm warning signal; or (iii) extreme condition caused by super typhoon in force in Hong Kong at 9:00 a.m. on Thursday, 13 May 2021, at the same time and place on Tuesday, 18 May 2021) for the purpose of considering and, if thought fit, approving, among other things, the resolutions in respect of the Share Buy-back Offer and the Whitewash Waiver respectively, is set out on pages N-1 to N-4 of this Circular and Offer Document and a proxy form for use at the EGM is also enclosed.

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## LETTER FROM HSBC

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### 17. GENERAL

Shareholders are strongly advised to consider carefully the information in (i) the “Letter from the Board” (as set out on pages 23 to 55 of this Circular and Offer Document); (ii) the recommendation of the Independent Board Committee in respect of the Proposal (including the Share Buy-back Offer and the Whitewash Waiver) included in the “Letter from the Independent Board Committee” (as set out on pages 67 to 68 of this Circular and Offer Document); and (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Proposal (including the Share Buy-back Offer and the Whitewash Waiver) included in the “Letter from the Independent Financial Adviser” (as set out on pages 69 to 144 of this Circular and Offer Document), and to consult their professional advisers as they see fit.

Further details on the terms and conditions of the Share Buy-back Offer including, amongst other things, procedures for acceptance and settlement, acceptance period and taxation matters, are set out in Appendix I to this Circular and Offer Document and in the Form of Acceptance.

Your attention is also drawn to the information set out in the appendices to this Circular and Offer Document, which form part of this Circular and Offer Document.

**It should be noted that dealings in the Shares will continue during the period when the Conditions remain unfulfilled. Those Shareholders selling their Shares and persons purchasing Shares during such period will accordingly bear the risk that the Share Buy-back Offer may not become unconditional. If any Shareholder or other person contemplating selling or purchasing any Shares during this period is in any doubt about his/her/its position, it is recommended that he/she/it should consult his/her/its professional advisers.**

Yours faithfully,

For and on behalf of

**The Hongkong and Shanghai Banking Corporation Limited**

**Stephen J. Clark**

*Managing Director, Advisory*

*Global Banking, Asia-Pacific*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of a letter from the Independent Board Committee to the Independent Shareholders in respect of the Proposal (including the Proposed Acquisition, the Share Buy-back Offer and the Whitewash Waiver) for inclusion in this Circular and Offer Document.*



**CK ASSET HOLDINGS LIMITED**  
**長江實業集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1113)**

27 April 2021

*To the Independent Shareholders*

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION AND  
SPECIAL DEAL RELATING TO THE PROPOSED ACQUISITION OF  
THE TARGET HOLDCOS IN CONSIDERATION FOR THE ISSUE OF  
CONSIDERATION SHARES UNDER A SPECIFIC MANDATE**

**(2) CONDITIONAL CASH OFFER BY HSBC ON BEHALF OF  
THE COMPANY TO BUY-BACK UP TO 380,000,000 SHARES  
AT HK\$51.00 PER SHARE**

**AND**

**(3) APPLICATION FOR THE WHITEWASH WAIVER**

We have been appointed by the Board to form the Independent Board Committee to advise you in respect of the Proposal (including the Proposed Acquisition, the Share Buy-back Offer and the Whitewash Waiver), details of which are set out in the letter from the Board in the circular and offer document issued by the Company dated 27 April 2021 (the “**Circular and Offer Document**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular and Offer Document unless the context requires otherwise.

Your attention is drawn to the “Letter from HSBC” set out on pages 56 to 66 of the Circular and Offer Document and Appendix I to this Circular and Offer Document which contain the terms of the Share Buy-back Offer, and the “Letter from the Independent Financial Adviser” set out on pages 69 to 144 of the Circular and Offer Document which contains its advice and recommendation to us in respect of the Proposal as well as the principal factors and reasons for its advice and recommendation.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having taken into account the factors and reasons considered by, and the opinion of, the Independent Financial Adviser as stated in the aforementioned letter of advice, we are of the opinion that:

- (i) the entering into of the Share Purchase Agreement (including the Proposed Acquisition contemplated thereunder) is in the ordinary and usual course of business of the Group, the terms of Share Purchase Agreement (including the Proposed Acquisition contemplated thereunder) and the Specific Mandate are fair and reasonable so far as the Independent Shareholders are concerned and on normal commercial terms, and the Proposed Acquisition and the Specific Mandate are in the interests of the Company and the Shareholders as a whole;
- (ii) the terms of the Share Buy-back Offer are fair and reasonable so far as the Independent Shareholders are concerned and that the Share Buy-back Offer is in the interests of the Company and the Shareholders as a whole; and
- (iii) the terms of the Whitewash Waiver and the Special Deal are fair and reasonable so far as the Independent Shareholders are concerned and that the Whitewash Waiver and the Special Deal are in the interests of the Company and the Shareholders as a whole.

We therefore recommend the Independent Shareholders to vote in favour of the resolutions to approve the Matters for Approval at the EGM.

We also concur with the advice of the Independent Financial Adviser to the Qualifying Shareholders to accept the Share Buy-back Offer. However, the Qualifying Shareholders are reminded to monitor the market price of the Shares during the Offer Period. If during the Offer Period, it transpires that the market price of the Shares exceeds the Offer Price and the sale proceeds (net of the transaction costs) exceed the net proceeds to be received under the Share Buy-back Offer, the Qualifying Shareholders who wish to realise their investments in the Company in whole or in part should, if they are able to do so, seek to sell their Shares in the market instead of accepting the Share Buy-back Offer. On the other hand, for those Qualifying Shareholders who, after considering the information contained in the Circular and the Offer Document, would like to participate in the future prospects of the Group following completion of the Share Buy-back Offer, they should consider retaining all or part of their Shares.

Yours faithfully,  
**Mr. CHEONG Ying Chew, Henry**  
**Mr. CHOW Nin Mow, Albert**  
**Ms. HUNG Siu-lin, Katherine**  
**Mr. Colin Stevens RUSSEL**  
**Mr. Donald Jeffrey ROBERTS**  
**Mr. Stephen Edward BRADLEY**  
*Independent Board Committee*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**ANGLO CHINESE**

CORPORATE FINANCE, LIMITED

www.anglochinesegroup.com

財務顧問有限公司  
英高

*The Independent Board Committee and  
the Independent Shareholders of  
CK Asset Holdings Limited*

27th April, 2021

Dear Sirs,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION AND  
SPECIAL DEAL RELATING TO THE PROPOSED ACQUISITION OF  
THE TARGET HOLDCOS  
IN CONSIDERATION FOR THE ISSUE OF CONSIDERATION SHARES  
UNDER A SPECIFIC MANDATE;  
(2) CONDITIONAL CASH OFFER BY HSBC ON BEHALF OF  
THE COMPANY TO BUY-BACK UP TO 380,000,000 SHARES  
AT HK\$51.00 PER SHARE; AND  
(3) APPLICATION FOR THE WHITEWASH WAIVER**

### **I. INTRODUCTION**

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Proposal (including the Proposed Acquisition, the Share Buy-back Offer and the Whitewash Waiver). The terms used in this letter shall have the same meaning as defined in the Circular and Offer Document, of which this letter forms part, unless the context requires otherwise.

As at the Latest Practicable Date, the Controlling Shareholder Group directly and, or indirectly holds an aggregate of approximately 35.99% of the total issued Shares. LKSF is a person acting in concert with, and may be regarded as an associate of, Mr. Li Tzar Kuoi, Victor, the Chairman and Managing Director of the Company, and may therefore be regarded as a connected person of the Company under the Listing Rules.

As the highest applicable percentage ratio in respect of the Proposed Acquisition exceeds 5% but is less than 25%, such transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, while the highest applicable percentage ratio in respect of the Proposed Acquisition exceeds 5%, such acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Accordingly, the Proposed Acquisition is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Pursuant to the Listing Rules and the Takeovers Code, the Independent Board Committee comprising all the independent non-executive Directors, who have no interest in the Proposal other than as Shareholders, has been formed to advise to the Independent Shareholders on whether or not the Proposal (including the Proposed Acquisition, the Share Buy-back Offer and the Whitewash Waiver), and the transactions contemplated thereunder is fair and reasonable, and as to voting in connection the Proposal (including the Proposed Acquisition, the Share Buy-back Offer and the Whitewash Waiver). We have been appointed to advise the Independent Board Committee and the Independent Shareholders accordingly.

In formulating our opinion and recommendations, we have reviewed, amongst other things, (i) published information on the Group, including their audited annual financial statements for the three financial years, the last of which ended on 31st December, 2020; (ii) the information in the Announcement, the announcement of the Company dated 14th April, 2021 in relation to the revision of the Maximum Number of Shares to be bought back under the Share Buy-back Offer, and the Circular and Offer Document; (iii) the corresponding financial statements of the Target Companies; (iv) the valuation reports prepared by the Property Valuers; (v) the precedent utility assets related transactions in Europe; and (vi) the past performance of the Shares. We consider the information we have reviewed is sufficient to reach the conclusions set out in this letter and have no reason to doubt the truth, accuracy or completeness of the information provided to us by the Company, and have been advised by the Directors that, to the best of their knowledge, no material information has been omitted or withheld from the information supplied to us or the information relating to the Company referred to in the Circular and Offer Document. We have relied on the accuracy of the information, facts and representations and the opinions expressed by the Company referred to in the Circular and Offer Document. We have relied on the information so provided to us and referred to in the Announcement, the announcement of the Company dated 14th April, 2021, and the Circular and Offer Document, and we have not verified it or conducted an independent investigation into the business and affairs of the Group, or any of their respective subsidiaries or associates.

Apart from normal professional fees for our services to the Company in connection with the engagement described above, no arrangement exists whereby we will receive any fees or benefits from the Company, its subsidiaries, directors, chief executive, substantial shareholders or any associates of any of them. As at the Latest Practicable Date, we did not have any relationship with, or interest in, the Company or any other parties that could reasonably be regarded as relevant to our independence. In the two years prior to the Latest Practicable Date, we have not previously acted as the independent financial adviser to the Company's other transactions. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### II. THE PROPOSAL

#### (i) Background

On 18th March, 2021 (after trading hours), the Board announced the Proposal, which comprised (a) the Proposed Acquisition of the Target Holdcos from LKSF in consideration of the issue of the Consideration Shares; and (b) the original share buy-back proposal (including the original share buy-back offer) which was revised and announced by the Company on 14th April, 2021 (the Share Buy-back Proposal).

#### *Part A – The Proposed Acquisition*

On 18th March, 2021 (after trading hours), the Company (as the purchaser) and LKSF (as the seller) entered into the Share Purchase Agreement pursuant to which the Company agreed to purchase, and LKSF has agreed to sell or procure the sale of, the Target Holdcos for the Purchase Price of HK\$17 billion. Such Purchase Price will be satisfied in full by the issue of 333,333,333 Consideration Shares to LKSF (or a subsidiary of LKSF) pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM.

Completion of the Proposed Acquisition is conditional upon, among other things, the Proposed Acquisition, the Specific Mandate, the Share Buy-back Offer and the Whitewash Waiver being approved by the Independent Shareholders at the EGM. Please refer to the section headed “(vi) Principal terms of the Proposed Acquisition” below for the details of the conditions.

#### *Part B – The Share Buy-back Proposal*

The Board announced the original share buy-back proposal, pursuant to which the Company proposed to buy-back for cancellation up to 333,333,333 Shares (the “**Original Maximum Number of Shares**”), which is the same as the number of Consideration Shares to be issued by the Company for the Proposed Acquisition. On 14th April, 2021, the Board further announced that the maximum number of Shares to be bought back under the Share Buy-back Offer will be increased from 333,333,333 Shares to the Maximum Number of Shares of 380,000,000 Shares, representing approximately 10.29% of the total issued Shares as at the Latest Practicable Date. Such increase was made based on feedback received from Shareholders after the Proposal was announced and with the aim of enlarging the expenditure by the Company of excess cash.

The Share Buy-back Proposal will be implemented through (i) the Share Buy-back Offer to all Qualifying Shareholders (so that all Qualifying Shareholders can participate should they wish); and (ii) possible subsequent on-market share buy-backs to eliminate all or part of the shortfall at a price not exceeding the Offer Price following the completion of the Share Buy-back Offer if the number of valid acceptances received under the Share Buy-back Offer is less than the Maximum Number of Shares.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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– *The Share Buy-back Offer*

Pursuant to the Share Buy-back Offer, the offer will be made by HSBC on behalf of the Company, subject to the Offer Conditions, to buy-back for cancellation up to the Maximum Number of Shares, being 380,000,000 Shares (representing approximately 10.29% of the total issued Shares as at the Latest Practicable Date), which is the sum of (i) the number of Consideration Shares to be issued pursuant to the Proposed Acquisition, being 333,333,333 Shares; and (ii) an additional 46,666,667 Shares at the price of HK\$51.00 per Share, from the Qualifying Shareholders.

The Share Buy-back Offer is conditional upon, among other things, the Share Buy-back Offer, the Proposed Acquisition, and the Whitewash Waiver being approved by the Independent Shareholders at the EGM. The Share Buy-back Offer, if accepted in full, will result in the Company paying HK\$19.38 billion to the Accepting Shareholders.

**The Proposed Acquisition and the Share Buy-back Offer are inter-conditional on each other.**

Please refer to the section headed “(vii) Principal terms of the Share Buy-back Offer” below for the details of the Share Buy-back Offer.

– *Possible on-market share buy-back*

If valid acceptances received under the Share Buy-back Offer are less than the Maximum Number of Shares, the Company intends to seek to buy-back all or part of the shortfall through on-market share buy-backs from time to time at a price not exceeding the Offer Price following the completion of the Share Buy-back Offer, utilising the share buy-back mandate from Shareholders to be sought and granted at the Company’s 2021 AGM.

Subject to the fulfilment or waiver (as applicable) of the conditions to the Proposal, it is expected that the Proposal will be completed around the end of the first half of 2021.

**(ii) Information of LKSF**

LKSF is a charitable organisation established to nurture a culture of giving and to co-ordinate donations towards educational, healthcare, cultural and community welfare projects. LKSF is a person acting in concert with, and may be regarded as an associate of, Mr. Li Tzar Kuoi, Victor, the Chairman and Managing Director of the Company.

**(iii) Information of the Group**

The Company is a leading multinational corporation and has diverse capabilities with activities encompassing (i) property businesses including property development and investment, hotel and serviced suite operation, as well as property and project management; (ii) investment in infrastructure and utility asset operations; (iii) pub operation; and (iv) aircraft leasing. The Company mainly operates its business in Hong Kong, the Mainland, the United Kingdom and Singapore.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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– *Property businesses*

Development of residential and commercial properties in Hong Kong and the Mainland is the core of the Group's property businesses. The majority of the Group's development land bank is in Hong Kong and the Mainland. The Group's investment properties and hotel and serviced suite properties are mostly located in Hong Kong. In addition, the Group also provides property management and related services (including its share of joint ventures) to properties developed by the Group.

As at 31st December, 2020, the Group had 32.5%, 26.9% and 18.1% of equity interests in Hui Xian Real Estate Investment Trust (stock code: 87001), Fortune Real Estate Investment Trust (stock code: 778) and Prosperity Real Estate Investment Trust (stock code: 808), respectively.

– *Investment in infrastructure and utility asset operation*

The Group has interests in three joint ventures, namely CK William UK Holdings Limited (a company incorporated in the United Kingdom for investment in the DUET Group), CKP (Canada) Holdings Limited (a company incorporated in Canada for investment in the Reliance Group) and Sarvana S.à r.l. (a company incorporated in Luxembourg for investment in the ista Group), which operate overseas infrastructure and utility businesses. In addition, the Group has also invested in the economic benefits arising from the performance of the following infrastructure and utility assets businesses as at 31st December, 2020:

<u>Company</u>	<u>Principal activity</u>	<u>Interest in economic benefit</u>
Park'N Fly	An off-airport car park provider in Canada	20%
UK Rails	A rolling stock operating company in the United Kingdom	20%
Northumbrian Water	A regulated water and sewerage company in England and Wales	16%
Wales & West Gas Networks	A gas distributor that serves Wales and the South West of England	12%
Dutch Enviro Energy	An energy-from-waste company in the Netherlands	14%
Australian Gas Networks	A distributor of natural gas in Australia	11%

*Source:* 2020 annual report of the Company

Pursuant to the Economic Benefits Agreement dated 31st August, 2018 entered into between Henley Riches Limited (a subsidiary of CKHH), CKHH and Team Ace Enterprises Limited (a subsidiary of the Company), the Group will receive 40% of the economic benefits comprising amounts which include dividends and other distributions declared by CKII to CKH and other proceeds or payments (including interest payments) received by CKH from CKII from and including 31st October, 2018 arising from the performance of a

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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portfolio of infrastructure assets, including Northumbrian Water, Wales & West Utilities and Dutch Enviro Energy. Please refer to the Company's announcement dated 31st August, 2018 for the details of the Economic Benefits Agreement.

Upon Completion of the Proposed Acquisition, LKSF and LKSGF will cease to have any interest in the Target Companies, and the minority interests in the Target Companies held by LKSF and LKSGF will be amalgamated with the economic interests in the same assets held by the Group. Please refer to the sub-section headed "(v) Corporate and shareholding structures" for the details of the corporate and shareholding structures before and after Completion of the Proposed Acquisition.

– *Pub operation and aircraft leasing*

In October, 2019, the Group successfully completed the acquisition of Greene King plc ("**Greene King**"), which is an integrated brewer and pub retailer operating about 2,700 pubs, restaurants and hotels across England, Wales and Scotland.

As at 31st December, 2020, the Group (including interest in joint ventures) owned 120 narrow body aircraft and 5 wide body aircraft with an average age of 6.8 years and an average remaining lease term of 4.5 years, and had commitments of HK\$9.6 billion for acquisition of 20 aircraft.

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### *Business and financial performance*

Set out below is the breakdown of the Group's principal sources of revenue and profits for the past three financial years, the last of which ended on 31st December, 2020.

**Table 1 – Financial performance of the Group for the past three financial years**

	<b>For the year ended 31st December,</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>
<i>(HK\$ million)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Group revenue	50,368	82,382	59,825
Share of revenue from joint ventures	14,113	13,937	14,327
<b>Total</b>	<b>64,481</b>	<b>96,319</b>	<b>74,152</b>
<b>Group revenue including share of revenue from joint ventures</b>			
Property sales	34,767	64,108	38,670
Property rental	7,635	7,450	6,751
Hotel and serviced suite operation	5,152	4,185	2,055
Property and project management	884	868	836
Infrastructure and utility asset operation	13,094	12,905	13,490
Pub operation	–	3,611	9,530
Aircraft leasing	2,949	3,192	2,820
<b>Total</b>	<b>64,481</b>	<b>96,319</b>	<b>74,152</b>
<b>Profit attributable to the Shareholders</b>	<b>40,117</b>	<b>29,134</b>	<b>16,332</b>
<b>Earnings per share (HK\$)</b>	<b>10.85</b>	<b>7.89</b>	<b>4.42</b>

*Sources:* Annual reports of the Company for the relevant years

(a) For the financial year ended 31st December, 2020 compared to 2019

For the year ended 31st December, 2020, the Group's revenue (including share of joint ventures) amounted to approximately HK\$74,152 million, representing a year-on-year decrease of approximately 23% from the year ended 31st December, 2019. The decrease in revenue was mainly due to the reduction in revenue from properties sales. The reported earnings for the year ended 31st December, 2020 were HK\$16,332 million, a decrease of approximately 44% as compared to 2019, which was mainly due to the ongoing adverse impact of the COVID-19 pandemic on the Group's businesses.

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(b) For the financial year ended 31st December, 2019 compared to 2018

For the year ended 31st December, 2019, the Group's revenue (including share of joint ventures) amounted to approximately HK\$96,319 million, representing a year-on-year increase of 49% from the year ended 31st December, 2018. Such increase in revenue was mainly attributable to the increase in revenue from property sales. In addition, Greene King contributed a total revenue of HK\$3,611 million after the Group's acquisition in October, 2019. The reported earnings for the year ended 31st December, 2019 were HK\$29,134 million, a decrease of 27% as compared to 2018, mainly due to a substantial gain on disposal of an investment property, The Center, in 2018's results.

### *Financial position*

Set out below is a summary of the financial position of the Group as at 31st December 2018, 2019 and 2020:

**Table 2 – Financial position of the Group for the past three financial years**

	As at 31st December,		
	2018	2019	2020
(HK\$ million)	(audited)	(audited)	(audited)
Non-current assets	255,020	317,542	327,968
Current assets	220,925	190,515	192,735
<b>Total assets</b>	<b>475,945</b>	<b>508,057</b>	<b>520,703</b>
Non-current liabilities	80,470	97,067	82,662
Current liabilities	54,447	49,758	70,823
<b>Total liabilities</b>	<b>134,917</b>	<b>146,825</b>	<b>153,485</b>
<b>Shareholders' funds</b>	<b>323,520</b>	<b>344,253</b>	<b>354,639</b>
<b>Shareholders' funds per share (HK\$)</b>	<b>87.59</b>	<b>93.21</b>	<b>96.02</b>
<b>Net debt to net total capital</b>	<b>3.6%</b>	<b>5.2%</b>	<b>4.8%</b>

Sources: Annual reports of the Company for the relevant years

The Group's assets comprised mainly properties for sale, investment properties, fixed assets and joint ventures, which in aggregate represented more than 78% of total assets as at 31st December, 2020. Bank and other loans of HK\$77,893 million as at 31st December, 2020 represented approximately 51% of the Group's total liabilities. Shareholders' funds per Share have been growing in the past three years, while the net debt to net total capital ratio has been stable.

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### (iv) Information of the Target Holdcos and Target Companies

#### *Eagle Frame Limited and UK Power Networks*

Eagle Frame Limited is an investment holding company and an indirect non-wholly owned subsidiary of LKSF. As at the Latest Practicable Date, LKSF directly holds 70% of the shareholding interest in Fortune Cone Limited, which in turn indirectly holds 100% of the shareholding interest in Eagle Frame Limited. The remaining 30% of the shareholding interest in Fortune Cone Limited is held by LKSGF.

Eagle Frame Limited holds an indirect 20% shareholding interest in UK Power Networks, which was acquired for an initial acquisition cost of HK\$6.3 billion in 2010. Other than the indirect shareholding interest in UK Power Networks, Eagle Frame Limited does not hold any other assets or businesses.

Set forth below is the selected financial information of Eagle Frame Limited for the two financial years ended 31st December, 2020.

(HK\$ billion)	Net assets as at 31st December, 2020	Profit before (i) taxation; (ii) gain on fair value changes of financial assets; and (iii) exchange gain/ (loss) <sup>(note 1)</sup>		Profit before taxation <sup>(note 2)</sup>	
		for the financial year ended 31st December,			
		2019	2020	2019	2020
	8.0	0.6	0.6	0.8	2.6

*Notes 1 and 2:* Please refer to notes for the general disclosure on page 85 below.

UK Power Networks is one of the United Kingdom's largest power distributors which owns, operates, and manages three of the 14 electricity Distribution Networks Operators ("DNOs") in the United Kingdom with a distribution area that covers London, the south east and the east of England, distributing approximately 30% of the electrical power in the country. UK Power Networks also operates in a non-regulated business which comprises commercial contracts to distribute electricity to a number of renowned businesses and landmarks such as four London airports, the Channel Tunnel Rail Link, and the London Underground.

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Set forth below is the breakdown of UK Power Networks' revenue and earnings before interest, taxes, depreciation and amortisation (the “**EBITDA**”) for the three financial years ended 31st March, 2020:

(GBP billion)	For the year ended 31st March,		
	2018	2019	2020
<b>Revenue</b>	1.7	1.7	1.7
<b>EBITDA</b>	1.2	1.2	1.3

*Sources:* Annual reports of UK Power Networks

UK Power Networks operates within a regulated environment with the majority of its revenue being set as part of a price control review by the industry regulator, the Office of Gas and Electricity Markets (“**Ofgem**”). The performance of the regulated networks businesses is benchmarked against other licensed DNOs with the most efficient networks establishing an “efficient frontier” or standard against which the other DNOs are evaluated. Ofgem sets allowances and a regime of potential incentives and penalties based on the detailed assessment of business plans submitted by the DNOs (the “**Allowed Revenues**”).

For the year ended 31st March, 2020, UK Power Networks recorded a revenue of approximately GBP1.7 billion and an EBITDA of approximately GBP1.3 billion, representing a slight increase of 3.4% and 5.5%, respectively, as compared to the previous year. Such increase was mainly attributable to the tariff increases within the regulatory price control along with a reduction in operating cost. The regulated service segment which represents the power distribution business contributed 92.5% of the company's revenue, and 94.4% of the segment profit before corporate cost. For the year ended 31st March, 2019, UK Power Networks recorded a revenue of approximately GBP1.7 billion and an EBITDA of approximately GBP1.2 billion, representing a slight decrease of approximately 0.7% and 1.1%, respectively, as compared to the previous year. Such decrease was mainly attributable to tariff reduction applicable from April, 2018 and an increase in operating cost due to inflationary pressures but partly offset by cost control measures across the group. The regulated service segment contributed approximately 91.7% of the company's revenue, and 94.2% of the operating profit before corporate cost.

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Set forth below illustrates the key financial information of UK Power Networks as at 31st March, 2018, 2019 and 2020:

<i>(GBP billion)</i>	<b>As at 31st March,</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Total assets</b>	13.5	14.2	14.9
<b>Total liabilities</b>	10.2	10.5	10.7
<b>Net asset value</b>	3.3	3.7	4.1
<b>Regulated asset value (RAV) <i>(note 1)</i></b>	6.0	6.2	6.3

*Sources:* Annual reports of UK Power Networks

*Notes:*

- (1) RAV is the value ascribed by the relevant regulator to the capital employed in the company's regulated business (i.e. the regulated asset base).
- (2) Due to rounding, numbers presented may not add up, or subtract from, precisely to the totals indicated.

The total assets of the UK Power Networks showed an increasing trend in the past three years of which a significant portion of the assets comprised property, plant and equipment, as well as goodwill and intangible assets, which together contributed approximately 94.2%, 93.1%, and 92.6% of the total assets as at 31st March, 2018, 2019, and 2020, respectively.

The total liabilities of UK Power Networks showed an increasing trend in the past three years, of which a significant portion of the liabilities comprised external borrowings, accruals, and deferred income, which together contributed to about 74.8%, 77.8% and 78.2% of the total liabilities as at 31st March, 2018, 2019, and 2020, respectively.

The RAV is the net value of the capital invested in regulated assets by a utility company, less the accumulated depreciation of such assets allowed by Ofgem. It is an actuarial value calculated by Ofgem and is used to determine the prices that the utility companies can charge their customers. The RAV of UK Power Networks was GBP4.4 billion as at 31st December, 2010, and increased to GBP6.3 billion as at 31st March, 2020, which represented a compound annual growth rate (“CAGR”) of approximately 4.0%.

### ***Mondrem Corporation and Northumbrian Water***

Mondrem Corporation is an investment holding company and an indirect wholly-owned subsidiary of LKSF. It holds an indirect 20% interest in Northumbrian Water (based on the entitlements to profits and capital attaching to relevant shares of Northumbrian Water), which was acquired for an initial acquisition cost of HK\$5.5 billion in 2011. In addition to the indirect shareholding interest in Northumbrian Water,

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Mondrem Corporation also holds (i) an indirect 20% shareholding interest in Northumbrian Services Limited and (ii) UK Water (2011) Limited, neither of which contributes materially to the financial results of Mondrem Corporation.

Set forth below is the selected financial information of Mondrem Corporation for the two financial years ended 31st December, 2020.

(HK\$ billion)	Net assets as at 31st December, 2020	<b>Profit before (i) taxation; (ii) gain on fair value changes of financial assets; and (iii) exchange gain/(loss)<sup>(note 1)</sup> for the financial year ended 31st December,</b>		<b>Profit before taxation<sup>(note 2)</sup></b>	
		2019	2020	2019	2020
		2019	2020	2019	2020
	3.8	0.3	0.2	0.5	0.6

*Notes 1 and 2:* Please refer to notes for the general disclosure on page 85 below.

Northumbrian Water is one of the 10 regulated water and sewerage companies in England and Wales and supplies water and sewerage services in the north east of England and supplies water services to the south east of England. In the north east, the business comprises the supply of both potable and raw water and the collection, treatment and disposal of sewage and sewage sludge, serving approximately 2.7 million people. In the south, it supplies water services to approximately 1.6 million people in Essex and approximately 0.3 million people in Suffolk.

Northumbrian Water operates within a strict regulatory environment. The Water Services Regulation Authority (“Ofwat”) regulates prices and levels of customer service, while the Drinking Water Inspectorate (“DWI”) monitors drinking water quality and the Environment Agency (“EA”) covers environmental protection.

Set forth below is the breakdown of Northumbrian Water’s revenue and EBITDA for the three financial years ended 31st March, 2018, 2019 and 2020:

(GBP billion)	<b>For the year ended 31st March,</b>		
	2018	2019	2020
<b>Revenue</b>	0.9	0.9	0.9
<b>EBITDA</b>	0.5	0.5	0.5

*Sources:* Annual reports of Northumbrian Water

Similar to UK Power Networks, Northumbrian Water also operates within a regulated environment with the majority of its revenue being set as part of a price control review by the Ofwat.



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For the year ended 31st March, 2020, Northumbrian Water recorded revenue of approximately GBP0.9 billion and EBITDA of approximately GBP0.5 billion, representing a slight increase of 3.4% and 3.7% compared to the previous year. The increase in revenue and EBITDA was mainly attributed to the generic increase in revenue generated from continuing operations from external customers in United Kingdom, which represented 97.9% of the total revenue for the financial year ended 31st March, 2020. For the year ended 31st March, 2019, Northumbrian Water recorded revenue of approximately GBP0.9 billion and EBITDA of GBP0.5 billion, representing a slight increase of 4.2% and 0.3% compared to the previous year, resulting from the generic increase in revenue from the company's continuing operations in United Kingdom, which represented approximately 97.8% of the total revenue generated from the company's water and sewerage.

Set forth below illustrates the key financial information of Northumbrian Water as at 31st March, 2018, 2019 and 2020:

<i>(GBP billion)</i>	<b>As at 31st March,</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Total assets</b>	4.8	4.9	5.1
<b>Total liabilities</b>	5.5	5.5	5.7
<b>Net liabilities</b>	0.6	0.6	0.5
<b>Regulatory capital value (RCV)</b>	4.2	4.3	4.3

*Sources:* Annual reports of Northumbrian Water

*Note:* Due to rounding, numbers presented may not add up, or subtract from, precisely to the totals indicated.

The asset base of Northumbrian Water showed a steadily increasing trend from 31st March, 2018 to 31st March, 2020, of which a significant portion of the assets comprised property, plant and equipment and intangible assets.

The liabilities of Northumbrian Water remained stable as at 31st March, 2019 compared to that of previous year and increased slightly by 3.4% to GBP5.7 billion as at 31st March, 2020. The significant portion of the liabilities comprised external borrowings and capitalised grants, which contributed to about 67.0%, 66.0% and 65.6% of the total liabilities as at 31st March, 2018, 2019, and 2020, respectively.

Similar to the RAV of UK Power Networks, the RCV of Northumbrian Water is the net value of the capital invested in regulated assets, less the accumulated depreciation of such assets allowed by Ofwat. The RCV of Northumbrian Water was GBP3.6 billion as at 31st March, 2012, and increased to GBP4.3 billion as at 31st March, 2020, which represented a CAGR of approximately 2.2%.

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### *Moonstone Global Investment Limited and Wales & West Utilities*

Moonstone Global Investment Limited is an investment holding company and an indirect wholly-owned subsidiary of LKSF. It holds an indirect 10% shareholding interest in Wales & West Utilities, which was acquired for an initial acquisition cost of HK\$0.8 billion in 2012. Other than the indirect shareholding interest in Wales & West Utilities, Moonstone Global Investment Limited does not hold any other assets or businesses.

Set forth below is the selected financial information of Moonstone Global Investment Limited for the two financial years ended 31st December, 2020.

(HK\$ billion)	Net assets as at 31st December, 2020	Profit before (i) taxation; (ii) gain on fair value changes of financial assets; and (iii) exchange gain/(loss) <sup>(note 1)</sup>		Profit before taxation <sup>(note 2)</sup>	
		for the financial year ended 31st December,			
		2019	2020	2019	2020
	1.1	0.05	0.05	0.07	0.07

*Notes 1 and 2:* Please refer to notes for the general disclosure on page 85 below.

Wales & West Utilities principally operates as one of the eight independently-owned Gas Distribution Networks (“GDN”) comprising the Wales and south west of England local distribution zones with a natural gas distribution network length of approximately 35,000 kilometres and serves a total population of approximately 7.5 million. In addition to its gas distribution role, Wales & West Utilities also has obligations under its Gas Transporters’ License to provide 24-hour emergency response to all public reported gas escapes in Wales and south west England, irrespective of the cause, and connect gas consumers to the distribution network and provide metering services.

As an Ofgem-regulated business, Wales & West Utilities is subject to price controls set by Ofgem which define its Allowed Revenues (as described under the section of UK Power Networks above). In addition to the regulated revenues permitted by Ofgem, Wales & West Utilities also earns non-regulated revenues, primarily through gas meter work and smart meter installations.

Set forth below illustrates the breakdown of Wales & West Utilities’ revenue and EBITDA for each of the three financial years ended 31st March, 2020:

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<i>(GBP billion)</i>	<b>For the year ended 31st March,</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Revenue</b>	0.4	0.4	0.5
<b>EBITDA</b>	0.2	0.3	0.3

*Sources:* Annual reports of Wales & West Utilities

For the year ended 31st March, 2020, Wales & West Utilities recorded revenue of approximately GBP0.5 billion and EBITDA of approximately GBP0.3 billion, representing an increase of approximately 10.7% and 18.1% compared to those of the previous year. The increase was mainly attributable to the increase in revenue from gas distribution of GBP46.8 million. For the year ended 31st March, 2019, the Wales & West Utilities recorded revenue of approximately GBP0.4 billion and EBITDA of approximately GBP0.3 billion, representing an increase of approximately 4.5% and 9.2% compared to the previous year. The increase was mainly attributable to the increase in revenue from regulated activities of GBP15.2 million.

Set forth below illustrates the key financial information of Wales & West Utilities as at 31st March, 2018, 2019 and 2020:

<i>(GBP billion)</i>	<b>As at 31st March,</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Total assets</b>	3.5	3.0	3.3
<b>Total liabilities</b>	4.0	3.6	3.9
<b>Net liabilities</b>	0.6	0.6	0.6
<b>RAV</b>	2.1	2.1	2.2

*Sources:* Annual reports of Wales & West Utilities

*Note:* Due to rounding, numbers presented may not add up, or subtract from, precisely to the totals indicated.

The asset base of Wales & West Utilities mainly comprised tangible assets, which contributed about 72.8%, 85.8%, and 78.9% of the total assets as at 31st March, 2018, 2019, and 2020, respectively, while the liabilities of Wales & West Utilities principally comprised external borrowings, which contributed about 36.5%, 46.8% and 48.6% of the total liabilities as at 31st March, 2018, 2019, and 2020, respectively.

Similar to the RAV of UK Power Networks, the RAV of Wales & West Utilities is the net value of the capital invested in regulated assets by the utility companies, less the accumulated depreciation of such assets allowed by the Ofgem. It is an actuarial value calculated by the Ofgem and is used to determine the prices that the utility companies can charge on their customers. The RAV of Wales & West Utilities was GBP1.8 billion as at 31st March, 2013, and increased to GBP2.2 billion as at 31st March, 2020, which represented a CAGR of approximately 2.9%.

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### *Gerbera Investments Limited and Dutch Enviro Energy*

Gerbera Investments Limited is an investment holding company and a direct wholly owned subsidiary of LKSF. It holds a direct 10% shareholding interest in Dutch Enviro Energy, which was acquired for an initial acquisition cost of HK\$0.6 billion in 2013. Other than the direct shareholding interest in Dutch Enviro Energy, Gerbera Investments Limited does not hold any other assets or businesses. Set forth below is the selected financial information of Gerbera Investments Limited for the two financial years ended 31st December, 2020.

(HK\$ million)	Net assets As at 31st December, <b>2020</b>	Profit before (i) taxation; (ii) gain on fair value changes of financial assets; and (iii) exchange gain/(loss) <sup>(note 1)</sup>		Profit before taxation <sup>(note 2)</sup>	
		for the financial year ended 31st December,			
		2019	2020	2019	2020
	978	52	49	77	310

*Notes 1 and 2:* Please refer to notes for the general disclosure on page 85 below.

Dutch Enviro Energy owns the largest energy-from-waste player in the Netherlands, which operates five waste treatment plants in Rozenburg and Duiven, as well as four transfer stations in Den Haag, Utrecht and central Rotterdam. It specialises in the processing of various types of residual waste: waste water, paper pulp residue, household and commercial waste, waste wood and hazardous waste. The electricity produced by Dutch Enviro Energy, as well as its steam and heat outputs are sold to nearby businesses and towns under long-term contracts.

Set forth below illustrates the breakdown of Dutch Enviro Energy's revenue and EBITDA for the three financial years ended 31st December, 2020:

(EUR billion)	For the year ended 31st December,		
	2018	2019	2020
<b>Revenue</b>	0.2	0.2	0.3
<b>EBITDA</b>	0.1	0.1	0.1

*Note:* The audited figures of revenue and EBITDA are based on the accounts which were provided by the Company.

For the year ended 31st December, 2020, Dutch Enviro Energy recorded revenue of approximately EUR0.3 billion and EBITDA of EUR0.1 billion, representing an increase of approximately 4.5% and 2.8% compared to the previous year. Such increase was mainly attributable to the first full year of operation of the carbon dioxide capture plant in Duiven. For the year ended 31st December, 2019, Dutch Enviro Energy recorded revenue of approximately EUR0.2 billion and EBITDA of EUR0.1 billion,

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representing an increase of approximately 8.7% and 8.6%, respectively, compared to the previous year. The increase was mainly attributable to the increase in energy output from a new plant in Rozenburg, the Netherlands for the financial year of 2019.

Set forth below illustrates the key financial information of Dutch Enviro Energy as at 31st December, 2018, 2019 and 2020:

<i>(EUR billion)</i>	<b>As at 31st December,</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Total assets</b>	1.0	1.0	1.0
<b>Total liabilities</b>	0.7	0.8	0.8
<b>Net assets value</b>	0.3	0.3	0.3

*Notes:*

- (1) The audited figures of total assets and total liabilities are based on the accounts which were provided by the Company.
- (2) Due to rounding, numbers presented may not add up, or subtract from, precisely to the totals indicated.

The total assets of Dutch Enviro Energy remained relatively stable as at 31st December, 2018, 2019, and 2020, which recorded approximately EUR1.0 billion. The assets of Dutch Enviro Energy mainly comprised property, plant and equipment and goodwill. The liabilities of Dutch Enviro Energy were EUR0.7 billion, EUR0.8 billion and EUR0.8 billion as at 31st December, 2018, 2019 and 2020, respectively, mainly comprising external borrowings.

*Notes to the tables above in relation to the selected financial information on the Target Holdcos for the last two financial years:*

- (1) For each Target Holdco, profit before (i) taxation; (ii) gain on fair value changes of financial assets; and (iii) exchange gain / (loss) and profit (a) after taxation; (b) before gain on fair value changes of financial assets; and (c) before exchange gain/(loss) are the same, given there were no tax expenses for each of the financial years ended 31st December, 2019 and 2020.
- (2) Profit before taxation and profit for the year for each Target Holdco are the same given there were no tax expenses for each of the financial years ended 31st December, 2019 and 2020.

### ***Additional consideration about the financial information for the Target Holdcos***

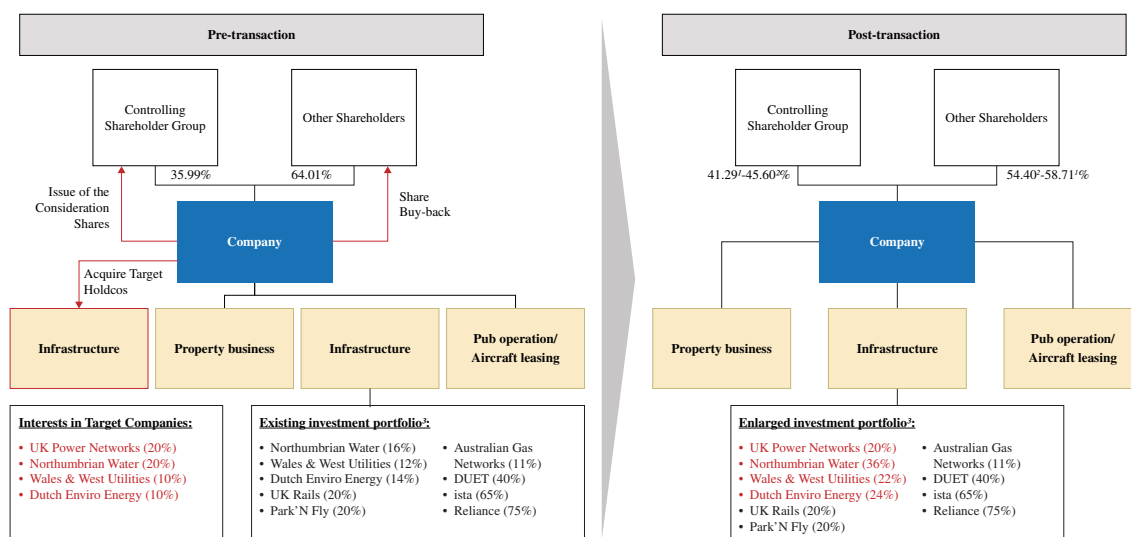
The Target Holdcos hold 20%, 20%, 10% and 10% of the shareholding interest in UK Power Networks, Northumbrian Water, Wales & West Utilities and Dutch Enviro Energy, respectively. The Target Holdcos' investments in the Target Companies and loans to the Target Companies are accounted for as financial assets at fair value through profit or loss and financial assets at amortised costs, respectively. Dividend income and interest income from the Target Companies are recognised in profit or loss of the Target Holdcos.

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Based on the respective audited financial statements of each of the Target Holdcos for the year ended 31st December, 2020, the aggregated audited consolidated net asset value of the Target Holdcos as at 31st December, 2020 was approximately HK\$13,879 million. Before the date of Completion, a subsidiary of LKSF will subscribe for new share(s) in Mondrem Corporation for a consideration of approximately HK\$1,948 million, which will be satisfied by way of the capitalisation of intercompany loans owed by Mondrem Corporation to a subsidiary of LKSF. It is expected that the intercompany loan capitalisation will increase the consolidated net asset value of the Target Holdcos by approximately HK\$1,948 million to approximately HK\$15,827 million.

### (v) Corporate and shareholding structures

As at the Latest Practicable Date, the Group has invested in the economic benefits arising from the performance of three of the Target Companies (namely, Dutch Enviro Energy, Northumbrian Water and Wales & West Utilities). Set out below is the simplified corporate structures of the group of companies involved in the Proposal before and after Completion of the Proposed Acquisition.



#### Notes:

- (1) Assuming (i) completion of the issue of the Consideration Shares; (ii) no Shares are bought back pursuant to the Share Buy-back Proposal; and (iii) no Shares other than the Consideration Shares are issued from the dates of the Announcements up to and including the date of completion of the Proposal.
- (2) Assuming (i) completion of the issue of the Consideration Shares; (ii) the Maximum Number of Shares are bought back pursuant to the Share Buy-back Proposal; and (iii) no Shares other than the Consideration Shares are issued from the dates of the Announcements up to and including the date of completion of the Proposal.
- (3) The Company owns existing economic interests in Northumbrian Water (16%), Wales & West Utilities (12%), Dutch Enviro Energy (14%), UK Rails (20%), Park'N Fly (20%) and Australian Gas Networks (11%).

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Upon Completion of the Proposed Acquisition, LKSF and LKSGF will cease to have any interest in the Target Companies, and the minority interests in the Target Companies held by LKSF and LKSGF would be amalgamated with the economic interests in the same assets held by the Group.

– *Before Completion of the Proposed Acquisition*

	Ownership interests						Economic interests					
	Company	LKSF	CKHH	CKI	PAH	Total	Company	LKSF	CKHH	CKI	PAH	Total
UK Power Networks	–	20%	–	40%	40%	100%	–	20%	–	40%	40%	100%
Northumbrian Water	–	20%	40%	40%	–	100%	16%	20%	4%	52%	8%	100%
Wales & West Utilities	–	10%	30%	30%	30%	100%	12%	10%	3%	39%	36%	100%
Dutch Enviro Energy	–	10%	35%	35%	20%	100%	14%	10%	4%	46%	27%	100%

– *After Completion of the Proposed Acquisition*

	Ownership interests					Economic interests				
	Company	CKHH	CKI	PAH	Total	Company	CKHH	CKI	PAH	Total
UK Power Networks	20%	–	40%	40%	100%	20%	–	40%	40%	100%
Northumbrian Water	20%	40%	40%	–	100%	36%	4%	52%	8%	100%
Wales & West Utilities	10%	30%	30%	30%	100%	22%	3%	39%	36%	100%
Dutch Enviro Energy	10%	35%	35%	20%	100%	24%	4%	46%	27%	100%

On Completion of the Proposed Acquisition, the Company will, directly or indirectly, supersede LKSF as a party to the following joint venture arrangements with the parties set out below (or their subsidiaries) in respect of each of the Target Companies: (1) joint venture agreement with CKI and PAH in respect of UK Power Networks; (2) joint venture agreement with CKHH and CKI in respect of Northumbrian Water; (3) joint venture agreement with CKHH, CKI and PAH in respect of Wales & West Utilities; and (4) joint venture agreement with CKHH, CKI and PAH in respect of Dutch Enviro Energy. No financial contribution is required to be made by the Company, directly or indirectly, upon becoming a party to the joint venture arrangements referred to above.

As a result, we concur with the view of the Company that the Proposed Acquisition will simplify the holding structure of the Target Holdcos by reducing in part the joint holdings in the Target Holdcos with the Company's connected persons.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### (vi) Principal terms of the Proposed Acquisition

The principal terms and conditions of the Share Purchase Agreement are summarised below, and please refer to the “Letter from the Board” set out in the Circular and Offer Document for further details.

#### *Subject matter*

The Share Purchase Agreement dated 18th March, 2021 involves, the Company as the purchaser and LKSF as the seller. Pursuant to the Share Purchase Agreement, the LKSF had conditionally agreed to sell or procure of sale of, and the Company conditionally agreed to purchase the Target Holdcos for the Purchase Price of HK\$17 billion. The principal assets of the Target Holdcos comprise:

- (a) Eagle Frame Limited, which has an indirect 20% shareholding interest in UK Power Networks;
- (b) Mondrem Corporation, which has an indirect 20% interest (based on the entitlements to profits and capital attaching to relevant shares of Northumbrian Water) in Northumbrian Water;
- (c) Moonstone Global Investment Limited, which has an indirect 10% shareholding interest in Wales & West Utilities; and
- (d) Gerbera Investments Limited, which has a direct 10% shareholding interest in Dutch Enviro Energy.

Please refer to the section headed “(iv) Information of the Target Holdcos and Target Companies” above for the details of each of the Target Holdcos and Target Companies.

#### *Conditions to Completion*

Completion of the Proposed Acquisition should be conditional upon and subject to, among other things, (i) the passing the relevant resolutions approving the Proposed Acquisition, the Special Mandate for the issue of the Consideration Shares, and the transactions contemplated thereunder; (ii) the Whitewash Waiver by the Independent Shareholders (other than those who are required by the Listing Rules, the Takeovers Code or applicable laws and regulations not to vote or to abstain from voting) at the EGM by way of poll, and being granted by the Executive; and (iii) the satisfaction of all of the conditions to the Share Buy-back Offer. Please refer to the section headed “– 2. THE PROPOSED ACQUISITION – (c) Conditions to Completion” of the letter from the Board for the details of the Acquisition Conditions.



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### *Purchase Price and Consideration Shares*

As stated in the section headed “– 2. THE PROPOSED ACQUISITION – (b) Purchase Price and Consideration Shares” of the letter from the Board, the Purchase Price is HK\$17 billion which was arrived at arm’s length negotiations with LKSF with reference to, among other things, the overall financial position and performance of the Target Companies. Such Purchase Price will be satisfied by the issue of 333,333,333 Consideration Shares by the Company to LKSF (or a subsidiary of LKSF) at the price of HK\$51.00 per Share pursuant to the Specific Mandate. Such Consideration Shares will be issued at the price of HK\$51.00 per Share which was determined after arm’s length negotiation with reference to the prevailing market price of the Shares and which represents:

- (i) a premium of approximately 8.4% to the closing price of HK\$47.05 per Share as quoted on the Stock Exchange on the date of the Share Purchase Agreement;
- (ii) a premium of approximately 9.8% to the average closing price of HK\$46.44 per Share as quoted on the Stock Exchange for the last five consecutive trading days ending on the date of the Share Purchase Agreement;
- (iii) a premium of approximately 10.0% to the average closing price of HK\$46.37 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days ending on the date of the Share Purchase Agreement;
- (iv) a premium of approximately 16.4% to the average closing price of HK\$43.80 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days ending on the date of the Share Purchase Agreement;
- (v) a premium of approximately 21.5% to the average closing price of HK\$41.96 per Share as quoted on the Stock Exchange for the last 60 consecutive trading days ending on the date of the Share Purchase Agreement;
- (vi) a premium of approximately 5.2% to the closing price of HK\$48.50 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vii) a premium of approximately 2.2% to the 52-week high price of HK\$49.90 per Share ending on the date of the Share Purchase Agreement based on the closing price as quoted on the Stock Exchange on 11th May, 2020; and
- (viii) a discount of approximately 46.9% to the latest Net Assets Attributable to Shareholders per Share as at 31st December 2020, being HK\$96.02 per Share.

The Consideration Shares represent (i) approximately 9.03% of the existing total issued Shares as at the Latest Practicable Date; (ii) approximately 9.14% of the total issued Shares as enlarged by the allotment and issue of the Consideration Shares (assuming the Share Buy-back Proposal is completed in full); and (iii) approximately

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8.28% of the total issued Shares as enlarged by the allotment and issue of the Consideration Shares (assuming no Shares are bought-back pursuant to the Share Buy-back Proposal).

As the purchase price for the Proposed Acquisition will be settled in full by the issue of the Consideration Shares, when taken together with the effect of buying back the Original Maximum Number of Shares, the Offer Price is equivalent to the issue price of the Consideration Shares of HK\$51.00 pursuant to the Share Purchase Agreement. Therefore, in order to justify the fairness and reasonableness of the issue price of the Consideration Shares as well as the Offer Price, please refer to the section headed “– (b) Analysis of the Proposed Acquisition – Assessment of the Purchase Price – Issue of Consideration Shares and evaluation of the issue price” below for our analysis of the issue price of the Consideration Shares and the Offer Price.

### *Cash Distributions by the Target Companies to the Target Holdco Group*

Please refer to the section headed “– (a) Objectives of the Proposal – 3) Financially accretive transaction” below for our discussion and analysis of the Cash Distributions by the Target Companies to the Target Holdco Group.

### **(vii) Principal terms of the Share Buy-back Offer**

Pursuant to the Share Purchase Agreement, the consideration for the Proposed Acquisition is HK\$17 billion and will be satisfied in full by the issue of 333,333,333 Consideration Shares by the Company to LKSF (or a subsidiary of LKSF) at the price of HK\$51.00 per Share pursuant to the Specific Mandate. On 14th April, 2021, the Board further announced the Share Buy-back Proposal, pursuant to which the Company proposes to buy-back for cancellation up to the Maximum Number of Shares, which is the sum of the number of Consideration Shares to be issued by the Company for the Proposed Acquisition and an additional 46,666,667 Shares. Accordingly, the Board announced that a conditional cash offer will be made by HSBC on behalf of the Company, subject to the Offer Conditions, to buy-back up to the Maximum Number of Shares at the price of HK\$51.00 per Share (representing approximately 10.29% of the issued share capital of the Company as at the Latest Practicable Date) from the Qualifying Shareholders on the following basis:

For each Share . . . . . the Offer Price of HK\$51.00 in cash

The Shares to be bought-back by the Company will not exceed the Maximum Number of Shares and there is no minimum number of Shares proposed to be bought-back under the Share Buy-back Offer.

We noted that the Company will not be expecting to pay any cash as a result of the Proposed Acquisition as the consideration is to be satisfied entirely by the Consideration Shares. However, when taken together with the effect of the Share Buy-back Offer, if accepted in full, will result in the Company paying HK\$19.38 billion to the Accepting Shareholders. The overall effect of the Proposed Acquisition and the Share Buy-back Offer

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would be the expenditure of HK\$19.38 billion of cash to acquire the Target Holdcos and to buy back an additional 46,666,667 Shares, and such amount will be paid in cash and funded by cash resources of the Group.

Key salient terms of the Share Buy-back Offer are as follows:

- (a) HSBC is making the Share Buy-back Offer to the Qualifying Shareholders on behalf of the Company to buy-back up to the Maximum Number of Shares at the Offer Price;
- (b) Qualifying Shareholders are able to accept the Share Buy-back Offer in respect of any number of Shares held by them at the Offer Price up to their entire shareholding, although in the case of issue Shares being asserted to the Share Buy-back Offer, such acceptance will be scaled back on a pro-rata basis as described below;
- (c) the Share Buy-back Offer is not conditional upon a minimum number of Shares being tendered for buy-back;
- (d) Shares will be bought-back for cash, free of commission, levies and dealing charges, save that the amount of stamp duty due on the Shares repurchased attributable to the seller will be deducted from the amount payable to the Accepting Shareholders and will be paid by the Company on behalf of the Accepting Shareholders; and
- (e) Shares repurchased will be cancelled and will not be entitled to any dividend declared for any record date set subsequent to the date of their cancellation.

Please refer to the section headed “2. THE SHARE BUY-BACK OFFER” in the letter from HSBC for the details of salient terms.

Based on the salient terms as described above, Qualifying Shareholders have the discretion on whether to accept their entitlements either in full or in part. If valid acceptances are received for the Maximum Number of Shares or less, all Shares for which the Share Buy-back Offer was validly accepted will be bought-back. If valid acceptances received exceed the Maximum Number of Shares, the total number of Shares to be bought-back by the Company from each Accepting Shareholder will be determined in accordance with formula, which has been disclosed in the section headed “5. OTHER TERMS OF THE SHARE BUY-BACK OFFER” in the letter from HSBC. As a result, it is possible that not all of the Shares as regards which the Share Buy-back Offer is validly accepted by an Accepting Shareholder will ultimately be bought-back. The total number of Shares which will be bought-back by the Company will not exceed the Maximum Number of Shares. The decision of the Company as to any scaling down of acceptances in accordance with the formula and as to the treatment of fractions will be conclusive and binding on all Shareholder.

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### *The Offer Price*

As mentioned above, the Purchase Price for the Proposed Acquisition will be settled in full by the issue of the Consideration Shares, when taken together with the effect of buying-back the Original Maximum Number of Shares, the Offer Price is therefore equivalent to the issue price of the Consideration Shares of HK\$51.00 pursuant to the Share Purchase Agreement. Therefore, in order to justify the fairness and reasonableness of the issue price of the Consideration Shares as well as the Offer Price, please refer to the section headed “– (b) Analysis of the Proposed Acquisition – Assessment of the Purchase Price – Issue of Consideration Shares and evaluation of the issue price” below for our analysis of the Consideration Shares and the Offer Price.

### *The Offer Conditions to the Share Buy-back Offer*

Under the Share Buy-backs Code, the Share Buy-back Offer will need to be approved by the Independent Shareholders in a general meeting by a majority of votes by way of poll as well as subject to other Offer Conditions. The Share Buy-back Offer will be conditional upon fulfilment of all of the following key conditions:

- (a) ordinary resolution to approve the Share Buy-back Offer by the Independent Shareholders having been passed by way of poll at the EGM;
- (b) not less than 75% of the votes cast on the resolution to approve the Whitewash Waiver by Independent Shareholders having been passed by way of poll at the EGM; and
- (c) the Whitewash Waiver having been granted by the Executive and such waiver not being revoked.

None of the above conditions can be waived. Accordingly, if any of the Offer Conditions is not fulfilled, the Share Buy-back Offer will not proceed and the Proposal (including the Proposed Acquisition) will lapse.

The Whitewash Waiver, if granted by the Executive, will be subject to the approval of the Independent Shareholders for the Share Buy-back Offer and the Whitewash Waiver at the EGM by way of poll, to waive any obligation of LKSF to make a general offer which might result from completion of the Share Buy-back Offer. If the Share Buy-back Offer or the Whitewash Waiver is not approved by the Independent Shareholders by way of a poll, or if the latter is not granted by the Executive, the Share Buy-back Offer will immediately lapse.

Please refer to the section headed “4. THE OFFER CONDITIONS” in the letter from HSBC for the details of the Offer Conditions.

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### **(viii) Principal terms of the possible on-market shares buy-back**

If valid acceptances received under the Share Buy-back Offer are less than the Maximum Number of Shares, the Company intends to seek to buy-back all or a portion of the shortfall through on-market share buy-backs from time to time at a price not exceeding the Offer Price following the completion of the Share Buy-back Offer, utilising the share buy-back mandate from Shareholders to be obtained at the Company's 2021 AGM.

Any such possible on-market share buy-backs will also be subject to, among other things, market conditions, the trading liquidity and availability of the Shares to be bought-back on-market, compliance with applicable laws and regulations (including the requirements and restrictions of the Listing Rules applicable to on-market share buy-backs and the provisions of the Takeovers Code), no Shareholder breaching the Creeper Limit, and any other factors which the Directors consider to be relevant in determining whether or not to exercise the power of the Company to make on-market share buy-backs pursuant to the share buy-back general mandate if granted by the Shareholders.

We understand that the Company has no intention to buy back Shares on-market other than the buy-back of the shortfall (if any) between the number of valid acceptances received under the Share Buy-back Offer and the Maximum Number of Shares until the earlier of completion of the buy-back of the shortfall or the expiry of the share buy-back mandate proposed to be sought and granted at the Company's 2021 AGM, after which the Company will assess what is in the best interests of the Company and the Shareholders. Accordingly, if the subsequent on-market share buy-backs (or any other purchase of Shares) cause the aggregate holding of voting rights of the Company owned or controlled by the Controlling Shareholder Group to increase by more than 2% from the percentage of voting rights held by the Controlling Shareholder Group immediately following Completion of the Proposed Acquisition and the Share Buy-back Offer, the Controlling Shareholder Group would be under an obligation pursuant to Rule 26 of the Takeovers Code to make a mandatory general offer for all the Shares not already owned by the Controlling Shareholder Group.

### **III. BASIS OF OPINION AND FACTORS TAKEN INTO CONSIDERATION**

The following are the principal factors which we have taken into account in assessing the fairness and reasonableness of the Proposal, including the Proposed Acquisition and the Share Buy-back Offer, as well as the Special Deal and the Whitewash Waiver, and in giving our advice to the Independent Board Committee and the Independent Shareholders:

#### **(a) Objectives of the Proposal**

As stated in the section headed "OBJECTIVE OF THE PROPOSAL" of the letter from the Board, the Proposal aims to enhance the Company's investment portfolio of assets that provide stable recurrent cash flow while minimising any dilutive impact on the shareholding interest of the Shareholders. Accordingly, the Proposed Acquisition will allow the Company to acquire a sizeable and high-quality portfolio of assets.

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Although the purchase price for the Proposed Acquisition will be settled in full by the issue of the Consideration Shares, when taken together with the effect of buying back the Original Maximum Number of Shares, the overall effect of the Proposal will be the expenditure of HK\$17 billion of cash to acquire such cash flow generating assets, and the expenditure of HK\$2.38 billion of cash to buy-back additional Shares.

The overall considerations for the Company and its Shareholders include the following:

**1) *Rare opportunity to acquire interests in a sizeable and high-quality investment portfolio with low execution risk –***

The Proposed Acquisition is in line with the Company's stated corporate strategy of actively pursuing quality investment opportunities in and outside of Hong Kong that provide stable recurrent revenue and growth potential in order to improve the quality of the Group's earnings as well as cash flows, and increase its recurrent income. Since the spin-off of the property business from CK Hutchison Holdings Limited and Hutchison Whampoa Limited in 2015 (the "**2015 Spin-off**"), the Company has made the following acquisitions which were in line with this corporate strategy:

Date of announcement	Target company	Industry	Consideration amount (equivalent HK\$)	Shareholding acquired	Business of the target(s)	Reasons and benefits
December, 2016	Harrier Global Limited & CK Capital Limited	Aircraft leasing	HK\$39 million and HK\$7,550 million, respectively	100% & 100%	Harrier Global Limited owned 50% of a company with a portfolio of 22 aircraft and a commitment to acquire another eight aircraft. CK Capital Limited owned a portfolio of 43 aircraft.	As stated in the Company's announcement on the transaction, the transaction was an investment that matched the Company's investment criteria given the aircraft leasing business provided a steady income stream on a medium to long term basis.
January, 2017	DUET Group	Utilities	HK\$17,259 million	40%	The DUET Group is the owner and operator of energy utility assets in Australia, the United States, the United Kingdom and Europe.	As stated in the Company's circular on the transaction, the DUET Group provided a steady income on a long-term basis through its regulated and contracted revenues, and had a long track record of stable financial performance with stable infrastructure revenue and cash flows which would help to counter the periodic and once off nature of revenues from property development of the local property market.
March, 2017	3216444 Nova Scotia Company	Retail and consumer	HK\$16,440 million	100%	3216444 Nova Scotia Company owned a consumer brand named "Reliance Home Comfort" based in Canada, which was principally engaged in the building equipment sector providing water heaters, HVAC (heating, ventilation and air conditioning) equipment, comfort protection plans and other services to homeowners in Canada.	As stated in the Company's announcement on the transaction, 3216444 Nova Scotia Company's stable revenue and cash flows would help to mitigate the cyclical nature of the property development sector, and was expected to enable the Company to sustain a steady level of dividends to the Shareholders' benefit. The acquisition in Canada was also consistent with the Company's global diversification strategy.
July, 2017	ista Luxemburg GmbH	Utilities	HK\$26,910 million	65%	ista Luxemburg GmbH is a leading fully integrated energy management services provider in Europe which has made substantial investments in developing its sub-metering platform and generates value across all stages of the sub-metering value chain with the main market being Germany.	As stated in the Company's circular on the transaction, ista Luxemburg GmbH's stable financial performance and growth prospects would help to the Company to mitigate the cyclical nature of cash flows associated with property development and could potentially leverage on the expertise of the existing management team through service agreements with the joint ventures and associates of CKI and, or other partners to support the management of ista Luxemburg GmbH.



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Date of announcement	Target company	Industry	Consideration amount (equivalent HK\$)	Shareholding acquired	Business of the target(s)	Reasons and benefits
August, 2019	Greene King plc	Pub operation	HK\$25,200 million	100%	Greene King Plc is one of the leading integrated brewers and pub retailers in the United Kingdom with approximately 38,000 staff, operating over 2,700 pubs, restaurants and hotels across England, Wales and Scotland.	As stated in the Company's circular on the transaction, the Company was expected to benefit from being able to extend its reach to other business areas and the stable recurrent income generated from such reach, and from consolidating its holdings in and through the United Kingdom.

*Sources:* Corresponding announcements and, or circulars of the Company

In addition, given (i) the Company is already holding 16%, 12% and 14% of economic interests in Northumbrian Water, Wales & West Utilities and Dutch Enviro Energy, respectively; and (ii) the ultimate beneficial owner of the Company's controlling shareholders is the same as the ultimate beneficial owner of the remaining shareholders of all the four Target Companies, being CKHH, CKI and PAH, the Company has sufficient understanding of the abovementioned three Target Companies and there should be no resistance from other existing shareholders, including CKHH, CKI and PAH, concerning the Proposed Acquisition. As a result, the Proposed Acquisition involves a lower execution risk than would be the case with assets in which the Company had no prior interest. The Proposed Acquisition will also allow the Company to further expand its investment portfolio without the need to engage in competitive auction process. Furthermore, the Proposed Acquisition represents a rare opportunity for the Company to acquire interests in a sizeable and high-quality portfolio of assets comprising the Target Companies.

As stated in the 2020 annual report of the Company, the Group has sufficient financial resources with substantial cash on hand, as well as available banking facilities. The Company has cash to deploy and has been actively searching for investment opportunities that would increase the proportion of its stable recurrent revenue base. As advised by the Company, while the Company will satisfy the Purchase Price for the Proposed Acquisition by issuing the Consideration Shares and thereby leave such excess funds unused, the Share Buy-back Proposal will allow the Group to offset the impact of issuing the Consideration Shares using its available cash. Assuming the Share Buy-back Proposal is completed in full, the net effect of the Proposal for the Company will effectively be the acquisition of the Target Holdcos for cash. Please refer to the section headed “– (c) Potential financial effects upon the Proposal” below for the discussion of the financial impacts upon the Proposal.

### **2) *Increase the contribution of the recurrent income base to enhance the stability of earnings of the Group –***

With a view to delivering sustainable shareholder returns, the Group has been actively pursuing attractive investments that provide stable and predictable revenue to improve the quality of its earnings and cash flow, and increase its recurrent income. As illustrated above, during the recent years, the Company has made several sizeable acquisitions which provide stable revenue and have increased in recurrent income. As a result, the Group has established a diversified investment portfolio with stable recurrent revenue as a result of various quality investments and acquisitions made in recent years across different sectors and geographic areas. Save for the COVID-19 pandemic led to the decrease in recurrent profit contribution from HK\$15,198 million for the financial year ended 31st December,

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2019 to HK\$8,695 million for the financial year ended 31st December, 2020, the Group's recurrent profit contribution increased from HK\$8,644 million for the financial year ended 31st December, 2016 to HK\$15,198 million for the financial year ended 31st December, 2019, representing a CAGR of approximately 20.7%.

Of the Target Companies, the assets under three of the Target Companies (namely, UK Power Networks, Northumbrian Water and Wales & West Utilities) are regulated infrastructure assets in the United Kingdom, while the remaining Target Company (namely, Dutch Enviro Energy) owns a long-term contracted cash flow producing business. As illustrated in the section headed “– (iv) Information of the Target Holdcos and Target Companies” above, all the investments to be purchased under the Proposed Acquisition demonstrated a stable financial performance during their respective three financial years. Accordingly, we concur with the view of the Company that the Proposed Acquisition is expected to create an additional stream of stable and growing income for the Group.

### **3) *Financially accretive transaction –***

As discussed above, the effect of the Proposal, if the Share Buy-back Proposal is completed in full, will allow the Company to acquire interests in a sizeable and high-quality portfolio comprising the Target Holdcos for cash. Although the Purchase Price for the Proposed Acquisition will be settled in full by the issue of the Consideration Shares, when taken together with the effect of buying back the Original Maximum Number of Shares, the overall effect of the Proposal would be the expenditure of HK\$17 billion of cash to acquire cash flow generating assets.

As stated in the section headed “– 2. THE PROPOSED ACQUISITION – (e) Cash Distributions by the Target Companies to the Target Holdco Group” in the letter from the Board, under the terms of the Proposed Acquisition, LKSF will ensure that the Target Holdco Group receives cash distributions comprising dividends, interest and other distributions (the Cash Distributions) of not less than HK\$910 million in aggregate, directly or indirectly, from the Target Companies in respect of each of the years ending 31st December, 2021 and 2022 (the Guarantee Period). If the aggregate amount of the Cash Distributions received by the Target Holdco Group, directly or indirectly, from the Target Companies is less than HK\$910 million in respect of either year of the Guarantee Period, LKSF will pay the shortfall amount to the Target Holdco Group.

Based on the Purchase Price for the Target Holdcos and the guaranteed Cash Distributions from the Target Companies for the two-year Guarantee Period, the implied cash distribution yield generated from the Target Holdcos is 5.35%, which is calculated as HK\$910 million (the Cash Distributions) divided by the Purchase Price.

Following receipt of the Cash Distributions by the Target Holdco Group, directly or indirectly, from the Target Companies (and, or any shortfall payment received by the Target Holdco Group from LKSF) in respect of the Guarantee Period, the Company intends, subject to deduction of any tax or other costs and expenses payable by it in respect of such amounts, to distribute such amounts in full by way of dividend to Shareholders whose names appear on the Register of Members of the Company on the record date for determining the entitlement to such dividend.



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Since the 2015 Spin-off, the Company has been increasing its dividend steadily. However, owing to the ongoing adverse impact of the COVID-19 pandemic on the Group's business in the financial year of 2020, a reduction in profit attributable to shareholders was recorded in 2020 as compared to 2019. The total dividend for the year of 2020 is lower than that of 2019. Nevertheless, the dividend payout ratio for 2020 is the highest since the 2015 Spin-off. Set forth below is the dividend paid and proposed to be paid and the dividend payout ratios of the Company for the past five years since 2016.

**Table 3 – Dividends and dividend payout ratios of the Company  
for the past five years**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Dividend paid to Shareholders</b> (HK\$ million)	5,752	6,286	7,020	7,756	6,648
<b>Dividend per share (HK\$)</b>					
– Interim	0.38	0.42	0.47	0.52	0.34
– Final	1.15	1.28	1.43	1.58	1.46 <sup>(note 2)</sup>
<b>Total</b>	1.53	1.70	1.90	2.10	1.80
<b>Dividend payout ratio<sup>(note 1)</sup></b>	29.6%	20.9%	17.5%	26.6%	40.7%

*Sources:* Annual reports of the Company

*Notes:*

- (1) Dividend payout ratio is expressed as a percentage of full year dividend paid to the Shareholders divided by the profit attributable to the Shareholders.
- (2) As disclosed in the annual results announcement of the Company dated 18th March, 2021, the Directors have recommended the payment of a final cash dividend of HK\$1.46 per Share for the year ended 31st December, 2020 to Shareholders whose names appear on the Register of Members of the Company on the Final Dividend Record Date. Accordingly, Qualifying Shareholders who accept the Share Buy-back Offer and whose names appear on the Register of Members on the Final Dividend Record Date will be entitled to receive in respect of each Share bought-back pursuant to the Share Buy-back Offer (i) the final cash dividend (if approved by Shareholders at the 2021 AGM); and (ii) the Offer Price per Share.

As stated in the Circular and Offer Document, subject to the completion of the Proposal, the total amount that the Company will pay in dividends in respect of each of the years ending 31st December, 2021 and 2022 will not be less than HK\$7,558 million, which is the sum of (a) the total amount paid by the Company in dividends in respect of the financial year ended 31st December, 2020, being HK\$6,648 million; and (b) the Cash Distributions of HK\$910 million.

Assuming (i) completion of the issue of the Consideration Shares; (ii) no Shares are bought-back pursuant to the Share Buy-back Proposal; and (iii) no Shares other than the Consideration Shares are issued from the Latest Practicable Date up to and including 31st

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December, 2022, the total number of issued Shares will be 4,026,733,833 and the dividends per Share for each of the years ending 31st December, 2021 and 2022 will not be less than HK\$1.88, which is higher than those of 2020.

Under the scenario where assuming (i) completion of the issue of the Consideration Shares; (ii) the Maximum Number of Shares are bought-back pursuant to the Share Buy-back Proposal; and (iii) no Shares other than the Consideration Shares are issued from the Latest Practicable Date up to and including 31st December, 2022, the total number of issued Shares will be 3,646,733,833, which is 46,666,667 fewer than that as at the date of the Announcement, and the dividends per Share for each of the years ending 31st December, 2021 and 2022 will not be less than HK\$2.07.

As a result, the effect is that the total dividend per Share in respect of the financial years ending 31st December, 2021 and 2022 will be higher than the total dividends of the financial year ended 31st December, 2020 irrespective of the number of Shares bought back pursuant to the Share Buy-back Proposal, assuming that no new Shares are issued other than pursuant to the Proposed Acquisition prior to the record date for the final dividend in respect of the financial year ending 31st December, 2022. We are therefore of the view that the Cash Distributions to be received by Target Holdco Group during the Guarantee Period, with the provision of shortfall payment by LKSF and the dividend guarantee, will incentivise long-term Shareholders who are not going to tender their shares under the Share Buy-back Offer.

***4) Liquidity event providing an opportunity for the Shareholders to monetise all or a portion of their investment at a premium to the prevailing market price at the time of the Announcement –***

The Share Buy-back Offer provides an opportunity for Shareholders to realise at least part of their investment in the Company at a premium to the recent historic market prices of the Shares if they so wish. As at the date of the Announcement, the Company's three-month average daily traded volume is 9.4 million Shares and the Share Buy-back Offer will be for up to a maximum of 380,000,000 Shares, therefore representing a liquidity event for Shareholders to monetise with price certainty. Please refer to the section headed “– (c) Analysis of the Share Buy-back Proposal – Trading liquidity of the Shares” below for the analysis of historical trading volume of the Shares.

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### (b) Analysis of the Proposed Acquisition

#### *Purchase Price*

The Proposed Acquisition consists of the purchase of the Target Holdcos which are principally engaged in infrastructure and utility asset operation in Europe for the Purchase Price of HK\$17 billion. In assessing the fairness and reasonableness of the Purchase Price, we have conducted the analysis on two bases: (i) by comparing the Purchase Price with the present market valuation of infrastructure and utility companies listed in western Europe, which have businesses similar to the Target Companies; and (ii) by comparing the Purchase Price with publicly disclosed transactions involving the acquisition of companies or operations which have businesses similar to the Target Companies.

#### – *Comparable companies*

The principal assets of the Target Holdcos comprise equity interests in four infrastructure and utility asset operation companies operating in western Europe, with a combined latest published annual EBITDA of the Target Companies attributable to the Target Holdcos of approximately HK\$4,294 million. We then searched for comparable companies listed in western Europe which could be identified on Bloomberg. Through this search, we have identified 13 comparable companies (the “**Target Comparable Companies**”) listed in western Europe according to the classification by Bloomberg for our analysis purpose. The Target Comparable Companies are all principally engaged in businesses which generate more than 50% of their total respective latest published annual revenue from (i) electricity transmission and distribution; and, or (ii) gas transmission and distribution; and, or (iii) water supply and sewage treatment; and, or (iv) waste treatment which includes recycling and waste-to-energy, with EBITDA above HK\$2,000 million. Based on the above, we are of the view that the Target Comparable Companies provide a useful valuation comparison for the purpose of assessing the Purchase Price. In our view, the Target Comparable Companies set out below represent an exhaustive list of relevant comparable companies based on the criteria above, and should give an indication of whether the Purchase Price is fair and reasonable.

As 100% of the ownership interests and economic interests of the Target Companies will be controlled jointly by the Company, CKHH, CKI and PAH, which together will be able to determine the capital structure and deployment of the cashflow of the Target Companies, we believe that the enterprise value (“**EV**”) is the most relevant measure of the size of the Target Companies and the Target Comparable Companies.

One of the elements considered by the relevant regulator when assessing the revenues that a company is expected to generate is the return on the capital invested in the business. The value of the capital base of the company for the purposes of setting price limits is either the RCV or RAV, depending on the type of regulated business and the relevant regulator. Therefore, we consider RAV and RCV as useful indicators in understanding the scale of a utility company.

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In light of this, we have assessed the Target Comparable Companies and the Target Companies using an EV to RAV or RCV ratio (the “**EV/RAV or RCV Ratio**”). Unlike the British-based utility companies which are subject to the Proposed Acquisition, Dutch Enviro Energy has no RAV or RCV, since such computation is not applicable to the industry in which Dutch Enviro Energy is involved. For the sake of comparison, we have calculated an assumed purchase price of the three British-based utility companies according to the EBITDA of each of the Target Companies attributable to the Target Holdcos on a pro rata basis. Such assumed purchase price is then compared with the aggregated RAV or RCV of the Target Holdcos’ stakes in the Target Companies.

We have also assessed the Target Comparable Companies and the Target Companies using an EV to EBITDA ratio (the “**EV/EBITDA Ratio**”), which we believe is an appropriate measure when assessing the acquisition of a company or business, in particular for those Target Comparable Companies which have no public RAV or RCV available, such as Dutch Enviro Energy discussed above. For the Target Comparable Companies and the Target Companies, the ratios have been calculated using figures extracted from the respective latest full year audited financial statements.

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Table 4 – Target Comparable Companies

Ticker	Country of listing	Company	Principal business	EV <sup>(note 1)</sup> (million)	EBITDA <sup>(note 2)</sup> (million)	RAV or RCV (million)	EV/EBITDA Ratio (times)	EV/RAV or RCV Ratio (times)
NG.LON	The United Kingdom	National Grid plc	Electricity and gas transmission	GBP 58,013	GBP 4,420	GBP 41,075	13.13	1.41
SEVEPA	France	Suez S.A.	Waste and waste treatment, water and waste water services	EUR 20,859	EUR 2,815	Undisclosed <sup>(note 3)</sup>	7.41	NA <sup>(note 3)</sup>
SRG.BIT	Italy	Snam S.p.A.	Gas transportation	EUR 28,044	EUR 2,197	EUR 19,359	12.76	1.45
TRN.BIT	Italy	Terna S.p.A.	Electricity transmission	EUR 20,536	EUR 1,741	EUR 12,491	11.79	1.64
REE.BME	Spain	Red Eléctrica de España, S.A.	Electricity transmission	EUR 13,832	EUR 1,569	Undisclosed <sup>(note 3)</sup>	8.82	NA <sup>(note 3)</sup>
UU.LON	The United Kingdom	United Utilities Group plc	Water and waste water services	GBP 13,385	GBP 1,113	GBP 11,886	12.03	1.13
SVT.LON	The United Kingdom	Severn Trent Water plc	Water and waste water services	GBP 11,539	GBP 935	GBP 9,505	12.34	1.21
ENG.BME	Spain	Enagás, S.A.	Gas transmission, regasification, storage of gas	EUR 8,954	EUR 943	Undisclosed <sup>(note 3)</sup>	9.50	NA <sup>(note 3)</sup>
IG.BIT	Italy	Italgas S.p.A.	Gas distribution	EUR 9,009	EUR 1,028	EUR 7,800	8.76	1.15
PNN.LON	The United Kingdom	Pennon Group plc	Water and waste water services	GBP 7,330	GBP 563	GBP 3,573	13.02	2.05
ELI.EBR	Belgium	Elia Group SA/NV	Electricity transmission	EUR 13,506	EUR 1,011	EUR 9,700	13.36	1.39

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Ticker	Country of listing	Company	Principal business	EV <sup>(note 1)</sup> <div>(million)</div>	EBITDA <sup>(note 2)</sup> <div>(million)</div>	RAV or RCV <div>(million)</div>	EV/EBITDA Ratio <div>(times)</div>	EV/RAV or RCV Ratio <div>(times)</div>												
RENE.ELI	Portuguese	REN – Redes Energéticas Nacionais, SGPS, S.A.	Electricity and gas transmission	EUR 4,303	EUR 470	EUR 3,635	9.15	1.18												
FLUX.EBR	Belgium	Fluxys Belgium SA	Gas transmission	EUR 3,222	EUR 297	EUR 3,093	10.84	1.04												
<table><tr><td>Maximum</td><td>13.36</td><td>2.05</td></tr><tr><td>Average</td><td>10.99</td><td>1.37</td></tr><tr><td>Median</td><td>11.79</td><td>1.30</td></tr><tr><td>Minimum</td><td>7.41</td><td>1.04</td></tr></table>									Maximum	13.36	2.05	Average	10.99	1.37	Median	11.79	1.30	Minimum	7.41	1.04
Maximum	13.36	2.05																		
Average	10.99	1.37																		
Median	11.79	1.30																		
Minimum	7.41	1.04																		
Target Holdcos' stakes in the Target Companies (including Dutch Enviro Energy) for the comparison of the EV/EBITDA Ratio <sup>(note 4)</sup>				GBP 3,311 <div>(note 5)</div>	GBP 398 <div>(note 6)</div>	NA	8.32	NA												
Target Holdcos' stakes in the Target Companies (excluding Dutch Enviro Energy) for the comparison of the EV/RAV or RCV Ratio <sup>(note 4)</sup>				GBP 3,240 <div>(note 7)</div>	NA	GBP 2,340 <div>(note 8)</div>	NA	1.38												

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*Sources:* Bloomberg, and published financial statements of relevant Target Comparable Companies

*Notes:*

- (1) EV is the enterprise value of a company or business. In the tabulation above, it has been calculated by taking the sum of the market capitalisation of the relevant company on the Last Trading Date, and net debt, less cash and bank deposits, extracted from the respective company's latest published full year audited financial statements available on the Last Trading Date.
- (2) EBITDA represents the earnings before interest paid, taxation, depreciation and amortisation, and adjusted for any one-off extraordinary expenses and incomes (if any). It is a measure of gross funds generated by a normal business. Such figure was extracted from the respective company's latest published full year audited financial statements available on the Last Trading Date.
- (3) Suez S.A., Red Eléctrica de España, S.A. and Enagás, S.A. did not disclose their RAV or RCV.
- (4) Since there is no consideration breakdown for each of the Target Companies, the respective interests in the Target Companies to be acquired by the Company are aggregated into one single entity for ease of comparison.
- (5) The aggregated EV of the Target Holdcos' stakes in the Target Companies (including Dutch Enviro Energy) is calculated in the following way:

	<i>GBP million</i>
The Purchase Price	1,576
Add: the net debt (excluding the shareholders' loans) of each of the Target Companies multiplied by the respective percentage of equity interests to be acquired by the Company	1,736
– UK Power Networks (Approximately GBP4,600 million * 20%)	920
– Northumbrian Water (Approximately GBP3,200 million * 20%)	640
– Wales & West Utilities (Approximately GBP1,500 million * 10%)	150
– Dutch Enviro Energy (Approximately EUR300 million * 10% * 9.24 / 10.79)	26
Total	<u>3,311</u>

The discrepancy between the total and the sum of the amounts in the table above is due to the rounding.

- (6) The EBTIDA is the sum of the respective EBITDA of each of the Target Companies multiplied by the respective percentage of equity interests to be acquired by the Company:

	<i>GBP million</i>
UK Power Networks (Approximately GBP1,270 million * 20%)	254
Northumbrian Water (Approximately GBP506 million * 20%)	101
Wales & West Utilities (Approximately GBP313 million * 10%)	31
Dutch Enviro Energy (Approximately EUR134 million * 10% * 9.24 / 10.79)	11
Total	<u>398</u>

The discrepancy between the total and the sum of the amounts in the table above is due to the rounding.

- (7) As calculated in Note (6) above, Dutch Enviro Energy contributes approximately 3% of attributable EBITDA to the Target Holdcos, therefore, the assumed purchase price for UK Power Networks, Northumbrian Water and Wales & West Utilities is 97% of GBP1,576 million, which is GBP1,530 million. The aggregated EV of the Target Holdcos' stakes in the Target Companies (excluding Dutch Enviro Energy) is then calculated in the following way:

	<i>GBP million</i>
The assumed purchase price for UK Power Networks, Northumbrian Water and Wales & West Utilities	1,530
Add: the net debt (excluding the shareholders' loans) of each of UK Power Networks, Northumbrian Water and Wales & West Utilities multiplied by the respective percentage of equity interests to be acquired by the Company	1,710
– UK Power Networks (Approximately GBP4,600 million * 20%)	920
– Northumbrian Water (Approximately GBP3,200 million * 20%)	640
– Wales & West Utilities (Approximately GBP1,500 million * 10%)	150
Total	<u>3,240</u>

- (8) This RAV or RCV is the sum of the respective RAV or RCV of each of the Target Companies multiplied by the respective percentage of equity interests to be acquired by the Company:

	<i>GBP million</i>
UK Power Networks (Approximately GBP6,300 million * 20%)	1,260
Northumbrian Water (Approximately GBP4,300 million * 20%)	860
Wales & West Utilities (Approximately GBP2,200 million * 10%)	220
Total	<u>2,340</u>

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As can be seen from the tabulation above, the EV/RAV or RCV Ratio of the Target Comparable Companies ranges from 1.04 times to 2.05 times, with an average of 1.37 times. The implied EV/RAV or RCV Ratio of the Proposed Acquisition (excluding Dutch Enviro Energy) is approximately 1.38 times, which is close to the average ratio of the Target Comparable Companies.

The EV/EBITDA Ratio of the Target Comparable Companies ranges from 7.41 times to 13.36 times with an average of 10.99 times. The implied EV/EBITDA Ratio of the Proposed Acquisition (including Dutch Enviro Energy) of approximately 8.32 times is below the average of the Target Comparable Companies, which is favourable to the Company.

– *Precedent transactions*

As discussed above, we have also attempted to identify publicly disclosed comparable transactions in Europe that are similar to the acquisition of companies or operations, which have businesses similar to the Target Companies from 1st January, 2019 to the Last Trading Date (the “**Review Period**”). We have only identified one comparable transaction with such characteristics during the Review Period. Therefore, we have expanded the scope to cover the successful transactions for the past five years prior to the Last Trading Date (the “**Comparable Transactions**”). We have adopted such longer time span of up to five years in our research for the Comparable Transactions to obtain sufficient samples for our analysis. Five Comparable Transactions have been selected in our search through public information, and is an exhaustive list. All of the five Comparable Transactions involved the purchase of businesses that were principally engaged in (i) electricity transmission and distribution in the United Kingdom; and, or (ii) gas transmission and distribution in the United Kingdom; and, or (iii) water supply and sewage treatment in the United Kingdom; and, or (iv) waste treatment which includes recycling and waste-to-energy in Europe, and have publicly available financial figures in relation to the relevant transactions. As mentioned above, we have assessed them on the basis of their respective EV/EBITDA Ratios, and EV/RAV or RCV Ratios, which we regard as appropriate measures.



Table 5 – Comparable Transactions

Date of announcement/ press release	Acquirer	Target company	Principal business	Size of consideration (million)	EV (million)	EBITDA (million)	RAV or RCV (million)	EV/ EBITDA Ratio (times)	EV/RAV or RCV Ratio (times)															
July, 2019	Investor group	Electricity North West Ltd	Electricity distribution	Undisclosed	GBP 3,146	GBP 307	GBP 1,815	10.23	1.73															
May, 2017	Investor group	Affinity Water Limited	Water supply	GBP 687	GBP 1,578	GBP 111	GBP 1,156	14.22	1.36															
December, 2016	Investor group	Cadent Gas Ltd	Gas distribution	GBP 3,600	GBP 13,800	GBP 1,167	GBP 8,629	11.83	1.60															
November, 2016	Severn Trent plc	Dee Valley Group plc	Water supply	GBP 129	GBP 129	GBP 11	GBP 76	11.31	1.69															
September, 2016	Firion Investments S.L.	Urbaser SA	Waste management	EUR 1,399	EUR 1,940	EUR 207	NA	9.37	NA															
<table><tr><td>Maximum</td><td>14.22</td><td>1.73</td></tr><tr><td>Average</td><td>11.39</td><td>1.60</td></tr><tr><td>Median</td><td>11.31</td><td>1.65</td></tr><tr><td>Minimum</td><td>9.37</td><td>1.36</td></tr></table>										Maximum	14.22	1.73	Average	11.39	1.60	Median	11.31	1.65	Minimum	9.37	1.36			
Maximum	14.22	1.73																						
Average	11.39	1.60																						
Median	11.31	1.65																						
Minimum	9.37	1.36																						
<table><tr><td>Target Holdcos' stakes in the Target Companies (including Dutch Enviro Energy) for the comparison of the EV/EBITDA Ratio</td><td>GBP 398</td><td>NA</td><td>8.32</td><td>NA</td></tr><tr><td>Target Holdcos' stakes in the Target Companies (excluding Dutch Enviro Energy) for the comparison of the EV/RAV or RCV Ratio</td><td>GBP 3,311</td><td>NA</td><td>NA</td><td>1.38</td></tr><tr><td></td><td>GBP 3,240</td><td>GBP 2,340</td><td></td><td></td></tr></table>										Target Holdcos' stakes in the Target Companies (including Dutch Enviro Energy) for the comparison of the EV/EBITDA Ratio	GBP 398	NA	8.32	NA	Target Holdcos' stakes in the Target Companies (excluding Dutch Enviro Energy) for the comparison of the EV/RAV or RCV Ratio	GBP 3,311	NA	NA	1.38		GBP 3,240	GBP 2,340		
Target Holdcos' stakes in the Target Companies (including Dutch Enviro Energy) for the comparison of the EV/EBITDA Ratio	GBP 398	NA	8.32	NA																				
Target Holdcos' stakes in the Target Companies (excluding Dutch Enviro Energy) for the comparison of the EV/RAV or RCV Ratio	GBP 3,311	NA	NA	1.38																				
	GBP 3,240	GBP 2,340																						

Sources: Bloomberg, Refinitiv Eikon, relevant press release, or relevant public announcements, or regulatory filings

As can be seen from the tabulation above, the EV/RAV or RCV Ratios of the Comparable Transactions ranges from 1.36 times to 1.73 times with an average of 1.60 times, whereas the implied EV/RAV or RCV Ratio of the Proposed Acquisition (excluding Dutch Enviro Energy) is approximately 1.38 times, which is below the average of the Comparable Transactions and is therefore favourable to the Company. While the EV/EBITDA Ratios of the Comparable Transactions range from 9.37 times to 14.22 times with an average of 11.39 times, the implied EV/EBITDA of the Proposed Acquisition (including Dutch Enviro Energy) is approximately 8.32 times, which is also below the average of the Comparable Transactions and is favourable to the Company.

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In addition to the above completed acquisitions, we have also compared the Proposed Acquisition to a recently announced acquisition as it provides a direct comparable to the Proposed Acquisition. National Grid plc announced on 18th March, 2021 that it has agreed to acquire PPL WPD Investments Limited (together with its subsidiary undertakings, the “**WPD Group**”), the holding company of Western Power Distribution, the largest electricity distribution business in the United Kingdom, from PPL WPD Limited, a subsidiary of PPL Corporation, for an equity value of GBP7.8 billion (the “**WPD Acquisition**”). The net debt of the WPD Group as at 28th February, 2021 amounted to GBP6,413 million, making its enterprise value GBP14,213 million. The combined RAV of the four DNOs operated by the WPD Group as at 31st March, 2020 amounted to GBP7,999.7 million and the EBITDA of the WPD Group as at 31st March, 2020 was GBP1,252.8 million. Therefore, the implied EV/EBITDA Ratio of the WPD Acquisition is 11.34, which is close to the average ratio of the Target Comparable Companies and higher than that of the Proposed Acquisition. The implied EV/RAB or RCV Ratio of the WPD Acquisition is 1.78 times, which is higher than the maximum ratio of the Comparable Transactions and that of the Proposed Acquisition.

– *Assessment of the Purchase Price*

On the basis of our analysis of (i) the present market valuation of infrastructure and utility companies listed in Europe, which have businesses similar to the Target Companies; and (ii) the publicly disclosed transactions involving the acquisition of companies or operations which have businesses similar to the Target Companies, we consider that the Purchase Price for the Target Holdcos payable by the Company of HK\$17 billion is fair and reasonable.

*Issue of Consideration Shares and evaluation of the issue price*

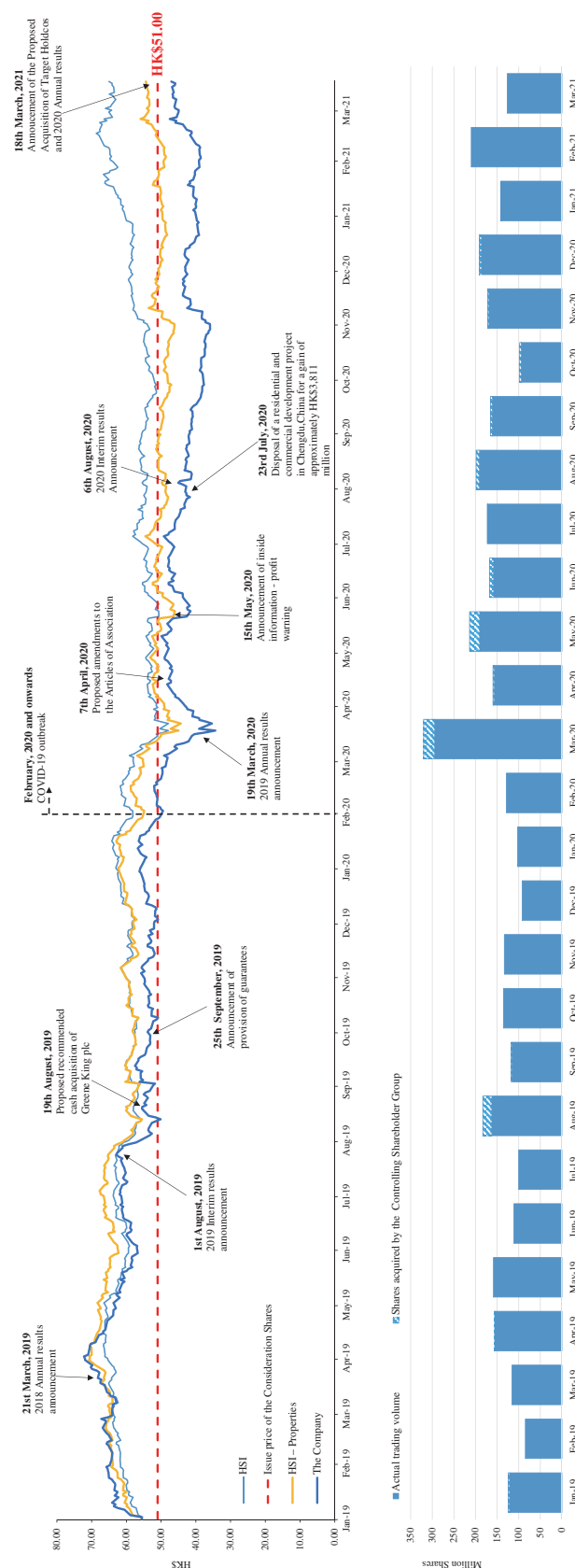
As stated in the section headed “– (vi) Principal terms of the Proposed Acquisition – Purchase Price and Consideration Shares” above, the Purchase Price will be satisfied in full by the issue of 333,333,333 Consideration Shares to LKSF (or a subsidiary of LKSF) pursuant to the Specific Mandate, the Consideration Shares will be issued at the price of HK\$51.00 per Share which was determined after arm’s length negotiation with reference to the prevailing market price of the Shares.

Accordingly, to assess the fairness and reasonableness of the issue price of the Consideration Shares, we have considered (i) the relative historical share price performance of the Shares during the Review Period with the issue price of the Consideration Shares, the Hang Seng Index (“**HSI**”) and Hang Seng Property Index (“**HSI – Properties**”); and (ii) the comparison with other precedent cases in which shares were issued as the consideration for an acquisition.

– *Share price performance*

In assessing the reasonableness of the issue price of the Consideration Shares, we have considered the relative historical price performance of the Shares during the Review Period, with the issue price of the Consideration Shares, the HSI and the HSI – Properties. See Chart 1 below.

**Chart 1 – Relative historical share price performance of the Shares**



Sources: Bloomberg and the Stock Exchange

Note: The closing prices of the HSI and the HSI – Properties have been rebased for ease of comparison.

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The Shares have broadly underperformed the HSI and HSI – Properties Indices during the Review Period. During the Review period, the Share price of the Company generally followed the HSI and HSI – Properties Indices between January, 2019 and August, 2019. However, the Share price of the Company started to underperform the HSI during the period subsequent to August, 2019 and prior to the Last Trading Date.

Since reaching its peak of HK\$72.20 on 3rd April, 2019 at the beginning of the Review Period, the Share price declined generally to the lowest point of HK\$34.40 on 19th March, 2020. The average Share price during the Review Period was HK\$50.93, however, in general, the Shares had been traded below this average Share price since the onset of COVID-19 outbreak in 2020. The issue price of the Consideration Shares is higher than the closing Share price in 270 trading days out of a total of 280 trading days since 1st February, 2020 until the Last Trading Date.

The Share price displayed three notable declines, being (i) the downward trend subsequent to the announcement of the 2019 interim results on 1st August, 2019 which may have been caused by the financial results of the Company for the first six months of 2019; (ii) the downward trend during in the first quarter of 2020 which may have been caused by the unprecedented downturn in economic activity due to the early months of the COVID-19 outbreak during this period and market's sentiment in anticipation of the announcement of 2019 annual results in March 2020; and (iii) the downward trend observed in May 2020 which may have been caused by the market's reaction to the Company's announcement of profit warning on 15th May, 2020.

During the Review Period, the Shares have been consistently traded below the issue price of the Consideration Shares of HK\$51.00 per Shares since 19th February, 2020, as it fluctuated between HK\$34.40 and HK\$50.75, with the average price of HK\$40.98. During the six-month period preceding the Last Trading Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$47.50 on 25th February, 2021, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$35.90 on 30th October, 2020.

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– *Comparable share issues*

Based on the information available from the Stock Exchange's website, we have performed a comparable analysis, which is exhaustive by identifying companies listed on the Main Board of the Stock Exchange that have announced issues of consideration shares of the respective listed issuer for acquisition(s) to vendor(s) who is, are the connected person(s) of that listed issuer during the Review Period (the "**Comparable Share Issues**"). For the purpose of our analysis, the basis of our selection of the Comparable Share Issues is as follows: (i) the relevant acquisition constituted a connected transaction; (ii) the relevant acquisition consideration was fully or partly settled by the issue of shares under specific mandate; and (iii) the size of the relevant acquisition was over HK\$1 billion. We consider that the selection of comparable companies within the Review Period to be sufficient and appropriate for our analysis, as it has covered the prevailing market conditions in the Hong Kong stock market in advance of and at the time which the terms of the issue of the Consideration Shares were determined.

We appreciate that the subject companies constituting the Comparable Share Issues may have different principal business activities, market capitalisation, profitability and financial position as compared with those of the Company, as well as different reasons for their respective acquisitions and issuing the consideration shares. However, we still consider that the Comparable Share Issues can provide us with a general reference on the recent market trend of the premium, or discount of issue prices of consideration shares (being shares of the listed companies) over, or to the market prices of the relevant shares for this type of connected transaction in Hong Kong. Based on the above, we regard the Comparable Share Issues meaningful and representative samples for assessing the fairness and reasonableness of the issue price of the Consideration Shares.

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Date of announcement	Stock code	Name of company	Total consideration (HK\$ million)	Nature of the target business	% of total issued shares at the date of announcement	Issue price at a premium/(discount) over/of	
						the closing price to/on last trading date or the date of agreement	the average closing price per share on the last five consecutive trading days prior to/on the last trading date or the date of agreement
22nd March, 2021	1117	China Modern Dairy Holdings Ltd.	4,170.2	Dairy farming	11.35%	(2.16%)	(0.03%)
13th January, 2021	2768	Jiayuan International Group Limited	7,247.6	Property development	17.16%	5.10%	6.90%
31st July, 2020	2048	E-House (China) Enterprise Holdings Limited	2,264.4	e-commerce	17.73%	(15.57%)	(6.79%)
24th February, 2020	636	Kerry Logistics Network Limited	1,373.8	Freight forwarder	4.45%	0.04%	(1.80%)
28th November, 2019	2357	AviChina Industry & Technology Company Limited	6,287.8	Aviation	24.03%	19.71%	18.83%
26th April, 2019	2768	Jiayuan International Group Limited	4,725.1	Property development	52.52%	(3.76%)	(4.65%)
16th April, 2019	3709	Koradior Holdings Limited	2,387.8	Garment	40.86%	2.15%	3.22%
3rd March, 2019	526	Lisi Group (Holdings) Limited	2,585.0	Car ancillary services	22.39%	14.90%	17.90%

<b>Maximum</b>	19.71%	18.83%	16.36%
<b>Average</b>	2.55%	3.33%	2.88%
<b>Median</b>	1.09%	0.44%	0.34%
<b>Minimum</b>	(15.57%)	(10.12%)	(7.00%)

The issue price of the Consideration Shares

8.4% 9.8% 10.0%

Source: The Stock Exchange

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As illustrated in the table above, the average and median premium of the issue price of the Comparable Share Issues to the historical share prices for the respective periods range from 0.34% to 3.33%, whereas the issue price of the Consideration Shares represents a premium of 8.4%, 9.8% and 10.0% over the closing Share price on the Last Trading Date and the average closing Share price for the last five and 10 consecutive trading days ending on the date of the Share Purchase Agreement, respectively.

Having considered that (i) the issue price of the Consideration Shares is at a slight premium to the average closing Share price during the Review Period as discussed in the section headed “– Share price performance” above; and (ii) the premiums of the issue price of the Consideration Shares over the historical closing price of the Share (being the Last Trading Date, and the last five and 10 consecutive trading days ending on the date of the Share Purchase Agreement) are higher than the average and median premium of the issue price of the Comparable Share Issues, we are of the view that the issue price of the Consideration Shares is fair and reasonable.

— *Comments on the Purchase Price and the issue of Consideration Shares*

On the basis of our analyses of the traded prices of securities in comparable companies listed in Hong Kong, the comparable acquisitions of businesses operating in comparable sector to the Target Companies and the comparable issue of shares as the consideration for an acquisition, we consider that the Purchase Price and the issue of the Consideration Shares are fair and reasonable.

**(c) Analysis of the Share Buy-back Proposal**

As the purchase price for the Proposed Acquisition will be settled in full by the issue of the Consideration Shares, when taken together with the effect of buying back the Original Maximum Number of Shares, the Offer Price is equivalent to the issue price of the Consideration Shares of HK\$51.00 pursuant to the Share Purchase Agreement. The Offer Price was determined after taking into account, among other things, the historical prices of the Shares traded on the Stock Exchange, historical financial information of the Company, and the prevailing market conditions and sentiments, and with reference to share buy-back transactions in Hong Kong in recent years. We have therefore conducted the corresponding analysis accordingly, and please refer to the sections headed “– (iii) Information of the Group” and “– Issue of Consideration Shares and evaluation of the issue price – Share price performance” above. In addition, in order to further justify the fairness and reasonableness of the Offer Price as well as the Share Buy-back Proposal, we have further considered the following analysis:

***Trading liquidity of the Shares***

Set out below illustrates (i) the average daily trading volumes of the Shares; (ii) the percentages of the average trading volume to the total issued Shares; and (iii) the percentages of the average trading volume to the total public float of the Company

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during the Review Period, and from the Last Trading Date up to the Latest Practicable Date:

**Table 6 – Trading volume during the Review Period, and  
from the Last Trading Date up to the Latest Practicable Date**

		Average daily trading volume	% of the average volume to total number of issued Shares (note 1)	% of the average volume to total number of issued Shares held by the public (note 2)
			%	%
<b>2019</b>	January	5,633,928	0.153%	0.229%
	February	4,976,174	0.135%	0.202%
	March	5,502,501	0.149%	0.224%
	April	8,193,120	0.222%	0.333%
	May	7,538,346	0.204%	0.307%
	June	5,839,331	0.158%	0.238%
	July	4,546,123	0.123%	0.185%
	August	8,321,412	0.225%	0.339%
	September	5,576,355	0.151%	0.228%
	October	6,434,905	0.174%	0.264%
	November	6,336,898	0.172%	0.260%
	December	4,593,616	0.124%	0.188%
<b>2020</b>	January	5,128,226	0.139%	0.210%
	February	6,425,598	0.174%	0.264%
	March	14,538,775	0.394%	0.602%
	April	8,386,122	0.227%	0.348%
	May	10,679,774	0.289%	0.446%
	June	7,957,261	0.215%	0.333%
	July	7,847,288	0.212%	0.329%
	August	9,447,706	0.256%	0.397%
	September	7,503,407	0.203%	0.316%
	October	5,431,078	0.147%	0.229%
	November	8,186,717	0.222%	0.346%
	December	8,685,078	0.235%	0.367%
<b>2021</b>	January	7,051,538	0.191%	0.298%
	February	11,649,850	0.315%	0.493%
	March (up to the Last Trading Date)	9,039,846	0.245%	0.383%
	March (from 19th March to 31st March)	11,466,273	0.310%	0.485%
	April (up to the Latest Practicable Date)	5,577,854	0.151%	0.236%

*Source: Bloomberg*

*Notes:*

- (1) The calculation is based on the average daily trading volumes of the Shares divided by all the issued Shares at the end of each month.
- (2) The calculation is based on the average daily trading volumes of the Shares divided by the total number of Shares held by the public at the end of each month, and the relevant data was extracted from Bloomberg.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As shown in the above table, during the Review Period, the daily average trading volumes of the Shares represented approximately 0.123% to 0.394% of the total issued Shares, equivalent to approximately 0.185% to 0.602% of the Shares constituting the public float of the Company. As publicly disclosed, the Controlling Shareholder Group has acquired Shares from the market consistently during the Review Period. In August, 2019 and May, 2020, the Shares acquired by the Controlling Shareholder Group accounted for more than 10% of the total trading volumes of the two respective months. As at the date of the Announcement, the Company's three-month daily average traded volume was approximately 9.4 million, which represented approximately 0.254% of the total issued Shares, or approximately 0.398% of the Shares constituting the public float of the Company. As the Share Buy-back Offer will be up to a maximum of 380,000,000 Shares, representing approximately 10.29% of the total issued Shares as at the Latest Practicable Date, we concur with view of the Company that the Share Buy-back Proposal represents a liquidity event for Shareholders to monetise with price certainty.

During the period from 19th March, 2021 (i.e. the first trading day after the publication of the Announcement) up to the Latest Practicable Date, the average daily trading volume was 7,882,018 Shares, and we believe that the recent increase in the liquidity of the Shares was due primarily to the release of the Announcement.

### *Comparable companies' analysis*

Although the Company is a leading multinational corporation and has diverse interests in a number of sectors as discussed in the section headed “– (iii) Information of the Group” above, the property and development business remains its largest activities, and it is one of the largest property developers in Hong Kong with extensive portfolio in Hong Kong, the PRC, Singapore and the United Kingdom. Its property development and investment related segments have in aggregate contributed over 50% of the Group's total revenue (not including share of revenue from joint ventures) for the year ended 31st December, 2020. Accordingly, in assessing the fairness and reasonableness of the Offer Price, we have identified an exhaustive list of comparable companies listed on the Main Board of the Stock Exchange which (i) are property developers principally engaged in property development and investment with over 50% of their respective annual revenue generated from these segments in their respective latest financial years; (ii) have market capitalisation above HK\$100 billion on the Last Trading Date; and (iii) the total equity attributable to the shareholders of the companies over HK\$200 billion.

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We noted above that the infrastructure and utility asset operation of the Group is regarded as its key contributor to steady recurrent income. However, having considered the majority of the Group's income from infrastructure and utility asset operation are not accounted for in the Group's revenue in its consolidated income statement as they are generated through its interests in joint ventures or economic benefits arrangement from its investments in the Group's consolidated statement of financial position, we are of the view the Group should be treated as a property-focused company for the purpose of this comparable companies' analysis.

Based on the above criteria, we have identified an exhaustive list of 7 companies, and we consider that these companies (the “**Comparable Companies**”) are representative and appropriate for comparison purposes as they are all engaged in the similar business sector as the Group does and have the majority of the revenue derived from this sector.

In assessing the fairness and reasonableness of the Offer Price, we have used the price-to-book ratios (the “**P/B Ratio**”) of the Comparable Companies, which is one of the most commonly adopted valuation benchmarks in comparing the valuation of a company's shares, and particularly for asset-based companies such as property development and investment companies listed in Hong Kong. The table below illustrates the P/B Ratios of the Comparable Companies based on figures extracted from the latest published full year, or interim, financial statements of the comparable companies and the closing share prices of the Comparable Companies on the Last Trading Date and the Latest Practicable Date to calculate their respective multiples.

**Table 7 – P/B Ratio of Hong Kong listed Comparable Companies**

Company	Stock code	As at the Last Trading Date		As at the Latest Practicable Date	
		Market	P/B	Market	P/B
		capitalisation	Ratio <sup>(note 3)</sup>	capitalisation	Ratio <sup>(note 3)</sup>
		(HK\$ billion)	(times)	(HK\$ billion)	(times)
Henderson Land Development Company Limited	12	165.6	0.52	169.4	0.52
Sun Hung Kai Properties Limited	16	338.5	0.58	346.0	0.59
New World Development Company Limited	17	102.6	0.45	106.7	0.47
China Overseas Land and Investment Limited	688	228.7	0.65	218.0	0.58
China Resources Land Limited	1109	270.6	1.27	263.1	1.08
Swire Properties Limited	1972	145.1	0.50	139.2	0.48

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Company	Stock code	As at the Last Trading Date		As at the Latest Practicable Date	
		Market	P/B	Market	P/B
		capitalisation	Ratio <sup>(note 3)</sup>	capitalisation	Ratio <sup>(note 3)</sup>
		(HK\$ billion)	(times)	(HK\$ billion)	(times)
Wharf Real Estate Investment Company Limited	1997	131.0	0.64	136.0	0.66
	Maximum	338.5	1.27	346.0	1.08
	Average	197.4	0.66	196.9	0.63
	Median	165.6	0.58	169.4	0.58
	Minimum	102.6	0.45	106.7	0.47
The Company as implied by the Offer Price <sup>(note 4)</sup>		188.4	0.53	188.4	0.53

*Sources:* Bloomberg, annual and interim reports, or announcements of the respective Comparable Companies

*Notes:*

- (1) Link Real Estate Investment Trust, stock code, 823, is excluded from the Comparable Companies as it is subject to certain REIT rules governing its property investment selection and dividend policy which do not apply to the Comparable Companies. These rules include: (a) at least 75% of a listed REIT's gross asset value must be invested in real estate that generates recurrent rental income at all times; (b) the aggregate investments in all property developments undertaken by REITs, together with the aggregate contract value of the uncompleted units of real estate acquired shall not exceed 10% of the gross asset value of the REIT at any time; and (c) REITs must distribute a minimum of 90% of net income after taxes to unitholders as dividends each year.
- (2) China Vanke Co., Ltd., stock code, 2202, is excluded from the Comparable Companies as the A shares of the company is listed in the Shenzhen Stock Exchange (stock code 000002). As such, the P/B Ratio of this company would include its valuation in a different stock exchange from Hong Kong.
- (3) The P/B Ratios of the Comparable Companies are calculated by way of dividing the market capitalisation by the latest published net asset value of the relevant companies on the Last Trading Date, or the Latest Practicable Date, where applicable.
- (4) The P/B Ratios are calculated based on the Offer Price of HK\$51.00 per Share.

As can be seen from the Table 7 above, the P/B Ratio as implied by the Offer Price was 0.53 times as at the Last Trading Date, which was slightly lower than the median of the P/B Ratio of the Comparable Companies, but still fell within the range of the P/B Ratios of the Comparable Companies. As at the Last Practicable Date, the P/B Ratio as implied by the Offer Price was 0.53 times, which was lower than the median of the P/B Ratio of the Comparable Companies, but still fell within the range of the P/B Ratio of the Comparable Companies.

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It should be noted that, given the nature of inter-conditionality, the Shares Buy-back Offer and the Proposed Acquisition should be treated as a whole. As discussed above, the Proposed Acquisition allows the Company to acquire the interests in a sizeable and high quality investment portfolio with low execution risk, while the Share Buy-back Offer provides an opportunity for Shareholders to realise at least part of their investment in the Company at a premium to the recent historic market prices of the Shares, if they so wish, and allows the Shareholders who wish to do otherwise to enjoy the benefits of the high quality investment portfolio acquired without being diluted. Accordingly, we are of the view that the Offer Price, from the standpoint of the P/B Ratio as implied by the Offer Price when compared with the Comparable Companies, is fair and reasonable.

### *Share buy-back precedents*

We note that the Proposed Acquisition and the Share Buy-back Offer are inter-conditional on each other, and the Original Maximum Number of Shares to be repurchased is the same as the number of Consideration Shares to be issued by the Company for the Proposed Acquisition. As such, the possible negative effect of this issue in terms of earnings and net assets attributable to Shareholders per Share of the Consideration Shares issued will be entirely eliminated. In addition, with the Offer Price being the same as the issue price of the Consideration Share, the amount which the Company will spend on repurchasing the Original Maximum Number of Shares will also be the same as the Purchase Price of the Proposed Acquisition. The net effect of the Proposal to the Company will be essentially an acquisition by cash. In light of this rationale, we are of the view that it is fair and reasonable for the Offer Price to be the same as the issue price of the Consideration Share.

We have considered and reviewed the successful share buy-back transactions during the Review Period of companies listed on the Main Board of the Stock Exchange. These share buy-back precedents involved companies in different industries with different market capitalisation, and with different underlying reasons for their respective share buy-back offers. However, none of the share buy-back precedents was combined with a proposal which involved an acquisition and the resulting issue of consideration shares.

On 14th April, 2021, the Board further announced that the maximum number of Shares to be bought back under the Share Buy-back Offer will be increased from 333,333,333 Shares to the Maximum Number of Shares of 380,000,000 Shares, representing approximately 10.29% of the total issued Shares as at the Latest Practicable Date. The additional 46,666,667 Shares to be bought back under the Share Buy-back Offer will be at the price of HK\$51.00 per Share as well, and such increase was made based on feedback received from Shareholders after the Proposal was announced and with the aim of enlarging the expenditure by the Company of excess cash, which we consider that it is, on balance, reasonable to response the Shareholders' feedback positively.

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### *Net asset value attributable to Shareholders (“NAV”) of the Shares*

We have compared the discount to NAV per Share as implied by the Offer Price with the historic Share price discount to NAV per Share during the Review Period as shown in the table below:

**Table 8 – Historic P/B Ratio during the Review Period**

<b>Period</b>	<b>NAV per Share (note 1) (HK\$)</b>	<b>Average closing Share price (HK\$)</b>	<b>P/B Ratio (times)</b>	<b>Discount to NAV (%)</b>
<b>2019</b>				
January	84.54	62.70	0.74	25.8%
February	84.54	65.46	0.77	22.6%
March	84.54	66.15	0.78	21.8%
April	87.59	67.81	0.77	22.6%
May	87.59	60.44	0.69	31.0%
June	87.59	59.62	0.68	31.9%
July	87.59	61.08	0.70	30.3%
August	87.59	53.87	0.62	38.5%
September	90.08	54.89	0.61	39.1%
October	90.08	53.28	0.59	40.9%
November	90.08	53.60	0.59	40.5%
December	90.08	53.29	0.59	40.8%
<b>2020</b>				
January	90.08	54.56	0.61	39.4%
February	90.08	50.60	0.56	43.8%
March	90.08	42.32	0.47	53.0%
April	93.21	46.54	0.50	50.1%
May	93.21	46.20	0.50	50.4%
June	93.21	46.50	0.50	50.1%
July	93.21	45.10	0.48	51.6%
August	93.21	42.65	0.46	54.2%
September	92.72	40.13	0.43	56.7%
October	92.72	37.58	0.41	59.5%
November	92.72	41.29	0.45	55.5%
December	92.72	41.32	0.45	55.4%

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<b>Period</b>	<b>NAV per Share</b> <i>(note 1)</i> <b>(HK\$)</b>	<b>Average closing Share price</b> <b>(HK\$)</b>	<b>P/B Ratio</b> <i>(times)</i>	<b>Discount to NAV</b> <i>(%)</i>
<b>2021</b>				
January	92.72	40.49	0.44	56.3%
February	92.72	41.45	0.45	55.3%
March	92.72	46.97	0.51	49.3%
April (up to the Latest Practicable Date)	96.02 <sup>(note 2)</sup>	47.68	0.50	50.3%
<b>Maximum</b>			0.78	59.5%
<b>Minimum</b>			0.41	21.8%
<b>Implied P/B Ratio of the Offer Price based on the NAV of the Company as at 31st December, 2020:</b>			0.53	46.9%

*Sources:* Bloomberg, interim and annual reports of the Company

*Notes:*

1. The latest published NAV and the number of issued shares as at the start of the relevant period were taken for the calculation of NAV per Share.
2. The figure of the Shareholders' funds for calculation of the NAV per Share was extracted from the 2020 results announcement of the Company, which was published on 18th March, 2021.

As illustrated in the Table 8 above, the Shares have been traded at discounts to the NAV per Share, ranging from approximately 21.8% to 59.5% during the Review Period, and from approximately 49.3% to 59.5% during the past 12 months or the period from March, 2020 to the Last Trading Date. We are not aware of any particular reasons for such discount to the NAV although trading at discounts to NAV are common for many property developers listed in Hong Kong.

Based on the Company's NAV per Share of HK\$96.02 as at 31st December, 2020, the implied P/B Ratio of the Company based on the Offer Price of HK\$51.00 was approximately 0.53 times. Such implied P/B Ratio is comparable with the Company's historic P/B Ratio ranging from 0.41 to 0.78 times during the Review Period and further up to the Latest Practicable Date. As the 46.9% discount to the NAV per share as at 31st December, 2020 implied by the Offer Price is lower than the historic discount to NAV in the past 12 months, the Share Buy-back Offer provides an opportunity for the Shareholders to monetise their shareholding at a lower discount to the Group's NAV per share as at 31st December, 2020.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- *Valuation of the property assets of the Group as at 28th February, 2021 for determining the reassessed NAV per Share*

(i) Valuation of property

The 10 valuation reports (the “**Valuation Reports**”) by Cushman & Wakefield Limited, CBRE, Inc., Colliers International Valuation UK LLP, Colliers International Property Advisers UK LLP, BNP Paribas Real Estate Advisory and Property Management Ireland Limited, Jones Lang LaSalle Limited, Frontline Appraisal, Inc., Aon Risk Services Australia Limited, BNP Paribas Real Estate Consult GmbH and Opteon Property Group Pty Ltd. (the Property Valuers) as at 28th February, 2021 relating to the valuation of property interests in Hong Kong, the PRC (the “**PRC Properties**”), Singapore, the United Kingdom, the Commonwealth of The Bahamas (the “**Bahamian Properties**”), Ireland, the United States, Australia and Germany, and collectively with all the abovementioned properties, the “**Properties**”) are set out in Appendix IV to the Circular and Offer Document.

We are satisfied that the terms, including the scope of work, of engagement between the Company and the Property Valuers are appropriate. We have reviewed the valuation reports, and have enquired with the Property Valuers the methodologies and assumptions used in arriving at the market valuations of the Properties being valued. Details in respect of the valuation methodologies adopted by the Property Valuers are set out in the Valuation Reports. We also note that the Property Valuers carried out site inspections of most of the Properties in 2020 and 2021. However, due to COVID-19 pandemic, the Bahamian Properties and the social healthcare properties in the United Kingdom were unable to be inspected during the abovementioned period.

We are of the view that the properties to be exempted for valuation, including but not limited to, immaterial properties (certain ancillary pieces of property, such as various roofs, advertising signage, and air conditioning and similar plant, which is not material and purely ancillary to other property interests), agricultural land in Hong Kong and Australia, as well as infrastructure assets and ventures in Germany, Australia and Canada, do not affect our analysis and recommendation in respect of the Properties, as the exempted properties of approximately HK\$6,795.97 million, which is based on the net book values as at 31st December, 2020, accounted for an immaterial proportion (of about 2%) of the total net book value of the entire portfolio of Properties as at 31st December, 2020. Furthermore, we are of the view that the non-disclosure of the addresses and individual valuation of the Greene King properties in the United Kingdom, in the corresponding Valuation Report, do not affect our analysis and recommendation.

Details of the property valuations in the Valuation Reports are summarised below:

**Table 9 – Detailed breakdown of property valuations according to the Valuation Reports**

**(1) Valuation by Cushman & Wakefield Limited:**

Type of property interests	Valuation methodology(ies) used	Market value in existing state attributable to the Group as at 28th February, 2021	
		(RMB million)	(HK\$ million)
<b>In the PRC</b>			
Group I – Completed properties held for sale <sup>(note 1)</sup>	Market Approach (the “ <b>Market Approach</b> ”) by making reference to comparable sales transactions as available in the relevant market subject to suitable adjustments between the subject properties and the comparable properties, or in the cases where there are existing tenancies, Income approach – term and reversion method (the “ <b>Income Approach</b> ”) on the basis of capitalisation of the rental income derived from the existing tenancies with due allowance for reversionary potential of each of the properties.	44,643.76	53,572.51
Group II – Completed properties for investment	Income Approach	1,946.83	2,336.20
Group III – Completed properties held for operation	Discounted Cash Flow (the “ <b>DCF Approach</b> ”) method, which involves discounting the future net cash flow of each property for a 10-year investment horizon and the anticipated net operating income receivable thereafter being capitalised at appropriate terminal capitalisation rates till the end of the respective land use term to its present value by using an appropriate discount rate that reflects the rate of return required by a third-party investor for an investment of this type	233.80	280.56
Group IV – Properties held under development	Market Approach, or where appropriate, Income Approach	34,140.23	40,968.28
Group V – Properties held for future development	Market Approach	30,552.57	36,663.08
	<b>Sub-total</b>	<b>111,517.19</b>	<b>133,820.63</b>
		<i>(Exchange rate adopted is RMB1: HK\$1.20 as at 28th February, 2021)</i>	

(Exchange rate adopted is RMB1: HK\$1.20 as at 28th February, 2021)



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<b>In Hong Kong</b>				(HK\$ million)
Group VI – Completed properties held for sale <i>(note 2)</i>	Market Approach, or where appropriate, Income Approach			38,796.83
Group VII – Completed properties held for investment	Income Approach			97,682.79
Group VIII – Completed hotel properties held for operation	DCF approach			67,644.23
Group IX – Properties held under development	Market Approach, or where appropriate, Income Approach			74,095.80
Group X – Properties held for future development	Market Approach			12,050.00
	<b>Sub-total</b>			<b>290,269.65</b>
<b>In Singapore</b>		(SGD million)	(HK\$ million)	
Group XI – Completed property held for sale	Market Approach, or where appropriate, Income Approach	109.57		637.70
Group XII – Property held under development	Market Approach, or where appropriate, Income Approach	405.00		2,357.10
	<b>Sub-total</b>	<b>514.57</b>		<b>2,994.80</b>
				<i>(Exchange rate adopted is SGD1: HK\$5.82 as at 28th February, 2021)</i>
<b>In the United Kingdom</b>		(GBP million)	(HK\$ million)	
Group XIII – Completed property held for sale	Market Approach, or where appropriate, Income Approach	257.45		2,783.03
Group XIV – Completed property held for investment	Income Approach	28.89		312.30
Group XV – Properties held under development	Market Approach, or where appropriate, Income Approach	423.00		4,572.63
Group XVI – Property held for future development	Market Approach	3.16		34.16
	<b>Sub-total</b>	<b>712.50</b>		<b>7,702.13</b>
				<i>(Exchange rate adopted is GBP1: HK\$10.81 as at 28th February, 2021)</i>

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## (2) Valuation by CBRE, Inc.:

Type of property interests	Valuation methodology used	Market value in existing state attributable to the Group as at 28th February, 2021 (USD million)	(HK\$ million)
<b>In the Commonwealth of The Bahamas</b>			
Devco	Market Approach	63.60	496.08
Silver Point	Market Approach	3.40	26.52
	<b>Sub-total</b>	<b>67.00</b>	<b>522.60</b>
			(Exchange rate adopted is USD1: HK\$7.80 as at 28th February, 2021)

## (3) Valuation by Colliers International Property Advisers UK LLP and Colliers International Valuation UK LLP:

Type of property interests	Valuation methodology(ies) used	Market value in existing state attributable to the Group as at 28th February, 2021 (GBP million)	(HK\$ million)
<b>In the United Kingdom</b>			
Assets belonging to Greene King	For offices and warehouses – Market Approach (by making reference to comparable sales transactions as available in the relevant market subject to suitable adjustments between the subject properties and the comparable properties transactions)	4,285.38	46,324.96
	For public houses – Income Approach (based on the fair maintainable operating profit (expressed as EBITDA) with adjustment applied to quantify and account for the likely loss of revenues both during the ongoing closure of properties due to COVID-19 restrictions and once the properties to reopen)		
	For breweries – The Depreciated Replacement Cost (the “DRC Approach”), which is the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation		
	Income Approach	1,034.00	11,177.54
Part freehold and part leasehold asset, 5 Broadgate owned by Bluebutton (5 Broadgate UK Limited)			
	<b>Sub-total</b>	<b>5,319.38</b>	<b>57,502.50</b>
			(Exchange rate adopted is GBP1: HK\$10.81 as at 28th February, 2021)

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## (4) Valuation by Jones Lang LaSalle Limited:

Type of property interests	Valuation methodology used	Market value in existing state attributable to the Group as at 28th February, 2021 (GBP million)	(HK\$ million)
<b>In the United Kingdom</b>			
Properties owned by Social Healthcare Properties LP	Income Approach	350.90	3,793.23
	<b>Sub-total</b>	<b>350.90</b>	<b>3,793.23</b>
			<i>(Exchange rate adopted is GBP 1: HK\$10.81 as at 28th February, 2021)</i>

## (5) Valuation by BNP Paribas Real Estate (Ireland) Limited:

Type of property interests	Valuation methodology used	Market value in existing state attributable to the Group as at 28th February, 2021 (EUR million)	(HK\$ million)
<b>In Ireland</b>			
1 & 2 Heuston South Quarter, Dublin 8	Income Approach	165.00	1,546.05
	<b>Sub-total</b>	<b>165.00</b>	<b>1,546.05</b>
			<i>(Exchange rate adopted is EUR 1: HK\$9.37 as at 28th February, 2021)</i>

## (6) Valuation by Frontline Appraisal, Inc.:

Type of property interests	Valuation methodology used	Market value in existing state attributable to the Group as at 28th February, 2021 (USD million)	(HK\$ million)
<b>In the United States</b>			
An industrial facility at 3259 Holt Road, Mason (Alameda Township), Ingham County, Michigan	Market Approach	0.85	6.61
	<b>Sub-total</b>	<b>0.85</b>	<b>6.61</b>
			<i>(Exchange rate adopted is USD 1: HK\$7.80 as at 28th February, 2021)</i>

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## (7) Valuation by Opteon Property Group Pty Ltd.:

Type of property interests	Valuation methodology used	Market value in existing state attributable to the Group as at 28th February, 2021 (AUD million)	(HK\$ million)
<b>In Australia</b>			
Depot site occupied by Multinet Gas at 2 Richardson Street, Albert Park, Victoria 3206	Market Approach	2.20	13.16
Office warehouse and workshop at 83 Prinsep Road, Jandakot, Western Australia 6164	Market Approach	4.40	26.31
<b>Sub-total</b>		<b>6.60</b>	<b>39.47</b>
			(Exchange rate adopted is AUD1: HK\$5.98 as at 28th February, 2021)

## (8) Valuation by BNP Paribas Real Estate Consult GmbH:

Type of property interests	Valuation methodology used	Market value in existing state attributable to the Group as at 28th February, 2021 (EUR million)	(HK\$ million)
<b>In Germany</b>			
Logistic and office – Two properties located in North Rhine-Westphalia (Gladbeck and Dortmund) and two properties in Lower Saxony (Delmenhorst and Laatzen)	Income approach (by using core & top slice model) – The core represents the current contract rents, which are capitalised as perpetual annuities. The potential rent increase after expiry of the lease is described by the top slice	3.15	29.48
<b>Sub-total</b>		<b>3.15</b>	<b>29.48</b>
			(Exchange rate adopted is EUR1: HK\$9.37 as at 28th February, 2021)

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

## (9) Valuation by Aon Risk Services Australia Limited:

Type of property interests	Valuation methodology(ies) used	Market value in existing state attributable to the Group as at 28th February, 2021 (AUD million)	(HK\$ million)
<b>In Australia</b> 21 Technology Drive, Appin NSW 2560	Market Approach, Income Approach, DRC Approach and Summation Approach – a valuation method that provides an indication of the value of an entire asset by the addition of the separate values of its component parts.	1.44	8.61
53 Alfred Quinn Drive, Middlemount QLD 4746		0.06	0.33
49 Grosvenor Drive, Moranbah QLD 5013		0.21	1.24
Part 23-29 Nixon Road, Wingfield SA 5013		0.18	1.08
	<b>Sub-total</b>	<b>1.88</b>	<b>11.27</b>
		<i>(Exchange rate adopted is AUD1: HK\$5.98 as at 28th February, 2021)</i>	
	<b>Total</b>		<b>498,238.40</b>

### Notes:

- (1) Based on the Cushman & Wakefield Limited Valuation Report, Cushman & Wakefield Limited did not assign commercial value to various portions of properties in the PRC, mainly interests of civil defence and non-civil defence car parking spaces, as the respective real estate ownership certificates had not been obtained and unfettered rights in the properties could not be ascertained.
- (2) Based on the Cushman & Wakefield Limited Valuation Report, Cushman & Wakefield Limited did not assign commercial value to an attributable interest of car parking spaces at Tai Ping Industrial Centre as there is remote or no potential market demand for the property continuing in its existing state.
- (3) Certain amounts shown and calculated in this summary table have been subject to rounding adjustments. Any discrepancies between the total shown and the sum of the amounts listed are due to rounding.

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**Table 10 – Summary of property valuations according to the Valuation Reports**

<u>Location of properties</u>	<b>Market value in existing state attributable to the Group as at 28th February, 2021</b>
	<i>(HK\$ million)</i>
Hong Kong	290,269.65
The PRC	133,820.63
The United Kingdom	68,997.85
Singapore	2,994.80
Ireland	1,546.05
The Commonwealth of The Bahamas	522.60
Australia	50.73
Germany	29.48
The United States	6.61
<b>Total</b>	<b><u>498,238.40</u></b>

According to the Valuation Reports, the total attributable market value of the Company's Properties was approximately HK\$498,238.40 million.

We have reviewed the valuation methodologies adopted in the Valuation Reports, and further enquired with the Property Valuers on the methodologies adopted in valuing the majority of the Properties as at 28th February, 2021, which are mainly Market Approach and Income Approach, as well as the relevant assumptions adopted in arriving at the values of the property interests. According to the Valuation Reports and upon the enquiries with the Property Valuers, we note that the valuation methodologies were adopted on the following basis, which the Property Valuers consider as the most appropriate:

- (a) Market Approach is adopted to value properties where (i) there are comparable sales transactions available in the relevant market; and (ii) the properties have no existing tenancies or are intended to be leased out, such as completed properties held for sale, properties held under development and properties held for future development. Adjustments are made to reflect the differences between the subject properties and the comparable properties. For example, the completed properties held for sale in the PRC, which are mostly strata residential units, industrial units, ancillary commercial podium units and car parking spaces, comparable sales transactions of and information about such sales are generally available. For the properties held by the Group for future development in the PRC and Hong Kong, reference is made to comparable land sales transactions as available in the relevant market, if any, taking into account reasonably incurred land improvement costs with the assumption that the sale of each of property is in its existing state.

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Nonetheless, as advised by Cushman & Wakefield Limited, Income Approach is used to reflect the cases where there are existing tenancies and the properties are intended to be leased;

- (b) Income Approach is adopted to value properties which generate rental income from letting arrangements. The Property Valuers have also made reference to the sale evidence as available in the market. Such approach is commonly used in valuing properties for investment purposes;
- (c) We notice that the DCF Approach has been adopted to value the properties held for operation (i.e., hotels and golf clubs) in Hong Kong and the PRC by Cushman & Wakefield Limited as transactions involving properties of the respective types are rare, while the relevant properties have been in operation for a certain period of time with proven historical trading records; and
- (d) We notice that the DRC Approach has been adopted to value the breweries properties belonging to Greene King in the United Kingdom, as we understood from Colliers International Property Adviser UK LLP that as such assets are rarely, if ever, sold except as part of a sale of the entire operation of which they form part, DRC Approach was adopted.

We notice that the aforesaid methodologies being adopted (except for the DRC Approach) are common valuation approaches and in line with market practice. Moreover, as enquired with the Property Valuers, we also noted that the valuation methodologies adopted in appraising some of these properties as at 28th February, 2021 in the Valuation Reports were consistent with those applied for the valuation of these properties as at 31st December, 2020. Taking into consideration of the nature of these properties and that the respective valuation is conducted in accordance with the above requirements, we consider that the methodologies and basis adopted by the Property Valuers for determining the market values of the property interests are appropriate.

We also notice that certain properties in the PRC, which were valued by Cushman & Wakefield Limited, have not been assigned any commercial values as the relevant rights could not be ascertained. Nonetheless, the market values attributable to the Company as at 28th February, 2021, assuming that the relevant proper and unfettered title document had been obtained without encumbrances and the land premium have been fully settled for each of these properties, were provided for reference. As the aggregate market value of these properties which were not assigned any commercial values represents approximately 2.0% of the total market value of all PRC Properties of the Company as at 28th February, 2021, we are of the view that this does not affect our analysis and recommendation in respect of the Proposal.

### (ii) Reassessed NAV

The total appraised value of the Properties attributable to the Company as at 28th February, 2021 amounted to approximately HK\$498,238.40 million. Table 11 below shows the calculation of the reassessed NAV per Share of HK\$130.20 taking into account the revaluation surplus from the market valuation of the Properties attributable to the Company as at 28th February, 2021 and related tax effects.

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**Table 11 – Calculation of the reassessed NAV per Share**

	<i>HK\$ million</i>
<b>Audited consolidated NAV attributable to Shareholders as at 31st December, 2020</b>	<b>354,639</b>
Add: Revaluation surplus arising from the valuation of the property interests of the Group as at 28th February, 2021 according to the summary of property valuations as shown in Table 10 above <i>(note 1)</i>	174,287
Less: Estimated attributable tax effect <i>(note 2)</i>	<u>(48,027)</u>
<b>Reassessed NAV attributable to Shareholders</b>	<b>480,899</b>
<b>Audited consolidated NAV attributable to Shareholders per Share as at 31st December, 2020</b>	<b>HK\$96.02</b> <i>(note 3)</i>
<b>Reassessed NAV attributable to Shareholders per Share</b>	<b>HK\$130.20</b> <i>(note 3)</i>

*Notes:*

- (1) Based on the independent property valuation of the property interests attributable to the Group as at 28th February, 2021 as set out in the Valuation Reports. As advised by the Company, valuation has been conducted for certain infrastructure assets, yet due to the immateriality of the related values, they are not included in the calculation of the reassessed NAV.
- (2) Adjustment for the estimated attributable tax effect from the valuation surplus as provided by the Group.
- (3) Based on 3,693,400,500 Shares in issue as at 31st December, 2020.

The Offer Price of HK\$51.00 represents a discount of approximately 60.8% to the reassessed NAV per Share of HK\$130.20.

It is noted that such discount is greater than the average and median discount values of the Comparable Companies as illustrated in Table 7 above, but given the net asset values of the Comparable Companies are not on a reassessed basis, such comparison is for illustrative purpose only. We are of the view that without considering the benefits of the Proposal as discussed above, such discount alone may be considered to be less favorable to the Independent Shareholders. However, given the nature of inter-conditionality, the Shares Buy-back Offer and the Proposed Acquisition should be treated as a whole. As a result, the Offer Price, from the standpoint of the discounts to the reassessed NAV per Share when compared with the Comparable Companies, is acceptable.



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### V. FURTHER CONSIDERATIONS

#### (a) Effects on the shareholding interests of the Company

The table below shows the Company's existing shareholding structure and the shareholding structure assuming (i) completion of the issue of the Consideration Shares; (ii) no Shares are bought-back pursuant to the Share Buy-back Proposal; and (iii) no Shares other than the Consideration Shares are issued from the Latest Practicable Date up to and including the date of completion of the Proposal:

Name of Shareholder	As at the Latest Practicable Date		Upon completion of the Proposal	
	Number of Shares	%	Number of Shares	%
<b>Controlling Shareholder Group</b>				
Li Ka-Shing Unity Trustee Company Limited ( <i>TUTI</i> ) as trustee of The Li Ka-Shing Unity Trust	1,003,380,744	27.17%	1,003,380,744	24.92%
Li Ka-Shing Castle Trustee Company Limited as trustee of The Li Ka-Shing Castle Trust	72,387,720	1.96%	72,387,720	1.80%
L.F. Investments S.à r.l. <sup>(note 1)</sup>	84,427,246	2.29%	84,427,246	2.10%
LKSF <sup>(note 2)</sup>	61,523,000	1.67%	394,856,333	9.81%
Lankford Profits Limited <sup>(note 3)</sup>	50,425,500	1.37%	50,425,500	1.25%
Grand Duke Enterprises Limited and Rapid Gain Investments Limited <sup>(note 4)</sup>	407,800	0.01%	407,800	0.01%
Mr. Li Tzar Kuoi, Victor and family (including Ms. Li Michelle Sarah Si De) and controlled companies <sup>(note 5)</sup>	2,897,550	0.08%	2,897,550	0.07%
Companies jointly controlled by Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor <sup>(note 6)</sup>	53,905,000	1.46%	53,905,000	1.34%
Mr. Li Tzar Kai, Richard	75,240	0.002%	75,240	0.0019%
<b>Sub-total</b>	<b>1,329,429,800</b>	<b>35.99%</b>	<b>1,662,763,133</b>	<b>41.29%</b>

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Name of Shareholder	As at the Latest Practicable Date		Upon completion of the Proposal	
	Number of Shares	%	Number of Shares	%
<b>Executive Directors of the Company (other than Mr. Li Tzar Kuoi, Victor)</b>				
Mr. Kam Hing Lam	108,400	0.0029%	108,400	0.0027%
Mr. Ip Tak Chuen, Edmond	300,000	0.0081%	300,000	0.0075%
<b>Sub-total</b>	<b>408,400</b>	<b>0.01%</b>	<b>408,400</b>	<b>0.01%</b>
<b>LKSF Directors (other than Mr. Li Ka shing, Mr. Li Tzar Kuoi, Victor, Mr. Li Tzar Kai, Richard and Ms. Li Michelle Sarah Si De)</b> <i>(note 7)</i>				
Mr. Chong Hok Shan	1,000	0.000027%	1,000	0.000025%
Ms. Chau Hoi Shuen, Solina	13,589,849	0.37%	13,589,849	0.34%
Mr. Man Simon Ka Keung	134,395	0.0036%	134,395	0.0033%
Ms. Eirene Yeung	13,654	0.00037%	13,654	0.00034%
Mr. George Colin Magnus	936,000	0.025%	936,000	0.023%
Mr. Frank John Sixt	136,800	0.0037%	136,800	0.0034%
Mr. Chow Kun Chee, Roland	99,752	0.0027%	99,752	0.0025%
Mr. Lee Yeh Kwong, Charles	806,584	0.022%	806,584	0.02%
Ms. Lee Pui Ling, Angelina	283,722	0.0077%	283,722	0.007%
Mr. Kan Yuet Loong	36,840	0.001%	36,840	0.00091%
Ms. Au Siu Yin, Amy	6,996	0.00019%	6,996	0.00017%
<b>Sub-total</b>	<b>16,045,592</b>	<b>0.43%</b>	<b>16,045,592</b>	<b>0.40%</b>
HSBC Group <sup>(note 8)</sup>	1,987,605	0.05%	1,987,605	0.05%
CK Asset Provident Fund <sup>(note 9)</sup>	616,000	0.02%	616,000	0.02%

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Name of Shareholder	As at the Latest Practicable Date		Upon completion of the Proposal	
	Number of Shares	%	Number of Shares	%
<b>Total for Controlling Shareholder Group, the Executive Directors (other than Mr. Li Tzar Kuoi, Victor), LKSF Directors (other than Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, Mr. Li Tzar Kai, Richard and Ms. Li Michelle Sarah Si De), HSBC Group and CK Asset Provident Fund</b>	<b>1,348,487,397</b>	<b>36.51%</b>	<b>1,681,820,730</b>	<b>41.77%</b>
Independent Shareholders	2,344,913,103	63.49%	2,344,913,103	58.23%
<b>Total</b>	<b>3,693,400,500</b>	<b>100.00%</b>	<b>4,026,733,833</b>	<b>100.00%</b>

The table below shows the Company's existing shareholding structure and the shareholding structure, assuming (i) completion of the issue of the Consideration Shares; (ii) the Maximum Number of Shares are bought-back pursuant to the Share Buy-back Proposal; and (iii) no Shares other than the Consideration Shares are issued from the Latest Practicable Date up to and including the date of completion of the Proposal:

Name of Shareholder	As at the Latest Practicable Date		Upon completion of the Proposal	
	Number of Shares	%	Number of Shares	%
<b>Controlling Shareholder Group</b>				
Li Ka-Shing Unity Trustee Company Limited ( <i>TUTI</i> ) as trustee of The Li Ka-Shing Unity Trust	1,003,380,744	27.17%	1,003,380,744	27.51%
Li Ka-Shing Castle Trustee Company Limited as trustee of The Li Ka-Shing Castle Trust	72,387,720	1.96%	72,387,720	1.99%
L.F. Investments S.à r.l. <sup>(note 1)</sup>	84,427,246	2.29%	84,427,246	2.32%
LKSF <sup>(note 2)</sup>	61,523,000	1.67%	394,856,333	10.83%
Lankford Profits Limited <sup>(note 3)</sup>	50,425,500	1.37%	50,425,500	1.38%
Grand Duke Enterprises Limited and Rapid Gain Investments Limited <sup>(note 4)</sup>	407,800	0.01%	407,800	0.01%

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Name of Shareholder	As at the Latest Practicable Date		Upon completion of the Proposal	
	Number of Shares	%	Number of Shares	%
Mr. Li Tzar Kuoi, Victor and family (including Ms. Li Michelle Sarah Si De) and controlled companies <sup>(note 5)</sup>	2,897,550	0.08%	2,897,550	0.08%
Companies jointly controlled by Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor <sup>(note 6)</sup>	53,905,000	1.46%	53,905,000	1.48%
Mr. Li Tzar Kai, Richard	75,240	0.002%	75,240	0.0021%
<b>Sub-total</b>	<b>1,329,429,800</b>	<b>35.99%</b>	<b>1,662,763,133</b>	<b>45.60%</b>
<b>Executive Directors of the Company (other than Mr. Li Tzar Kuoi, Victor)</b>				
Mr. Kam Hing Lam	108,400	0.0029%	108,400	0.0030%
Mr. Ip Tak Chuen, Edmond	300,000	0.0081%	300,000	0.0082%
<b>Sub-total</b>	<b>408,400</b>	<b>0.01%</b>	<b>408,400</b>	<b>0.01%</b>
<b>LKSF Directors (other than Mr. Li Ka shing, Mr. Li Tzar Kuoi, Victor, Mr. Li Tzar Kai, Richard and Ms. Li Michelle Sarah Si De)</b> <i>(note 7)</i>				
Mr. Chong Hok Shan	1,000	0.000027%	1,000	0.000027%
Ms. Chau Hoi Shuen, Solina	13,589,849	0.37%	13,589,849	0.37%
Mr. Man Simon Ka Keung	134,395	0.0036%	134,395	0.0037%
Ms. Eirene Yeung	13,654	0.00037%	13,654	0.00037%
Mr. George Colin Magnus	936,000	0.025%	936,000	0.026%
Mr. Frank John Sixt	136,800	0.0037%	136,800	0.0038%
Mr. Chow Kun Chee, Roland	99,752	0.0027%	99,752	0.0027%
Mr. Lee Yeh Kwong, Charles	806,584	0.022%	806,584	0.022%
Ms. Lee Pui Ling, Angelina	283,722	0.0077%	283,722	0.0078%

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Name of Shareholder	As at the Latest Practicable Date		Upon completion of the Proposal	
	Number of Shares	%	Number of Shares	%
Mr. Kan Yuet Loong	36,840	0.001%	36,840	0.001%
Ms. Au Siu Yin, Amy	6,996	0.00019%	6,996	0.00019%
<b>Sub-total</b>	<b>16,045,592</b>	<b>0.43%</b>	<b>16,045,592</b>	<b>0.44%</b>
HSBC Group <sup>(note 8)</sup>	1,987,605	0.05%	1,987,605	0.05%
CK Asset Provident Fund <sup>(note 9)</sup>	616,000	0.02%	616,000	0.02%
<b>Total for Controlling Shareholder Group, the Executive Directors (other than Mr. Li Tzar Kuoi, Victor), LKSF Directors (other than Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, Mr. Li Tzar Kai, Richard and Ms. Li Michelle Sarah Si De), HSBC Group and CK Asset Provident Fund</b>	<b>1,348,487,397</b>	<b>36.51%</b>	<b>1,681,820,730</b>	<b>46.12%</b>
Independent Shareholders	2,344,913,103	63.49%	1,964,913,103	53.88%
<b>Total</b>	<b>3,693,400,500</b>	<b>100.00%</b>	<b>3,646,733,833</b>	<b>100.00%</b>

*Notes:*

- (1) L.F. Investments S.à r.l. is 99.99% owned by Chinaton Investment Limited, which in turn is 100% owned by Evago Investment Limited. Evago Investment Limited is a 100% owned by Li Ka-Shing Castle Trustee Corporation Limited as trustee of a discretionary trust.
- (2) The shareholding of LKSF upon completion of the issue of the Consideration Shares represents the total number of Consideration Shares to be issued. Under the terms of the Share Purchase Agreement, LKSF may elect to nominate an affiliate to receive a portion of the Consideration Shares.
- (3) Lankford Profits Limited is 100% owned by Li Ka Shing (Global) Foundation.
- (4) Grand Duke Enterprises Limited and Rapid Gain Investments Limited (both wholly-owned subsidiaries of Mayspin Management Limited) holds 251,000 and 156,800 Shares, respectively. Mayspin Management Limited is 100% owned by Mr. Li Ka-Shing.
- (5) Mr. Li Tzar Kuoi Victor is the beneficial owner of 220,000 Shares.

Dragonfield Limited and Dragon Reign Limited (both 100% owned by Mr. Li Tzar Kuoi, Victor) hold 1,108,186 and 1,164,164 Shares respectively.

Mr. Li Tzar Kuoi, Victor's family collectively hold 405,200 Shares, including 205,200 Shares held by Ms. Li Michelle Sarah Si De, a member of the Controlling Shareholder Group and one of the LKSF Directors.

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- (6) Castle Link Holdings Limited and Shine Diamond Investment Limited, which are both indirectly 50% owned by Mr. Li Ka-Shing and indirectly 50% owned by Mr. Li Tzar Kuoi, Victor, hold 33,456,500 Shares and 20,448,500, respectively.
- (7) Comprises interests of the LKSF Directors, together with their close relatives, related trusts and companies controlled by any of the LKSF Directors, their close relatives or related trusts.
- (8) INKA Internationale Kapitalanlagegesellschaft mbH (“**INKA**”) holds 1,982,778 Shares, over which it has voting discretion. Hang Seng Bank (Trustee) Limited (“**HSTE**”) holds 4,827 Shares, over which it has voting and investment discretion. Both INKA and HSTE are members of the HSBC Group (and neither is an exempt principal trader or an exempt fund manager, in each case recognised by the Executive as such for the purposes of the Takeovers Code). Accordingly, INKA and HSTE are presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code and will abstain from voting on the resolutions in respect of Matters for Approval at the EGM.
- (9) CK Asset Provident Fund is a registered scheme with the Mandatory Provident Fund Schemes Authority (**MPFA**) established on 3 June 2015 under the Occupational Retirement Schemes Ordinance. The beneficiaries of the fund are employees of various members of the Group. HSBC Global Asset Management (Hong Kong) Limited and Amundi Hong Kong Limited are the investment managers to the of the fund and they manage the fund on a fully discretionary basis. CK Asset Provident Fund is presumed to be acting in concert with the Company and will abstain from voting on the resolutions in respect of Matters for Approval at the EGM.

As illustrated above, the shareholdings in the Company held by the Independent Shareholders will be diluted from approximately 63.49% as at the Latest Practicable Date to approximately 53.88% immediately upon completion of the issue of the Consideration Shares, and assuming the Maximum Number of Shares are bought-back pursuant to the Share Buy-back Proposal and no Shares other than the Consideration Shares are issued during the aforesaid period.

As a result of the Proposal, there will be a dilution to the shareholdings in the Company held by Independent Shareholders. However, having taken into account (i) the objectives of the Company, including the opportunity for the Company to acquire interests in a sizeable and high quality investment portfolio with low execution risk, the increase in contribution of the recurrent income base and enhance of the stability of the Group’s earnings, the financially accretive nature of the Proposal, and an opportunity for Shareholders to monetise at a premium to the prevailing market price, as set out in the section headed “ – (a) Objectives of the Proposal” above; and (ii) the Purchase Price and the issue of Consideration Shares is fair and reasonable so far as the Independent Shareholders are concerned as discussed under the sections headed “— (b) Analysis of the Proposed Acquisition – Purchase Price” and “Issue of Consideration Shares and evaluation of the issue price” above, we consider that the dilution effect to the shareholdings in the Company held by the Independent Shareholders as a result of the Proposal is acceptable.

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### (b) Prospects and outlook of the Group upon the Proposed Acquisition

As stated in the Company's 2020 annual report, the COVID-19 health crisis has impacted the world on an unprecedented scale since the outbreak of COVID-19 in February, 2020. As a result, the global economy has fallen into recession due to lockdowns and social restrictions, thereby impacting negatively the Company's profit attributable to Shareholders for the financial year of 2020.

Infrastructure and utility asset operation is a key contributor to steady recurrent income for the Group. Nevertheless, the pandemic also disrupted the performance of this segment of the Group, although to a lesser extent due to the stable nature of infrastructure and utility assets. As stated in the Company's 2020 annual report, the Company will continue to source global diversified infrastructure and utility assets and related investment opportunities to create sustainable value for the Shareholders through gradual enhancement of recurrent income base and quality of earnings. The Proposed Acquisition is a continuation of this policy to invest in such asset, given that they are engaged in investments of electricity distribution (UK Power Networks), gas distribution (Wales & West Utilities), water and wastewater services (Northumbrian Water), as well as waste management and waste-to-energy (Dutch Enviro Energy).

#### *Electricity distribution*

DNOs in the United Kingdom are natural monopolies and they are regulated by the Ofgem under a price control regime such that they can, through efficient operation, earn a fair return on their activities while the end cost to consumer can be controlled. The current price control RIIO-ED1 applies for an eight-year period from 1st April, 2015 to 31st March, 2023 and determines the Allowed Revenues the DNOs are able to collect from their customers and the outputs they are required to deliver. A DNO has the opportunity to outperform the Allowed Revenue either by delivering its agreed output at a cost below the regulatory cost allowances or through its performance against the RIIO-ED1 incentive mechanisms.

A DNO's rate of regulatory return on equity ("**RoRE**") is the return on equity that an DNO would earn based on the basic allowed equity return plus other incentives, rewards and penalties. As stated in the RIIO-ED1 annual report 2019-20 of the Ofgem, the authority estimated that the DNO's RoRE over the RIIO-ED1 period ranges between 7.4% and 9.5%.

Looking forward, as disclosed in the 2020 annual report of UK Power Networks, it has three key long-term considerations beyond 2020, which is (i) to continue integrating office and depot activities to fewer locations to capture synergies; (ii) to monitor the regulatory direction closely, which includes an increased focus of RIIO-ED1 on environmental targets, the development of low carbon initiatives and security of supply; and (iii) the next price control RIIO-ED2 from April, 2023. It will also focus on development of smart distribution grids to accommodate the growth of the new technologies such as renewable energy installations, electricity storage technology, smart metering, smart heating and lighting systems and electric vehicles, to enhance the return to the shareholders.

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### *Gas distribution*

GDNs in the United Kingdom are regulated by the Ofgem under a price control regime similar to that of the DNOs as discussed above. The price control RIIO-GD1 began on 1st April, 2013 and ran for eight years to 31st March, 2021, and the new price control RIIO-GD2 will cover a 5-year period, which runs from 1st April, 2021 to 31st March, 2026. As stated in the RIIO-GD1 annual report 2019-20 of Ofgem, the authority estimated that the GDN's RoRE over the RIIO-GD1 period ranges between 8.3% and 13.3%.

The 2020 long-term development statement of Wales & West Utilities highlighted some key industry developments which Wales & West Utilities has taken into consideration in making its investment proposal for RIIO-GD2 and beyond, including, an expected increase of 3% to 8% in peak demand over the next ten years, an increase in integration and interaction of energy networks and a greater need of smarter systems to manage changes in network flow.

### *Water and wastewater services*

Northumbrian Water operates a public water networks and public wastewater networks. Given the monopoly nature of its business, supply of water and sewage treatment in the United Kingdom are required to set prices for their services in accordance with price and services controls as regulated by the Ofwat. These controls are reviewed and determined once every five years by the Ofwat, provide limits on the revenue that undertakings can obtain each year from their wholesale, household retail and non-household retail services. The limits are negotiated for each undertaker based on their respective commitments on costs and customer services. The last price review was conducted in 2019 (the “**PR19**”) and it covers price controls from 2020 to 2025.

Similar to DNOs and GDNs, the RoRE of water and wastewater undertakers varies according to each undertaker's performance. According to the “Monitoring financial resilience report 2018-19” by Ofwat, the average annual RoRE during the last price control period, which was from 2015 to 2019, for all the water and wastewater undertakers ranges from 4.36% to 11.53%.

In April, 2019, Northumbrian Water published its business plan for the PR19 and beyond. Future targets of the company include significant bill reductions partly as a result of passing on the gains from improved efficiency, ambitious reduction in leakage, eradication of sewer flooding in the home as a result of the company's assets and operations, focus on digital innovation and ways to develop and implement innovative ideas.



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### *Waste management and waste-to-energy*

According to the “Energy Report – Transition to sustainable energy” published by the Government of the Netherlands, the country is aiming for 16% of all energy used in the Netherlands to be provided from renewable sources in 2023, and a minimum of 27% in 2030. Biomass energy, which includes waste-to-energy, is one of the renewable energy sources which the Dutch central government supports.

**Table 12 – Total amount of waste and the amount of waste treated by waste-to-energy and recycling in the Netherlands from 2008 to 2018**

	<u>2008</u>	<u>2010</u>	<u>2012</u>	<u>2014</u>	<u>2016</u>	<u>2018</u>
Total amount of waste in the Netherlands (million tonnes)	97.3	113.7	118.1	130.1	139.9	144.1
Amount of waste treated by energy recovery (million tonnes)	1.7	5.5	9.0	10.3	10.6	10.4
Amount of waste treated by recycling (million tonnes)	N/A	58.0	59.9	59.3	63.8	62.0
Share of waste treated by energy recovery (%)	1.72	4.85	7.64	7.89	7.55	7.20
Share of waste treated by recycling (%)	N/A	50.97	50.72	45.55	45.59	43.04

*Source:* Eurostat

The table above shows that the amount of waste in the Netherlands treated by waste-to-energy grew by a CAGR of approximately 20.1% from 2008 to 2018 and the percentage of waste treated by waste-to-energy increased from 1.72% in 2008 to 7.20% in 2018. Such growth makes the Netherlands one of the leading countries in the European Union in terms of the percentage of waste being treated by waste-to-energy. According to Eurostat, the Netherlands ranked third among countries in the European Union for recycling and the treatment of waste, behind Germany and France, with the majority of waste being used in contributed to waste-to-energy production in 2018. Although the percentage of waste treated by recycling has been on a downward trend, the absolute amount of waste treated by recycling has been stable.

According to the 2020 annual report of Dutch Enviro Energy, it will focus on both the continuous development and the application of innovative technologies in the industry. Projects under development include a new back pressure stream turbine at its Rozenburg facility to make the electricity, process steam and district heating generation more flexible and more efficient, new technology in binding fly ash and carbon dioxide for usage in concrete and hydrogen research.

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### (c) Potential financial effects upon the Proposal

We were advised by the Company that upon the Completion, (a) the Target Holdcos will become wholly-owned subsidiaries of the Company; (b) the Company will indirectly hold 20%, 20%, 10% and 10% of the ownership interest in UK Power Networks, Northumbrian Water, Wales & West Utilities and Dutch Enviro Energy, respectively; (c) in addition to the share interests, the Company's ownership and economic interests in Northumbrian Water, Wales & West Utilities, and Dutch Enviro Energy will increase to 36%, 22%, and 24%, respectively; and (d) the financial results of the Target Holdcos will be consolidated into those of the Company.

The unaudited pro forma financial information of the Group as included in Appendix III to the Circular and Offer Document has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of what the net assets attributable to Shareholders per Share, earnings per Share, dividend per Share or working capital of the Company would be on the actual completion date of the Proposed Acquisition and the Share Buy-back Offer or any future date.

#### *Effects on net assets attributable to Shareholders*

According to the 2020 annual report of the Company, the audited consolidated net assets attributable to Shareholders were approximately HK\$354,639 million as at 31st December, 2020. According to the pro forma financial information, the unaudited consolidated net assets attributable to Shareholders would have decreased slightly to approximately HK\$352,173 million mainly due to the cash utilised to acquire an extra 46,666,667 Shares, being the difference between the Maximum Number of Shares and the Consideration Shares, and the stamp duty expenses and other transaction related expenditures, if the Proposed Acquisition and full acceptance of the Share Buy-back Offer had taken place on 31st December, 2020 and the Maximum Number of Shares had been bought-back.

As a result of the decrease in net assets attributable to Shareholders and the decrease in the number of issued Shares pursuant to the Share Buy-back Offer, the net assets attributable to Shareholders per Share would have increased from HK\$96.02 to HK\$96.57, assuming the Proposed Acquisition and full acceptance of the Share Buy-back Offer had taken place on 31st December, 2020 and the Maximum Number of Shares had been bought-back.

#### *Effect on revenue and earnings*

According to the 2020 annual report of the Company, the Group revenue amounted to approximately HK\$59,825 million. If the Proposal had taken place on 1st January, 2020, there would not have been material change to the Group's revenue as interests in the Target Companies will be recognised as interests in joint ventures by using equity method.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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For the year ended 31st December, 2020, the profit attributable to Shareholders was approximately HK\$16,332 million. Assuming that the Proposed Acquisition and full acceptance of the Share Buy-back Offer were completed on 1st January, 2020 and the Maximum Number of Shares had been bought-back, the earnings attributable to Shareholders for the year ended 31st December, 2020 would have increased to approximately HK\$17,237 million mainly due to the contribution of profits from the newly acquired businesses of the Target Holdcos. As a result of the increase in earnings and the decrease in the number of Shares issued pursuant to the Share Buy-back Offer, the earnings per Share would have therefore increased from approximately HK\$4.42 to approximately HK\$4.73.

### *Effects on dividends*

According to the 2020 annual report of the Company, the audited dividend per Share for the year ended 31st December, 2020 was HK\$1.80. Subject to completion of the Proposal, as discussed in the section headed “– (a) Objectives of the Proposal – 3) Financially accretive transaction”, the total amount that the Company will pay in dividends for the year ending 31st December, 2021 will not be less than an amount equal to the sum of (a) the total amount paid by the Company in dividends in respect of the financial year ended 31st December, 2020; and (b) the Cash Distributions. Accordingly, assuming that the Proposed Acquisition and full acceptance of the Share Buy-back Offer were completed on 1st January, 2020 and the Maximum Number of Shares had been bought-back, together with the Cash Distributions of HK\$910 million and the decrease in the number of Shares issued pursuant to the Share Buy-back Offer, the dividend per Share for the financial year of 2020 will be increased to approximately HK\$2.07.

### *Effect on working capital*

If the Proposed Acquisition and full acceptance of the Share Buy-back Offer had been completed on 31st December, 2020 and the Maximum Number of Shares had been bought-back, the working capital (expressed as net current assets) as at 31st December, 2020 would have decreased by approximately 15.9% from approximately HK\$121,912 million to approximately HK\$102,544 million, which is mainly attributable to the cash used for the Share Buy-back Proposal, the stamp duty expenses and other transaction related expenditures.

## **VI. THE SPECIAL DEAL AND THE WHITEWASH WAIVER**

### **(a) The Special Deal**

As stated in the section headed “PART C – TAKEOVERS CODE IMPLICATIONS OF THE PROPOSAL AND APPLICATION FOR THE WHITEWASH WAIVER – 1. SPECIAL DEAL” in the letter from the Board, the Share Purchase Agreement is between the Company (the offeror for the purposes of the Share Buy-Back Offer) and LKSF (being a Shareholder), and is not capable of being extended to all the Shareholders, the Proposed Acquisition therefore constitutes a special deal under Rule 25 of the Takeovers Code and requires the consent of the Executive.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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An application has been made to the Executive for consent under Rule 25 of the Takeovers Code for the Proposed Acquisition (the Special Deal). The consent to the Special Deal, if granted by the Executive, will be subject to, among other things, the approval of the Proposed Acquisition by the Independent Shareholders at the EGM by way of poll. It is one of the Acquisition Conditions that the consent be granted by the Executive and be approved by the Independent Shareholders at the EGM. If the consent to the Special Deal is not granted by the Executive or not approved by the Independent Shareholders, the Proposed Acquisition will not proceed.

Having taken into consideration that (i) the objectives of the Proposal as discussed under the section headed “– (a) Objectives of the Proposal” above; (ii) the Purchase Price and the issue of the Consideration Shares are considered to be fair and reasonable; (iii) all Independent Shareholders are entitled to vote for or against the resolutions in respect of the Proposed Acquisition and the Special Deal at the EGM; and (iv) the granting of the consent to the Special Deal by the Executive, as one of the Acquisition Conditions, may not be waived by the parties to the Share Purchase Agreement, and that if the consent is not granted, the Proposed Acquisition shall lapse and will not proceed, we are of the view that the terms of the Share Purchase Agreement is fair and reasonable so far as the Independent Shareholders are concerned, and the Proposed Acquisition contemplated under the Share Purchase Agreement which constitutes the Special Deal is in the interest of the Company and the Shareholders as a whole.

### **(b) The Whitewash Waiver**

As set out in the section headed “PART C – TAKEOVERS CODE IMPLICATIONS OF THE PROPOSAL AND APPLICATION FOR THE WHITEWASH WAIVER – 2. THE WHITEWASH WAIVER” in the letter from the Board, following the allotment and issue of the Consideration Shares to LKSF (or a subsidiary of LKSF) and assuming the Maximum Number of Shares are bought-back pursuant to the Share Buy-back Offer, the shareholding of the Controlling Shareholder Group in the Company will be increased to 1,662,763,133 Shares in aggregate, representing approximately 45.60% of the total issued Shares as enlarged by the allotment and issue of the Consideration Shares and the Share Buy-back Offer.

As the implementation of the Proposed Acquisition and the Share Buy-back Offer will increase the Controlling Shareholder Group’s aggregate holding of voting rights of the Company by more than 2%, in the absence of the Whitewash Waiver, LKSF would be under an obligation pursuant to Rule 26 of the Takeovers Code to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by the Controlling Shareholder Group.

The members of the Controlling Shareholder Group have confirmed that they will not accept the Share Buy-back Offer in respect of any of the Shares held by them (directly or indirectly) as at the Latest Practicable Date.

An application has been made to the Executive for the Whitewash Waiver pursuant to Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval by

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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at least 75% of the votes cast by the Independent Shareholders at the EGM. It is one of the Acquisition Conditions that the Whitewash Waiver be granted by the Executive and be approved by the Independent Shareholders at the EGM. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Proposed Acquisition will not proceed.

Having taken into consideration that (i) the objectives of the Proposal as discussed under the section headed “– (a) Objectives of the Proposal” above; (ii) the Purchase Price and the issue of the Consideration Shares are considered to be fair and reasonable; (iii) the Offer Price, which is identical to the issue price of the Consideration Share, is considered to be fair and reasonable so far as the Independent Shareholders are concerned; (iv) the granting of the Whitewash Waiver by the Executive, as one of the Acquisition Conditions, may not be waived by the parties to the Share Purchase Agreement, and that if the Whitewash Waiver is not granted, the Proposal shall lapse and will not proceed; and (v) the degree of dilution to the Independent Shareholders as set out in the section above headed “V. FURTHER CONSIDERATIONS – (a) Effects on the shareholders interests of the Company” is considered acceptable, we are of the view that the granting of the Whitewash Waiver is fair and reasonable so far as the Independent Shareholders are concerned.

### **(c) Possible on-market Share buy-back**

The Whitewash Waiver, if granted by the Executive and approved by the Independent Shareholders at the EGM, will only apply to waive LKSF’s obligation to make a mandatory general offer as a result of the Proposed Acquisition and the Share Buy-back Offer as discussed above.

However, if the subsequent on-market Share buy-backs (or any other purchase of Shares) cause the aggregate holding of voting rights of the Company owned or controlled by the Controlling Shareholder Group to increase by more than 2% from the percentage of voting rights held by the Controlling Shareholder Group immediately following completion of the Proposed Acquisition and the Share Buy-back Offer, the Controlling Shareholder Group will be under an obligation pursuant to Rule 26 of the Takeovers Code to make a mandatory general offer for all the Shares not already owned by the Controlling Shareholder Group, unless such mandatory obligation is waived pursuant to Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code in this regard.

## **VII. CONCLUSIONS AND RECOMMENDATION**

In making our recommendation, we have considered the foregoing and in particular the following principal reasons:

### **– in respect of the Proposed Acquisition**

- (i) it is a rare opportunity for the Company to acquire interests in a sizeable and high-quality investment portfolio with low execution risk;
- (ii) there will be an increase in contribution from the recurrent income base and an enhancement of the stability of the Group’s earnings;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (iii) the EV/EBITDA Ratio and the EV/RAV or RCV Ratio implied by the Purchase Price of HK\$17 billion are close to or below the corresponding average of the Target Comparable Companies, which are considered to be favorable to the Company;
- (iv) the EV/EBITDA Ratio and the EV/RAV or RCV Ratio implied by the Purchase Price of HK\$17 billion are below the corresponding average of the Comparable Transactions, which are considered to be favorable to the Company;
- (v) the valuation of the recently announced acquisition of the WPD Group, which is highly comparable with the Proposed Acquisition, is higher than the maximum of the Comparable Transactions and that of the Proposed Acquisition in terms of both the EV/EBITDA Ratio and the EV/RAV or RCV Ratio;
- (vi) the average and median premium of the issue price of the Comparable Share Issues to the historical share prices for the respective periods range from 0.34% to 3.33%, whereas the respective range of the issue price of the Consideration Shares represents a premium ranging from 8.4% to 10.0% to the historical Share prices; and
- (vii) the Cash Distributions to be received by Target Holdco Group during the Guarantee Period, with the provision of shortfall payment by LKSF and the dividend guarantee, will incentivise long-term Shareholders through dividend payout.

– **in respect of the Share Buy-back Offer**

- (i) the Share Buy-back Offer allows all Qualifying Shareholders to participate equally on the same terms;
- (ii) the Offer Prices represents a premium ranging from 8.4% to 21.5% over the closing prices of the Shares on the Last Trading Date and for the five, 10, 30 and 60 trading days up to and including the Last Trading Date;
- (iii) given the Company's three-month average daily traded volume is 9.4 million Shares, and the Share Buy-back Offer will be up to a maximum of 380,000,000 Shares. Accordingly, the Share Buy-back Offer provides a liquidity event for the Shareholders to realise all or a portion of their investments in the Company at the Offer Price without incurring transactions costs (being the commissions and dealing charges);
- (iv) the P/B Ratio implied by the Offer Price, while slightly lower than the median P/B Ratio of the Comparable Companies, is higher than that of the Company during the past 12 months or the period from March, 2020 to the Last Trading Date, and therefore allows Shareholders to realise all or a portion of their shareholding at a higher price to book ratio than is otherwise available to them;



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (v) the Offer Price of HK\$51.00 represents a discount of approximately 60.8% to the reassessed NAV per Share of HK\$130.20. It is noted that such discount is greater than the average and median discount values of the Comparable Companies, but given the net asset values of the Comparable Companies are not on a reassessed basis, such comparison is for illustrative purpose only. We are of the view that without considering the benefits of the Proposal as discussed, such discount alone may be considered to be less favorable to the Independent Shareholders. However, given the nature of inter-conditionality, the Shares Buy-back Offer and the Proposed Acquisition should be treated as a whole. Accordingly, the Offer Price, from the standpoint of the discounts to the reassessed NAV per Share when compared with the Comparable Companies, is acceptable; and
  - (vi) in addition to buying back 333,333,333 Shares, which is the same as the number of Consideration Shares, an additional 46,666,667 Shares will be bought back which will result in a greater financial accretion and an enhanced return on capital compared to the original share buy-back proposal.
- **in respect of the potential financial impacts upon the Proposal (both the Proposed Acquisition and the Share Buy-back Proposal)**
- (i) as set out in the unaudited pro forma financial information of the Group, the Proposal is expected to increase the net assets attributable to Shareholders per Share by approximately 0.6% and the earnings per Share by approximately 7.0%, while the working capital (expressed as net current assets) as at 31st December, 2020 would have decreased by approximately 15.9%.

We consider that (i) the entering into of the Share Purchase Agreement (including the Proposed Acquisition contemplated thereunder) is in the ordinary and usual course of business, the terms of Share Purchase Agreement (including the Proposed Acquisition contemplated thereunder) and the Specific Mandate are fair and reasonable so far as the Independent Shareholders are concerned and on normal commercial terms, and the Proposed Acquisition and the Specific Mandate are in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Share Buy-back Offer, the grant of the Whitewash Waiver, and the terms of the Special Deal are on balance fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and we recommend the Independent Shareholders to vote in favour of the relevant resolutions at the EGM to approve the Matters for Approval.

However, the Qualifying Shareholders are reminded to monitor the market price of the Shares during the period of the Share Buy-back Offer. If during the Offer Period, it transpires that the market price of the Shares exceeds the Offer Price and the sales proceeds (net of the transaction costs) exceed the net proceeds to be received under the Share Buy-back Offer, the Qualifying Shareholders who wish to realise their investments in the Company in whole or in part should, if they are able to do so, seek to sell their Shares in the market instead of accepting the Share Buy-back Offer. On the other hand, for those

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Qualifying Shareholders who after considering the information contained in the Circular and Offer Document are attracted by the future prospects of the Group following the completion of the Proposal, they should consider retaining all or part of their shareholding of the Company.

**Your faithfully,**  
**For and on behalf of**  
**Anglo Chinese Corporate Finance, Limited**

**Stephen Clark**  
*Managing Director*

**Raymond Cheung**  
*Director*

1. Mr. Stephen Clark is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Anglo Chinese Corporate Finance, Limited to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. He has over 35 years of experience in corporate finance.
2. Mr. Raymond Cheung is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Anglo Chinese Corporate Finance, Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. He has over 9 years of experience in corporate finance.



HSBC is making the Share Buy-back Offer to the Qualifying Shareholders on behalf of the Company to buy back Shares, on the terms and subject to the conditions set out in this Circular and Offer Document. The principal terms and conditions of the Share Buy-back Offer are set out below.

## **TERMS AND CONDITIONS OF THE SHARE BUY-BACK OFFER**

### **1. The Share Buy-back Offer**

The Company will buy-back Shares up to the Maximum Number of Shares, being 380,000,000 Shares, at the Offer Price of HK\$51.00 per Share.

### **2. Conditions**

The Share Buy-back Offer is conditional upon fulfilment of all of the following conditions:

- (i) the passing of an ordinary resolution by way of poll to approve the Share Buy-back Offer by the Independent Shareholders, either voting in person or by proxy, at the EGM;
- (ii) not less than 75% of the votes cast on the resolution by Independent Shareholders, either voting in person or by proxy, at the EGM approving the Whitewash Waiver;
- (iii) the Whitewash Waiver being granted by the Executive and not having been withdrawn;
- (iv) (a) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Special Deal is fair and reasonable so far as the Independent Shareholders are concerned; (b) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Special Deal; and (c) the consent under Rule 25 of the Takeovers Code from the Executive in respect of the Special Deal being granted and such consent not having been withdrawn; and
- (v) all of the conditions to the Proposed Acquisition (other than the condition specifying that all of the conditions to the Share Buy-back Offer have been satisfied) having been satisfied or waived (as applicable).

None of the Offer Conditions are waivable. Accordingly, if any of the Offer Conditions is not fulfilled, the Share Buy-back Offer will not proceed and the Proposal (including the Proposed Acquisition) will lapse.

**WARNING:**

The Share Buy-back Offer is subject to all of the Offer Conditions being fulfilled and therefore may or may not become unconditional. If any of the Offer Conditions is not fulfilled, the Share Buy-back Offer and the Proposed Acquisition will not proceed and will immediately lapse. Shareholders of and/or potential investors in the Company should therefore exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

The Share Buy-back Offer is not conditional as to any minimum number of Shares tendered for acceptances.

**3. Maximum Number of Shares**

The Maximum Number of Shares which will be bought-back by the Company pursuant to the Share Buy-back Offer is 380,000,000 Shares, representing approximately 10.29% of the total issued Shares as at the Latest Practicable Date.

**4. Qualifying Shareholders**

The Share Buy-back Offer is available to all the Shareholders, other than the Excluded Shareholders (if any), whose names appear on the Register of Members as at the Latest Acceptance Time.

**5. Acceptance**

- (a) Every Qualifying Shareholders may accept the Share Buy-back Offer by the Company of any number of his/her/its Shares at the Offer Price up to his/her/its entire shareholding as at the Latest Acceptance Time by submitting to the Hong Kong Share Registrar a duly completed Form of Acceptance, accompanied by the Title Documents. Each Share may only be accepted for buy-back by the Company once.
- (b) Qualifying Shareholders may accept the Share Buy-back Offer in respect of some or all of their shareholding. If valid acceptances are received for the Maximum Number of Shares or fewer Shares, all Shares validly accepted will be bought-back. If valid acceptances received exceed the Maximum Number of Shares, the total number of Shares to be bought-back by the Company from each Accepting Shareholder will be determined in accordance with the following formula:

$$\frac{A}{B} \times C$$

A = 380,000,000 Shares, being the Maximum Number of Shares

- B** = Total number of Shares for which valid acceptances are received from all Accepting Shareholders under the Share Buy-back Offer
- C** = Total number of Shares for which valid acceptances are received from the relevant individual Accepting Shareholder under the Share Buy-back Offer

As a result, it is possible that not all of the Shares tendered by an Accepting Shareholder will ultimately be bought-back. The total number of Shares which will be bought-back by the Company will not exceed the Maximum Number of Shares.

Fractions of Shares will not be bought-back under the Share Buy-back Offer and, accordingly, the number of Shares that the Company will buy-back from each Accepting Shareholder in accordance with the above formula will be rounded down to the nearest whole number at the discretion of the Company.

The total number of Shares which will be bought-back by the Company will not exceed the Maximum Number of Shares. The decision of the Company as to any scaling down of acceptances in accordance with the above formula and as to the treatment of fractions will be conclusive and binding on all Accepting Shareholders.

- (c) The Offer Price will be paid in cash.
- (d) Forms of Acceptance which have been duly completed and received by the Hong Kong Share Registrar will be irrevocable after the Share Buy-back Offer has been declared unconditional.
- (e) Shares bought back by the Company will be free of commissions and dealing charges, but seller's ad valorem stamp duty payable by the Accepting Shareholders, calculated at a rate of HK\$1.00 for every HK\$1,000 or part thereof of the market value of the Shares to be bought back under the Share Buy-back Offer or the consideration payable by the Company in respect of relevant acceptances of the Share Buy-back Offer, whichever is the higher, will be deducted by the Company from the amount payable to the Accepting Shareholders. The Company will arrange for payment of the seller's ad valorem stamp duty on behalf of the Accepting Shareholders to the Stamp Duty Office in accordance with the Stamp Duty Ordinance.
- (f) Shares bought back under the Share Buy-back Offer will be cancelled in accordance with the memorandum and articles of association of the Company and the applicable laws of Cayman Islands and will not be entitled to any dividend declared for any record date set subsequent to the date of their cancellation. Accordingly, the issued share capital of the Company shall be diminished by the nominal value of the Shares bought back.

- (g) Subject to the Share Buy-back Offer becoming unconditional, the submission of a Form of Acceptance by an Accepting Shareholder in the manner described in paragraph 5(a) above will be deemed to constitute a warranty of such Accepting Shareholder to HSBC and the Company that the Shares are being sold free from all encumbrances and together with all rights attaching or accruing thereto (including the right to any dividend or distribution that may be declared for any record date set on or after the date of cancellation as referred to in paragraph 5(f) above).

## **6. Acceptance Period**

- (a) The Share Buy-back Offer is open for acceptance from the date of this Circular and Offer Document. If the Offer Conditions are satisfied, the Share Buy-back Offer will be open for acceptance for a further 14 days thereafter.
- (b) In order to be valid, a Form of Acceptance must be duly completed and, together with the relevant Title Documents in respect of such number of Shares which represent not less than the number of Shares in respect of which the relevant Shareholder intends to accept under the Share Buy-back Offer, delivered to and received by the Hong Kong Share Registrar, in accordance with the instructions printed thereon and in this Circular and Offer Document, at or before the Latest Acceptance Time, i.e. 4:00 p.m. (Hong Kong time) on Thursday, 27 May 2021, or such later date as the Company may, with the prior consent of the Executive, decide and announce.
- (c) The date when the last one of the Offer Conditions is expected to be satisfied is Thursday, 13 May 2021, being the date of the EGM (or any adjournment or postponement thereof) (as the case may be). Such date may be deferred by the Company, subject to the prior consent of the Executive.

## **7. Irrevocable Acceptances**

Forms of Acceptance which have been duly completed and received by the Hong Kong Share Registrar will become irrevocable and cannot be withdrawn after the Share Buy-back Offer has become or been declared unconditional unless in accordance with Rule 19.2 of the Takeovers Code.

## **8. Odd Lots**

The Shares are currently traded in board lots of 500 Shares each. The Company has no intention to change the board lot size as a result of the Share Buy-back Offer. Shareholders should note that acceptance of the Share Buy-back Offer may result in their holding of odd lots of Shares.

**9. General**

- (a) Shares will be bought-back by the Company on the basis that they are fully paid, their legal and beneficial ownership will be transferred to the Company for subsequent cancellation on the Register of Members and that the Shares are free from all encumbrances and together with all rights attaching or accruing thereto.
- (b) The Shareholders may accept the Share Buy-back Offer by completing and returning the Form of Acceptance in accordance with the instructions as set out in this Circular and Offer Document and printed on the Form of Acceptance (which constitute part of the terms and conditions of the Share Buy-back). A Form of Acceptance may be rejected as invalid if the procedures contained in this Circular and Offer Document and in the Form of Acceptance are not complied with.
- (c) The Share Buy-back Offer and all acceptances of it, the Forms of Acceptance, and all actions taken or made or deemed to be taken or made pursuant to these terms will be governed by and construed in accordance with Hong Kong laws. Delivery of a Form of Acceptance will constitute submission to the non-exclusive jurisdiction of the Hong Kong courts.
- (d) Failure of any person to receive a Circular and Offer Document and/or a Form of Acceptance will not invalidate any aspect of the Share Buy-back Offer. Extra prints of these documents will be available to any Shareholder at the office of the Hong Kong Share Registrar during office hours from the date of despatch of this Circular and Offer Document to the Latest Acceptance Time (both days inclusive), between 9:00 a.m. to 4:30 p.m. (Hong Kong time) from Mondays to Fridays (other than public holidays), and electronic versions are available for download on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and on the Company's website at [www.ckah.com](http://www.ckah.com).
- (e) The Company reserves the right, subject to any applicable law or regulatory requirements, to amend the Offer Price. In the event of such amendment, a supplemental document and new Forms of Acceptance will be despatched to the Shareholders. Any revised offer will be kept open for at least 14 days following the date on which the revised offer document is posted or, if longer and to the extent required by applicable U.S. regulations (including where there is a change in the Offer Price), at least 10 U.S. business days following the date on which the revised Circular and Offer Document is posted. If in the course of the Share Buy-back Offer, the Company revises the terms of the Share Buy-back Offer, all Shareholders, whether they have accepted the Share Buy-back Offer or not, will be entitled to the revised terms.
- (f) The right of acceptance of the Share Buy-back Offer is personal to each Shareholder and is not capable of being assigned or renounced in favour of others or otherwise transferred by the Shareholders.

- (g) All questions as to the number of Shares bought-back, the price to be paid therefor, or any alteration of such price in accordance with the terms contained herein, and the validity, form, eligibility (including the time of receipt) and acceptance for payment of any acceptance will be determined by the Company in its sole discretion, which determination will be final and binding on all of the parties (except as otherwise required under the applicable law or by the Share Buy-backs Code). The Company reserves the absolute right to reject any or all acceptances it determines not to be in proper form or the acceptance or payment therefor which may, in the opinion of the Company, be unlawful. The Company also reserves the absolute right (provided that this is exercised consistently with the requirements of the Share Buy-backs Code or otherwise with the Executive's consent) to waive any of the terms of the Share Buy-back Offer, except the Offer Conditions, either generally or in a particular case and any defect or irregularity in the acceptance of any particular Share or any particular holder thereof. An acceptance may be rejected as invalid unless all defects or irregularities have been cured or waived. In the event of a waiver, cheques for the payment of consideration under the Share Buy-back Offer will not be despatched until after the Form of Acceptance is completed in all respects and the Title Documents satisfactory to the Company have been received by the Latest Acceptance Time. None of the Company, HSBC, the Hong Kong Share Registrar or any of their respective directors or any other person involved in the Share Buy-back Offer is or will be obliged to give notice of any defects or irregularities in acceptances, and none of them will incur any liability for failure to give any such notice.
- (h) All communications, notices, Form(s) of Acceptance, Title Documents and remittances to be delivered or sent by, to or from any Shareholder will be delivered or sent by, to and from them, or their designated agents, at their own risks and none of the Company, HSBC, the Hong Kong Share Registrar or any of their respective directors or any other person involved in the Share Buy-back Offer accepts any liability for any loss or any other liabilities whatsoever which may arise as a result.
- (i) Should any Shareholder require any assistance in completing the Form of Acceptance or have any enquiries regarding the procedures for tendering and settlement or any other similar aspect of the Share Buy-back Offer, the Shareholder may contact the Hong Kong Share Registrar at its hotline at (852) 2862 8555 during the period from Tuesday, 27 April 2021 to Thursday, 27 May 2021 (both days inclusive) between 9:00 a.m. and 6:00 p.m. (Hong Kong time) from Mondays to Fridays (other than public holidays).

## **PROCEDURES FOR ACCEPTANCE OF THE SHARE BUY-BACK OFFER**

### **1. General Procedures for Acceptance**

- (a) To accept the Share Buy-back Offer, Qualifying Shareholders should complete and sign the Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Share Buy-back Offer. The instructions in this

Circular and Offer Document should be read together with the instructions on the Form of Acceptance (which instructions form part of the terms and conditions of the Share Buy-back Offer).

- (b) In order to be valid, the completed Form of Acceptance should be forwarded, together with the Title Documents for not less than the number of Shares in respect of which the relevant Qualifying Shareholder wishes to accept the Share Buy-back Offer, by post or by hand to the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, in an envelope marked "CK Asset Holdings Limited – Share Buy-back Offer" as soon as possible after receipt of the Form of Acceptance but in any event so as to reach the Hong Kong Share Registrar by no later than the Latest Acceptance Time, i.e. 4:00 p.m. (Hong Kong time) on Thursday, 27 May 2021, or such later time and/or date as the Company may, subject to the Takeovers Code, decide and announce.
- (c) If no number is inserted or a number inserted is greater than the Shares tendered by the Qualifying Shareholder, as supported by the Title Documents or a mark other than a legible number (including "✓", "X", "○"), a word or an illegible number or character is inserted, the Form of Acceptance will be considered as incomplete and the Form of Acceptance will be returned to the Qualifying Shareholder for correction and resubmission. Any corrected Form of Acceptance must be resubmitted and received by the Hong Kong Share Registrar by not later than the Latest Acceptance Time, i.e. 4:00 p.m. on Thursday, 27 May 2021 or such later time(s) and/or date(s) as may be announced by the Company in compliance with the Share Buy-backs Code and approved by the Executive.
- (d) Unless the Share Buy-back Offer is extended or revised in accordance with the Takeovers Code, no Form of Acceptance received after the Latest Acceptance Time will be accepted.
- (e) If the Form of Acceptance is executed by a person other than the Registered Owner, appropriate evidence of authority (e.g. a grant of probate or certified copy of a power of attorney) must be delivered to the Hong Kong Share Registrar with the completed Form of Acceptance.
- (f) No acknowledgement of receipt of any Form of Acceptance or Title Documents will be given.
- (g) The Company reserves the right, at its sole discretion, to investigate, in relation to any acceptance, whether the representations and warranties set out in this Appendix I could have been properly given by the relevant Qualifying Shareholder and, if such investigation is made and as a result the Company determines (for any reason) that any such representation and/or warranty could not have been properly given, such acceptance may be rejected as invalid.



- (h) In relation to any acceptance of the Share Buy-back Offer in respect of Shares held in CCASS in the name of HKSCC Nominees Limited, HKSCC Nominees Limited shall specify in the Form of Acceptance the total number of Shares tendered for acceptance of the Share Buy-back Offer by CCASS Participants.
- (i) Only one Form of Acceptance may be accepted from each Qualifying Shareholder by the Hong Kong Share Registrar.

## **2. Nominee Holdings**

- (a) If the Title Documents in respect of a Beneficial Owner's Shares is/are in the name of a nominee company (including those Shares held in CCASS) or some name other than its/his/her own, and such Beneficial Owner wishes to accept the Share Buy-back Offer (either in full or in respect of part of his/her holding(s) of Shares), it/he/she must either:
  - (i) lodge the Title Documents in respect of the number of Shares for which you intend to accept the Share Buy-back Offer with the nominee company, or other nominee, with instructions authorising it to accept the Share Buy-back Offer on its/his/her behalf and requesting it to deliver the Form of Acceptance duly completed together with the Title Documents to the Hong Kong Share Registrar, on or before such deadline (which may be earlier than the deadline specified for the Share Buy-back Offer) as may be stipulated by the nominee; or
  - (ii) arrange for the Shares to be registered in its/his/her name by the Company through the Hong Kong Share Registrar, and send the Form of Acceptance duly completed together with the Title Documents in respect of the number of Shares for which you intend to accept the Share Buy-back Offer to the Hong Kong Share Registrar; or
  - (iii) where its/his/her Shares have been lodged with its/his/her licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct its/his/her broker/ custodian bank to authorise HKSCC Nominees to accept the Share Buy-back Offer on its/his/her behalf on or before the deadline set by HKSCC Nominees. In order to meet the deadline set by HKSCC Nominees, that Shareholder should check with its/his/her broker/ registered institution in securities/custodian bank for the timing on processing of its/his/her instruction, and submit such instruction to its/his/her broker/ registered institution in securities/custodian bank as required by them; or
  - (iv) if that Beneficial Owner's Shares have been lodged with its/his/her Investor Participant Account with CCASS, authorise its/his/her instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees.



- (b) Beneficial Owners with such a nominee holding of Shares should ensure that they undertake the above applicable course of action promptly so as to allow their nominee(s) sufficient time to complete the acceptance procedure on their behalf by the Latest Acceptance Time.
- (c) To ensure equality of treatment of all the Beneficial Owners, those Registered Owners who hold Shares as nominee on behalf of more than one Beneficial Owner should, as far as practicable, treat the holding of each Beneficial Owner separately. It is essential for the Beneficial Owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Share Buy-back Offer. Acceptance of the Share Buy-back Offer by any nominee will be deemed to constitute a warranty by such nominee to the Company that the number of Shares it has indicated in the Form of Acceptance is the aggregate number of Shares for which such nominee has received authorisations from the Beneficial Owners to accept the Share Buy-back Offer on their behalf.

### **3. Recent Transfers**

If a Shareholder has lodged transfer(s) of Shares for registration in its/his/her name and has not yet received the Share certificate(s) and wishes to accept the Share Buy-back Offer, it/he/she should nevertheless complete the Form of Acceptance and deliver it to the Hong Kong Share Registrar together with the transfer receipt(s) duly signed by it/him/her at or before the Latest Acceptance Time. Such action will be deemed to be an irrevocable authority to the Company and/or HSBC and/or their respective agent(s) to collect from the Company or the Hong Kong Share Registrar on its/his/her behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s) to the Hong Kong Share Registrar on its/his/her behalf and to authorise and instruct the Hong Kong Share Registrar to hold such Share certificate(s), subject to the terms of the Share Buy-back Offer, as if it was/they were delivered to the Hong Kong Share Registrar with the Form of Acceptance.

### **4 Lost or Unavailable Share Certificates**

- (a) If the Title Documents are not readily available and/or are lost and a Shareholder wishes to accept the Share Buy-back Offer, the Form of Acceptance should nevertheless be completed and delivered to the Hong Kong Share Registrar so as to reach the Hong Kong Share Registrar not later than the Latest Acceptance Time and the Title Documents should be forwarded to the Hong Kong Share Registrar as soon as possible thereafter and in any event before the Latest Acceptance Time.
- (b) Acceptance of the Share Buy-back Offer will be treated as valid only if the duly signed Form of Acceptance is received by the Hong Kong Share Registrar on or before the Latest Time of Acceptance and is:
  - (i) accompanied by the relevant Title Documents, in respect of the number of Shares you intend to accept the Share Buy-back Offer for and, if those Title Documents are not in your name, such other documents (e.g. a duly stamped

transfer of the relevant Shares in blank or in favour of the acceptor executed by the Registered Owner) in order to establish your right to become the Registered Owner of the relevant Shares;

- (ii) from a Registered Owner or its/his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another sub-paragraph of this paragraph (b)); or

- (iii) certified by the Hong Kong Share Registrar or the Stock Exchange,

and the Hong Kong Share Registrar has recorded that the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received.

- (c) If a Shareholder has lost its/his/her Title Documents, it/he/she should write to the Hong Kong Share Registrar and request a form of letter of indemnity in respect of the lost Title Documents (as the case may be) which, when completed by it/him/her in accordance with the instructions given, should be returned, together with the Form of Acceptance and any Title Documents which are available, to the Hong Kong Share Registrar either by post or by hand, so as to arrive not later than the Latest Acceptance Time. In such cases, the Shareholder will be informed of the fees payable to the Hong Kong Share Registrar for which it/he/she will be responsible. If the Shareholder subsequently find such Title Documents or if they become available, it/he/she should forward the relevant Title Documents to the Hong Kong Share Registrar as soon as possible thereafter.

## **5. Additional Form of Acceptance**

If a Shareholder has lost the accompanying Form of Acceptance or such original has become unusable, and requires a replacement of such form, it/he/she should write to the Hong Kong Share Registrar or visit the Hong Kong Share Registrar at its office and request an additional Form of Acceptance for completion by such Shareholder. Alternatively, its/he/she could download the Form of Acceptance from the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) or the Company's website at [www.ckah.com](http://www.ckah.com).

## **6. Settlement**

- (a) Subject to the Share Buy-back Offer becoming unconditional and provided that a duly completed Form of Acceptance, accompanied by the relevant Title Documents are received by the Hong Kong Share Registrar by not later than the Latest Acceptance Time and are or are deemed to be in order, the Hong Kong Share Registrar will inform the relevant Accepting Shareholder by ordinary post of the buy-back of its/his/her Shares. At the same time, the Hong Kong Share Registrar will send, by ordinary post at that Accepting Shareholder's risk, a remittance for such total amount as is due to that Accepting Shareholder under the Share Buy-back Offer, subject to deduction pursuant to paragraph 5(e) in the

section headed “Terms and Conditions of the Share Buy-back Offer” above, as soon as possible, but in any event within 7 Business Days following the close of the Share Buy-back Offer.

- (b) If the Shares of an Accepting Shareholder in respect of which the Share Buy-back Offer has been accepted are bought-back by the Company in full, the Title Documents in respect of the balance of such Shares or a replacement certificate therefor will be returned or sent to it/him/her by ordinary post at its/his/her own risk, as soon as possible, but in any event within 7 Business Days following the close of the Share Buy-back Offer.
- (c) If the Share Buy-back Offer does not become unconditional, the Title Documents will be returned and/ or sent to each Accepting Shareholder (by ordinary post, at that Accepting Shareholder’s own risk) within 10 days of the lapse of the Share Buy-back Offer. Where any Accepting Shareholder has sent one or more transfer receipt(s) and in the meantime one or more Share certificate(s) has/have been collected on that Accepting Shareholder’s behalf in respect thereof, that Accepting Shareholder will be sent (by ordinary post, at that Accepting Shareholder’s own risk) such Share certificate(s) in lieu of the transfer receipt(s).
- (d) Cheque(s) not presented for payment within six months from the date of issue of the relevant cheque(s) will not be honoured and be of no further effect, and in such circumstances cheque holders should contact the Company for payment.

## **7. New Qualifying Shareholders**

Any new Qualifying Shareholder may collect a copy of this Circular and Offer Document, together with the proxy form and Form of Acceptance from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong during business hours from Tuesday, 27 April 2021 to the closing date of the Share Buy-back Offer, i.e. Thursday, 27 May 2021 (both days inclusive). Such Shareholder may also contact the Hong Kong Share Registrar at its hotline at (852) 2862 8555 and request a copy of this Circular and Offer Document, the accompanying proxy form and Form of Acceptance (as appropriate) to be sent to its/his/her registered address as recorded in the Register of Members.

## **8. Overseas Shareholders**

The making and implementation of the Share Buy-back Offer to Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdiction in which such Shareholders are located. Such Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of any Overseas Shareholders wishing to take any action in relation to the Share Buy-back Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or to the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due from such Overseas Shareholders in such jurisdiction as a result of their acceptances. Any acceptance of the Share Buy-back

Offer by any Overseas Shareholder shall be deemed to constitute a representation and warranty from such Overseas Shareholder to the Company and HSBC that all applicable local laws and requirements have been observed and complied with.

According to the Register of Members, as at the Latest Practicable Date, the Company had Overseas Shareholders with registered addresses located in Australia, Austria, Bermuda, Canada, France, Guyana, Indonesia, Ireland, Japan, Kenya, Macau, Malaysia, Myanmar, New Zealand, Nigeria, Panama, the Philippines, Portugal, Singapore, Sri Lanka, Sweden, Switzerland, Tahiti, Taiwan, Thailand, the PRC, the Republic of Korea, the United Kingdom and the United States of America.

The Company has obtained advice from legal advisers in these jurisdictions, and it has been advised that under the applicable legislations and regulations of these jurisdictions, there is no regulatory restriction of any regulatory body or stock exchange with respect to extending the Share Buy-back Offer to these Overseas Shareholders in the relevant jurisdictions on the terms of the Share Buy-back Offer. Accordingly, the Share Buy-back Offer will be extended to the Overseas Shareholders and there are therefore no Excluded Shareholders.

**It is the responsibility of any Overseas Shareholders wishing to take any action in relation to the Share Buy-back Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or to the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due from such Overseas Shareholders in such jurisdiction as a result of their acceptances. Any acceptance of the Share Buy-back Offer by any Overseas Shareholder shall be deemed to constitute a representation and warranty from such Overseas Shareholder to the Company and HSBC that all applicable local laws and requirements have been observed and complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty. Shareholders should consult their professional advisers if in doubt.**

A summary of the requirements applicable to Overseas Shareholders or persons in certain jurisdictions is set out below.

#### **Overseas Shareholders residing or located in Australia**

No prospectus or other disclosure document (as defined in the Corporations Act 2001 (Cth) (the “**Corporations Act**”) in relation to the Share Buy-back Offer has been or will be lodged with the Australian Securities and Investments Commission (“**ASIC**”) or any other regulatory authority in Australia and this Circular and Offer Document has not been prepared in accordance with Division 5A of Part 7.9 of the Corporations Act. In addition:

- (a) no offers or applications will be made or invited for the Share Buy-back Offer in Australia (including an offer or invitation which is received by a person in Australia); and

- (b) this Circular and Offer Document or any other offering material or advertisement relating to the Share Buy-back Offer will not be distributed or published in Australia,

unless: (i) such action complies with all applicable laws, directives and regulations; (ii) such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia; and (iii) the Share Buy-back Offer is made in circumstances specified in regulation 7.9.97 of the Corporations Regulations 2001 (Cth) (the “**Corporations Regulations**”), including that you are:

- (a) a professional investor (as defined in section 9 of the Corporations Act as modified by regulation 7.6.02AE of the Corporations Regulations);
- (b) a person who has net assets of at least the amount specified in the Corporations Regulations for purposes of subparagraph 761G(7)(c)(i) of the Corporations Act (being AUD2.5 million);
- (c) a person who has gross income for each of the last two financial years of at least the amount specified in the Corporations Regulations made for the purposes of subparagraph 761G(7)(c)(ii) of the Corporations Act (being AUD250,000); or
- (d) a business that is not a small business within the meaning of subsection 761G(12) of the Corporations Act (that is, a business that employs 100 or more people if the business is or includes the manufacture of goods, or 20 or more people for all other business types).

If you are a resident of Australia, you have been sent Circular and Offer Document on the basis that, amongst other matters, you are a person to whom disclosure is not required under Division 5A of Part 7.9 of the Corporations Act.

#### **Overseas Shareholders residing or located in Canada**

The Company has been advised that certain filing requirements would be required to be adhered to if the Share Buy-back Offer was made to the Overseas Shareholder whose registered address is in Canada. The Company would comply with such filing requirements and accordingly, the Share Buy-back Offer will also be extended to such Overseas Shareholder with registered address in Canada.

#### **Overseas Shareholders residing or located in the European Economic Area (“EEA”)**

This Circular and Offer Document has been prepared on the basis that the Share Buy-back Offer will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of securities in any Member State of the EEA. The expression “Prospectus Regulation” means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (as amended or superseded).

**Overseas Shareholders residing or located in Indonesia**

This Circular and Offer Document does not constitute a public offering under the Indonesian Capital Market Law, Law No. 8 of 1995 and its implementing regulations. The Indonesian Financial Services Authority (locally known as *Otoritas Jasa Keuangan*, as the successor of *Bapepam & LK*) does not review or declare its approval or disapproval nor does it make any determination as to the accuracy or adequacy of this Circular and Offer Document.

**Overseas Shareholders residing or located in Ireland**

This Circular and Offer Document is not intended to be and is not a prospectus for the purposes of the Irish Companies Act 2014, Regulation (EU) 2017/1129, the European Union (Prospectus) Regulations 2019 or the Central Bank (Investment Market Conduct) Rules 2019, and the Central Bank of Ireland has not approved this Circular and Offer Document.

**Overseas Shareholders residing or located in Kenya**

The Share Buy-back Offer and this Circular and Offer Document do not comprise a public offer made in Kenya within the meaning of the Capital Markets Act (Chapter 485A, Laws of Kenya).

This Circular and Offer Document has not been filed, registered or approved in Kenya. This Circular and Offer Document does not in any way constitute an offer to sell, or an invitation to sell, any securities in any jurisdiction in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation would subject the Company or HSBC to the Share Buy-back Offer to any new or additional requirements or registrations. Potential users of the information contained in this Circular and Offer Document are requested to inform themselves about and to observe any applicable legal requirement or restrictions.

**Overseas Shareholders residing or located in Nigeria**

This Circular and Offer Document does not constitute an offer or invitation to the public to sell, invest in or subscribe to the securities of the Company. Accordingly, the information contained herein and on the pages that follow do not constitute an offer of securities or related financial instruments for sale or purchase, nor an endorsement of any particular investment adviser or firm or a solicitation of an offer to sell or purchase securities or related financial instruments in Nigeria or to persons located in Nigeria. This document and the securities referred to herein have not been and are not intended to be registered with the Nigerian Securities and Exchange Commission or any other relevant regulatory body within Nigeria.

The Share Buy-back Offer and this Circular and Offer Document mentioned herein may only be made to and accepted by investors to whom this document has been addressed for the purpose of the Share Buy-back Offer only in accordance with the terms contained therein.



**Overseas Shareholders residing or located in Portugal**

The Share Buy-back Offer may not and will not entail an offer to the public in Portugal under circumstances which are deemed to be a public offer under the Portuguese Securities Code (*Código dos Valores Mobiliários*) enacted by Decree Law no. 486/99 of 13 November 1999, as amended and restated from time to time, unless the requirements and provisions applicable to the public offer in Portugal are met and registration, filing, approval or recognition procedure with the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*) is made.

**Overseas Shareholders residing or located in Thailand**

The Share Buy-back Offer does not constitute an offer for sale of any securities, or a solicitation, by the Company, to make an offer for purchase of any securities from any person in Thailand, nor is it intended to cause any solicitation, by any person in Thailand, to make an offer for sale of any securities to any person (including the Company).

You must comply with all applicable laws and regulations in Thailand in which you reside and/or receive distribution of these materials as the Company's shareholder or beneficial owner of the Company's share(s), or in which you make any acceptance of the Share Buy-back Offer by selling your share(s) to the Company under the terms and conditions specified in the Relevant Documents.

The Company has no intention and does not hold itself out or act as agent for or on behalf of any person to provide "investment advisory services" and/or "securities dealing, and/or any other securities businesses requiring any license, permit, or approval from the Thai competent authorities to you. It is not the Company's ordinary course of business to the public to engage in any securities businesses in Thailand which are restricted by the Securities and Exchange Act B.E. 2535 (A.D. 1992) and other relevant regulations issued by Securities and Exchange Commission.

**Overseas Shareholders residing or located in the Republic of Korea**

The Company assumes that you have complied with the foreign exchange filing obligations and that you are eligible to receive the Offer Price without the requirement to seek any approval under applicable Korean laws including but not limited to the approval of the Bank of Korea.

**Overseas Shareholders residing or located in the United Kingdom**

This Circular and Offer Document does not constitute an offer of securities to the public within the meaning of section 85(1) of the Financial Services and Markets Act 2000 ("FSMA") and has not been approved by the Financial Conduct Authority (the "FCA"). Any offer of securities to the public in the United Kingdom must be made in accordance with FSMA and other relevant regulations which may require the publication of a prospectus approved by the FCA. The communication of this document and any other documents or materials relating to it have not been approved by an authorised person for the purposes of section 21 of FSMA. Accordingly, such documents and/or materials are not being distributed

to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials is exempt from the restriction on financial promotions under section 21 of FSMA on the basis that it is only directed at and may be communicated to those persons who are existing members or creditors of the Company or other persons within article 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended).

## **9. Overseas Shareholders located in the United States**

The Share Buy-back Offer will be subject to Hong Kong disclosure and procedural requirements, which are different from those of the United States of America. The Share Buy-back Offer will be made in the United States of America in compliance with Section 14(e) of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the applicable rules and regulations promulgated thereunder, including Regulation 14E (subject to any exemptions or relief therefrom, if applicable) and otherwise in accordance with the requirements of Hong Kong law and the Takeover Code. Accordingly, the Share Buy-back Offer will be subject to disclosure and other procedural requirements, including with respect to the Share Buy-back Offer timetable, settlement procedures, withdrawal, waiver of conditions and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and laws.

To the extent permissible under applicable laws and regulations, including Rule 14e-5 under the Exchange Act, and in accordance with normal Hong Kong practice, HSBC and some of its affiliates may continue to act as exempt principal traders and exempt fund managers in the Shares and any securities that are immediately convertible into, exchangeable for or exercisable for Shares. These purchases or arrangements to purchase may occur either in the open market at prevailing prices or in private transactions at negotiated prices provided that any such purchases or arrangements comply with applicable law and the Takeover Code and are made outside of the United States. Any information about such purchases will be reported to the SFC and, to the extent required to be made publicly available under the Takeovers Code, will be available on the website of the SFC at <http://www.sfc.hk>.

The receipt of cash pursuant to the Share Buy-back Offer by a U.S. Shareholder of Company shares may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of Shares is urged to consult his or her independent professional adviser regarding the tax consequences of accepting the Share Buy-back Offer.

Neither the U.S. Securities and Exchange Commission nor any securities commission of any state of the United States has (a) approved or disapproved the Share Buy-back Offer, (b) passed upon the merits or fairness of the Share Buy-back Offer, or (c) passed upon the adequacy or accuracy of the disclosure in this Circular and Offer Document. Any representation to the contrary is a criminal offense.



**EFFECT OF ACCEPTANCE OF THE SHARE BUY-BACK OFFER BY SHAREHOLDERS**

Subject to the Share Buy-back Offer becoming or being declared unconditional in all respects, each Shareholder by whom, or on whose behalf, a Form of Acceptance is executed irrevocably undertakes, represents, warrants and agrees to and with the Company and HSBC so as to bind it/him/her, its/his/her personal representatives, heirs, successors and assigns) to the effect:

**1. Representations and Warranties**

By delivery to the Hong Kong Share Registrar of a duly completed Form of Acceptance with the Title Documents, the Accepting Shareholder represents and warrants to the Company and HSBC:

- (a) that the Shares sold by such person or persons to the Company are free from all encumbrances and are sold together with all rights attaching to them as at the closing date of the Share Buy-back Offer or subsequently becoming attached to them, including the right to receive all dividends and distributions, if any, declared, made or paid on or after the closing date of the Share Buy-back Offer;
- (b) that if it/he/she is an Overseas Shareholder, it/he/she has observed and is permitted under all applicable laws and regulations to which such Overseas Shareholder is subject to receive and accept the Share Buy-back Offer and any revision thereof, and that it/he/she has obtained all requisite governmental, exchange control or other consents and made all registrations or filings required in compliance with all necessary formalities and regulatory or legal requirements, and all requirements for the payment by the Accepting Shareholder of any transfer or other taxes in respect of its acceptance, and that it/he/she has not taken or omitted to take any action which will or may result in the Company or HSBC, or any other person acting in breach of the legal or regulatory requirements of any jurisdiction in connection with the Share Buy-back Offer or its/his/her acceptance thereof and such acceptance, surrender and/or cancellation shall be valid and binding in accordance with all applicable laws and regulations; and
- (c) that if it/he/she is an Overseas Shareholder located in Australia, it/he/she is (i) a professional investor (as defined in section 9 of the Corporations Act as modified by regulation 7.6.02AE of the Corporations Regulations); (ii) a person who has net assets of at least the amount specified in the Corporations Regulations for purposes of subparagraph 761G(7)(c)(i) of the Corporations Act (being AUD2.5 million); (iii) a person who has gross income for each of the last 2 financial years of at least the amount specified in the Corporations Regulations made for the purposes of subparagraph 761G(7)(c)(ii) of the Corporations Act (being AUD250,000); or (iv) a business that is not a small business within the meaning of subsection 761G(12) of the Corporations Act (that is, a business that employs 100 or more people if the business is or includes the manufacture of goods, or 20

or more people for all other business types), and that it/he/she acknowledges that the Company is relying on this representation and warranty in determining in its absolute discretion whether to accept its/his/her application.

## **2. Appointment and Authority**

The execution of the Form of Acceptance by any Accepting Shareholder constitutes:

- (a) the irrevocable appointment of any director or officer of the Company or HSBC, or such other person as any of them may direct, as such Accepting Shareholder's agent (the "**Agent**"); and
- (b) an irrevocable instruction to the Agent to complete and execute the Form of Acceptance and/or any other document at the Agent's discretion on behalf of such Accepting Shareholder and to do any other acts or things as may in the opinion of the Agent be necessary, expedient or desirable for the purpose of the Company buying-back some or all of the Shares (as the Company may in its absolute discretion determine) in respect of which such Accepting Shareholder has accepted the Share Buy-back Offer.

## **3. Undertakings**

By executing the Form of Acceptance, the Accepting Shareholder undertakes:

- (a) to ratify and confirm each and every act or thing which may be done or effected by the Company or any Agent in the proper exercise of its or its/his/ her powers and/or authorities under the terms of the Share Buy-back Offer;
- (b) to deliver to the Hong Kong Share Registrar the Title Documents in respect of the Shares for which the Share Buy-back Offer is accepted or to procure the delivery of such document(s) to the Hong Kong Share Registrar as soon as possible thereafter and, in any event, no later than the Latest Acceptance Time;
- (c) to accept that the provisions of the Form of Acceptance and the other terms and conditions in this Circular and Offer Document are deemed to be incorporated into the terms and conditions of the Share Buy-back Offer;
- (d) to execute any further documents, take any further action and give any further assurances which may be required in connection with its/his/ her acceptance of the Share Buy-back Offer as the Company may consider to be necessary, expedient or desirable, including without limitation, to complete the buy-back of any Shares in respect of which it/he/she has accepted the Share Buy-back Offer free from all encumbrances and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and other distributions declared, made or paid, if any, on or after the date the Shares are cancelled and/or to perfect any of the authorities expressed to be given hereunder;

- (e) to authorise the Company or the Agent to procure the despatch by ordinary post of the consideration to which it/he/she is entitled at its/his/her own risk according to the terms and instructions set out in the Form of Acceptance; and
- (f) to submit to the jurisdiction of the courts of Hong Kong in relation to all matters arising out of or in connection with the Share Buy-back Offer or the Form of Acceptance.

**TAXATION**

Qualifying Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Share Buy-back Offer. It is emphasised that none of the Company, its ultimate beneficial owners and parties acting in concert with any of them, HSBC, the Independent Financial Adviser, the Hong Kong Share Registrar nor any of their respective directors or any persons involved in the Share Buy-back Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of acceptance of the Share Buy-back Offer by the Qualifying Shareholders.

**ANNOUNCEMENTS**

1. Following the EGM (or any adjournment or postponement thereof) (as the case may be) at which the Share Buy-back Offer and the Whitewash Waiver are to be approved by the Independent Shareholders, the Company will announce through the Stock Exchange's website the results of the EGM and whether or not the Share Buy-back Offer has become unconditional.
2. By 6:00 p.m. (or such later time as the Executive may permit) on the closing date of the Share Buy-back Offer, the Company shall inform the Executive and the Stock Exchange of its decision in relation to the closing and the results of the Share Buy-back Offer and shall publish an announcement through the Stock Exchange by 7:00 p.m. on such date stating that the Share Buy-back Offer has been closed. A draft of such announcement must be submitted to the Executive and the Stock Exchange by 6:00 p.m. for clearance and publication through the website of the Stock Exchange by 7:00 p.m. on the same day. The announcement shall, among others (except in the case of lapse of the Share Buy-back Offer), specify the details as required under Rule 19.1 of the Takeovers Code.
3. The announcement will state the following:
  - (a) the authorisation of the Company or the Agent to procure the despatch by ordinary post of the consideration to which it/he/she is entitled at its/his/her own risk according to the terms and instructions set out in the Form of Acceptance; and
  - (b) the total number of Offer Shares for which acceptances of the Share Buy-back Offer have been received;

- (c) the total number of Offer Shares held, controlled or directed by the Company, the Directors, any person acting in concert with the Company (including the Controlling Shareholder Group), or LKSF, or any person acting in concert with LKSF (including the LKSF Directors), before the offer period;
  - (d) the total number of Offer Shares acquired or agreed to be acquired during the Offer Period by the Company, the Directors, any person acting in concert with the Company (including the Controlling Shareholder Group), or LKSF, or any person acting in concert with LKSF (including the LKSF Directors);
  - (e) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Company, the Directors, any person acting in concert with the Company (including the Controlling Shareholder Group), or LKSF, or any person acting in concert with LKSF (including the LKSF Directors) have borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.
- 4. In computing the total number of Offer Shares represented by acceptances, only valid acceptances that are complete, in good order and fulfil the conditions set out in this Appendix I, and which have been received by the Hong Kong Share Registrar by no later than 4:00 p.m. on the closing date of the Share Buy-back Offer, being the latest time and date for acceptance of the Share Buy-back Offer, shall be included.
  - 5. As required under the Takeovers Code, all announcements in relation to the Share Buy-back Offer will be made in accordance with the Takeovers Code and the Listing Rules.
  - 6. If any of the Company, or persons acting in concert with it, or their respective advisers make any statement during the offer period about the level of acceptances or the number of and percentage of Accepting Shareholders, the Company must make an immediate announcement in compliance with Note 2 to Rule 19 of the Takeovers Code.
  - 7. Under Rule 19.2 of the Takeovers Code, if the Company is unable to comply with the requirements set out in this section headed “Announcements”, the Executive may require that the Shareholders who have tendered acceptances to the Share Buy-back Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that section are met.

**INTERPRETATION**

- 1. A reference in this Circular and Offer Document to a Qualifying Shareholder includes a reference to a person(s) who, by reason of an acquisition or transfer of Shares, is entitled to execute a Form of Acceptance and in the event of more than one person executing a Form of Acceptance, the provisions of this Circular and Offer Document apply to them jointly and severally.

2. A reference in this Circular and Offer Document and the Form of Acceptance to the masculine gender includes the feminine and neuter genders, and a reference to the singular includes the plural, and vice versa.
3. Reference to the Share Buy-back Offer in this Circular and Offer Document and in the Form of Acceptance shall include any revision thereof.
4. In making their decision with regard to the Share Buy-back Offer, the Shareholders should rely on their own examination of the Company and the terms of the Share Buy-back Offer, including the merits and risks involved. The contents of this Circular and Offer Document, including any general advice or recommendation contained herein, together with the Form of Acceptance shall not be construed as any legal or business advice on the part of the Company, HSBC, the Independent Financial Adviser, the Hong Kong Share Registrar nor any of their respective directors or any persons involved in the Share Buy-back Offer. The Shareholders should consult their own professional advisers for professional advice
5. The English text of this Circular and Offer Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

## APPENDIX II FINANCIAL INFORMATION RELATING TO THE GROUP

### 1. FINANCIAL SUMMARY

Set out below is a summary of the consolidated financial information of the Group for each of the three years ended 31 December 2020, 31 December 2019 and 31 December 2018 extracted from the annual reports of the Company for the years ended 31 December 2020, 31 December 2019 and 31 December 2018, respectively.

The auditors' reports issued by the auditors of the Company, Deloitte Touche Tohmatsu, in respect of the audited consolidated financial statements of the Group for each of the three years ended 31 December 2020, 31 December 2019 and 31 December 2018 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

	For the year ended 31 December		
	2020	2019	2018
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Group revenue	59,825	82,382	50,368
Share of revenue of joint ventures	14,327	13,937	14,113
<b>Total</b>	<b>74,152</b>	<b>96,319</b>	<b>64,481</b>
Group revenue	59,825	82,382	50,368
Interest from joint ventures	1,918	1,966	2,175
Investment and other income	3,072	3,122	2,013
Operating costs			
Property and related costs	(19,612)	(42,546)	(22,755)
Pub product and related costs	(5,853)	(1,763)	–
Salaries and related expenses	(6,973)	(4,452)	(3,873)
Interest and other finance costs	(1,689)	(1,291)	(1,079)
Depreciation	(3,445)	(2,192)	(1,771)
Other expenses	(804)	(896)	(559)
	(38,376)	(53,140)	(30,037)

## APPENDIX II FINANCIAL INFORMATION RELATING TO THE GROUP

	For the year ended 31 December		
	2020	2019	2018
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Profit on disposal of a property development joint venture	–	–	6,989
Gain on financial instruments	190	2,190	511
Change in fair value of investment properties	(1,106)	228	3,993
Surplus on disposal of investment properties	–	–	11,850
Profit on disposal of hotel properties	–	–	675
Impairment loss on fixed assets	(1,024)	–	–
Share of profit of joint ventures	518	587	420
Share of profit of associates	189	175	218
<b>Profit before taxation</b>	<b>25,206</b>	<b>37,510</b>	<b>49,175</b>
Taxation	(7,417)	(7,464)	(7,541)
<b>Profit after taxation</b>	<b>17,789</b>	<b>30,046</b>	<b>41,634</b>
Profit attributable to			
Non-controlling interests	(957)	(371)	(977)
Perpetual capital securities	(500)	(541)	(540)
<b>Profit attributable to shareholders</b>	<b>16,332</b>	<b>29,134</b>	<b>40,117</b>
<b>Earnings per share</b>	<b>HK\$4.42</b>	<b>HK\$7.89</b>	<b>HK\$10.85</b>
<b>Dividends per Share</b>	<b>HK\$1.80</b>	<b>HK\$2.10</b>	<b>HK\$1.90</b>
Interim dividend	HK\$0.34	HK\$0.52	HK\$0.47
Final dividend	HK\$1.46	HK\$1.58	HK\$1.43

## APPENDIX II FINANCIAL INFORMATION RELATING TO THE GROUP

	For the year ended 31 December		
	2020	2019	2018
	HK\$ million	HK\$ million	HK\$ million
<b>Profit after taxation</b>	<b>17,789</b>	<b>30,046</b>	<b>41,634</b>
Other comprehensive income	1,494	(1,309)	(1,629)
<b>Total comprehensive income</b>	<b>19,283</b>	<b>28,737</b>	<b>40,005</b>
Total comprehensive income attributable to			
Non-controlling interests	(1,277)	(260)	(794)
Perpetual capital securities	(500)	(541)	(540)
<b>Total comprehensive income attributable to shareholders</b>	<b>17,506</b>	<b>27,936</b>	<b>38,671</b>

## 2. CONSOLIDATED FINANCIAL STATEMENTS

The Company is required to set out or refer to in this Circular and Offer Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 December 2020 (the “**2020 Financial Statements**”); (ii) the audited consolidated financial statements of the Group for the year ended 31 December 2019 (the “**2019 Financial Statements**”); and (iii) the audited consolidated financial statements of the Group for the year ended 31 December 2018 (the “**2018 Financial Statements**”), together with the significant accounting policies and the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The 2020 Financial Statements are set out on pages 120 to 161 of the annual report of the Company for the year ended 31 December 2020 (the “**Annual Report 2020**”), which was published on 12 April 2021. The Annual Report 2020 is posted on the Company’s website ([www.ckah.com](http://www.ckah.com)) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Please also see below a direct link to the Annual Report 2020:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0412/2021041200551.pdf>

The 2019 Financial Statements are set out on pages 146 to 188 of the annual report of the Company for the year ended 31 December 2019 (the “**Annual Report 2019**”), which was published on 7 April 2020. The Annual Report 2019 is posted on the Company’s website ([www.ckah.com](http://www.ckah.com)) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Please also see below a direct link to the Annual Report 2019:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0407/2020040700712.pdf>



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## APPENDIX II FINANCIAL INFORMATION RELATING TO THE GROUP

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The 2018 Financial Statements are set out on pages 140 to 178 of the annual report of the Company for the year ended 31 December 2018 (the “**Annual Report 2018**”), which was published on 9 April 2019. The Annual Report 2018 is posted on the Company’s website ([www.ckah.com](http://www.ckah.com)) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Please also see below a direct link to the Annual Report 2018:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0409/ltn20190409588.pdf>

The 2020 Financial Statements (but not any other part of the Annual Report 2020), the 2019 Financial Statements (but not any other part of the Annual Report 2019) and the 2018 Financial Statements (but not any other part of the Annual Report 2018) are incorporated by reference into this Circular and Offer Document and form part of this Circular and Offer Document.

### 3. STATEMENT OF INDEBTEDNESS AND CONTINGENT LIABILITIES

As at 28 February 2021, for the purpose of this statement of indebtedness, the Group had the following outstanding indebtedness:

#### (a) Borrowings

The Group had total bank and other loans of HK\$78,639 million, of which HK\$19,089 million were secured and HK\$59,550 million were unsecured.

#### (b) Charges on Assets

The Group had properties amounting to HK\$49,923 million charged to secure bank and other loans arranged for property projects on the Mainland and pub operation in the United Kingdom.

#### (c) Contingent Liabilities

The Group provided guarantees amounting to HK\$7,848 million.

Save as disclosed above and apart from intra-group liabilities and guarantees, as of the close of business on 28 February 2021, the Group did not have any issued and outstanding debt securities, authorised or otherwise created but unissued debt securities, loan capital, bank overdrafts, loans, mortgages, charges or other similar indebtedness, hire purchase commitments, liabilities under acceptances or acceptance credits, guarantees or other material contingent liabilities.

#### (d) Lease Liabilities

As at 28 February 2021, the Group had lease liabilities of HK\$7,805 million, which were unsecured and unguaranteed.

#### **4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

Economic restart predominantly depends on the COVID-19 pandemic situation. The Sino-US trade relationship and policies remain unsettled as the administration changed in the United States. Brexit and quantitative easing policy further add to the enormous uncertainties. Multitudes of challenges and pressure are expected for the global economy and the business environment in 2021.

The Mainland recorded a positive real GDP growth in 2020. Following the regional stabilisation of the pandemic in the second quarter, economic recovery on the Mainland continues with gradual improvement in its economic indicators. Expansion in domestic demand coupled with positive interactions between the mainstay domestic market and foreign markets pursuant to the new development paradigm of dual circulation under the 14th Five-Year Plan is expected to sustain a healthy economic development.

Recurrent waves of COVID-19 pandemic in Hong Kong are expected to continue to exert pressure on the local economy and unemployment rate during the first half of the year. Positive growth in 2021 will be driven by the vaccination program and easing of the pandemic situation. The local property market is expected to remain stable and resilient over the medium and long term on account of low interest rate alongside an unfaltering demand. Housing policies will continue to be determining factors. Hong Kong as an international financial centre and an innovation and technology hub will continue to benefit from the ample opportunities created by the Greater Bay Area development. Deeper integration of Hong Kong into the overall national development would provide additional impetus for future growth.

The Group has demonstrated its resilience amid recessions and setbacks over the decades. The Group's financial position remains strong against the economic headwinds due to its solid foundation, worldwide quality assets and recurrent income base. Although 2021 will be full of uncertainties, the Group is determined to maintain stable operation and financial stability through cautious risk management. The Group will critically assess every challenge and opportunity in accordance with its prudent investment policy and remain steadfast in the face of adversity. The Group will moderate growth against stability, and sustain shareholders' value by enhancing the quality of earnings and the recurrent income base. The Group is optimistic that it will regain momentum of growth once the pandemic situation resolves and the global business environment improves.

As at the end of year, the Group had a net debt to net total capital ratio of approximately 4.8%. The Group has maintained "A/Stable" and "A2 Stable" credit ratings from Standard & Poor's and Moody's respectively, demonstrating its stable financial profile.

#### **5. MATERIAL CHANGE**

The Directors confirm that as at the Latest Practicable Date, there had been no material change in the financial or trading position or outlook of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up.

1. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

A. UNAUDITED PRO FORMA ADJUSTED NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS PER SHARE AS AT 31 DECEMBER 2020

The following unaudited pro forma adjusted net assets attributable to Shareholders per Share as at 31 December 2020 is prepared based on the audited consolidated statement of financial position of the Company as at 31 December 2020 and adjusted for the effect of the Proposed Acquisition and the Share Buy-back Offer as if the Proposed Acquisition had been completed and the Maximum Number of Shares had been bought-back on 31 December 2020. It has been prepared in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Proposed Acquisition and the full acceptance of the Share Buy-back Offer on the net assets attributable to Shareholders per Share as at 31 December 2020. As it is prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of what the net assets attributable to Shareholders per Share shall be upon the actual completion date of the Proposed Acquisition and the Share Buy-back Offer or any future date.

	Audited net assets attributable to Shareholders as at 31 December 2020	Pro forma adjustments				Unaudited pro forma adjusted net assets attributable to Shareholders as at 31 December 2020
	HK\$ million (Note 1)	HK\$ million (Note 2)	HK\$ million (Note 3)	HK\$ million (Note 4)	HK\$ million (Note 5)	HK\$ million
Non-current assets	327,968	15,721	–	1,173	8	344,870
Current assets	192,735	627	(487)	–	(19,474)	173,401
Current liabilities (Note 8)	70,823	2,469	(2,435)	–	–	70,857
Net current assets (Note 9)	121,912	(1,842)	1,948	–	(19,474)	102,544
Non-current liabilities (Note 8)	82,662	–	–	–	–	82,662
Net assets	<u>367,218</u>	13,879	1,948	1,173	(19,466)	<u>364,752</u>
Net assets attributable to Shareholders	<u>354,639</u>	13,879	1,948	1,173	(19,466)	<u>352,173</u>
	HK\$ (Note 6)					HK\$ (Note 7)
Net assets attributable to Shareholders per Share	<u>96.02</u>					<u>96.57</u>

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## APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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*Notes:*

- (1) The audited financials of the Group as at 31 December 2020 are extracted from the audited consolidated statement of financial position of the Company as at 31 December 2020 as set out in the Annual Report 2020.
- (2) The audited financials of the Target Holdco Group as at 31 December 2020 are extracted from the audited consolidated statements of financial position of the Target Holdcos as at 31 December 2020.
- (3) The pro forma adjustments account for the capitalisation of HK\$1,948 million owing from Mondrem Corporation to the relevant seller in full (the “**Capitalisation**”), of which the amount is derived after reallocation of amounts due from/to seller group between the Target Holdcos. The Capitalisation will be completed prior to the date of Completion in accordance with the terms of the Share Purchase Agreement.
- (4) The pro forma adjustment represents the excess of the Purchase Price of HK\$17,000 million for the Proposed Acquisition over the aggregate amount of net assets of the Target Holdco Group as at 31 December 2020 after capitalisation of HK\$1,948 million owing from Mondrem Corporation to the relevant seller in full as stated in note (3) above.
- (5) The pro forma adjustment represents cash of HK\$19,380 million used by the Company to buy back the 380,000,000 Shares at HK\$51.00 per Share, assuming that the Maximum Number of Shares are bought-back pursuant to the Share Buy-back Offer, and estimated transaction fees including stamp duty, legal fees, financial advisory fees and other professional fees incurred. Transaction fees attributable to the Proposed Acquisition and transaction fees attributable to the Share Buy-back Offer are accounted for as costs capitalised for investments in joint ventures and a deduction in equity respectively.
- (6) The net assets attributable to Shareholders per Share as at 31 December 2020 was approximately HK\$96.02, which is calculated based on the audited net assets attributable to Shareholders as at 31 December 2020 of HK\$354,639 million and 3,693,400,500 Shares in issue as at 31 December 2020.
- (7) The unaudited pro forma adjusted net assets attributable to Shareholders per Share as at 31 December 2020 is approximately HK\$96.57, which is calculated based on the unaudited pro forma adjusted net assets attributable to Shareholders as at 31 December 2020 of HK\$352,173 million and 3,646,733,833 Shares in issue as at 31 December 2020. The 3,646,733,833 Shares is calculated based on 3,693,400,500 Shares in issue as at 31 December 2020 and adjusted for 333,333,333 Consideration Shares issued for the Proposed Acquisition and 380,000,000 Shares bought-back on the same date assuming that the Maximum Number of Shares are bought back pursuant to the Share Buy-back Offer.
- (8) The total of current and non-current liabilities as at 31 December 2020 would increase from HK\$153,485 million to HK\$153,519 million had the Proposed Acquisition and the Share Buy-back Offer been completed on 31 December 2020.
- (9) The working capital (expressed as net current assets) as at 31 December 2020 would decrease from HK\$121,912 million to HK\$102,544 million had the Proposed Acquisition and the Share Buy-back Offer been completed on 31 December 2020.

**B. UNAUDITED PRO FORMA ADJUSTED EARNINGS PER SHARE FOR THE YEAR ENDED 31 DECEMBER 2020**

The following unaudited pro forma adjusted earnings per Share for the year ended 31 December 2020 is prepared based on the audited profit attributable to Shareholders for the year ended 31 December 2020 and adjusted for the effect of the Proposed Acquisition and the Share Buy-back Offer as if the Proposed Acquisition had been completed and the Maximum Number of Shares had been bought-back on 1 January 2020.

It has been prepared in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Proposed Acquisition and the full acceptance of the Share Buy-back Offer on the earnings per Share for the year ended 31 December 2020. As it is prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of what the earnings per Share shall be upon the actual completion of the Proposed Acquisition and the Share Buy-back Offer or any future period.

	Pro forma adjustments						Unaudited pro forma adjusted profit attributable to Shareholders for the year ended 31 December 2020
Audited profit attributable to Shareholders for the year ended 31 December 2020	HK\$ million (Note 1)	HK\$ million (Note 2)	HK\$ million (Note 3)	HK\$ million (Note 4)	HK\$ million (Note 5)	HK\$ million (Note 6)	HK\$ million
Profit attributable to Shareholders	16,332	3,534	(2,447)	(557)	485	(110)	17,237
	HK\$ (Note 7)						HK\$ (Note 8)
Earnings per Share	4.42						4.73

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## APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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*Notes:*

- (1) The audited profit attributable to Shareholders for the year ended 31 December 2020 is extracted from the audited consolidated income statement of the Company for the year ended 31 December 2020 as set out in the Annual Report 2020.
- (2) The aggregate net profit of the Target Holdco Group is extracted from the audited consolidated statements of profit or loss and other comprehensive income of the Target Holdcos for the year ended 31 December 2020. This adjustment is expected to have a continuing effect on the Group.
- (3) The pro forma adjustment represents reversal of gain on financial instruments recognised for the investments in the Target Companies held by the Target Holdco Group as a result of the reclassification of such investments from financial assets at fair value through profit or loss to interests in joint ventures had the Group completed the Proposed Acquisition on 1 January 2020. This adjustment is not expected to have a continuing effect on the Group.
- (4) The pro forma adjustments represent reversal of (i) dividend income received and receivable from the Target Companies by the Target Holdco Group and (ii) distribution received and receivable by the Group pursuant to the Group's economic benefits interests in the Target Companies, as a result of the reclassification of both the investments in the Target Companies held by the Target Holdco Group and the economic benefits interests in the Target Companies held by the Group from financial assets at fair value through profit or loss to interests in joint ventures, had the Group completed the Proposed Acquisition on 1 January 2020. The adjustments are expected to have a continuing effect on the Group as dividends from joint ventures will continue not to be recognised in profit or loss.
- (5) The pro forma adjustment represents the recognition of share of profits of the Target Companies, as a result of the reclassification of both the investments in the Target Companies held by the Target Holdco Group and the economic benefits interests in the Target Companies held by the Group from financial assets at fair value through profit or loss to interests in joint ventures, had the Group completed the Proposed Acquisition on 1 January 2020. This adjustment is expected to have a continuing effect on the Group.
- (6) The pro forma adjustment represents the reclassification of exchange gains on revaluation of shareholder loans from the Target Holdco Group to the Target Companies, denominated in foreign currencies, from profit attributable to Shareholders to exchange reserve as a result of the reclassification of the shareholder loans to the Target Companies from financial assets at amortised cost to interests in joint ventures had the Group completed the Proposed Acquisition on 1 January 2020. The adjustment is expected to have a continuing effect on the Group as exchange differences on loans to joint ventures will continue to be recognised in reserve.
- (7) The audited earnings per Share for the year ended 31 December 2020 is calculated based on the audited profit attributable to Shareholders for the year ended 31 December 2020 of HK\$16,332 million and 3,693,400,500 Shares in issue throughout the year ended 31 December 2020.
- (8) The unaudited pro forma adjusted earnings per Share for the year ended 31 December 2020 is calculated based on the unaudited pro forma adjusted profit attributable to Shareholders of HK\$17,237 million and 3,646,733,833 Shares in issue throughout the year ended 31 December 2020. The 3,646,733,833 Shares is calculated based on 3,693,400,500 Shares in issue as at 1 January 2020 and adjusted for 333,333,333 Consideration Shares issued for the Proposed Acquisition and 380,000,000 Shares bought-back on the same date assuming that the Maximum Number of Shares are bought back pursuant to the Share Buy-back Offer.

**C. UNAUDITED PRO FORMA ADJUSTED DIVIDEND PER SHARE FOR THE YEAR ENDED 31 DECEMBER 2020**

The following unaudited pro forma adjusted dividend per Share of the Company for the year ended 31 December 2020 is prepared based on the interim dividend paid and final dividend proposed to Shareholders for the year ended 31 December 2020 and adjusted for the effect of the guaranteed Cash Distributions as if the Proposed Acquisition had been completed and the Maximum Number of Shares had been bought-back on 1 January 2020.

It has been prepared in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the guaranteed Cash Distributions, the Proposed Acquisition and the full acceptance of the Share Buy-back Offer on the dividend per Share for the year ended 31 December 2020. As it is prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of what the dividend per Share of the Company shall be upon the actual completion of the Proposed Acquisition and the Share Buy-back Offer or any future period.

	<b>Audited dividend paid and proposed for the year ended 31 December 2020</b>	<b>Pro forma adjustment</b>	<b>Unaudited pro forma adjusted dividend paid and proposed for the year ended 31 December 2020</b>
	<i>HK\$ million (Note 1)</i>	<i>HK\$ million (Note 2)</i>	<i>HK\$ million</i>
Dividend paid and proposed	<u>6,648</u>	<u>910</u>	<u>7,558</u>
	<i>HK\$ (Note 3)</i>		<i>HK\$ (Note 4)</i>
Dividend per Share	<u>1.80</u>		<u>2.07</u>

*Notes:*

- (1) The audited dividend paid and proposed for the year ended 31 December 2020 is extracted from note 7 to the audited consolidated financial statements of the Company for the year ended 31 December 2020 as set out in the Annual Report 2020.
- (2) According to the terms of the Proposed Acquisition, the Cash Distributions comprising dividends, interest and other distributions of not less than HK\$910 million in aggregate will be received, directly or indirectly, from the Target Companies or LKSF, who would pay the shortfall amount to Target Holdco Group if the Cash Distributions received by the Target Holdco Group, directly or indirectly, from the Target Companies is less than HK\$910 million in respect of each year of the Guarantee Period. Subject to the completion of the Proposal, the total amount that the Company will pay in dividends in respect of each of the years ending 31 December 2021 and 2022 will not be less than an amount equal to the sum of (a) the total amount paid or payable by the Company in dividends in respect of the financial year ended 31 December 2020 and (b) the guaranteed Cash Distributions of HK\$910 million.

The pro forma adjustment represents the guaranteed Cash Distributions of HK\$910 million being distributed in full by the Company by way of dividends to Shareholders as if the Group had completed the Proposed Acquisition on 1 January 2020. This adjustment is expected to have an effect on the Group for the years ending 31 December 2021 and 2022.

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## APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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- (3) The audited dividend per Share for the year ended 31 December 2020 was made up of interim dividend paid at HK\$0.34 per Share and final dividend proposed at HK\$1.46 per Share, a total of HK\$1.80, and is extracted from note 7 to the audited consolidated financial statements of the Company for the year ended 31 December 2020 as set out in the Annual Report 2020.
- (4) The unaudited pro forma adjusted dividend per Share for the year ended 31 December 2020 is calculated based on the unaudited pro forma adjusted dividend of the Company of HK\$7,558 million for the year ended 31 December 2020, which is the total of (a) the interim dividend paid and final dividend proposed to Shareholders for the year ended 31 December 2020 of HK\$6,648 million and (b) the guaranteed Cash Distributions of HK\$910 million as stated in note (2) above, and 3,646,733,833 Shares in issue throughout the year ended 31 December 2020. The 3,646,733,833 Shares is calculated based on 3,693,400,500 Shares in issue as at 1 January 2020 and adjusted for 333,333,333 Consideration Shares issued for the Proposed Acquisition and 380,000,000 Shares bought-back on the same date assuming that the Maximum Number of Shares are bought back pursuant to the Share Buy-back Offer.



**2. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this circular and offer document.*

**Deloitte.****德勤****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of CK Asset Holdings Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of CK Asset Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma adjusted net assets attributable to shareholders per share as at 31 December 2020, the unaudited pro forma adjusted earnings per share for the year ended 31 December 2020 and unaudited pro forma adjusted dividend per share for the year ended 31 December 2020 and related notes as set out on pages III-1 to III-6 of the circular and offer document issued by the Company dated 27 April 2021 in connection with, among other things, (1) discloseable and connected transaction and special deal relating to the proposed acquisition of Eagle Frame Limited, Mondrem Corporation, Moonstone Global Investment Limited and Gerbera Investments Limited in consideration for the issue of consideration shares under a specific mandate and (2) the conditional cash offer by The Hongkong and Shanghai Banking Corporation Limited on behalf of the Company to buy-back up to 380,000,000 shares at HK\$51.00 per share (the "Circular and Offer Document") (collectively referred to as the "Proposed Acquisition and Share Buy-back Offer"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages III-1 to III-6 of the Circular and Offer Document.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Proposed Acquisition and Share Buy-back Offer on the Group's financial position as at 31 December 2020 as if the Proposed Acquisition and Share Buy-back Offer had taken place on 31 December 2020, and the Company's earnings per share for the year ended 31 December 2020 and the Company's dividend per share for the year ended 31 December 2020 as if the Proposed Acquisition and Share Buy-back Offer had taken place on 1 January 2020. As part of this process, information about the Group's financial position and financial performance has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2020, on which an auditor's report has been published.

**Directors' Responsibilities for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2020 or 1 January 2020 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu  
Certified Public Accountants  
Hong Kong  
27 April 2021

*The following is the text of a letter and valuation summaries prepared for the purpose of incorporation in this document received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of the value of certain property interests of the Group in the PRC, Hong Kong, Singapore and the United Kingdom as at 28 February 2021. As stated in “Appendix V – Documents Available for Inspection”, a copy of the full property valuation report is available for public inspection.*



27/F One Island East  
Taikoo Place  
18 Westlands Road  
Quarry Bay  
Hong Kong

27 April 2021

The Directors  
CK Asset Holdings Limited  
7th Floor  
Cheung Kong Center  
2 Queen's Road Central  
Hong Kong

Dear Sirs,

#### **Instructions, Purpose & Valuation Date**

In accordance with your instructions for us to value certain properties in the People's Republic of China (the “**PRC**”), Hong Kong, Singapore and the United Kingdom (the “**UK**”) (as more particularly described in the attached valuation summaries) in which CK Asset Holdings Limited (the “**Company**”) together with its subsidiaries (collectively the “**Group**”) have interests, we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such properties as at 28 February 2021 (the “**Valuation Date**”) (i) for incorporation into the circular and offer document and an announcement dated 27 April 2021 issued by the Company; and (ii) to be a document on display in accordance with The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission.

#### **Basis of Valuation**

Our valuation of each of the properties represents its market value which in accordance with The HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors is defined as ‘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 Basis and Assumptions**

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of The Hong Kong Limited, Rule 11 of The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission and The HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors.

Our valuation of each property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuation of the properties, we have relied on the information and advice given by the Group and the Company's legal advisers, Commerce & Finance Law Offices and Guantao Law Firm, regarding the titles to the properties and the interests of the Group in the properties in the PRC. Unless otherwise stated in the legal opinion, in valuing the properties, we have assumed that the Group has an enforceable title to each of the properties and has free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired land use term as granted.

In respect of the properties situated in the PRC, Singapore and the UK, the status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Group are set out in the notes of the respective valuation report.

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

**Method of Valuation**

As at the Valuation Date, the properties in Groups I, II and III; VI, VII and VIII; XI; and XIII and XIV are completed properties in the PRC, Hong Kong, Singapore and the UK respectively and the relevant title certificates including Construction Works Completion Examination Certificates, Building Ownership Certificates or Real Estate Title Certificates or such equivalent certificates or permits have been obtained.

The properties in Groups IV, IX, XII and XV comprise properties under development in the PRC, Hong Kong, Singapore and the UK respectively. For such properties in the PRC, Permits for Commencement of Construction Works or such equivalent permits have been obtained but Construction Works Completion Examination Certificates, Building Ownership Certificates or Real Estate Title Certificates or such equivalent certificates or permits have not been obtained yet.

The properties in Groups V, X and XVI comprise properties held for future development in the PRC, Hong Kong and the UK respectively. Permits for Commencement of Construction Works or such equivalent permits have not been obtained but State-owned Land Use Rights Certificates or Grant Contracts of Land Use Rights or such equivalent certificates or contracts have been obtained as at the Valuation Date.

In valuing the properties in Groups I, VI, XI and XIII which are completed properties held by the Group for sale in the PRC, Hong Kong, Singapore and the UK respectively, we have adopted the Market Approach assuming sale of each of these properties in its existing state by making reference to comparable sales transactions as available in the relevant market subject to suitable adjustments between the subject properties and the comparable properties or, where appropriate, the Income Approach on the basis of capitalisation of the rental income derived from the existing tenancies with due allowance for reversionary potential of each of the properties. Given that the properties are mostly strata residential units, industrial units, ancillary commercial podium units and car parking spaces, comparable sales transactions and information about such sales are generally available. We have therefore adopted the Market Approach which is in line with the market practice. In the cases where there are existing tenancies, the Income Approach is used to reflect such factor.

In valuing the properties in Groups II, VII and XIV which are completed properties held by the Group for investment in the PRC, Hong Kong and the UK respectively, we have adopted the Income Approach on the basis of capitalisation of rental incomes derived from the existing tenancies with due allowance for reversionary potential of each of the properties or by reference to comparable market transactions. Transactions involving similar scale properties of the same nature and tenancy structure in the same districts are not frequent. On the other hand, as most properties generate rental income from letting arrangements and such rental comparables are more readily available, we consider the Income Approach, which is also commonly used in valuing properties for investment purpose, to be the best approach to value these properties.

In valuing the properties in Group III, which are completed properties held by the Group for operation in the PRC, we have used the Discounted Cash Flow (“**DCF**”) method, which involves discounting the future net cash flow of each property for a 10-year investment horizon and the anticipated net operating income receivable thereafter being capitalised at appropriate terminal capitalisation rates till the end of the respective land use term to its present value by using an appropriate discount rate that reflects the rate of return required by a third party investor for an investment of this type. We have prepared the cash flow forecast with reference to the current and anticipated market conditions.

In valuing the properties in Group VIII, which are completed hotel properties held by the Group for operation in Hong Kong, we have used the DCF method, which involves discounting the future net cash flow of each property over a 10-year investment horizon by using an appropriate discount rate that reflects the rate of return required by a third party investor for an investment of this type. The anticipated net operating income receivable thereafter from the 11th year onwards is being capitalised at an appropriate terminal capitalisation rate to its present value. However, in valuing Property No. VIII-12 in Group VIII, which involves a joint venture interest, we have discounted the anticipated net operating income only for the remaining joint venture period.

Transactions involving hotel or golf club properties are rare. On the other hand, as these properties have been operated for a certain period of time with proven historical trading records, we consider the DCF method to be the most appropriate approach to value the properties in Groups III and VIII.

In respect of the properties in Groups IV, IX, XII and XV, which are properties held by the Group under development in the PRC, Hong Kong, Singapore and the UK respectively, we have valued them on the basis that each of these properties will be developed and completed in accordance with the latest development scheme of the Group provided to us (if any). We have assumed that all consents, approvals and licences from the relevant government authorities for the development scheme have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant authorities. In arriving at our opinion of value, we have adopted the Market Approach or the Income Approach to assess the development value as if completed and have also taken into account the incurred construction costs and the costs that will be incurred to complete the development to reflect the quality of the completed development. The 'development value as if completed' represents our opinion of the aggregate selling prices of the development assuming that it was completed as at the Valuation Date. For similar reasons to those explained above for Groups I and VI, the Market Approach is used in the valuation of properties in these property groups. In the cases where the properties are intended to be leased and where rental comparables are available, the Income Approach is used. Both the Market Approach and the Income Approach are commonly used in conducting valuations of properties under development. Besides, we have also considered Market Approach of land comparables subject to incurred construction costs and other associated costs, expenses and risks as a cross-check.

In valuing the properties in Groups V, X and XVI, which are properties held by the Group for future development in the PRC, Hong Kong and the UK respectively, we have mainly used the Market Approach assuming sale of each of these properties in its existing state by making reference to comparable land sales transactions as available in the relevant market and have taken into account reasonably incurred land improvement costs, if any. This method is the most appropriate method for valuing land properties. Besides, we have also considered the development value as if completed subject to allowance of relevant development costs and associated risks as a cross-check.

Regarding Property Nos. VI-1 and VI-2 in Group VI; Property Nos. IX-3, IX-4 and IX-10 in Group IX which are development rights held by the Group in Hong Kong, we have valued each of these property interests in accordance with the terms regarding costs and profit sharing as provided in the development agreements. The market value in existing state represents the value of the interest attributable to the developer in each of such development agreements after considering the estimated outlays and incomes which the developer is responsible for and entitled to pursuant to the respective development contract.

Civil defence car parking spaces in the PRC are subject to the use by the public at no cost during war times. As the Group does not have unfettered rights in the properties, we have ascribed no commercial value for civil defence car parking spaces.



In undertaking our valuations for the properties, we have mainly made reference to sales or lettings within the subject properties as well as other relevant comparable sales or rental evidences of properties of similar use type subject to appropriate adjustments including but not limited to location, accessibility, age, quality, maintenance standard, size, time, configuration and other relevant factors.

The capitalisation rates adopted in our valuations are based on our analyses of the yields of properties of similar use type after due adjustments. Such capitalisation rates are estimated with reference to the yields generally expected by the market for comparable properties of similar use type, which implicitly reflect the type and quality of the properties, the expectation of the potential future rental growth, capital appreciation and relevant risk factors. The capitalisation rates adopted are reasonable and in line with the market norm having regard to the analysed yields of transactions of the relevant use type.

The discount rates adopted in the DCF method reflect the rates of return required by a third party investor for an investment of similar use type. In determining the discount rates which reflect the inherent risks associated with investment in the individual properties, we take into consideration compensation for risks inherent in future cash flows, inflation, revenue growth, our understanding of the return expected by investors for similar properties as well as the level of discount rates used in valuations of similar types of properties. The discount rates adopted are reasonable and in line with the market norm having regard to the relevant analyses.

In determining the terminal capitalisation rates for assessing the terminal values, we have had due regard, among other things, to (i) our analyses of known sales transactions of properties of similar use types, or (ii) where transactions of properties of similar use types are not available, the discount rates we have adopted, our forecasted change in revenue over the 10-year investment horizon, and the duration of the remaining land use term of the properties in the PRC. The terminal capitalisation rates adopted are reasonable and in line with the market norm having regard to the relevant analyses.

Set out below are the key assumptions used in our valuations:

*(a) PRC properties*

Market unit price for

- (i) Residential: RMB7,800 to RMB83,000 per square meter (“sq.m.”) on gross floor area (“GFA”) basis
- (ii) Office: RMB20,000 to RMB59,000 per sq.m. on GFA basis
- (iii) Commercial: RMB9,000 to RMB50,000 per sq.m. on GFA basis
- (iv) Carpark: RMB44,000 to RMB310,000 per lot
- (v) Land: RMB2,400 to RMB25,000 per sq.m. (accommodation value) and RMB390 per sq.m. for agricultural land



Market monthly unit rent for

- (i) Office: RMB41 to RMB346 per sq.m. on GFA basis
- (ii) Commercial: RMB43 to RMB478 per sq.m. on GFA basis

Capitalisation rate for

- (i) Office: 5.5% to 8%
- (ii) Commercial: 6% to 8%

Discount rate for

- (i) Hotel and golf club: 7.5% to 10%

Terminal capitalisation rate for

- (i) Hotel and golf club: 4.5 % to 6%

*(b) Hong Kong properties*

Market unit price for

- (i) Residential: HKD106,300 to HKD1,024,200 per sq.m. on saleable area basis
- (ii) Office: HKD78,400 per sq.m. on GFA basis
- (iii) Commercial: HKD31,800 to HKD93,300 per sq.m. on GFA basis
- (iv) Industrial: HKD36,300 to HKD50,400 per sq.m. on GFA basis
- (v) Land: HKD45,000 to HKD776,000 per sq.m. (accommodation value) and HKD2,600 per sq.m. for agricultural land

Market monthly unit rent for

- (i) Residential: HKD203 to HKD306 per sq.m. on GFA basis
- (ii) Office: HKD110 to HKD1,497 per sq.m. on GFA basis
- (iii) Commercial: HKD175 to HKD9,149 per sq.m. on GFA basis
- (iv) Industrial: HKD72 to HKD149 per sq.m. on GFA basis

Capitalisation rate for

- (i) Residential: 2.25% to 3%
- (ii) Office: 4.25% to 5.625%
- (iii) Commercial: 3.25% to 6.75%
- (iv) Industrial: 4.25% to 5.625%

Discount rate for

- (i) Hotel: 8.0%

Terminal capitalisation rate for

- (v) Hotel: 2.75% to 3.5%

*(c) Singapore properties*

Market unit price for

- (i) Residential: SGD30,312 per sq.m. on GFA basis
- (ii) Commercial: SGD51,151 per sq.m. on strata area basis
- (iii) Carpark: SGD25,000 per lot
- (iv) Land: SGD18,054 per sq.m. (accommodation value)

*(d) UK properties*

Market unit price for

- (i) Private residential: GBP3,692 to GBP26,910 per sq.m.
- (ii) Affordable housing provision: GBP2,411 to GBP5,113 per sq.m.

Market monthly unit rent for

- (i) Office: GBP27 to GBP31 per sq.m.
- (ii) Commercial: GBP18 to GBP34 per sq.m.

Capitalisation rate for

- (i) Office: 5%-6.25%
- (ii) Commercial: 5%-6.25%

As advised by the Group, the potential tax liabilities which would arise on the direct disposal of the property interests held by the Group at the amounts valued by us mainly comprise the following:

*PRC properties*

- Enterprise income tax at 25% on gain
- Land appreciation tax at progressive rates from 30% to 60% on the appreciation in property value
- Stamp duty at 0.05% on the transaction amount
- Withholding tax at 10% if the net proceeds (minus taxes and statutory contributions) are repatriated outside the PRC as dividends (reduced to 5% if the Hong Kong-PRC double tax arrangement applies)
- Other surcharge at approximately 12% of value-added tax

*Hong Kong properties*

- Profits tax at 16.5% on gain (minus any profit which is capital in nature)
- Stamp duty at a minimum of HKD100, progressive rates from 1.5% to 8.5%, or a flat rate of 15% on the transaction amount (of which both the seller and the buyer are jointly and severally liable)

*Singapore properties*

- Income tax at 17% on the gain (minus any profit which is capital in nature)

*UK properties*

- Corporation tax at 19% on gain

In respect of the properties held by the Group for investment, operation and future development for investment and operation, the likelihood of the relevant tax liabilities being crystallised is remote as the Group have no plans for the disposal of such properties yet. In respect of the completed properties held for sale and the properties under development for sale, it is likely that the relevant tax liabilities will be crystallised upon sale.

**Market Volatility**

The recent outbreak of the Novel Coronavirus (COVID-19) has brought high volatility to global financial markets and uncertainty to the property market. It is expected that property values will be very sensitive to development of the pandemic and changes in the financial markets. The extents of impact on different sectors of the market are different and the time for marketing and negotiating sale of a property may be longer than normal. There

will be less certainty as to how long a valuation may sustain and property prices may fluctuate rapidly and materially over a short period of time. Our valuations of the properties are valid only at the Valuation Date and any subsequent changes in market conditions as well as the resulting impacts on property values after the Valuation Date cannot be taken into account. If any party intends to make reference to our valuations when entering into any transaction, he must bear in mind the high market volatility during this period of time and that property values may or may not have changed since the Valuation Date.

### **Source of Information**

We have been provided by the Group with extracts of documents in relation to the titles to the properties in the PRC and the UK. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We have not been provided with copies of the title documents relating to the property interests in Hong Kong and Singapore but have caused searches to be made at the appropriate land registries in Hong Kong and Singapore respectively.

In the course of our valuation of the properties, we have relied on the information and advice given by the Group and the Company's legal advisers, Commerce & Finance Law Offices and Guantao Law Firm, regarding the title to the properties and the interests of the Group in the properties in the PRC.

In respect of all properties, we have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion date of buildings, number of car parking spaces, particulars of occupancy, pre-sale details, rental incomes and revenue, joint venture agreements, development or redevelopment schemes, development time schedules, construction costs, site and floor areas, interest attributable to the Group and all other relevant matters.

Dimensions, measurements and areas included in the valuation report are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised by the Group that no material facts have been omitted from the information provided.

We would point out that the copies of documents of the properties in the PRC provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents.

### **Title Investigation**

We have been provided with extracts of documents relating to the titles of the properties in the PRC and the UK, but no searches have been made in respect of the properties. We have caused searches to be made at the appropriate land registries in Hong Kong and Singapore regarding properties in Hong Kong and Singapore respectively. However, we have not searched the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to

ascertain the title of the properties in the PRC and the UK and we have therefore relied on the advice given by the Group or the Company's legal advisers regarding the interests of each of the Group in the properties in the PRC and the UK.

### **Site Inspection**

We inspected the exterior and, wherever possible, the interior of the properties in between February and March 2021. However, we have not carried out any investigations on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report that the properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct.

### **Currency**

Unless otherwise stated, all sums stated in our valuations are in Renminbi ("RMB"), or in Hong Kong Dollars ("HKD"), or in Singapore Dollars ("SGD"), or in Pound Sterling ("GBP"), the official currency of the PRC, Hong Kong, Singapore and the UK, in relation to the properties in the PRC, Hong Kong, Singapore and the UK respectively.

We enclose herewith summaries of valuations for your attention.

Yours faithfully,  
For and on behalf of  
**Cushman & Wakefield Limited**  
**K.B. Wong**

*Registered Professional Surveyor (General Practice)*  
*Registered China Real Estate Appraiser*  
FHKIS, MRICS  
*Executive Director, Valuation & Advisory Services*

*Note:* Mr. K.B. Wong is a Registered Professional Surveyor who has over 35 years' experience in the valuation of properties in the PRC, Hong Kong, other Asian and European countries.

The valuations of the properties in Groups XI and XII in Singapore; and Groups XIII, XIV, XV and XVI in the UK were undertaken by Mr. K.B. Wong in collaboration with Ms. Chew May Yen of our Singapore Office, and Mr. Jonathan Stickells and Mrs Jodie Jeffrey of our London Office. Ms. Chew May Yen is an Executive Director of our Singapore Office. She is a member of The Singapore Institute of Surveyors and Valuers with more than 30 years' experience in the real estate industry and property valuation in Singapore. Mr. Jonathan Stickells is a Partner of our London Office. He is a member of The Royal Institution of Chartered Surveyors with more than 25 years' experience in property valuation in the UK. Mrs Jodie Jeffrey is a Partner of our London Office. She is a member of The Royal Institution of Chartered Surveyors with more than 10 years' experience in property valuation in the UK.

## Summary of Valuations

Property Group (Group I – Group V)	No. of properties	Market value <sup>(1)</sup> in existing state as at the Valuation Date (RMB million)	Market value <sup>(1)</sup> in existing state attributable to the Group as at the Valuation Date (RMB million)
<u>Properties in the PRC</u>			
Group I – Completed properties held for sale in the PRC	40	54,446.75	44,643.76
Group II – Completed properties for investment in the PRC	9	2,674.84	1,946.83
Group III – Completed properties held for operation in the PRC	2	286.00	233.80
Group IV – Properties held under development in the PRC	10	37,179.00	34,140.23
Group V – Properties held for future development in the PRC	10	31,573.00	30,552.57
<b>Sub-Total</b>	<b>71</b>	<b>126,159.59</b>	<b>111,517.19<sup>(2)</sup></b>
Property Group (Group VI – Group X)	No. of properties	Market value <sup>(1)</sup> in existing state as at the Valuation Date (HKD million)	Market value <sup>(1)</sup> in existing state attributable to the Group as at the Valuation Date (HKD million)
<u>Properties in Hong Kong</u>			
Group VI – Completed properties held for sale in Hong Kong	54	40,189.71	38,796.83
Group VII – Completed properties held for investment in Hong Kong	44	98,075.61	97,682.79
Group VIII – Completed hotel properties held for operation in Hong Kong	15	73,630.00	67,644.23
Group IX – Properties held under development in Hong Kong	11	74,095.80	74,095.80
Group X – Properties held for future development in Hong Kong	3	12,910.00	12,050.00
<b>Sub-Total</b>	<b>127</b>	<b>298,901.12</b>	<b>290,269.65</b>

Notes:

- (1) The market values are stated in approximations.
- (2) The market value in existing state of the properties in the PRC attributable to the Group as at the Valuation Date was approximately HKD133,820.63 million.

## Summary of Valuations

Property Group (Group XI – Group XII)	No. of properties	Market value <sup>(1)</sup> in existing state as at the Valuation Date (SGD million)	Market value <sup>(1)</sup> in existing state attributable to the Group as at the Valuation Date (SGD million)
<u>Properties in Singapore</u>			
Group XI – Completed property held for sale in Singapore	1	109.57	109.57
Group XII – Property held under development in Singapore	1	405.00	405.00
<b>Sub-Total</b>	<b>2</b>	<b>514.57</b>	<b>514.57<sup>(2)</sup></b>
Property Group (Group XIII – Group XVI)	No. of properties	Market value <sup>(1)</sup> in existing state as at the Valuation Date (GBP million)	Market value <sup>(1)</sup> in existing state attributable to the Group as at the Valuation Date (GBP million)
<u>Properties in the UK</u>			
Group XIII – Completed property held for sale in the UK	1	271.00	257.45
Group XIV – Completed property held for investment in the UK	1	32.10	28.89
Group XV – Properties held under development in the UK	2	435.00	423.00
Group XVI – Property held for future development in the UK	1	3.16	3.16
<b>Sub-Total</b>	<b>5</b>	<b>741.26</b>	<b>712.50<sup>(3)</sup></b>

## Notes:

- (1) The market values are stated in approximations.
- (2) The market value in existing state of the properties in Singapore attributable to the Group as at the Valuation Date was approximately HKD2,994.80 million.
- (3) The market value in existing state of the properties in the UK attributable to the Group as at the Valuation Date was approximately HKD7,702.13 million.

# APPENDIX IV

# PROPERTY VALUATION

## Group I – Completed properties held for sale in the PRC as at 28 February 2021

Property No.	Property name	Holding entity	City	District	Land use	Expiry date of land use term	Type of property	GFA <sup>(1)</sup> (sq m)	Completion date	No. of car parking spaces	Market value <sup>(2)</sup> in existing state as at the Valuation Date (RMB Million)	Interest attributable to the Group (%)	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date (RMB Million)
I-1	Portions of Phase 1C and commercial area of The Greenwich, Yaoyiyuan Road, Chaoyang District, Beijing	Hutchison Whampoa Properties (Beijing Chaoyang) Limited	Beijing	Chaoyang	Residential, Ancillary, Basement ancillary, Basement carpark, Basement storage	30 Aug 2044 to 30 Aug 2074	Residential, Commercial, Underground carpark	21,898	2011	545	251.00 <sup>(3)</sup>	100%	251.00
I-2	Portions of Phases 1 to 5 and commercial building of La Grande Ville, Tianzhu Town, Shunyi District, Beijing	Beijing Chang Le Real Estates Development Co., Ltd. Beijing Po Garden Real Estates Development Co., Ltd.	Beijing	Shunyi	Residential, Commercial, Basement storage, Basement carpark	11 Dec 2033 to 31 Dec 2066	Residential, Commercial, Underground carpark, Ancillary facilities	75,164	2010-2019	130	3,041.00	100%	3,041.00
I-3	Portions of Phases 2, 3 and 4 of Regency Park, The intersection of Jing Yue Street and Juyue Street, Jingyue National High-tech Industrial Development Zone, Changchun	Hutchison Whampoa Properties (Changchun) Limited	Changchun	Jingyue	Residential, Commercial	21 March 2055	Residential, Commercial, Carpark	49,243	2012-2016	238	462.00 <sup>(4)</sup>	100%	462.00
I-4	Portions of Phases 1 and 2 of Regency Residence, West of Yatai Street, north of Prosperity Road, Nanguan District, Changchun	Hutchison Whampoa Properties (Changchun) Limited	Changchun	Nanguan	Residential, Commercial	27 Feb 2056	Residential, Commercial, Carpark	10,009	2011-2014	170	41.00 <sup>(5)</sup>	100%	41.00
I-5	Portions of Phases 1A and 1B of Regency Cove, Chaofan Avenue, Changchun High-Tech Industrial Development Zone, Changchun	Hutchison Whampoa Properties (Changchun) Limited	Changchun	High-tech Development Zone	Residential, Commercial	22 Jun 2051 to 22 Jun 2081	Residential, Commercial, Carpark	26,299	2015	154	239.00 <sup>(6)</sup>	100%	239.00
I-6	Portions of Phases 1, 3, 4A, 4B and 5B of Noble Hills, Jinxingbeilu Road, Wangcheng District, Changsha	Hutchison Whampoa Properties (ChangSha WangCheng) Limited	Changsha	Wangcheng	Residential, Commercial	25 Apr 2076	Residential, Commercial	94,223	2010-2020	N/A	1,109.00	100%	1,109.00



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Property No.	Property name	Holding entity	City	District	Land use	Expiry date of land use term	Type of property	GFA <sup>(1)</sup> (sq m)	Completion date	No. of car parking spaces	Market value <sup>(2)</sup> in existing state as at the Valuation Date (RMB Million)	Interest attributable to the Group (%)	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date (RMB Million)
I-7	Portions of Phase 3B of Regency Park No.1 Danding Road, Tianming District, Changzhou	Hutchison Whampoa Properties (Changzhou) Limited	Changzhou	Tianming	Residential, Education	30 May 2078	Residential	313	2014	N/A	6.00	100%	6.00
I-8	Portions of Phases 1A, 1B and 2 of Regency Oaks, No.1088 Yongquan Pengcheng Road, Guanghua Avenue 3 Section, Wenjiang District, Chengdu	Hutchison Whampoa Properties (Chengdu) Wenjiang Limited	Chengdu	Wenjiang	Residential, Commercial	4 Mar 2045 to 4 Mar 2075	Residential, Commercial, Carpark	22,014	2010-2014	515	58.50 <sup>(7)</sup>	100%	58.50
I-9	Portions of Cape Coral, No. 28 Nanbin Road, Nanan District, Chongqing	Hutchison Whampoa Properties (Chongqing Nanan) Limited	Chongqing	Nanan	Residential, Commercial	12 Jun 2043 to 12 Jun 2053	Residential, Commercial, Carpark	41,798	2009-2013	677	357.00	95%	339.15
I-10	Portions of Phases 1, 2B and 2C of Noble Hills, No. 8, Huiyun Street, Cibo Center, Central Villa District, Yubei District, Chongqing	Hutchison Whampoa Properties (Chongqing Jingxinyuan) Limited	Chongqing	Yubei	Residential, Commercial	12 Jun 2045 to 12 Jun 2055	Residential, Medical Center	2,206	2009-2014	N/A	31.40	100%	31.40
I-11	Portions of Land No. 1, 8A, 8B, 11A, 13 and 14 of Regency Hills, Shaxi Avenue, No.74 Yanyu Road, Nanan District, Chongqing	Hutchison Whampoa Properties (Chongqing Nanan) Limited	Chongqing	Nanan	Residential, Commercial	16 Apr 2047 to 16 Apr 2057	Residential, Commercial, Basement carpark	143,611	2015-2020	2,653	915.00 <sup>(8)</sup>	95%	869.25
I-12	Portions of G18 and G19 of Regency Lakeview, No. 1 Yuehu Road, Jinshan Avenue, Yubei District, Chongqing	Hutchison Whampoa Properties (Chongqing Liangjiangxinqu) Limited	Chongqing	Yubei	Residential, Commercial	30 Dec 2050 to 30 Dec 2060	Residential, Kindergarten, Carpark	54,830	2015-2020	653	580.00 <sup>(9)</sup>	100%	580.00
I-13	Land plot No. 5B of Wolong Bay, Phase 1 of The South Bay, Jinzhou New District, Dalian	Hutchison Whampoa Properties (Dalian Wolong North) Limited	Dalian	Jinzhou	Commercial	4 Jan 2053	Apartment, Commercial, Carpark	70,150	2017	298	598.00 <sup>(10)</sup>	100%	598.00

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Property No.	Property name	Holding entity	City	District	Land use	Expiry date of land use term	Type of property	GFA <sup>(1)</sup> (sq m)	Completion date	No. of car parking spaces	Market value <sup>(2)</sup> in existing state as at the Valuation Date (RMB Million)	Interest attributable to the Group (%)	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date (RMB Million)
I-14	Portions of Phases D1a, D2c1, G1a, G1b/G2a (zone 1), G1b/G2a (zone 3), G2b (zone 1), E2 and H of Laguna Verona, Huijing Avenue, Houjie District, Dongguan	Dongguan Asia Commercial Hwang Gang Lake Development Co., Ltd.	Dongguan	Houjie	Residential, Commercial	Feb 2062 to 19 Sep 2068	Residential, Commercial, Carpark	340,596	2012-2021	1,162	6,170.00 <sup>(11)</sup>	99.823%	6,159.08
I-15	Portions of 1A, 1B, 2A and 2B of Emerald Cove, Kehai Road, Chancheng District, Foshan	Foshan Hutchison Whampoa Properties Limited	Foshan	Chancheng	Residential, Commercial	30 Mar 2053 to 30 Mar 2083	Residential, Commercial, Underground carpark	56,128	2015-2016	1,047	311.00 <sup>(12)</sup>	100%	311.00
I-16	Portions of Cape Coral, 381 Shaxi Road, Panyu District, Guangzhou	Hutchison Whampoa Properties (Guangzhou) Panyu Limited	Guangzhou	Panyu	Residential, Commercial	9 July 2070 to 4 Dec 2071	Residential, Commercial, Underground carpark	13,621	2006-2017	995	178.00 <sup>(13)</sup>	100%	178.00
I-17	Portions of Phases 1, 2 and 3A of Noble Hills, Zengcheng Avenue, Zengcheng District, Guangzhou	Hutchison Whampoa Properties (Guangzhou) ZengCheng Limited	Guangzhou	Zengcheng	Residential	6 Dec 2075 to 26 Apr 2076	Residential, Commercial	54,187	2012-2020	N/A	1,130.00	100%	1,130.00
I-18	Portions of Phases 1-3 of Yuhu Mingdi (Zone 1-5, 9, 16, 19-20), Jinkeng Avenue, Huangpu District, Guangzhou	Regal Lake Property Development Limited Guangzhou	Guangzhou	Huangpu	Residential, Commercial	1 Apr 2064 to 13 Apr 2065	Residential, Commercial, Carpark	40,840	2013-2020	101	743.00	80%	594.40
I-19	Portions of Phases 1 and 2C of Emerald City, Yikang Street, Jianye District, Nanjing	Hutchison Whampoa Properties (Nanjing) Limited	Nanjing	Jianye	Residential, Commercial	29 Dec 2051 to 29 Dec 2081	Residential, Commercial, Office, Carpark	37,527	2015-2017	1,095	772.00	100%	772.00
I-20	Portions of Lots 1, 2, 3, 4, 5, 6, 7 and 8 of The Harbourfront, No.53 Xiaoganger Road, Shibei District, Qingdao	Hutchison Whampoa Properties (Qingdao) Limited	Qingdao	Shibei	Residential, Commercial, Science & education	22 Jul 2049 to 11 Oct 2082	Residential, Commercial, Office, Carpark	122,960	2012-2017	1,115	1,441.00 <sup>(14)</sup>	90%	1,296.90
I-21	Portions of Maison des Artistes, 1-18, Lane 688, Golden City Road, Changning District, Shanghai	Shanghai Maison des Artistes Properties Limited	Shanghai	Changning	Residential	7 Dec 2069	Carpark	24,422	2008	556	122.00	100%	122.00

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Property No.	Property name	Holding entity	City	District	Land use	Expiry date of land use term	Type of property	GFA <sup>(1)</sup> (sq m)	Completion date	No. of car parking spaces	Market value <sup>(2)</sup> in existing state as at the Valuation Date (RMB Million)	Interest attributable to the Group (%)	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date (RMB Million)
I-22	City Link, No.668 & 688, Xinzha Road, Jingan District, Shanghai	Cheung Wo Dasheng Properties (Shanghai) Ltd	Shanghai	Jingan	Commercial, Office	18 Dec 2058	Commercial, Office, Carpark	86,505	2018	324	3,591.00	60%	2,154.60
I-23	Portions of Regency Park Phase 8A, 1-48, Lane 1833, Huamu Road, Pudong New District, Shanghai	Shanghai Helian Property Development Co., Ltd.	Shanghai	Pudong New Area	Residential	12 Nov 2068	Carpark	346	2009	8	2.05	100%	2.05
I-24	Portions of Phases 1, 2, 3 and 5A of Regency Garden, Zhoukang Road, Pudong New Area, Shanghai	Shanghai Ron Qi Properties Co., Ltd.	Shanghai	Pudong New Area	Residential, Commercial	30 Aug 2044 to 30 Aug 2074	Residential, Carpark	5,846	2012-2015	64	119.80	85%	101.83
I-25	Portions of Phases 1, and 2 of Riviera Palace, No.1688 lane, Yeqian Road, Qingpu District, Shanghai	Shanghai Hexin Property Development Co. Ltd	Shanghai	Qingpu	Residential	3 Jul 2082	Residential	14,716	2015-2016	N/A	358.00	100%	358.00
I-26	Portions of Phases 1, and 2 of Royal Waterfront, Yehui Road, Qintpu District, Shanghai	Shanghai Hezhao Property Development Co. Ltd	Shanghai	Qingpu	Residential	12 Jun 2081	Residential, Carpark	20,763	2015-2016	27	647.00 <sup>(15)</sup>	100%	647.00
I-27	Portions of Seasons Villas, No.1983 lane, Huamu Road, Pudong District, Shanghai	Shanghai Yahui Property Development Co., Limited	Shanghai	Pudong New Area	Residential	4 May 2065	Carpark	5,891	2009-2012	114	No commercial value <sup>(16)</sup>	100%	No commercial value
I-28	Unsold portion of Hupan Mingdi, No.1280 Lane of No. 1357 Lane of Fanglin Road, Jiading District, Shanghai	Shanghai Heya Property Development Co., Ltd.	Shanghai	Jiading	Residential, Commercial, Office	11 Oct 2049 to 11 Oct 2079	Residential, Commercial, Apartment, Carpark	137,649	2015-2018	1,968	2,050.00	100%	2,050.00
I-29	Plot Nos. A3, A4, A5 and A6 of Upper West Shanghai, Junction of Caoyang Road and Tongchuan Road, Putuo District, Shanghai	Shanghai Changrun Jianghe Property Development Co., Ltd.	Shanghai	Putuo	Residential, Commercial, Office, Carpark	8 Jan 2047 to 8 Jan 2077	Residential, Commercial, Office, Carpark	584,624	2014-2020	3,618	18,456.00	60%	11,073.60

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# PROPERTY VALUATION

Property No.	Property name	Holding entity	City	District	Land use	Expiry date of land use term	Type of property	GFA <sup>(1)</sup> (sq m)	Completion date	No. of car parking spaces	Market value <sup>(2)</sup> in existing state as at the Valuation Date (RMB Million)	Interest attributable to the Group	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date (RMB Million)
I-30	Portions of Noble Hills, Guanghu street and community Boqiang Road intersection, Longhua District, Shenzhen	Hutchison Whampoa Properties (Shenzhen) Co., Ltd	Shenzhen	Longhua	Residential	1 Nov 2077	Commercial, Carpark	419	2013	847	21.00 <sup>(17)</sup>	100%	21.00
I-31	Portions of Phase 1A of Le Sommet, No. 108, Phoenix Avenue, Pinghu Street Office, Longgang District, Shenzhen	Shenzhen Hutchison Whampoa Longgang Properties Limited	Shenzhen	Longgang	Residential, Commercial	21 Dec 2074	Commercial, Carpark	698	2009	1,014	17.00 <sup>(18)</sup>	100%	17.00
I-32	Portions of Le Parc, No. 3011, Fuzhong 1st Road, Futin Community, Lous Street, Futian District, Shenzhen	Hutchison Whampoa Properties (Shenzhen) Co Ltd	Shenzhen	Futian	Commercial, Clubhouse, Ancillary Facilities	27 Jul 2068	Carpark	N/A	2003	1,334	No commercial value <sup>(19)</sup>	100%	No commercial value
I-33	GM and H of Zhonghang Group, No.1 Zhonghang Road, Futian District, Shenzhen	Shenzhen CATIC Huacheng Commercial Development Co Ltd	Shenzhen	Futian	Commercial	30 Nov 2048	Commercial, Carpark	44,990	2015	539	1,198.00 <sup>(20)</sup>	50%	599.00
I-34	Portions of Metropolitan Tower, No.181 Nanjing Road, Heping District, Tianjin	Hutchison Whampoa Properties (Tianjin) Limited	Tianjin	Heping	Office, Commercial, Apartment	3 Nov 2044 and 3 Nov 2074	Office, Commercial, Carpark	188,132	2013	1,165	3,013.00	100%	3,013.00
I-35	Portions of Phases 1A, 1B and 2A of Regency Cove, North section of Honguan Lake Zhiyin Avenue, Caidian District, Wuhan	Hutchison Whampoa Properties (Wuhan Caidian) Limited	Wuhan	Caidian	Residential, Commercial	10 Nov 2049 to 15 Dec 2086	Residential	8,029	2014-2019	N/A	100.00	100%	100.00
I-36	Portions of Metropolitan Heights and The Metropolitan, No.187 Jiangnan Road & No.33 Jiangnan 4th Road, Jiangnan District, Wuhan Hubei Province	Wuhan Metropolitan Plaza Co Ltd	Wuhan	Jiangnan	Residential, Commercial	27 May 2053 to 27 May 2083	Residential, Commercial Carpark	176,115	2016	1,115	2,184.00 <sup>(21)</sup>	100%	2,184.00
I-37	Portions of Millennium Waterfront, No.139 Huangpi Street, Jiangnan District, Wuhan	Hutchison Whampoa Properties (Wuhan Jiangnan South) Limited	Wuhan	Jiangnan	Residential, Commercial, Public Facilities	23 Dec 2052 and 23 Dec 2082	Commercial, Office, Carpark	166,881	2014-2016	2,871	2,087.00 <sup>(22)</sup>	100%	2,087.00

Property No.	Property name	Holding entity	City	District	Land use	Expiry date of land use term	Type of property	GFA <sup>(1)</sup> (sq m)	Completion date	No. of car parking spaces	Market value <sup>(2)</sup> in existing state as at the Valuation Date (RMB Million)	Interest attributable to the Group	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date (RMB Million)
1-38	Portions of Phases 1, 2, 3 and 4 of The Greenwich, Zhangba Second Road, Gaoxin District, Xian	Hutchison Whampoa Properties (Xi'an) Limited	Xi'an	Gaoxin	Residential, Composite	16 Dec 2054 to 20 May 2082	Residential, Commercial, Carpark	145,302	2010-2017	3,140	957.00 <sup>(23)</sup>	100%	957.00
1-39	Portions of Horizon Cove, No.333 Jin Tang Road, Tangjiawan, Xiangzhou District, Zhuhai	Hutchison Whampoa Properties (Zhuhai) Company Limited	Zhuhai	Tangjia Bay	Residential, Basement ancillary, Basement carpark	5 Dec 2048	Basement Carpark	8,852	2005	236	No commercial value <sup>(24)</sup>	100%	No commercial value
1-40	Portions of Emerald Cove, No.36 Changminshui Street, Wuguishan District, Zhongshan	Zhongsan CuiLihu Hutchison Whampoa Properties Limited	Zhongsan	Wuguishan	Residential, Commercial	14 Jul 2083	Residential, Commercial	43,243	2020	N/A	1,090.00	100%	1,090.00
<b>Total</b>											<b>54,446.75</b>		<b>44,643.76</b>

Notes:

- All areas are stated in approximations.
- All values are stated in approximations.
- Property No. 1-1 Portions of Phase 1C and commercial area of The Greenwich:  
As advised by the Group, the property comprises 275 civil defence car parking spaces. None of these car parking spaces have obtained Real Estate Ownership Certificate. Civil defence car parking spaces are subjected to the use by the public at no cost during war times. As the owner does not have unfettered rights in the property, we have ascribed no commercial value. For the Group's management reference, had the relevant proper and unfettered title document been obtained without encumbrances and the land premium been fully settled, the market value of such property (car parking spaces) would be RMB33,000,000.
- Property No. 1-3 Portions of Phases 2, 3 and 4 of Regency Park:  
As advised by the Group, the property comprises 238 non-civil defence car parking spaces which have not obtained Real Estate Ownership Certificates. As the owner does not have unfettered rights in the property, we have ascribed no commercial value. For the Group's management reference, had the relevant proper and unfettered title document been obtained without encumbrances and the land premium been fully settled, the market value of such property (car parking spaces) would be RMB42,800,000.
- Property No. 1-4 Portions of Phases 1 and 2 of Regency Residence:  
As advised by the Group, the property comprises 105 non-civil defence car parking spaces which have not obtained Real Estate Ownership Certificates. As the owner does not have unfettered rights in the property and civil defence car parking spaces are subjected to the use by the public at no cost during war times, we have ascribed no commercial value. For the Group's management reference, had the relevant proper and unfettered title document been obtained without encumbrances and the land premium been fully settled, the market value of such property (car parking spaces) would be RMB24,000,000.
- Property No. 1-5 Portions of Phases 1A and 1B of Regency Cove:  
As advised by the Group, the property comprises 61 non-civil defence car parking spaces and 93 civil defence car parking spaces which have not obtained Real Estate Ownership Certificates. As the owner does not have unfettered rights in the property and civil defence car parking spaces are subjected to the use by the public at no cost during war times, we have ascribed no commercial value. For the Group's management reference, had the relevant proper and unfettered title document been obtained without encumbrances and the land premium been fully settled, the market value of such property (car parking spaces) would be RMB21,600,000.

- (7) Property No. 1-8 Portions of Phases 1A, 1B and 2 of Regency Oasis:  
As advised by the Group, the property comprises 283 civil defence car parking spaces which have not obtained Real Estate Ownership Certificates. Civil defence car parking spaces are subjected to the use by the public at no cost during war times. As the owner does not have unfettered rights in the property, we have ascribed no commercial value. For the Group's management reference, had the relevant proper and unfettered title document been obtained without encumbrances and the land premium been fully settled, the market value of such property (car parking spaces) would be RMB15,500,000.
- (8) Property No. 1-11 Portions of Land No. 1, 8A, 8B, 11A, 13 and 14 of Regency Hills:  
As advised by the Group, the property comprises 524 civil defence car parking spaces. Civil defence car parking spaces are subjected to the use by the public at no cost during war times. As the owner does not have unfettered rights in the property, we have ascribed no commercial value. For the Group's management reference, had the relevant proper and unfettered title document been obtained without encumbrances and the land premium been fully settled, the market value of such property (car parking spaces) would be RMB57,640,000.
- (9) Property No. 1-12 Portions of G18 and G19 of Regency Lakeview:  
As advised by the Group, the property comprises 283 civil defence car parking spaces and a kindergarten with 1,752 sq m which have not obtained Real Estate Ownership Certificates. Civil defence car parking spaces are subjected to the use by the public at no cost during war times. As the owner does not have unfettered rights in the property, we have ascribed no commercial value. For the Group's management reference, had the relevant proper and unfettered title document been obtained without encumbrances and the land premium been fully settled, the market value of such property (car parking spaces) would be RMB48,500,000.
- (10) Property No. 1-13 Land plot No. 5B of Wolong Bay:  
As advised by the Group, the property comprises 254 non-civil defence car parking spaces and 44 civil defence car parking spaces which have not obtained Real Estate Ownership Certificates. As the owner does not have unfettered rights in the property and civil defence car parking spaces are subjected to the use by the public at no cost during war times, we have ascribed no commercial value. For the Group's management reference, had the relevant proper and unfettered title document been obtained without encumbrances and the land premium been fully settled, the market value of such property (car parking spaces) would be RMB20,500,000.
- (11) Property No. 1-14: Portions of Phases D1a, D2c1, G1a, G1b/G2a (zone 1), G1b/G2a (zone 3), G2b (zone 1), E2 and H of Laguna Verona  
As advised by the Group, the property comprises 1,162 civil defence car parking spaces which have not obtained Real Estate Ownership Certificates. Civil defence car parking spaces are subjected to the use by the public at no cost during war times. As the owner does not have unfettered rights in the property, we have ascribed no commercial value. For the Group's management reference, had the relevant proper and unfettered title document been obtained without encumbrances and the land premium been fully settled, the market value of such property (car parking spaces) would be RMB160,000,000.
- (12) Property No. 1-15: Portions of 1A, 1B, 2A and 2B of Emerald Cove  
As advised by the Group, the property comprises 184 civil defence car parking spaces which have not obtained Real Estate Ownership Certificates. Civil defence car parking spaces are subjected to the use by the public at no cost during war times. As the owner does not have unfettered rights in the property, we have ascribed no commercial value. For the Group's management reference, had the relevant proper and unfettered title document been obtained without encumbrances and the land premium been fully settled, the market value of such property (car parking spaces) would be RMB20,000,000.
- (13) Property No. 1-16: Portions of Cape Coral  
As advised by the Group, the property comprises 201 civil defence car parking spaces which have not obtained Real Estate Ownership Certificates. Civil defence car parking spaces are subjected to the use by the public at no cost during war times. As the owner does not have unfettered rights in the property, we have ascribed no commercial value. For the Group's management reference, had the relevant proper and unfettered title document been obtained without encumbrances and the land premium been fully settled, the market value of such property (car parking spaces) would be RMB40,000,000.
- (14) Property 1-20 Portions of Lots 1, 2, 3, 4, 5, 6, 7 and 8 of The Harbourfront:  
As advised by the Group, the property comprises 1,115 car parking spaces which have not obtained Real Estate Ownership Certificates. As the owner does not have unfettered rights in the property, we have ascribed no commercial value. For the Group's management reference, had the relevant proper and unfettered title document been obtained without encumbrances and the land premium been fully settled, the market value of such property (car parking spaces) would be RMB281,000,000.
- (15) Property 1-26 Portions of Phases 1 and 2 of Royal Waterfront:  
As advised by the Group, the property comprises 11 car parking spaces which have not obtained Real Estate Ownership Certificates. As the owner does not have unfettered rights in the property, we have ascribed no commercial value. For the Group's management reference, had the relevant proper and unfettered title document been obtained without encumbrances and the land premium been fully settled, the market value of such property (car parking spaces) would be RMB1,760,000.
- (16) Property 1-27 Portions of Seasons Villas:  
As advised by the Group, the property comprises 114 car parking spaces which have not obtained Real Estate Ownership Certificates. As the owner does not have unfettered rights in the property, we have ascribed no commercial value. For the Group's management reference, had the relevant proper and unfettered title document been obtained without encumbrances and the land premium been fully settled, the market value of such property (car parking spaces) would be RMB33,000,000.
- (17) Property 1-30 Portions of Noble Hills:  
As advised by the Group, the property comprises 847 car parking spaces which have not obtained Real Estate Ownership Certificates. As the owner does not have unfettered rights in the property, we have ascribed no commercial value. For the Group's management reference, had the relevant proper and unfettered title document been obtained without encumbrances and the land premium been fully settled, the market value of such property (car parking spaces) would be RMB38,300,000.
- (18) Property 1-31 Portions of Phase 1A of Le Sommet:  
As advised by the Group, the property comprises 1,014 car parking spaces which have not obtained Real Estate Ownership Certificates. As the owner does not have unfettered rights in the property, we have ascribed no commercial value. For the Group's management reference, had the relevant proper and unfettered title document been obtained without encumbrances and the land premium been fully settled, the market value of such property (car parking spaces) would be RMB43,600,000.

- (19) Property L-32 Portions of Le Parc:  
As advised by the Group, the property comprises 1,334 car parking spaces which have not obtained Real Estate Ownership Certificates. As the owner does not have unfettered rights in the property, we have ascribed no commercial value. For the Group's management reference, had the relevant proper and unfettered title document been obtained without encumbrances and the land premium been fully settled, the market value of such property (car parking spaces) would be RMB193,000,000.
- (20) Property L-33 G/M and H:  
As advised by the Group, the property comprises 539 car parking spaces which have not obtained Real Estate Ownership Certificates. As the owner does not have unfettered rights in the property, we have ascribed no commercial value. For the Group's management reference, had the relevant proper and unfettered title document been obtained without encumbrances and the land premium been fully settled, the market value of such property (car parking spaces) would be RMB106,000,000.
- (21) Property L-36 Portions of Metropolitan Heights and The Metropolitan:  
As advised by the Group, the property comprises 1,115 car parking spaces which have not obtained Real Estate Ownership Certificates. As the owner does not have unfettered rights in the property, we have ascribed no commercial value. For the Group's management reference, had the relevant proper and unfettered title document been obtained without encumbrances and the land premium been fully settled, the market value of such property (car parking spaces) would be RMB289,000,000.
- (22) Property L-37 Portions of Phases 1A, 1B, 2A and 2B of Millennium Waterfront:  
As advised by the Group, the property comprises 2,871 car parking spaces which have not obtained Real Estate Ownership Certificates. As the owner does not have unfettered rights in the property, we have ascribed no commercial value. For the Group's management reference, had the relevant proper and unfettered title document been obtained without encumbrances and the land premium been fully settled, the market value of such property (car parking spaces) would be RMB744,000,000.
- (23) Property L-38 Portions of Phases 1, 2, 3 and 4 of The Greenwich:  
As advised by the Group, the property comprises 880 civil defence car parking spaces which have not obtained Real Estate Ownership Certificates. Civil defence car parking spaces are subjected to the use by the public at no cost during war times. As the owner does not have unfettered rights in the property, we have ascribed no commercial value. For the Group's management reference, had the relevant proper and unfettered title document been obtained without encumbrances and the land premium been fully settled, the market value of such property (car parking spaces) would be RMB88,000,000.
- (24) Property No. L-39: Portions of Horizon Cove, Zuhai  
As advised by the Group, the property comprises 236 civil defence car parking spaces which have not obtained Real Estate Ownership Certificates. Civil defence car parking spaces are subject to the use by the public at no cost during war times. As the owner does not have unfettered rights in the property, we have ascribed no commercial value. For the Group's management reference, had the relevant proper and unfettered title document been obtained without encumbrances and the land premium been fully settled, the market value of such property (car parking spaces) would be RMB36,000,000.

## Group II – Completed properties held for investment in the PRC as at 28 February 2021

Property No.	Property name	Holding entity	City	District	Land use	Expiry date of land use term	Type of property	GFA <sup>(1)</sup> (sq m)	Completion date	No. of car parking spaces	Existing occupancy rate	Monthly passing rent (RMB)	Market value <sup>(2)</sup> in existing state as at the Valuation Date (RMB Million)	Interest attributable to the Group (%)	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date (RMB Million)
II-1	Unit Nos. A901 to A912, 9th Level, Block A, Vantone New World Plaza, Building No.5 in Wanningyuan Community, Fuwai Street, Xicheng District, Beijing	Cayley Xiao Gang Property Management (Qingdao) Limited	Beijing	Xicheng	Office	2 Nov 2043	Office	1,442	1996	N/A	N/A	N/A	32.00	100%	32.00
II-2	Unit Nos. 4, 5, 6 and 7 on Level 22, New Times Square, No. 42 Beidatong Road, Qingyang District, Chengdu	Cayley Xiao Gang Property Management (Qingdao) Limited	Chengdu	Qingyang	Office	30 Oct 2045	Office	383	1996	N/A	N/A	N/A	2.20	100%	2.20
II-3	Units 2603-2604 on 26th Floor, Sichuan Construction Bank Plaza, No. 88 Tiidu Street, Qingyang District, Chengdu	VSCL Limited	Chengdu	Qingyang	commercial, office	22 May 2044	Office	425	1998	N/A	N/A	N/A	3.50	100%	3.50
II-4	Portions of commercial space in Laguna Verona, Hujing Road, Daqing District, Houjie Town, Dongguan	Dongguan Asia Commercial Hwang Gang Lake Development Co., Ltd	Dongguan	Houjie	Commercial	11 Apr 2064	Commercial	830	2005	N/A	51%	7,267	6.40	99.823%	6.39
II-5	Westgate Mall, 1038 Nanjing West Road, Jingan District, Shanghai	Shanghai Westgate Mall Co., Ltd.	Shanghai	Jingan	Commercial, Office, Basement carpark	3 Aug 2024	Office, Commercial, Carpark	119,714	1998	317	84%	23,699,523	1,170.00	60%	702.00
II-6	Portion of commercial space in Century Place, No. 3018, Shennan Road, Futian District, Shenzhen	Shenzhen Century Place Shopping Mall Limited	Shenzhen	Futian	Composite	28 Dec 2043	Commercial, Carpark	52,763	2012	606	83%	5,465,809	1,300.00	80%	1,040.00



Property No.	Property name	Holding entity	City	District	Land use	Expiry date of land use term	Type of property	GFA <sup>(1)</sup> (sq m)	Completion date	No. of car parking spaces	Existing occupancy rate	Monthly passing rent (RMB)	Market value <sup>(2)</sup> in existing state as at the Valuation Date (RMB Million)	Interest attributable to the Group (%)	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date (RMB Million)
II-7	Le Parc club house and commercial shopping centre, No. 3011, Fuzhong 1st Road, Fuxin Community, Futian District, Shenzhen	Hutchison Whampoa Properties (Shenzhen) Co., Ltd	Shenzhen	Futian	Composite	27 Jul 2068	Commercial, club house	10,626	2003	N/A	99%	1,111,523	145.00	100%	145.00
II-8	Unit No. 3304, Taihe Plaza, No. 134 Wusheng Road, Qiaoku District, Wuhan	VSCL Limited	Wuhan	Qiaoku	Commercial and financial use	1 Aug 2042	Office	226	1996	N/A	N/A	N/A	1.74	100%	1.74
II-9	Horizon Cove, No.333 Jintang Road, Tangjia Bay, Xiangzhou District, Zhuhai	Hutchison Whampoa Properties (Zhuhai) Company Limited	Zhuhai	Tangjia Bay	Residential, Commercial	5 Dec 2048	Commercial	2,255	2004	N/A	100%	47,059	14.00	100%	14.00
<b>Total</b>													<b>2,674.84</b>		<b>1,946.83</b>

Notes:

- (1) All areas are stated in approximations.  
(2) All values are stated in approximations.

## Group III – Completed properties held for operation in the PRC as at 28 February 2021

Property No.	Property name	Holding entity	City	District	Land use	Expiry date of land use term	Type of property	GFA <sup>(1)</sup>	Completion date	No. of rooms	Market value <sup>(2)</sup>		Interest attributable to the Group (%)	Market value <sup>(2)</sup>	
											in existing state as at the Valuation Date	(RMB Million)		in existing state as at the Valuation Date	(RMB Million)
III-1	The Great Wall Hotel Beijing, No.10 North Dongsanhuan Road, Chaoyang District, Beijing	Great Wall Hotel Joint Venture of Beijing	Beijing	Chaoyang	Commercial services	9 Dec 2023	Hotel	81,564	1984	829	104.00	49.82%	51.81		
III-2	Harbour Plaza Golf Club, Dajing District, Houjie Town, Dongguan Club	Dongguan Huijing Holiday Country Co., Ltd	Dongguan	Houjie	Golf course	8 Mar 2044	Golf course	N/A	1998	N/A	182.00	99.9965%	181.99		
	Total										286.00		233.80		

Notes:

(1) All areas are stated in approximations.

(2) All values are stated in approximations.

# APPENDIX IV

# PROPERTY VALUATION

Group IV – Properties held under development in the PRC as at 28 February 2021

Property No.	Property name	Holding entity	City	District	Land use	Expiry date of land use term	Type of property	Site area <sup>(1)</sup> (as per Grant Contract)		Planned GFA <sup>(1)</sup> (sq m)	Date of commencement of construction	Scheduled completion date of construction	No. of car parking spaces	Pre-sale consideration	Construction cost incurred	Construction cost to be incurred	Development value <sup>(2)</sup> as if completed at the Valuation Date	Market value <sup>(2)</sup> in existing state as at the Valuation Date	Interest attributable to the Group	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date
								(sq m)	(as per Land Use Rights Certificate)					(RMB Million)	(RMB Million)	(RMB Million)	(RMB Million)	(RMB Million)	(%)	(RMB Million)
IV-1	Phases 2 of The Greenwich, Xuyijuan Road, Chaoyang District, Beijing	Hutchison Whampoa Properties (Beijing) Chaoyang Limited	Beijing	Chaoyang	Residential, Ancillary, Basement carpark	30 Aug 2044 to 30 Aug 2074	Residential, Commercial, Basement carpark	97,801	97,801	335,922	2018	Dec 2022	1,563	N/A	962	1,195	22,167	16,999.00	100%	16,999.00
IV-2	Portion of Phase 5 of La Grande Ville, Tianzhu Town, Shunyi District, Beijing	Beijing Chung Le Real Estates Development Co., Ltd.	Beijing	Shunyi	Residential, Commercial, Basement storage, Basement carpark	11 Dec 2033 to 31 Dec 2066	Residential, Underground carpark, Ancillary facilities	741,823	741,823	83,096	2016-2018	Jun 2021	15	N/A	458	9	2,315	2,244.00	100%	2,244.00
IV-3	D2+2, G18C2a (zone 4) of Laguna Verona Dwigguan, Huijie Avenue, Huijie District, Dongguan	Dongguan Asia Commercial Hwang Gang Lake Development Co., Ltd	Dongguan	Huijie	Residential, Commercial	Feb 2062 to 19 Sep 2068	Residential	3,236,869	3,236,869	210,454	2018	Mar 2021 to Mar 2022	N/A	1,911	379	583	3,652	2,668.00	99.823%	2,663.28
IV-4	Portions of Phase 3B & 3C of Noble Hills, Zengcheng Avenue, Zengcheng District, Guangzhou	Hutchison Whampoa Properties (Guangzhou) Zengcheng Limited	Guangzhou	Zengcheng	Residential	6 Dec 2075 to 26 Apr 2076	Residential	592,810	592,810	57,751	2018	Jun 2021 to Dec 2021	N/A	817	304	25	1,217	1,090.00	100%	1,090.00
IV-5	Portions of Phases 1-3 of Yuhu Mingdi (Zone 10-13, 17-18), Jinkeng Avenue, Huangpu District, Guangzhou	Regal Lake Property Development Limited	Guangzhou	Huangpu	Residential, Commercial	1 Apr 2064 to 13 Apr 2065	Residential, Commercial, Carpark	225,542	225,542	98,478	2012-2013	Mar 2021 to Sep 2023	193	11,567	703	444	1,804	1,070.00	80%	836.00
IV-6	The property under construction known as Phases 1 and 2, Emerald Cove, Xinahu Road, Huizhou District, Huizhou	Hutchison Whampoa Properties (Huizhou) Limited	Huizhou	Huiyang	Residential, Ancillary, Basement ancillary, Basement carpark, Basement storage	22 Aug 2076	Residential, Commercial, Carpark	80,052	80,052	239,516	2017	Jun 2021	1,928	17,534	761	346	2,879	2,285.00	100%	2,285.00

# APPENDIX IV

# PROPERTY VALUATION

Property No.	Property name	Holding entity	City	District	Land use	Expiry date of land use term	Type of property	Site area <sup>(1)</sup> (as per Grant Contract of Land Use Rights Certificate)			Planned GFA <sup>(1)</sup> (sq m)	Date of commencement of construction	Scheduled date of completion	No. of car parking spaces	Pre-sale GFA <sup>(1)</sup> (sq m)	Pre-sale consideration (RMB Million)	Construction cost incurred (RMB Million)	Construction cost to be incurred (RMB Million)	Development value <sup>(2)</sup> as if completed as at the Valuation Date (RMB Million)	Market value <sup>(2)</sup> in existing state as at the Valuation Date (RMB Million)	Interest attributable to the Group (%)	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date (RMB Million)	
								Contract Land Rights	State-owned Land Rights	Site area <sup>(1)</sup> (as per Grant Contract)													
IV-7	Phase 5B-Regency Garden, No. 869 Zhoulang Road, Pudong New Area, Shanghai	Shanghai Ron Qi Properties Co., Ltd.	Shanghai	Pudong	Residential, Commercial	30 Aug 2044 to 30 Aug 2074	Residential, Carpark	265,417	116,081	42,817	2019	Mar 2021	184	31,048	1,426	238	81	1,463	1,272.00	85%	1,081.20		
IV-8	Portion of Upper West Shanghai, Intersection of Cao Yang Road and Tong Chuan Road, Putuo District, Shanghai	Shanghai Changrun Jianghe Property Development Co., Ltd.	Shanghai	Putuo	Residential, Commercial, Office	8 Jan 2047 to 8 Jan 2077	Office, Commercial, Hotel	134,230	134,230	199,784	2015 to 2018	Aug 2021 to Jun 2022	N/A	N/A	N/A	2,151	1,348	7,983	6,193.00	60%	3,715.80		
IV-9	Phase 2B, Regency Cove, North section of Hongwan Lake Zhujia Avenue, Caodian District, Wuhan	Hutchison Whampoa Properties (Wuhan) Caodian Limited	Wuhan	Caodian	Residential, Commercial	15 Dec 2056 to 15 Dec 2086	Residential, Commercial, Carpark	787,945	575,099 <sup>(4)</sup>	66,612	2019	Oct 2021	72	N/A	N/A	138	160	594	347.00	100%	347.00		
IV-10	Portions of Land Nos. 2, 4 and 11B Regency Hills, Nanan District, Chongqing	Hutchison Whampoa Properties (Chongqing Nanan) Limited	Chongqing	Nanan	Residential, Commercial,	16 Apr 2047 to 16 Apr 2057	Residential, Commercial, Basement carpark	1,041,360	146,216	808,039	2020-2021	Jun 2022 to Jun 2025	4,603	N/A	N/A	241	3,308	8,617	3,041.00	95%	2,888.95		
Total																					37,179.00		341,90.23

Notes:

- (1) All areas are stated in approximations.
- (2) All values are stated in approximations.
- (3) Property No. IV-9: Phase 2B, Regency Cove

The site area (as per State-owned Land Use Rights Certificate) is 575,099 sq m. The subject property with a planned GFA of 66,612 sq.m., together with other phases of the development, will be constructed on the abovementioned land.

# APPENDIX IV

# PROPERTY VALUATION

Group V – Properties held for future development in the PRC as at 28 February 2021

Property No.	Property name	Holding entity	City	District	Land use	Expiry date of land use term	Type of property	Site area <sup>(1)</sup> (as per Grant Contract of Land Use Rights)		Planned GFA <sup>(1)</sup> (sq m)	Scheduled completion date of construction	No. of car parking spaces	Market value <sup>(2)</sup> in existing state as at the Valuation Date		Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date	
								(sq m)	(sq m)				(RMB Million)	(%)	(RMB Million)	(RMB Million)
V-1	The proposed development situated at Beixin Village, Shisanling Town, Beijing	Rassin Property (Beijing) Limited	Beijing	Changping	Residential, Ancillary	20 May 2044 to 20 May 2074	Residential, Ancillary	254,743	254,743	95,900	N/A	N/A	222.00	100%	222.00	222.00
V-2	The proposed development of Phases 3A and 3C of Noble Hills, No.229, Section 4, Jinxing Road, Xincheng Town, Wangcheng District, Changsha	Hutchison Whampoa Properties (Changsha Wangcheng) Limited	Changsha	Wangcheng	Residential	25 Apr 2076	Residential	556,708	32,098	123,493	2023	N/A	295.00	100%	295.00	295.00
V-3	Phases 3,5,6,7, 9,10,12,15,16,17 & 18 of Chongqing Regency Hills, No.74 Yanyu Road Nanan District, Chongqing	Hutchison Whampoa Properties (Chongqing Nanan) Limited	Chongqing	Nanan	Residential, Commercial, Public carpark	16 Apr 2047 to 16 Apr 2057	Residential, Commercial, Basement carpark	1,041,360	423,302 <sup>(3)</sup>	2,132,802	2022-2029	18,868	15,783.00	95%	14,993.85	14,993.85
V-4	Land plot Nos. 5A, 6A and 6B, Wolong Bay, Jinzhou New District, Dalian	Hutchison Whampoa Properties (Dalian Wolong North) Limited Hutchison Whampoa Properties (Dalian Wolong South) Limited	Dalian	Jinzhou	Residential, Commercial	The land has not yet been handed over by the government	Residential, Commercial, Underground carpark	279,370 <sup>(4)</sup>	N/A	346,911	2026	1,303	1,193.00	100%	1,193.00	1,193.00
V-5	Phases F, G1b/G2a (zone 5), G2b (zone 2-4) of Laguna Verona, Huijing Avenue, Houjie District, Dongguan	Dongguan Asia Commercial Hwang Gang Lake Development Company Limited	Dongguan	Houjie	Residential, Commercial	Feb 2062 to 19 Sep 2068	Residential, Commercial	3,236,869 (all phases)	3,236,869 (all phases) <sup>(5)</sup>	535,342	2022-2025	not stated in the document	5,919.00	99.825%	5,908.52	5,908.52
V-6	Mao Fengshan Project, North of Maofengshan, Liangtian Town, Baiyun District, Guangzhou	Guangzhou Li Zhi Enterprise Ltd	Guangzhou	Baiyun	Composite, Agricultural	10 Nov 2040 to 10 Nov 2070	Agricultural	1,372,287	1,372,287	N/A (agricultural land)	N/A	N/A	537.00	100%	537.00	537.00
V-7	Phase 4 of Noble Hills, Zengcheng Avenue, Zengcheng District, Guangzhou	Guangzhou Walkin Real Estate Limited, Guangzhou Crystal Rainbow Real Estate Limited, Guangzhou Eternal Star Real Estate Limited	Guangzhou	Zengcheng	Residential	6 Dec 2075 to 26 Apr 2076	Residential, Underground carpark	1,519,862 (incl 1,303,862 not yet handed over) <sup>(6)</sup>	1,519,862 (incl 1,303,862 not yet handed over) <sup>(6)</sup>	101,089	2023	342	1,088.00	100%	1,088.00	1,088.00
V-8	Phases 5B-2A & 5C, Regency Garden, No. 869 Zhoushang Road, Pudong District, Shanghai	Shanghai Ron Qi Properties Co. Ltd	Shanghai	Pudong	Residential, Commercial	30 Aug 2044 to 30 Aug 2074	Residential, Carpark	265,417	116,081	59,519	2023-2024	813	1,472.00	85%	1,472.00	1,251.20

Property No.	Property name	Holding entity	City	District	Land use	Expiry date of land use term	Type of property	Site area <sup>(1)</sup> (as per Grant Contract of Land Use Rights)		Planned GFA <sup>(1)</sup>	Scheduled completion date of construction	No. of car parking spaces	Market value <sup>(2)</sup> in existing state as at the Valuation Date	Interest attributable to the Group	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date
								(sq m)	Site area <sup>(1)</sup> (as per State-owned Land Use Rights Certificate)				(RMB Million)	(%)	(RMB Million)
V-9	Regency Cove, Phases 2B1, 2C-7, North section of Houguan Lake Zhuyin Avenue, Caidian District, Wuhan	Hutchison Whampoa Properties (Wuhan Caidian) Limited	Wuhan	Caidian	Residential, Commercial, Hotel	15 Dec 2056 to 15 Dec 2086	Residential, Commercial, Hotel, Carpark	787,945	575,099 <sup>(7)</sup>	1,319,350	2026	14,960	3,304.00	100%	3,304.00
V-10	Horizon Costa, East of Qi'ao, East Line Road, Southwest of Ma'shan, Qiao Island, Zhuhai	Hutchison Whampoa Properties (Zhuhai) Company Limited	Zhuhai	Qiao Island	Residential, Commercial	1 Feb 2045 to 1 Feb 2075	Residential, Commercial	200,000	200,000	240,000	2024-2025	N/A	1,760.00	100%	1,760.00
Total													31,573.00		30,552.57

## Notes:

- (1) All areas are stated in approximations.
- (2) All values are stated in approximations.
- (3) Property No. V-3: Phases 3, 5, 6, 7, 9, 10, 12, 15, 16, 17 & 18 of Chongqing Regency Hills  
Land plots of phases 3, 9, 10, 16, 17 and 18 with an estimated site area of 370,504 sq.m. have not been handed over by the government. As at the Valuation Date, parts of the property with a site area of 423,302 sq.m. have been issued with State-Owned Land Use Rights Certificates. All land premium has been fully settled. According to the legal opinion, the company has the right to request the Chongqing Municipal Bureau of Land Resources and Housing Administration to apply for the state-owned land use certificate for the part of the land that is not registered to the company's name on the parcel.
- (4) Property No. V-4: Land plot Nos. 5A, 6A and 6B, Wolong Bay  
The land has not been handed over by the government. All land premium has been fully settled. According to the legal opinion, the Transfer of State-Owned Land Use Contract is legal and effective. The company has the right to request the government to transfer the parcel to the company.
- (5) Property No. V-5: Phases F, G1b/G2a (zone 5), G2b (zone 2-4) of Laguna Verona, Huijing Avenue, Houjie District, Dongguan  
The site area (as per State-owned Land Use Rights Certificate) is 3,236,869 sq.m. The subject property with a planned GFA of 535,342 sq.m., together with other phases of the development, will be constructed on the abovementioned land.
- (6) Property No. V-7: Phase 4 of Noble Hills, Zengcheng Avenue, Zengcheng District, Guangzhou  
Parts of the land under the Grant Contract of Land Use Rights have not been handed over by the government. All land premium has been fully settled. According to the legal opinion, the company has obtained the state-owned land use right with State-Owned Land Use Rights Certificate. All land premium has been fully settled. According to the legal opinion, the company has the right to request the transferor to transfer the parcel to the company. The subject property with a planned GFA of 1,319,350 sq.m., together with other phases of the development, will be constructed on the abovementioned land.
- (7) Property No. V-9: Regency Cove, Phases 2B1, 2C-7  
The site area (as per Grant Contract of Land Use Rights) is 787,945 sq.m. Parts of the land have not been handed over by the government. As at the Valuation Date, parts of the property with a site area of 575,099 sq.m. have been issued with State-Owned Land Use Rights Certificate. All land premium has been fully settled. According to the legal opinion, the company has obtained the state-owned land use right of the parcel through legal procedures, and the company has the right to request the transferor to transfer the parcel to the company. The subject property with a planned GFA of 1,319,350 sq.m., together with other phases of the development, will be constructed on the abovementioned land.

# APPENDIX IV

# PROPERTY VALUATION

## Group VI – Completed properties held for sale in Hong Kong as at 28 February 2021

Property No.	Property name	Holding entity	District	Expiry date of land tenure	Type of property	Floor area <sup>(1)</sup> (sq m)	(G/S)	Completion date	No. of car parking spaces	Existing occupancy rate	Monthly passing rent (HKD)	Market value <sup>(2)</sup> in existing state as at the Valuation Date (HKD Million)	Interest attributable to the Group (%)	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date (HKD Million)
VI-1	Development right in City Point of TW7 Development, 48 Wing Shun Street	Queensway Investments Limited	Tsuen Wan	22 Dec 2058	Carpark	N/A	–	2014	6 <sup>(4)</sup>	N/A	N/A	4.67 <sup>(5)</sup>	85% <sup>(6)</sup>	3.97
VI-2	Development right in Ocean Pride Development, 100 Tai Ho Road	Jubilee Year Investments Limited	Tsuen Wan	19 Nov 2062	Carpark	N/A	–	2018	153 <sup>(4)</sup>	N/A	N/A	372.21 <sup>(5)</sup>	100% <sup>(6)</sup>	372.21
VI-3	Various Units, Luso Apartments, 5 Warwick Road	Glorient Investments Limited	Kowloon Tong	30 Jun 2047	Residential	5,909	S	1956 & 1965	N/A	77%	1,283,250	962.80	100%	962.80
VI-4	Flat 92, 9th Floor, Block D, Luso Apartments, 5 Warwick Road	Art State Limited	Kowloon Tong	30 Jun 2047	Residential	125	S	1965	N/A	100%	34,800	20.50	100%	20.50
VI-5	Flat 54, 5th Floor, Block D, Luso Apartments, 5 Warwick Road	Cystal Mark Enterprises Limited	Kowloon Tong	30 Jun 2047	Residential	125	S	1965	N/A	100%	33,300	20.10	100%	20.10
VI-6	Flat 6, 2nd Floor, Block A, Luso Apartments, 5 Warwick Road	Excellent Star Limited	Kowloon Tong	30 Jun 2047	Residential	149	S	1956	N/A	N/A	N/A	23.60	100%	23.60
VI-7	Various Units & Carparks, Tower 1, Harbour Centre, 1 Hok Cheung Street	Maranta Estates Limited	Hung Hom	14 Sep 2047	Industrial & Carpark	1,610	G	1989	4	41%	88,900	89.65	100%	89.65
VI-8	Various Units, Wayland House, 55 Shek Pai Wan Road	Maranta Estates Limited	Aberdeen	12 Dec 2887	Office	331	G	1996	N/A	100%	79,460	26.00	100%	26.00
VI-9	3rd Floor, 42C Macdonnell Road	Sprado Company Limited	Mid-Levels	25 Oct 2895	Residential	96	S	1955	N/A	100%	29,202	18.10	100%	18.10
VI-10	Factory Unit 14 on 4th Floor, Various Rooftops and Carparks, Vanta Industrial Centre, 21-33 Tai Lin Pai Road	Haynes Estates Limited	Kwai Chung	30 Jun 2047	Industrial & Carpark	1,357	G	1988	3	100%	222,000	67.90	100%	67.90
VI-11	Retail Units and 10 Retail Car Parks, Retail Complex, Deerhill Bay, 4699 Tai Po Road Tai Po Kau	Montaco Limited	Tai Po	30 Jun 2047	Retail & Carpark	1,461	G	1998	10	20%	83,690	52.55	100%	52.55

# APPENDIX IV

# PROPERTY VALUATION

Property No.	Property name	Holding entity	District	Expiry date of land tenure	Type of property	Floor area <sup>(1)</sup> (sq m)	(G/S)	Completion date	No. of car parking spaces	Existing occupancy rate	Monthly passing rent (HKD)	Market value <sup>(2)</sup> in existing state as at the Valuation Date (HKD Million)	Interest attributable to the Group	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date (HKD Million)
VI-12	Retail Development and Commercial Car Parking Spaces Nos. P127 to P134 on Lower Ground Mezzanine Floor, The Apex, 33 Wo Yi Hop Road	Pearl Wisdom Limited	Kwai Chung	3 Jun 2052	Retail & Carpark	1,502	G	2007	8	100%	336,066	105.00	100%	105.00
VI-13	West Kowloon Place, One West Kowloon, 873 Lai Chi Kok Road, Lai Chi Kok, Kowloon	Tony Investments Limited	Cheung Sha Wan	6 Jul 2059	Retail & Carpark	2,666	G	2013	13	100%	521,600	114.40	100%	114.40
VI-14	Flat No. 1, 5th Floor, Block B and Car Park Space 10, Jardine's Lookout Garden Mansion, 148-150 Tai Hang Road	Go Rise Investments Limited	Jardine's Lookout	16 Sep 2078	Residential & Carpark	131	S	1961	1	N/A	N/A	34.60	100%	34.60
VI-15	Flat No. 1, 1st Floor, Block B and Car Park Space 61, Jardine's Lookout Garden Mansion, 148-150 Tai Hang Road	Lead All Investments Limited	Jardine's Lookout	16 Sep 2078	Residential & Carpark	131	S	1961	1	N/A	N/A	33.90	100%	33.90
VI-16	Flat No. 3, 7th Floor, Block B and Car Park Space 56, Jardine's Lookout Garden Mansion, 148-150 Tai Hang Road	Lion Focus Investments Limited	Jardine's Lookout	16 Sep 2078	Residential & Carpark	103	S	1961	1	100%	48,000	27.30	100%	27.30
VI-17	Kindergarten, Mont Vert, No. 9 Fung Yuen Road	Fantastic State Limited	Tai Po	8 Aug 2057	Retail	375	G	2014	N/A	100%	157,594	35.00	100%	35.00
VI-18	Kindergarten, Uptown, 600 Castle Peak Road, Hung Shui Kiu	Clayton Power Enterprises Limited	Yuen Long	11 May 2055	Retail	415	G	2011	N/A	100%	105,300	22.80	100%	22.80
VI-19	Celestial Place, Celestial Heights, 80 Sheung Shing Street, Ho Man Tin, Kowloon	Volly Best Investment Limited	Ho Man Tin	11 Oct 2054	Retail & Carpark	8,513	G	2009	512	95%	3,532,441	546.00	90%	491.40
VI-20	Attributable interest of 10 shops, Admiralty Centre, 18 Harcourt Road	Know Win Limited	Admiralty	17 Aug 2128	Retail	392 <sup>(3)</sup>	G	1980	N/A	100%	725,000	76.00 <sup>(5)</sup>	100% <sup>(6)</sup>	76.00



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# PROPERTY VALUATION

Property No.	Property name	Holding entity	District	Expiry date of land tenure	Type of property	Floor area <sup>(1)</sup> (sq m)	Completion date	No. of car parking spaces	Existing occupancy rate	Monthly passing rent (HKD)	Market value <sup>(2)</sup> in existing state as at the Valuation Date (HKD Million)	Interest attributable to the Group (%)	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date (HKD Million)
VI-21	Attributable interest of Commercial Units on Ground and 1st Floors and Various Carparks, Banyan Garden, 863 Lai Chi Kok Road	Gingerbread Investments Limited and The Lucky Dragon Development (H.K.) Limited	Cheung Sha Wan	13 Aug 2049	Retail & Carpark	6,073 <sup>(3)</sup> G	2005	191 <sup>(4)</sup>	100%	3,759,204	715.00 <sup>(5)</sup>	100% <sup>(6)</sup>	715.00
VI-22	Various Carparks, Central Park Towers, 2 Tin Yan Road	New Profit Resources Limited	Yuen Long	12 Jul 2052	Carpark	N/A	2007	777	N/A	997,180	788.40	98.47%	776.34
VI-23	Car Parking Space No. 113 on Lower Ground Floor, Sherwood Court, Kingswood Villas, 3 Tin Wu Road, Tin Shui Wai	New Profit Resources Limited	Yuen Long	30 Jun 2047	Carpark	N/A	1993	1	N/A	N/A	1.20	98.47%	1.18
VI-24	Various Carparks, Crown by The Sea, 3 Tsing Yung Street	New Accord Limited	Tuen Mun	30 Jun 2047	Carpark	N/A	2012	6	N/A	N/A	4.60	100%	4.60
VI-25	Private Car Parking Space No. P61 on Lower Ground Floor, The Apex, 33 Wo Yi Hop Road	Pearl Wisdom Limited	Kwai Chung	3 Jun 2052	Carpark	N/A	2007	1	N/A	N/A	1.25	100%	1.25
VI-26	Unit 101A on Basement, Hunghom Commercial Centre, 37-39 Ma Tau Wai Road	Thorogood Estates Limited	Hung Hom	14 Sep 2047	Retail	9 G	1982	N/A	100%	2,300	0.80	100%	0.80
VI-27	Various Units and Carparks, Hong Kong Spinners Industrial Centre (Phase V and VI), 760-762 Cheung Sha Wan Road and 481 Castle Peak Road	Thorogood Estates Limited	Cheung Sha Wan	30 Jun 2047	Industrial & Carpark	160 G	1977 & 1980	9	N/A	51,500	22.90	100%	22.90
VI-28	Flat E on 8th Floor of Tower 22 and Flat A on 13th Floor of Tower 23A, South Horizons, Ap Lei Chau, Hong Kong	Secan Limited	Aberdeen	31 Mar 2040	Residential	170 G	1994	N/A	60%	28,000	19.50	80%	15.60
VI-29	89 Car Parking Spaces at Phases I, 3 and 4 and Flat G on 6th Floor of Tower 26, South Horizons, Ap Lei Chau, Hong Kong	Juno Investments Limited	Aberdeen	31 Mar 2040	Residential & Carpark	88 G	1995	89	100%	346,977	103.20	100%	103.20

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VI-30	2 Car Parking Spaces on Ground Floor of Fu Bon Court and 15 Car Parking Spaces on Upper Ground Floor of Fu Kar Court, Fortress Garden, 32 Fortress Hill Road, North Point, Hong Kong	Cavendish Property Development Limited	North Point	6 May 2101	Carpark	N/A	-	1981 and 1983	17	N/A	20,050	18.70	100%	18.70
VI-31	Flat B on 1st Floor, Flat C on 5th Floor, Flat D on 6th Floor, Flat D on 9th Floor, Flat Roof on 1st Floor, Flat Roof on 7th Floor, Roof and 16 Car Parking Spaces on Ground and Upper Ground Floors, King's Court, 50 Kai Yuen Street, North Point, Hong Kong	Pogust Limited	North Point	12 Jun 2066	Residential & Carpark	486	G	1973	16	100%	105,770	53.80	100%	53.80
VI-32	Flat B on 16th Floor of Block 2 and Flat B on 16th Floor of Block 3, Whampoa Garden Site 1, 121 Baker Street, Hung Hom, Kowloon	Pogust Limited	Hung Hom	13 Dec 2134	Residential	137	G	1985	N/A	100%	37,300	15.50	100%	15.50
VI-33	38 Coombe Road, The Peak, Hong Kong	Juli May Limited	The Peak	11 Oct 2070	Land	1,100	site area	N/A	N/A	N/A	N/A	427.00	100%	427.00
VI-34	1st Floor (including the Flat Roof adjacent thereto) of 90 Sai Yee Street, 1st Floor of 92 Sai Yee Street, 1st Floor of 72 & 74 Argyle Street, 2nd Floor of 90 Sai Yee Street and 2nd Floor of 72 Argyle Street, Mongkok, Kowloon	Holyake Properties Limited	Mongkok	23 Mar 2073	Residential	369	S	1959	N/A	100%	87,380	30.00	100%	30.00
VI-35	Houses A, B, D and E (adjoining Garden Space, Flat Roof and Garage appurtenant thereto), Provident Villas, 29 Sassoon Road, Pokfulam, Hong Kong	Bright Full Limited, Power Wish Limited, Sheen Elite Limited & Prosper Charm Limited	Pokfulam	2 Apr 2100	Residential & Carpark	1,234	G	1981	8	N/A	N/A	427.00	100%	427.00

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Property No.	Property name	Holding entity	District	Expiry date of land tenure	Type of property	Floor area <sup>(1)</sup> (sq m)	(G/S)	Completion date	No. of car parking spaces	Existing occupancy rate	Monthly passing rent (HKD)	Market value <sup>(2)</sup> in existing state as at the Valuation Date (HKD Million)	Interest attributable to the Group (%)	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date (HKD Million)
VI-36	Stars by the Harbour, 7 Hung Luen Road	New Harbour Investments Limited	Hung Hom	16 Aug 2060	Residential & Carpark	1,063	S	2015	64	N/A	2,400	645.83	100%	645.83
VI-37	La Mansion, 28 Ping Kwai Road	Great Art Investment Limited	Yuen Long	8 Jun 2061	Residential & Carpark	304	S	2015	2	N/A	N/A	40.03	100%	40.03
VI-38	The Beaumont II, 6 Shek Kok Road	Oxford Investments Limited	Tseung Kwan O	20 Dec 2060	Carpark	N/A	-	2016	95	N/A	139,820	156.75	100%	156.75
VI-39	The Zumund, 204 Argyle Street	Bradford Investments Limited	Ho Man Tin	16 Aug 2061	Residential & Carpark	7,055	S	2016	74	N/A	N/A	1,950.57	80%	1,560.46
VI-40	La Lumière, 9 Lee Kung Street	Alcon Investments Limited	Hung Hom	17 Jul 2061	Carpark	N/A	-	2016	17	N/A	N/A	32.30	100%	32.30
VI-41	Crescendo, 75 San Tam Road	Stanley Investments Limited	Yuen Long	11 May 2061	Carpark	N/A	-	2016	6	N/A	N/A	0.66	100%	0.66
VI-42	Yuccie Square, 38 Yuen Long On Ning Road	Carlford Investments Limited	Yuen Long	23 Mar 2061	Carpark	N/A	-	2016	44	N/A	79,922	62.40	100%	62.40
VI-43	90 Repulse Bay Road	Kingsmark Investments Limited	Southern	2 Oct 2071	Residential & Carpark	3,142	S	2017	12	N/A	N/A	2,997.00	100%	2,997.00
VI-44	Seonorama, 1 Choi Sha Street	Crown Treasure Investments Limited	Ma On Shan	5 Dec 2062	Residential & Carpark	1,508	S	2018	135	N/A	N/A	554.06	100%	554.06
VI-45	Harbour Glory, 32 City Garden Road	Ocean Century Investments Limited	North Point	26 Sep 2061	Carpark	N/A	-	2019	52	N/A	N/A	150.76	100%	150.76
VI-46	21 Borrett Road, Phase 1	Bristow Investments Limited	Mid-Levels	8 Jun 2061	Residential & Carpark	24,940	S	2018	214	N/A	N/A	26,227.00	100%	26,227.00
VI-47	Commercial Units on Second Floor and Various Carparks, The Pacifica, 9 Sham Shing Road	Dragon Beauty International Limited	Cheung Sha Wan	24 Apr 2050	Retail & Carpark	12,800	G	2005	230	94%	5,942,427	1,782.00	50%	891.00
VI-48	15 Visitor's Car Parking Spaces on Second and Mezzanine Floors, Nob Hill, 8 King Lai Path, Kwai Chung	Central More limited	Kwai Chung	16 Jul 2048	Carpark	N/A	-	2002	15	N/A	36,192	8.25	50%	4.13
VI-49	Shop No.6 on the Lower Ground Floor, Golden Building, 146-152 Fuk Wa Street, Sham Shui Po	Hop Fook Hing Investment Company Limited	Sham Shui Po	30 Jun 2047	Retail	40	G	1980	N/A	100%	10,000	6.70	33.33%	2.23

Property No.	Property name	Holding entity	District	Expiry date of land tenure <sup>(1)</sup>	Type of property	Floor area <sup>(1)</sup> (sq m)	(G/S)	Completion date	No. of car parking spaces	Existing occupancy rate	Monthly passing rent (HKD)	Market value <sup>(2)</sup> in existing state as at the Valuation Date (HKD Million)	Interest attributable to the Group	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date (HKD Million)
VI-50	Commercial Units and Various Carparks, Beaulieu Peninsula, 2 Yu Chui Street, Tai Lam, Tuen Mun, New Territories	Po Kung Development Company Limited	Tuen Mun	30 Jun 2047	Retail	455	G	1982	20	100%	95,000	30.80	50%	15.40
VI-51	Supermarket and Store, and Service Centre of Block A, Pokfulam Gardens, 180 Pok Fu Lam Road, Pokfulam	Titanic Investments Limited	Pokfulam	11 Jun 2056	Retail	370	G	1981	N/A	N/A	N/A	33.00	50%	16.50
VI-52	Attributable interest of various carparks in Block 1, Tai Ping Industrial Centre, 57 Ting Kok Road, Tai Po	Sprado Company Limited	Tai Po	30 Jun 2047	Carpark	N/A	-	1982	5 <sup>(4)</sup>	N/A	N/A	No commercial value <sup>(7)</sup>	100% <sup>(6)</sup>	No commercial value
VI-53	Various carparks in Harbourfront Landmark, 11 Wan Hoi Street, Hung Hom	Marketon Investment Limited	Hung Hom	30 Jun 2047	Carpark	N/A	-	2001	137	N/A	1,016,291	201.00	100%	201.00
VI-54	78 Car Parking Spaces in Greenview Court, 644-654 Castle Peak Road, Tsuen Wan, New Territories	Impromptu Limited	Tsuen Wan	30 Jun 2047	Carpark	N/A	-	1982	78	N/A	178,000	28.67	100%	28.67
<b>Total</b>											<b>20,216,316</b>	<b>40,189.71</b>		<b>38,796.83</b>

## Notes:

- (1) All areas are stated in approximations.
- (2) All values are stated in approximations.
- (3) The floor area stated is the whole 100% floor area of the property.
- (4) The number of car parking spaces is the whole 100% of the property.
- (5) The market value in existing state represents the value of the attributable interest.
- (6) For properties in which the Group's interest is in relation to development rights, the percentage interest shown represents the Group's attributable interest in the developer company which entered into relevant joint development contract with the land owner.
- (7) Having regard to the current status, conditions of the property, the estimated outgoings and cost liabilities provided to us, and the prospect of the property continuing in its existing state, it is considered that there is remote or no potential market demand for the property, hence it is of no commercial value.

## Group VII – Completed properties held for investment in Hong Kong as at 28 February 2021

Property No.	Property name	Holding entity	District	Expiry date of land tenure	Type of property	Floor area <sup>(1)</sup> (sq m)	(G/S)	Completion date	No. of car parking spaces	Existing occupancy rate	Monthly passing rent (HKD)	Market value <sup>(2)</sup> in existing state as at the Valuation Date (HKD Million)	Interest attributable to the Group (%)	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date (HKD Million)
VII-1	Commercial Development (known as OP Mall) of Ocean Pride Development, 100 Tai Ho Road, Tsuen Wan, New Territories	Jubilee Year Investments Limited	Tsuen Wan	19 Nov 2062	Retail & Carpark	40,550	G	2018	152	88%	15,346,942	5,349.00	100%	5,349.00
VII-2	Shop Nos. 1001 to 1014 and 1019 to 1043 on 1st Floor, United Centre, 95 Queensway, Central, Hong Kong	Pofield Investments Limited	Central	3 Aug 2128	Retail	3,512	G	1981	N/A	92%	4,479,660	1,201.00	100%	1,201.00
VII-3	1881 Heritage, 2A Canton Road, Tsim Sha Tsui, Kowloon	Flying Snow Limited	Tsim Sha Tsui	11 Jun 2053	Retail & Hotel	13,023	G	2009	N/A	71%	33,757,063	7,447.00	100%	7,447.00
VII-4	Workshop Unit No. 7 on 1st Floor of Tower 1, Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon	Pako Wise Limited	Hung Hom	14 Sep 2047	Industrial	1,673	G	1989	N/A	100%	216,500	70.00	100%	70.00
VII-5	Unit 03 on 8th Floor, 9th to 12th Floors, 15th Floor, Unit 05 on 28th Floor, Unit 01 on 29th Floor, Unit 08 on 31st Floor and the Roof immediately above 31st Floor, Wayland House, 55 Shek Pai Wan Road, Aberdeen, Hong Kong	Pine Fragrance Limited	Aberdeen	12 Dec 2887	Office	1,295	G	1996	N/A	97%	302,780	94.00	100%	94.00
VII-6	Remaining Portion of Marine Lot No. 293 and the Extension thereto	Pako Wise Limited	North Point	4 Nov 2056	Land	2,089 site area		N/A	N/A	N/A	86,800	17.70	100%	17.70
VII-7	97 Carparks on Lower and Upper Ground Floors, Robinson Heights, 8 Robinson Road, Mid-Levels, Hong Kong	Thorogood Estates Limited	Mid-Levels	7 Mar 2857 and 11 Dec 2844	Carpark	N/A	-	1989	97	N/A	513,875	107.00	100%	107.00

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# PROPERTY VALUATION

Property No.	Property name	Holding entity	District	Expiry date of land tenure	Type of property	Floor area <sup>(1)</sup> (sq m)	(G/S)	Completion date	No. of car parking spaces	Existing occupancy rate	Monthly passing rent (HKD)	Market value <sup>(2)</sup> in existing state as at the Valuation Date (HKD Million)	Interest attributable to the Group (%)	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date (HKD Million)
VII-8	121 Car Parking Spaces on the 3rd, 4th and 5th Floors, North Point Centre, 278-288 King's Road, North Point, Hong Kong	Tremendous Wealth Limited	North Point	24 Apr 2122	Carpark	N/A	-	1974	121	N/A	302,230	87.00	100%	87.00
VII-9	Commercial Development (known as Victoria Mall) and Commercial Car Parking Space Nos. R1 to R79 on Basement, The Victoria Towers, 188 Canton Road, Tsim Sha Tsui, Kowloon	Konorus Investment Limited	Tsim Sha Tsui	8 Apr 2048	Retail & Carpark	15,634	G	2002	79	60%	2,949,872	1,073.00	85%	912.05
VII-10	Kindergarten in Site A, 12 Laguna Street, Laguna City, Kowloon	Ranon Limited	Kwun Tong	30 Jun 2047	Kindergarten	1,380	G	1992 to 1994	N/A	100%	318,000	53.20	100%	53.20
VII-11	Car Parks Nos. 1 to 12, 53 to 59 and 65 to 78 on 5th Floor together with adjoining spaces, if any, Shun Tak Centre, 168-200 Connaught Road Central, Central, Hong Kong	Granlai Company Limited	Central	30 Dec 2130	Carpark	N/A	-	1986	33	N/A	277,301	89.00	54.0541%	48.11
VII-12	Portions of the Third Basement, the whole of Second Basement, First Basement, Ground Floor and First Floor of The Kowloon Hotel, 19 & 21 Nathan Road, Tsim Sha Tsui, Kowloon	KLNH Limited	Tsim Sha Tsui	23 Jun 2039	Retail	6,112	G	1985	N/A	62%	3,072,460	1,324.00	100%	1,324.00
VII-13	Parking Space Nos. SP1 to SP52 at Level 5 and Parking Space Nos. SP53 to SP155 at Level 6, No. 6 Metropolis Drive, The Metropolis, Hung Hom, Kowloon	Becogate Limited	Hung Hom	30 Jun 2047	Carpark	N/A	-	2002	155	N/A	367,975	119.35	100%	119.35
VII-14	3 Kindergartens, 240 Car Parking Spaces, 34 Goods Vehicle Parking Spaces, South Horizons, Ap Lei Chau, Hong Kong	Secan Limited	Aberdeen	31 Mar 2040	Kindergarten & Carpark	3,033	S	1991-1993	274	100%	2,165,228	510.92	80%	408.74

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Property No.	Property name	Holding entity	District	Expiry date of land tenure	Type of property	Floor area <sup>(1)</sup> (sq m)	(G/S)	Completion date	No. of car parking spaces	Existing occupancy rate	Monthly passing rent (HKD)	Market value <sup>(2)</sup> in existing state as at the Valuation Date (HKD Million)	Interest attributable to the Group (%)	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date (HKD Million)
VII-15	2nd Floor of East Commercial Block, South Horizons, Ap Lei Chau, Hong Kong	Uranock Limited	Aberdeen	31 Mar 2040	Retail	899	S	1993	N/A	100%	730,000	93.20	100%	93.20
VII-16	Commercial Accommodation on Level 1, Shop Nos. 3 and 4 on Level 5 and Signage Spaces A to F, Rambler Crest, 1 Tsing Yi Road, Tsing Yi, New Territories	Marvel Front Limited	Tsing Yi	30 Jun 2047	Retail	4,104	G	2003	N/A	75%	926,382	249.00	100%	249.00
VII-17	Whampoa Garden Shops and Car Parking Spaces at Sites 1 to 12, Whampoa Garden, Hung Hom, Kowloon	Whampoa Investments Ltd, Trenayne Investments Ltd, Grafton Properties Ltd, Mosburn Investments Ltd, Glenfuir Investments Ltd, Ambridge Investments Ltd, Foxton Investments Ltd, Darwin Investments Ltd, Oregon Investments Ltd, Palliser Investments Ltd, Richmond Investments Ltd, Great Dynasty Enterprises Ltd, Starford Choice Ltd	Hung Hom	13 Dec 2134	Retail & Carpark	159,235	G	1985-1991	1,026	87%	62,811,225	14,187.64	100%	14,187.64
VII-18	Shops & Carparks, Aberdeen Centre, Aberdeen, Hong Kong	Aberdeen Commercial Investments Limited	Aberdeen	31 May 2856	Retail & Carpark	32,054	G	1980-1982	133	93%	22,834,673	4,547.00	100%	4,547.00

Property No.	Property name	Holding entity	District	Expiry date of land tenure	Type of property	Floor area <sup>(1)</sup> (sq m)	(G/S)	Completion date	No. of car parking spaces	Existing occupancy rate	Monthly passing rent (HKD)	Market value <sup>(2)</sup> in existing state as at the Valuation Date (HKD Million)	Interest attributable to the Group (%)	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date (HKD Million)
VII-19	Shops on Ground Floor, Offices on 1st and 2nd Floors of Blocks G, H and J and 16 Car Parking Spaces on Basement, Hunghom Bay Centre, 92-112 Baker Street, Hung Hom, Kowloon	Hunghom Bay Commercial Investments Limited	Hung Hom	20 Mar 2886	Retail, Office & Carpark	7,470	G	1979	16	97%	4,392,453	907.00	100%	907.00
VII-20	Chun Fai Centre, 9 Chun Fai Road, Tai Hang, Hong Kong	Portwave Limited	Tai Hang	30 Jun 2047	Retail & Carpark	2,998	G	1993	103	100%	1,178,569	235.00	100%	235.00
VII-21	Shop No. 47 on Ground Floor (known as entrance for Mass Transit Station on Basement and Ground Floor), Kwan Yick Building (Phase II), 343 Des Voeux Road West, Western, Hong Kong	China Provident Development Company Limited	Western	5 Jun 2895 and 6 Jan 2861	Retail	74	G	1977	N/A	100%	38,000	3.90	100%	3.90
VII-22	Shop Nos. 4 to 9 on Ground Floor, Smithfield Court, 43 Smithfield Road, Kennedy Town, Hong Kong	Pinkett Limited	Kennedy Town	23 Jun 2882	Retail	655	G	1985	N/A	100%	597,750	129.00	100%	129.00
VII-23	Space being the Playground (now converted to Commercial Use) on 2nd Lower Ground Floor and Car Parking Space Nos. 1 to 40 on 2nd Lower Ground Floor, Blocks 32 to 40, Baguio Villa, 555 Victoria Road, Pokfulam, Hong Kong	Island Mark Limited	Pokfulam	25 Dec 2859	Retail & Carpark	1,201	G	1975	40	100%	748,975	137.30	100%	137.30
VII-24	Shops A, B and C on Ground Floor and the Entire Lower Ground Floor, Arts Building, 36-40 Robinson Road, Mid-Levels, Hong Kong	Polista Ltd	Mid-Levels	16 Mar 2854	Retail	552	G	1977	N/A	100%	244,400	59.00	100%	59.00



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Property No.	Property name	Holding entity	District	Expiry date of land tenure	Type of property	Floor area <sup>(1)</sup> (sq m)	(G/S)	Completion date	No. of car parking spaces	Existing occupancy rate	Monthly passing rent (HKD)	Market value <sup>(2)</sup> in existing state as at the Valuation Date (HKD Million)	Interest attributable to the Group (%)	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date (HKD Million)
VII-25	Lower Ground Floor (at Village Road Level) and Parking Spaces Nos. 24 and 24A on Ground Floor (Lower Car Park), Fine Mansion, 32-40 Village Road, Happy Valley, Hong Kong	Tezzini Limited	Happy Valley	15 Dec 2079	Retail & Carpark	1,273	G	1973	2	100%	1,114,769	212.00	100%	212.00
VII-26	Shop Nos. 23 to 26, 81 to 83 on 1st Floor of the Podium, Admiralty Centre, 18 Harcourt Road, Central, Hong Kong	Sandoran Limited	Central	17 Aug 2128	Retail	162	S	1980	N/A	100%	242,581	46.00	100%	46.00
VII-27	Shop Nos. N58, N65, N66, N67 and N68 on Ground Floor, 1-11, 15-17 Mount Sterling Mall and 10-16 Lai Wan Road, Mei Foo Sun Chuen, Lai Chi Kok, Kowloon	Dinaland Limited	Lai Chi Kok	30 Jun 2047	Retail	474	G	1982	N/A	100%	593,941	112.00	100%	112.00
VII-28	Garage and Reserved Areas, Fullview Court, 32 Fortress Hill Road, North Point, Hong Kong	Cavendish Property Development Limited	North Point	6 May 2101	Carpark	N/A	-	1988	50	N/A	185,200	27.50	100%	27.50
VII-29	Shop D on Ground Floor and the whole of 1st Floor, Flat C on 2nd Floor and Flat Roof, Gardenview Building, 197-209 Sai Yeung Choi Street North, Mongkok, Kowloon	Holylake Properties Limited	Mongkok	30 Jun 2047	Retail & Residential	1,156	G	1983	N/A	100%	393,523	64.00	100%	64.00
VII-30	Shop No. M18 on Mezzanine Floor, Kwun Tong Plaza, 68 Hoi Yuen Road, Kwun Tong, Kowloon	Holylake Properties Limited	Kwun Tong	30 Jun 2047	Retail	8	G	1986	N/A	100%	41,500	7.90	100%	7.90
VII-31	Shop C on Ground Floor and the Lavatory for Shop C on Mezzanine Floor, Silver Commercial Building, 719 Nathan Road, Mongkok, Kowloon	Baba Properties Limited	Mongkok	8 May 2071	Retail	48	G	1980	N/A	100%	62,000	31.10	100%	31.10

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Property No.	Property name	Holding entity	District	Expiry date of land tenure	Type of property	Floor area <sup>(1)</sup> (sq m)	(G/S)	Completion date	No. of car parking spaces	Existing occupancy rate	Monthly passing rent (HKD)	Market value <sup>(2)</sup> in existing state as at the Valuation Date (HKD Million)	Interest attributable to the Group (%)	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date (HKD Million)
VII-32	China Building, 29 Queen's Road Central, Central, Hong Kong	Vember Lord Limited, Harley Development Inc. & Trillium Investment Limited	Central	10 Oct 2071	Office & Retail	24,039	G	1978	N/A	89%	29,123,745	5,661.00	100%	5,661.00
VII-33	Office Tower 1, The Harbourfront, 18-22 Tak Fung Street, Hung Hom, Kowloon	Elbe Office Investments Limited, Rhine Office Investments Limited and Hutchison Hotel Hong Kong Limited	Hung Hom	19 Apr 2090	Office, Retail & Carpark	48,436	G	1995 and 2017	107	92%	16,673,358	4,090.00	100%	4,090.00
VII-34	Office Tower 2, The Harbourfront, 18-22 Tak Fung Street, Hung Hom, Kowloon	Elbe Office Investments Limited, Rhine Office Investments Limited and Hutchison Hotel Hong Kong Limited	Hung Hom	19 Apr 2090	Office, Retail & Carpark	38,736	G	1995	107	85%	11,490,903	3,014.00	100%	3,014.00
VII-35	Cheung Kong Center, 2 Queen's Road Central, Central, Hong Kong	Turbo Top Limited	Central	30 Jun 2047	Office, Retail & Carpark	119,785	G	1999	1,059	82%	135,065,143	33,250.00	100%	33,250.00
VII-36	12th Floor, Kwun Tong Harbour Plaza, 182 Wai Yip Street, Kwun Tong, Kowloon	Deroma Limited	Kwun Tong	30 Jun 2047	Office	2,284	G	1988	N/A	54%	292,952	84.00	100%	84.00
VII-37	Portions of 99 Cheung Fai Road, Tsing Yi, New Territories	Dragon View Resources Limited	Tsing Yi	30 Jun 2047	Office & Carpark	27,896	G	2004	68	100%	4,364,511	864.00	100%	864.00
VII-38	Portion of Hutchison Logistics Centre, 18 Container Port Road, Kwai Chung, New Territories	Omaha Investments Limited	Kwai Chung	30 Jun 2047	Industrial, Office & Carpark	437,122	G	1993	118	99%	52,965,422	9,363.00	100%	9,363.00
VII-39	THE HUB, 23 Yip Kan Street, Wong Chuk Hang, Aberdeen, Hong Kong	Valmet Limited	Aberdeen	1 Feb 2129	Office & Carpark	31,854	G	1984	62	88%	5,743,900	1,104.00	100%	1,104.00
VII-40	Watson Centre, 16-22 Kung Yip Street, Kwai Chung, New Territories	Lynnore Limited	Kwai Chung	30 Jun 2047	Industrial & Carpark	63,843	G	1978	73	100%	7,802,225	966.00	100%	966.00

Property No.	Property name	Holding entity	District	Expiry date of land tenure	Type of property	Floor area <sup>(1)</sup> (sq m)	(G/S)	Completion date	No. of car parking spaces	Existing occupancy rate	Monthly passing rent (HKD)	Market value <sup>(2)</sup> in existing state as at the Valuation Date (HKD Million)	Interest attributable to the Group	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date (HKD Million)
VII-41	Watson House, 1-5 Wo Liu Hang Road, Fo Tan, New Territories	Hybonia Limited	Fo Tan	30 Jun 2047	Industrial & Carpark	26,096	G	1982	30	100%	3,274,964	482.00	100%	482.00
VII-42	Fanling Sheung Shui Town Lot No. 97, Sheung Shui, New Territories	Kung Hei Investment Limited	Sheung Shui	30 Jun 2047	Industrial & Carpark	13,229	G	1991	20	100%	1,540,645	276.00	100%	276.00
VII-43	401 Car Parking Spaces and 46 Motor Cycle Parking Spaces, Rambler Crest, 1 Tsing Yi Road, Tsing Yi, New Territories	Alona Limited	Tsing Yi	30 Jun 2047	Carpark	N/A	-	2003	401 (CPS) 46 (MPS)	N/A	958,510	153.30	100%	153.30
VII-44	Various carparks in The Grand Panorama, 10 Robinson Road, Mid-Levels	Markreal Investment Limited	Mid-Levels	Various lots with lease terms of 999 years from 22 Jan 1844, 1 Sep 1857 and 8 Mar 1858 respectively	Carpark	N/A	-	1992	111	N/A	885,650	177.60	50%	88.80
<b>Total</b>												<b>98,075.61</b>		<b>97,682.79</b>

Notes:

(1) All areas are stated in approximations.

(2) All values are stated in approximations.

Group VIII – Completed hotel properties held for operation in Hong Kong as at 28 February 2021

Property No.	Property name	Address	Holding entity	District	Expiry date of land tenure	Type of property	GFA <sup>(1)</sup> (sq m)	Completion date	No. of car parking spaces	No. of rooms	Market value <sup>(2)</sup> in existing state as at the Valuation Date	Interest attributable to the Group	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date
											(HKD Million)	(%)	(HKD Million)
VIII-1	Harbourview Horizon All-Suite Hotel	12 Hung Lok Road	Bermington Investment Limited	Hung Hom	15 Oct 2051	Hotel & Carpark	119,280	Dec 2005	400	1,980	11,560.00	100%	11,560.00
VIII-2	Harbourfront Horizon All-Suite Hotel and Kowloon Harbourfront Hotel	8 Hung Luen Road	Sino China Enterprises Limited	Hung Hom	12 Aug 2051	Hotel & Carpark	107,444	Jan 2006	51	1,662	10,830.00	100%	10,830.00
VIII-3	The Apex Horizon (excluding retail shops and commercial parking spaces)	33 Wo Yi Hop Road	Pearl Wisdom Limited	Kwai Chung	3 Jun 2052	Hotel & Carpark	21,190	Nov 2007	3	360	1,170.00	100%	1,170.00
VIII-4	Harbour Plaza 8 Degrees	190 Kowloon City Road	Harbour Plaza 8 Degrees Limited	To Kwa Wan	8 May 2088	Hotel & Carpark	21,420	Jun 2009	10	704	2,400.00	100%	2,400.00
VIII-5	Harbour Plaza Resort City	12 and 18 Tin Yan Road	Harbour Plaza Resort City Limited	Tin Shui Wai	30 Jun 2047	Hotel & Carpark	61,513	Dec 1998 and Jan 1999	8	1,102	2,900.00	98.47%	2,855.63
VIII-6	Harbour Plaza Metropolis	7 Metropolis Drive	Harbour Plaza Metropolis Limited	Hung Hom	30 Jun 2047	Hotel & Carpark	42,857	Nov 2002	6	822	5,080.00	100%	5,080.00
VIII-7	The Kowloon Hotel (excluding shopping mall)	19 and 21 Nathan Road	The Kowloon Hotel Limited	Tsim Sha Tsui	23 Jun 2039	Hotel	24,498	Nov 1985	N/A	736	5,270.00	100%	5,270.00
VIII-8	Rambler Garden Hotel	1 Tsing Yi Road	Matrica Limited	Tsing Yi	30 Jun 2047	Hotel	19,613	Dec 2003	N/A	800	1,700.00	100%	1,700.00
VIII-9	Rambler Oasis Hotel	1 Tsing Yi Road	Matrica Limited	Tsing Yi	30 Jun 2047	Hotel	19,810	Dec 2003	N/A	822	1,770.00	100%	1,770.00
VIII-10	Harbour Plaza North Point	663 and 665 King's Road	Randash Investment Limited	North Point	30 Jun 2047	Hotel & Carpark	31,873	Sep 1999	6	723	3,000.00	100%	3,000.00
VIII-11	Horizon Suite Hotel	29 On Chun Street	Towerich Limited	Ma On Shan	25 Mar 2048	Hotel & Carpark	56,000	Jun 2002	42	831	3,170.00	100%	3,170.00
VIII-12	Joint Venture Interest at Harbour Grand Hong Kong	23 Oil Street	Harbour Grand Hong Kong Limited	North Point	25 May 2104	Hotel & Carpark	41,341	Dec 2008	31	828	3,230.00	100%	3,230.00
VIII-13	Harbour Grand Kowloon	20 and 22 Tak Fung Street	Elbe Office Investments Limited, Rhine Office Investments Limited and Hutchison Hotel Hong Kong Limited	Hung Hom	19 Apr 2090	Hotel & Carpark	58,853	Jul 1995 and Jan 2019	14	914	6,610.00	100%	6,610.00

Property No.	Property name	Address	Holding entity	District	Expiry date of land tenure	Type of property	GFA <sup>(1)</sup> (sq m)	Completion date	No. of car parking spaces	No. of rooms	Market value <sup>(2)</sup> in existing state at the Valuation Date (HKD Million)	Interest attributable to the Group	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date (HKD Million)
VIII-14	Sheraton Hong Kong Hotel and Towers	20 Nathan Road	Consolidated Hotels Limited	Tsim Sha Tsui	27 Nov 2119	Hotel, commercial & Carpark	61,950	Mar 1974	19	782	9,740.00	39%	3,798.60
VIII-15	Hotel Alexandra	32 City Garden Road	Ocean Century Investments Limited	North Point	26 Sep 2061	Hotel & Carpark	30,000	Jun 2019	26	840	5,200.00	100%	5,200.00
<b>Total</b>											<b>73,630.00</b>		<b>67,644.23</b>

Notes:

- (1) All areas are stated in approximations.  
(2) All values are stated in approximations.

## Group IX – Properties held under development in Hong Kong as at 28 February 2021

Property No.	Property name	Holding entity	District	Expiry date of land lease	Type of property	Site area (1) (sq m)	Planned GFA (1) (sq m)	Scheduled completion date of construction	No. of car parking spaces	Pre-sale saleable floor area (sq m)	Pre-sale consideration (HKD Million)	Construction cost incurred (HKD Million)	Construction cost to be incurred (HKD Million)	Development value (2) as if completed as at the Valuation Date (HKD Million)	Market value (2) in existing state as at the Valuation Date (HKD Million)	Interest attributable to the Group (%)	Market value (2) in existing state attributable to the Group (HKD Million)
IX-1	Cheung Kong Center II, 10 Harcourt Road, Central, Hong Kong	Hongville Limited	Central	28 Sep 2022	Office, Retail & Carpark	3,057	45,855	Mar 2023	219	N/A	N/A	308	2,562	20,320.00	12,900.00	100%	12,900.00
IX-2	13 Hok Yuen Street, Hung Hom, Kowloon	Global Coin Limited	Hung Hom	14 Sep 2047	Commercial & Carpark	3,699	47,277	Mar 2025	264	N/A	N/A	44	2,312	5,800.00	2,110.00	100%	2,110.00
IX-3	Development right in Seaside Sonata, 201, 203, 218 Hai Tan Street, Sham Shui Po	Swiss Investments Limited	Sham Shui Po	26 Mar 2065	Residential, Commercial, Carpark & Government Accommodation	7,507	57,399 <sup>(3)</sup>	Mar 2021	61 <sup>(4)</sup>	36,006	6,897	1,686	201	10,360.00	7,790.00 <sup>(5)</sup>	100% <sup>(6)</sup>	7,790.00
IX-4	Development right in Sea To Sky, 1 Lohas Park Road, LOHAS Park	Albany Investments Limited	Tseung Kwan O	15 May 2052	Residential & Carpark	16,638	97,000 <sup>(3)</sup>	Mar 2021	282 <sup>(4)</sup>	64,798	11,740	2,370	542	16,900.00	12,730.00 <sup>(5)</sup>	100% <sup>(6)</sup>	12,730.00
IX-5	El Futuro, 18 Lai Ping Road	Rich View Investments Limited	Sha Tin	11 Oct 2066	Residential & Carpark	6,299	22,676	Jun 2022	186	7,075	1,445	411	671	5,220.00	3,650.00	100%	3,650.00
IX-6	21 Borrett Road, Phase 2	Brislow Investments Limited	Mid-Levels	8 Jun 2061	Residential & Carpark	10,488	13,854	Sep 2022	120	N/A	N/A	977	122	12,620.00	9,670.00	100%	9,670.00
IX-7	Lot 428 in Demarcation District 124	Art Rich Investment Limited	Yuen Long	28 May 2067	Residential & Carpark	10,240	12,902	Nov 2022	69	N/A	N/A	104	579	1,878.00	965.00	100%	965.00
IX-8	Yau Tong Island Lot 45	Korn Reach Investment Limited	Yau Tong	18 Jun 2069	Residential & Carpark	7,773	38,865	Jun 2024	140	N/A	N/A	57	1,709	6,866.00	3,670.00	100%	3,670.00
IX-9	Attributable interest in Tuen Mun Town Lot 463	Galaxy Power Investment Limited	Tuen Mun	4 Dec 2068	Residential & Carpark	24,800	32,240 <sup>(3)</sup>	Jun 2024	153 <sup>(4)</sup>	N/A	N/A	181	1,206	4,241.00	870.80 <sup>(5)</sup>	100% <sup>(6)</sup>	870.80
IX-10	Development right in Wong Chuk Hang Station Package 3	Queen Investments Limited	Aberdeen	11 Jun 2067	Residential, Commercial & Carpark	22,383	139,900 <sup>(3)</sup>	Jun 2023 (Commercial) Dec 2024 (Residential & Carpark)	443 <sup>(4)</sup>	N/A	N/A	293	5,167	27,390.00	14,780.00 <sup>(5)</sup>	100% <sup>(6)</sup>	14,780.00
IX-11	Lot No. 1069 in Survey District No. 3	Art Champion Investment Limited	Kwun Tong	17 Jun 2070	Residential & Carpark	20,167	101,185	Jun 2025	267	N/A	N/A	3	3,994	11,650.00	4,960.00	100%	4,960.00
<b>Total</b>															<b>74,095.80</b>		<b>74,095.80</b>

## Notes:

- (1) All areas are stated in approximations.
- (2) All values are stated in approximations.
- (3) The floor area stated is the whole 100% floor area of the property.
- (4) The number of car parking spaces is the whole 100% of the property.
- (5) The market value in existing state represents the value of the attributable interest.
- (6) For properties in which the Group's interest is in relation to development rights, the percentage interest shown represents the Group's attributable interest in the developer company which entered into relevant joint development contract with the land owner.

## Group X – Properties held for future development in Hong Kong as at 28 February 2021

Property No.	Property name	Holding entity	District	Expiry date of land tenure	Type of property	Site area <sup>(1)</sup> (sq m)	Planned GFA <sup>(1)</sup> (sq m)	Scheduled completion date of construction	No. of car parking spaces	Construction cost to be incurred (HKD Million)	Development value <sup>(2)</sup> as if completed at the Valuation Date (HKD Million)	Market value <sup>(2)</sup> in existing state as at the Valuation Date (HKD Million)	Interest attributable to the Group (%)	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date (HKD Million)
X-1	Various lots in Survey District No. 1 Nga Tsai Wai Village	Sai Ling Realty Limited	Kowloon	30 Jun 2047	Building	3,025	N/A	planning	N/A	N/A	N/A	480.00	100%	480.00
X-2	The Remaining Portion of Lot No. 1457 in Demarcation District No. 123, Fung Lok Wai	Mutual Luck Investment Limited	Yuen Long	30 Jun 2047	Agricultural Land Lots	799,983	N/A	planning	N/A	N/A	N/A	2,150.00	60%	1,290.00
X-3	New Kowloon Inland Lot No. 6604, Kai Tak Area 4E Site 2, Kai Tak	City Champion Investments Limited	Kai Tak	To be advised <sup>(3)</sup>	Residential, Commercial & Carpark	10,948	60,214	planning	N/A	N/A	17,780.00	10,280.00	100%	10,280.00
<b>Total</b>												<b>12,910.00</b>		<b>12,050.00</b>

Notes:

- (1) All areas are stated in approximations.
- (2) All values are stated in approximations.
- (3) To be advised subject to execution of land grant document. Having regard to the award of land tender to the holding entity by the Government in February 2021, it is assumed that the Group will complete the land sale in due course and have a good land title and ownership.

## Group XI – Completed property held for sale in Singapore as at 28 February 2021

Property No.	Property name	Holding entity	District	Land use	Expiry date of land use term	Type of property	GFA <sup>(1)</sup> (sq m)	Completion date	No. of car parking spaces	Market value <sup>(2)</sup> in existing state as at the Valuation Date (SGD million)	Interest attributable to the Group (%)	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date (SGD million)
XI-I	Stars of Kovan – 988 Upper Serangoon Road, Stars of Kovan, Singapore 534733	Kovan Treasure Pte. Ltd.	19	Residential with commercial at 1st storey	24 Feb 2114	Commercial, Carpark	22,636.48	2019	80	109.57	100%	109.57
										109.57		109.57

## Notes:

- (1) All areas are stated in approximations.
- (2) All values are stated in approximations.



## Group XII – Property held under development in Singapore as at 28 February 2021

Property No.	Property name	Holding entity	District	Land use	Nature of land tenure	Type of property	Site area (1)	Total Gross Floor Area (1)	Date of commencement of construction	Scheduled completion date of construction	Total No. Units	Presale GFA (1)	Pre-sale consideration	Construction cost incurred	Construction cost to be incurred	Development value (2) as if completed at the Valuation Date	Market value (2) in existing state as at the Valuation Date	Interest attributable to the Group	Market value (2) in existing state attributable to the Group as at the Valuation Date
							(sq m)	(sq m)				(sq m)	(SGD million)	(SGD million)	(SGD million)	(SGD million)	(SGD million)	(%)	(SGD million)
XII-1	Land Parcel at Bukit Timah Road	Jagora Development Pte. Ltd.	10	Residential	Freehold	Residential	9,771.3	22,433.1	Quarter 3 2020	End 2024	230	N/A	N/A	0.609	98.391	680.00	405.00	100%	405.00
																	405.00		405.00

## Notes:

- (1) All areas are stated in approximations.
- (2) All values are stated in approximations.

## Group XIII – Completed property held for sale in the UK as at 28 February 2021

Property No.	Property name	Holding entity	City	District	Land use	Nature of land tenure	Type of property	Net Internal Area <sup>(1)</sup> (sq m)	Completion date	No. of car parking spaces	Market value <sup>(2)</sup> in existing state as at the Valuation Date (GBP million)	Interest attributable to the Group (%)	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date (GBP million)
XIII-1	Chelsea Waterfront, Lots Road, London	Circadian Limited	London	London Borough of Hammersmith & Fulham	Residential & Carpark	Freehold	Residential led mixed use development	17,199	2017-2019	126	271.00	95%	257.45
											271.00		257.45

## Notes:

- (1) All areas are stated in approximations.  
(2) All values are stated in approximations.

## Group XIV – Completed property held for investment in the UK as at 28 February 2021

Property No.	Property name	Holding entity	City	District	Land use	Expiry date of land use term	Type of property	GFA <sup>(1)</sup> (sq m)	Leasable/ Saleable area <sup>(1)</sup> (sq m)	Completion date	No. of rooms	No. of car parking spaces	Existing occupancy rate	Monthly passing rent (GBP)	Market value <sup>(2)</sup> in existing state as at the Valuation Date (GBP million)	Interest attributable to the Group (%)	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date (GBP million)
XIV-1	Albion Riverside – Commercial – Hutchison House, 5 Hester Road, Battersea, London	Albion Riverside Commercial Limited	London	Wandsworth	Office	999 years (3002)	Office, commercial	7,331.23	6,390.06	2004	N/A	24	95%	170,672.01	30.800	90%	27.720
XIV-2	Albion Riverside – Residential freehold (Ground rent) – 5 Hester Road, Battersea, London	Albion Properties Limited	London	Wandsworth	Residential		Residential	N/A	N/A	2004	N/A	N/A	N/A	4,827.08	1.300	90%	1.170
															32.100		28.890

## Notes:

(1) All areas are stated in approximations.

(2) All values are stated in approximations.

## Group XV – Properties held under development in the UK as at 28 February 2021

Property No.	Property name	Holding entity	City	District	Land use	Nature of land tenure	Type of property	Site area (1)	Planned Net Internal Area (1)	Date of commencement of construction	Scheduled completion date of construction	No. of car parking spaces	Construction cost incurred (GBP million)	Construction cost to be incurred (GBP million)	Development value (2) as if completed as at the Valuation Date (GBP million)	Market value (2) in existing state as at the Valuation Date (GBP million)	Interest attributable to the Group (%)	Market value (2) in existing state attributable to the Group as at the Valuation Date (GBP million)
XV-1	Chelsea Waterfront, Lots Road, London	Cicadian Limited	London	Royal Borough of Kensington & Chelsea	Residential, Leisure, Commercial, Culture, Carpark	Freehold	Residential led mixed use development	15,300	61,022.00	2016	2024	384	171	331	914.18	240.00	95%	228.00
XV-2	Convoys Wharf, Prince Street, London	Convoys Properties Limited	London	London Borough of Lewisham	Residential, Restaurant, Leisure/ Hotel Retail, Culture, Wharf uses, Employment Carpark	Freehold	Residential led mixed use development	161,400	356,238.35	2015	2030	1,840	38	1,387	2414.50	195.00	100%	195.00
																435.00		425.00

Notes:

- (1) All areas are stated in approximations.  
(2) All values are stated in approximations.

## Group XVI – Property held for future development in the UK as at 28 February 2021

Property No.	Property name	Holding entity	City	District	Land use	Nature of land tenure	Type of property	Site area <sup>(1)</sup> (sq m)	Planned Net Internal Area <sup>(1)</sup> (sq m)	Date of commencement of construction	Scheduled completion date of construction	No. of car parking spaces	Construction cost incurred (GBP million)	Construction cost to be incurred (GBP million)	Market value <sup>(2)</sup> in existing state as at the Valuation Date (GBP million)	Interest attributable to the Group (%)	Market value <sup>(2)</sup> in existing state attributable to the Group as at the Valuation Date (GBP million)
XVI-1	Teversham Road, Fulbourn, Cambridgeshire	Castlefield International Limited	Cambridgeshire	South Cambridgeshire District Council	Residential	Freehold	Residential	68,500	10,750,000	2021	2023	N/A	N/A	23	3.16	100%	3.16
															3.16		3.16

## Notes:

- (1) All areas are stated in approximations.  
(2) All values are stated in approximations.

*The following is the text of a letter and a summary of valuations prepared for the purpose of incorporation in this listing document received from CBRE, Inc., an independent property valuer, in connection with its opinion of the value of certain property interests of the Group in The Bahamas as at 28 February 2021. As stated in “Appendix V – Documents Available for Inspection”, the full property valuation report is available for public inspection.*

**CBRE**

5100 Town Center Circle Tower II, Suite 600  
Boca Raton, Florida 33486

[www.cbre.com](http://www.cbre.com)

27 April 2021

The Directors

**CK ASSET HOLDINGS LIMITED**

7/F Cheung Kong Center, 2 Queen’s Road Central, Hong Kong

RE: Appraisal of Grand Bahama DEVCO Land Holdings and  
Silver Point Freeport, Grand Bahama Island

Dear Sirs:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market value of the referenced property (the “Property”). Our analysis is presented in the following appraisal report. The Property includes the following Lands commonly known as (DEVCO) Land Holdings – (74,469 Acres) along with Silver Point – (17 Acres):

- North shore wetlands 35,000 acres of wetlands on north shore of Grand Bahama that are generally un-serviced by utilities and are not considered buildable.
- South shore 7,900 acres of land that includes some areas that are serviced by utilities and some areas that are not serviced by utilities that is considered buildable with significant amounts of beach frontage.
- Interior random lots that consist of 17,800 acres including various lots of buildable land that is generally in areas that are serviced by utilities.
- Land outside the Port Area that consists of 3,900 acres of land that is buildable with some areas that are serviced by utilities and some areas that are not serviced by utilities that could be used for commercial or residential development.
- Greenways/Interior Wetlands that consists of 9,869 acres of land that is generally not buildable either because of wetland status or reserved easement as a greenway.

- Silver Point which includes approximately 17 waterfront (ocean access canals) acres of land (excluding 1.05 acres of road easement) which is near the Port Lucaya area of Grand Bahama

The aforementioned lands total approximately 74,486 acres according to information that is provided to the appraisers for the purpose of this appraisal.

Based on the analysis contained in the following report (which refers to our full appraisal), the market value of the subject is concluded as follows:

MARKET VALUE CONCLUSION					
<u>Appraisal Premise</u>	<u>Interest Appraised</u>	<u>Date of Value</u>	<u>Exposure Time</u>	<u>Value Conclusion</u>	<u>HKD Equivalent</u>
Northshore Wetland Land Value	Fee Simple	February 28, 2021	18 Months	USD0	HKD0
South Shore Land Value	Fee Simple	February 28, 2021	18 Months	USD39,500,000	HKD308,100,000
Residential Lots Land Value	Fee Simple	February 28, 2021	18 Months	USD62,300,000	HKD485,940,000
Port Area Land	Fee Simple	February 28, 2021	18 Months	USD25,400,000	HKD198,120,000
Greenway and Interior Westland Land Value	Fee Simple	February 28, 2021	18 Months	USD0	HKD0
Silver Point	Fee Simple	February 28, 2021	18 Months	USD3,400,000	HKD26,520,000
<b>Total Land Area Value</b>	Fee Simple	February 28, 2021	18 Months	USD130,600,000	HKD1,018,680,000

*Compiled by CBRE*

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. It also conforms to Title XI Regulations and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) updated in 1994 and further updated by the Interagency Appraisal and Evaluation Guidelines promulgated in 2010 and International Valuation Standards (IVS).

Respectfully submitted,

**CBRE, Inc. – VALUATION & ADVISORY SERVICES**

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Scott L. Webb  
Director – CBRE Hotel Advisory  
Florida Cert Gen RZ2002

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James E. Agner, MAI, SGA, MRICS  
EVP – Business Development Florida/Caribbean  
Florida Cert Gen RZ382

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Robin Brownrigg, CCRA, CREA  
Bahamas Realty



## SUMMARY OF SALIENT FACTS

<u>Property Name</u>	<u>Grand Bahama DevCo Land Holdings</u>	
Location	Various Street Addresses, Freeport, Grand Bahama	
Island Highest and Best Use		
As Though Vacant	Mixed Use	
As Improved	Mixed Use	
Property Rights Appraised	Fee Simple	
Total Land Area Acres/Square Feet	74,486	3,244,610,160
North Shore Wetlands	35,000	1,524,600,000
South Shore	7,900	344,124,000
Interior Random Lots/Land	17,800	775,368,000
Land outside the Port Area	3,900	169,884,000
Greenways/Interior Wetland	9,869	429,893,640
Silver Point	17	740,520
Estimated Exposure Time	18 Months	

## VALUATION

<u>PREMISE</u>	<u>DATE OF VALUE</u>	<u>TOTAL</u>	<u>Per Acre</u>
Total Land Value	28 February 2021	US\$130,600,000	US\$1,753
North Shore Wetlands	28 February 2021	US\$0	US\$0
South Shore	28 February 2021	US\$39,500,000	US\$5,000
Interior Random Lots/Land	28 February 2021	US\$62,300,000	US\$3,500
Land outside the Port Area	28 February 2021	US\$25,400,000	US\$6,513
Greenways/Interior Wetland	28 February 2021	US\$0	US\$0
Silver Point	28 February 2021	US\$3,400,000	US\$200,000

## CONCLUDED MARKET VALUE

<u>Appraisal Premise</u>	<u>Interest Appraised</u>	<u>Date of Value</u>	<u>Value</u>
North Shore Wetlands	Fee Simple	28 February 2021	US\$0
South Shore	Fee Simple	28 February 2021	US\$39,500,000
Interior Random Lots/Land	Fee Simple	28 February 2021	US\$62,300,000
Land outside the Port Area	Fee Simple	28 February 2021	US\$25,400,000
Greenways/Interior Wetland	Fee Simple	28 February 2021	US\$0
Silver Point	Fee Simple	28 February 2021	US\$3,400,000
Total Land Value	Fee Simple	28 February 2021	US\$130,600,000

Compiled by CBRE

**PURPOSE OF THE APPRAISAL**

The purpose of this appraisal is to estimate the market value of the Property. The current economic definition of market value agreed upon by agencies that regulate federal financial institutions in the U.S. (and used herein) is as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

We confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with the appraisal of the Property.

We also confirm that this report conforms with the requirements set out in Rule 11 of The Codes on Takeovers and Mergers and Share Buy backs issued by the Securities and Futures Commission.

**EXTRAORDINARY ASSUMPTIONS**

An *extraordinary assumption* is defined as “an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.” <sup>1</sup>

- Extraordinary assumptions associated with this analysis are that the general descriptions and maps provided to the appraiser are essentially correct. Additionally, we may assumed as an extraordinary assumption, that we have relied on information provided to the appraisers that indicates that the property being appraised is less than or greater than the amounts indicated on the description of the property being appraised, that our appraisal and value conclusions may be subject to change.

- Due to the current Covid-19 it was not possible for the appraiser to inspect the property. We have relied on pictures taken by the employees of the Grand Bahama Port Authority and we have relied on these pictures to be representative of the lands being appraised.
- The use of these extraordinary assumptions may have affected the assignment results.

### **HYPOTHETICAL CONDITIONS**

A hypothetical condition is defined as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purposes of analysis.”<sup>2</sup>

- None noted.

Notes:

1 The Appraisal Foundation, *USPAP*, 2020-2021.

2 The Appraisal Foundation, *USPAP*, 2020-2021.

### **PROPERTY IDENTIFICATION**

The Property is identified through maps and information provided to the appraisers and consists of approximately 17 acres of Silver Point land which is wholly owned by CK Asset Holdings Limited, and 74,469 acres of land owned by Grand Bahama Development Company (“Devco”), which is a joint venture of CK Asset Holdings Limited. The sites are located on Grand Bahama Island in the Commonwealth of the Bahamas. The Property is more fully described within the enclosed report.

### **MARKET UNCERTAINTY FROM NOVEL CORONAVIRUS**

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation(s) is/are therefore reported as being subject to ‘material valuation uncertainty’ as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review. For the avoidance of doubt, the inclusion of the ‘material valuation uncertainty’ declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been

included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation.

#### **OWNERSHIP AND PROPERTY HISTORY**

Title to DEVCO lands Property is effectively held and vested in the name of Grand Bahama Development Company (“Devco”), which is a joint venture of CK Asset Holdings Limited according to information provided by the owners. The DEVCO land property was acquired more than 15 years ago and has been expanded to include the current structures. To the best of our knowledge, there has been no other ownership transfer of the DEVCO lands property during the previous three years. Title to the Silver Point Property is vested in CK Asset Holdings Limited. It is our understanding that the subject property is not being marketed for sale at this time. Additionally, it should be noted that:

- Silver Point is owned 100% by the Client.
- DEVCO lands are owned 50% by the Client.

CBRE is unaware of any arm’s length ownership transfers of the property within three years of the date of appraisal. Further, the property is not reportedly being offered for sale as of the current date.

#### **INTENDED USE OF REPORT**

This report will solely be used for the purpose of (i) incorporation into the circular and offer document to be issued by CK Asset Holdings Limited, which will be published in the websites of The Stock Exchange of Hong Kong Limited and CK Asset Holdings Limited; and (ii) being a document on display in accordance with the Takeover Code and no other use.

## SITE ANALYSIS

The following chart summarizes the salient characteristics of the subject site.

## SITE SUMMARY AND ANALYSIS

**Physical Description**

Gross Site Area	74,486	3,244,610,160
(Acres/Square Feet)		
Site Area		
(Acres/Square Feet)		
North Shore Wetlands	35,000	1,524,600,000
South Shore	7,900	344,124,000
Interior Random Lots/Land	17,800	775,368,000
Greenways/Interior	9,869	429,893,640
Wetland		
Silver Point	17	740,520
Frontage	Connecting roads to the Queens Highway and the Atlantic Ocean on portions of the site	
Shape	Irregular	
Topography	Generally Level at Grade	
Zoning District	Mixed Use	
Flood Map Panel No.	No Flood Zones in Bahamas	
Flood Zone	No Flood Zones in Bahamas	
Adjacent Land Uses	Hotels, Retail, Commercial and Residential	

**Comparative Analysis****Rating**

Access	Varies from Site to Site
Visibility	Varies from Site to Site
Functional Utility	Average except wetland areas
Traffic Volume	Average
Adequacy of Utilities	Some areas are serviced by utilities and others are not
Landscaping	None
Drainage	Assumed adequate except in Wetland Areas

**Utilities****Adequacy**

Water	Grand Bahama Utility Company	Yes
Sewer	Grand Bahama Utility Company	Yes
Natural Gas	None	N/A
Electricity	Grand Bahama Power Company (GBPC)	Yes
Telephone	Bahama Telephone Company (BTC)	Yes
Mass Transit	None	N/A

**Other****No****Unknown**

Detrimental Easements		X
Encroachments		X
Deed Restrictions		X
Reciprocal Parking Rights		X
Common Ingress/Egress		X

Source: Various sources compiled by CBRE and the owners of the Property

**COVENANTS, CONDITIONS AND RESTRICTIONS**

There are no known covenants, conditions and restrictions impacting the Property that are considered to affect the marketability or highest and best use, other than zoning restrictions.

**CURRENT DEVELOPMENT**

The Property is currently vacant with no planned development for the near future. There is no development budget, plans and there is no completion date. The land is owned in freehold and there are no known leases involved to the knowledge of the appraisers. There are no buildings on the Property and the only improvements are a seawall along the canal portions of the Property. All utilities including a road are available to the edge of the Property. We have relied upon the owner of the Property for many of the Property details regarding size, potential uses etc. The site once had potential plans for a multi-family development according to the owner but the plans were scrapped due to lack of demand. Detailed development plans were not provided. We do not see that demand existing at the current time or in the near future. As such, the highest and best use of the Property at this time is for holding until such time that demand exists to support development. The Property is not currently listed for sale to the knowledge of the appraisers. No information indicating clarity or defect of title was provided by the client. As such, we can neither confirm nor deny any defect on title.

**ENVIRONMENTAL ISSUES**

CBRE, Inc. has not observed, yet is not qualified to detect, the existence of potentially hazardous material or underground storage tanks which may be present on or near the site. The existence of hazardous materials or underground storage tanks may have an effect on the value of the Property. For this appraisal, CBRE, Inc. has specifically assumed that any hazardous materials and/or underground storage tanks that may be present on or near the Property do not affect the Property.

**DATA RESOURCES UTILIZED IN THE ANALYSIS**

	<b>RESOURCE VERIFICATION</b>
<b>Site Data</b>	<i>Source/Verification:</i>
Size and Shape	Information provided by the owner
Character of Site	Inspection and information provided by the owners

*Compiled by CBRE*

**EXTENT TO WHICH THE PROPERTY IS INSPECTED**

Scott L. Webb, MAI and James E. Agner, MAI have not made a personal inspection of the property that is the subject of this report. Scott L. Webb, MAI has inspected the property previously as part of multiple prior appraisals including on September 28th, 2017 as part of our appraisal number #17-397MI-1829. Based on an agreement with the client, (CBRE) made no inspection of the subject property because of the Covid-19 Pandemic. Exterior subject photographs and descriptions of the subject site were provided employees of the Grand Bahama Port Authority. They provided subject photos, the level of inspection provided an adequate level of information for the appraiser to form a reliable value indication. Additionally, per the client, the subject property has not materially changed from when we last inspected the subject property. We reserve the right to amend the report and/or valuation, should this not be correct.

**CONCLUSION**

Despite the challenges facing the region from Zika, recent Hurricanes, the financial crises, and now the Covid-19 Pandemic, the Bahamas are hopeful to reap the benefits of tourist growth in the near future. The opening of Cuba to tourism from the United States appears to have been set back some with the election of 2016. However the Panama Canal has expanded for shipping and cruise traffic, and new hotels are being completed throughout the region to accommodate the influx of tourists. This growth is projected be a significant boost to the developing economies of the nations in the region. The current Covid-19 Pandemic will undoubtedly have a negative impact on this growth, but it is hopefully a short-term impact on most islands.

**APPRAISAL METHODOLOGY**

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available. CBRE, Inc. analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value.

**SALES COMPARISON APPROACH**

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per acre, price per room, price per suite, or economic units of comparison such as gross rent multiple. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value. Economic units of comparison are not adjusted, but rather analyzed as to relevant differences, with the final estimate derived based on the general comparisons. Typically, the sales comparison approach is the primary approach utilized for vacant land.

## METHODOLOGY APPLICABLE TO THE SUBJECT PROPERTY

In valuing the subject sites, only the sales comparison approach is deemed applicable and has been utilized exclusively.

## COMPARABLE LAND SALES AND LISTINGS

The following summary chart shows the sales and listings we have utilized from the Caribbean and The Bahamas.

SUMMARY OF COMPARABLE LAND SALES										
Transaction				Proposed Use	Actual Sale Price	Adjusted Sale Price <sup>1</sup>	Size (sq.ft.)	Price Per Acre	Price Per sq.ft.	Price Per sq.m.
No.	Property Location	Type	Date							
1	10903 Miccosukee Rd, Tallahassee, FL	Sale	May 2019	N/A	USD13,600,000	USD13,600,000	104,544,000	USD5,667	USD0.13	USD1.40
2	Hwy 90, Glen St. Mary, FL	Sale	May 2019	Solar Farm	USD6,853,900	USD6,853,900	49,673,210	USD6,010	USD0.14	USD1.49
3	Highway 20, Freeport, FL	Sale	June 2018	N/A	USD6,300,000	USD6,300,000	56,742,998	USD4,836	USD0.11	USD1.20
4	Wild Berry Cay, Berry Islands, Berry Islands, BY	Sale	October 2018	Resort	USD2,500,000	USD2,500,000	4,356,000	USD25,000	USD0.57	USD6.18
5	Bird Cay, Berry Islands, Berry Islands, BY	Sale	October 2018	Resort	USD11,000,000	USD11,000,000	10,890,000	USD44,000	USD1.01	USD10.87
Subject	Grand Bahama Devco Land Holdings, Various Street Addresses Freeport, Grand Bahama Island	–	–	Residential	–	–	–	–	–	–

No.	Property Location	Type	Date	Proposed Use	Actual Sale Price	Adjusted Sale Price <sup>1</sup>	Size (sq.ft.)	Price Per Acre	Price Per sq.ft.	Price Per sq.m.
1	Boulevard Zona Hotelera, Cap Cana, Punta Cana, Dominican Republic	Sale	July 2017	Proposed 750 Unit Hyatt	USD56,000,000	USD56,000,000	1,743,388	USD1,399,206	USD32.12	USD345.75
2	West Bay Road Grand Cayman, Georgetown, Cayman Islands	Sale	April 2018	Resort/ Residential	USD5,500,000	USD5,500,000	261,360	USD916,667	USD21.04	USD226.52
3	West Bay Beach Road Grand Cayman, Georgetown, Cayman Islands	Sale	April 2018	Resort/ Residential	USD5,152,512	USD5,152,512	160,190	USD1,401,091	USD32.17	USD346.22
4	Grand Cayman, Georgetown, Cayman Islands	Sale	May 2019	Resort/ Residential	USD14,500,000	USD14,500,000	252,648	USD2,500,000	USD57.39	USD617.77
5	The Narrows, Dunmore Town, Commonwealth of the Bahamas	Available/ Listing	March 2021	Residential	USD8,100,000	USD8,100,000	113,256	USD3,115,385	USD71.52	USD769.83
Subject	Silver Point Beach Land, Royal Palm Way Freeport, Grand Bahama Island	–	–	Resort/ Residential	–	–	–	–	–	–

Compiled by CBRE

Note:

- 1 Transaction amount adjusted for cash equivalency and/or development costs (where applicable)



**POTENTIAL TAX LIABILITY**

As advised by the owner of the Property, the potential tax liability which would arise on the direct disposal of the Property at the amount valued by us is the Bahamian stamp duty at progressive rates from 4% to 10% of the transaction amount of which both the seller and the buyer are jointly and severally liable.

The likelihood of the tax liability being crystallized is remote as the owner has no plans for the disposal of the Property yet.

**TAX AND ASSESSMENT DATA**

Taxes in the Bahamas are minimal when compared to the taxes in the United States. The Bahamas have no income tax, business tax, sales tax, capital gains tax, profits tax, inheritance tax, gift tax or estate tax. Import duties are the major source of government income. A stamp tax is imposed on the transfer of real or personal property.

**RECONCILIATION OF VALUE**

The value indications from the approaches to value are summarized as follows:

**MARKET VALUE CONCLUSION**

<b>Appraisal Premise</b>	<b>Interest Appraised</b>	<b>Date of Value</b>	<b>Exposure Time</b>	<b>Value Conclusion</b>
Northshore Wetland Land Value	Fee Simple	February 28, 2021	18 Months	USD0
South Shore Land Value	Fee Simple	February 28, 2021	18 Months	USD39,500,000
Residential Lots Land Value	Fee Simple	February 28, 2021	18 Months	USD62,300,000
Port Area Land	Fee Simple	February 28, 2021	18 Months	USD25,400,000
Greenway and Interior Westland Land Value	Fee Simple	February 28, 2021	18 Months	USD0
Silver Point	Fee Simple	February 28, 2021	18 Months	USD3,400,000
<b>Total Land Area Value</b>	<b>Fee Simple</b>	<b>February 28, 2021</b>	<b>18 Months</b>	<b>USD130,600,000</b>

*Compiled by CBRE*

## Summary Disclosure

## Properties held for sale

## Grand Bahama Devco Land Holdings

## Commonwealth of The Bahamas

Use and Brief Description of Project	Holding Entity	City	Land Use	Expiry Date of Land Use Term	Type of Property	Site Area	Completion Date	No. of Car Parking Space	Market Value in Existing State as at 28 February 2021	Interest Attributable to the Hutchison Property Group	Market Value in Existing State Attributable to the Hutchison Property Group as at February 2021
Devco, Freeport, Bahamas (trading of land parcels at Northshore Wetland, South Shore, Residential Lots, Port Area, Greenway and Interior Wetland areas totaling 74,469 Acres)	The Grand Bahama Development Co Ltd	Grand Bahama Island	Hotel, Retail, Commercial & Residential	Freehold	Land	301,365,617 sq.m.	N/A	N/A	USD127,200,000	50%	USD63,600,000

## Properties held for development

## Silver Point

## Commonwealth of The Bahamas

Use and Brief Description of Project	Total Site Area	Number of Rooms/Units	Number of Car Parking Spaces	Terms of Tenure (Year of Leasehold of Expiry)	Constructions Commencement Date (if Under Development)	Year of Completion/Expected Completion Date	Development Cost, where Property is being Developed (as required under Rule 5.06(3)(e))	Average Effective Rent (as required under Rule 5.06(2))	Market Value in Existing State as at 28 February 2021	Interest Attributable to the Hutchison Property Group	Market Value in Existing State Attributable to the Hutchison Property Group as at February 2021
Silver Point, Royal Palm Way Freeport, Grand Bahama Island (excluding road easement) – vacant land held for development	68,797 sq.m.	N/A	N/A	Freehold	N/A	N/A	N/A	N/A	USD3,400,000	100%	USD3,400,000

*The following is the text of a letter and valuation summaries prepared for the purpose of incorporation in this document received from Colliers International Property Adviser UK LLP, an independent property valuer, in connection with its opinion of the value of certain property interests of the Group in the United Kingdom as at 28 February 2021. As stated in “Appendix V – Documents Available for Inspection”, a copy of the full property valuation report is available for public inspection.*

27 April 2021

The Directors  
CK Asset Holdings Limited  
7th Floor  
Cheung Kong Center  
2 Queens Road Central  
Hong Kong

Dear Sirs

#### **VALUATION OF UK ASSETS BELONGING TO GREENE KING**

In accordance with your instructions we have undertaken a valuation (the “Valuation”) of 2,677 freehold and leasehold assets (together the “Portfolio” and each a “Property”) owned by Greene King Limited (“Greene King”), a wholly owned subsidiary of CK Asset Holdings Limited (“CKA”). This report (“Report”) has been prepared for (i) incorporation into the offer document and circular (the “Circular and Offer Document”) and an announcement issued by CKA, which will be uploaded to the websites of the Stock Exchange of Hong Kong Limited and CKA; and (ii) being a document on display in accordance with the Code on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission (the “Code”).

#### **Status of the Valuer**

The Report has been prepared by Colliers International Property Advisers UK LLP (“Colliers”) who are acting as independent valuers. You are aware that Colliers are familiar with the Properties, having carried out valuations for financial statements on a number of occasions. We are not aware of any conflicts of interest which would preclude us from undertaking the Valuation.

The Report has been prepared by James Shorthouse FRICS, Chris Shearer MRICS, Harry Flood MRICS and Jack Sutton MRICS, all of whom are Registered Valuers and are suitably qualified and experienced with the required knowledge, skills and understanding to undertake the Valuations competently.

We confirm that we have inspected 992 of the Public Houses and all of the Additional Properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such Properties.

We confirm that this Report conforms with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited (the “Rules”) and the requirements set out in Rule 11 of the Code.

Due to the number of Properties within the Portfolio, and as permitted by the Rules and the Code, this Report is a condensed version of our full Valuation reports dated 27 April 2021.

### Basis of Valuation

The Valuations have been carried out on the basis of Market Value which is defined in the International Valuation Standards (“IVS”) published by the International Valuation Standards Council (“IVSC”) as:

“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”

### The Properties

The Properties are distributed across England, Scotland and Wales, and the Portfolio comprises public houses, hotels, and restaurants (the ‘Public Houses’), operational breweries, an office building and industrial premises (the ‘Additional Properties’). 82.7% of the Properties are freehold, and the total current rent liability for the leasehold Properties is £45.6m pa.

Property Type	Freehold	Long	Short	Total
		Leasehold	Leasehold	
Public House	2,208	110	353	2,671
Brewery	2	0	0	2
Industrial	3	0	0	3
Office	1	0	0	1
<b>Total</b>	<b>2,214</b>	<b>110</b>	<b>353</b>	<b>2,677</b>

1,674 of the Public Houses are directly operated by Greene King, in most cases under one of their well-known brands, which include Hungry Horse and Chef & Brewer. These Properties (the “Retail Properties”) are generally larger with higher levels of sales and profits. Many are in town centres or prominent roadside locations. All staff are employed by Greene King and the economic risks and benefits belong entirely to Greene King.

The remaining 997 Public Houses are leased to third party operators under a variety of occupational leases and tenancies. In most cases Greene King receives a fixed annual property rent, and also a wholesale profit from controlling the supply of beers and certain other drinks supplied to the tenant for resale. These Properties (the “Pub Partnership

Properties”) are generally smaller, and many are in suburban or village locations. Levels of sales and profits are generally lower than for the Retail Properties, and the economic benefit of the Property is shared between Greene King and the tenant.

The Public Houses range in size and nature from city centre buildings where the structure occupies 100% of the site, to those with extensive car parking and gardens. Most have residential accommodation for the managers or tenants, and the Portfolio includes Properties which range from historic listed buildings through to large modern purpose-built pub restaurants.

The Additional Properties include two purpose-built breweries. These comprise buildings of various ages, which are fully equipped and operational sites producing various beers for sale through the Public Houses and other retail channels. There are also three industrial premises which are modern, purpose-built light industrial/warehouse buildings with vehicle yards, storage and ancillary office accommodation. The office building is known as Sunrise House and is a purpose-built office building with parking.

### **Valuation Methodology**

#### ***Public Houses***

The Valuation has been undertaken on the basis of the Market Value of the freehold or leasehold interest in each Property as a fully equipped and operational public house, subject to the Occupational Agreements where relevant, and assuming that they are sold with the benefits of trading records being available to a purchaser.

Each Property has been valued individually, having regard to its particular physical and locational, characteristics, tenure and trading performance.

The COVID-19 pandemic has brought about various temporary closures of public houses across the UK, leading to a cessation of revenues for the owner and operators. Current Government guidance is that these measures will begin to be relaxed from 12 April, with a return to full operating on 21 June 2021.

The Valuations of the Public Houses are based on a review of historic (pre-COVID) trading data, and our opinion of the Fair Maintainable Trade (“FMT”) which each Property might be expected to achieve under ‘normal’ conditions.

For the 1,674 Retail Properties the Valuation is based on the fair maintainable operating profit (expressed as EBITDA). For the 997 Pub Partnership Properties (which are leased to third party operators) the Valuation is based on the aggregate of FMT rent, wholesale profit on drinks supplied to the operator under the terms of the lease, and other minor revenue streams.

Once the FMT revenues to Greene King have been established, an “all risks” yield is applied to produce a capital value for each Public House, and an adjustment then applied to reflect the loss of revenues both during the ongoing closure of the Property due to COVID-19 restrictions and during the “build-up” phase once the Property is able to reopen.

The choice of yield is made using the comparable method by analysis of sales of similar trading assets, both individually and in packages.

### ***Additional Properties***

The Breweries have been valued using the Depreciated Replacement Cost (“DRC”) method, which is typically used for assets which are rarely, if ever, sold except as part of a sale of the whole operation of which they form part. The DRC is the current cost of replacing an asset with its modern equivalent, less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

The office and warehouses have been valued using the comparable method, underpinned by the investment method. The primary driver for these Properties is the capital value per square foot.

### **General and Special Assumptions**

We have assumed that all Properties have good and marketable title, free from any unusual encumbrances or restrictions.

Other than as noted during our previous inspections of the Properties, they are assumed to be in good condition, adequately maintained and equipped to undertake their normal trading operations, and compliant with all relevant legislation, codes, planning rules and licensing regulations.

All plant and equipment, with the exception of tenant’s loose fixtures and fittings, is assumed to be owned outright, and to be free from lease, hire purchase or loan.

We have not carried out any building surveys, environmental assessments, geological surveys or other investigations into ground and site conditions and have assumed that no major defects or adverse conditions exist.

We have made a general assumption that no Property is adversely affected by flooding, or at risk from Radon gas.

We have assumed that the Properties are sold in appropriate lot sizes, to purchasers who have the operational and management systems, supply agreements and other commercial contracts, and experienced management teams necessary to run a large pub estate, and who are therefore able to operate the Properties in a manner which is at least as efficient as under Greene King’s ownership.

Having regard to the current COVID-19 pandemic and the temporary closures and trading restrictions which have been imposed on pubs, we have made the following Special Assumptions:

- That all Properties can, and will, reopen when permitted and when economically viable

- That there are no exceptionally high costs associated with such reopening
- That the supply chain is able to deliver adequate supplies to each Property to allow it to reopen

### **Investigations**

We have inspected (as part of this Valuation or previously) 992 of the Public Houses and all of the Additional Properties. For the remaining Public Houses we have previously undertaken desktop reviews based on historic valuation reports, online resources, and on our wider knowledge of these Properties and the overall UK pub market.

In all cases we have provided valuations for financial reporting and, other than previously notified to us, have been advised by Greene King that there have been no material additions or alterations to, or deterioration of, the Properties since the date of the previous inspections.

### **Information**

We have been provided with data from Greene King which includes, inter alia:

- Confirmation of the nature of the interest in each Property (tenure)
- Leasing information
- Trading records
- Details of capital investment

### **Lettings and Sub-Lettings**

997 of the Public Houses are, or are intended to be, leased to third party operators, on a variety of tenancy and lease agreements. Such agreements range from short temporary lettings to those with terms of up to 40 years. The longer agreements (over 10 years) tend to be on FRI terms, whilst the shorter agreements are most likely to be on an Internal Repairing basis. Most agreements have annual RPI linked increases and most include an obligation (the “Tie”) on the tenant to purchase goods for resale from the freeholder or their nominee.

### **Financial Performance**

Greene King generates a number of revenue streams from the Public Houses. In the most recent 12-month trading period to February 2020 (i.e. prior to the COVID outbreak which led to the temporary closure of all pubs) those revenues are summarised below.



<b>Revenue Category</b>	<b>Total revenues for 12-month period to Feb 2020</b>
Retail Sales	£1,763.5m
Pub Partnership Revenues	£103.3m

The Additional Properties are owned and occupied by Greene King for the purpose of brewing, storing, and distributing beers and other products to the Public Houses and to other retail channels. No rents are received, and no revenues are specifically or uniquely attributed to any of the Additional Properties.

## **Market Commentary**

### ***UK Economy***

The UK avoided a double-dip recession as official data showed the economy growing by 1.0% q/q during the final quarter of 2020. The unexpected expansion in GDP was in large part due to increased spending on healthcare services, such as increased COVID-19 testing capabilities and the Test & Trace system. The Q1 2021 GDP print will undoubtedly be negative, given the current national lockdown. However, the extent of the short downturn will be significantly milder than during the first lockdown and many expect the economy to bounce back strongly once restrictions are eased.

Chancellor Rishi Sunak delivered the Budget on 3 March and confirmed a continuation of the furlough scheme to preserve jobs, and a series of measures aimed specifically at the Hospitality Sector including an extension of the Business Rates holiday, and a 12 month phased increase in the VAT rate for certain supplies.

The Chancellor also laid out plans for tax rises starting in 2022, aimed at reducing the record level of public borrowing seen through 2020 and 2021 due to the Pandemic.

Although unemployment will rise when the furlough scheme ends, pent-up savings should support recovery in the consumer sector and, at the Date of Valuation, Sterling was trading at 1.39 against USD, up from the below 1.25 levels seen in mid / late 2020. The gold price stands at around the \$1,735 mark, down from levels of over \$2,000 last summer, but up from \$1,600 a year ago. Gilts are trading at 0.76%, up from 0.26% at the start of the year and CPI inflation remains below target at 0.6% in December.

### ***UK Real Estate***

Although there was a slow start to the year, due in large part to the national lockdown that was introduced at the beginning of January. Preliminary data suggests that £2.1bn of capital was deployed in January, down from £2.6bn a year ago, but higher than the levels seen during the first lockdown in April and May 2020. Half of this capital targeted the alternative/ mixed-use segment, with particularly strong interest in residential schemes. A further £0.6bn was invested in the industrial sector. Investor interest for office, retail and leisure assets was limited in January. Yields are generally stable, with mild compression evident for industrial, residential and supermarket assets.

***Public Houses***

The UK pub sector is one of the most diverse and varied parts of the economy, and prior to the COVID pandemic employed over 530,000 people, with the brewing and pubs sector generating over £13 billion pa of direct economic value (source: British Beer and Pub Association “BBPA”). There are currently around 40,000 pubs across the UK, along with many thousands of restaurants, hotels, clubs and other licensed premises, with the ownership and operational structures being highly fragmented.

The years prior to the Pandemic has seen a steady growth in both consumer demand and spend, and in transactional activity, culminating in 2019 in the acquisition of Greene King by CKA, the sale of Ei Group to Stonegate and Davidson Kempner’s purchase of a £348m portfolio of free of tie investment properties from Ei Group.

2020 was much more muted, despite continued strong investor demand, and the enforced closure of all pubs for large parts of 2020 naturally impacted on transactional activity, but investor demand remained strong and this situation has continued into 2021.

The COVID-19 pandemic lead to a total shutdown of the UK pub sector, as well as many parts of the wider economy in March 2020, and it wasn’t until July 4th, some 15 weeks later, that the first pubs were allowed to reopen. As expected, many customers were keen to return to the pub, but despite the relaxation of the social distancing rules from 2m to 1m it remained difficult for many pubs to accommodate sufficient customers inside their premises to operate profitably.

Various measures were introduced by Government during the initial post reopening period including the “Eat Out to Help Out” scheme, and the cut on VAT. These measures had a beneficial impact, and revenue levels were better than many had expected, albeit they were still below the comparable prior year.

In the latter part of 2020 rising infection rates lead to further lockdowns, and it was only on 22 February 2021 that the Prime Minister was able to set out the “roadmap” back to normality. Operators and owners have invested heavily to make their premises as COVID safe as possible, and to adapt operating models to reduce the risk of transmission, and evidence from the summer of 2020 suggests that customer demand remains strong across the UK, so we expect a relatively quick recovery once hospitality businesses are allowed to reopen.

**Outlook**

Clearly the current pandemic will come to an end, and there will be a return to more normal conditions. The recovery seen in the summer of 2020 gives us confidence that underlying demand-side drivers remain and will return over the short to medium term.

**Valuations**

Each Public House Property has been valued as a fully operational trading entity, having regard to trading potential. The Date of Valuation is 28 February 2021.

<b>Property Type</b>	<b>Number of Properties</b>	<b>Aggregate of Individual Market Values</b>	<b>£</b>	<b>HK\$<sup>1</sup></b>
Public Houses	2,616	Four Billion, Two Hundred and Thirty Seven Million, Eight Hundred and Fifty Thousand Pounds	£4,237,850,000	HK\$45,811,158,500
Public Houses with negative values	55	Negative Seventeen Million, Nine Hundred and Seventy Thousand Pounds	-£17,970,000	-HK\$194,255,700
Additional Properties	6	Sixty Five Million, Five Hundred Thousand Pounds	£65,500,000	HK\$708,055,000
<b>Total</b>	<b>2,677</b>	<b>Four Billion, Two Hundred and Eighty Five Million, Three Hundred and Eighty Thousand Pounds</b>	<b>£4,285,380,000</b>	<b>HK\$46,324,957,800</b>

<sup>1</sup> Based on an exchange rate of £1 to HK\$10.81.

No allowance has been made for legal fees or any other costs or expenses which would be incurred on the sale of a Property or the Portfolio.

Whilst we have regard to the general effects of taxation on market value, we do not take into account any liability for tax that may arise on a disposal, whether actual or notional, neither do we make any deduction for Capital Gains Tax, VAT or any other tax. We make no allowance for receipt or repayment of any grants or other funding.

As advised by CKA the potential tax liability that would arise on the disposal of a Property or the Portfolio, at the amount valued by us, should mainly comprise Corporation Tax at 19% on any gain on the disposal of the freehold or leasehold interest(s). The likelihood of the tax liability being crystallized is remote as the owner has no plans for the disposal of the Property yet.

**Purchasers' Costs**

For the Additional Properties, standard purchasers' costs have been deducted and have been calculated based on professional fees inclusive of VAT, together with the appropriate level of Stamp Duty Land Tax (SDLT).

However, in accordance with normal market practice for public houses, purchasers' costs have not been deducted from the Valuations of the Public Houses.

**Material Valuation Uncertainty**

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

The public house sector is currently closed as a measure to restrict the spread of the virus

Market activity is being impacted in many sectors including the hospitality sector where, as at the Date of Valuation, public houses are obliged to remain closed. As at the Date of Valuation, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuations of the Public Houses are therefore reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the Properties under frequent review.

**Liability**

To the fullest extent permitted by law and regulation relating to the Offer Document and Circular on the Hong Kong Stock Exchange, Colliers excludes all liability arising from use of or reliance on its Valuation by any person other than the Addressee of the Valuation for any purpose whatsoever.

For the avoidance of doubt, this Report is provided by Colliers International Property Advisors UK LLP and Colliers International Valuation UK LLP and no partner, member or employee assumes any personal responsibility for it nor shall owe a duty of care in respect of it.

We confirm that Colliers holds Professional Indemnity Insurance in respect of this Valuation Report, and that the aggregate of our liability is limited to a maximum sum of £50m (Fifty Million Pounds).

This clause shall not exclude or limit our liability for actual fraud and shall not limit our liability for death or personal injury caused by our negligence.

**Publication and Reliance**

This Report is issued for the use of the addressees only, for the specific purpose to which it refers. We do not accept responsibility to any third party for the whole or any part of its contents.

We acknowledge that this Report will be (i) incorporated into the Circular and Offer Document and an announcement to be issued by CKA on 27 April 2021, which will be uploaded to the websites of the Stock Exchange of Hong Kong Limited and CKA; and (ii) a document on display in accordance with the Code.

It shall not be published, in full or in part, other than as stated above, or with prior written consent with Colliers.

Yours faithfully

**James Shorthouse BSc FRICS**

*Director*

Head of Alternative Markets

For and on behalf of Colliers

International Property Advisers UK LLP

**Harry Flood MSc MRICS**

*Director*

For and on behalf of Colliers

International Valuation UK LLP

*The following is the text of a letter and valuation summaries prepared for the purpose of incorporation in this document received from Colliers International Valuation UK LLP, an independent property valuer, in connection with its opinion of the value of certain property interest of the Group in the United Kingdom as at 28 February 2021. As stated in “Appendix V – Documents Available for Inspection”, a copy of the full property valuation report is available for public inspection.*

27 April 2021

The Directors  
**CK Asset Holdings Limited**  
7th Floor  
Cheung Kong Center  
2 Queens Road Central  
Hong Kong

Dear Sirs

**Valuation of 5 Broadgate, London, EC2M 2QS**

In accordance with your instructions we have undertaken a valuation (the “Valuation”) of the part freehold and part leasehold asset, 5 Broadgate (the “Property”) owned by Bluebutton (5 Broadgate) UK Limited, a wholly owned subsidiary of CK Asset Holdings Limited (“CKA”). This report (“Report”) has been prepared for (i) incorporation into an announcement and the circular and offer document issued by CKA (the “Circular and Offer Document”), which will be uploaded to the websites of the Stock Exchange of Hong Kong Limited and CKA; and (ii) being a document on display in accordance with the Code on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission.

**Status of the Valuer**

The Report has been prepared by Colliers International Valuation UK LLP (“Colliers”) who are acting as External valuers. You are aware that Colliers are familiar with the property, having carried out valuations for both the original acquisition of the property, as well as for accounting purposes since 2018. The most recent valuation was provided as at 31 December 2020. We are not aware of any conflicts of interest which would preclude us from undertaking the Valuation.

The property has been valued by Martyn Munford BSc (Hons) MRICS and Patrick Kearon MRICS, who are both Valuers registered in accordance with the RICS Valuer Registration Scheme (VRS).

We confirm that we have inspected the property, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing our opinion of the value.

We confirm that this Report conforms with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited (the “Rules”) and the requirements set out in Rule 11 of The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission (the “Code”).

This report is a condensed version of our full Valuation report dated 28 February 2021.

### **Basis of Valuation**

The Valuations have been carried out in accordance with the current edition of the ‘RICS Valuation Global Standard (incorporating the IVSC International Valuation Standards)’ prepared by the Royal Institution of Chartered Surveyors (the “Red Book”) on the basis of Market Value which is defined as:

*“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”*

### **The Property**

#### *Location:*

5 Broadgate is located in the heart of Central London, situated on the borders of the City and the improving City fringe markets. The area is increasingly being considered by both domestic and overseas investors as a key commercial destination. The property benefits from being located within close proximity to Liverpool Street Railway Station which provided both national Rail services and access to the London Underground Network. In addition, Crossrail (the Elizabeth line) will be accessed from Liverpool Street in 2022.

#### *Description:*

Completed in June 2015, 5 Broadgate occupies a prime position within the southern quadrant of the Broadgate campus.

The property comprises a 732,876 sq ft of modern, Grade A office and ancillary accommodation, arranged over 16 floors including two basement levels, mezzanine, ground and 12 upper floors as well as two additional roof plant levels.

The building is primarily of steel frame construction, with cellular steel beams. The central cores are formed from a combination of in situ concrete and braced steel frames. The external walls comprise mainly of stainless steel cladding as well as insulating glass panels. The windows of the property are full sized, double glazed, aluminium framed offering good natural light throughout.

The property is accessed from two entrances from Broadgate Circle to the south and Sun Street to the north, both leading into double height reception with two revolving doors.

The accommodation includes trading floors at levels two to five, ancillary accommodation at level six and office accommodation from levels seven to 12. There are additional features throughout, including an auditorium, exhibition area, gym and restaurant traversing the ground and first floors. There is also a terrace on level seven and a six storey atria and double height space on levels seven and eight.

The property is supplied with mains gas, water and electricity from the relevant utility suppliers. The existing tenant, 'UBS', has undertaken extensive fit out works and consequently, the offices are fully air conditioned by fan coil units, supplied by the heating, cooling and ventilation plant.

The building has been fitted with a number of sustainability features including photovoltaics, rainwater harvesting and solar water heating. It is serviced by 32 lifts, in three main banks including; 8 no. x 33 person passenger lifts serving trading floors (ground to fifth), two banks of 8 no. x 26 persons passenger lifts serving all floors. There are also 3 firefighting lifts, 2 goods lifts and 2 shuttle lifts serving B1, ground and mezzanine floor.

The property has been developed and completed to a high specification to suite the occupiers' requirements. The Building has been completed to a BREEAM "Excellent Rating" standard.

Internally, the office accommodation is arranged over consistent floor plates, ranging from 44,695 sq ft to 62,538 sq ft. Floors 2 to 5 are all near identical, providing the typical floor plate of circa 62,000 sq ft. As detailed above, the 7th floors benefit from two south facing terraces. The 9th to 11th floors are broadly similar and the 12th floor is marginally smaller due to some plant areas on this floor.

### **General and Special Assumptions**

#### *Title & Tenure*

The property is held under three titles which we summarise below:

- Title No. AGL254634, 4 Broadgate Freehold (Coloured Pink)
- Title No. EGL200064, Central Freehold (coloured green), and;
- Title No. EGL200065, 6 Broadgate Long Leasehold (coloured yellow)

We understand that the property is held on a clean and marketable title.

Other than as noted during our inspection of the Property, we have formed the opinion that the subject property is in generally good condition, commensurate with its age, nature and use. Unless any defects have been identified to us, we have made the assumption that there are no major wants of repair and that all services are functioning.



We have not carried out any building surveys, environmental assessments, geological surveys or other investigations into ground and site conditions and have assumed that no major defects or adverse conditions exist.

We have made a general assumption that the Property is not adversely affected by flooding, or at risk from Radon gas.

### **Investigations**

We have previously inspected the subject property on 19 November 2020 as part of our previous instruction. We have assumed that there have been no material additions or alterations to, or deterioration of, the Property since the date of the previous inspection.

### **Information**

For the purposes of our valuation we have relied upon the information as to tenure, lettings, rent review provisions and the like which have been supplied to us by you and your advisors.

We have previously been provided with the following, which we have relied upon:

- Area measurement report prepared by Plowman and Craven and dated 4 August 2017
- Rent review memorandums relating to the June 2020 rent review

### **Lettings and Sub-Lettings**

The property is let in its entirety to UBS AG – under eight occupational leases comprising a ‘Core Lease’ (ground, and 1st to 8th floors) together with a series of ‘Flex Leases’ across the 9th and 10th – 12th floors.

There is also the UBS Structure Lease, comprising the structure and common parts. In aggregate these leases effectively provide UBS with a Full Repairing and Insuring (FRI) Lease of the whole property. We have expressly assumed that these leases do provide full coverage and that there is no landlord liability for repair.

Each lease was granted on and commenced on 22 June 2015 and expires on 24 June 2035.

There are tenant only break options on floors 11 & 12 on 22 June 2025 and on floors, 12, 11 & 10 on 22 June 2030 (exercisable from the top down) subject to 12 months’ notice. The 2025 breaks are conditional on the 12th floor being broken first for the 11th floor break option to be applicable, and the 11th floor being broken for the 10th floor break option to be broken. For the 2030 break, if no floors are broken in 2025, the tenant will only be able to break the 12th floor only subject to 12 months’ notice.

There are annual rent reviews on the 22 June each year, subject to the greater of the passing rent or the rent calculated by reference to formula, effectively the increase on the All Items Index of Retail Prices “Index”, which is subject to a maximum increase of 4% each year.

The rent review in 2020 increased the overall rent to **£43,676,044 per annum equating to £59.60 per sq ft overall.**

The property has a Weighted Average Unexpired term to lease expires of 14.32 years and 12.48 years to breaks. Approximately 77.6% of the income is secure until 2035 and 22.4% secured until 2025.

### **Market Commentary**

#### *UK Economy*

The UK avoided a double-dip recession as official data showed the economy growing by 1.0% q/q during the final quarter of 2020. The unexpected expansion in GDP was in large part due to increased spending on healthcare services, such as increased COVID-19 testing capabilities and the Test & Trace system. The Q1 2021 GDP will undoubtedly be negative, given the current national lockdown. However, the extent of the short downturn will be significantly milder than during the first lockdown and many expect the economy to bounce back strongly once restrictions are eased.

Chancellor Rishi Sunak delivered the Budget on 3 March and confirmed a continuation of the furlough scheme to preserve jobs, and a series of measures aimed specifically at the Hospitality Sector including an extension of the Business Rates holiday, and a 12 month phased increase in the VAT rate for certain supplies.

The Chancellor also laid out plans for tax rises starting in 2022, aimed at reducing the record level of public borrowing seen through 2020 and 2021 due to the Pandemic.

Although unemployment will rise when the furlough scheme ends, pent-up savings should support recovery in the consumer sector and, at the Date of Valuation, Sterling was trading at 1.39 against USD, up from the below 1.25 levels seen in mid / late 2020. The gold price stands at around the \$1,735 mark, down from levels of over \$2,000 last summer, but up from \$1,600 a year ago. Gilts are trading at 0.76%, up from 0.26% at the start of the year and CPI inflation remains below target at 0.6% in December.

### **Central London Office Market Commentary – Q4 2020**

#### *Central London Occupational Market*

Further restrictions and a new lockdown across the entire UK has acted to cause the recovery witnessed in late summer/early autumn 2020 to go into reverse.

Vacancy is rising sharply across the wider London market, as the slowdown in deal execution begins to impact absorption. London vacancy is now at 7.5%, above the 20 year average of 7.2%.

Tenant-release space is the main driver of increased availability which has risen to an 8-year high and is up by 75% (2.2m sq ft). While levels will rise further over the next 6-12 months, exceptional shortages of speculative supply will help to dilute its impact.

Overall, London take-up in 2020 was down by just over 50% year-on-year. Transaction levels will remain subdued in Q1 2021 with only forced movers likely to be in the market.

While take-up in H2 2020 will be at least 50% below trend, there is every reason to expect a surge in demand as 2021 progresses, relative to current levels.

There is still little evidence of downward pressure on headline rents at this stage. We expect to see modest declines in prime rents but potentially double digit reductions in average rental levels across London in 2021. Incentives continue to push toward 15 months for 5 year term certain.

#### London Overview By Submarket 2019-2020

Submarket		Take-up	Availability	Vacancy	Completions	Prime Rent
City	2020	2.89m	8.01m	7.6%	2.55m	£72.50
	2019	6.13m	5.27m	5.0%	2.08m	£72.50
West End	2020	2.34m	5.50m	6.5%	0.64m	£120.00
	2019	4.03m	3.47m	4.1%	0.85m	£120.00
Southbank	2020	0.39m	1.09m	5.7%	0.08m	£70.00
	2019	0.55m	0.60m	3.1%	0.27m	£70.00
Canary	2020	0.39m	1.62m	10.5%	–	£50.00
	2019	1.00m	1.03m	6.7%	0.85m	£50.00
London	2020	6.0m	16.89m	7.5%	3.27m	£81.29 avg
	2019	11.83m	10.83m	4.8%	4.05m	£81.29 avg

Source: Colliers International

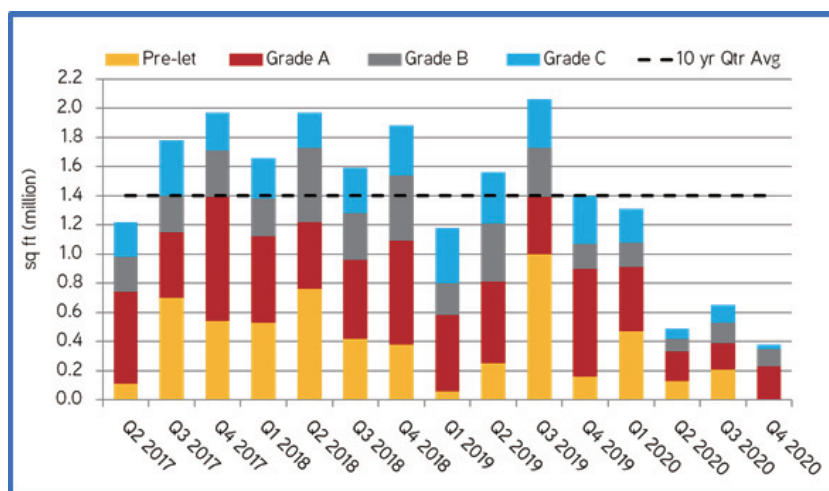
#### City Offices – Q4 2020

##### *City Occupational Market*

In Q4 2020, City vacancy rose at its fastest rate since the first three months of 2009, ending the year at 7.6% compared to wider London at 7.5%. While the City core saw availability up by 40% year-on-year, it has been the Fringe locations (Aldgate, Shoreditch/Farringdon) that have received the most significant jump to vacancy, more than doubling during the course of the year.

Take-up, as across London, has been severely hampered by COVID-19 with restrictions in London ending the year at the highest level. Reoccupation of City offices, which was improving in the autumn, has gone into reverse once more, and occupiers continue to question moves. Slaughter and May have renewed their lease at their existing premises in Bunhill Row and are the latest tenant to put relocation plans on hold.

### City Take-Up By Grade



Source: Colliers International

While new Grade A supply levels have been boosted by the completion of 22 Bishopsgate (65% occupied at PC), prime new stock remains in short supply. Mirroring 22 Bishopsgate, over 65% of 2.7m sq ft of space set to be delivered in 2021 has already secured tenants.

City headline rents ended the year unchanged at £72.50 per sq ft. While City fringe rents had been in the late £70s in Q1 2020, there has been inevitable downward pressure as occupiers question premium rents at new schemes in the current environment. The City is set to come under more concerted downward pressure than other markets for secondary space, given the scale of current vacancy.

### London Occupier Market Outlook For 2021

The continuing lockdown and exceptionally high infection rates in London and the South East, will serve to severely hamper short term demand for office space in the first half of 2021.

There is likely to be considerable ‘pent-up’ demand from companies who are set to be ‘forced’ movers, however, a growing trend of revisiting existing commitments and potential for significant levels of lease renewals and re-gearing cannot be ruled out.

While there has been evidence that requirements are being scaled back by approximately 15% in light of the ongoing pandemic, it is inevitable that office working will continue to remain difficult prior to universal vaccination. Only when it is safe for the entire workforce, will companies be able to analyse what the new requirements are in terms of space, after which they can draw up and implement a new workplace strategy.

That said, the ‘flight to quality’ is only set to be reinforced as occupiers and employees, put health and safety back at the top of the agenda. Those schemes embracing the newest smart tech enabling detailed analysis of air quality/occupational densities etc. either in new developments or by retro-fitting, are likely to be high on shortlists of prospective occupiers.

Best in class may be able to resist downward pressure but overall rental growth in 2021 will be negative, albeit a year of two halves.

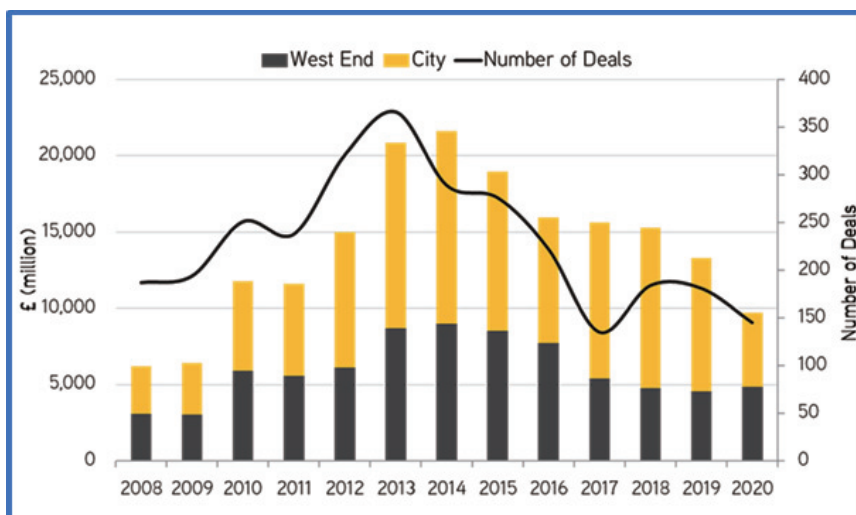
#### London Offices Prime And Average Rental Forecasts

Prime	Rent	2019	2020	2021F	2022F	2023f	2024F
City	Prime	4.5%	0.0%	-3.0%	2.6%	4.0%	2.4%
City Fringe	Prime	3.8%	0.0%	-3.5%	2.4%	3.8%	2.6%
Midtown	Prime	2.8%	0.0%	-2.5%	3.8%	3.5%	1.8%
West End	Prime	1.7%	0.0%	-2.1%	3.9%	3.1%	2.0%
Central London	Prime	2.5%	0.0%	-2.5%	3.5%	3.5%	2.1%
Avg	Rent	2019	2020	2021F	2022F	2023f	2024F
City	Average	5.4%	-1.7%	-7.8%	2.8%	6.4%	2.6%
City Fringe	Average	4.0%	-1.7%	-8.8%	2.9%	5.6%	2.7%
Midtown	Average	4.9%	-1.7%	-8.5%	1.9%	7.3%	2.5%
West End	Average	4.2%	-1.3%	-7.3%	0.7%	7.1%	2.7%
Central London	Average	4.6%	-0.8%	-7.8%	5.0%	2.4%	2.3%

Source: Colliers International

### London Investment Market

Annual volumes for 2020 totalled £9.7bn and despite improvement in Q4, 2020 provisional levels remain over 25% down on 2019.



Source: Colliers International

While the constraints on deal execution for overseas buyers have been acute in 2020, strong activity in Q4 2020 (£3.3 bn), more than doubled the £3.71bn of total cross-border volumes in Q1 – Q3 2020. The annual total of £6.4bn compares to £8.2bn in 2019.

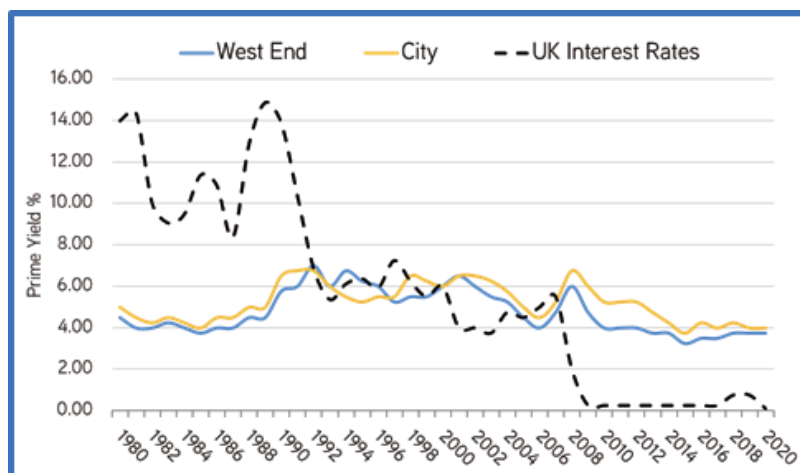
A return of pricing certainty triggered a strong finish to 2020 with close to £4.3 billion transacted across London in Q4 2020. The West End in particular, benefitted with activity finally starting to crystalize, however, external factors at the start of 2021, will likely create a more challenging climate.

While a number of value-add lots have created significant interest, as with any downturn, the flight to quality and income preservation increases and the search for stable core and core+ assets with long income, becomes more pronounced.

Yields are holding firm but with the possibility of hardening in the first half of 2021 as the weight of overseas money acknowledges the ongoing value to be had in London markets, again dependent upon successful management of the latest COVID spike and a comprehensive and timely roll-out of the UK vaccination programme.

Prime London yields remain at 3.75% for the West End and 4.00% for the City.

### London Prime Yields 1980-2020



Source: Colliers International

### City Investment Market

As in the West End, City office transactions ended the year strongly, with over £2bn of deals recorded in the final three months of 2020. That said, City volumes just failed to exceed the West End and were markedly down year-on-year reaching £4.8bn, or a 45% decrease over the 12 month period.

Q4 2020 did see Singapore's Sun Venture completing on Land Securities' £552 million 1&2 New Ludgate. Average quarterly deals size surged to £140m compared to just £82m for the year as a whole. This was boosted by additional deals to AGC (1 London Wall Place – £480m / 3.80%) and Eurazeo Patrimoine (Johnson Building – £170m/3.99%)

Despite sub trend activity, pricing appears to have held steady and prime yields are confirmed at 4.00%. Indeed, in spite of a resumption of restrictive, tiered, measures across the UK, Q4 2020 delivered a healthy amount of investment activity.

Looking to 2021, Brookfield is looking to exit its high profile, £1.4 billion, 100 Bishopsgate scheme, with a strong level of interest expected and potential bids well above asking.

### London Investment Market Outlook 2021

Price volatility, in spite of the exceptional market conditions, has not been a feature of the market in 2020 and weight of money suggests that as long as product is priced sensibly, 2021 should see continued stability.

On the occupational side, a great deal of attention is being paid to the levels of tenant-space being returned to market, alongside the ratio of sublease space compared to landlord marketed product.

A higher than average proportion of 'sticky' stock remains. While it is difficult to generalise, a number of lots are proving less attractive either due to 'unrealistic' pricing, occupier covenant issues, wider uncertainty driven by sharp rises in micro-market vacancy or basic quality of the asset itself.

Nevertheless, for prime yields, resilience has remained the order of the day, albeit with a purchaser bias toward secure income and value add. We still believe there is scope for yield compression for the long income segment of the market during the course of 2021.

Demand from overseas capital will likely be augmented by more concerted institutional activity aided by a measured return of investor confidence and steady improvement of fund inflows throughout the course of 2021.

### **Valuation Methodology**

We have adopted the traditional investment method of valuation whereby the rental income stream is capitalised at appropriate capitalisation rates based on current comparable investment transactions and our understanding of the City office and wider commercial investment market in the UK as at 28 February 2021.

The property has been valued with regard to its particular physical and locational, characteristics, tenure and occupational status.

The choice of yield is made using the comparable method by analysis of sales of similarly traded assets.

### **Valuations**

As per market practice, given that the property is held in a corporate structure, whereby stamp duty is not applicable, we have prepared our valuation on the special assumption that these reduced purchaser's costs apply.

### **Market Value on the Special Assumption that the subject property is held in a corporate structure, whereby Nil Stamp Duty is Applicable**

Our opinion of the Market Value of the subject property as at 28 February 2021 is **£1,034,000,000 (One Billion and Thirty Four Million Pounds)**



After deduction of purchasers costs of 1.80%, this produces the following yield profile:

Based upon the agreed exchange rate of GBP1 to HK\$10.81, the above value reflects an HKD equivalent of:

**HK\$11,177,540,000 (Eleven Billion, One Hundred and Seventy-Seven Million, Five Hundred and Forty-Thousand Hong Kong Dollars)**

<b>Yield</b>	<b>Annually in Arrears</b>
Initial (Contracted)	4.15%
Running Initial (June 2021)	4.19%
Equivalent	4.47%
Reversionary (June 2035)	4.32%

The above reflects a capital value of £1,411 per sq ft.

**Market Value (Assuming Full Stamp Duty Costs)**

Our opinion of Value assuming full purchasers' costs of 6.80% including stamp duty as at 28 February 2021 is **£985,500,000 (Nine Hundred and Eighty Five Million Five Hundred Thousand Pounds)**.

This reflects the same yield profile as above, as well as a capital value of £1,345 per sq ft.

Based upon the agreed exchange rate of GBP1 to HK\$10.81, the above value reflects an HKD equivalent of:

**HK\$10,653,255,000 (Ten Billion, Six Hundred and Fifty-Three Million, Two Hundred and Fifty-five Thousand Hong Kong Dollars)**

No allowance is made for legal fees or any other costs or expenses which would be incurred on the sale of the property. However, where appropriate, and in accordance with market practice for the asset type, we make deductions to reflect purchasers' acquisition costs. Where appropriate, purchasers' costs are calculated based on professional fees inclusive of VAT, together with the appropriate level of Stamp Duty Land Tax (SDLT).

Whilst we have regard to the general effects of taxation on market value, we do not take into account any liability for tax that may arise on a disposal, whether actual or notional, neither do we make any deduction for Capital Gains Tax, VAT or any other tax. We make no allowance for receipt or repayment of any grants or other funding.

As advised by CKA the potential tax liability that would arise on the disposal of the Property, at the amount valued by us, should mainly comprise corporation tax at 19% on any gain on disposal of the freehold and leasehold interest in the Property. The likelihood of the tax liability being crystallised is remote as the owner has no plans for the disposal of the Property yet.

**Market Conditions Explanatory Note: Novel Coronavirus (Covid-19)**

The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel movement and operational restrictions have been implemented by many countries. In some cases, “lockdowns” have been applied to varying degrees and to reflect further “waves” of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to ‘material valuation uncertainty’ as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

For the avoidance of doubt this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

**Liability**

To the fullest extent permitted by law and regulation relating to the listing/prospectus/circular/offer document on the Hong Kong Stock Exchange, Colliers excludes all liability arising from use of or reliance on its Valuation by any person other than the Addressee of the Valuation for any purpose whatsoever.

For the avoidance of doubt, this Report is provided by Colliers International Valuation UK LLP and no partner, member or employee assumes any personal responsibility for it nor shall owe a duty of care in respect of it.

We confirm that Colliers holds Professional Indemnity Insurance in respect of this Valuation Report, and that the aggregate of our liability is limited to a maximum sum of £20,000,000 (Twenty Million Pounds).

This clause shall not exclude or limit our liability for actual fraud and shall not limit our liability for death or personal injury caused by our negligence.

**Publication and Reliance**

This Report and Valuation is issued solely for the use of the Addressee as agreed within the terms of engagement, for the specific purpose to which it refers. We do not accept any responsibility or liability in respect of any third parties for the whole or any part of its contents, even if a third party meets the whole or any part of the costs of this Instruction, or is permitted to see a copy of our Report and Valuation.

We acknowledge that this report will be (i) incorporated into an announcement issued by CK Asset Holdings Limited on 27 April 2021, which will be uploaded to the websites of the Stock Exchange of Hong Kong Limited and CK Asset Holdings Limited; and (ii) a document on display in accordance with The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission.

Neither the whole nor any part of this valuation, nor any reference thereto, may be included in any other published document, circular offer document or statement or disclosed in any way without our previous written consent to the form and context in which it may appear. Such consent is required whether or not Colliers International Valuation UK LLP is referred to by name and whether or not the contents of our Report and Valuation are combined with others. The granting of such consent will be at our sole and absolute discretion and, if given, will be on condition of the named recipient signing a non-reliance letter, and may be subject to an additional fee.

For the avoidance of doubt, this Report and Valuation is provided by Colliers International Valuation UK LLP and no partner, member or employee assumes any personal responsibility for it nor shall owe a duty of care in respect of it.

It shall not be published, in full or in part, other than as stated above, or with prior written consent from Colliers, the form and context of which shall be subject to our written approval.

Yours faithfully

**Martyn Munford BSc (Hons) MRICS**  
**Director**  
**RICS Registered Valuer**  
*Colliers International Valuation UK LLP*

**Patrick Kearon MRICS**  
**Director**  
**RICS Registered Valuer**  
*Colliers International Valuation UK LLP*

## PROPERTY VALUATION

*Note:*

1. All area are stated in approximations.

*The following is the text of a letter and valuation summaries prepared for the purpose of incorporation in this document received from BNP Paribas Real Estate Advisory and Property Management Ireland Limited, an independent property valuer, in connection with its opinion of the value of certain property interest of the Group in Ireland as at 28 February 2021. As stated in “Appendix V – Documents Available for Inspection”, a copy of the full property valuation report is available for public inspection.*



Paul Harvey MRICS MSCSI – Executive Director  
BNP Paribas Real Estate (Ireland) Limited  
57 Adelaide Road  
Dublin 2

Tel: 01-661 1233  
Fax: 01-678 9981  
E-mail: paul.harvey@bnpparibas.com

27 April 2021

Our Ref: 23271/PH

**RE: Valuation of 1 & 2 Heuston South Quarter, Dublin 8. (“PROPERTY”).**

Dear Sir/madam,

**Terms of Reference**

In accordance with our Terms of Engagement dated 1 March 2021, copy enclosed in Appendix 1 of the formal Red Book report (herein referred to as the “Report”), we have been instructed to consider the Market Value of the Property as part of a corporate transaction. It is understood that the Report and/or this summary report may be made available to the public and may be included in a circular, offer document or similar. We acknowledge that this Report will be (i) incorporated into a circular and offer document and an announcement issued by the Client on 27 April 2021; and (ii) be a document on display in accordance with The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission.

The Client is identified as CK Global Holdings Limited, a subsidiary of CK Asset Holdings Limited.

Within the Report we identified a number of disclosures as per UK VPS3. This required us to make the following disclosures:

- This is the fourth valuation instruction undertaken for the Client – we valued the Property for 2018, 2019 and 2020 year-end financial reporting purposes.
- We have recently provided the Client with an appraisal of the land element only of the Property for taxation purposes.
- BNP Paribas Real Estate (Ireland) previously acted in respect of the acquisition of the freehold interest in the Property in 2018.

- In our financial year ending 31 December 2020, the total fees earned from the Client were more than 5% of our company turnover.

We have no conflict of interest in accepting this instruction therefore nothing to preclude us from providing you with an objective and independent valuation of the Property. We are acting in the capacity of External Valuers as defined in the Red Book.

We confirm that we currently have sufficient professional indemnity insurance cover in place to service this instruction. The valuation will be undertaken by Paul Harvey MRICS MSCSI, Executive Director, Professional Services. We confirm that he has the knowledge, skills and understanding to undertake this valuation competently. Paul is a RICS Registered Valuer. To the fullest extent permitted by law and regulation relating to listing on the Hong Kong Stock Exchange, BNP Paribas Real Estate excludes all liability arising from the use of or reliance on its valuations by any person other than the addressee of the valuation for any purpose whatsoever. Our aggregate liability to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise in connection with any matter under the Terms of Engagement will be limited to €25,000,000.

We confirm that we have inspected the Property on 4 February 2021, 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 as at the Valuation Date.

### **Basis of Valuation**

Our valuation has been prepared in accordance with the Royal Institute of Chartered Surveyors Valuation – Global Standards (effective 31 January 2020), (the “Red Book”) which incorporate IVS and (where applicable) the relevant RICS national or jurisdictional supplement.

Various International Financial Reporting Standards require or permit assets to be carried at “fair value”. It is further explained in IAS 16 that the fair value of property plant and equipment is normally based on “market based evidence”; IAS 40 stipulates that the fair value of investment property should reflect “market conditions”.

For these reasons both the International Valuation Standards and the RICS Red Book require valuers undertaking valuations for inclusion in a financial statement prepared under IFRS to report the asset’s Market Value. We have provided you with our opinion of the Market Value of the Property in accordance with the definition provided under Valuation Practice Statement 4 of the Red Book of the Red Book. Market Value is defined as:–

*“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”.*

We confirm that the valuation has been undertaken in accordance with the requirements set out in Rule 11 of The Code on Takeovers and Mergers and Share Buy-backs published by the Securities and Futures Commission (Hong Kong).

The following Market Conditions note will apply to our valuation of the Property.

*Market Conditions Explanatory Note: Novel Coronavirus (COVID-19)*

The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel restrictions have been implemented by many countries and “lockdowns” applied to varying degrees. Whilst restrictions have now been lifted in some cases, local lockdowns may continue to be deployed as necessary and the emergence of significant further outbreaks or a “second wave” is possible.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to ‘Material Valuation Uncertainty’ as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards, except as identified herein.

**Assumptions**

That good and marketable freehold/equivalent title exists for the Property; That the Property is not contaminated in any way that would impact on the Market Value reported herein; That the Property is not subject to any onerous easements, restrictions or rights of way other than those specifically referred to in this report; That all information received to assist with the valuation is accurate and correct.

**Special Assumptions**

None.

**Valuation Date**

The valuation date is 28 February 2021.

**Sources of Information**

We have carried out a search of Dublin City Council’s online planning register and have professionally relied on what information is contained therein. We have not personally inspected the file records at the Council offices. We have previously been provided with a number of documents, or have sourced them from our own records, and such documents were identified on page 9 of the Report. The accuracy of the Report and this summary report are dependent on the sources of information received.

**Inspection**

The Property was inspected by Paul Harvey MRICS MSCSI on 4 February 2021 having previously been inspected on 6 February 2020.

**Valuation Methodology**

We have adopted the income capitalisation approach to the valuation predominately having regard to the term and reversion method of valuation. We have considered comparable rental and investment transactions to determine the Market Rent and Market Value of the Property as at the Valuation Date. The statutory definition of Market Rent and Market Value is enclosed in Appendix 7 of the Report.

**Personnel**

The valuation has been prepared by Paul Harvey Executive Director BNP Paribas Real Estate Ireland assisted by Margaret Nolan, Divisional Director BNP Paribas Real Estate Ireland. We confirm that they have the knowledge, skills and understanding to undertake this valuation competently. We confirm that the personnel responsible for this valuation are qualified for the purpose of the valuation in accordance with the RICS Valuation – Professional Standards. Paul Harvey and Margaret Nolan are RICS Registered Valuers.

**General Conditions**

The Report and valuation have been prepared on the basis that there has been full disclosure of all relevant information and facts that may affect the valuation. It has been prepared solely for the purpose of advising on the Market Value of the Property in accordance with the terms of reference referred to herein and may be inappropriate for any other purpose.

This report is private and confidential to the Client. It may not be disclosed to any third party without our prior written consent, nor published in any document or circular, without our prior approval in writing as to the form and context in which it shall appear. We acknowledge that this Report will be (i) incorporated into a circular and offer document and an announcement issued by the Client on 27 April 2021; and (ii) be a document on display in accordance with The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission.

If it is intended to make reference to the Report, or this summary report, in any published document, a draft of a suitable statement is included at Appendix 8 of the Report. However, even if this is used without alteration, our prior approval to publication is still required so that we can approve the reference in context. In breach of this condition, no responsibility can be accepted to third parties for the comments or advice contained in this report.

We enclose herein a summary of the Report.



Yours faithfully

Yours faithfully

**Paul Harvey**

*BSc (Hons) MRICS MSCSI*

*Executive Director Professional Services*

For and on behalf of

BNP Paribas Real Estate, Ireland

**Margaret Nolan**

*BSc (Hons) MSCSI MRICS*

*Divisional Director*

For and on behalf of

BNP Paribas Real Estate, Ireland

## **1. Location**

The Property is situated adjacent to Heuston rail station on the south side of the River Liffey approximately 3 km west of Dublin City Centre. Heuston South Quarter (HSQ) forms an overall complex which comprises 3 office blocks, 8 retail units and a supermarket, 343 residential apartments and basement car parking. More specifically the Property is positioned in a highly prominent location on the western side of Military Road at its intersection with the Chapelizod Bypass (St Johns Road West).

The area benefits from excellent infrastructure and public transport links in close proximity to aforementioned Heuston station and the Luas red line connecting Tallaght to the Point Village also stops at Heuston Station. The area is serviced by numerous bus routes and the subject property straddles the N4 (main arterial route from Dublin to West of Ireland) providing easy access to the city centre and suburbs.

HSQ is surrounded by defining landmarks of Dublin such as the Phoenix Park (707 hectares of city urban space), Dublin Zoo, Guinness Store House, Digital Hub. Kilmainham Gaol and the Royal Hospital Kilmainham. The Dublin 8 area where the Property is located is due to be enhanced in the short-medium term by a number of new developments that will give the neighbourhood more prominence. Notable occupiers in the general vicinity include AIB, Health Service Executive and Aol. Retail/commercial occupiers include HSQ café, gym, pharmacy, Insomnia, Subway and SuperValu.

Directly opposite the Property on the eastern elevation is a development site currently in the process of being redeveloped to provide a new police HQ facility (move from existing Harcourt Street HQ) with buildings beyond that including St Patrick's University Hospital. Immediately to the west are the gardens at Royal Hospital Kilmainham. To the north is the Chapelizod Bypass (St Johns Road West) and to the south are the other elements of the HSQ mixed use development. On the north western elevation a new NTCC headquarters facility is also in the process of being constructed.

## **2. Description**

The Property comprises two modern 3rd generation office buildings situated within the larger Heuston South Quarter mixed use development. The floor level varies from six stories at the Western side to nine stories at the Eastern side of the development. The Property was designed and purposely built by Eircom in the mid 2000's. The building was constructed by Irish developer and contractor JJ Rhatigan & Co. and designed by architect Anthony Reddy and Associates.

The Property comprises HSQ 1 and HSQ 2 that collectively extend to a Net Internal Area of c. 20,469 m<sup>2</sup> (as per the areas detailed in the respective rent review provisions) together with 204 car spaces and enjoys extensive views over Royal Hospital Kilmainham, Phoenix Park and the River Liffey. The building is of reinforced concrete frame and core construction with granite clad core elements with a glazed curtain walling external façade.

The building is constructed of reinforced concrete frame and core construction with granite clad core elements linked by expanses of twin skin glazed curtain walling. Rectangular regular floor plates average 1,171.1 m<sup>2</sup> net lettable area and are designed with cores located in central positions along both the north and south facades (six in total incl. 2 lift cores featuring three passenger lifts on either side with additional 3 panoramic lifts located on the Western facade).

As at the Valuation Date the rear element comprising HSQ 2 is fully sublet and occupied by the sub tenant – AIB Bank. The sub tenant has been in occupation since April 2019 and this element has been fully fitted out to the sub tenant's individual requirements. The fit out works included new carpets, new energy efficient lighting (LED), newly constructed pods and a refurbishment of existing pods, new staff facilities on each upper floor and general upgrade works to the interior presentation. The ground floor is used partly as a reception area and partly as office space. The upper floors are all used as office space together with a comms room on the 3rd floor. The standard office space on the upper floors has a head height of 2.9 M whereas the ground floor has an enhanced head height of 4.92 M. The sub tenant benefits from shared use of the ground floor canteen within HSQ 1 via a security door at ground floor level. There are also access doors into HSQ 1 space on various floors together with shared WC facilities on the 2nd and fifth floors only with HSQ 1.

HSQ 1 remains under head lease to EIR however they fully vacated this space in Q2 2019 and it remains vacant and available to sublet save for the two floors (1st and 2nd) let under licence by the head tenant to the HSE for use during the COVID 19 pandemic.

### 3. Accommodation

We have summarised below the accommodation based on the floor areas detailed in the respective leases (as detailed in the respective rent review provisions). These areas are to be assumed for the purpose of rent review for the remainder of the term reserved under the respective leases. All measurements are assumed to have been carried out in accordance with the RICS Professional Statement – RICS Property Measurement (2nd edition January 2018) that incorporates the International Property Measurement Standards (IPMS) and became effective on 1 May 2018 to the definition relating to NIA.

#### HSQ 1

Floor	Use	NIA (Sq M)	NIA (Sq Ft)
Ground – 8th Floor	Offices	13583.80	146,216
Basement/Upper	Storage Area	576.55	6,206
	Atrium Area	481.14	5,179
Mezzanine	Mezzanine Area	92.34	994
Basement	Car Spaces	149	
<b>Total Net Internal Area</b>		<b>14,734</b>	<b>158,595</b>

**HSQ 2**

<b>Floor</b>	<b>Use</b>	<b>NIA (Sq M)</b>	<b>NIA (Sq Ft)</b>
Ground – 6th Floor	Offices	5153.94	55,477
Basement/Upper	Storage Area	67.54	727
	Atrium Area	264.12	2,843
Mezzanine	Mezzanine Area	46.54	501
Basement	Car Spaces	55	
<b>Total Net Internal Area</b>		<b>5,532.14</b>	<b>59,548</b>

The total NIA for the Property is 218,143 sq.ft – 20,469.98 M2.

**4. State of Repair**

We have had sight of a report prepared by FKM dated 21 February 2018 that considered the condition of the Property. We have included below an extract from the Summary section of the report;

Overall, the building can be found in good condition with any remedial works typical of a building on this size. From a fire perspective, the thermal link fire dampers within the lobbies should be replaced with smoke detector operated fire and smoke dampers and confirmation is required if the wet riser outlet boxes are fire rated. General firestopping issues throughout the building should be attended to which can be easily remediated. In relation to M&E, additional fire alarm coverage is required to the top floor and additional emergency lighting to the basement area should be installed, in particular -2basement. The façade is in reasonable condition however, the motors to the ground floor doors and smoke vents should be replaced. Glazing panels should be monitored for delamination as part of an on-going maintenance programme for the building.

The sublet space with the HSQ 2 element of the Property now occupied by AIB has been fitted out by the sub tenant to suit their operational requirements. The fit out works are quite extensive and were managed on behalf of the landlord by BNPPRE – Workspace Solutions.

The head tenant is undertaking some remedial works to HSQ 1 that requires the lifting of the carpet and raised access floors. The head tenant has also undertaken some remedial work to HSQ 1 in the form of the replacement of some of the window units and replacement of the smoke dampers and fire panel.

**5. Environmental Considerations**

We have not made detailed enquiries into the previous uses or to establish whether or not contamination is present. However, as a result of our normal inspection and other enquiries in connection with this valuation, we are not aware of any potential contamination.

Accordingly, our valuation assumes that there is no latent contamination that could adversely affect the Property. If a detailed environmental investigation reveals actual or potential contamination, our opinion of Market Rent and Market Value may be adversely affected.

## **6. Services**

We have prepared this report on the basis that all services are available and connected to all elements of the Property and are in good working order and condition. No services have been tested by us. We have assumed the Property is connected to all mains services (water, electricity, gas and drainage).

We understand the BMS services and other general services for the Property are located in HSQ 1 and such services would need to be separated if the front and rear building were ever to be let separately. At present they are held under head lease by the same tenant entity therefore the head tenant has control over both elements of the Property.

## **7. Tenure**

In undertaking this report we have assumed the Property is held freehold and benefits from good and marketable title. We have assumed that there are no easements, rights of way, disputes, restrictions or encumbrances nor any outgoings of an unusual nature which would affect our opinion of Market Value. We have also assumed that the Property can be put to the market immediately with the benefit of good and marketable title. The Freehold interest in the Property is held under 6 separate Folio we understand.

## **8. Tenancies**

The existing leases relating to the Property (HSQ 1 and HSQ 2) were granted as part of a sale and leaseback transaction and therefore this should be borne in mind in terms of how the conditions and covenants contained in the respective leases were negotiated and agreed.

HSQ 1 and HSQ 2 are each held under separate leasehold interests on co-terminus terms for a period of 25 years commencing 16 July 2008. Both leases drawn on 5 yearly review upward only rent review provisions with the next sequence of rent reviews falling due effective 16 July 2023. The leases both made provision for the first (16 July 2013) and second (16 July 2018) sequence of rent reviews to be based on the greater of the then prevailing Open Market Rent (as defined in the rent review provisions) or a defined percentage uplift on the passing rental then reserved.

We have detailed below our estimate of the current rent that became payable at review effective 16 July 2018 based on the pre-defined uplift detailed in the respective leases at 117.34% of the previous rentals;

- HSQ 1 – €7,944,526 p/a
- HSQ 2 – €2,997,633 p/a

We have again analysed the above rental based on the provisions in the lease to the following office and car parking rates;

- HSQ 1 – Office rate of circa €49.50 psf – €532 M2 and car parking rate of €2,700 per space
- HSQ 2 – Office rate of €49.50 psf – €532 M2 and car parking rate of €2,700 per space

The next sequence of rent reviews in 2023 do not reserve a minimum uplift provision and the rent review provisions require each lease to be reviewed to the definition of “Open Market Rent”. Open Market Rent is briefly summarised as the full open market yearly rent at which the demised premises might be expected to let as a whole with vacant possession by a willing landlord to a willing tenant for a term of 15 years without any break and ignoring the passing rental, fixed uplifts, rent or licence fees payable in respect of an adjacent site and applying a rate of 50% of the main office rate to the areas defined in the rent review provisions as the Atrium Area and Mezzanine Area.

In considering the Open Market Rent the parties shall have particular regard to the Assumptions and Disregards as reserved under the respective rent review provisions in terms of how they may impact on the estimate of rental.

As both leases are drawn on upward only rent review provisions the contractual rentals cannot fall at review therefore high degree of certainty in terms of the projected contractual rental obligations to lease expiry in July 2033 assuming no tenant default.

Is it further noted that the terms of the Side Deed dated 16 July 2008 in respect of HSQ 1 and HSQ 2 are to be disregarded for the purpose of rent review.

The total current rent receivable in respect of the Property is €10,942,160 p/a effective 16 July 2018.

WAULT of 12 years 4 months 18 days to lease expiry under each lease as at the Valuation Date.

## **9. Service Charge**

We believe that Savills manage the estate common areas.

The 2018 budget apportions 40.35% to the Property with the budget Service Charge for 2018 in respect of the Property amounting to €274,863 (£1.02 per sq ft).

We have no further details in respect of the 2019, 2020 or 2021 Service Charge budgets.

**10. Tenant Status**

We have not been provided with any financial information relating to the substance of the tenant entity therefore it is inappropriate to comment in detail on the substance of same. We have relied upon information provided by the client and freely available in the public domain. The information below has been taken from the tenant entities websites and Vision Net. The tenant is considered to be sufficient of financial standing to discharge the obligations under their respective leases. We have undertaken credit risk reports in respect of the following head tenant entity and summarise below the results of same;

- The Tenant, Eircom Limited attracts a credit score of 73 – Fair Trade Risk

**11. Zoning**

Under the Dublin City Development Plan 2016-2022 the Property is zoned Z5 – "To consolidate and facilitate the development of the central area, and to identify, reinforce, strengthen and protect its civic design character and dignity".

**12. Rates**

Commercial rates in this location are levied by Dublin City Council. We have checked on the Valuation Office website and summarised below the current rating assessment relating to the Property. The liability for rates will fall to the occupier.

**HSQ 1**

- NAV of €4,201,200
- Property No. 2199639

**HSQ 2**

- NAV of €1,527,000
- Property No. 5022732

**13. Rental Analysis**

The current rent passing in respect of HSQ 1 is €7,944,526 p/a effective 16 July 2018 and the current rent passing in respect of HSQ 2 is €2,997,634 p/a also effective 16 July 2018. As at the Valuation Date the total estimated contractual headline passing rent for the Property equates to €10,942,160 p/a. We have analysed this to an office rate of €532.82 M2 – €49.50 psf, ancillary rate of €266.41 M2 – €24.75 psf and car parking rate of €2,700 per space.

**14. Market Rent**

We have below summarised our opinion of the headline Market Rent of the Property adopted in respect of the reversionary value upon lease expiry. The Property is currently over rented given the level of passing rent based on the current office rate of €532.82 M2 – €49.50 psf, ancillary rate of €266.41 M2 – €24.75 psf and car parking rate of €2,700 per space. We don't expect the current aggregate rental to change prior to lease expiry.

We have below summarised our opinion of the headline Market Rent of the Property adopted in respect of the reversionary value upon lease expiry.

- 10 year lease with break at year 5
- Average headline rent of circa €40 psf on the main office floors within each building assuming a floor by floor letting or a quantum reduction in the event a party was to take a lease on each building separately in its entirety. The ground and first floor may achieve slightly lower headline rates however this may be complimented by comparatively higher rates on the upper floors.
- Car parking rate of €2,500 per space
- 15 months rent free
- Marketing period of 15 months
- Rent review to market rent levels
- Usual Alienation and Alteration provisions

**15. Comparable Transactions**

A schedule of comparable rental and investment transactions were enclosed in Section 8 and 9 of the Report.

**16. Market Commentary**

We enclosed in Appendix 6 of the Report the following documents;

- Dublin Office Market – Q1 2021
- Dublin Investment Market – Q1 2021
- Ireland Economic and Real Estate Briefing Q4 2020
- Europe Economic Outlook January 2021
- Ireland – Economic Overview (February 2021)



- Office Development Pipeline Supply 2021
- Active Office Requirements 2021
- COVID-19 Resilience and Recovery 2021: The Path Ahead

Dublin office take-up reached 26,413 sq.m during Q4 2020, up 24% on the previous quarter, to bring total take-up for 2020 to 161,538 sq.m across 102 lettings. Although significantly below the level seen in 2019, it is encouraging to see take-up levels having increased steadily each quarter since the initial lockdown with a number of large deals in progress as we move into 2021.

Just 13 new lettings took place during the first three months of 2021, with demand primarily falling within the sub- 1,000 sq.m size bracket and focused on the city centre. There were also a number of larger lease renewals signed during this time, totalling more than 7,000 sq.m of space which is mostly attributable to State occupiers who remain committed to their existing city centre office locations.

With a full lockdown keeping offices closed and preventing physical property viewings from taking place for all of Q1 2021, it is not surprising that office take-up in Dublin reached a new low of just 4,561 sq.m during Q1 2021.

2020 saw a number of high value office deals (€50 million plus) with a number either sold pre and post COVID including;

- Bishop's Square, Dublin 2 – €183 million reported sales price, sold to GLL Real Estate Partners (pre-COVID but completed in Q1 2020)
- 28 Fitzwilliam St, Dublin 2 – €177.5 million (€1,309 psf), contracts exchanged Q4 2020 to Amundi Immobilier with completion due in Q1 2021. 2nd largest sale in 2020. Sales price represents a sub 4% yield based on a 12 year term certain (post-COVID)
- Baggot Plaza – Sold for €141m / 4% NIY to Deka Immobilien in Q4 2020. Fully let to BoI with a 20 year WAULT so strong covenant and long term income. Cap val of just under €1,100 psf. (post-COVID)
- The Treasury Building – €115.5 million reported sales price (Sold pre-COVID to Google following 2 years negotiations) Q1 2020
- 2 Burlington Road – €94 million reported sales price, sold to KGAL Q3 2020 (post-COVID)
- La Touche House, IFSC, Dublin 1 – €84.25 million reported sales price to AXA IM – Real Assets (pre-COVID) Q1 2020
- 30-33 Molesworth Street – €60 million reported sales price to KanAm Q3 2020 (post-COVID)

- Block 4 & 5 Harcourt Centre, Dublin 2 – €54 million reported sales price to Arena Invest Q1 2020 (pre-COVID)

More than €1.2 billion was invested in Irish commercial property during the final three months of last year (2020), bringing total turnover for 2020 to €3.05 billion. While this is some way off the record €7.4 billion transacted in 2019, it is a solid year in the context of the ongoing COVID-19 pandemic and is above the ten-year average.

Despite the lockdown more than €1.2 billion was invested in Irish commercial real estate assets during Q1 2021 with overseas investors again predominating. This is on par with the level of turnover recorded in Q4 2020 and represents an 81% increase relative to Q1 2020 when investment turnover reached €672 million.

The average lot size has also been increasing, standing at €29.8 million in Q1 2021 compared with just €12.7 million one year previously.

With a strong pipeline of more than €1.8 billion worth of assets on the market as we move into 2021, it is clear that the Irish commercial property investment market has remained quite resilient despite significant challenges over the past year.

The key 2021 transactions to date are the purchase of 76 SJRQ by AM Alpha for just under €95 million and the reported sale of a majority interest in the RGRE/Colony Capital development for Salesforce and Facebook (excl Serpentine Collection) for circa €1 billion. If confirmed it would comprise the largest office investment in the history of the state. In addition is the impending launch of the The Serpentine Collection, Dublin 4 that comprises a 30,171sq m (324,766sq ft) four-block complex located to the rear of the Facebook campus being constructed at present. The guide price is expected to be around € 380 million when it is offered to the market later this year.

We have summarised below details of some key mega deals in Dublin 1 and 2 currently on offer in the local Dublin market;

- The Bloom Portfolio (George's Quay Plaza), Georges Quay House and Georges Court in Dublin 2, which is guiding in excess of €400 million. Rent roll of over €19 million. 100% occupied with key tenants including Amundi Pioneer, WeWork, Northern Trust, GAM and OPW.
- One Molesworth Street, Dublin 2, which is guiding €140 million;
- Block R Spencer Dock – 128,229 sqft Grade A office building with three retail units (shell & core) at ground floor level. 46 basement car spaces. Guiding €110 million. Offices fully let to OPW and The Central Bank of Ireland with a combined rent of €4,924,469 pa with outstanding RR on OPW lease as of June 2020. Vacant retail.
- 1 Harbourmaster Place, IFSC, Dublin 1, which is guiding €54 million. Comprises 5,675 sq. m. (61,084 sq. ft.) of high-quality office accommodation in the centre of the city. The building sits in a profile position at the entrance to the IFSC. Single

let SKC Nominees, producing a net rental income of €3,054,863 per annum. SKC Nominees is a subsidiary of KPMG who are a leading “big 4” accountancy firm. 5 years of secure income remaining with potential for rental uplift in 2021.

Prime yields for well located, fully let office investments in Dublin continue to trend at circa 4% NIY, despite the reduction in transaction volume in 2020 due to the global pandemic. Core CBD office assets maintain their allure, seen as defensive investments with domestic and overseas investors alike competing for best-in-class stock, however, are now receiving strong competition from prime residential and industrial assets.

## **17. Valuation Approach**

In undertaking an appraisal of the Property we have applied a cap rate of 4.5% to the current contractual income amounting to €7,944,526 in respect of HSQ 1 and €2,997,634 per annum in respect of HSQ 2 through to lease expiry on 15 July 2033. We are of the opinion the Property remains over rented as the current office rate in respect of each floor equates to €49.50 psf – €532.82 M2 and €2,700 per car space (BNPPRE analysis). The current contractual rents were agreed by way of a pre-agreed percentage increase as reserved under each lease agreement so not reflective of prevailing market rent levels.

The current contractual rents are secure through to lease expiry in July 2033 as no break options and the leases are drawn on upward only rent review provisions so cannot fall during the residue of the term. The head tenant, who has sublet the entirety of HSQ 2 to AIB and is marketing the entirety of HSQ 1 by way of a sub-lease, is of sufficient financial standing to discharge the obligations imposed under the current leases so no immediate concern with covenant or ability to honour the leasehold obligations. The sub lease to AIB in respect of HSQ 2 will enforce the covenant strength as the head tenant will be topping up on the sub lease rental received as it falls below the head lease rent payable. The Licence agreement re the two floors in HSQ 1 will also supplement the head lease rental that the tenant pays to the landlord albeit the term is initially 1 year but may be extended by the licensee.

There is the possibility that the existing sub tenant in HSQ 2 may be motivated to take on a new lease direct with the landlord possibly even before the head lease expires if suitable terms can be agreed for a longer lease as the covenant strength of AIB is considered strong. Any new lease direct with the existing sub tenant before lease expiry would be at a rental level below the current contractual level so in order to protect the investment value a longer WAULT would be required.

Projecting forward to subsequent rent reviews in 2023 and 2028 the current contractual rental is secure based on the upward only rent review provisions reserved under each lease. Based on our opinion of Market Rent equating to an office rate of €40 psf – €430 M2 and a car parking rate of €2,500 per space the Property is over rented. There would have to be significant rental inflation for the current market rent figure to exceed the contractual rent reserved and we have taken the approach that this is unlikely to occur prior lease expiry in July 2033 hence the capitalisation of the current contractual rents through to July 2033.

In terms of the reversionary value of the asset we have capitalised our opinion of Market Rent equating to €40 psf – €430 M2 and a car parking rate of €2,500 per space under each lease in perpetuity deferred to lease expiry in 2033 at a cap rate of 5.25%. This figure assumes a certain level of rental growth between now and the lease expiry date and is a projected rental figure taking into account the fact the current leases do not expire until 2033. The projections assume the market corrects itself post the current COVID pandemic back to the more established trends witnessed pre COVID.

The Market Rent in respect of 1 HSQ is estimated at €6,468,720 p/a and in respect of 2 HSQ is estimated at €2,438,000 p/a, both on the basis of a headline rental of €40 psf – €430 M2 and €2,500 per car space. The combined Market Rent is calculated at €8,906,720 p/a. We have pushed the reversionary cap rate out by 75 bases points to 5.25% to reflect the risk associated with finding a new tenant at lease expiry for over 20,000 M2 in total with an equivalent covenant to that currently provided under the two leases.

We have made the reasoned assumption that the buildings could be multi-tenanted, possibly on a floor by floor basis, if a single tenant for each building isn't secured. A tenant taking the entire would seek a quantum type reduction we imagine compared with a floor by floor scenario. There is clearly an element of demand for the space at present given AIB have taken the entire of 2 HSQ (pre COVID) under sub lease effective 25 March 2019 and the HSE has taken 2 floors under short term license however the HSQ 1 opportunity has been available for over 1 year and no formal agreements have yet been reached.

We have incorporated a 15 month void and 15 month rent free under each lease at expiry in July 2033 to allow the space to be re-let upon expiry. We would expect marketing to begin well in advance of the actual expiry in 2033 therefore the marketing period would be greater than 15 months in reality.

We have made an allowance for purchaser costs at 9.96% (assuming stamp duty at 7.5%) assuming a freehold disposal. Stamp duty increased to 7.5% on 9 October 2019.

This produces a Market Value estimate of €165,000,000 (rounded) which equates to a Net Initial Yield of 6.03%, Reversionary Yield of 4.9% and Equivalent Yield of 5.29%. This equates to a cap val of €756 sq.ft – €8,137 M2.

In accordance with Rule 11.3 of the Takeovers Code and as advised by CKA, the potential tax liability that would arise on the disposal of a Property should mainly comprise Capital Gains Tax at 33% on any gain on the disposal of the freehold interest. The likelihood of the tax liability being crystallised is remote as the owner has no plans for the disposal of the Property yet.

## **18. Market Value**

Having regard to the foregoing, we believe the Market Value of the freehold interest in the Property as at the Valuation Date subject to the existing leasehold interests is;

**€165,000,000**  
**(One Hundred and Sixty Five Million Euro)**

Adopting an exchange rate of €1 to HK\$ 9.37 the Market Value would equate to HK\$1,546,050,000

### **Covid-19 Global Pandemic**

The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel restrictions have been implemented by many countries and “lockdowns” applied to varying degrees. Whilst restrictions have now been lifted in some cases, local lockdowns may continue to be deployed as necessary and the emergence of significant further outbreaks or a “second wave” is possible.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to ‘material valuation uncertainty’ as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

For the avoidance of doubt this Explanatory Note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date

The effect that COVID-19 will have on the real estate market in Ireland is currently unknown. A prolonged epidemic could have a serious impact on other sectors of the real estate market. Our valuation is based on the information available to us at the Valuation Date.

## Valuation – HSQ1 and HSQ 2

REPORT		Property Valuation		BNP Paribas Real Estate Ireland	
Heuston South Quarter 1 & 2 28022021, St Johns Road, Dublin City, Dublin 8					
Report Date	15 March 2021				
Valuation Date	28 February 2021				
File/Ref No					
Region	Dublin				
Sector	Offices				
Use	Head Office				
Description / Notes	<u>Assumptions</u>				
Valuation Tables	Annually in Arrears				
<u>Valuation</u>					
Gross Valuation					€181,380,805
Capital Costs					€0
Net Value Before Fees					€181,380,805
Less	Agents Fee	@ 1.00% of Net Value			-€2,029,500
	Legal Fee	@ 1.00% of Net Value			-€2,029,500
	Stamp Duty	@ 7.50% of Net Value			-€12,375,000
Fees include non recoverable VAT @ 23.00 %					
Net Valuation					€164,948,805
			Say	€165,000,000	
Equivalent Yield	5.1170%	True Equivalent Yield	5.2949%		
Initial Yield (Deemed)	6.0327%	Initial Yield (Contracted)	6.0327%		
Reversion Yield	4.9105%				
Total Contracted Rent	€10,942,160	Total Current Rent	€10,942,160		
Total Rental Value	€8,906,720	No. Tenants	2		
Capital value per ft <sup>2</sup>	€756.38				
<u>Running Yields</u>					
Date	Gross Rent	Net Rent	Annual	Quarterly	
28-Feb-2021	€10,942,160	€10,942,160	6.0327 %	6.2672 %	
16-Jul-2033	€0	€0	0.0000 %	0.0000 %	
16-Jan-2036	€8,906,720	€8,906,720	4.9105 %	5.0650 %	
Yields based on €181,380,805					
Portfolio: Cheung Kong					
ARGUS Valuation - Capitalisation 2.50.079					

**REPORT****Property Valuation**

BNP Paribas Real Estate Ireland

**Heuston South Quarter 1 & 2 28022021, St Johns Road, Dublin City, Dublin 8**

Report Date 15 March 2021  
 Valuation Date 28 February 2021

Freehold TenureTenant - HSQ 1 - Eircom

Description Head Office  
 Use Occupied and Let  
 Status Prime  
 Covenant 25 years from 16-Jul-2008  
 Lease Expiring 15-Jul-2033  
 Rent Reviews every 5 years Upward only  
 Parent Tenure Freehold  
 Current Rent €7,944,526  
 Rental Value €6,468,720 from Areas (Rounded)  
 Valuation Method Term & Reversion (4.500 % , 5.250 % )

NotesAreas

Areas	per ft²	ft²	% of ERV	+/- % adjust	Rent pa
	€40.00	146,216	100.00 %	0.00	€5,848,640
	€0.00	0	100.00 %	0.00	€372,500
	€20.00	6,206	100.00 %	0.00	€124,120
	€20.00	5,179	100.00 %	0.00	€103,580
	€20.00	994	100.00 %	0.00	€19,880
		<b>158,595</b>			<b>€6,468,720</b>

\*Rental Value using Rounded ERV €6,468,720

Lease History

Date	Years	Months	Days	Event	Rent Paid
16-Jul-2018	5	0	0	Fixed	€7,944,526
16-Jul-2023	5	0	0	Review	€7,944,526
16-Jul-2028	5	0	0	Review	€7,944,526
16-Jul-2033	1	3	0	Post Void	€0
16-Oct-2034	1	3	0	Rent Free	€0
16-Jan-2036	0	0	0	Reversion	€6,468,720

Component Valuation

28-Feb-2021					
Gross rent (Current over-rented)	€7,944,526				
Rental Value	€6,468,720				
Valuation rent		€7,944,526			
YP 12 Yrs 4 Mths	@ 4.50%	9.3374 yp			
				€74,181,511	
16-Jan-2036					
Gross rent (Reversion)	€6,468,720				
Valuation rent	€6,468,720				
YP perp	@ 5.25%	19.0476 yp			
PV 14 Yrs 10 Mths @ 5.25%		x 0.4669			
		8.8932 yp			
				€57,527,354	
Gross Value				€131,708,865	

Portfolio: Cheung Kong

ARGUS Valuation - Capitalisation 2.50.079

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**REPORT****Property Valuation**

BNP Paribas Real Estate Ireland

**Heuston South Quarter 1 & 2 28022021, St Johns Road, Dublin City, Dublin 8**

Report Date 15 March 2021  
 Valuation Date 28 February 2021

Tenant - HSQ 2 - Eircom

Description  
 Use Head Office  
 Status Occupied and Let  
 Covenant Prime  
 Lease 25 years from 16-Jul-2008  
 Expiring 15-Jul-2033  
 Rent Reviews every 5 years Upward only  
 Parent Tenure Freehold  
 Current Rent €2,997,634  
 Rental Value €2,438,000 from Areas (Rounded)  
 Valuation Method Term & Reversion (4.500 % , 5.250 % )

NotesAreas

Areas	per ft <sup>2</sup>	ft <sup>2</sup>	% of ERV	+/- % adjust	Rent pa
	€40.00	55,477	100.00 %	0.00	€2,219,080
	€0.00	0	100.00 %	0.00	€137,500
	€20.00	727	100.00 %	0.00	€14,540
	€20.00	2,843	100.00 %	0.00	€56,860
	€20.00	501	100.00 %	0.00	€10,020
		59,548			€2,438,000

\*Rental Value using Rounded ERV

€2,438,000

Lease History

Date	Years	Months	Days	Event	Rent Paid
16-Jul-2018	5	0	0	Fixed	€2,997,634
16-Jul-2023	5	0	0	Review	€2,997,634
16-Jul-2028	5	0	0	Review	€2,997,634
16-Jul-2033	1	3	0	Post Void	€0
16-Oct-2034	1	3	0	Rent Free	€0
16-Jan-2036	0	0	0	Reversion	€2,438,000

Component Valuation

28-Feb-2021					
Gross rent (Current over-rented)		€2,997,634			
Rental Value		€2,438,000			
Valuation rent			€2,997,634		
YP 12 Yrs 4 Mths	@ 4.50%		9.3374 yp		
					€27,990,219
16-Jan-2036					
Gross rent	(Reversion)	€2,438,000			
Valuation rent		€2,438,000			
YP perp	@ 5.25%		19.0476 yp		
PV 14 Yrs 10 Mths @ 5.25%			x 0.4669		
			8.8932 yp		
					€21,681,521
Gross Value					€49,671,740

Portfolio: Cheung Kong

ARGUS Valuation - Capitalisation 2.50.079

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Property No.	Property name	Holding entity	City	District	Land use	Expiry date of land use term	Type of property	GFA (sq m)	Leasehold/ Sizable area (1)	Completion date	No. of rooms	No. of car parking spaces	Existing occupancy rate	Monthly passing rent (EUR)	Market value in existing state as at the Valuation Date	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as at the Valuation Date
	1 and 2 Heuston South Quarter, Dublin 8	CK Global Holdings Limited	Dublin	Dublin 8	Office	Freehold	Office and Car Parking	N/A	20,470	Mid 2000	N/A	204	100%	911,846.66	€165,000,000	100%	€165,000,000
															€165,000,000		€165,000,000

*Note:*

1. All area are stated in approximations.

*The following is the text of a letter and valuation summaries prepared for the purpose of incorporation in this document received from Jones Lang LaSalle Limited, an independent property valuer, in connection with its opinion of the value of certain property interests of the Group in the United Kingdom as at 28 February 2021. As stated in “Appendix V – Documents Available for Inspection”, a copy of the full property valuation report is available for public inspection.*



**Jones Lang LaSalle Ltd**  
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jll.co.uk

CK Asset Holdings Ltd  
c/o Civitas Investment Management  
13 Berkeley Street  
London  
W1J 8DU

Our ref  
Direct line 020 7087 5976  
Mobile 07773 286 157  
mark.nevett@eu.jll.com

27 April 2021

Dear Sirs

**Valuation: Properties owned by Social Healthcare Properties LP (the “Properties”)**

Jones Lang LaSalle Limited (“JLL”) has been instructed by CK Asset Holdings Ltd (the “Client”) to provide valuation advice in relation to properties owned by Social Healthcare Properties LP (“SHP”), which is wholly owned by the client, for the purpose of incorporation into the circular and offer document issued by the Client on 27 April 2021. The Properties are currently leased to various Registered Providers of Social Housing.

**Disclosures**

Our valuations have been prepared in accordance with the Royal Institution of Chartered Surveyors’ Valuation – Professional Standards, July 2017, Global and UK Edition (commonly known as the “Red Book”). Our valuations may be subject to monitoring by the RICS.

JLL has valued every property purchased by SHP in 2020 and has provided stock condition surveys prior to each transaction.

This valuation report has been prepared by Mark Nevett, a Director for Living Advisory in JLL. Mark is a Registered RICS Valuer, Registration number 1197767.

We confirm that we are acting as a valuation advisor and an independent expert and that we have the knowledge, skills and understanding to undertake the valuation.

We further confirm that, in relation to our preceding financial year, the proportion of the total fees payable by the Client to our total fee income was less than 5% and we expect this to continue in the future.

### **Professional Indemnity Insurance**

We will maintain for a period of six years following the date of delivery of this letter professional indemnity insurance with a well-established insurance office or underwriter of repute at a level adequate for the purpose of this report for as long as such insurance remains available at commercially reasonable rates and terms (it being our duty to use all reasonable endeavours to obtain such terms and rates). Such insurance shall be written to cover our obligations to you and we shall immediately inform you as soon as we become aware that any such insurance is not being maintained in accordance with this letter or for any reason becomes void or unenforceable.

In accordance with our terms of engagement or as otherwise agreed in writing, we confirm that our legal liability under this instruction will be capped at £5 million in aggregate and that we hold sufficient professional indemnity insurance to cover this amount.

### **Basis and Date of Valuation**

Our valuation advice has been prepared on the basis of Market Value, according to the definition published in the Red Book, which reads as follows:

*“The estimated amount for which an asset or liability should exchange on the date of valuation 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.”*

The Valuation Date is 28 February 2021.

This valuation has been carried out on a desktop basis, although JLL has inspected the majority of the Properties in the last twelve months and, corporately, has a good knowledge of them.

### **Valuation Approach**

We have formed our opinion of value of the Properties using an investment approach. This means that we have considered the rental income currently payable; the next uplift due in that income on review; the likelihood of a continuation of that rental income – with growth in relation to inflation – over the remaining terms of the individual leases; and then a long-term reversion which, in our opinion, should be based on the likely ability of the Properties to continue to generate rent through supported housing occupation, as distinct from a reversion to vacant possession value.

We recognise that there is, of course, a risk involved in both assessing the value of the rental income over the remaining terms of the leases and a greater risk in predicting that income will continue beyond the end of the existing leases. However, that is a balanced judgement which, in our view, can properly be reflected in the exit yield applied to the final year's income and in the overall return to a purchaser.

We confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with the appraisal of the Property.

We also confirm that this report conforms with the requirements set out in Rule 11 of The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission.

### **Assumptions**

We have made the following assumptions/allowances:

- we have applied a range of nominal discount rates of 5.6% to 8.0% to the income during the terms certain;
- we have capitalised the income at the end of the leases (both existing and further) into perpetuity at rates ranging from 5.25% to 6.5% and then discounted back at rates ranging from 9.0% to 9.5%;
- the leases allow for upwards only rent reviews in line with either CPI or RPI and we have made long-term assumptions of 2.0% and 2.5% respectively; and
- we have made an allowance for purchaser's costs comprising property-level SDLT assessed for each individual property, and 1.8% for agents and legal fees (including VAT).

### **Valuations – International Accounting Standards**

In our opinion, the sum of the Market Values of the Properties, based on a hypothetical sale of the individual assets, after deduction of appropriate purchaser's costs is:

**£350,900,000**

**(three hundred and fifty million pounds nine hundred thousand pounds)**

This is equivalent to approximately HK\$3,793,229,000 based on an exchange rate of HK\$10.81 to the British pound.

**Potential Tax Liability**

We are informed by CKA, that the potential tax liability that would arise on the disposal of the Property, at the amount valued by us, should mainly comprise corporation tax at 19% on any gain on disposal of the freehold and leasehold interest in the Property.

However, we are further informed that SHP has no immediate plans for the disposal of the Property and therefore the likelihood of the tax liability being crystallised is remote.

Moreover, the valuation is provided net of stamp duty land tax which would be payable by a purchaser of the property.

**Confidentiality and Restrictions on Use**

This letter is confidential to the parties to which it is addressed and to their professional advisors and is for the use of those parties for the purpose of calculating the Client's Net Asset Value only. Consequently, no responsibility is accepted to any third party in respect of the whole or any part of its contents.

However, notwithstanding the above statement, and that set out in section 19 of the *General Principles for Valuations* document attached to this letter, we consent to this report (i) being incorporated into the circular and offer document of the Client to be despatched to shareholders of the Client on or around 27 April 2021; (ii) to be made available as a document on display in accordance with the Takeovers Code; and (iii) to be incorporated into an announcement to be uploaded to the websites of the Stock Exchange of Hong Kong Limited and the Client.

Yours faithfully,

**Mark Nevett**  
*Director*

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Yours faithfully,

**Richard Petty**  
*Lead Director – Living Advisory*

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Enc.

Property Schedule

General Principles for Valuations

## Property Schedule

	Property	Investment Value (28 February 2021)
1	1 Arnewood Gardens, Yeovil, BA20 2LQ	£628,001
2	1 Belmont Terrace, Manchester M314AZ	£442,523
3	1 Forest Hills, Camberley, Surrey, GU15 3NH	£1,235,373
4	13 Danielsfield Road, Yeovil, BA20 2LR	£967,084
5	1A-1E Belmont Terrace Manchester M314AZ	£832,813
6	3/5 Spring Crescent, Southampton SO17 2FZ	£1,819,517
7	324 Goodyers End Lane, Bedworth, CV12 0HY	£531,396
8	49 Ruscombe Road, Liverpool L14 4AH	£2,873,124
9	Grundy Road, Farnworth, Kearsley BH4 8HR	£2,416,532
10	Tnewis, John Street, Hirwan, Aberdare CF44 9TB	£889,512
11	1 High Street, Wellingborough, Northamptonshire	£1,500,526
12	14a Pembridge Road, Stoke on Trent ST3 3BX	£964,508
13	800 Holderness Road, Hull	£1,110,974
14	The Retreat, Wingate Road, Trimdon, Co. Durham, TS29 6BU	£904,019
15	1 Trent Close, West Derby, L12 0AY	£393,065
16	16-18 Adshead Road, Liverpool L13 9AJ	£502,995
17	1-7 Rowland Road, Walsall WS2 8SU	£1,574,957
18	113 Priory Road, L4 2SG	£464,307
19	120 Belmont Road, L6 5BJ	£593,738
20	139 Priory Road, L4 2SG	£399,605
21	14 Edge Grove, L7 0HW	£464,307
22	219 Boaler Street, L6 9DH	£270,259
23	24 Stanley Street, L7 0JW	£399,605
24	25 Romer Road, L6 6DH	£270,259
25	29 Sheil Road, L6 3AB	£529,019
26	325a Edge Lane, L7 9LF	£270,259
27	39 Deane Road, L7 0ES	£399,605
28	39 Newsham Drive, L6 7UQ	£593,738
29	41 Deane Road, L7 0ES	£399,605
30	41 Hannan Road, L6 6DB	£204,259
31	43 Freehold Street, L7 0JH	£464,307
32	45 Deane Road, L7 0ES	£399,605
33	55 Needham Road, L7 0EE	£204,259

	Property	Investment Value (28 February 2021)
34	7 Radstock Road, L6 3AU	£658,461
35	71 Sheil Road, L6 3AD	£399,605
36	Cream Care Portfolio – Ivy View	£817,303
37	Cream Care Portfolio – Long Run House	£1,695,176
38	Cream Care Portfolio – Rawlyn	£5,283,475
39	Cream Care Portfolio – Rivers & Cabin	£6,523,490
40	Cream Care Portfolio – Wilton House	£4,303,325
41	Cream Care Portfolio -Dairy House	£5,389,489
42	Stanley Street, L7 0JN	£399,605
43	3 Clifton Road East, L6 4EB	£399,605
44	14-25 Machine Square, Wrexham	£2,135,335
45	1/8 Derby Court, 46/48 Derby Road, Newton-le-Willows	£1,457,707
46	10 Cross Avenue SS12 0NA	£496,868
47	10 Sharp St, Burnley	£125,542
48	10-17, 1 Primrose Hill, Blackburn (Crossfield Street)	£1,446,066
49	16a, South St, Derby	£1,158,604
50	12 Flats, Meadow Court, Woodhouse Lane, Foster St, Wigan	£1,972,518
51	190-194 Longwood Road, Huddersfield (Callans)	£1,047,377
52	2 Silloth Street, Carlisle	£2,209,211
53	42 Berkeley Street, Nelson	£125,542
54	55 Eliza Street, Burnley	£153,288
55	55-57 Bosworth Road, Adwick le Street, Doncaster	£1,287,002
56	56 St Cuthbert St, Burnley	£125,542
57	Claysville London Road SS13 2DB	£739,784
58	Flats 1-7, Knowsley Rd, Southport	£1,236,213
59	Grand View Apartments, 108 Wheatley Lane, Halifax	£1,721,401
60	Gwyns Place, Alltwen, Pontardawe, Swansea, West Glamorgan	£670,668
61	Hillcrest London Road SS13 2DB	£739,784
62	Honeysuckle London Road SS13 2DB	£739,784
63	Montrose St, Darlington	£1,676,059
64	Morley Bridge House Chester Road CH2 4JT	£936,307
65	New Edelweiss London Road SS13 2DB	£739,784
66	Nutwell Lane, Doncaster	£2,451,973
67	Pearsons Field, Wombwell, Barnsley	£1,020,094
68	Primrose London Road SS13 2DB	£739,827

	Property	Investment Value (28 February 2021)
69	17 Tansey Grove	£195,384
70	18 Swan Lane	£465,315
71	189a Mill Road	£492,405
72	14 Millers Close	£410,166
73	140 Mill Road	£489,216
74	24 Westcliff Road	£947,757
75	30 Turner Road	£492,405
76	32 Turner Road	£492,405
77	33 Salters Road	£469,903
78	39a Turner Road	£492,405
79	58A Nayland Road	£715,824
80	7 Melloway Road	£609,520
81	2 Brookhill, Stevenage, Hertfordshire	£1,207,936
82	21 Shavington Avenue, Chester	£1,041,504
83	2-6 The Green, Hadleigh, Ipswich, Suffolk	£1,043,860
84	56 Highfield Drive, Epsom, Surrey, KT19 0AP	£1,299,272
85	6 Dunkley Street	£716,075
86	7 Ash Grove, Wembley HA0 2RL	£1,665,186
87	7 Eldersley Close, Redhill, Surrey	£1,053,609
88	Cabot House, Crawley West Sussex	£3,867,372
89	Bainbridge House, Storrington, West Sussex	£2,584,724
90	Foxglove House, St Margarets Way, Scunthorpe	£600,253
91	Hick Lane, Bately, West Yorks	£2,748,191
92	Kingsley Court, Horsham, West Sussex	£5,168,666
93	Magellan House, East Grinstead, East Sussex	£4,390,704
94	Southfield Drive	£942,257
95	Maple House, Norris Street, Warrington	£8,020,868
96	1 Albert Road, Fulwood, Preston	£2,323,368
97	1 Bradshaw Street	£1,770,694
98	1 Lancaster Rd/Astral Grove, Hucknall, Nottingham	£2,716,083
99	10 Eversley Park, Chester	£798,094
100	10 Westfield Road, Wellingborough	£2,194,222
101	103, Foxhunter Drive, Oadby	£2,470,259
102	11, Lyndhurst Lane, Mansfield	£1,287,328
103	111 Stanley Road, Wellingborough	£401,624



	Property	Investment Value (28 February 2021)
104	113-117 Stanley Road, Wellingborough	£987,284
105	128, Lutterworth Rd, Aylestone, Leics	£2,680,693
106	130, Nork Way, Banstead	£1,164,355
107	135/137, Wendover Road, Stoke Mandeville	£2,437,965
108	139 +143 Flanshaw Lane, Wakefield	£3,051,869
109	141, Flanshaw Lane, Wakefield	£1,859,939
110	149 West Street, Dunstable	£1,578,757
111	151, Stanley Park Rd, Carshalton	£2,066,440
112	176 Stenson Road, Sunnyhill, Derby	£1,321,342
113	2, Clinton Ave, Mapperley Park, Nottingham	£2,790,193
114	2.Lancaster Rd/Astral Grove, Hucknall, Nottingham	£1,770,274
115	20, Groby Road, Leicester	£1,541,671
116	218, Hucknall Road	£362,165
117	220, Watnall Rd	£748,686
118	24 Humberstone Avenue, Humberstone, Grimsby	£4,277,362
119	24, Ebers Road, Mapperley Park, Nottingham	£2,187,081
120	25, Cranbourne Road, Bradford	£4,029,637
121	27, St. James Road, Sutton	£1,145,167
122	29 Bushloe End Wigston Leicester	£2,020,359
123	3, Poplar Street, Wellingborough	£767,171
124	36 Wawne Road, Hull	£3,006,017
125	44, Samuel St, Doncaster	£2,467,547
126	45, The Gallop, Sutton	£1,817,484
127	485, Rochdale Rd, Middleton, Manchester	£2,554,144
128	50, The Gallop, Sutton	£2,087,090
129	516, Burton Road, Littleover, Derby	£2,819,052
130	551 Crewe Road, Wistaston, Nantwich	£2,538,899
131	55a, Hadbury Road, Basford, Nottingham	£748,686
132	57, College Street, Wellingborough	£400,050
133	59, College Street, Wellingborough	£400,050
134	6, Barry Dr., Kirby Muxloe	£2,102,948
135	62-68 Low Leighton Rd New Mills High Peak D'shire	£4,143,774
136	74-76 Gerard Road, Rotherham	£3,462,390
137	88 Lutterworth Road, Aylestone, Leicester	£2,769,285
138	9,Cromwell Road, Eccles, Manchester	£1,498,516

	Property	Investment Value (28 February 2021)
139	91, Agbrigg Road, Wakefield	£753,995
140	9-11 Knollbeck Cres, Brampton Bierlow, Barnsley	£1,946,771
141	929, Chester Road, Erdington, Birmingham	£730,201
142	9A Cromwell Road, Eccles, Manchester	£2,275,580
143	Bellvue Road, Wakefield	£4,929,290
144	Beverly Lodge, 122 Grove Road, Sutton, Surrey	£1,145,167
145	Brendon Hse, Brendon Ave, Chesterfield	£800,693
146	Cuttholme Way (Lounsley), Lounsley Green, Chesterfield)	£1,089,754
147	Cuttholme Way (Pennine), Lounsley Green, Chesterfield)	£1,089,754
148	Florence House, Florence St, Blackburn	£4,745,854
149	Garmsway, Doncaster Rd, Whitley Bridge, Goole	£1,619,005
150	Green Lane, Beeston, Leeds	£1,497,074
151	Grosvenor House, 16 Chater Street, Northampton	£781,250
152	Kirklands, Rooms Lane, Leeds	£1,799,269
153	Oakleigh Road, Clayton, Bradford	£1,514,710
154	Plot 2 and 3, Unit 2 Bridge Street, Morley Leeds	£5,819,092
155	Plot 3, Lancaster Rd/Astral Grove, Hucknall, Nottingham	£4,809,300
156	Plot1 Bridge Street, Morley Leeds	£4,510,571
157	Putney House, 47, Scarborough Rd, Brid	£3,974,396
158	Queens Park Lodge, 15 Queens Park Road, Caterham, Surrey	£1,191,234
159	Redhill Farm, Bestwood Lodge Drive Arnold	£1,117,460
160	Southlands, Aynsleys Dri, Blythe Bridge Stoke	£2,710,620
161	St. Anns, Blenheim Mount, St.Anns Hill, Nottghm	£2,560,737
162	The Gables, 546, Newark Road, N. Hykeham	£3,073,340
163	The Vicarage, Bushloe End, Wigston Magna, Leics	£1,470,221
164	Units 1-4, Enright Close, Newark	£1,449,453
165	Whitley, Farm Cottages, Whitley Bridge	£3,081,135
166	Woodborough, 2, Corporation Oaks, Nottingham	£933,068
167	Woodseats Lodge & Norton, 68, Brindley Cres, Sheffield	£6,227,238
168	58 Knightsbridge Way, Stretton, Burton on Trent DE13 0WJ	£541,292
169	146 Hinckley Road, Barwell, LE9 8DN	£1,364,101
170	298 Park Lane, Macclesfield SK11 8AE	£1,057,064
171	Emmeline House, Birmingham	£962,749
172	Hemsworth Cottage, Hemsworth	£1,090,549
173	Kings Lodge, Alton	£1,727,508

	Property	Investment Value (28 February 2021)
174	The Brambles, Wolverhampton	£1,015,454
175	Whitwell House, Saxmundham	£1,338,081
176	Sandhurst Hotel, Middlewich, Cheshire	£2,250,639
177	72 Ashford Crescent	£814,731
178	74 Ashford Crescent	£1,082,049
179	76 Ashford Crescent	£1,886,308
180	1 Fardale Shaw Oldham, OL2 7AG	£149,306
181	1 Higher Highfield Court, Aspull, Wigan, WN2 1US	£88,471
182	1 The Nook Church Lane, Belper, DE56 1EZ	£286,630
183	15 Holly Bank, Royton, Oldham, OL2 6TZ	£225,213
184	16 Acacia Road, Cantley Doncaster, DN4 6NR	£93,833
185	11 Giants Hall Road, Standish Lower Ground, Wigan, WN6 8JR	£73,491
186	163 Park Road, Springfield Wigan, WN6 7AG	£158,614
187	11 Howards Place, Carlisle, Cumbria, CA1 1HR	£496,576
188	17 Fern Common Shaw, Oldham, OL2 7TH	£248,112
189	11a Giants Hall Road, Standish Lower Ground, Wigan, WN6 8JR	£337,856
190	18 Harrow Street, Grantham, NG31 6HF	£308,103
191	18 Linden Avenue, Greenacres, Oldham, OL4 2EW	£234,641
192	18 Whitlow Avenue, Nantwich, Crewe, CW5 7BW	£477,929
193	19 Brick Street Bury, BL9 6AY	£130,880
194	19 Harrow Street, Grantham, NG31 6HF	£147,175
195	1a Ladyfield Villas, Glengaple Road, Dumfries, DG1 4TB	£127,041
196	1b Ladyfield Villas, Glengaple Road, Dumfries, DG1 4TB	£127,041
197	14 Acacia Road, Cantley Doncaster, DN4 6NR	£93,833
198	2 Fardale Shaw, Oldham, OL2 7AG	£218,612
199	2 Glebe Farm Close, Armthorpe Doncaster, DN3 2DD	£129,544
200	2 Skelton Drive Redcar, TS10 2LB	£133,644
201	20 Harrow Street, Grantham, NG31 6HF	£435,076
202	20 Ladybrook Avenue Timperley Altrincham, WA15 6DT	£189,064
203	20 Windsor Road Town Moor Doncaster Yorkshire, DN2 5BT	£180,933
204	21 Harrow Street, Grantham, NG31 6HF	£361,996
205	22 Anson Street, Newton, Wigan, WN5 0TT	£131,343
206	22 Ardeen Road, Intake, Doncaster, DN2 5EU	£123,459
207	22 Harrow Street, Grantham, NG31 6HF	£435,076
208	24 Ardeen Road, Intake, Doncaster, DN2 5EU	£123,459

	Property	Investment Value (28 February 2021)
209	24 Bradfield Way Redcar, TS10 4RH	£179,131
210	24 Queen Marys Road Rossington Doncaster, DN11 0SN	£134,321
211	24 St Georges Crescent Standix Carlisle, CA3 9NJ	£356,187
212	25 Fern Common, Shaw, Oldham, OL2 7th	£90,818
213	254 Woodhouse Lane, Springfield, Wigan, WN6 7NF	£176,550
214	27 Church Street, Swinton Rotherham, S64 8EG	£494,931
215	2a Ladyfield Villas, Glengaple Road, Dumfries, DG1 4TB	£127,041
216	2b Ladyfield Villas, Glengaple Road, Dumfries, DG1 4TB	£127,041
217	3 Lilac Close, Wilton Bank, Saltburn By The Sea, TS12 1NX	£389,220
218	3 Millbeck, Morton Park, Carlisle, CA2 6NN	£405,738
219	32 Lime Grove, Mayrport, Cumbria, CA15 7DQ	£86,934
220	33 Warrington Road, WN5 9AJ	£138,226
221	37 Wentworth Drive, Lowry Hill, Carlisle, CA3 0PW	£538,790
222	3a Ladyfield Villas, Glengaple Road, Dumfries, DG1 4TB	£127,041
223	3b Ladyfield Villas, Glengaple Road, Dumfries, DG1 4TB	£127,041
224	4 Douglas Road, Market Deeping, Peterborough, PE6 8PA	£361,996
225	4 Glebe Farm Close, Armthorpe Doncaster, DN3 2DD	£193,184
226	4 Thornley Close, Grotton, Saddleworth, Oldham, OL4 5QU	£199,948
227	40 Croftlands, Bigrigg, Egremont, CA22 2UX	£130,991
228	41 Stonehill Rise Scawthorpe Doncaster, DN5 9HD	£210,127
229	47 Eden Road Skelton In Cleveland Saltburn By The Sea, TS12 2NB	£264,941
230	47 Hampton Grv Redcar, TS10 3PJ	£248,269
231	48 Yew Tree Crescent Rossington Doncaster, DN11 0HY	£172,784
232	4a Ladyfield Villas, Glengaple Road, Dumfries, DG1 4TB	£127,041
233	4b Ladyfield Villas, Glengaple Road, Dumfries, DG1 4TB	£127,041
234	5 Ilex Mill, Bacup Road, Rawtenstall, BB4 7NQ	£211,240
235	5 Liffey Avenue Intake Doncaster, DN2 5LF	£124,646
236	5 Park Street, Haydock, Helens, WA11 0BW	£236,243
237	50 Penthorpe Drive Royton Oldham, OL2 6JL	£215,316
238	51 Oak Avenue, Hindley Green, Wigan, WN2 4LZ	£81,125
239	55 Fields New Road, Chadderton, Oldham, OL9 8BT	£150,185
240	57 Cedar Road, Stamford, PE9 2JJ	£289,163
241	57 Langthwaite Road Scawthorpe Doncaster, DN5 9DS	£131,010
242	58 Rochdale Road Milnrow, OL16 3LN	£48,308
243	59 Arklow Road Doncaster, DN2 5LB	£123,589

	Property	Investment Value (28 February 2021)
244	5a Ladyfield Villas, Glengaple Road, Dumfries, DG1 4TB	£127,041
245	5b Ladyfield Villas, Glengaple Road, Dumfries, DG1 4TB	£127,041
246	6 Douglas Road, Market Deeping, Peterborough, PE6 8PA	£435,076
247	649 Liverpool Road, Plat Bridge, Wigan, WN2 5BD	£118,404
248	67 Fields New Road, Chadderton, Oldham, OL9 8BT	£240,906
249	6a Ladyfield Villas, Glengaple Road, Dumfries, DG1 4TB	£127,041
250	6b Ladyfield Villas, Glengaple Road, Dumfries, DG1 4TB	£127,041
251	7 Holme Fauld, Scotby, Carlisle, CA4 8BL	£331,934
252	7 Liffey Avenue Intake Doncaster, DN2 5LF	£124,646
253	7 Mellor Street, Lees, Oldham, OL4 3BS	£259,063
254	70 Bulteel Street, Worsley Hall, Wigan, WN5 0PZ	£156,821
255	8 Douglas Road, Market Deeping, Peterborough, PE6 8PA	£147,175
256	87 Fields New Road, Chadderton, Oldham, OL9 8BT	£219,626
257	9 Lilly Green Liverpool, L4 6US	£75,189
258	90 Chester Road, Hazel Grove, Stockport, SK7 6HF	£1,239,398
259	Chapel House Nelson Road Rossington Doncaster, DN11 0PE	£105,325
260	92 Parkside Heage, Belper, DE56 2AF	£257,648
261	9a Oxbang Close, Redcar, TS10 4ND	£179,131
262	Apartment 1, 142 Wigan Lower Road, Standish Lower Ground, Wigan, WN6 8JP	£208,189
263	Bramley Dale, Springkell, Aspatria, Cumbria, CA7 3DU	£416,748
264	Flat 1 21 Lloyd Street, Sherwood, Nottingham, NG5 4BX	£144,894
265	Flat 2 21 Lloyd Street, Sherwood, Nottingham, NG5 4BX	£144,894
266	Flat 3 21 Lloyd Street, Sherwood, Nottingham, NG5 4BX	£144,894
267	Flat 4 21 Lloyd Street, Sherwood, Nottingham, NG5 4BX	£144,894
268	The Bungalow, Short Lane, Bessacarr, Doncaster, DN4 7LH	£609,065
269	“Brambles” 3 The Sidings 52 Station Rd, Morton Bourne, PE10 0NE	£361,996
270	“Springfields” 4 The Sidings 52 Station Rd, Morton Bourne, PE10 0NE	£435,076
271	The Willows, 18-20 Scrogg Road, Newcastle, NE6 4EX	£2,521,784
272	Flats 1 to 17, Sunnyside Court, 1-2 Tatham Street, Sunderland, SR1 2QJ	£2,505,362
273	South Parade, Skegness, Lincolnshire, PE25 3HR	£2,141,812
274	Park Road, Birmingham, B13	£1,937,313
275	Flats 1 – 10, Lowood Court, 24 Portland Street, Southport, PR8 1HU	£1,889,281
276	Gladstone House, Government Street, Goole, DN14 5BF	£1,833,164
277	The Limes, Lime Gardens, Middleton, M24 4AE	£1,567,625

	Property	Investment Value (28 February 2021)
278	1/12, 5 High Street, Tow Law, Bishop Auckland, DL13 4DL	£1,447,736
279	1-9, 1 Arundel Street, Derby, DE22 3PG	£1,432,249
280	Northcote Street, Stockton on Tees, TS18 3JB	£1,319,204
281	57-59 Princess Road & 11 Kimberley Place, Ashton in Makerfield, Wigan, WN4 9DA	£1,189,136
282	Apartments 1/7 The Poplars, Oakworth Road, Keighley, BD21 1QW	£952,675
283	Greenfield Street, Liverpool, L13 3BN	£837,603
284	Moorside Meadows, Eccleshill, Bradford, BD2 3JF	£722,317
285	46 Trafalgar Square, Scarborough, North Yorkshire, YP12 7PY	£587,272
286	25 Talbot Street, Colne, BB8 9HB	£168,087
287	6 Mansell Crescent, Peterlee, SR8 5LU	£163,388
288	17 Newark Close, Peterlee, SR8 2AS	£145,981
289	13 Cravens Cottages, Station Town, TS28 5EQ	£136,440
290	22 Cotsford Lane, Peterlee, SR8 4JJ	£134,393
291	25 Thirlmere Road, Peterlee, SR8 5LS	£134,393
292	1 Alexandra Terrace, Wheatley Hill, DH6 3JW	£134,393
293	99 Shield Road, L6 3AD	£406,109
294	42a Esmond Street, L6 5AZ	£205,810
295	42b Esmond Street, L6 5AZ	£205,810
296	45 Sheil Road, L6 3AE	£406,109
297	47 Sheil Road, L6 3AE	£406,109
298	116 Sheil Road, L6 3AE	£735,223
299	43 Sheil Road, L6 3AE	£406,109
300	37 Sheil Road, L6 3AE	£406,109
301	39 Sheil Road, L6 3AE	£406,109
302	34 Sheil Road, L6 3AE	£406,109
303	44 Sheil Road, L6 3AE	£406,109
304	25 Morden Street, L6 6BA	£139,082
305	34 Laural rd	£603,562
306	51 Rufford Road L6 3DB	£340,314
307	1 Hatherley Street L8 2TJ	£406,109
308	9 Hatherley Street L8 2TJ	£406,109
309	15, Hatherley Street, L8 2TJ	£406,109
310	17 Hatherley Street, L8 2TJ	£340,314
311	19 Hatherley Street, L8 2TJ	£406,109

	Property	Investment Value (28 February 2021)
312	21 Hatherley Street, L8 2TJ	£406,109
313	23 Hatherley Street, L8 2TJ	£406,109
314	25 Hatherley Street, L8 2TJ	£406,109
315	55 Jermyn Street, L8 2XA	£406,109
316	The Paddock, 204 Rake Lane CH45 1JP	£1,296,908
317	135 Baddow Road, Great Baddow, Chelmsford CM2 7PY	£1,176,520
318	479 London Road, Boxmoor, Hemel Hempstead, Hertfordshire, HP3 9BE	£1,338,391
319	22 Chaplin Walk, CO10 0YT	£710,678
320	25 Pendarves Road, Cambourne, Cornwall, TR14 7QF	£1,118,186
	<b>Totals</b>	<b>£350,933,836</b>

\* We have assumed a 0.9% indexed uplift for 1/8 Derby Court & 55-57 Bosworth Road with their reviews due imminently

## **GENERAL PRINCIPLES**

### **Adopted in the preparation of Valuations and Reports**

**These General Principles should be read in conjunction with JLL's General Terms and Conditions of Business except insofar as this may be in conflict with other contractual arrangements.**

#### **1 RICS Valuation – Global Standards (effective 31 January 2020)**

All work is carried out in accordance with the Professional Standards, Valuation Technical and Performance Standards and Valuation Applications contained in the current RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors and the RICS Valuation – Global Standards 2017 – UK national supplement as applicable (“the RICS Red Book”), by valuers who conform to the requirements thereof. Our valuations may be subject to monitoring by the RICS. The valuations are undertaken by currently Registered RICS Valuers.

#### **2 Valuation Basis:**

Our reports state the purpose of the valuation and, unless otherwise noted, the basis of valuation is as defined in “the RICS Red Book”. The full definition of the basis, which we have adopted, is set out in our report and appended to these General Principles.

#### **3 Assumptions and Special Assumptions:**

Where we make an ‘assumption’ or ‘special assumption’ in arriving at our valuations, we define these terms in accordance with “the RICS Red Book” as follows:

**Assumption:** A supposition taken to be true.

**Special Assumption:** An assumption that either assumes facts that differ from the actual facts existing at the valuation date, or that would not be made by a typical market participant in a transaction on the valuation date.

We will not take steps to verify any assumptions.

#### **4 Disposal Costs, Taxation and Other Liabilities:**

No allowances are made for any expenses of realisation, or for taxation, which might arise in the event of a disposal. All property is considered as if free and clear of all mortgages or other charges, which may be secured thereon. However, we take into account purchaser's costs in investment valuations in accordance with market conventions.

No allowance is made for the possible impact of potential legislation which is under consideration. Valuations are prepared and expressed exclusive of VAT payments, unless otherwise stated.



**5 Sources of Information:**

Where we have been provided with information by the client, or its agents, we assume that it is correct and complete as at the Valuation Date and can be relied upon. We assume that no information that has a material effect on our valuations has been withheld.

In respect of valuations for loan security purposes, commissioned by a lending institution, we may also rely on information provided to us by the Borrower or its advisors. In such cases, we have similarly assumed that all information is correct, complete, up-to-date and can be relied upon and that no pertinent information has been withheld.

**6 Title and Tenancy Information:**

We do not normally read leases or documents of title. We assume, unless informed to the contrary, that each property has a good and marketable title, that all documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other outgoings of an onerous nature, which would have a material effect on the value of the interest under consideration, nor material litigation pending. We have assumed that all information provided by the client, or its agents, is correct as at the Valuation Date and can be relied upon.

**7 Tenants:**

Although we reflect our general understanding of a tenant's status in our valuations i.e. the market's general perception of their creditworthiness, enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed, unless we are informed otherwise, that the tenants are capable of meeting their financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

**8 Measurements/Floor Areas:**

All measurement is carried out in accordance with either the International Property Measurement Standards (IPMS) or the Code of Measuring Practice (6th Edition) issued by the Royal Institution of Chartered Surveyors, except where we specifically state that we have relied on another source. The areas adopted are purely for the purpose of assisting us in forming an opinion of capital value. They should not be relied upon for other purposes nor used by other parties without our written authorisation.

Where floor areas have been provided to us, we have relied upon these and have assumed that they have been properly measured in accordance with the International Property Measurement Standards (IPMS) or the Code of Measuring Practice referred to above.

**9 Site Areas:**

Site areas are generally calculated using proprietary digital mapping software and are based on the site boundaries indicated to us either at the time of our inspection, or on plans supplied to us. No responsibility is accepted if the wrong boundaries are indicated to us.

**10 Estimated Rental Values:**

Our assessment of rental values is formed purely for the purposes of assisting in the formation of an opinion of capital value and is generally on the basis of Market Rent, as defined in “the RICS Red Book”. Where circumstances dictate that it is necessary to utilise a different rental value in our capital valuation, we will generally set out the reasons for this in our report. Such a figure does not necessarily represent the amount that might be agreed by negotiation, or determined by an Expert, Arbitrator or Court, at rent review or lease renewal or the figure that might be obtained if the property or unit were being let on the open market.

**11 Town Planning, Acts of Parliament and Other Statutory Regulations:**

Information on town planning is, wherever possible, obtained either verbally from local planning authority officers or publicly available electronic or other sources. It is obtained purely to assist us in forming an opinion of capital value and should not be relied upon for other purposes. If reliance is required we recommend that verification be obtained from lawyers that:

- i the position is correctly stated in our report;
- ii the property is not adversely affected by any other decisions made, or conditions prescribed, by public authorities; and
- iii that there are no outstanding statutory notices.

Our valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory and EC regulations, including fire regulations, access and use by disabled persons, control and remedial measures for asbestos in the workplace, the Energy Performance of Buildings Directive and any applicable bye laws. All buildings are assumed to have Energy Performance Certificates.

Our valuation does not take into account any rights, obligations or liabilities, whether prospective or accrued, under the Defective Premises Act 1972, or the Health and Safety at Work etc. Act 1974.

**12 Structural Surveys:**

Unless expressly instructed, we do not carry out a structural survey, nor do we test the services and we, therefore, do not give any assurance that any property is free from defect. We seek to reflect in our valuations any readily apparent defects or items of disrepair, which we note during our inspection, or costs of repair which are brought to our attention.

Otherwise, we assume that each building is structurally sound and that there are no structural, latent or other material defects. Unless stated otherwise in our reports we assume any tenants are fully responsible for the repair of their demise either directly or through a service charge.

### **13 Modern Methods of Construction (MMC)**

If the subject property falls within the category of Modern Methods of Construction as defined by MHCLG (MMC), and we are not aware or made aware during the valuation process, we shall not be liable for any resulting loss or lending decision. We assume that any MMC properties have appropriate BOPAS accreditation or equivalent.

### **14 Deleterious Materials:**

We do not normally carry out or commission investigations on site to ascertain whether any building was constructed or altered using deleterious materials or techniques (including, by way of example high alumina cement concrete, woodwool as permanent shuttering, calcium chloride or asbestos). Unless we are otherwise informed, our valuations are on the basis that no such materials or techniques have been used.

### **15 Site Conditions:**

We do not normally carry out or commission investigations on site in order to determine the suitability of ground conditions and services for the purposes for which they are, or are intended to be, put; nor do we undertake archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is contemplated, no extraordinary expenses, delays or restrictions will be incurred during the construction period due to these matters.

### **16 Environmental Contamination:**

Unless expressly instructed, we do not carry out or commission site surveys or environmental assessments, or investigate historical records, to establish whether any land or premises are, or have been, contaminated. Therefore, unless advised to the contrary, our valuations are carried out on the basis that properties are not affected by environmental contamination. However, should our site inspection and further reasonable enquiries during the preparation of the valuation lead us to believe that the land is likely to be contaminated we will discuss our concerns with you.

### **17 Insurance:**

Unless expressly advised to the contrary we assume that appropriate cover is and will continue to be available on commercially acceptable terms. In particular, we will have regard to the following:

***Composite Panels***

Insurance cover, for buildings incorporating certain types of composite panel may only be available subject to limitation, for additional premium, or unavailable. Information as to the type of panel used is not normally available. Accordingly, our opinions of value make no allowance for the risk that insurance cover for any property may not be available, or may only be available on onerous terms.

***Terrorism***

Our valuations have been made on the basis that the properties are insured against risks of loss or damage including damage caused by acts of Terrorism as defined by the Terrorism Act 2000. We have assumed that the insurer, with whom cover has been placed, is reinsured by the Government backed insurer, Pool Reinsurance Company Limited.

***Flood and Rising Water Table***

Our valuations have been made on the assumption that the properties are insured against damage by flood and rising water table. Unless stated to the contrary our opinions of value make no allowance for the risk that insurance cover for any property may not be available, or may only be available on onerous terms.

**18 Outstanding Debts:**

In the case of property where construction works are in hand, or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, subcontractors or any members of the professional or design team.

**19 Confidentiality and Third Party Liability:**

Our Valuations and Reports are confidential to the party to whom they are addressed and for the specific purpose to which they refer, and no responsibility whatsoever is accepted to any third parties. Neither the whole, nor any part, nor reference thereto, may be published in any document, statement or circular, or in any communication with third parties, without our prior written approval of the form and context in which it will appear.

**20 Statement of Valuation Approach:**

We are required to make a statement of our valuation approach. The following provides a generic summary of our approach.

The majority of institutional portfolios comprise income producing properties. We usually value such properties adopting the investment approach where we apply a capitalisation rate, as a multiplier, against the current and, if any, reversionary income streams. Following market practice we construct our valuations adopting hardcore methodology where the reversions are generated from regular short term uplifts of market

rent. We would normally apply a term and reversion approach where the next event is one which fundamentally changes the nature of the income or characteristics of the investment. Where there is an actual exposure or a risk thereto of irrecoverable costs, including those of achieving a letting, an allowance is reflected in the valuation.

Vacant buildings, in addition to the above methodology, may also be valued and analysed on a comparison method with other capital value transactions where applicable.

Where land is held for development we adopt the comparison method when there is good evidence, and/or the residual method, particularly on more complex and bespoke proposals.

There are situations in valuations for accounts where we include in our valuation properties which are owner-occupied. These are valued on the basis of existing use value, thereby assuming the premises are vacant and will be required for the continuance of the existing business. Such valuations ignore any higher value that might exist from an alternative use.

## **21 Capital Expenditure Requirement:**

Where buildings are undergoing works, such as refurbishment or repairs, or where developments are in progress, we have relied upon cost information supplied to us by the client or their appointed specialist advisors.

## **22 Goodwill, Fixtures and Fittings:**

Unless otherwise stated our valuation excludes any additional value attributable to goodwill, or to fixtures and fittings which are only of value, in situ, to the present occupier.

## **23 Plant and Machinery:**

No allowance has been made for any plant, machinery or equipment unless it forms an integral part of the building and would normally be included in a sale of the building.

## **24 Services:**

We do not normally carry out or commission investigations into the capacity or condition of services. Therefore we assume that the services, and any associated controls or software, are in working order and free from defect. We also assume that the services are of sufficient capacity to meet current and future needs.

## **25 Land and Building Apportionments:**

When instructed, we will provide apportionments between land and buildings for depreciation purposes only. Such apportionments are not valuations and should not be used for any other purpose unless specified in the report.

**26 Portfolio Valuations:**

In respect of valuations of portfolios of properties, our overall valuation is an aggregate of the individual values of each individual property. The valuation assumes, therefore, that each property would be marketed as an individual property and not as part of a portfolio. Consequently no portfolio premium or discount has been reflected and any consequence of marketing a range of individual properties together has also not been reflected in our valuations. However, if adjoining or complementary properties might achieve a higher value by being marketed together (known as “prudent lotting”), we have reported the higher value that would emerge.

**27 Rating:**

Any information regarding rating has generally been obtained from the Valuation Office website. We will not investigate whether any rating assessment is a fair assessment or considered the likelihood of an appeal being successful.

**28 Plans and Maps:**

All plans and maps included in our report are strictly for identification purposes only, and, whilst believed to be correct, are not guaranteed and must not form part of any contract. All are published under licence and may include mapping data from Ordnance Survey (c) Crown Copyright. All rights are reserved.

## MARKET VALUE

**Definition and Interpretive Commentary reproduced from the RICS Valuation – Global Standards, VPS 4 and IVS Framework****1.1 Market Value****1.1.1 The definition of *Market Value* as defined in IVS 104 paragraph 30.1 is:**

*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.*

1.1.2 Market value is a basis of *value* that is internationally recognised and has a long-established definition. It describes an exchange between parties that are unconnected and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, at the *valuation date*, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximises its productivity and that is possible, legally permissible and financially feasible – fuller treatment of this particular premise of value can be found at section 140 of IVS 104.

1.1.3 It ignores any price distortions caused by *special value* (an amount that reflects particular attributes of an asset that are only of value to a *special purchaser*) or *marriage value*. It represents the price that would most likely be achievable for an asset across a wide range of circumstances. *Market rent* applies similar criteria for estimating a recurring payment rather than a capital sum.

1.1.4 In applying *market value*, regard must also be had to the requirement that the valuation amount reflects the actual market state and circumstances as of the effective *valuation date*. The full conceptual framework for *market value* can be found at paragraph 30.2 of IVS 104.

1.1.5 Notwithstanding the disregard of *special value*, where the price offered by prospective buyers generally in the market would reflect an expectation of a change in the circumstances of the asset in the future, the impact of that expectation is reflected in *market value*. Examples of where the expectation of additional value being created or obtained in the future may have an impact on the *market value* include:

- the prospect of development where there is no current permission for that development and
- the prospect of marriage value arising from merger with another property or asset, or interests within the same property or asset, at a future date.

- 1.1.6 The impact on value arising by use of an *assumption* or *special assumption* should not be confused with the additional value that might be attributed to an asset by a *special purchaser*.
- 1.1.7 In some jurisdictions a *basis of value* described as ‘highest and best use’ is adopted and this may either be defined by statute or established by common practice in individual countries or states.

### IVS Framework

- 30.2 The definition of *Market Value* shall be applied in accordance with the following conceptual framework:

**(a) “the estimated amount”**

refers to a price expressed in terms of money payable for the *asset* in an arm’s length market transaction. *Market Value* is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable 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, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser;

**(b) “an asset or liability should exchange”**

refers to the fact that the value of an asset or liability is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the Market Value definition at the valuation date;

**(c) “on the valuation date”**

requires that the value is time-specific as of a given date. Because markets and market conditions *may* change, the estimated value *may* be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the *valuation date*, not those at any other date;

**(d) “between a willing buyer”**

refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute “the market”;



(e) **“and a willing seller”**

is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price *may* be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

(f) **“in an arm’s length transaction”**

is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant that *may* make the price level uncharacteristic of the market or inflated. The Market Value transaction is presumed to be between unrelated parties, each acting independently;

(g) **“after proper marketing”**

means that the *asset* has been exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the Market Value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that *there must* have been sufficient time to allow the asset to be brought to the attention of an adequate number of market *participants*. The exposure period occurs prior to the valuation date;

(h) **“where the parties had each acted knowledgeably, prudently”**

presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the *asset*, its actual and potential uses, and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favourable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell *assets* in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

(i) **“and without compulsion”**

establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

30.3 The concept of Market Value presumes a price negotiated in an open and competitive market where the *participants* are acting freely. The market for an asset could be an international market or a local market. The market could consist of numerous buyers

and sellers, or could be one characterised by a limited number of market *participants*. The market in which the asset is presumed exposed for sale is the one in which the *asset* notionally being exchanged is normally exchanged.

- 30.4 The Market Value of an *asset* will reflect its highest and best use. The highest and best use is the use of an *asset* that maximises its potential and that is possible, legally permissible and financially feasible. The highest and best use *may* be for continuation of an *asset's* existing use or for some alternative use. This is determined by the use that a market *participant* would have in mind for the *asset* when formulating the price that it would be willing to bid.
- 30.5 The nature and source of the valuation inputs *must* be consistent with the basis of value, which in turn *must* have regard to the *valuation purpose*. For example, various approaches and methods *may* be used to arrive at an opinion of value providing they use market-derived data. The market approach will, by definition, use market-derived inputs. To indicate Market Value, the income approach should be applied, using inputs and assumptions that would be adopted by participants. To indicate Market Value using the cost approach, the cost of an asset of equal utility and the appropriate depreciation should be determined by analysis of market-based costs and depreciation.
- 30.6 The data available and the circumstances relating to the market for the *asset* being valued *must* determine which valuation method or methods are most relevant and appropriate. If based on appropriately analysed market-derived data, each approach or method used *should* provide an indication of Market Value.
- 30.7 Market Value does not reflect attributes of an *asset* that are of value to a specific owner or purchaser that are not available to other buyers in the market. Such advantages *may* relate to the physical, geographic, economic or legal characteristics of an *asset*. Market Value requires the disregard of any such element of value because, at any given date, it is only assumed that there is a willing buyer, not a particular willing buyer.

## 1.2 Special Value

*Special value* is an amount that reflects particular attributes of an asset that are only of value to a *special purchaser*.

A *special purchaser* is a particular buyer for whom a particular asset has *special value* because of advantages arising from its ownership that would not be available to other buyers in a market.

*The following is the text of the property valuation report prepared for the purpose of incorporation in this document received from Frontline Appraisal, Inc., an independent property valuer, in connection with its opinion of the value of certain property interest of the Group in the United States as at 28 February 2021. As stated in “Appendix V – Documents Available for Inspection”, a copy of this property valuation report is available for public inspection.*



April 27, 2021

CK Asset Holdings Limited  
7/F Cheung Kong Center  
2 Queen's Road Central  
Hong Kong

RE: Retrospective appraisal of an industrial facility located at 3259 Holt Road, Mason (Alaiedon Township), Ingham County, Michigan 48854

Dear CK Asset Holdings Limited:

In response to your authorization, I have made a personal inspection of the above captioned property, conducted the required investigations, gathered the necessary data and analyzed the information with respect to the subject property in order to form an opinion of the retrospective market value as of February 28, 2021.

The subject property is comprised of a 25,300 square foot industrial facility on 6.47 acres of land with direct access to US-127 in the bedroom community of Mason approximately six miles south of the city of Lansing. The original improvements consist of a 12,500 square foot office/equipment service building and related site improvements constructed in 1994 as a Caterpillar equipment repair facility. In 2020, a 12,800 square foot warehouse building was completed. At the time of inspection, the subject was effectively owner-occupied. The subject property also includes two parcels of adjacent land combining for 114.62 acres with limited utility due to the A-1 zoning and low/wet topography. Given that the land parcels would most likely be sold in conjunction with the improved site, and per the request of the client, the vacant land parcels were value as surplus land rather than excess land. As such, the contributory value of the vacant parcels was estimated and included in the overall market value conclusion.

Based upon my investigation and analysis, as developed in the following appraisal report, the estimated market value of the subject property is as follows:

MARKET VALUE CONCLUSION			
Appraisal Premise	Property Rights	Date of Value	Value Conclusion
Retrospective “As Is” Market Value	Fee Simple	February 28, 2021	\$2,120,000 (equivalent to approximately HKD16,536,000) <sup>1</sup>

*As of the date of this report, the entire world was dealing with the COVID 19 (Coronavirus) pandemic, which began in March 2020 and had taken the lives of over 575,000 people in the United States including over 17,500 people in Michigan. As a result, many states ordered “shelter in-place” restrictions to slow the spread of the virus, which effectively brought the nationwide economy to a standstill for three months between April and June. Around July 1, 2020, most states had reopened their economies (with restrictions) due to the declining number of cases and deaths since the peak of the pandemic. However, the number of new cases surged in late Fall 2020, in part, due to increased testing and contact tracing. As a result, the Michigan Department of Health & Human Services (MDHHS) issued a new emergency order on November 15, 2020 further limiting social gatherings and other group activities in an effort to curb rapidly rising COVID-19 infection rates. On the upside, three prominent pharmaceutical companies (Pfizer, Moderna, Johnson & Johnson) have begun to distribute vaccines, which are expected to be widely available by Summer 2021. While the short and long-term effect of the pandemic is uncertain, the appraiser conducted interviews with several market participants in order to determine the potential impact, if any, on the market value of the subject property.*

Your attention is directed to the following appraisal report which, in part, forms the basis of our opinion. This appraisal has been prepared in a manner that complies with the *Uniform Standards of Professional Appraisal Practice (USPAP)*; all professional standards and code of ethics of the *Appraisal Institute*; and all state and federal laws governing the real estate appraisal industry.

Additionally, the valuation is for the purpose of CKA’s (*CK Asset Holdings Limited*) asset acquisition/share buyback transaction announced on March 18, 2021 in accordance with *Rule 11 of The Code on Takeovers and Mergers and Share Buy-backs* issued by the *Securities and Futures Commission (the “Takeovers Code”)*. Furthermore, it is acknowledged that the valuation report will be (i) incorporated into the circular and offer document and an announcement to be issued by CKA on or around April 27, 2021, which will be uploaded to the websites of the Stock Exchange of Hong Kong and CKA and (ii) be a document on display in accordance with the *Takeovers Code*.

<sup>1</sup> Based on an exchange rate of USD1.00 to HKD7.80.

I appreciate this opportunity to be of service to you in the preparation of the following report.

Respectfully submitted,

**FRONTLINE APPRAISAL, INC.**

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**G. Tobin Heaton**

*Certified General Real Estate Appraiser*

State of MI License: 1201006762

P 517.203.5472 – Central MI

toby@frontlineappraisal.com

## CERTIFICATION

I certify to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- This reported analysis, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analysis, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have not performed prior services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analysis, opinions and conclusions were developed, and this report has been prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*, the *Code of Professional Ethics and Standards of Professional Conduct of The Appraisal Foundation* and the *Appraisal Institute*, all state and federal laws governing the real estate appraisal industry; and the appraisal instructions set forth by the *client*.
- The valuation is for the purpose of *CKA's (CK Asset Holdings Limited)* asset acquisition/share buyback transaction announced on March 18, 2021 in accordance with *Rule 11 of The Code on Takeovers and Mergers and Share Buy-backs* issued by the *Securities and Futures Commission*.
- I acknowledge that the valuation report will be (i) incorporated into the circular and offer document and an announcement to be issued by *CKA* on or around April 27, 2021, which will be uploaded to the websites of the Stock Exchange of Hong Kong and *CKA*; and (ii) be a document on display in accordance with the *Takeovers Code*.

- The use of this report is subject to the requirements of the *Appraisal Institute* relating to review by its duly authorized representatives.
- I have complied with the *Competency Provision* of the *Uniform Standards of Professional Appraisal Practice* of the *Appraisal Standards Board* of *The Appraisal Foundation*. Furthermore, I am a *Certified General Appraiser* licensed in the state of Michigan. Based on my vast experience appraising various commercial and industrial asset types in the greater Lansing area since 1998, I have the necessary experience and geographical competency to appraise the subject property.
- The subject property was physically inspected by G. Tobin Heaton, who conducted market research, formulated the market value, and prepared said appraisal report. No one other than the undersigned provided professional assistance in the preparation of this report.
- As of the date of this report, G. Tobin Heaton has completed the *Standards and Ethics Education Requirements* for Candidates/Practicing Affiliates of the *Appraisal Institute*.
- In Michigan, appraisers are required to be licensed/certified and are regulated by the *Michigan Department of Licensing and Regulatory Affairs*, P.O. Box 30018, Lansing, MI 48909.

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**G. Tobin Heaton**

*Certified General Real Estate Appraiser*

State of MI License: 1201006762

P 517.203.5472

toby@frontlineappraisal.com

**SUMMARY OF SALIENT FACTS AND CONCLUSIONS**

Effective Date:	February 28, 2021 (retrospective)
Date of Inspection:	April 6, 2021
Date of Report:	April 27, 2021
Type of Report:	Appraisal Report
Subject Property:	An Industrial Facility (Equipment Service)
Location:	3259 Holt Road, Mason (Alaiedon Township), Ingham County, MI 48854
Recorded Owner of Record:	Energy Development Inc.
Parcel Numbers:	33-06-06-19-100-017 (6.47 acres) 33-06-06-19-100-018 (57.63 acres) 33-06-06-19-300-002 (56.99 acres)
Property Rights Appraised:	Fee Simple
Purpose of the Appraisal:	Estimate the “As Is” Market Value of the subject property consistent with the scope of work specified by the client.
Gross Land Area:	6.47 acres; 281,833+/- sq. ft. 57.63 acres; 2,510,363+/- sq. ft. (vacant) <u>56.99 acres; 2,482,484+/- sq. ft. (vacant)</u> 121.09 acres; 5,274,680+/- sq. ft.
Gross Building Area (GBA):	12,500 square feet (office/service building) <u>12,800 square feet</u> (warehouse building) 25,300 square feet
Net Rentable Area (NRA):	25,300 square feet comprised of 4,200 square feet of office/parts space; 8,300 square feet of equipment service space; and 12,800 square feet of warehouse space
Year Built:	1994 (warehouse in 2020)
Condition:	Average to good
Land to Building Ratio:	11.14 to 1 (excluding surplus land)
Site Coverage Ratio:	9.0%



Zoning:	M-1, Industrial (improved site) A-1, Agricultural (surplus land parcels)
Highest and Best Use:	<i>As Vacant:</i> Hold for future industrial development  <i>As Improved:</i> Continued office/service/warehouse use with surplus land, as developed
<b>Market Value Conclusion:</b>	<b>“As Is”</b>
Cost Approach	Not developed
Income Approach	\$2,140,000
Sales Comparison Approach	\$2,120,000
Reconciled Market Value	\$2,120,000 <sup>2</sup>
Market Value Per Square Foot:	\$83.79
Exposure Time:	12 months
Marketing Period:	12 months

2     *Market value conclusion includes approximately \$171,000 in contributory value allocated to 114.62 acres of surplus land*

**GENERAL ASSUMPTIONS AND LIMITING CONDITIONS**

This appraisal is made subject to general assumptions and limiting conditions which state:

- 1) That the date of value, to which the opinions expressed in this report apply, is set forth in the letter of transmittal. Furthermore, the appraiser assumes no responsibility for economic or physical factors occurring at some later date (beyond effective dates of this report) which may affect the opinions herein stated.
- 2) No opinions are intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by the real estate appraiser, although such matters may be discussed in this report.
- 3) No opinion as to title is rendered. Name of ownership and the legal description were obtained from sources generally considered reliable. Title is assumed to be marketable and free and clear of all liens, encumbrances, easements, and restrictions, except those specifically discussed in this report.
- 4) The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.
- 5) No engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable and no encroachment or real property improvement is assumed to exist.
- 6) Maps, plats, and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within this report. They should not be considered as surveys or relied upon for any other purpose.
- 7) No detailed soil studies covering the subject property were available to the appraiser. Therefore, the premises, as to soil qualities employed in this report, are not conclusive but have been considered consistent with information available to the appraiser.
- 8) Any information furnished to me by others is believed to be reliable, but I assume no responsibility for its accuracy. Possession of this report, or a copy thereof, does not carry with it the right to publication, nor may it be used for any purpose by any but the client without the previous written consent of the appraiser and, in any event, only in its entirety.
- 9) Unless otherwise stated in this report, the existence of hazardous materials that may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. However, the appraiser is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The

value estimate derived herein is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them.

- 10) Unless otherwise stated herein, all of the improvements previously described were considered to be operational and in good structural condition.
- 11) This appraisal does not require me to give testimony in court, or attend on its behalf, unless arrangements have previously been made therefore.
- 12) The distribution of the total valuation in this report between land and improvements applied only under the existing programs of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
- 13) The value is reported in dollars on the basis of the currency prevailing at the date of this appraisal.
- 14) That the appraiser assumes no responsibility for determining if the property lies within a flood hazard area and its consequences to the property. It is advised that a topographic survey be obtained and local officials be contacted if so desired.
- 15) This appraisal has been made in accordance with the *Code of Ethics of The Appraisal Foundation*.
- 16) Recent interpretations of the *Americans with Disabilities Act (ADA)* may result in judicial statutes which require that commercial properties comply with design specifications for disabled persons. The appraiser is not qualified to render an opinion regarding any impact on the value of the subject property attributed to *ADA* compliance. It is recommended that an attorney or professionals with expertise in such matters be contacted.

#### **EXTRAORDINARY ASSUMPTIONS AND LIMITING CONDITIONS**

No extraordinary assumptions or hypothetical conditions were employed in the development of this appraisal report.

#### **STATEMENT OF OWNERSHIP & PROPERTY HISTORY**

The recorded owner of record for the subject property is Energy Development Inc. There are no known transactions or conveyances involving the subject property within the three year period prior to the acceptance of this assignment.

**SCOPE OF THE APPRAISAL**

Per the client, the valuation is for the purpose of *CKA's (CK Asset Holdings Limited)* asset acquisition/share buyback transaction announced on March 18, 2021 in accordance with *Rule 11 of The Code on Takeovers and Mergers and Share Buy-backs* issued by the *Securities and Futures Commission*. I acknowledge that the valuation report will be (i) incorporated into the circular and offer document and an announcement to be issued by *CKA* on or around April 27, 2021, which will be uploaded to the websites of the Stock Exchange of Hong Kong and *CKA*; and (ii) be a document on display in accordance with the Takeovers Code.

Furthermore, as advised by the owner of the subject property, the potential tax liability that would arise on the disposal of the subject property, at the amount valued by *Frontline Appraisal, Inc.*, should mainly comprise corporation tax at 21% on any gain on disposal of the freehold and leasehold interest in the property, plus transfer taxes of \$4.30 for every \$500.00 of the sale price, totaling \$18,232. The likelihood of the tax liability being imposed is remote provided that there are no planned or immediate intentions of disposal of the property.

This appraisal is also intended to comply with all applicable standards of the *Uniform Standards of Professional Appraisal Practice (USPAP)* as promulgated by the *Appraisal Board of The Appraisal Foundation* and adopted by the *Appraisal Institute*, all state and federal laws governing the real estate appraisal industry; and the appraisal instructions set forth by the *client*, which requested that the appraisal report be completed in a concise narrative format.

**Type and Extent of Analysis Applied:** There are three traditional approaches used to arrive at an opinion of value of real estate: the Sales Comparison Approach, Income Approach, and Cost Approach. The Income and Sales Comparison Approaches were both considered to be applicable and were conducted. However, considering the age of the subject improvements and difficulty in estimating accrued depreciation, the Cost Approach was not relevant to the appraisal problem.

**PROPERTY RIGHTS APPRAISED**

The property rights appraised consist of the Fee Simple Estate, which is defined by The Dictionary of Real Estate Appraisal, 5th ed. s.v. "fee simple estate" (Chicago: Appraisal Institute, 2010), as:

*"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."*

**INTENDED USE & USER OF THE APPRAISAL**

The intended use of this appraisal is to estimate the market value of the subject property for the purpose of CKA's (*CK Asset Holdings Limited*) asset acquisition/share buyback transaction announced on March 18, 2021 in accordance with *Rule 11 of The Codes on Takeovers and Mergers and Share Buy-backs* issued by the *Securities and Futures Commission*. Furthermore, it is acknowledged that the valuation report will be (i) incorporated into the circular and offer document and an announcement to be issued by CKA on or around April 27, 2021, which will be uploaded to the websites of the Stock Exchange of Hong Kong and CKA; and (ii) be a document on display in accordance with the Takeovers Code. Additionally, the intended user of this report and named client is *CK Asset Holdings Limited, its subsidiaries and-or affiliates*. Any use or reliance by anyone other than named above is prohibited. The appraiser assumes no responsibility or liability for third party reliance upon this report.

**DATE OF VALUATION**

Per the request of the client, the Retrospective "As Is" Market Value of the subject property is effective as of February 28, 2021.

**DEFINITION OF MARKET VALUE**

As referred herein, "Market Value" is defined by federal regulation 12 CFR 564.2 (f) as follows:

***"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus."***

Implicit in this definition is the consummation of a sale as of a specified date and the passing title from seller to buyer under conditions whereby:

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) a reasonable time is allowed for exposure in the open market;
- (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale.

*Source:* Code of Federal Regulations; Title 12-Banks and Banking; Chapter 1--Comptroller Of The Currency, Department Of The Treasury; Part 34-Real Estate Lending And Appraisals-Subpart C--Appraisals Sec. 34.42 Definitions; Revised as of January 1, 2000

**IMPROVEMENT DESCRIPTION**

Year Built:	1994-1997, warehouse completed in 2020
Gross Building Area:	12,500 square feet (office/service building) <u>12,800 square feet</u> (warehouse building) 25,300 square feet
Net Rentable Area:	25,300 square feet
Office/Parts Area:	4,200 square feet (16.6% of GBA/NRA)
Foundations:	Poured concrete footings and 8" slabs
Exterior Walls:	Concrete block and standing-seam metal
Roof:	Slightly pitched with metal panels over insulation and steel framing
Interior:	Finished drywall, open or suspended ceilings with acoustical tiles, recessed or suspended light fixtures, VCT flooring; average design and appeal
Interior Ceiling Height:	9' to 12' in office area; 20' to 22' in shop/warehouse
Heating & Cooling:	Gas fired forced-air furnace and central air condenser serves the office/parts area; suspended gas fired radiant tube heaters serve the shop and warehouse areas
Electrical:	1,200 amp 480V service; good power was recently updated in shop area to accommodate 30-ton crane and other upgrades; assumed to meet applicable building codes
Plumbing:	Two 3pc restrooms in office area; one 3pc restroom in shop; average grade fixtures; assumed to meet applicable building codes
Parking:	Adequate concrete and asphalt-paved parking near the office area; paving is in fair condition
Quality/Design/Appeal:	Good
Age and Condition:	Average to good
Effective Age:	15 years (25 year remaining economic life)

Deferred Maintenance: No major items of deferred maintenance were reported or observed, although the original parking lot and concrete aprons surrounding the office/service building will require ongoing repairs and maintenance until the decision is made to replace.

## **HIGHEST AND BEST USE**

***Highest and Best Use Conclusion – As Vacant:*** After considering the physically possible, legally permissible, financially feasible, and maximally productive uses of the subject property, it is opined that the highest and best use of the site, as vacant, would be to hold the improved site for future industrial development until that time sufficient demand becomes present to support the cost of new construction. Furthermore, due to the limited utility of the large vacant parcels, it is opined that the highest and best use of the vacant parcels would be to hold them in conjunction with the improved facility.

***Highest and Best Use Conclusion – As Improved:*** The improved subject parcel features a 25,300 square foot office/service/warehouse facility that was constructed in 1994-1997 and 2020. The existing subject improvements are functional and in average to good condition. Given that the market value of the subject property, as improved, greatly exceeds the market value as vacant, it is opined that the highest and best use of the subject property, as improved, is for continued office/service/warehouse use, as developed.





## **INCOME APPROACH**

The Income Capitalization Approach is based on the premise that there is a relationship between the amount of income that a property is capable of producing and its value. This approach considers the ability of a property to produce income and recognizes that value is the present worth of future benefits resulting from ownership of the property.

After considering the size and income characteristics of the subject property, the appraiser has elected to utilize the Direct Capitalization Method to derive the “As Is” Market Value of the subject property. The basic steps of the direct capitalization involve the estimation of market rent to arrive at a gross income estimate. From the gross income estimate, vacancy and collection losses and annual expenses are deducted to arrive at an estimate of net operating income. An appropriate income capitalization rate is then applied to the net operating income in order to arrive at a value indication for the subject property.

An investigation of industrial lease transactions was conducted in the greater Lansing area in order to derive a reasonable market rent range for the subject property. The comparable data is summarized in the following table.

## COMPARABLE RENTAL SUMMARY

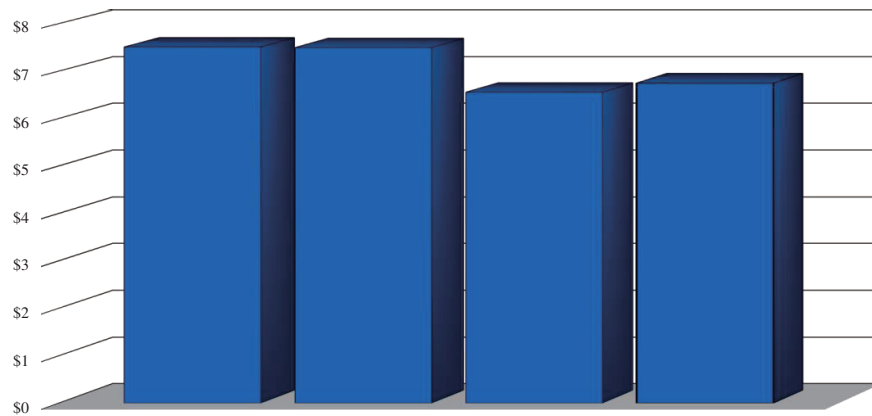
	Rental 1	Rental 2	Rental 3	Rental 4
				
<b>Address</b>	2215 Apollo Drive	5858 Enterprise Dr.	4225 Legacy Pkwy.	1235 Roth Dr.
<b>City</b>	Lansing	Lansing	Lansing (Delhi Twp.)	Lansing
<b>County</b>	Ingham	Ingham	Ingham	Ingham
<b>Lease Date</b>	March 2021	October 2017	April 2019	June 2019
<b>Term</b>	10 years	5 years	Undisclosed	5 years
<b>Type/Use</b>	Office Warehouse	Manufacturing	Office/Warehouse	Office Warehouse
<b>Rent/SF</b>	\$6.00	\$7.00	\$6.25	\$6.95
<b>Expenses</b>	NNN	NNN	NNN	NNN
<b>Lease Size</b>	14,900	33,255	31,500	5,200
<b>Year Built</b>	1975 (2021 reno.)	2000	1999	1985
<b>Condition</b>	Average to good	Good	Good	Fair to Average
<b>Construction</b>	Block and wood	Block and steel	Steel frame	Block and wood
<b>Clear Height</b>	14 feet	21 feet	22-24 feet	10-13 feet
<b>Docks/Doors</b>	2 docks / 2 drive-in	3 docks / 1 drive-in	4 docks / 1 drive-in	3 drive-in
<b>Office Ratio</b>	19.50%	25.0% est.	19.05%	60%
<b>Confirmation</b>	Lease/Landlord	Landlord	Broker	Lease/Landlord

**Adjustment Process.** The comparable rents summarized in the preceding table represent the best available information to be compared to the subject property. The major elements of comparison for an analysis of this type include lease-type equivalency, rent concessions, changes in market conditions since the lease date, location of the real estate, physical traits, and economic characteristics. Your attention is directed to the Rent Adjustment Graph and Grid on the following page, which depicts the adjustments applied to the comparable rentals in order to derive a market rental rate range for the subject property. It should be noted that the adjustment for changes in market conditions takes into account market trends leading up to the onset of the COVID-19 pandemic in March 2020 to present.



**RENT ADJUSTMENT GRAPH AND GRID**

	<u><b>Rent 1</b></u>	<u><b>Rent 2</b></u>	<u><b>Rent 3</b></u>	<u><b>Rent 4</b></u>
Rent per SF	\$6.00	\$7.00	\$6.25	\$ 6.95
Market Conditions	0%	0%	-3%	-3%
Adjusted Rent per SF	\$6.00	\$7.00	\$6.06	\$ 6.74
Location	0%	0%	0%	0%
Size	-5%	0%	0%	-20%
Quality & Appeal	10%	7%	5%	15%
Age & Condition	10%	0%	0%	10%
Ceiling Height	7%	0%	0%	7%
Office/Warehouse Ratio	0%	-3%	0%	-15%
Land to Building	3%	3%	3%	3%
Net Percentage Adjustments	25%	7%	8%	0%
Adjusted Rent/SF	\$7.50	\$7.49	\$6.55	\$ 6.74
	<u><b>Unadjusted</b></u>	<u><b>Adjusted</b></u>		
	\$7.00	High	High	\$7.50
	\$6.00	Low	Low	\$6.55
	\$6.55	Mean	Mean	\$7.07



**Adjusted Rental Rate per SF**

**Final Market Rent Conclusion.** The adjusted rental rates shown in the preceding grid range from \$6.55 to \$7.50 per square foot, with a mean of \$7.07 per square foot on a triple net basis (NNN) with the tenant responsible for paying all operating expenses except for management fees and a capital reserve allowance. Primary emphasis was placed on the mean of the range and a rental rate of \$7.00 per square foot (NNN) was considered to be reasonable for the subject property under current market conditions. As such, the annual potential gross income for the subject property (excluding reimbursement revenue) can be calculated as follows:

$$25,300 \text{ sq. ft.} \times \$7.00 = \$177,100$$

**Vacancy and Collection Loss:** This figure represents that portion of the subject which would not be rented during the year and is simply calculated as a percentage of the potential gross income. This amount of gross income loss is due to a number of factors, to include unleased space or the failure to collect rent for any reason. Based on market data, a vacancy and collection loss factor of 5.0% was deemed reasonable for the subject property.

**Effective Gross Income (EGI):** This figure is the amount that the subject would generate after reflecting vacancy and collection losses. Given the projected PGI of \$177,100 and vacancy and collection loss factor of 5.0%, the estimated EGI equates to \$168,245.

**Operating Expenses:** These are items necessary to maintain the subject including such items as ad valorem taxes, insurance, management fees, maintenance and repairs, contract services, utilities, and reserves for replacement. To estimate the net income to be generated by the subject property, the expenses incurred in producing this income must be deducted.

The estimated expenses for the subject property were based on the expenses of comparable industrial facilities in the region. Given that the subject is being analyzed on a NNN expense basis, the expenses attributed to the landlord were estimated to only include a 2.5% management fee and \$0.25 per square foot annual allowance for replacement of long-lived items (capital reserve allowance).

**Net Operating Income (NOI):** This is the amount of income left after expenses have been paid, but before debt service and depreciation. As depicted in the following Stabilized Operating Statement, the estimated NOI for the subject property equates to \$157,714.

## STABILIZED OPERATING STATEMENT

## INCOME:

25,300 sq. ft. x \$7.00 = \$177,100

**POTENTIAL GROSS INCOME:** **\$177,100**

Less Vacancy & Collections Loss (5%) - \$8,855

**EFFECTIVE GROSS INCOME:** **\$168,245**

## FIXED EXPENSES:

	<u>Per NRA</u>	<u>TOTAL</u>
Taxes	\$1.23	NNN
Insurance	\$0.20	NNN

## VARIABLE EXPENSES:

Management (2.5% of EGI)	\$0.17	\$4,206
Maintenance & Repairs	\$0.50	NNN
Utilities	\$1.50	NNN
Reserve Allowance	\$0.25	\$6,325

**TOTAL EXPENSES:** **\$3.85** **\$10,531** **-\$10,531**

**NET OPERATING INCOME:** **\$157,714**

## SELECTION OF CAPITALIZATION RATE

Overall rates of capitalization were estimated by extracting overall rates from actual sales in the marketplace, which ranged from 6.25% to 8.90%, with a mean of 7.92%. Additionally, the band of investments technique was conducted, which yielded an overall rate of 7.7%, and a national investor survey was referenced, which reported an average industrial overall rate of 8.78%. Considering the quality, location, and condition of the subject property, an overall rate near the mean of the range, or 8.0% was considered to be reasonable for the subject property. Therefore, the market value estimate for the subject property derived via the Direct Capitalization Method of the Income Approach can be calculated as follows:

$$\frac{\$157,714}{.0800} = \$1,971,425$$

In order to estimate the final market value conclusion, the contributory value of the surplus land (114.62 acres) must be estimated and added to the value above. A search for comparable land sales for tracts between 50 and 200 acres with limited utility was conducted, with the market range falling between \$1,100 and \$1,800 per acre. In many cases, land selling in this range is mostly suitable for recreational uses such as hunting, trail riding, etc. The majority of the subject surplus land is low and wet, thereby reducing the potential number of uses, even recreation uses. After considering the location, size, and topography of the surplus land, it was concluded that contributory value of \$1,500 per acre, or \$171,930, is reasonable. Therefore, the final Retrospective “As Is” Market Value of the subject property via the Income Approach, as of February 28, 2021, can be calculated as follows:

<b>Market Value of Improved Parcel</b>	<b>\$1,971,425</b>
<b>Plus, Contributory Value of Surplus Land</b>	<b><u>+\$ 171,930</u></b>
<b>Retrospective “As Is” Market Value</b>	<b>\$2,143,355</b>
 <b>Say:</b>	 <b><u><u>\$2,140,000</u></u></b>

#### **SALES COMPARISON APPROACH**

The Sales Comparison Approach is based upon the principle of substitution. The principle of substitution holds that the value of a property that is replaceable in the market tends to be set by the cost of acquiring an equally desirable substitute property.

The Sales Comparison Approach requires that a sufficient number of comparable sales be present in the market to reflect an accurate indication of value. In that event, market value can be derived directly from the sales since all factors involved are weighted according to their significance to actual buyers and sellers.

A direct comparison between each sale and the subject will be made on a point by point basis including factors such as conditions of sale, property rights conveyed, expenditures after the sale, changes in market conditions, location, size, quality/appeal, age/condition, land-to-building ratio, and any other physical characteristics that can impact the market value.

The following table summarizes four comparable industrial properties that have recently sold throughout the region on a fee simple basis. Sale No. 1 is located in the Flint market area but was included in the data set because it is a truck service facility and displays several similar physical characteristics as the subject. Sales No. 2 and 3 are both in the greater Lansing area and were deemed comparable. Sale No. 4 is a larger newer facility in a bedroom community along I-96, which affords this property many similar characteristics as the subject (location, quality, appeal, etc.). As such, these sales will be compared to the improved site only, with the contributory value of the surplus land addressed in the final reconciliation.

## COMPARABLE SALES SUMMARY

<u>Sale</u>	<u>Date</u>	<u>Location</u>	<u>Size (Sq Ft)</u>	<u>Year Built</u>	<u>Office Ratio</u>	<u>Sale Price</u>	<u>Price/ Sq Ft</u>
1	02/2020	4171 Holiday Dr., Flint, MI	5,325	1965	28.2%	\$480,000	\$90.14
2	01/2021	6424 Westland Way, Lansing, MI	10,138	1985	25.4%	\$665,000	\$65.59
3	11/2020	5943 N. Michigan, Dimondale, MI	16,183	1989	13.2%	\$1,008,000	\$62.29
4	12/2019	810 E Van Riper, Fowlerville, MI	131,333	2018	4.1%	\$8,100,000	\$61.68

**Adjustment Process.** The improved sales listed in the preceding table are considered to be the properties most comparable to the subject of all sales occurring in the recent past. In order to compare these sales with the subject, adjustments were applied to the sales for factors such as changes in market conditions, property rights conveyed, location, size, quality and appeal, age and condition, land to building ratio, zoning, ceiling height, utility availability, and any “other” factors that may have influenced the sale price. A discussion of the relevant elements of comparison follows.

**Market Conditions:** Since the peak of the recession around 2010, industrial market conditions in the greater Lansing area improved notably year-over-year, due in part, to increased demand from cannabis related users. As such, upward adjustments to account for the positive change in market conditions was the norm in recent years. However, as of the effective appraisal date, the entire world was dealing with the COVID-19 pandemic. On the upside, three vaccines are in the process of being distributed for administration, which is expected to return the country to normalcy by mid-to-late 2021.

Sales No. 2 and 3 occurred subsequent to the onset of the pandemic and were deemed to be reflective of current market conditions (no adjustment). Sales No. 1 and 4 occurred just prior to the onset of the pandemic and warranted a modest downward adjustment.

**Location:** The subject property has an average overall location in the greater Lansing area within direct proximity to US-127 on/off ramps. All of the comparable sales were considered to have similar overall locations when compared to the subject. The subject’s direct freeway access and exposure was the primary mitigating factor relative to each comparable’s market superiority.

**Size:** Typically, larger spaces will lease for less per square foot than smaller spaces due to economies of scale. The subject property contains 25,300 square feet of gross building area. Sales No. 1, 2 and 3 are notably smaller than the subject and warranted downward adjustments to varying degrees. Sale No. 4 is notably larger than the subject and warranted a sizable upward adjustment.

**Quality/Appeal:** The subject property exhibits good quality construction and design appeal with good industrial amenities including three service bays, heavy power, 5-ton and 30-ton crane-ways, 8" thick concrete floors, extensive concrete paving, perimeter fencing, and ample yard storage areas. Sales No. 1, 2 and 3 are inferior to the subject and warranted upward adjustments. Sale No. 4 exhibits superior quality and appeal compared to the subject and was adjusted downward.

**Age/Condition:** The subject improvements were constructed in 1994-1997 and 2020, and were in average to good condition overall. Sales No. 1, 2 and 3 are inferior to the subject and warranted upward adjustments. Sale No. 4 exhibits superior age/condition compared to the subject and was adjusted downward.

**Ceiling Height:** The ceiling height in an industrial or warehouse facility can have a significant affect on its market value. Typical market expectations favor facilities with ceilings between 20' and 24'. The subject has clear shop/warehouse ceiling heights from 20' to 22'. Sales No. 1 and 3 have notably lower ceilings compared to the subject and were adjusted upward accordingly. Sales No. 2 and 4 are within an acceptable variance of the subject and were not adjusted.

**Office to Warehouse Ratio:** The subject property exhibits an office/parts to shop/warehouse ratio of 16.6%, which is typical of the market. Sales No. 1 and 2 feature superior ratios and were adjusted downward. Sale No. 3 is within an acceptable variance of the subject and was not adjusted. Sale No. 4 feature a significantly inferior ratio compared to the subejct and warranted a sizable upward adjustment.

**Land to Building Ratio:** The improved subject property exhibits a land to building ratio of 11.14 to 1, which is high for the market and allows for future expansion, good semi-truck maneuverability, and/or ample yard storage. Sale No. 1 has a superior ratio and was adjusted downward. Sales No. 2, 3 and 4 have inferior ratios compared to the subject and were adjusted upward.

**Zoning:** The improved subject property is zoned M-1, Industrial Park. All of the comparable sales are similarly zoned. However, Sales No. 3 warrants a downward adjustment to account for the inclusion of cannabis use, which has resulted in upward pressure on pricing within those municipalities.

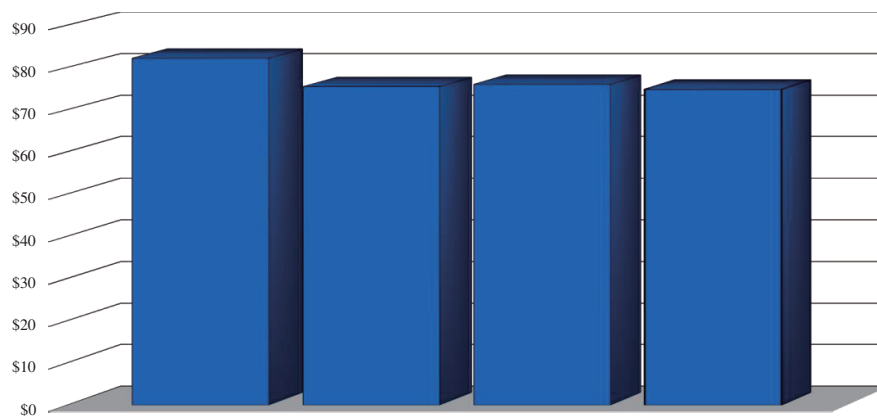
**Utility Availability:** The subject property utilizes on-site well and septic systems, which are adequate for many industrial uses. However, many industrial users require high-capacity municipal water and/or sewer systems, thereby reducing the potential buyer pool for the subject property. All of the comparable sales are superior in this regard and were adjusted downward accordingly.

Your attention is directed to the following adjustment grid and graph which depicts the adjustments applied to the comparable sales in order to derive a market value range for the subject property on a per square foot basis.

**APPENDIX IV****PROPERTY VALUATION****SALE ADJUSTMENT GRAPH AND GRID**

	<u>Sale 1</u>	<u>Sale 2</u>	<u>Sale 3</u>	<u>Sale 4</u>
Cash Equivalent Price/SF	\$ 90.14	\$ 65.60	\$ 62.29	\$ 61.68
Date of Sale	2/7/20	1/29/21	9/11/20	12/10/19
Market Conditions	-3%	0%	0%	-3%
Adjusted Cash Equivalent	\$ 87.44	\$ 65.60	\$ 62.29	\$ 59.83
Location	0%	0%	0%	0%
Size	-20%	-7%	-5%	20%
Quality & Appeal	10%	15%	15%	-5%
Age & Condition	10%	10%	7%	-10%
Ceiling Height	5%	0%	10%	0%
Office to Warehouse Ratio	-5%	-5%	0%	20%
Land to Building	-3%	5%	3%	3%
Zoning	0%	0%	-5%	0%
Utility Availability	-3%	-3%	-3%	-3%
Net Percentage Adjustments	-6%	15%	22%	25%
Adjusted Sale Price/SF	\$ 82.19	\$ 75.44	\$ 75.99	\$ 74.79

<u>Unadjusted</u>	<u>Adjusted</u>		
\$90.14	High	High	\$82.19
\$61.68	Low	Low	\$74.79
\$69.93	Mean	Mean	\$77.10

**Adjusted Sale Price per SF**

**Sale Price Per Square Foot Method Conclusion:** After adjustments, the sale prices range from \$74.79 to \$82.19 per square foot, with a mean of \$77.10 per square foot. Primary weight was placed on the mean of the established market range or \$77.00 per square foot. Therefore, the market Value of the subject property via the Sale Price Per Square Foot Method can be calculated as follows:

$$25,300 \text{ Sq. Ft.} \times \$77.00 \text{ Per Sq. Ft.} = \$1,948,100$$

In order to estimate the final market value conclusion, the contributory value of the surplus land (114.62 acres) must be estimated and added to value above. A search for comparable land sales for tracts between 50 and 200 acres with limited utility was conducted, with the market range falling between \$1,100 and \$1,800 per acre. In many cases, land selling in this range is mostly suitable for recreational uses such as hunting, trail riding, etc. The majority of the subject surplus land is low and wet, thereby reducing the potential number of uses, even recreation uses. After considering the location, size, and topography of the surplus land, it was concluded that contributory value of \$1,500 per acre, or \$171,930, is reasonable. Therefore, the final Retrospective “As Is” Market Value of the subject property via the Sales Comparison Approach, as of February 28, 2021, can be calculated as follows:

<b>Market Value of Improved Parcel</b>	<b>\$1,948,100</b>
<b>Plus, Contributory Value of Surplus Land</b>	<b><u>+\$ 171,930</u></b>
 <b>Retrospective “As Is” Market Value</b>	 <b>\$2,120,030</b>
 <b>Say:</b>	 <b>\$2,120,000</b>

#### RECONCILIATION AND FINAL VALUE ESTIMATE

All three approaches to value were considered as part of the appraisal process. The Income Approach resulted in a value conclusion of \$2,140,000, and the Sales Comparison Approach resulted in a value conclusion of \$2,120,000. Given that the buyer of the subject property would most likely be an owner-user, primary consideration was given to the Sales Comparison Approach. Therefore, the final retrospective market value estimate is as follows.

<b>MARKET VALUE CONCLUSION</b>			
<b>Appraisal Premise</b>	<b>Property Rights</b>	<b>Date of Value</b>	<b>Value Conclusion</b>
Retrospective “As Is” Market Value	Fee Simple	February 28, 2021	\$2,120,000 (equivalent to approximately HKD16,536,000) <sup>3</sup>

<sup>3</sup> Based on an exchange rate of USD1.00 to HKD7.80.



## APPENDIX IV

## PROPERTY VALUATION

<u>Property No.</u>	<u>Property name and full address</u>	<u>Holding entity</u>	<u>City</u>	<u>District</u>	<u>Land use</u>	<u>Type of property</u>	<u>Market value in existing state as at the Valuation Date</u>	<u>Interest attributable to the Group</u>
								(%)
1	3259 Holt Road, Mason (Alaiedon Township), Ingham County, MI 48854	Energy Development, Inc	Mason	Alaiedon Township	Industrial Use with Surplus Land	Industrial Office/Service/Warehouse	\$2,120,000 (U.S.)	40%

*The following is the text of a letter and valuation summaries prepared for the purpose of incorporation in this document received from Aon Risk Services Australia Limited, an independent property valuer, in connection with its opinion of the value of certain property interests of the Group in Australia as at 28 February 2021. As stated in “Appendix V – Documents Available for Inspection”, a copy of the full property valuation reports is available for public inspection.*

**VALUATION REPORT**

**VALUATION OF LAND AND IMPROVEMENTS FOR DISCLOSURE PURPOSES**

*CK Asset Holdings Limited*

*Specified Locations about New South Wales, South Australia & Queensland*

*27 April 2021*

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Ck Asset Holdings Ltd Property Mkt Valn Combined Rpt Apr 2021 V1

## 1. INTRODUCTION

### 1.1. Valuation Instruction

Acting on written instructions from CK Asset Holdings Limited, we have undertaken a desktop market valuation for disclosure purposes of the following properties:

- 53 Alfred Quinn Drive, Middelmount QLD 4746
- 49 Grosvenor Drive, Moranbah QLD 4744
- 21 Technology Drive, Appin NSW 2560
- Part 23-29 Nixon Road, Wingfield SA 5013

Special instructions for Part 23-29 Nixon Road, Wingfield: We have undertaken a valuation of the office component and land beneath only (Allotment 40 on Deposed Plan 666) in accordance with our specific instructions. All other improvements and adjoining lots have been disregarded in our valuation assessment herein.

We acknowledge that (i) this combined report will be incorporated into the circular and offer document and an announcement to be uploaded to the website of the Stock Exchange of Hong Kong Limited and CK Asset Holdings Limited on or around 27th April 2021; and (ii) be a document on display in accordance with The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission (the “Takeovers Code”). This report is to be referenced in conjunction with the long-form individual reports provided to CK Asset Holdings Limited for the specified properties above, which will be documents on display in accordance with the Code.

*This report has been prepared for the private and confidential use of CK Asset Holdings Limited for the asset acquisition/share buyback transaction (announced on 18 March 2021). We understand that this valuation will be included in the circular and offer document that will be dispatched and uploaded to the websites of the Stock Exchange of Hong Kong Limited and CK Asset Holdings Limited on or around the 27th April 2021. Aon Valuation Services does not contemplate that this report or any part of it will be relied upon by any other parties and we accept no responsibility to any other parties. However, any other party who obtains this report may seek our written consent to rely on it. We reserve the right to review the contents of this report if our consent is sought.*

*Only an original valuation report received directly from Aon Valuation Services, without any third party intervention, can be relied upon.*

*This report is only representative of our opinion of value as at the date of issue and where the date of valuation is different to our date of issue, we have assumed that the property is in the same condition on the date of valuation as at the date of issue.*

*This valuation is prepared having reference to market evidence available as at the date of issue of this report. Our valuation specifically assumes that there have been no changes in market conditions or sentiments between the date of issue and the date of valuation. The value assessed herein may change significantly over a relatively short period of time as a result of general market movements or factors specific to the subject property. Aon Risk Services Australia Limited does not accept liability for losses arising from changes in these factors and subsequent changes in market value. Not limiting the above, Aon Risk Services Australia Limited does not assume any responsibility for this valuation where the valuation is relied upon after a period of three months from the date of valuation without undertaking a re-inspection of the property and further investigation and analysis, or earlier should you become aware of any factors that would negatively influence the marketability and valuation of the property.*

*The market that the property has been valued in is being impacted by the uncertainty that the COVID-19 outbreak has caused. Market conditions are changing daily at present. As at the date of valuation we consider that there is a market uncertainty resulting in significant valuation uncertainty.*

*This valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the Valuer could not reasonably have been aware of as at the date of valuation). We do not accept responsibility or liability for any losses arising from such subsequent changes in value.*

*Given the valuation uncertainty noted, we recommend that the user(s) of this report review this valuation periodically.*

It is declared by the valuer that:

- they are registered in Queensland to value real property;
- they have satisfied the professional requirements of the Australian Property Institute and is an Associate member of this organisation;
- this valuation has been carried out in accordance with Rule 11 of the The Codes on Takeovers, Mergers and Share Buy-backs (the “Code”) issued by the Securities and Futures Commission (the “SFC”) of Hong Kong.
- they do not have a pecuniary, or any other interest in the subject property(ies);
- they have relevant experience in the valuation of property similar to the subject;

- they have **not** made a personal inspection of the property (desktop assessment only based on information and photographs supplied by CK Asset Holdings Limited and sourced from publically available and subscription services);
- the statements of fact represented in the report are correct to the best of their knowledge;
- the analysis and conclusions are limited only by the reported assumptions and conditions;
- the fee for the valuation is not contingent upon any aspect of this report;
- they have acted as an external valuer in this appointment,
- we are not experts in building materials;
- they are not qualified to determine the existence of ACP or EPS cladding system (or similar) is present in a building/development from a visual inspection alone;
- they are not able to identify from a visual inspection whether the cladding used, or method of attachment, is compliant/conforming or non-compliant/non-conforming; and
- as such we are not expected to make or required to make any enquiries into whether ACP or EPS cladding (or similar) is compliant/conforming or non-compliant/non-conforming,
- all values stated in this report are in Australian Dollars.

It is also declared that the value contained within this report has been established based on a range of factors and considerations, including:

- the condition and location of the assets;
- restrictions, if any, on the sale or use of the asset;
- that the assumed transaction to sell the asset takes place in the principal market for the asset, or in the absence of a principal market, in the most advantageous market for the asset;
- the likely market participants for the asset;
- no allowance for transaction costs associated with the sale of the asset have been taken into account in the valuation conclusion; and
- the highest and best use of the asset.

In undertaking our assessment of the subject property, the information contained within this report has been sourced from the following:

- information and photographs provided by the client,
- public and subscription data services such as Infotrack, SAI Global, Nearmap, PriceFinder, National Trust of Australia, Whereis.com,
- various state and local government websites,
- real estate sales and leasing agents.

We have relied on the information obtained from these sources and have undertaken no further investigations to verify this information.

### **1.2. Basis of Valuation**

In accordance with your instructions we have valued the freehold property held as fee simple estates of CK Asset Holdings Limited on the basis of Market Value for disclosure purposes in accordance with Rule 11 of the The Codes on Takeovers, Mergers and Share Buy-backs (the “Code”) issued by the Securities and Futures Commission (the “SFC”) of Hong Kong.

In accordance with Rule 11 Section (c), the basis of valuation will normally be market value as defined in the HKIS Valuation Standards. A property which is occupied for the purposes of the business will be valued at existing use value.

Where a property has been adapted or fitted out to meet the requirements of a particular business, the market value should relate to the property after the works have been completed. Alternatively, the market value may relate to the state of the property before the works had commenced and the works of adaptation may be valued separately on a depreciated replacement cost basis, subject to adequate potential profitability.

Specialised properties occupied by the business should be valued on a depreciated replacement cost basis, as defined in the HKIS Valuation Standards subject to adequate potential profitability.

Properties held as investments or which are surplus to requirements and are held pending disposal should be valued at market value.

The assessment of Land and Buildings have been undertaken on the basis of Market Value in accordance with the International Valuation Standards Council (IVSC).

Market Value is defined by the International Valuation Standards Council as:

*“Market Value is 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.”*

We specifically note under Rule 11.3 Potential Tax Liability, where a valuation is provided in connection with an offer, there should normally be a statement regarding any potential tax liability which would arise if the assets were to be sold at the amount of the valuation, accompanied by an appropriate comment as to the likelihood of any such liability being imposed.

We must point out that we are not tax experts and are not qualified to provide an opinion on any tax matters in relation to the property or company. We are not privy to the financial circumstances of the owners, nor have any knowledge of the management plans that are intended for the property. We recommend that any party relying upon this valuation seek independent advice from a qualified tax expert and/or solicitor in relation to any tax liabilities which may affect the property.

As advised by the registered proprietor (CK Asset Holdings Limited) of the property, the potential tax liability which would arise on the direct disposal of the property, at the amount valued by us, would typically comprise a tax on the capital gain (this being the difference between the acquisition and sale price of the property) associated with the sale at the prevailing corporate tax rate (in Australia this is 30% or 26% if eligible as a base rate entity) and, if not registered, for Goods and Services Tax (GST). However, we highlight that GST does not apply to property when it is sold as part of a GST-free sale of a going concern.

We understand that the likelihood of the tax liability being imposed is remote provided that there are no planned or immediate intentions of disposal of the property.

### **1.3. Date of Valuation**

This report is as at 28 February 2021, which has been undertaken as a ‘desktop assessment’ and based upon information supplied to us by CK Asset Holdings Limited and further investigations leading up to the date of issue of this report. Due to possible changes in market forces and circumstances in relation to the subject property this report can only be regarded as representing our opinion of the value of the property as at 27 April 2021, which has been based on appropriate assumptions determined as at that date.

*This valuation is prepared having reference to market evidence available as at the date of issue of this report. Our valuation specifically assumes that there have been no changes in market conditions or sentiments between the date of issue and the date of valuation. The value assessed herein may change significantly over a relatively short period of time as a result of general market movements or factors specific to the subject property. Aon Risk Services Australia Limited does not accept liability for*



*losses arising from changes in these factors and subsequent changes in market value. Not limiting the above, Aon Risk Services Australia Limited does not assume any responsibility for this valuation where the valuation is relied upon after a period of three months from the date of valuation without undertaking a re-inspection of the property and further investigation and analysis, or earlier should you become aware of any factors that would negatively influence the marketability and valuation of the property.*

#### **1.4. Potential Further Investigations**

##### ***1.4.1.Critical Assumptions (All Properties)***

We have made the following critical assumptions for this valuation and reserve the right to amend our assessment if further investigations indicate the assumptions are erroneous:

- *We have **not** undertaken a physical inspection of the properties in accordance with our instructions (desktop assessment only). We have relied upon information such as the. Certificate(s) of Title, accommodation and photographs supplied to us by the client in completing our assessment.*

*The photographs supplied to us are limited to external views of the property only (in some instances). We have therefore had to make assumptions as to the quality and condition of the internal improvements, which in this instance, we have assumed to be broadly similar to that observed externally. Our valuation specifically assumes that the improvements present in good condition with no essential repairs required. Should a subsequent inspection show otherwise, we reserve the right to amend our valuation.*

- *Our valuation has been undertaken on the basis that the subject property is not affected by asbestos and/or any environmental contamination.*
- *The market that the property has been valued in is being impacted by the uncertainty that the COVID-19 outbreak has caused. Market conditions are changing daily at present. As at the date of valuation we consider that there is a market uncertainty resulting in significant valuation uncertainty.*

*This valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the Valuer could not reasonably have been aware of as at the date of valuation). We do not accept responsibility or liability for any losses arising from such subsequent changes in value.*

*Given the valuation uncertainty noted, we recommend that the user(s) of this report review this valuation periodically.*

#### **1.4.2. Additional Critical Assumptions (Part 23-29 Nixon Road, Wingfield)**

- *The subject property comprises an office/warehouse facility, power plant and associated site improvements. The improvements are situated upon four (4) contiguous allotments. For the purposes of this assessment, we have been specifically instructed to assess the value of the office component and associated land beneath only (Allotment 40 on DP 666).*

*We specifically note that this valuation does not take into account the adjoining lots (Allotments 41-43 on DP 666) along with the attached warehouse at the rear of the subject office and associated site improvements and infrastructure.*

- *We have relied upon a copy of a title search dated 24 June 2014 supplied to us by CK Asset Holdings Ltd. We have verified that the details on the Certificate of Title is consistent with the current Land Titles Office records; however, we have been unable to verify if the encumbrances and notifications listed on the title is still current. As such, our valuation has been undertaken on the assumption that the information contained within the Certificate of Title is still current and accurate. Should there be any discrepancies noted subsequent to our valuation being completed, the matter should be referred back to the valuer for comment.*
- *Our search of the Environmental Protection Agency (EPA) South Australia Public Register indicates that 23-29 Nixon Road, Wingfield is listed due to potentially contaminating activities associated with fuel burning (not coal or wood). It appears that a Licence (#1458) has been issued by the EPA to the operator of the site.*

*Our valuation specifically assumes the continued appropriate management of such operations and that they do not pose an environmental risk to the site. Accordingly, we have undertaken our valuation assessment under the express assumption that the subject property is free from any form of contamination.*

#### **1.4.3. Verifiable Matters**

Aon Valuation Services has made limited investigations regarding a number of aspects detailed within this report and based on these investigations, we have made assumptions regarding these matters. These assumptions can be established as fact by further action or investigation, and include items such as:

- further investigations as to unregistered easements or encumbrances;

- written Town Planning Certificates;
- written Flood search;
- resuming authority searches;
- inspection of the improvements by the local authority building department or health department;
- searches of the contaminated land register / environmental management registers;
- licensing commission searches; and
- Heritage Registers.

#### ***1.4.4. Matters Requiring Further Consultancy***

Other assumptions made by Aon Valuation Services within this report can be confirmed by engaging other consultants, including the following:

- Licensed Surveyor – identification survey, survey of building / lettable areas;
- Building Engineers – survey on structural, mechanical, hydraulic and other improvements;
- Geotechnical Engineer – soil survey;
- Town Planner – maximum development potential permissible under the Town Plan;
- Environmental Engineer – environmental audit;
- Asbestos Management – asbestos audit;
- Accountant – audit of books of account; and
- Pest Inspector – pest control certificate.

## 2. PROPERTY DESCRIPTION, SALES EVIDENCE, VALUATION METHODOLOGY & RATIONALE

### 2.1. 53 Alfred Quinn Drive, Middlemount QLD 4746

#### *Property Summary*

<b>Real Property Description:</b>	Lot 14 on Crown Plan M112140		
<b>Encumbrances / Restrictions:</b>	1. Rights and interests reserved to the Crown by Deed of Grant No. 40047934 (Lot 14 on CP M112140)		
<b>Site Frontage:</b>	Approx. 24 metres	<b>Site Area:</b>	1,128 sqm
<b>Zoning:</b>	Low Density Residential	<b>LGA:</b>	Isaac Regional Council
<b>Number of Buildings:</b>	One (1)	<b>Current Use:</b>	Residential
<b>Built About:</b>	Circa 1980/90's	<b>Additions:</b>	Not applicable
<b>Areas (sqm):</b>	Approx. 98 sqm	<b>Outdoor / Attachments</b>	Verandah
<b>Car Accommodation:</b>	Unknown	<b>Car Areas:</b>	Unknown
<b>Heritage Issues:</b>	No		
<b>Environmental Issues:</b>	No		

#### *Improved Sales Evidence & The Market*

<u>Address</u>	<u>Sale Date</u>	<u>Sale Price</u>	<u>Site Area (m<sup>2</sup>)</u>	<u>\$/m<sup>2</sup> of Site Area</u>
5 Adair Street, Dysart	Jan 2021	\$160,000	852	\$188

A single storey timber weatherboard detached residence providing 3 bedroom, 1 bathroom accommodation with a single carport (under main roof). Updated kitchen and bathroom. Fully fenced with various sheds at the rear. Located within proximity to the Dysart town centre.

A smaller landholding with superior improvements to the subject. Dysart is a slightly superior residential suburb located approximately 50 kilometres north west of the subject. Overall, considered superior.

15 Perry Street, Dysart	Jan 2021	\$130,000	789	\$165
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<u>Address</u>	<u>Sale Date</u>	<u>Sale Price</u>	<u>Site Area (m<sup>2</sup>)</u>	<u>\$/m<sup>2</sup> of Site Area</u>
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A single storey timber weatherboard/fibre cement detached dwelling providing 3 bedroom, 1 bathroom accommodation. The house features an additional lounge room. Updated kitchen and bathroom. Fully fenced yard.

A smaller site with not too dissimilar improvements to the subject. Situated in Dysart which is a slightly superior location. Overall, considered slightly inferior.

30 Beardmore Crescent, Dysart	Dec 2020	\$145,000	952	\$152
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A two storey timber weatherboard detached residence providing 3 bedroom, 1 bathroom accommodation with two car spaces (underneath the house). Rear timber decked entertainment area. Fully fenced block with a garden shed. Largely original condition. Located along a local arterial road.

A slightly smaller allotment with inferior condition improvements to the subject. Situated in Dysart which is a slightly superior location. On balance, broadly comparable.

36 Beresford Crescent, Dysart	Sept 2020	\$195,000	798	\$244
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A single storey timber weatherboard detached dwelling providing 3 bedroom, 1 bathroom accommodation with a double detached carport. Predominantly renovated throughout (kitchen, bathroom, laundry etc). Fenced yard with a garden shed. Situated along a local arterial road.

A smaller landholding having superior improvements to the subject. Situated in Dysart which is a slightly superior location. Overall, considered superior.

10 Centenary Drive South, Middlemount	March 2020	\$100,000	800	\$125
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A single storey brick detached residence providing 3 bedroom, 1 bathroom accommodation with a single carport (under main roof). Largely original condition improvements. Fully fenced yard. Located along a major arterial roadway.

A smaller allotment with inferior improvements to the subject. Located some 2 kilometres south east of the subject, albeit along a busier road. Overall, considered inferior.

*\* Rate/m<sup>2</sup> is inclusive of improvements*

### **Valuation Methodology**

The subject property, known as 53 Alfred Quinn Drive, Middlemount, comprises a regular shaped land parcel of approximately 1,128 square metres with a street frontage of approximately 24 metres. The property is located within the rural suburb of Middlemount in Central Queensland, approximately 240 kilometres south west of Mackay and 250 kilometres north west of Rockhampton.

The improvements comprise a single storey, part timber weatherboard and fibre cement residence providing three (3) bedroom, one (1) bathroom accommodation. We have assumed the improvements present in average condition throughout.

In assessing the market value for the subject property, we have examined the available market evidence in the context of the existing ongoing use. We have adopted the **Direct Comparison** approach as the method of valuation.

The Direct Comparison approach involves comparing the subject with identical or similar assets for which price information is available. In the case of the subject site, sales of residential properties have been considered, making allowances for the land size, number of bedrooms and bathrooms, location, access and other constraints and features.

We have undertaken a broad search for sales evidence of other similar residential properties within Middlesbrough. This search indicated that there has been a limited number of recent sales with similar accommodation to the subject and land content greater than 1,000 square metres. Our discussions with local estate agents revealed that Middlesbrough is generally a tightly held locality as evidenced by a low volume of transactions over the years. As a result, we have had to search for sales of similar properties in other regional locations (i.e Dysart etc) and make appropriate adjustments to account for the difference in characteristics and locational attributes etc.

Based on the above sales evidence and having regard to our earlier comparative comments, we consider that an appropriate value range for the subject property is between \$130,000 and \$150,000. We have adopted a market value for the subject property at the middle of the aforementioned range of **\$140,000** for the purposes of this assessment.

#### *Valuation & Assessments Summary*

<b>Interest Valued:</b>	Freehold
<b>Value Component:</b>	
Land:	\$ 13,000
Improvements:	\$ 127,000
<b>MARKET VALUE:</b>	<b>\$ 140,000</b>
	(equivalent to approximately HKD837,200) <sup>1</sup>

<sup>1</sup> Based on an exchange rate of 1 AUD to 5.98 HKD.

## 2.2. 49 Grosvenor Drive, Moranbah QLD 4744

*Property Summary*

<b>Real Property Description:</b>	Allotment 11 on Survey Plan 101157		
<b>Encumbrances / Restrictions:</b>	Easements, Encumbrances and Interests 1. Rights and interests reserved to the Crown by Deed of Grant No. 30478104 (POR 20) Deed of Grant No. 30478105 (POR 20) 2. Easement No 601335446 (C678114L) 06/07/1993 benefiting the land over easement D on RP620270 3. Easement No 601732524 (C678281Y) 07/07/1993 benefiting the land over easement A on RP853653 Administrative Advices – Nil Unregistered Dealings – Nil		
<b>Site Frontage:</b>	Approx. 44 metres	<b>Site Area:</b>	1,161 sqm
<b>Zoning:</b>	Low Density Residential	<b>LGA:</b>	Isaac Regional
<b>Number of Buildings:</b>	One (1)	<b>Current Use:</b>	Residential
<b>Built About:</b>	Post 2000	<b>Additions:</b>	Inground swimming pool
<b>Building Area (sqm):</b>	310 sqm		
<b>Heritage Issues:</b>	No		
<b>Environmental Issues:</b>	Our investigations show the property is not located in a flood prone area and within a potential impact bushfire zone area.		

*Improved Sales Evidence & The Market*

<u>Address</u>	<u>Sale Date</u>	<u>Sale Price</u>	<u>Site Area (m<sup>2</sup>)</u>	<u>\$/m<sup>2</sup> of Site Area</u>
18 Bernborough Avenue, Moranbah	Jan 2021	\$483,000	921	\$524

<u>Address</u>	<u>Sale Date</u>	<u>Sale Price</u>	<u>Site Area (m<sup>2</sup>)</u>	<u>\$/m<sup>2</sup> of Site Area</u>
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A single storey residence located 3.7 kilometres east of the subject property. The property comprises four bedroom, two bathroom accommodation with a double garage to the rear.

A smaller landholding with inferior improvements to the subject property. Considered inferior.

14 Turvey Court, Moranbah	March 2021 (Agent Advised)	\$488,000	972	\$502
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A single storey residence located 4 kilometres east of the subject property. The property comprises four bedroom, two bathroom accommodation with a double garage under the main roof.

A smaller landholding with inferior improvements to the subject property. Considered inferior.

19 Bernborough Ave Moranbah	Apr 2021 (Agent Advised)	\$403,000	813	\$496
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A two storey clad residence located 3.6 kilometres east of the subject property. The property comprises five bedroom, single bathroom accommodation with a garage and double carport.

A smaller landholding with inferior improvements to the subject property. Considered inferior.

36 Lambert Drive, Moranbah	Feb 2021	\$455,000	766	\$594
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A single storey residence located 5.6 kilometres east of the subject property. The property comprises four bedroom, two bathroom accommodation with a double garage under main roof.

A smaller landholding with inferior improvements to the subject property. Considered inferior.

2A & 2B Herbert Circuit Moranbah	Jan 2021	\$530,000	799	\$663
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Two detached dwellings held under a single title located 2 kilometres north of the subject property. 2A Herbert Ct provides three bedroom, single bathroom accommodation with a garage. 2B Herbert Circuit provides a two storey residence providing four bedrooms, two bathroom accommodation with double garage. Considered Superior. Utilised as a guide to value.

\* Rate/m<sup>2</sup> is inclusive of improvements



*Valuation Methodology & Rationale*

The subject property, known as 49 Grosvenor Drive, Moranbah, comprises an irregular shaped large land parcel of approximately 1,161 square metres with a wide frontage of 44 metres. The property is located in a well sought after position in Moranbah, being approximately 150 radial kilometres south-west of Mackay and 8 kilometres from Moranbah airport. Moranbah is considered as a relatively new coal mining town consisting a population of 8,735 per the 2016 census.

We have been advised that the improvements comprise a single storey, clad residence providing six (6) bedroom, three (3) bathroom accommodation with a garage under the main roof.

In undertaking our market value of the subject property, we have undertaken a broad search for other similar residential properties within Moranbah. This search indicated that there has been a limited number of recent sales with similar accommodation to the subject and land content greater than 1,000 square metres. The market evidence detailed in this report has been utilised as a guide and we have made appropriate adjustments based on our experience and opinion in determining the drivers of value.

In assessing the market value for the subject property, we have examined the available market evidence in the context of the existing ongoing use. We have adopted the **Direct Comparison** approach as the method of valuation.

The Direct Comparison approach involves comparing the subject with identical or similar assets for which price information is available. In the case of the subject site, sales of residential properties have been considered, making allowances for the land size, number of bedrooms and bathrooms, location, access and other constraints and features.

Based on the above sales evidence and having regard to our earlier comparative comments, we have adopted a market value for the subject property of **\$520,000** for the purpose of this assessment.

*Valuation & Assessments Summary*

<b>Interest Valued:</b>	Freehold
<b>Value Component:</b>	
Land:	\$ 80,000
Improvements:	\$ 440,000
<b>MARKET VALUE:</b>	<b>\$ 520,000</b>
	<b>(equivalent to approximately HKD3,109,600)<sup>2</sup></b>

**2.3. 21 Technology Drive, Appin NSW 2560***Property Summary*

<b>Real Property Description:</b>	Lot 21 in DP1030127
<b>Encumbrances / Restrictions:</b>	<ol style="list-style-type: none"> <li>1 RESERVATIONS AND CONDITIONS IN THE CROWN GRANT(S)</li> <li>2 EXCEPTING LAND BELOW A DEPTH FROM THE SURFACE OF 91.44 METRES – SEE G995753</li> <li>3 DP1006935 EASEMENT TO DRAIN WATER 3 &amp; 6 METRE(S) WIDE AFFECTING THE PART(S) SHOWN SO BURDENED IN DP1006935</li> <li>4 DP1089998 EASEMENT TO DRAIN WATER 6 METRE(S) WIDE APPURTENANT TO THE LAND ABOVE DESCRIBED</li> <li>5 AE191568 EASEMENT FOR PADMOUNT SUBSTATION 2.75 METRE(S) WIDE AFFECTING THE SITE DESIGNATED (1) IN PLAN WITH AE191568</li> </ol>
<b>Site Dimensions:</b>	26.55 IRR / 58.45 x 109.89 IRR / 85.94
<b>Site Area:</b>	4,985 sqms
<b>Zoning:</b>	IN2: Light Industrial
<b>LGA:</b>	Wollondilly Shire Council
<b>Number of Buildings:</b>	One (1)
<b>Current Use:</b>	Industrial

<sup>2</sup> Based on an exchange rate of 1 AUD to 5.98 HKD.

<b>Built About:</b>	Circa 1980's, refurbished early 2000's	<b>Additions:</b>	None.
<b>Areas (sqm):</b>	Warehouse: 1,335 Office: 280 Annex store: 240 <b>Total: 1,855 sqm</b>	<b>Other:</b>	Shed: 35
<b>Heritage Issues:</b>	The subject property is not identified as a heritage item.		
<b>Environmental Issues:</b>	<ul style="list-style-type: none"> <li>● A portion of the subject's northern boundary alignment is situated in a bushfire prone land area.</li> <li>● The subject property is not affected by contamination per the NSW EPA register.</li> </ul>		
<b>Essential Repairs:</b>	Assumed none.		

***Vacant Land Sales Evidence***

<u>Address</u>	<u>Sale Date</u>	<u>Sale Price</u>	<u>Site Area (m<sup>2</sup>)</u>	<u>\$/ (m<sup>2</sup>)</u>	<u>Zoning</u>
14 & 16 Technology Drive, Appin	26/02/2020	\$1,800,000	4,757	\$378	IN2: Light

Two contiguous, regular shaped vacant land parcels held under separate titles located nearby the subject property. Similar size, zoning and land content. Considered comparable.

11 Bosci Road, Ingleburn	22/10/2020	\$1,750,000	2,001	875	IN1: General
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A slightly irregular shaped vacant land parcel located in a superior location to the subject property. Considered superior.

*Improved Sales Evidence*

Address	Sale Date	Sale Price	Site Area (m <sup>2</sup> ) \$/(m <sup>2</sup> )	Zoning	Building Area (m <sup>2</sup> )	Yield
13 Montore Road Minto	27/11/2020	\$4,500,000	6,505 \$ 692	IN1: General	1,961 <b>\$2,295</b>	4.80%

A freestanding industrial facility located within the Minto industrial precinct. The property provides clear span warehouse accommodation with an office component and ample carparking onsite. Vehicular access provided from two driveways from the Montore street frontage. Sold fully leased to ASX listed tenancy Austex Dies Pty Limited at a reported passing annual rental of \$215,793 per annum net which commenced 5 December 2020. Low site coverage at 30% with potential for further development (STCA). Similar sized facility but superior land content and location. Considered superior.

7 Huntsmore Road Minto	16/03/2020	\$3,200,000	2,000 \$1,600	IN1: General	1,550 <b>\$2,065</b>	VP
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A freestanding concrete panel industrial facility located just off of Airs Road within the Minto industrial precinct. The property provides clear span warehouse accommodation (with 7.4m container height clearance), offices and council approved mezzanine level of 168 square metres. Onsite car parking is provided forward of main building improvements. Sold with vacant possession. Similar sized facility located within a superior locality but far inferior land content to the subject. Considered comparable on balance.

15 Mount Erin Road, Campbelltown	8/12/2020	\$4,150,000	2,980 \$1,393	IN2: Light	1,754 <b>\$2,366</b>	4.67%
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A modern industrial facility located within the established Campbelltown industrial precinct. The property provides clear span warehouse accommodation (with an 8 – 9 metre clearance), a two storey office component and carparking forward of main building improvements. Sold fully leased at a reported passing annual rental of \$193,755.12 per annum net with a 10 + 5 + 5 term to expire November 2023. A similar sized facility with superior improvements and location to the subject property. Considered superior.

16 Bellingham Street, Narellan	25/03/2021	\$2,180,000	1,489 \$1,464	IN1: General	700 <b>\$3,114</b>	VP
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A freestanding industrial facility located within the centre of the older industrial precinct in Narellan (with a new proposed train line to service the area). Sold with vacant possession. Far smaller industrial facility and land content. A lower rate is warranted for the subject property.

<u>Address</u>	<u>Sale Date</u>	<u>Sale Price</u>	<u>Site Area (m<sup>2</sup>) \$/m<sup>2</sup></u>	<u>Zoning</u>	<u>Building Area (m<sup>2</sup>)</u>	<u>Yield</u>
16 Ironbark Avenue, Camden	22/12/2020	\$1,530,000	1,043 \$1,467	IN2: Light	1,094 <b>\$1,399</b>	VP

An older type industrial facility comprising a workshop and office utilised as a motor repair facility and storeroom. Sold with vacant possession. Similar zoned property. Far inferior improvements, size and land content. Considered inferior.

21 Chifley Street, Smithfield	04/05/2020	\$5,900,000	6,788 \$ 869	IN1: General	1,198 <b>\$4,925</b>	5.43%
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A more modern industrial facility providing clear span warehouse accommodation, a two storey office component and ample hardstand and carparking onsite. Sold fully leased at a reported passing annual rental of \$320,075 per annum net to expire on 19 March 2022 with two (2) option periods of two (2) years. Superior improvements and location to the subject property. Considered superior.

### ***Leasing Evidence***

<u>Address</u>	<u>Leased Area m<sup>2</sup></u>	<u>Start date</u>	<u>Lease Term + options</u>	<u>Starting Net Rental (ex-GST) \$ p.a</u>	<u>Rental Reviews</u>	<u>Net Rent Rate \$ / m<sup>2</sup></u>
13 Technology Drive, Appin	292	Mar 21	2+1	\$25,000	Annual CPI	\$86

Comprises a modern industrial unit situated nearby the subject property. A far smaller sized industrial facility utilized as a guide to rental value.

13 Montore Road, Minto	1,961	Dec 20	5	\$215,793	Annual CPI	\$110
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A freestanding industrial facility located within the Minto industrial precinct. The property provides clear span warehouse accommodation with an office component and ample carparking onsite. Vehicular access provided from two driveways from the Montore street frontage. Similar sized facility located within a superior locality. Considered superior.

18 Garner Place, Ingleburn	1,473	Mar 19	5+5	\$163,909	Annual 3% increases or CPI	\$111
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A modern industrial facility located within an established industrial precinct in Ingleburn. The property provides clear span warehouse accommodation, an office component and carparking forward of main building improvements. Superior improvements and location to the subject property. Considered superior.

### *Additional Comments & Calculations*

The subject property comprises an industrial facility located in the rural township of Appin in Sydney's south-western suburbs. The property is situated in a small industrial pocket with the surrounding development comprising similar light use industrial properties with vacant allotments intermingled. Industrial land and land values within the Wollondilly local government area have seen a strong increase due to limited supply and strong demand from owner occupiers seeking more affordable industrial land within proximity to metropolitan areas. The suburbs of Picton, Thirlmere and Warragamba however have remained steady and have shown a steady trend whereas other IN2: light industrial precincts have exhibited strong increases.

Taking the above into consideration, the highest and best use of the site is its current light industrial usage and given the improvements erected on the site, it is not considered to have any other sub-division or development potential.

In undertaking our market value of the subject property, we have undertaken a broad search for other similar assets within the locality. This search indicated that there has been a limited number of land and improved sales within Appin over the last 18 months. The market evidence detailed in this report has been utilised as a guide and we have made appropriate adjustments based on our experience and opinion in determining the drivers of value.

In assessing the value of the subject property, we have examined the available market evidence in the context of the current improvements and their condition and have adopted the direct comparison and capitalised income approach to value.

### *Methodology & Rationale*

The capitalisation approach calculates the value of a property by applying a yield to the property's income. The yield is the derived percentage return of a property calculated by applying the income it produces against its market value taking into consideration the current use and location of the property. The appropriate yield is established with reference to analysed sales evidence, whilst the market rental has been established having regard to market rental evidence for similarly appointed properties.

Based on the sales analysed and general market conditions within south-western Sydney, an appropriate yield range for the subject property is considered to be in the order 4.80% – 5.25%.

In light of the evidence for similar leased properties and discussions with local real estate agents, the market rental for the property has been calculated as follows:

<u>Market Rental</u>	<u>GBA Area</u>	<u>Rent Per Sqm \$/m<sup>2</sup></u>	<u>Net Income Per Annum</u>
		\$90	\$166,950
Industrial	1,855 sqm	\$100	\$185,500
		\$110	\$204,050
<b>Adopted Net Income</b>			<b><u>\$185,500</u></b>

#### *Market Value Calculations*

##### **Annual Net Income**

<b>\$185,500</b>			
<b>Capitalised at</b>	<b>4.80%</b>	<b>5.00%</b>	<b>5.25%</b>
<b>Capitalised Value</b>	<b>\$3,864,583</b>	<b>\$3,710,000</b>	<b>\$3,533,333</b>
<b>Capital Value Adjustments</b>			
Agents Leasing Fees (12% net)	\$22,260	\$22,260	\$22,260
Leasing (Vacancy & Let up) – 9 months	\$139,125	\$139,125	\$139,125
Incentives (1 month)	\$15,458	\$15,458	\$15,458
<b>Total adjustments:</b>	<b>\$176,843</b>	<b>\$176,843</b>	<b>\$176,843</b>
Assessed Capital Value	<u><b>\$3,687,740</b></u>	<u><b>\$3,533,157</b></u>	<u><b>\$3,356,490</b></u>
<b>Adopted Market Value</b>	say		<b><u>\$3,550,000</u></b>

The Direct Comparison approach calculates the value of a property by comparing the subject to relevant sales evidence. In this regard, sales evidence has been collected as close to the date of valuation as possible and compared to the subject property on the basis of quality, age, condition and size of improvements, location, land area and shape. The sales were then analysed on both a sales price per square metre of land area and also per square metre of building area, with these rates detailed against each analysed sale (refer to the Sales Evidence section of this report).

The sales evidence analysed, disclosed a range of values from **\$1,399/sqm** to **\$4,925/sqm** of building area, with values at the higher end of this range being achieved for newer and well positioned facilities in superior locations to the

subject. The sales were then analysed on both a sales price per square metre of land area and also per square metre of building area, with these rates detailed against each analysed sale (refer to the Sales Evidence section of this report).

A summary of our direct comparison calculations are as follows:

<u>Gross Building Area</u>	<u>Value Per Sqm</u>	<u>Market Value</u>
1,855 sqm	\$1,900/sqm	\$3,524,500
1,855 sqm	\$1,950/sqm	\$3,617,250
1,855 sqm	\$2,000/sqm	\$3,710,000
Market Value	Adopt say,	<u><u>\$3,600,000</u></u>

*Valuation & Assessments Summary*

Interest Valued:	Freehold
Value Component:	
Land:	\$ 1,900,000
Improvements:	\$ 1,700,000
MARKET VALUE:	\$ 3,600,000
	(equivalent to approximately HKD21,528,000) <sup>3</sup>

**2.4. Part 23-29 Nixon Road, Wingfield SA 5013**

*Property Summary*

<b>Real Property Description:</b>	Specifically, Allotment 40 on Deposited Plan 666 / Volume 6081 Folio 441
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We note that Allotment 40 forms part of a parent property (CT 5162/851), comprising four lots in total.

For the purposes of this assessment, we have been specifically instructed to assess the value of the office component and the land beneath (Allotment 40) only. All other improvements and adjoining lots have been disregarded in our valuation assessment herein.

<sup>3</sup> Based on an exchange rate of 1 AUD to 5.98 HKD.



<b>Encumbrances / Restrictions:</b>	None recorded on the Certificate of Title. Based on copy of title search dated 24 June 2014 supplied to us by CK Asset Holdings Ltd.		
<b>Site Frontage:</b>	Approx. 15 metres	<b>Site Area:</b>	810 sqm
<b>Zoning:</b>	Industry	<b>LGA:</b>	City of Port Adelaide Enfield
<b>Number of Buildings:</b>	One (1)	<b>Current Use:</b>	Office (ancillary accommodation to industrial use)
<b>Built About:</b>	Circa 1995	<b>Additions:</b>	Not applicable
<b>Lettable Area (sqm):</b>	Office – 148 square metres		
<b>Heritage Issues:</b>	No		
<b>Environmental Issues:</b>	<p>Our search of the Environmental Protection Agency (EPA) South Australia Public Register indicates that 23-29 Nixon Road, Wingfield is listed due to potentially contaminating activities associated with fuel burning (not coal or wood). It appears that a Licence (#1458) has been issued by the EPA to the operator of the site.</p>		

Our valuation specifically assumes the continued appropriate management of such operations and that they do not pose an environmental risk to the site. Accordingly, we have undertaken our valuation assessment under the express assumption that the subject property is not contaminated.

*Improved & Vacant Land Sales Evidence & The Market*

<u>Address</u>	<u>Sale Date</u>	<u>Price</u>	<u>Land Area</u>	<u>Lettable Area</u>	<u>\$/m<sup>2</sup> of Site Area</u>
24-26 George Street, Wingfield	Mar 2021	\$450,000	860 sqm	225 sqm	\$523*

Rectangular shaped allotment (over 2 separate titles) having a single street frontage to George Street. The property backs onto a large industrial facility currently occupied by Cleanaway Wingfield Liquid Waste Services. Improved with a metal workshop/storage. Site coverage is some 26%. Zoned Industry.

The recorded sale price of \$495,000 is assumed to be inclusive of GST (vacant possession).

A slightly larger landholding with inferior improvements to the subject. Overall, a slightly higher rate/m<sup>2</sup> of site area improved is considered applicable to the subject.

12 Fifth Street, Wingfield	Feb 2021	\$570,000	929 sqm	310 sqm	\$614*
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Rectangular shaped site (over 2 separate titles) with dual street frontages to Fifth and Sixth Streets. Improved with an older style office/warehouse facility having a GLA of approximately 310 sqm (office ratio of some 16%). Site coverage is some 33%. Zoned Light Industry.

Our discussions with the selling agent confirmed that the property sold with vacant possession. The sale price of \$627,000 is inclusive of GST.

A larger site comprising superior improvements plus reflects a higher site coverage ratio. Overall, a lower rate/m<sup>2</sup> of site area improved is considered appropriate for the subject.

3 Davis Street, Wingfield	Jun 2020	\$310,000	820 sqm	381 sqm	\$378*
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Rectangular shaped lot having a single street frontage to Davis Street. Improved with two separate warehouses considered of nominal added value. Zoned Light Industry.

Our discussions with the selling agent indicate that the vendor was not registered for GST, hence GST was not applicable in the sale price.

The sale price is largely reflective of land value. Overall, a higher rate/m<sup>2</sup> of site area improved is warranted for the subject.

<u>Address</u>	<u>Sale Date</u>	<u>Price</u>	<u>Land Area</u>	<u>Lettable Area</u>	<u>\$/m<sup>2</sup> of Site Area</u>
49 Millers Road, Wingfield	Feb 2019	\$272,000	810 sqm	Not applicable	\$336

Rectangular shaped, predominantly level inside allotment having a single street frontage to Millers Road. The property is unimproved. Zoned Industry. Similar in size and situated approximately 100 metres east of the subject. Market conditions have strengthened slightly in the interim.

The recorded sale price of \$272,000 is assumed to be GST exclusive.

Overall, a slightly higher rate/m<sup>2</sup> of site area is considered applicable to the underlying land component of the subject (under the Summation approach).

24 Millers Road, Wingfield	Sept 2018	\$275,000	929 sqm	Not applicable	\$296
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Rectangular shaped vacant landholding with a single street frontage to Millers Road. The property has a predominantly level topography. Zoned Industry.

The recorded sale price of \$302,500 is assumed to be inclusive of GST.

A slightly larger allotment within proximity to the subject. Market conditions have strengthened since the date of sale. Given these considerations, a higher rate/m<sup>2</sup> of site area is warranted for the underlying land component of the subject (under the Summation approach).

*\* Rate/m<sup>2</sup> is inclusive of improvements*

### ***Valuation Methodology & Rationale***

The subject property, known as 23-29 Nixon Road, Wingfield, comprises of four (4) individual allotments. Improvements generally comprise an office/warehouse facility, power plant and associated site improvements.

For the purposes of this assessment, we have been specifically instructed to value the office component and the associated land beneath only (disregarding all other improvements and adjoining lots).

4.3  
810 sq ft approx  
53.34

4.2  
810 sq ft approx  
53.34

4.1  
810 sq ft approx  
53.34

4.0  
810 sq ft approx  
53.34

53.34

53.34

53.34

53.34

15.74

15.74

15.74

15.74

13.88

4.4

NIXON

PRIVATE

F214779

D31336



In undertaking our market value assessment for disclosure purposes of the subject property, we have adopted the following valuation approaches:

This method is based on applying an appropriate value, expressed on a rate/m<sup>2</sup> of site area improved, having regard to all factors impacting upon the property's value including the age, size, condition and utility of the improvements, site coverage ratio, underlying land value, Lease Agreements (if any), town planning provisions and location.

Based on our analysis of sales evidence as discussed in the section above, we have assessed the market value of the subject property as follows:

*Direct Comparison – Site Area Improved*

<u>Land Area (sqm)</u>	<u>\$ / sqm</u>	<u>Market Value (\$)</u>
810 sqm	\$500	\$405,000
	\$550	\$445,500
	<u>\$600</u>	<u>\$486,000</u>
<b>Adopted Market Value</b>	<b><u>\$556</u></b>	<b><u>\$450,000</u></b>

*Summation:*

This method involves the addition of the depreciated replacement cost of the improvements to the underlying land value, thereby allowing assessment of the individual components of the property.

The land component of the valuation has been derived from values of comparably zoned land in surrounding areas making due allowance for the size, location, topography, zoning, development potential, surrounding amenities and other constraints or features.

Based on our analysis of vacant land sales evidence as discussed in the section above, we have assessed the subject site's underlying land value as follows:

<u>Land Area (sqm)</u>	<u>\$ / sqm</u>	<u>Land Value</u>
	\$300	\$243,000
810 sqm	\$350	\$283,500
	<u>\$400</u>	<u>\$324,000</u>
<b>Adopted Land Value</b>	<b><u>\$346</u></b>	<b><u>\$280,000</u></b>

The value of the building(s) has been determined by first establishing their estimated cost to replace with an equivalent new asset less depreciation for their physical, functional and economic obsolescence. Our adopted replacement estimates have been derived based on consultation with existing builders as well as reference to construction industry cost publications such as Rawlinsons Australian Construction Handbook 2021.

The adopted depreciation rate(s) take into account both property specific (e.g. age, condition of improvements, etc.) and market specific (e.g. depth of buyer demand, etc.) factors based on our analysis of available sales evidence.

Based on the above, the market value of the subject property under the Summation Approach can be calculated as follows:

<u>Improvements</u>	<u>Reinstatement Value (\$)</u>		<u>Assessed Market Value (\$)</u>
Administration Office	\$284,900		\$170,940
<b>Total</b>	<b>\$284,900</b>	<b>say</b>	<b>\$170,000</b>
<b>Land</b>	<b><u>810 sqm</u></b>	<b>say</b>	<b><u>\$280,000</u></b>
<b>Market Value (Rounded)</b>			<b><u>\$450,000</u></b>

The depreciation rate of the overall subject improvements reflects approximately 40% which is generally representative of the nature and condition of the improvements in addition to the level of economic obsolescence associated with the current use of the property.

*Valuation & Assessments Summary*

<b>Interest Valued:</b>	Freehold
<b>Value Component:</b>	
Land:	\$280,000
Improvements:	\$170,000
<b>MARKET VALUE:</b>	<b>\$450,000</b>
	<b>(equivalent</b>
	<b>to</b>
	<b>approximately</b>
	<b>HKD2,691,000)<sup>4</sup></b>

I hereby certify that the assessments above have been carried out under a 'desktop valuation' basis (property not inspected in accordance with our instructions). Neither I, nor to the best of my knowledge, any member of this firm, has any conflict of interest, or direct, indirect or financial interest in relation to this property that is not disclosed herein.

This Report is for the use only of the party/s to which it is addressed for disclosure purposes only and is not to be used for any other purpose. No responsibility is accepted or undertaken to third parties in respect thereof. No responsibility is accepted or undertaken in the event that the party/s to which it is addressed use this Report for any other purpose apart from that expressly outlined above.

All data provided in this summary is wholly reliant on and must be read in conjunction with the information provided in the attached report. It is a synopsis only designed to provide a brief overview and must not be acted on in isolation.

<sup>4</sup> Based on an exchange rate of 1 AUD to 5.98 HKD.

*The market that the property has been valued in is being impacted by the uncertainty that the COVID-19 outbreak has caused. Market conditions are changing daily at present. As at the date of valuation we consider that there is a market uncertainty resulting in significant valuation uncertainty.*

*This valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the Valuer could not reasonably have been aware of as at the date of valuation). We do not accept responsibility or liability for any losses arising from such subsequent changes in value.*

*Given the valuation uncertainty noted, we recommend that the user(s) of this report review this valuation periodically.*

**Valuer/Qualifications:**

Suzanna Ham AAPI  
Certified Practising Valuer

**Valuer/Qualifications/  
Registration #:**

Michael Lim AAPI  
Certified Practising Valuer  
Registered Valuer No. 4035MR

**Inspection Date:** Not applicable – Desktop assessment only

**Valuation Date:** 28 February 2021

**Date of Report:** 27 April 2021

**Our Ref:** Job 421161AC

Liability limited by a scheme approved under Professional Standards Legislation (Real Property Only).



**3. ASSUMPTIONS, CONDITIONS & LIMITATIONS**

<b>Appropriate Approvals:</b>	This valuation has been prepared on the assumption that the improvements comply with the approvals, conditions and requirements of all appropriate authorities.
<b>Arrears:</b>	Our valuation assumes no GST or arrears liabilities over the subject property unless otherwise identified.
<b>Complaints Procedure:</b>	It is Aon's usual aim to obtain, either formally or informally, a regular assessment of Aon's performance and we will always be pleased to hear any suggestion as to how our service can be improved. If, on the other hand, you wish to make a complaint, please call or write to Ashley Grant, Head of Valuation, Aon Global Risk Consulting.
<b>Condition and Repair:</b>	This report is not a structural survey and if required, we recommend the reader seek advice from a suitably qualified expert within this field. No responsibility is accepted by Aon Valuation Services in relation to building construction or structural issues related to the improvements
<b>Financial Liens:</b>	In undertaking our valuation of the subject property, Aon Valuation Services has disregarded the presence of any mortgage or other financial lien pertaining to the subject property.
<b>Flooding:</b>	The quality, completeness and accuracy of flood mapping varies widely between localities and Councils. Aon Valuation Services have not verified nor do we warrant the accuracy, reliability or currency of the flood mapping reviewed and relied upon within our report. If this is of concern to the reader of this report, we recommend that an experts hydrologist's report be obtained.
<b>Full Disclosure:</b>	This valuation has been prepared on the basis that all information and facts which may affect the valuation have been given to us by you or on your behalf. We do not accept any liability or responsibility whatsoever for the valuation if full disclosure has not been made or for any error or defect in the valuation which has resulted from any error, omission or inaccuracy in information supplied by or on behalf of the client.

<b>Future Matters:</b>	Any statement within this valuation report that relates to a future matter is provided as an estimate and/or opinion based on the information known to Aon Valuation Services at the date this report was prepared. We do not warrant that such statements are accurate or correct.
<b>Geotechnical Report:</b>	Aon Valuation Services have not sighted a geotechnical engineers survey of the property, and as we are not experts in the field of civil or geotechnical engineering, we cannot comment as to the integrity of the ground and soil conditions upon the subject property. It is assumed that there are no adverse geotechnical conditions that compromise the utility of the property for the current or highest and best use.
<b>Goods and Services Tax:</b>	<p>The market value stated within this report is exclusive of GST. In analysing the sales evidence we have provided, it is noted we have attempted to ascertain if the sales price is inclusive or exclusive of GST. With regard to sales evidence, it is emphasised that the Valuer General's office does not differentiate between or record, if the sale price is inclusive or exclusive of GST.</p> <p>Where we have not been able to verify if GST is included in the sale price, we have assumed the sales price is exclusive of GST.</p> <p>Should it eventuate the assumptions we have made regarding GST are not correct, we reserve the right to re-assess any effect on the value stated in this report.</p>
<b>Heritage Implications:</b>	Aon Valuation Services has undertaken publically available searches of the relevant State Heritage Authority and National Trust of Australia. We do not warrant the accuracy of this information and recommend that if this is of concern to the reader of this report a heritage expert be engaged to undertake more extensive investigations into this matter.
<b>Inclusions in Valuation:</b>	This valuation includes all items which form part of the building services installations, such as heating and cooling equipment including ventilation systems, fire and smoke detector systems, alarms and other hazard warning systems, lighting, power to distribution sub boards, loading docks and dock levellers, domestic hot water systems, and landlord's fixtures and fittings. Aon Valuation Services have assumed that all such building services included within this valuation are operational and have been satisfactorily maintained.

<b>Information Supplied By Others:</b>	<p>This document contains information which is directly derived from outside sources without verification by Aon Valuation Services including but not limited to sales and leasing information, planning information, tenancy schedules, property title searches, contamination registers, photographs and expert reports. Where the content of this report has been derived in whole or in part from sources other than Aon Valuation Services, we do not warrant or represent that such information is accurate.</p>
<b>Limited Investigations:</b>	<p>This valuation has been undertaken on the basis that Aon Valuation Services was not engaged to undertake all possible investigations in relation to the property. Where limitations to this report have been highlighted, this is to enable the reader of this report to instruct further investigations if seen fit, or to enable Aon Valuation Services to complete the valuation. We are not liable for any loss occasioned by a decision not to conduct further investigations.</p>
<b>Native Title:</b>	<p>As the subject property is held in a Freehold Certificate of Title, we have not commissioned a search of the Register of Native Claims which is administered by the National Native Title Tribunal, as it is our understanding that such a Certificate of Title extinguishes any potential Native Title Claim. Should this understanding prove to be incorrect, we reserve the right to review and amend our report.</p>
<b>Noise and Air Contamination:</b>	<p>In undertaking this valuation, we have assumed that the property complies with current noise and air pollution requirements. If the compliance with such requirements is of concern to those relying on this report, we recommend that appropriate consultants be contacted to confirm such compliance. The right is reserved to review and if necessary, vary the valuation figure if any such contamination is found to exist.</p>
<b>Presence of Asbestos:</b>	<p>We are not experts in asbestos matters and therefore, in the absence of an environmental consultants report concerning the presence of any asbestos fibre within the subject property, this valuation is made on the assumption that there is no health risk from asbestos. Should it subsequently transpire that an expert's report establishes an asbestos related health risk, we reserve the right to review this valuation.</p>

<b>Presence of Termites:</b>	We have assumed that there is no termite infestation to the subject property. However, a certified pest control firm should confirm this. Should it subsequently transpire that an experts' report establishes that there is termite infestation to the property, we reserve the right to review this valuation.
<b>Property Identification:</b>	The subject property has been positively identified by reference to its street address and title plan.
<b>Property Title:</b>	In preparing this report, Aon Valuation Services have assumed that there are no easements, rights of way or encroachments that affect the subject property other than those recorded on the Certificate of Title as at the date of searching.
<b>Reliance Window:</b>	Aon Valuation Services does not assume any responsibility for this valuation where it is relied upon after a period of three months from the date of valuation without undertaking a re-inspection of the property and further investigation and analysis, or earlier should you become aware of any factors that would negatively influence the marketability and valuation of the property.
<b>Required Capital Expenditure:</b>	As part of our valuation assessment, Aon Valuation Services has not been provided with any budgeted capital expenditure items within the short to medium term for the property. Unless otherwise stated, this valuation assumes no significant capital expenditure is required for the subject property.
<b>Site Contamination:</b>	<p>Aon Valuation Services has undertaken publically available searches of the relevant Environment Protection Agency (EPA) South Australia database however we do not warrant the accuracy of this information.</p> <p>We are not experts in identifying environmental hazards and should you wish to confirm that the site is not contaminated we would recommend that you retain the services of an environmental consultant. Should subsequent investigations show the site to be contaminated, the matter should be referred immediately to Aon Valuation Services for consideration and review.</p>

<b>Site Details:</b>	A current site survey of the subject property has not been viewed. This valuation is made on the assumption that there are no encroachments by or upon the property and anyone relying on this valuation should confirm this by obtaining a current site survey report and/or advice from a registered surveyor. If any encroachments are noted on such a survey this report should be referred back to Aon Valuation Services for review.
<b>Site Encroachments:</b>	A current site survey of the subject property has not been viewed. We are not qualified to advise those relying on our reports as to whether the buildings and other improvements are within the title boundaries without undertaking a physical inspection of the property.
<b>Use of Areas:</b>	Any areas mentioned in this report are approximate only and should not be relied upon for any other purpose other than this valuation. If utilised for any other purpose other than this valuation, the areas should be verified by a licensed surveyor.
<b>Valuation Subject to Change:</b>	This valuation is current as at the date of issue only. The value assessed herein may change significantly over a relatively short period of time as a result of general market movements of factors specific to the subject property. Aon Valuation Services does not accept liability for losses arising from changes in these factors and subsequent changes in market value. Furthermore, we provide no warranty that the value contained within this report will be maintained into the future and as such we recommend that the valuation be reviewed on a regular basis.
<b>Zoning Details:</b>	Zoning information has been obtained from online publications by state and local government authorities and this valuation assumes this information is correct.

**Specific Limitations (All Properties)**

**Reliance on Information:** We have **not** undertaken a physical inspection of the property in accordance with our instructions (desktop assessment only). We have relied upon information (i.e. Certificate(s) of Title etc) and photographs supplied to us by the client in completing our assessment. The photographs supplied to us are limited to external views of the property only (in some instances). We have therefore had to make assumptions as to the quality and condition of the internal improvements, which in this instance, we have assumed to be broadly similar to that observed externally. Our valuation specifically assumes that the improvements present in good condition with no essential repairs required. Should a subsequent inspection show otherwise, we reserve the right to amend our valuation.

**Contamination:** Our valuation has been undertaken on the basis that the subject property is not affected by asbestos and/or any environmental contamination.

**Market Uncertainty:** The market that the property has been valued in is being impacted by the uncertainty that the COVID-19 outbreak has caused. Market conditions are changing daily at present. As at the date of valuation we consider that there is a market uncertainty resulting in significant valuation uncertainty.

This valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the Valuer could not reasonably have been aware of as at the date of valuation). We do not accept responsibility or liability for any losses arising from such subsequent changes in value.

Given the valuation uncertainty noted, we recommend that the user(s) of this report review this valuation periodically.

**Additional Specific Limitations (Part 23-29 Nixon Road, Wingfield)****Exclusions from  
Valuation:**

The subject property comprises an office/warehouse facility, power plant and associated site improvements. The improvements are situated upon four (4) contiguous allotments.

For the purposes of this assessment, we have been specifically instructed to assess the value of the office component and associated land beneath only.

We specifically note that this valuation does **not** take into account the adjoining lots (Allotments 41-43 on DP 666) along with the attached warehouse at the rear of the subject office and associated site improvements and infrastructure.

**Dated Title:**

We have relied upon a copy of a title search dated 24 June 2014 supplied to us by CK Asset Holdings Ltd. We have verified that the details on the Certificate of Title is consistent with the current Land Titles Office records; however, we have been unable to verify if the encumbrances and notifications listed on the title is still current. As such, our valuation has been undertaken on the assumption that the information contained within the Certificate of Title is still current and accurate. Should there be any discrepancies noted subsequent to our valuation being completed, the matter should be referred back to the valuer for comment.

**Contamination  
Issues:**

Our search of the Environmental Protection Agency (EPA) South Australia Public Register indicates that 23-29 Nixon Road, Wingfield is listed due to potentially contaminating activities associated with fuel burning (not coal or wood). It appears that a Licence (#1458) has been issued by the EPA to the operator of the site.

Our valuation specifically assumes the continued appropriate management of such operations and that they do not pose an environmental risk to the site. Accordingly, we have undertaken our valuation assessment under the express assumption that the subject property is free from any form of contamination.

**Definitions****As Is:**

A valuation that provides the current market value of the property as it currently exists rather than the value of any proposed development.

<b>Desktop Assessment:</b>	<p>In Australia, this refers to a valuation:</p> <ul style="list-style-type: none"> <li>(i) by valuers relying on specified documents and information; and</li> <li>(ii) that involves no physical inspection of the Subject Property; and</li> <li>(iii) that produces an indicative Assessment of value of the Subject Property.</li> </ul>
<b>Expert Valuer:</b>	A person who is a Certified Practicing Valuer of not less than 5 years standing, of the Australian Property Institute and was active in the relevant market at the time of the original valuation.
<b>Gross Building Area (GBA):</b>	Gross Building Area is the most commonly used method of measurement. The Gross Building Area is the area of the building at all building levels, measured between the normal outside face of any enclosing walls (or the centre line of the common walls between different properties), balustrades and supports. The enclosed and unenclosed are usually shown separately and added together to give the total GBA.
<b>Highest and Best Use:</b>	The most likely use of an asset which is physically possible, appropriately justified, legally permissible, financially viable and which results in the highest value of the asset being valued.
<b>Market Approach:</b>	A valuation approach which provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available.
<b>Market Rent:</b>	The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
<b>Market Value:</b>	The estimate 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.



**Valuation Date:** The date on which the opinion of value applies. The valuation date shall also include the time at which it applies if the value of the type of asset can change materially in the course of a single day.

## VALUATION REPORT

Property No.	Property name and full address	Holding entity	City/Town	State	Land use	Type of property	Market value in existing state as at the Valuation Date	Interest attributable to the Group (%)
1	Part 23-29, Nixon Street, Wingfield SA 5013 (Specifically Allotment 40 on Deposited Plan 666)	Energy Developments Limited	Adelaide	South Australia	Industry	Industrial (Office component valued only)	AUD 450,000	40%
2	21 Technology Drive, Appin NSW 2560	Energy Developments Limited	Sydney	New South Wales	Light Industrial	Industrial	AUD 3,600,000	40%
3	53 Alfred Quinn Drive, Middelmount QLD 4746	Energy Developments Limited	Middelmount	Queensland	Low Density Residential	Residential	AUD 140,000	40%
4	49 Grosvenor Drive Moranbah, QLD, 4744	Energy Developments Limited	Moranbah	Queensland	Low Density Residential	Residential	AUD 520,000	40%

*The following is the text of the property valuation reports prepared for the purpose of incorporation in this document received from Opteon Property Group Pty Ltd, an independent property valuer, in connection with its opinion of the value of certain property interests of the Group in Australia as at 28 February 2021. As stated in “Appendix V – Documents Available for Inspection”, a copy of these property valuation reports are available for public inspection.*

### VALUATION REPORT



**2 Richardson Street  
Albert Park, Victoria 3206**

Prepared For	CK Asset Holdings Limited
Report Purpose	Asset management purposes and for (i) incorporation into the circular and offer document (the “Circular and Offer Document”) and an announcement to be issued by CK Asset Holdings Limited on or around 27 April 2021, which will be uploaded to the websites of the Stock Exchange of Hong Kong and CK Asset Holdings Limited; and (ii) being a document on display in accordance with The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission (the “Takeovers Code”), subject to the terms and conditions agreed.
Valuation Date	28 February 2021.
Our Reference	12193032
Client Reference	‘South Melbourne’ depot
Inspection Type	Full Inspection

**1.0 EXECUTIVE SUMMARY****1.1 Scope of Work and Instructions**

<b>Identity of Valuer</b>	Opteon Property Group Pty Ltd
<b>Independence of Valuer/Disclosure</b>	Unless otherwise disclosed, the valuer does not have any material connection or involvement with the subject property or the parties to the valuation that could limit the valuer's ability to provide an unbiased and objective valuation. The valuation has been assessed independently by the valuer without material assistance from others.
<b>Instructing Party</b>	CK Asset Holdings Limited
<b>Client</b>	CK Asset Holdings Limited
<b>Other Authorised Users/Additional Client Information</b>	Nil
<b>Client Reference</b>	'South Melbourne' depot
<b>Property Address/ Asset Valued</b>	2 Richardson Street, Albert Park, Victoria 3206
<b>Valuation Currency</b>	This valuation has been assessed in Australian dollars (\$AUD).

<b>Valuation Purpose and Restrictions on Use</b>	Asset management purposes and for (i) incorporation into the Circular and Offer Document and an announcement to be issued by CK Asset Holdings Limited on or around 27 April 2021, which will be uploaded to the websites of the Stock Exchange of Hong Kong and CK Asset Holdings Limited; and (ii) being a document on display in accordance with the Takeovers Code, subject to the terms and conditions agreed (appended). The valuation is not suitable nor to be relied upon as taxation advice. This report has been prepared for the private and confidential use of our client, CK Asset Holdings Limited and the nominated other authorised users, for the specified purpose and it should not be relied upon by any other party for any purpose and the valuer shall not have any liability to any party who does so. The report should not be reproduced in whole or part without the express written authority of Opteon Property Group Pty Ltd. Our warning is registered here, that any party, other than those specifically named in this report as our client or authorised user should obtain their own valuation before acting in any way in respect of the subject property. Please note photography, images and appendices are not provided in this Report under client instructions.
<b>Inspection</b>	In order to complete the valuation a sufficiently comprehensive inspection of the property has been completed.
<b>Basis of Value</b>	Market Value As Is subject to Public Use Zone for asset management and financial reporting purposes only. Opteon's valuation has been performed in accordance with the IVS definition of market value and API Guidelines and Practice Standards (including APIV Guidelines). The property has been valued as an 'operational asset' with no impediment to continuation of the existing use as a depot.

**Extent of Valuers' Work and Limitations**

The extent of investigation undertaken by the valuer in completing the valuation has included:

- collation of information from relevant parties regarding the subject property;
- undertaking our own research regarding the subject property;
- an inspection of the property and measurement of buildings where required;
- undertaking market research in terms of values and/or costs of similar properties;
- preparation of valuation calculations, and;
- preparation of this report;

This valuation has been based on information supplied which is assumed to have been provided in good faith and contain a full and frank disclosure of all information that is relevant to the valuation of the property. The valuer has not undertaken due diligence or verification of the information supplied.

**Nature and Source of Information**

Information we have been provided with and relied upon in undertaking our valuation includes:

- Council rate notice.

**Compliance/Departures with Valuation Standards**

This valuation has been prepared in accordance with the International Valuation Standards and other applicable Valuation Standards.

**Level of Inputs**

Level 2 – quoted prices that are observable for the asset or liability, either directly or indirectly.

## 1.2 Property Details

<b>Property Description</b>	The property comprises a depot site occupied by Multinet Gas as its “South Melbourne” depot. It is ‘lightly improved’ with an older style brick building (heritage listed in part) used for storage, lunchroom, offices etc. There are also storage bays for bulk materials and extensive hardstand and parking areas. The improvements are at, or approaching, end of economic life and are considered to contribute little (if any) real value. The current improvements serve to represent an under-capitalisation of the site. Notwithstanding, the improvements appear functional for the current depot use and the site is valued based on a continuation of this use.
<b>Title Reference</b>	Lot 1 Title Plan 607467D Volume 9374 Folio 202
<b>Tenure Type</b>	Freehold
<b>Registered Proprietor</b>	Multinet Gas (DB No 1) Pty Ltd Mulitnet Gas (DB No 2) Pty Ltd
<b>Total Site Area</b>	2,620 square metres approximately
<b>Encumbrances</b>	Refer section 5.2 for details on encumbrances.
<b>Lettable Area</b>	600 square metres approximately
<b>Zoning</b>	Public Use Zone – Service and Utility 1

### 1.3 Property Profile

#### *Market*

<b>Marketability</b>	Public Use zoned assets are rarely sold.
<b>Market Activity</b>	The market for Public Use zoned land typically require rezoning to a more flexible zoning prior to being offered for sale. The valuation is based subject to the existing use which falls within the industrial classification. As an asset class, city fringe and inner city industrial holdings have proven to be amongst the more resilient performers including throughout the challenges presented by COVID-19 pandemic.
<b>Recent Market Direction</b>	Seemingly steady.
<b>Market Volatility</b>	Development land is inherently more volatile than some investment an asset classes
<b>Likely Buyer Profile</b>	A depot site such as this with a site-specific zoning is usually only transacted as part of the sale of a larger going concern business typically to an owner operator buyer.
<b>Selling Period</b>	Estimated say 9 months, assuming proper marketing, an appropriate due diligence period and a realistic asking price etc. The estimated selling period is typical for the property type in this location (note also above comment in respect of going concern).



*Asset*

**Highest & Best Use** Ultimately, assuming a clean and clear basis, the highest and best use for the property may be considered to be for a development project. However, as this is an existing operational asset it is valued for the existing use as an industrial depot for this valuation purpose. To this end it has been compared with city fringe and inner metropolitan industrial sales evidence.

**Functionality** The property is functional for the existing use.

*Occupancy/Cash Flow*

**Occupancy Status** Owner occupied

*Assumptions & Recommendations:*

**Significant and Verifiable Assumptions**

- The instructions and information supplied contain a full disclosure of all information that is relevant.
- The entity is a going concern and the assets will continue to be used as part of the entity.
- Any existing site contamination does not require remediation for the continuation of the existing use of the property.

**Assumptions Requiring Further Consultancy** Environmental reports are recommended as best practice

**1.4 Key Valuation Outputs**

**Site Value Rate** \$2,099 per square metre as improved

### 1.5 Valuation Details

Market Value As Is:

Market Value with Vacant Possession for Existing Use:	<b>AUD</b> <b>\$5,500,000</b> <b>(equivalent to</b> <b>approximately</b> <b>HKD</b> <b>32,890,000)<sup>1</sup></b>
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This valuation is exclusive of GST. The valuation is predicated on the basis that any existing site contamination does not require remediation for the continuation of the existing use of the property.

<b>Valuation Purpose</b>	Asset management purposes and for (i) incorporation into the Circular and Offer Document and an announcement to be issued by CK Asset Holdings Limited on or around 27 April 2021, which will be uploaded to the websites of the Stock Exchange of Hong Kong and CK Asset Holdings Limited; and (ii) being a document on display in accordance with the Takeovers Code, subject to the terms and conditions agreed. The valuation is not suitable nor to be relied upon as taxation advice.
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<b>Date of Inspection</b>	1 April 2021
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<b>Date of Valuation</b>	28 February 2021
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<b>Issue Date</b>	27 April 2021 is the date of the Circular
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<b>Expiry of Valuation</b>	This valuation is current as at the Date of Valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.
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<b>Signatories</b>	<b>Glenn Boyd</b> AAPI CPV MRICS Director Specialised & Advisory API No: 62692 <b>Primary Valuer</b> PH 0447 788 151 glenn.boyd@opteonsolutions.com	<b>Michael McNulty</b> AAPI CPV Regional Director – Commercial & Agribusiness API No: 63046 <b>Supervising Member</b>
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<sup>1</sup> Based on an exchange rate of 1 AUD to 5.98 HKD.

<b>Important</b>	<i>This Executive Summary must be read in conjunction with the remainder of this report. The Executive Summary is only a synopsis designed to provide a brief overview and must not be acted upon in isolation to the contents of the valuation report.</i>
<b>Counter Signatory Declaration</b>	<i>The counter signatory acting in the capacity of a Supervising Member has reviewed the valuation report and working papers and based upon that review is satisfied that there is a reasonable basis for the valuation process undertaken and the methodology adopted by the Primary Valuer. The counter signatory did not inspect the subject property and may not have inspected comparable evidence. The opinion of value has been arrived at by the Primary Valuer who undertook the inspection and prepared the valuation calculations. The counter signatory confirms that the report is genuine and is endorsed by Opteon Property Group Pty Ltd.</i>
<b>Digital Copies of Reports</b>	<i>Where a report has been provided in digital copy and has not been received directly via our firm, the report contents, especially the valuations and critical assumptions, should be verified by contacting the issuing office to ensure the contents are bona fide. In particular if the reader of this report has suspicions that the report appears to be tampered or altered then we recommend the reader contact the issuing office.</i>
<b>Reliance on Whole Report</b>	<i>This valuation should be read in its entirety, inclusive of any summary and annexures. The valuer and valuation firm does not accept any responsibility where part of this report has been relied upon without reference to the full context of the valuation report.</i>

## 2.0 BASIS OF VALUATION & DEFINITIONS

<b>Market Value (IVS)</b>	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.
<b>Market Value As Is</b>	“Market Value As Is” means a valuation that provides the Market Value of the property as it currently exists.

<b>Basis of Valuation Owner Occupied Properties</b>	Valuations of owner occupied properties will normally be valued on the assumption that the property is to be offered for sale unencumbered by the owner's occupancy and that the buyer is entitled to full legal control and possession. Hence our valuation has been prepared on a vacant possession basis.
<b>Fair Value (definition for Financial Reporting purposes)</b>	<p>The International Financial Reporting Standards (IFRS) 13 Fair Value Measurement contains the following definition:</p> <p><i>“Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”</i></p> <p>Fair value under IFRS is generally consistent with the concept of market value as defined and discussed in the IVS Framework. For most practical purposes, market value under IVS will meet the fair value measurement requirement.</p>
<b>Special Value</b>	<p>Special value is an amount that reflects particular attributes of an asset that are only of value to a special purchaser.</p> <p>A special purchaser is a particular buyer for whom a particular asset has special value because of advantages arising from its ownership that would not be available to other buyers in the market.</p> <p>Special value can arise where an asset has attributes that make it more attractive to a particular buyer than to any other buyers in a market. These attributes can include the physical, geographic, economic or legal characteristics of an asset. Market value requires the disregard of any element of special value because at any given date it is only assumed that there is a willing buyer, not a particular willing buyer.</p>

**Valuation Inputs**

IFRS 13 includes a “*Fair Value Hierarchy*” that classifies valuations according to the nature of the available inputs. In summary, the three levels of the hierarchy are as follows:

- Level 1 inputs are “*quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access on the measurement date*”.
- Level 2 inputs are “*inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly*”.
- Level 3 inputs are “*unobservable inputs for the asset or liability*”.

**Impairment**

Impairment arises where the carrying amount of an asset exceeds the amount that can be recovered from either its continued use and/or the sale of the asset. Under IAS 36 Impairment of Assets, an entity is required to review certain categories of asset at the date of each statement of financial position to determine whether there is any indication that an asset may be impaired. Impairment might be indicated by a reduction in the value of the asset because of market or technological changes, obsolescence of the asset, asset underperformance in comparison to the expected return, or an intention to discontinue or restructure operations. Certain assets (goodwill and intangibles with an indefinite life or not yet available for use) would be tested for impairment on an annual basis. If impairment is considered to have arisen, the carrying amount of the asset, whether derived from either historic cost or a previous valuation, should be written down to the “recoverable amount”. This is the higher of the asset’s “*value in use*” or its “*fair value less costs to sell*”.

**Other Accounting Requirements**

In addition to the above principles we draw to your attention that there are various requirements and additional accounting standards for valuations and Director’s or Trustee’s obligations etc. We recommend you seek professional advice from a qualified accountant or auditor to ensure full compliance with the Law and relevant accounting standards.

**3.0 DATE OF VALUATION**

<b>Valuation Date</b>	28 February 2021.
<b>Date of Inspection</b>	1 April 2021. Our valuation critically assumes that the property was in substantially similar condition as at the valuation date of 28 February 2021 as was observed at the subsequent date of our inspection.
<b>Expiry of Valuation</b>	This valuation is current as at the Date of Valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.

**4.0 LOCATION**

<b>Location</b>	The subject property has street frontages to the eastern side of Pickles Street and the southern side of Richardson Street. Albert Park is a primarily residential suburb, with large tracts of parkland and recreation areas. Albert Park features a large number of renters and small (one and two person) households. The eastern half of the suburb is the location of the Albert Park parklands and the Melbourne Sports and Aquatic Centre.
<b>Neighbourhood</b>	Properties in the immediate vicinity predominantly include residential dwellings of varying construction and designs. The property adjoins the Gasworks Arts Park.

**5.0 TENURE****5.1 Title Particulars:**

<u>Title Reference</u>	<u>Tenure</u>	<u>Registered Proprietor</u>	<u>Title Area</u>
Lot 1 Title Plan 607467D Volume 9374 Folio 202	Freehold	Multinet Gas (DB No 1) Pty Ltd Mulitnet Gas (DB No 2) Pty Ltd	2,620 sqm
<b>Total Site Area</b>			<b>2,620 sqm</b>

## 5.2 Easements, Encumbrances & Other Interests Noted on Title

<b>Encumbrances</b>	Any encumbrances created by Section 98 Transfer of Land Act 1958 or Section 24 Subdivision Act 1988. A review of the plan shows the land to be free from encumbrances.
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## 6.0 PLANNING

<b>Local Government Area</b>	Port Phillip City Council
<b>Planning Scheme</b>	Port Phillip Planning Scheme
<b>Current Zoning</b>	Public Use Zone – Service and Utility 1
<b>Overlays</b>	<ul style="list-style-type: none"> <li>● Development Contributions Plan Overlay (DCP01)</li> <li>● Heritage Overlay HO139 Former Gasworks complex with wall</li> </ul>
<b>Existing Use</b>	Depot
<b>Permitted Uses</b>	The continued existing use of the subject property is permitted pursuant to the zoning instrument.
<b>Zoning Effect</b>	Existing use conforms.
<b>Heritage Issues</b>	The Heritage Overlay HO139 applies to the site where the heritage place is listed as “Former Gasworks complex with wall”. External paint controls apply and internal alteration controls apply.

## 7.0 SITE

### 7.1 Site Details

<b>Site Description</b>	The site comprises an irregular shaped allotment.
<b>Street Frontage</b>	17 metres to Richardson Street 25 metres to Pickles Street
<b>Dimensions</b>	The shape and dimensions of the property are shown on the Title plan.
<b>Source of Site Area</b>	The site area has been obtained from the Title Plan.
<b>Site Area</b>	2,620 square metres

<b>Identification</b>	Title search, cadastral mapping, Title Plan and street number.
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## 7.2 Services

<b>Services</b>	Electricity, town water, sewerage, gas, and telephone services are connected.
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## 8.0 IMPROVEMENTS

### 8.1 Depot

<b>Main Building Type</b>	Depot
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#### **Accommodation**

- Brick building (heritage listed in part) used for storage, lunchroom, offices etc
- Storage bays for bulk materials
- Extensive hard stand areas

#### **Construction:**

<b>Floors</b>	Concrete
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<b>Main External Walls</b>	Brick
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<b>Roof</b>	Galvanised iron
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<b>Ceilings</b>	Exposed
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<b>Construction Year</b>	Circa late 1800s advised (in part)
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### 8.2 Plant & Equipment

Included within our valuation is all plant and equipment (such as air-conditioning plant and equipment, fire services, or the like) which form an integral part of the property. Our valuation excludes all removable plant and equipment, furniture and personal items/contents.

### 8.3 Building Areas

<u>Accommodation:</u>	<u>Measurement Basis:</u>	<u>Lettable Area:</u>
Depot	IPMS 1 – (Gross Building Area)	600 sqm
<b>Total Lettable Area:</b>		<b>600 sqm</b>



**8.4 Other Improvements**

**Depot:** Sealed hardstand and security gates to both street frontages

Fully fenced and secure depot site.

**Car Parking** Open onsite sealed car parking and hardstand area.

**8.5 Condition and Repairs**

**Internal Condition** Generally appears in fair condition

**External Condition** Generally appears in average condition

## 9.0 ENVIRONMENTAL ISSUES

### 9.1 Environmental Hazards

**Comment**

Potential environmental issues noted include:

For the authorised purpose only our valuation has been based upon the assumption that contamination is not at elevated levels which may require intervention nor prevent continuation of the existing use of the subject property as a depot.

Our valuation is predicated on the basis and critically assumes that the Owner has and will continue to be fully compliant with all environmental obligations and best practice guidelines in accordance with State laws and regulations etc..

Our valuation proceeds in line with the API's Guidance Note s3.10 which states "where contamination is suspected and where detailed information cannot be obtained the Valuer should assess on the basis that a property is free of contamination and qualify that value on the basis that some contamination may be present that could have an impact on the value".

If a site is found to be contaminated we draw the reader's attention Appendix 4 & 5 – API Guidance Note (GN) which sets out an example of the valuation process to account for an Impaired Site. This GN can be supplied to the client upon request. Please note if serious contamination is found sometimes the decontamination cost is higher than land value and the site can hold a negative value and or potentially be unsaleable.

**9.2 Contamination Commentary**

<b>Current Use</b>	Depot
<b>Past Use</b>	GasWorks. The subject site and the adjoining Gasworks Arts Park is located on the site of former heavy industry. The South Melbourne Gas Plant was formed in 1872. The South Melbourne Gas plant was closed in 1957. Following decommissioning of the gas plant, the then South Melbourne City Council purchased a portion of the site in 1979 and transformed the site into a park. To our knowledge the subject site has continued as a depot for many decades.
<b>Site Contamination</b>	Our valuation proceeds in line with the API's Guidance Notes 3.10 which states "where contamination is suspected and where detailed information cannot be obtained, the Valuer should assess on the basis that a property is free of contamination, and qualify that value on the basis that some contamination may be present that could have an impact on the value". Our assessment has been based upon the assumption that contamination, is not at elevated levels which may require intervention, nor prevent continuation of the existing use of the subject property.
<b>API List of Potentially Contaminating Activities</b>	The current and past uses <b>are</b> listed on the API List of Potentially Contaminating Activities, Industries and Land Uses.
<b>Contaminated Sites Register</b>	We have searched the Priority Sites Register (contaminated sites register) on the EPA Victoria web site and the subject property is not listed.
<b>Environmental Audit</b>	We have not been provided with an environmental audit. We are not qualified to investigate the site beneath the surface or undertaken vegetation or soil sampling etc. The only means by which to establish the environmental status of the soil and groundwater at the site is to carry out a current Environmental Site Assessment (ESA) by an independent expert. This valuation has been prepared without the benefit of a current ESA and is qualified to this extent.

### 9.3 Asbestos

#### Asbestos Register

We have requested but were not able to sight an asbestos register. Given the use of building materials with asbestos content is possible we recommend an asbestos register and management plan be prepared and retained on site to avoid potential asbestos related health risks to occupants and contractors.

#### Inspection Observations

We cannot comment as to whether there is asbestos material buried on site.

## 10.0 OCCUPANCY AND LEASE DETAILS

#### Occupancy Status

Owner occupied and valued on the basis of no impediment to vacant possession if required.

## 11.0 GENERAL COMMENTS

The site is zoned Public Use Zone (Service and Utility) and has been used as depot for many years. By its nature public use zoned land is rarely sold. The Department of Treasury and Finance undertakes any Crown and Public land sales in line with a policy document viz Victorian Government Strategic Crown Land Assessment Policy and Guidelines April 2016. Where it is deemed as surplus to business requirements, Public Use zoned land is at times sold off and in that case is subject to rezoning. However, in the subject case and for this valuation purpose, the subject site is valued as part of a going concern and remains an operational asset at the valuation date. Noting the valuation purpose and that it forms part of a going concern, the property is valued subject to the existing use. The precise environmental status of the asset is unknown and the highest and best use would likely require rezoning and site remediation if a more sensitive use was considered. This may represent a fundamentally different valuation basis and is out of scope.

A depot site such as this with a site-specific zoning is usually only transacted as part of the sale of a larger going concern business typically to an owner operator buyer. A going concern may be defined as “An operating business that will remain in operation for the foreseeable future. It is assumed that the entity has neither the intention nor the necessity of liquidation or of curtailing materially the scale of its operations.” Therefore an unencumbered fair value (market value for existing use) is assessed based on market evidence and being a value based on the current existing use. In the subject case the existing use aligns with an industrial use and therefore we have focussed our research on this asset class.

The sales research transcends the local municipal boundary. This is owing to competing land uses and the fact that there are relatively few industrial assets of this size remaining on the city fringe and in inner metropolitan areas of Melbourne. Many of the previous industrial land uses have transitioned to be replaced with more intensive residential, mixed use and commercial development. With the now prolonged cyclical upswing in value levels many city fringe and inner city industrial uses have been displaced. In turn, this has led us to

consider industrial land values in other areas such as Port Melbourne, Brunswick and Yarraville where relatively small pockets of industrial zoned land remain. These areas hold aspects of comparability that assist with the valuation process and specific valuation purpose. Owing to the above, industrial land on the city fringe is tightly held and rarely transacts which limits the availability of comparable sales evidence. In turn an enhanced level of judgement is required in the valuation process.

As notified and advised by the owner of the Property, the potential tax liability that would arise on the disposal of the Property at the amount valued by us should mainly comprise corporation tax at 30% on any gain on the freehold interest in the Property, which would be expected to be minimal due to the tax cost base of the property being similar to the valuation amount. We have been advised that the likelihood of the tax liability being imposed is remote provided that there are no planned or immediate intentions of disposal of the property. According to our standard practice and in the course of our valuation, we are not authorised to provide taxation advice. The above statement has been provided by the owner of the Property and we have neither verified the accuracy nor taken into account such tax liability in the preparation of this report. We accept no liability in respect of any tax statement included in this report and recommend independent advice be obtained with respect to any tax liability statements.

Opteon's valuation is not to be construed or relied upon as advice about taxation, investment or financial strategy, nor as an endorsement, or recommendation as to the viability, of any transaction or investment opportunity. It is not operating under an Australian Financial Services Licence, and its valuation is not financial product advice. The valuation was prepared without regard to the specific investment objectives, tax position, financial situation or particular needs of any individual or entity. As such, any use or reliance upon the valuation is conditional upon Opteon (its directors, officers, members, employees, franchisees, advisers or related bodies corporate as the latter is defined by the Corporations Act 2001) being released from any demand, claim, or loss howsoever arising at law (including negligence) from or in connection with any use of, or reliance upon, in whole or in part, the valuation (or any summary or extract therefrom). Otherwise, it is hereby notified that:

Opteon's liability (including if negligent) is limited by a scheme approved under Professional Standards Legislation, namely the APIV Limited Liability Scheme.

Opteon's valuation is current at the date of valuation only, and the value of a property or asset may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements, factors specific to the particular property or asset, or factors that Opteon could not have reasonably been aware as at the date of its valuation), and accordingly, Opteon excludes liability for claim or loss of any kind arising from such subsequent changes in value.

Subject to any applicable laws and regulations, Opteon is only responsible for the content of this valuation report and disclaims any responsibility for the accuracy or completeness of the information contained in other parts of the Circular and Offer Document.

## 12.0 MARKET COMMENTARY

The City Fringe industrial sector essentially embraces relatively small pockets of areas that remain industrially zoned. This sector is in a dynamic state as zoning changes drive underlying land values and impact on outgoings and land tax continuing to displace industrial type uses. The market strength is underpinned by the drivers of good proximity to the Central Business District and the Westgate Freeway, the low cash rate which facilitates the owner-occupier sector, a strong investor demand, and a very restricted land supply. Land value rates range substantially although notably escalate with Commercial and Capital City zonings. Brownfield sites i.e. redevelopment of economically obsolete industrial properties essentially represents the only path to new land supply. Overall this is a particularly constrained land supply market.

### 12.1 Sales Evidence

In forming our opinion of value we have had regard to various sales transactions, a selection of which are summarised below:

#### Sales Analysis Summary

<u>Address</u>	<u>Sale Price</u>	<u>Date</u>	<u>Land Area</u>	<u>\$ psm Land</u>
8 Thomas Street, Yarraville	\$2,575,000	Mar-18	2,457 sqm	\$1,048
26 Cook Street, Port Melbourne	\$1,500,000	Oct-17	1,030 sqm	\$1,456
32-34 & 36-38 Cook Street, Port Melbourne	\$6,450,000	Oct-18	4,413 sqm	\$1,462
1 Louvain Street & 164-172 Gaffney Street, Coburg North	\$7,100,000	Sep-19	4,699 sqm	\$1,511
232-238 Whitehall Street, Yarraville	\$2,500,000	Apr-18	1,538 sqm	\$1,625
55-61 Tinning Street, Brunswick	\$4,025,000	Jan-20	2,104 sqm	\$1,913
1-3 Tinning Street, Brunswick	\$2,600,000	Dec-20	980 sqm	\$2,653
Subject Property (Valuation)	\$5,500,000	Feb-21	2,620 sqm	\$2,099

\* *\$psm rate is land rate as improved*

The above-mentioned sales evidence reflects a site rate range of \$1,048 to \$2,653 per square metre of site area as improved with variations attributed to location, topography, aspect, size, zoning and development potential etc.

All factors considered, in our opinion and having regard to the foregoing comparability comments, a rate of \$2,100 psm as improved most accurately reflects the differences in subject and comparable transactions.

### 13.0 VALUATION METHODOLOGY & CONCLUSIONS

#### 13.1 Adopted Valuation Approach

Due regard has been given to transactions of comparable properties, as discussed under the market evidence section of this report. Our valuation methodology and calculations are summarised as follows:

#### 13.2 Primary Valuation Method

##### *Comparable Transactions Method/Direct Comparison*

The comparable transactions method utilises information on transactions involving properties that are the same or similar to the subject property. The comparable transaction method can use a variety of comparable evidence and units of comparison which form the basis of the comparison. A common unit of comparison for real property is price per square metre. In analysing the units of comparison, the Valuer may make necessary adjustments to the key valuation metrics to reflect differences (such as the date of sale in comparison to the date of valuation, or differences in property characteristics) between the comparable sales and the valuation of the subject property.

##### *Calculations*

##### **Direct Comparison Valuation Method (rate psm Land Area as Improved)**

			<u>Market Value</u>
Land Area:	2,620 sqm	@ \$2,000	\$5,240,000
Indicates Total Market Value:	2,620 sqm	@ \$2,100	\$5,502,000
	2,620 sqm	@ \$2,200	\$5,764,000
<b>Indicates Total Market Value:</b>		<b>Rounding \$25,000</b>	<b>\$5,500,000</b>

### 14.0 VALUATION

Subject to the assumptions, conditions and limitations contained within this report, we are of the opinion the Market Value of the interest in the property as at the Date of Valuation is as follows:

#### **Market Value – Vacant Possession for the Existing Use**

**AUD \$5,500,000**  
**(Five Million and Five Hundred Thousand Dollars)**

The valuation is predicated on the basis that any existing site contamination does not require remediation for the continuation of the existing use of the property. The assessment is exclusive of GST.

**Important**

*This valuation is subject to the definitions, qualifications and disclaimers and other comments contained within this report.*

**15.0 ASSUMPTIONS, CONDITIONS & LIMITATIONS****Area Disclaimer**

*In the event actual surveyed areas of the property are different to the areas adopted in this valuation the survey should be referred to the valuer for comment on any valuation implications. We reserve the right to amend our valuation in the event that a formal survey of areas differs from those detailed in this report.*

**Asbestos Disclaimer**

*We are not experts in the identification of Asbestos and therefore, in the absence of an environmental consultant's report concerning the presence of any asbestos fibre within the subject property, this valuation is made on the assumption that there is no: asbestos material present; health risk from asbestos within the property; or there is any material expense relating to the repair, management or replacement of asbestos materials in the foreseeable future. Should an expert's report establish that there is an asbestos related health risk or a requirement to undertake asbestos remediation works then we reserve the right to review this valuation.*

**Building Services  
Disclaimer**

*No documentation or certification has been sighted to verify the condition of building services, and we have assumed that all building services are: adequate in specification; in good operational condition; and satisfactorily maintained.*

**Client Specific  
Disclaimers**

*This valuation report is not for mortgage reliance. The valuation should not be relied upon by any lender and Opteon shall not have any liability or duty of care to any lender who does so.*

**Encroachments**

*The valuation is made on the basis that there are no encroachments (unless otherwise noted) by or upon the property and this should be confirmed by a current survey report and/or advice from a land surveyor. If any encroachments are noted by the survey report the valuer should be consulted to assess any effect on the value stated in this report.*



**Environmental  
Disclaimer**

*This report is not an environmental audit and no advice is given in any way relating to environmental or pollution matters. Any comments given as to environmental or pollution factors in relation to the property are not given in the capacity as an expert. This assessment of value is on basis that the property is free of contamination or environmental issues affecting the property not made known to the valuer. In the event the property is found to contain contamination the matter should be referred to this office for comment. Given contamination issues can have an impact on the Market Value of the property, we reserve the right to review and if necessary vary our valuation if any contamination or other environmental hazard is found to exist.*

**Full Disclosure  
Disclaimer**

*Whilst we have attempted to confirm the veracity of information supplied, the scope of work did not extend to verification of all information supplied or due diligence. Our valuation and report has been prepared on the assumption the instructions and information supplied has been provided in good faith, is not in any way misleading or deceptive, contains a full disclosure of all information that is relevant, there are no undisclosed agreements in place that affect the property. The valuer and valuation firm does not accept any responsibility or liability whatsoever in the event the valuer has been provided with insufficient, false or misleading information.*

**Future Value**

*Any comments are made in relation to future values are based on general knowledge and information currently available. These comments should not be construed as a prediction of future value levels or a warranty of future performance as the property market is susceptible to potential rapid and unexpected change caused by multiple factors. Ultimately current expectations as to trends in property values may not prove to be accurate. Due to possible changes in the property market, economic conditions, occupancy status and property specific factors, we recommend the value of the property be reassessed at regular intervals*

**Geotechnical**

*We have not sighted a geotechnical engineers' survey of the property. We are not experts in the field of civil or geotechnical engineering and we are therefore unable to comment as to the geotechnical integrity of the ground and soil conditions. It is specifically assumed that there are no adverse geotechnical conditions that compromise the utility of the property for the current or highest and best use. In the event there is found to be adverse ground conditions we recommend the matter be referred to this Company for comment.*

**GST**

*All amounts and values in this report are exclusive of GST unless otherwise specified. If there is any uncertainty as to the treatment of GST we recommend you seek advice from a qualified accountant.*

**Heritage Disclaimer**

*Our valuation has been assessed having regard to the nature of any buildings on the property and any known heritage listings. However we have not obtained formal confirmation of heritage listings beyond what is available in the public domain and identified in this report. Our valuation assumes, unless otherwise specified, that any heritage issues (including Aboriginal) do not impact on the continued and/or highest and best use of the property. If there is doubt in relation to such issues we recommend written application be made to the relevant authorities.*

**Identification**

*The property has been identified as per details provided within this report. The identification comments are not provided in the capacity of an expert, and a surveyor (not a valuer) would be able to confirm the identification of the property and/or any encroachments by way of undertaking a site survey.*

**Inconsistencies in Assumptions**

*If there is found to be any variance, inconsistency or contradiction in any of the assumptions within this report then this may have an impact on the market value of the property and we recommend this valuation be referred back to the Valuer for comment.*

**Market Change**

*This valuation is current as at the Date of Valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Where the valuation is being relied upon for mortgage purposes, without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of 90 days from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation. We recommend the valuation be reviewed at regular intervals.*

**Market Evidence  
Information  
Availability**

*In preparing this valuation we have undertaken those investigations reasonably expected of a professional valuer having regard to normal industry practice so as to obtain the most relevant, available, comparable market evidence. Whilst we believe the market information obtained to be accurate, all details may not have been formally verified.*

**Native Title  
Assumption**

*We are not experts in native title or the property rights derived there from and have not been supplied with appropriate expert advice or reports. Therefore, this valuation is made assuming there are no actual or potential native title interests affecting the value or marketability of the property.*

**Photographs**

*The photos used in this valuation report may not have been taken by Opteon (Third Party Photos). Where possible, a photo that has been sourced from a third party (other than the property contact who has not been attributed) has been attributed in the valuation report to the source from which Opteon obtained the photo. Opteon makes no warranties or representations in respect of, and is unable to assign to the Client, any intellectual property rights subsisting in the Third Party Photos.*

**Planning Disclaimer**

*Town planning and zoning information was informally obtained from the relevant local and State Government authorities and is assumed to be correct. Should the addressee require formal confirmation of planning issues then we recommend formal application be made to the relevant authorities to confirm planning details.*

<b>Publication of Report</b>	<i>The publication of the valuation or report in whole or any part, or any reference thereto, or the names and professional affiliations of the valuers is prohibited without the prior written approval of the valuer as to the form and context in which it is to appear.</i>
<b>Site Survey Disclaimer</b>	<i>This report is not a site survey and no advice is given in any way relating to survey matters. Any comments given in relation to the property are not given in the capacity as an expert, however, are based on our inspection (where relevant) of the property and review of the Certificate of Title plans. Should the addressee require absolute certainty in relation to the site area, dimensions or possible encroachments we recommend that a surveyor be engaged to provide appropriate advice and a survey of the property if considered necessary. In the event there are any fundamental inconsistencies between any site survey undertaken and site detail adopted in this valuation, the survey should be referred to the valuer for comment on any valuation implications (including amendment of our valuation if considered necessary).</i>
<b>Structural Disclaimer</b>	<i>This report is not a structural survey and no advice is given in any way relating to structural matters. Any opinion given as to the condition of the improvements on the property is not given in the capacity as an expert. A structural report on the building and/or its plant and equipment has not been sighted, and nor have we inspected unexposed or inaccessible portions of the premises. Therefore we cannot comment on the structural integrity, any defects, rot or pest infestation (or damage from pest infestation) of the improvements, any use of asbestos or other materials now considered hazardous or areas of non-compliance with the Building Code of Australia, other than matters which are obvious and which are noted within this report. This valuation assumes the building is structurally sound; that building services are adequate and appropriately maintained; the building complies with applicable Council, building, health, safety and fire regulations, laws, bylaws, rules, licences, permits and directives; and is free of asbestos or other defects, unless specified otherwise. Should an expert's report establish that there is any damage of the varieties noted above then we reserve the right to review this valuation.</i>

**Third Party  
Disclaimer**

*This report has been prepared for the private and confidential use of our client, Multinet Gas and the nominated other authorised users, for the specified purpose and it should not be relied upon by any other party for any purpose and the valuer shall not have any liability to any party who does so. The report should not be reproduced in whole or part without the express written authority of Opteon Property Group Pty Ltd. Our warning is registered here, that any party, other than those specifically named in this report as our client or authorised user should obtain their own valuation before acting in any way in respect of the subject property.*

**Third Party  
Information**

*In preparing the valuation report the valuer may have relied on information, documents and data provided by third parties (Third Party Information). Whilst the valuer has taken reasonable steps to verify the accuracy and completeness of the Third Party Information, the valuer does not make any warranties or representations about the accuracy or completeness of that Third Party Information and will not be liable for any loss that may arise as a direct or indirect consequence of any Third Party Information being incomplete, inaccurate or misleading due to the fraud or recklessness of a provider of the Third Party Information.*

**Title and  
Unregistered  
Instruments**

*For the purpose of this report we have assumed that the title information provided to us is correct. Our Valuation has been assessed assuming the property is only affected by encumbrances noted on Title with the exception of registered instruments (e.g. mortgages or caveats) that are normally and expected to be discharged prior to transfer of the property. If there are any encumbrances, encroachments, restrictions, leases or covenants which are not noted on the title, they may affect the assessment of value. If there are errors or omissions found to exist on the title documents we should be notified and we reserve the right to review our valuation.*

## VALUATION REPORT



**83 Prinsep Road  
Jandakot, Western Australia 6164**

**Prepared For** CK Asset Holdings Limited

**Report Purpose** Asset management purposes and for (i) incorporation into the circular and offer document (the “Circular and Offer Document”) and an announcement to be issued by CK Asset Holdings Limited on or around 27 April 2021, which will be uploaded to the websites of the Stock Exchange of Hong Kong and CK Asset Holdings Limited; and (ii) being a document on display in accordance with The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission (the “Takeovers Code”), subject to the terms and conditions agreed.

**Valuation Date** 28 February 2021.

**Our Reference** 12116159

**Client Reference** N/A

**Inspection Type** Full Inspection

**1.0 VALUATION SUMMARY****1.1 Scope of Work and Instructions**

<b>Identity of Valuer</b>	Opteon Property Group Pty Ltd
<b>Independence of Valuer/Disclosure</b>	Unless otherwise disclosed, the valuer does not have any material connection or involvement with the subject property or the parties to the valuation that could limit the valuer's ability to provide an unbiased and objective valuation. The valuation has been assessed independently by the valuer without material assistance from others.
<b>Instructing Party</b>	CK Asset Holdings Limited
<b>Client</b>	CK Asset Holdings Limited
<b>Other Authorised Users</b>	Nil
<b>Client Reference</b>	N/A
<b>Property Address</b>	83 Prinsep Road, Jandakot, Western Australia 6164
<b>Valuation Currency</b>	This valuation has been assessed in Australian dollars (\$AUD).

<b>Valuation Purpose and Restrictions on Use</b>	<p>Asset management purposes and for (i) incorporation into the Circular and Offer Document and an announcement to be issued by CK Asset Holdings Limited on or around 27 April 2021, which will be uploaded to the websites of the Stock Exchange of Hong Kong and CK Asset Holdings Limited; and (ii) being a document on display in accordance with the Takeovers Code, subject to the terms and conditions agreed (appended). The valuation is not suitable nor to be relied upon as taxation advice. This report has been prepared for the private and confidential use of our client, CK Asset Holdings Limited and the nominated other authorised users, for the specified purpose and it should not be relied upon by any other party for any purpose and the valuer shall not have any liability to any party who does so. The report should not be reproduced in whole or part without the express written authority of Opteon Property Group Pty Ltd. Our warning is registered here, that any party, other than those specifically named in this report as our client or authorised user should obtain their own valuation before acting in any way in respect of the subject property. Please note photography, images and appendices are not provided in this Report under client instructions.</p>
<b>Inspection</b>	<p>In order to complete the valuation a sufficiently comprehensive inspection of the property has been completed.</p>
<b>Basis of Value</b>	<p>Market Value As Is subject to Public Use Zone for asset management and financial reporting purposes only. Opteon's valuation has been performed in accordance with the IVS definition of market value and API Guidelines and Practice Standards (including APIV Guidelines). The property has been valued as an 'operational asset' with no impediment to continuation of the existing use.</p>



**Extent of Valuers’  
Work and  
Limitations**

The extent of investigation undertaken by the valuer in completing the valuation has included:

- collation of information from relevant parties regarding the subject property;
- undertaking our own research regarding the subject property;
- an inspection of the property and measurement of buildings where required;
- undertaking market research in terms of values and/or costs of similar properties;
- preparation of valuation calculations, and;
- preparation of this report;

This valuation has been based on information supplied which is assumed to have been provided in good faith and contain a full and frank disclosure of all information that is relevant to the valuation of the property. The valuer has not undertaken due diligence or verification of the information supplied.

**Nature and Source of  
Information**

Information we have been provided with and relied upon in undertaking our valuation includes: Nil.

**Compliance/  
Departures with  
Valuation  
Standards**

This valuation has been prepared in accordance with the International Valuation Standards and other applicable Valuation Standards.

**Level of Inputs**

Level 2 – quoted prices that are observable for the asset or liability, either directly or indirectly.

**1.2 Property Details**

<b>Property Description</b>	The property comprises a predominantly level and rectangular shaped internal allotment with battle-axe access, on a 5.2563 ha site. Improvements comprise various industrial office warehouse buildings constructed between 1984-2017 and partly refurbished over the years. Site coverage is 6%. The remainder of the site is used for parking and hardstand with part of the site being unimproved. The current improvements serve to represent an under-capitalisation of the site. The property is situated in the north-eastern portion of the Jandakot industrial area.
<b>Title Reference</b>	Lot 1004 Diagram 95120 Volume 2132 Folio 439
<b>Tenure Type</b>	Freehold
<b>Registered Proprietor</b>	DBNGP (WA) Nominees Pty Ltd
<b>Total Title Area</b>	5.2563 ha
<b>Encumbrances</b>	Refer section 5.2 for details on encumbrances.
<b>Lettable Area</b>	3,203 sqm
<b>Zoning</b>	Public Purposes – State Energy Commission.

### 1.3 Property Profile

#### *Market*

<b>Marketability</b>	Public Purpose zoned assets are rarely sold.
<b>Recent Market Direction</b>	The market for Public Purpose zoned land typically require rezoning to a more flexible zoning prior to being offered for sale. The valuation is based subject to the existing use which falls within the industrial classification. As an asset class, industrial holdings have proven to be amongst the more resilient performers including throughout the challenges presented by COVID-19 pandemic.
<b>Recent Market Direction</b>	Seemingly steady.
<b>Market Volatility</b>	Development land is inherently more volatile than some investment an asset classes
<b>Likely Buyer Profile</b>	A depot site such as this with a site-specific zoning is usually only transacted as part of the sale of a larger going concern business typically to an owner operator buyer.
<b>Selling Period</b>	Estimated say 6-9 months, assuming proper marketing, an appropriate due diligence period and a realistic asking price etc. The estimated selling period is typical for the property type in this location (note also above comment in respect of going concern).
<b>Last Known Sale</b>	\$8,850,000 on 25 March 1998. Source: RP Data.

*Asset*

**Highest & Best Use** Ultimately, the highest and best use for the property may considered to be for a further industrial development, given the low site coverage, age and configuration of the existing improvements. As an existing operational asset, the property has been valued for the existing use as industrial premises for this valuation purpose. To this end it has been compared to industrial sales evidence in nearby industrial localities.

**Functionality** The property is functional for the existing use.

**Capital Expenditure** During our inspection we did not note any items requiring immediate capital expenditure, other than items which would normally be undertaken as part of an ongoing regular maintenance program.

*Occupancy/Cash Flow*

**Occupancy Status** Owner occupied

*Assumptions & Recommendations:*

**Significant and Verifiable Assumptions**

- The instructions and information supplied contain a full disclosure of all information that is relevant.
- The Valuation is prepared based on the Assumptions Conditions and Limitations appended to the rear of this Report.
- The entity is a going concern and the assets will continue to be used as part of the entity.

**Assumptions Requiring Further Consultancy**

- Environmental reports are recommended as best practice

**1.4 Key Valuation Outputs**

**Market Value Rate** \$209 psm site area (improved)

## 1.5 Valuation Details

Market Value As Is:

<b>Market Value with Vacant Possession for Existing Use:</b>	AUD
	\$11,000,000
	(equivalent to
	approximately
	HKD
	65,780,000) <sup>1</sup>

This valuation is exclusive of GST

<b>Valuation Purpose</b>	Asset management purposes and for (i) incorporation into the Circular and Offer Document and an announcement to be issued by CK Asset Holdings Limited on or around 27 April 2021, which will be uploaded to the websites of the Stock Exchange of Hong Kong and CK Asset Holdings Limited; and (ii) being a document on display in accordance with the Takeovers Code, subject to the terms and conditions agreed. The valuation is not suitable nor to be relied upon as taxation advice.
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<b>Interest Valued</b>	Fee simple
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<b>Date of Inspection</b>	9 April 2021
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<b>Date of Valuation</b>	28 February 2021
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<b>Issue Date</b>	27 April 2021 is the date of the Circular
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<b>Expiry of Valuation</b>	This valuation is current as at the Date of Valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.
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<b>Signatories</b>	<b>Tim Heath</b> AAPI CPV Senior Valuer API No: 65172 WA LVL No: 44247 <b>Primary Valuer</b> tim.heath@opteonsolutions.com	<b>Duncan Cameron</b> FAPI CPV Director – Specialised & Advisory API No: 64637 WA Licence No: 497 <b>Supervising Member</b>
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<sup>1</sup> Based on an exchange rate of 1 AUD to 5.98 HKD.

<b>Valuation Summary</b>	This Valuation Summary has been prepared with acknowledgement by the client that it is a synopsis of the property and the valuation on the understanding the client is familiar with the property or have taken their own investigations and due diligence on the property. A more detailed valuation report can be provided if required. All information obtained and researched on the property has been retained on our files for future reference if required. This report is provided on the basis and understanding that this report is only to be used for the specified purpose.
<b>Counter Signatory Declaration</b>	The counter signatory acting in the capacity of a Supervising Member has reviewed the valuation report and working papers and based upon that review is satisfied that there is a reasonable basis for the valuation process undertaken and the methodology adopted by the Primary Valuer. The counter signatory did not inspect the subject property and may not have inspected comparable evidence. The opinion of value has been arrived at by the Primary Valuer who undertook the inspection and prepared the valuation calculations. The counter signatory confirms that the report is genuine and is endorsed by Opteon Property Group Pty Ltd.
<b>Digital Copies of Reports</b>	Where a report has been provided in digital copy and has not been received directly via our firm, the report contents, especially the valuations and critical assumptions, should be verified by contacting the issuing office to ensure the contents are bona fide. In particular if the reader of this report has suspicions that the report appears to be tampered or altered then we recommend the reader contact the issuing office.
<b>Reliance on Whole Report</b>	This valuation should be read in its entirety, inclusive of any summary and annexures. The valuer and valuation firm does not accept any responsibility where part of this report has been relied upon without reference to the full context of the valuation report.

## 2.0 BASIS OF VALUATION &amp; DEFINITIONS

<b>Market Value (IVS)</b>	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.
<b>Market Value As Is</b>	"Market Value As Is" means a valuation that provides the Market Value of the property as it currently exists.
<b>Basis of Valuation Owner Occupied Properties</b>	Valuations of owner occupied properties will normally be valued on the assumption that the property is to be offered for sale unencumbered by the owner's occupancy and that the buyer is entitled to full legal control and possession. Hence our valuation has been prepared on a vacant possession basis.
<b>Fair Value (definition for Financial Reporting purposes)</b>	<p>The International Financial Reporting Standards (IFRS) 13 Fair Value Measurement contains the following definition:</p> <p><i>"Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."</i></p> <p>Fair value under IFRS is generally consistent with the concept of market value as defined and discussed in the IVS Framework. For most practical purposes, market value under IVS will meet the fair value measurement requirement.</p>
<b>Special Value</b>	<p>Special value is an amount that reflects particular attributes of an asset that are only of value to a special purchaser.</p> <p>A special purchaser is a particular buyer for whom a particular asset has special value because of advantages arising from its ownership that would not be available to other buyers in the market.</p> <p>Special value can arise where an asset has attributes that make it more attractive to a particular buyer than to any other buyers in a market. These attributes can include the physical, geographic, economic or legal characteristics of an asset. Market value requires the disregard of any element of special value because at any given date it is only assumed that there is a willing buyer, not a particular willing buyer.</p>

**Valuation Inputs**

IFRS 13 includes a “*Fair Value Hierarchy*” that classifies valuations according to the nature of the available inputs. In summary, the three levels of the hierarchy are as follows:

- Level 1 inputs are “*quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access on the measurement date*”.
- Level 2 inputs are “*inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly*”.
- Level 3 inputs are “*unobservable inputs for the asset or liability*”.

**Impairment**

Impairment arises where the carrying amount of an asset exceeds the amount that can be recovered from either its continued use and/or the sale of the asset. Under IAS 36 Impairment of Assets, an entity is required to review certain categories of asset at the date of each statement of financial position to determine whether there is any indication that an asset may be impaired. Impairment might be indicated by a reduction in the value of the asset because of market or technological changes, obsolescence of the asset, asset underperformance in comparison to the expected return, or an intention to discontinue or restructure operations. Certain assets (goodwill and intangibles with an indefinite life or not yet available for use) would be tested for impairment on an annual basis. If impairment is considered to have arisen, the carrying amount of the asset, whether derived from either historic cost or a previous valuation, should be written down to the “recoverable amount”. This is the higher of the asset’s “*value in use*” or its “*fair value less costs to sell*”.

**Other Accounting Requirements**

In addition to the above principles we draw to your attention that there are various requirements and additional accounting standards for valuations and Director’s or Trustee’s obligations etc. We recommend you seek professional advice from a qualified accountant or auditor to ensure full compliance with the Law and relevant accounting standards.

**3.0 DATE OF VALUATION****Valuation Date**

28 February 2021



<b>Date of Inspection</b>	9 April 2021. Our valuation critically assumes that the property was in substantially similar condition as at the valuation date of 28 February 2021 as was observed at the subsequent date of our inspection.
<b>Expiry of Valuation</b>	This valuation is current as at the Date of Valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.

#### 4.0 LOCATION

<b>Location</b>	Jandakot is situated 17 kilometres south of the Perth Central Business District, which is easily accessed via nearby Kwinana Freeway, Berrigan Drive and Armadale Road. The Jandakot industrial area is divided into two discrete precincts, bisected by the Kwinana Freeway. The eastern precinct is generally populated by noxious activities while the western precinct provides more traditional warehouse/workshop accommodation.
<b>Neighbourhood</b>	Specifically, the subject property is situated in the north-eastern portion of the Jandakot industrial area. Properties in the immediate vicinity include large scale office warehouse/workshop on large allotments.

#### 5.0 TENURE

##### 5.1 Title Particulars:

<u>Title Reference</u>	<u>Tenure</u>	<u>Registered Proprietor</u>	<u>Title Area</u>
Lot 1004 Diagram 95120 Volume 2132 Folio 439	Freehold	DBNGP (WA) Nominees Pty Ltd	5.2563 ha
<b>Total Title Area</b>			5.2563 ha

## 5.2 Easements, Encumbrances & Other Interests Noted on Title

### Encumbrances

1. Easement Benefit G500001, see Sketch on Volume 2132 Folio 439. Registered 12 June 1997.
2. Easement Burden – See Diagram 95120. The above easement benefit and burden relate to the right of carriageway access of Prinsep road and being part over adjoining Lot 1001. The rights carry with it the corresponding obligation of contributing 50% of the cost of repairing and maintaining the right of carriageway.
3. Notification L405163 contains factors affecting the within Land. Lodged 19 August 2010.

The Notification states that part of the lot is unable to be connected to sewer via gravity feed due to low ground levels. The site will need to be filled or alternate plumbing arrangements designed to effect connection. Costs associated with this are the responsibility of the landowner. Our enquiries with the Water Corporation indicate the property is connected to sewer.

Our valuation has been assessed assuming the property is only affected by encumbrances noted on the Title with the exception of registered instruments (e.g. mortgages or caveats) that are normally and expected to be discharged prior to transfer of the property. We have not searched with other Government or relevant entities to ascertain whether any other encumbrances exist over the subject property.

## 6. PLANNING

### Regional Planning

Metropolitan Region Scheme (MRS):  
 Zone – “Public Purposes: State Energy Commission”.  
 Reserve – Water Catchment Area:  
 Water sources protected for high quality public water supply. These areas have strict controls on land use to avoid pollution of the water resource.

### Local Government Area

City of Cockburn.

### Planning Scheme

Town Planning Scheme No. 3.

<b>Current Zoning</b>	Public Purposes – State Energy Commission.
<b>Overlays</b>	<ul style="list-style-type: none"> <li>● Development Contribution Area 13.</li> <li>● Development Contribution Area 15.</li> </ul>
<b>Existing Use</b>	Industrial Office Warehouse/workshop.
<b>Permitted Uses</b>	Verbal enquiries with the City of Cockburn revealed that any proposed development will require planning approval from the Western Australian Planning Commission.
<b>Zoning Effect</b>	<p>Verbal enquiries with a planning officer from the City of Cockburn revealed that the current use is permitted pursuant to existing use rights provided the existing use continues. Existing use rights may lapse if the current use ceases.</p> <p>The site is currently zoned “Public Purposes – State Energy Commission” under the Metropolitan Region Scheme which defines Public Purposes as land for public facilities such as hospitals, high schools, universities, car parks, prisons, utilities for electricity and water, commonwealth government and other special uses.</p> <p>Adjoining land to the south of the subject is zoned “Industrial”, while adjoining land to the north is zoned “Resource”. From our discussions with planning officers, given the long standing historical use of the site for industrial purposes (since 1980’s), any alternate zoning of the subject site would likely be under an industrial basis. We have valued the property accordingly.</p>
<b>Heritage Issues</b>	Not listed.

## 7.0 SITE

### 7.1 Site Details

<b>Site Description</b>	A predominantly level (with split levels) rectangular shaped lot with battle-axe access.
<b>Street Frontage</b>	3.80 metre frontage to Prinsep Road (battle-axe leg).
<b>Depth</b>	197.44 metres to the north eastern boundary; 258.72 metres to the south eastern boundary; 286.63 metres to the south western boundary; 256.12 metres to the north western boundary.

<b>Dimensions</b>	The shape and dimensions of the property are shown on the Title plan.
<b>Source of Site Area</b>	The site area has been obtained from the Title Plans.
<b>Site Area</b>	5.2563 ha
<b>Identification</b>	Reference to the Certificate of Title; Certificate of Title Sketch; Street number in conjunction with online Cadastral Plans and our onsite inspection.

## 7.2 Services

<b>Services</b>	Electricity, town water, sewer and telephone services are all connected to the subject property. Gas is available however not connected.
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## 8.0 IMPROVEMENTS

### 8.1 Industrial Depot

<b>Main Building Type</b>	Industrial (Office Warehouse)
<b>Level / Style</b>	Single storey, conventional, detached
<b>Accommodation</b>	Main administration office – open plan and partitioned offices with amenities, Facilities office – open plan and partitioned offices, Team building – open plan and partitioned offices, Amenities block – training room, first aid, lunchroom male and female toilets, Projects workshop, TPS office and server room – warehouse converted for office use, server room, Heavy workshop – clearspan workshop with mezzanine storage and small office, Warehouse A & B – clearspan workshop divided into two areas with mezzanine storage and small office, loading canopy and opensided storage area, Storage Shed – clearspan.

In addition several transportable buildings were noted on the site. Due to their transportable nature they have not been included in this land and buildings valuation.

**Construction:**

<b>Floors</b>	Concrete.
<b>Main External Walls</b>	Offices – Predominantly facebrick or prefabricated.  Warehouse – Steel framed and metal clad with part brick dado.
<b>Windows</b>	Aluminium.
<b>Roof</b>	Metaldeck/Colorbond.
<b>Main Interior Linings</b>	Offices – Carpeted and ceramic tile floor coverings, painted plaster or plasterboard walls with internal partitioning.  Warehouse – Concrete floors, steel portal framed and colorbond clad walls.
<b>Ceilings</b>	Office – Combination of suspended plasterboard and suspended acoustic panel ceilings.  Warehouse – Anticon insulation to the underside.
<b>Construction Year</b>	Circa 1984
<b>Additions</b>	2004
<b>Building Services</b>	
<b>Lighting</b>	Offices – Recessed and attached strip fluorescent.  Warehouses – High bay lamps and attached strip fluorescent.
<b>Air-conditioning / Ventilation</b>	Offices – Reverse cycle air-conditioning units (combination of ducted and split system).  Warehouses – Nil.
<b>Electrical</b>	The building has standard electrical services.
<b>Fire Services</b>	Basic fire fighting equipment is provided, including fire extinguishers, fire hose reels and emergency exit signs and exits.

<b>Security Systems</b>	A building security alarm system is installed, incorporating video surveillance.
<b>Disability Access</b>	Yes – given single storey accommodation.
<b>Building Services Comment</b>	<p>The building appears to provide a basic standard of building services.</p> <p>Access to the warehouse is via manual and automated roller doors.</p> <p>Truss heights to warehouses range from 4.5-5 metres for smaller workshop/warehouses to 8.5 metres for the main Warehouse A&amp;B.</p>
<b>Ancillary</b>	The remainder of the site provides a combination of bituminised parking and access areas, gravel hardstand /laydown areas and portions of unimproved land with native bush (the native bushland has an area of approximately 11,500sqm). Perimeter cyclone mesh fencing, sliding steel security gate and flood lighting.

## 8.2 Building Areas

<b>Total Lettable Area</b>	3,203 sqm
<b>Measurement Basis</b>	IPMS 3 – Industrial (Gross Lettable Area)
<b>Source of Areas</b>	The building areas have been obtained from on-site measurements.

<u>Accommodation:</u>	<u>Measurement Basis:</u>	<u>Lettable Area:</u>	<u>% Total Area:</u>
Main Admin Office	GLA	270 sqm	8%
Facilities Office	GLA	120 sqm	4%
Team Building (Office)	GLA	184 sqm	6%
Amenities Block (Training, first aid, lunchroom, toilets )	GLA	170 sqm	5%
Projects Workshop	GLA	78 sqm	2%
TPS Office and Server Room (converted warehouse)	GLA	370 sqm	12%
Heavy Workshop	GLA	287 sqm	9%
Warehouse A&B	GLA	1,492 sqm	47%
Warehouse A&B Canopy	GLA	58 sqm	2%
Warehouse A&B Open-sided Store	GLA	116 sqm	4%
Storage Shed	GLA	58 sqm	2%
Totals:		<u>3,203 sqm</u>	<u>100%</u>

### 8.3 Condition and Repairs

<b>Internal Condition</b>	Generally appears in good condition commensurate with age and more recent refurbishments to older buildings
<b>External Condition</b>	Generally appears in good condition commensurate with age and more recent refurbishments to older buildings

## 9.0 ENVIRONMENTAL ISSUES

### 9.1 Environmental Hazards

<b>Bushfire Risk</b>	Online database searches with the Department of Fire & Emergency Service Bushfire Prone database suggest that the subject property is within a Bushfire Prone Area. It must be noted that the registered proprietor may be required to undertake a bushfire attack level (BAL) assessment. People intending to develop and/or build may be affected by this through the potential development of the site and limit the specific construction material that can be used. It must be recognised that we are not experts in this field.
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**High Voltage  
Transmission Lines**

We note the subject property is situated within close proximity to electrical overhead high voltage transmission lines (330kv) which may give rise to increased electrical radiation or interference. These power lines are situated to the south of the subject site within approximately 150 metres. The presence of such infrastructure can impact on the marketability and market value of properties and we have reflected this in assessing our valuation. Though this is more relevant to residential properties we have included this comment for consistency.

**9.2 Contamination Commentary****Current Use**

Industrial Office Warehouse.

**Past Use**

Unknown.

**Site Contamination**

Based on our site observations, current and past uses along with surrounding uses, contamination of the site is considered unlikely, however noting comments below relating to prior contamination on adjoining properties.

**API List of  
Potentially  
Contaminating  
Activities**

The current and past uses are not listed on the API List of Potentially Contaminating Activities, Industries and Land Uses.



**Contaminated Sites  
Register**

On 1 December 2006 the Contaminated Sites Act (2003) took effect and the Department of Environment and Conservation have made available a database of known or suspected Contaminated Sites.

However, this Database does not provide a guarantee that the subject land or adjoining land is not contaminated, only that there is no known contamination present.

A search of the Contaminated Sites Database indicated that the subject property is not listed as being contaminated.

**Nearby Contaminated Sites**

However the Database did indicate that 1001 & 1003 Prinsep Road which adjoin the subject property to the east, south and west, are listed on the Contaminated Sites Database as “Remediated for restricted use” due to Hydrocarbons (such as from petrol, diesel or oil) being found present in soils at the sites.

For this reason the sites are restricted to commercial/ industrial use.

**Environmental Audit**

We have not been provided with an environmental audit, nor are we aware of the property being affected by soil contamination. We have not investigated the site beneath the surface or undertaken vegetation or soil sampling.

**9.3 Asbestos**

**Asbestos Register**

We were not able to sight an asbestos register.

**Inspection  
Observations**

Given the construction era of the building or subsequent alterations, the use of building materials with asbestos content is possible. We understand that provided any asbestos remains in reasonable condition and is not disturbed, it is unlikely to present a health risk however its removal may be required at some time in the future that would incur a financial cost.

**10.0 OCCUPANCY AND LEASE DETAILS**

**Occupancy Status**

Owner occupied and valued on the basis of no impediment to vacant possession if required.

**11.0 GENERAL COMMENTS**

As notified and advised by the owner of the Property, the potential tax liability that would arise on the disposal of the Property at the amount valued by us should mainly comprise corporation tax at 30% on any gain on the freehold interest in the Property, which would be expected to be minimal due to the tax cost base of the property being similar to the valuation amount. We have been advised that the likelihood of the tax liability being imposed is remote provided that there are no planned or immediate intentions of disposal of the property. According to our standard practice and in the course of our valuation, we are not authorised to provide taxation advice. The above statement has been provided by the owner of the Property and we have neither verified the accuracy nor taken into account such tax liability in the preparation of this report. We accept no liability in respect of any tax statement included in this report and recommend independent advice be obtained with respect to any tax liability statements.

Opteon's valuation is not to be construed or relied upon as advice about taxation, investment or financial strategy, nor as an endorsement, or recommendation as to the viability, of any transaction or investment opportunity. It is not operating under an Australian Financial Services Licence, and its valuation is not financial product advice. The valuation was prepared without regard to the specific investment objectives, tax position, financial situation or particular needs of any individual or entity. As such, any use or reliance upon the valuation is conditional upon Opteon (its directors, officers, members, employees, franchisees, advisers or related bodies corporate as the latter is defined by the Corporations Act 2001) being released from any demand, claim, or loss howsoever arising at law (including negligence) from or in connection with any use of, or reliance upon, in whole or in part, the valuation (or any summary or extract therefrom). Otherwise, it is hereby notified that:

Opteon's liability (including if negligent) is limited by a scheme approved under Professional Standards Legislation, namely the APIV Limited Liability Scheme.

Opteon's valuation is current at the date of valuation only, and the value of a property or asset may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements, factors specific to the particular property or asset, or factors that Opteon could not have reasonably been aware as at the date of its valuation), and accordingly, Opteon excludes liability for claim or loss of any kind arising from such subsequent changes in value.

Subject to any applicable laws and regulations, Opteon is only responsible for the content of this valuation report and disclaims any responsibility for the accuracy or completeness of the information contained in other parts of the Circular and Offer Document.

## 12.0 MARKET EVIDENCE

### 12.1 Sales Evidence

In forming our opinion of value we have had regard to various sales transactions, a selection of which are summarised below:

<u>Address</u>	<u>Sale Price</u>	<u>Date</u>	<u>Land Area</u>	<u>Lettable Area</u>	<u>\$/sqm Land</u>
41 Miguel Road, Bibra Lake	\$3,200,000	May-20	10,856 sqm	1,186 sqm	\$295
26-28 Tomlinson Road, Welshpool	\$3,000,000	Nov-19	14,500 sqm	4,688 sqm	\$207
251 Berkshire Road, Forrestfield	\$8,998,045	Oct-19	28,385 sqm	VL	\$317
8-14 Wildfire Road, Maddington	\$6,576,426	Jul-20	21,886 sqm	8,672 sqm	\$300
359 Gnangara Road, Wangara	\$4,500,000	Apr-20	21,375 sqm	VL	\$211
12-26 Railway Parade, Bayswater	\$10,250,000	Jan-20	41,081 sqm	10,720 sqm	\$250
52-64 Sheffield Road, Welshpool	\$11,550,000	Mar-19	30,716 sqm	5,500 sqm	\$376
178 Railway Parade, Bassendean	\$13,350,000	Sep-18	30,400 sqm	2,583 sqm	\$439
Subject Property	<u>\$11,000,000</u>	<u>Apr-21</u>	<u>52,563 sqm</u>	<u>3,203 sqm</u>	<u>\$209</u>

## 13.0 VALUATION METHODOLOGY & CONCLUSIONS

### 13.1 Adopted Valuation Approach

Due regard has been given to transactions of comparable properties, as discussed under the market evidence section of this report. Our valuation methodology and calculations are summarised as follows:

### 13.2 Primary Valuation Method

#### *Comparable Transactions Method/Direct Comparison*

The comparable transactions method utilises information on transactions involving properties that are the same or similar to the subject property. The comparable transaction method can use a variety of comparable evidence and units of comparison which form the basis of the comparison. A common unit of comparison for real property is price per square metre. In analysing the units of comparison, the Valuer may make necessary adjustments to the key valuation

metrics to reflect differences (such as the date of sale in comparison to the date of valuation, or differences in property characteristics) between the comparable sales and the valuation of the subject property.

The site is currently zoned “Public Purposes – State Energy Commission”. Adjoining land to the south is zoned Industrial, while adjoining land to the north is zoned Rural Resource. From our discussions with planning officers, given the long standing historical use of the site for industrial purposes (since 1980’s) any alternate zoning of the subject site would likely be under an industrial basis. We have valued the property accordingly and taken into account time requirement for formal rezoning to compare to sales evidence of sites already zoned Industrial.

The available evidence of Industrial zoned land shows rates ranging between \$180/sqm to \$ 423/sqm of site area. Comparative comments are included within the Market Evidence section of this report.

Taking into account the subject’s: comparatively large site; overall ad hoc improvements with low site coverage of 6%; location within rural resource area and light industrial use; existing native bushland over a portion of the site which may impact redevelopment; requirement for rezoning in comparison to the evidence; a value rate at the lower end of the range is considered appropriate.

The value of the subject site has been assessed at between \$200/sqm to \$210/sqm, from which we have adopted a rounded Market Value of \$11,000,000 (\$209/sqm).

### *Calculations*

#### *Comparable Transactions (Direct Comparison) - Land Area*

			<b>Market Value</b>
Land Area:	52,563sqm	@ \$200	\$10,512,600
	52,563sqm	@ \$210	\$11,038,230
	52,563sqm	@ \$220	\$11,563,860
<b>Indicates Market Value:</b>			<b><u>\$11,000,000</u></b>

**14.0 VALUATION**

Subject to the assumptions, conditions and limitations contained within this report, we are of the opinion the Market Value of the interest in the property as at the Date of Valuation is as follows:

**Market Value – Vacant Possession for the Existing Use**

**AUD \$11,000,000**  
**(Eleven Million Dollars)**

**Important**

This valuation is subject to the definitions, qualifications and disclaimers and other comments contained within this report.

**15.0 ASSUMPTIONS, CONDITIONS & LIMITATIONS****Area Disclaimer**

*In the event actual surveyed areas of the property are different to the areas adopted in this valuation the survey should be referred to the valuer for comment on any valuation implications. We reserve the right to amend our valuation in the event that a formal survey of areas differs from those detailed in this report.*

**Asbestos Disclaimer**

*We are not experts in the identification of Asbestos and therefore, in the absence of an environmental consultant's report concerning the presence of any asbestos fibre within the subject property, this valuation is made on the assumption that there is no: asbestos material present; health risk from asbestos within the property; or there is any material expense relating to the repair, management or replacement of asbestos materials in the foreseeable future. Should an expert's report establish that there is an asbestos related health risk or a requirement to undertake asbestos remediation works then we reserve the right to review this valuation.*

**Building Services  
Disclaimer**

*No documentation or certification has been sighted to verify the condition of building services, and we have assumed that all building services are: adequate in specification; in good operational condition; and satisfactorily maintained.*

**Client Specific  
Disclaimers**

*This valuation report is not for mortgage reliance. The valuation should not be relied upon by any lender and Opteon shall not have any liability or duty of care to any lender who does so.*

**Encroachments**

*The valuation is made on the basis that there are no encroachments (unless otherwise noted) by or upon the property and this should be confirmed by a current survey report and/or advice from a land surveyor. If any encroachments are noted by the survey report the valuer should be consulted to assess any effect on the value stated in this report.*

**Environmental  
Disclaimer**

*This report is not an environmental audit and no advice is given in any way relating to environmental or pollution matters. Any comments given as to environmental or pollution factors in relation to the property are not given in the capacity as an expert. This assessment of value is on basis that the property is free of contamination or environmental issues affecting the property not made known to the valuer. In the event the property is found to contain contamination the matter should be referred to this office for comment. Given contamination issues can have an impact on the Market Value of the property, we reserve the right to review and if necessary vary our valuation if any contamination or other environmental hazard is found to exist.*

**Full Disclosure  
Disclaimer**

*Whilst we have attempted to confirm the veracity of information supplied, the scope of work did not extend to verification of all information supplied or due diligence. Our valuation and report has been prepared on the assumption the instructions and information supplied has been provided in good faith, is not in any way misleading or deceptive, contains a full disclosure of all information that is relevant, there are no undisclosed agreements in place that affect the property. The valuer and valuation firm does not accept any responsibility or liability whatsoever in the event the valuer has been provided with insufficient, false or misleading information.*

**Future Value**

*Any comments are made in relation to future values are based on general knowledge and information currently available. These comments should not be construed as a prediction of future value levels or a warranty of future performance as the property market is susceptible to potential rapid and unexpected change caused by multiple factors. Ultimately current expectations as to trends in property values may not prove to be accurate. Due to possible changes in the property market, economic conditions, occupancy status and property specific factors, we recommend the value of the property be reassessed at regular intervals*

**Geotechnical**

*We have not sighted a geotechnical engineers' survey of the property. We are not experts in the field of civil or geotechnical engineering and we are therefore unable to comment as to the geotechnical integrity of the ground and soil conditions. It is specifically assumed that there are no adverse geotechnical conditions that compromise the utility of the property for the current or highest and best use. In the event there is found to be adverse ground conditions we recommend the matter be referred to this Company for comment.*

**GST**

*All amounts and values in this report are exclusive of GST unless otherwise specified. If there is any uncertainty as to the treatment of GST we recommend you seek advice from a qualified accountant.*

**Heritage Disclaimer**

*Our valuation has been assessed having regard to the nature of any buildings on the property and any known heritage listings. However we have not obtained formal confirmation of heritage listings beyond what is available in the public domain and identified in this report. Our valuation assumes, unless otherwise specified, that any heritage issues (including Aboriginal) do not impact on the continued and/or highest and best use of the property. If there is doubt in relation to such issues we recommend written application be made to the relevant authorities.*

**Identification**

*The property has been identified as per details provided within this report. The identification comments are not provided in the capacity of an expert, and a surveyor (not a valuer) would be able to confirm the identification of the property and/or any encroachments by way of undertaking a site survey.*

**Inconsistencies in Assumptions**

*If there is found to be any variance, inconsistency or contradiction in any of the assumptions within this report then this may have an impact on the market value of the property and we recommend this valuation be referred back to the Valuer for comment.*

**Leases and Rents**

*This valuation is based on the lease terms and conditions summarised within this report sourced from a review of the available lease documentation and tenancy schedules made available. This valuation is made on the basis that the tenants are paying rent in accordance with the lease agreements and there are no undisclosed rental subsidies, or other incentives that have been provided by the lessor. Our valuation assumes there are no material breaches of the essential terms of existing Leases by the existing Lessees and no material rental arrears at the date of Valuation.*

**Market Change**

*This valuation is current as at the Date of Valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Where the valuation is being relied upon for mortgage purposes, without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of 90 days from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation. We recommend the valuation be reviewed at regular intervals.*

**Market Evidence  
Information  
Availability**

*In preparing this valuation we have undertaken those investigations reasonably expected of a professional valuer having regard to normal industry practice so as to obtain the most relevant, available, comparable market evidence. Whilst we believe the market information obtained to be accurate, all details may not have been formally verified.*

**Native Title  
Assumption**

*We are not experts in native title or the property rights derived there from and have not been supplied with appropriate expert advice or reports. Therefore, this valuation is made assuming there are no actual or potential native title interests affecting the value or marketability of the property.*



**Photographs**

*The photos used in this valuation report may not have been taken by Opteon (Third Party Photos). Where possible, a photo that has been sourced from a third party (other than the property contact who has not been attributed) has been attributed in the valuation report to the source from which Opteon obtained the photo. Opteon makes no warranties or representations in respect of, and is unable to assign to the Client, any intellectual property rights subsisting in the Third Party Photos.*

**Planning Disclaimer**

*Town planning and zoning information was informally obtained from the relevant local and State Government authorities and is assumed to be correct. Should the addressee require formal confirmation of planning issues then we recommend formal application be made to the relevant authorities to confirm planning details.*

**Publication of Report**

*The publication of the valuation or report in whole or any part, or any reference thereto, or the names and professional affiliations of the valuers is prohibited without the prior written approval of the valuer as to the form and context in which it is to appear.*

**Site Survey  
Disclaimer**

*This report is not a site survey and no advice is given in any way relating to survey matters. Any comments given in relation to the property are not given in the capacity as an expert, however, are based on our inspection (where relevant) of the property and review of the Certificate of Title plans. Should the addressee require absolute certainty in relation to the site area, dimensions or possible encroachments we recommend that a surveyor be engaged to provide appropriate advice and a survey of the property if considered necessary. In the event there are any fundamental inconsistencies between any site survey undertaken and site detail adopted in this valuation, the survey should be referred to the valuer for comment on any valuation implications (including amendment of our valuation if considered necessary).*

**Structural Disclaimer**

*This report is not a structural survey and no advice is given in any way relating to structural matters. Any opinion given as to the condition of the improvements on the property is not given in the capacity as an expert. A structural report on the building and/or its plant and equipment has not been sighted, and nor have we inspected unexposed or inaccessible portions of the premises. Therefore we cannot comment on the structural integrity, any defects, rot or pest infestation (or damage from pest infestation) of the improvements, any use of asbestos or other materials now considered hazardous or areas of non-compliance with the Building Code of Australia, other than matters which are obvious and which are noted within this report. This valuation assumes the building is structurally sound; that building services are adequate and appropriately maintained; the building complies with applicable Council, building, health, safety and fire regulations, laws, bylaws, rules, licences, permits and directives; and is free of asbestos or other defects, unless specified otherwise. Should an expert's report establish that there is any damage of the varieties noted above then we reserve the right to review this valuation.*

**Third Party  
Disclaimer**

*This report has been prepared for the private and confidential use of our client, DBNGP (WA) Nominees Pty Ltd and the nominated other authorised users, for the specified purpose and it should not be relied upon by any other party for any purpose and the valuer shall not have any liability to any party who does so. The report should not be reproduced in whole or part without the express written authority of Opteon Property Group Pty Ltd. Our warning is registered here, that any party, other than those specifically named in this report as our client or authorised user should obtain their own valuation before acting in any way in respect of the subject property.*

**Third Party  
Information**

*In preparing the valuation report the valuer may have relied on information, documents and data provided by third parties (Third Party Information). Whilst the valuer has taken reasonable steps to verify the accuracy and completeness of the Third Party Information, the valuer does not make any warranties or representations about the accuracy or completeness of that Third Party Information and will not be liable for any loss that may arise as a direct or indirect consequence of any Third Party Information being incomplete, inaccurate or misleading due to the fraud or recklessness of a provider of the Third Party Information.*

**Title and  
Unregistered  
Instruments**

*For the purpose of this report we have assumed that the title information provided to us is correct. Our Valuation has been assessed assuming the property is only affected by encumbrances noted on Title with the exception of registered instruments (eg. mortgages or caveats) that are normally and expected to be discharged prior to transfer of the property. If there are any encumbrances, encroachments, restrictions, leases or covenants which are not noted on the title, they may affect the assessment of value. If there are errors or omissions found to exist on the title documents we should be notified and we reserve the right to review our valuation.*

## VALUATION REPORT

Property No.	Property name and full address	Holding entity	City	District	Land use	Type of property	Market value in existing state as at the Valuation Date	Interest attributable to the Group (%)
1	2 Richardson Street, Albert Park, Victoria 3206	Multinet Gas (DB No 1) Pty Ltd Multinet Gas (DB No 2) Pty Ltd	Melbourne	Victoria	Depot	Industrial	\$5,500,000	40%
2	83 Prinsep Road, Jandakot, Western Australia 6164	DBNGP (WA) Nominees Pty Ltd	Perth	Western Australia	Depot	Industrial	\$11,000,000	40%

*The following is the text of the property valuation report prepared for the purpose of incorporation in this document received from BNP Paribas Real Estate Consult GmbH, an independent property valuer, in connection with its opinion of the value of certain property interests of the Group in Germany as at 28 February 2021. As stated in “Appendix V – Documents Available for Inspection”, a copy of this property valuation report is available for public inspection.*

# VALUATION REPORT

## FOUR ASSETS IN GERMANY

In accordance with International Valuation Standards, IVS 103 and RICS Valuation – Global Standards by the Royal Institution of Chartered Surveyors



Date of valuation: 28 February 2021  
 Date of condition: 28 February 2021  
 Date of issue: 27 April 2021  
 Project number: 21.5.083

CONSULTING & VALUATION



**BNP PARIBAS  
REAL ESTATE**

**Real estate  
for a changing world**

**0 EXECUTIVE SUMMARY**

<b>Addressee</b>	CK Asset Holdings Ltd., 7/F Cheung Kong Center, 2 Queen's Road Central, Hong Kong	
<b>Property</b>	Building type:	Logistics (Gladbeck) and office (remaining)
	Address:	Schanzenhof 2, 45966 Gladbeck Reinersweg 32, 27751 Delmenhorst Kleine Beraterstraße 4, 44149 Dortmund Kieler Straße 11, 30880 Laatzen Germany
	Year of construction:	Between 1985 and 1998
	Building quality:	Average
<b>Ownership</b>	Freehold (all assets), partial ownership access road in Gladbeck	
<b>Location</b>	Two properties located in North Rhine-Westphalia (Gladbeck and Dortmund) and two properties are located in Lower Saxony (Delmenhorst and Laatzen)	
<b>Lettable area</b>	The total lettable area of the property amounts to 6,265 m <sup>2</sup> and 89 parking units. It is predominantly used for logistics purposes with a share of 49% and office space with a share of 48%. Other utilisation is storage with 3% of the space.	
<b>Income &amp; Tenancy</b>	Current rent:	0 EUR p.a. (owner-occupied)
	Market rent:	453,157 EUR p.a.
	Occupancy:	0% of total lettable area (assumption)
	No. of tenants:	0 tenants (assumption)
	WALT:	– years (assumption)
<b>Scope of instruction</b>	Purpose:	Disclosure purposes of the Client required under Rule 11 of The Codes on Takeovers and Mergers and Share Buy-backs (the “Code”) issued by the Securities and Futures Commission (the “SFC”)
	Definition:	Market Value respectively Vacant Possession Value according to RICS Valuation – Global Standards and IVS International Valuation Standards assuming the buildings are currently vacant and will need to be re-let in the market at the assumed Market Rent
	Valuation method:	Investment method Core & Topslice
	Date of valuation:	28 February 2021
	Date of condition:	28 February 2021

**Market value and  
key figures****4,840,000 EUR**

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**(in words: Four-million-eight-hundred-forty-thousand Euro)  
(equivalent to approximately 45,350,800 HKD)<sup>1</sup>**

equals:

EUR/m<sup>2</sup> total lettable area 773

Gross multiplier on market rent 10.68

Net reversionary yield 7.88%

**1 BASIS OF VALUATION****Background**

BNP Paribas Real Estate Consult GmbH (hereinafter “BNPP REC”) has been instructed by CK Asset Holdings Ltd (the “Client”) to provide valuation advice in relation to four properties located Schanzenhof 2 in 45966 Gladbeck, Reinersweg 32 in 27751 Delmenhorst, Kleine Beraterstraße 4 in 44149 Dortmund and Kieler Straße 11 in 30880 Laatzen, Germany (hereinafter “subject property” or “subject portfolio”) owned by ista Deutschland GmbH.

The report was prepared for disclosure purposes required under Rule 11 of The Codes on Takeovers and Mergers and Share Buy-backs (the “Code”) issued by the Securities and Futures Commission (the “SFC”) to be (i) incorporated into a circular and offer document (“the Circular and Offer Document”) and an announcement which will be issued and uploaded to the websites of the Stock Exchange of Hong Kong by the Client in April 2021; and (ii) a document on display in accordance with the Code.

**Identification of the  
valuer**

The valuation was conducted under the direction of Mr Manuel Westphal FRICS, Head of Valuation Services. Members of the BNPP REC team were contributing as appropriate.

Qualified staff from BNPP REC have assisted in the valuation. Mr Matthias Neundörfer MRICS, Mr Simon Hartl MRICS and any other involved staff are able to provide an objective and unbiased valuation and have the necessary competence and experience in regard of the relevant asset class and the relevant (sub-) market.

<sup>1</sup> Based on an exchange rate of 1 EUR to 9.37 HKD.



<b>Identification of the client</b>	The contracting body of this instruction and addressee of the report and invoice is CK Asset Holdings Ltd., 7/F Cheung Kong Center, 2 Queen's Road Central, Hong Kong. The client is not the owner of the subject portfolio, the owner (ista Deutschland GmbH which is 65% indirectly owned by CK Asset Holdings Ltd.) has consented to the preparation of the valuation.
<b>Identification of any other intended users</b>	The report is prepared solely for the purposes of the client and therefore it does not necessarily take into account any matters that may be important for third party purposes. Consequently, the Report can in no way serve as a substitute for other enquiries, procedures and investigations that third parties would or should otherwise undertake and judgements and assessments third parties have to make in order to satisfy their due diligence requirements. The client is exclusively entitled to use report and only for the agreed purpose.
<b>Restrictions on use</b>	BNPP REC will hold the unrestricted copyright to the instructed services. The transmission of the Report or any part thereof, including any conclusions, to third parties is only allowed after written consent to the format and extent of disclosure.
<b>Identification of the assets</b>	<p>The subject portfolio is used for logistics and office purposes and has a lettable area of approx. 6,265 m<sup>2</sup>. The portfolio is currently owner-occupied. The subject portfolio is the freehold interest with the following address:</p> <p>UID 1: Schanzenhof 2 in 45966 Gladbeck, Germany  UID 2: Reinersweg 32 in 27751 Delmenhorst, Germany  UID 3: Kleine Beraterstraße 4 in 44149 Dortmund, Germany  UID 4: Kieler Straße 11 in 30880 Laatzen, Germany</p> <p>In addition to the aforementioned, there is a partial ownership regarding an access road in Gladbeck.</p>
<b>Purpose of the valuation</b>	The report was prepared solely for disclosure purposes required under Rule 11 of The Codes on Takeovers and Mergers and Share Buy-backs (the "Code") issued by the Securities and Futures Commission (the "SFC"). The report will (i) be incorporated into the circular and offer document and an announcement issued by the Client on or around 27 April 2021 which will be uploaded to the websites of the Stock Exchange of Hong Kong Limited and the Client. We have been informed that no internal lease contracts exist and have accordingly agreed to determine the value of the assets on a vacant possession basis.



<b>Basis of value adopted</b>	The valuation was carried out in accordance with the definition of Market Value by means of a Vacant Possession Value relevant to international property valuations.
<b>Definition of Market Value</b>	<p>According to RICS Valuation – Global Standards VPS 4.4 the Market Value is defined as follows:</p> <p><i>“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” – as per IVS 104 paragraph 30.1 and RICS Valuation – Global Standards VPS 4.4.”</i></p>
<b>Valuation date</b>	The effective date of valuation is 28 February 2021. The effective date of valuation is relevant to the nature and condition of the subject portfolio and to the general state of the relevant property market.
<b>Nature and extent of the valuer’s work</b>	Due to the limited time available and the current restrictions due to the Corona pandemic, BNPP REC has been instructed to undertake the valuations on a desktop basis without inspection (“desktop”) and only based on the photo and other documentation provided to us by the property owner. We assume that such information is correct and complete and not misleading in relation to our valuation. Should this turn out to be incorrect or incomplete we reserve the right to adjust our valuations accordingly.
<b>Sources of information</b>	BNPP REC has been provided with property documentation between 01 April and 08 April 2021 which has been considered within the valuation. We assume without further verification that the property information is correct and complete as at the date of valuation. BNPP REC has not reviewed the information provided in respect of completeness and accuracy in relation to the purpose of our valuation.
<b>Special Assumptions</b>	As at the date of instruction, respectively date of valuation, no special assumptions are known which have to be taken into account according to the current knowledge of both parties.

**Assumptions**

The valuation was carried out on the presupposition that the information on the areas, provided by the client and verified by BNPP REC for reasonability only, were correct, complete and not misleading and that the definition of the areas corresponded to the practices of the properties' submarket in which the subject property is located.

As agreed and in line with current owner occupation and the lack of (internal) lease contracts, the properties were valued as if they were vacant and available for third-party re-letting as at the date of valuation.

No examination was conducted of compliance with rules under public laws (including approvals, acceptances, specially imposed conditions or the like) or with any civil law terms concerning the current or future utilisation of the land and/or the structures on it, neither in terms of the extend nor the type of use, as assumed in our valuation.

The valuation was carried out on the unverified presupposition that any real division of the complete site to be carried out at a later date will not result in any reciprocal rights or obligations that represent factors needing to be taken into particular consideration in the valuation.

**IVS-Confirmation**

The valuation was undertaken in accordance with the RICS Valuation – Global Standards, which incorporate the IVS, and the relevant RICS national or jurisdictional supplement.

**Compliance and  
complaints handling  
procedure**

In accordance with the requirements of the International Valuation Standards, General Standards IVS 101 20 and IVS Framework 30, Market Value terms and of the Royal Institution of Chartered Surveyors (RICS Valuation – Global Standards) BNPP REC declares as follows:

- Within the framework of this assignment, BNPP REC acts for the client in the capacity of an external valuer, as defined by the respective valuation standards.
- BNPP REC has and had no personal or business relationship, direct or indirect with the client that could or might lead to a conflict of interest and is an independent valuer under the valuation standards set by RICS.
- The agreed fee within this contract does not depend upon market values of the subject properties valued.

- The proportion of the total fees payable by the client during the preceding year relative to the total fee income during the preceding year is minimal.
- BNPP REC is registered for regulation by RICS and complies with the RICS Rules of Conduct for firms. The valuation may be investigated for compliance with these standards. Guidance on the operation of the monitoring regime, including matters relating to confidentiality, is available at [www.rics.org/regulation](http://www.rics.org/regulation).

In case of any questions or matters arising in the above context or in relation to any compliance issues please do not hesitate to contact Mr Manuel Westphal, Managing Director (Telephone +49 69 298 99 453, E-Mail: [manuel.westphal@bnpparibas.com](mailto:manuel.westphal@bnpparibas.com)) and/or Mr Martin Alexander, Head of Compliance (Telephone +49 69 298 99 935; E-Mail: [martin.alexander@bnpparibas.com](mailto:martin.alexander@bnpparibas.com)) directly. In line with our Corporate Governance and RICS regulation, we also have a standardised procedure in place to handle any complaints in relation to our services or employees for which you might also contact the above. A copy of BNPP REC's complaints handling procedure can be made available upon request.

### **Liability**

Notwithstanding the attached General Terms and Conditions, in cases of damages caused by negligence and claims regardless of culpability the liability of BNPP REC and its agents shall be limited for the report as follows:

The liability of BNPP REC and its agents shall be limited to 25% of the total Market Value of the properties for all potential cases or claims brought forward at once or at different times in the context of this instruction, with a total aggregated maximum liability of 10 million EUR.

The Report was prepared on the basis that the above stated limitation of liability is applicable and valid under the relevant laws and regulation applicable to the intend use of our services. In case of disclosure any third party has to be duly informed (e.g. by a respective paragraph in the prospectus and/or offering circular and/or report) that no representation or warranty other than the above is made by any person as to the accuracy, reliability or completeness of the report (or any part thereof) and agree with us on our own behalf and on behalf of our partners and employees (together “our associates”) that neither we nor any of our associates shall have any liability whatsoever to any third party or any other person resulting from the use of the report and shall be under no obligation to provide further information or explanation of matters described in the report or to update the report or to correct any inaccuracies. Further any third party has also to be duly informed that the report has been prepared only as of the specific date or dates indicated therein and that we neither express nor imply any statement or opinion as to whether any of the statements in the report will continued to be true, complete or accurate on any date other than the date or the dates indicated in the report.

**Conditions**

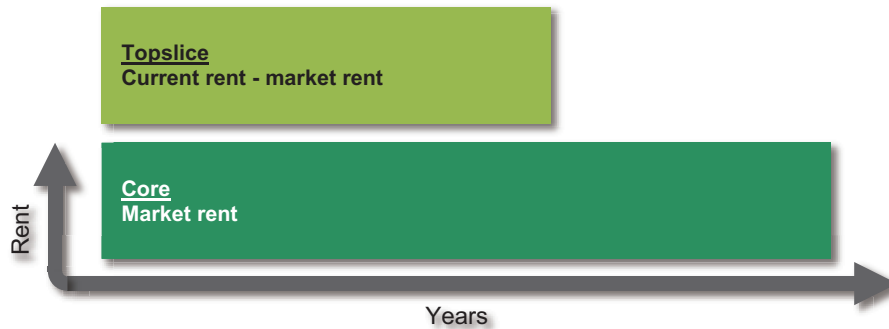
The general conditions and assumptions are listed within BNPP REC’s General Terms and Conditions, which are attached as an appendix to this proposal and on which this instruction is based.

**2 CORE & TOPSLICE****2.1 Background and scope of instruction**

As the subject portfolio is owner-occupied and due to the lack of (internal) lease contracts, the instruction involves the confirmation of BNPP REC’s opinion of Market Value on the basis of a Vacant Possession Value of the subject properties in accordance with standards set by the Royal Institution of Chartered Surveyors. Accordingly, we assumed that the buildings are currently vacant and will need to be re-let in the market at the assumed Market Rent.

## 2.2 Valuation method (Core & Topslice)

The valuation has been conducted in accordance with the recommendations of the International Valuation Standards (IVS) and the Valuation Standards by the RICS by means of the international investment method (without separating the land value and without considering any financing costs or tax related issues) by using a “Core & Topslice”-model.



For the calculation of the net capital value initially the estimated market rental value is reduced by estimated non-recoverable costs of the landlord and the thereof resulting net operating income is capitalised with the multiplier of the yield in perpetuity. Thereof results the core capital value.

We reflected separately estimated letting costs for vacant space.

Out of these components results the gross capital value which is reduced by the estimated purchaser's costs. Thereof results the net capital value of the property.

### 2.2.1 Market rent

According to RICS Valuation – Global Standards VPS 4.5 the Market Rent is defined as follows:

*“The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”*

The property market has already been depicted under No. 5 of this report.

In accordance with information available to BNPP REC and after discussions with various market players, as of the date of valuation it is to be assumed that the considered rents can be attained in the market.

### ***2.2.2 Non-recoverable costs***

The non-recoverable operating costs of the owner and lessor which are not passed on to the tenant alongside the rent as so-called incidental or assessment costs, or which do not have to be borne directly by the tenant, have to be taken into consideration.

#### *Maintenance*

Ongoing maintenance costs are costs resulting from wear and tear, ageing and weathering, to maintain the structural facilities in line with their intended purpose throughout the period of utilisation. These costs have been assessed at standard market level as of date of valuation.

#### *Credit collection loss*

The credit collection loss is the risk of reduced revenues as a result of unrecoverable rent arrears or of a regular exchange of tenants in the building. We have included a regular deduction for periodic vacancy and rent collection loss in % of the market rent.

#### *Property management*

Property management includes letting, the administration of the lease contract, property bookkeeping, controlling, accounting of service charges and the planning and implementation of maintenance operations. The cost estimate must take the remaining economic useful life and the principles of orderly management into account. We have made a regular deduction in % of the market rent to account for property management costs.

#### *Non-recoverable operating expenses*

Operating costs are those costs incurred through ownership of the land or hereditary building right or the orderly use of the land and its buildings or other facilities. In line with the practice of the local real estate market, the operating costs are generally borne by the tenants alongside the rent. The nature and age of the subject property, together with the tenant and user structure has led us to assume that part of the operating expenses may not be recoverable from the existing tenants. As no historical figures for non-recoverable running expenses could be made available we have therefore assumed an allowance in % of the market rent to account for such expenses.

### ***2.2.3 Net operating income***

The attainable market net operating income (NOI) results from the Market Rent less the non-recoverable costs.

#### **2.2.4 Capitalisation rate**

Taking into account the situation in the property submarkets, comparable transactions, the location of the property and the utilisation, BNPP REC considered appropriate capitalisation rates per property. The capitalisation rates are in conformity with typical return rate expectations (taking into consideration the market net operating income and total investment costs or purchase price plus purchaser's costs) of capital investors in respect of comparable properties in comparable locations. This also takes into account the current level of yields for alternative investments in the capital markets, the level of interest rates and the forecasted future inflation in Germany.

We would like to point out that the credit collection loss risk was taken into account separately within the scope of the non-recoverable costs.

### **2.3 Core capital value**

The market net operating income of the property is capitalised by the cap rate in perpetuity to derive the core capital value.

### **2.4 Capital value topslice**

As instructed, BNPP REC has assumed that there are no in-place lease agreements and the properties have been valued on a Vacant Possession Value basis. Therefore, no topslice has to be additionally taken into account for any existing lease contracts.

### **2.5 Capital expenditures**

As instructed, we did not carry out any professional inspections to determine maintenance backlogs. Costs for deferred maintenance were considered only in the case and the amount as provided by the client and without further verification.

Costs resulting from potential environmental or contamination issues are explicitly excluded from our valuation.

### **2.6 Letting costs for vacant space**

In line with current market practice, BNPP REC considered costs for rental loss and operating costs during vacancy, broker/marketing costs as well as costs for incentives (tenant improvements and rent free periods) for the currently vacant space.

In line with common valuation practice, an additional risk discount is applied when assessing the letting costs for vacant space.

### **2.7 Costs on reversion to market**

As instructed, BNPP REC has assumed that the properties are 100% vacant. Therefore, no additional costs on reversion to market have to be taken into account.

## 2.8 Other value influencing factors

BNPP REC considered under other value influencing factors further incidents having an impact on value such as rental loss resulting from future lease starts, penalty payments, outstanding incentives (rent free periods, tenant improvements), upcoming step rents and the like.

## 2.9 Gross capital value

The gross capital value of the property is derived from the core capital value, the value of the topslice, capital expenditures, letting costs for vacant space and costs on reversion as well as other value influencing factors.

## 2.10 Net capital value

The gross capital value less the purchaser's costs results in the net capital value. The purchaser's costs have been set with the respective and applicable land transfer tax (North Rhine-Westphalia 6.50%, Lower Saxony 5.00%) plus additional costs of 1.50% for notary and brokerage fee, in line with common market practice.

On the date of valuation 28 February 2021, the Net Capital Value for the subject portfolio, consisting of four assets, is assessed as:

**4,840,000 EUR**

=====

**(in words: Four-million-eight-hundred-forty-thousand Euro)**

equals:

EUR/m <sup>2</sup> lettable space	773
Gross multiplier on current rent	–
Net initial yield	–
Gross multiplier on market rent	10.68
Net reversionary yield	7.88%



### 3 MARKET VALUE

#### 3.1 Definition of Market Value

According to RICS Valuation – Global Standards VPS 4.4 the Market Value is defined as follows:

*“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.”*

#### 3.2 Derived Market Value

##### 3.2.1 Market Value

The Market Value for the property is derived pursuant to the International Valuation Standards and, in accordance with standard property market practice in normal business transactions from the Investment Value. The value was ascertained in line with value levels conformant with the property market on the date of valuation. For this reason, no specific adjustment for the property market’s situation needed to be made.

On the date of valuation 28 February 2021, the Market Value for the subject portfolio, consisting of four assets, is assessed as:

**4,840,000 EUR**

=====

**(in words: Four-million-eight-hundred-forty-thousand Euro)**

**(equivalent to approximately 45,350,800 HKD)<sup>2</sup>**

Equals:	
EUR/m <sup>2</sup> lettable space	773
Gross multiplier on current rent	–
Net initial yield	–
Gross multiplier on market rent	10.68
Net reversionary yield	7.88%

<sup>2</sup> Based on an exchange rate of 1 EUR to 9.37 HKD.

*3.2.2 Summary of values***Valuation Summary**

Property No.	Property name and full address	Holding entity	City	District	Land use	Type of property	Market value in existing state as at the Valuation Date (EUR)	Interest attributable to the Group (%)
1	Schanzenhof 2, 45966 Gladbeck	Ista Deutschland GmbH	Gladbeck	Zweckel	Commercial use	Logistics/Industrial	2,300,000	65%
2	Reinersweg 32, 27751 Delmenhorst	Ista Deutschland GmbH	Delmenhorst	Stickgras	Commercial use	Office	780,000	65%
3	Kleine Beraterstraße 4, 44149 Dortmund	Ista Deutschland GmbH	Dortmund	Oberdorstfeld	Commercial use	Office	970,000	65%
4	Kieler Straße 11, 30880 Laatzen	Ista Deutschland GmbH	Laatzen	Rethen	Commercial use	Office	790,000	65%
							<b>4,840,000</b>	

*3.2.3 Statement potential tax liabilities*

As advised by CK Asset Holdings Ltd. and confirmed by ista Germany GmbH, the potential tax liability on the seller side that would arise on the disposal of the subject properties, at the amount valued by us, should mainly comprise corporation tax and trade tax at 32% in total on any gain on disposal of the freehold interest in the subject properties. The likelihood of the tax liability being imposed is remote provided that there are no planned or immediate intentions of disposal of the subject properties.

**3.3 Notes****MARKET CONDITIONS EXPLANATORY NOTE: CORONAVIRUS (COVID-19)**

The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel restrictions have been implemented by many countries and “lockdowns” applied to varying degrees. Whilst restrictions have now been lifted in some cases, local lockdowns may continue to be deployed as necessary and the emergence of significant further outbreaks or a “second wave” is possible.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence

exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

For the avoidance of doubt this Explanatory Note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

#### **Further notes**

Explicit attention is drawn to the conditions and special assumptions (No. 1 of this report) of this valuation.

In addition we refer to the General Terms and Conditions of BNPP REC as attached in the appendix to this report.

The ascertained Market Value is based largely on figures and information which we have included in the valuation without further examination. Any change in this figures e.g. the lease contracts assumed as instructed or the area figures employed can impact substantially on the value.

This valuation report is subject to copyright. It is intended for the exclusive use of the named Client and solely for the stated purpose (No. 1 of this report). The valuation contract is an agreement between the named parties only, and they alone are therefore entitled to assert rights in connection with it. Third parties are expressly prohibited from making use of this report or its findings.

The use of these professional statements by BNPP REC for advertising purposes is not permitted.

The statements and forecasts made in this report have been drawn up with all due care. They presuppose stable economic and political conditions. As far as possible, the data was verified by drawing on the sources used and our own inquiries. BNPP REC can accept no liability for the full validity, in particular of the forecasts or the marketing possibilities.

For the sake of transparency and good governance, we would like to point out that, as the Report was prepared for the purposes of this specific instruction, it does not necessarily take into account any matters that may be important for third party purposes. Consequently, the Report should in no way serve as a substitute for other enquiries, procedures and investigations that third parties would or should otherwise undertake and judgements and assessments third parties have to make in order to satisfy their due diligence requirements, especially, but not limited to the context of potential influence of the COVID 19 pandemic as stated in our market condition explanatory note in section 3.3 of our report.

**Completed:**

Frankfurt am Main, 27 April 2021  
This report is 17 pages long plus appendix.

**BNP Paribas Real Estate Consult GmbH**

**Manuel Westphal FRICS**  
**Managing Director**

**ppa. Matthias Neundörfer MRICS**  
**Director**

**Appendix**

1. General terms and conditions of BNP Paribas Real Estate Consult GmbH

**I. General terms and conditions of BNP Paribas Real Estate Consult GmbH*****Allgemeine Geschäftsbedingungen der BNP Paribas Real Estate Consult GmbH******1 Einführung***

Die allgemeinen Geschäftsbedingungen gelten für Verträge zwischen uns und unserem Auftraggeber (AG) über die Erbringung allgemeiner Beratungs- und Bewertungsleistungen (nachfolgend Auftrag oder Vertrag), soweit nicht etwas anderes ausdrücklich schriftlich vereinbart ist.

***2 Leistungsumfang/Erfüllung/Gewährleistung***

- 2.1 Der Umfang der beauftragten Leistung und der Zeitplan ergeben sich aus dem Auftrag.
- 2.2 Wir führen den durch den AG erteilten Auftrag nach den Grundsätzen ordnungsmäßiger Berufsausübung im Sinne der “Royal Institution of Chartered Surveyors” (RICS) in der jeweils aktuellen Fassung aus (Rules of Conduct for Members).
- 2.3 Ergibt sich bei der ordnungsgemäßen Durchführung des Auftrags, dass Änderungen und Erweiterungen des Auftragsumfangs erforderlich sind, vereinbaren wir mit dem AG vor einer weiteren Tätigkeit den geänderten Umfang sowie die Änderungen des Entgelts schriftlich. Sollte keine Einigung zustande kommen und ein Festhalten am Auftrag im Hinblick auf die Erweiterungen für den AG unzumutbar sein, kann er den Auftrag kündigen. Uns steht auch in diesem Fall das vereinbarte Entgelt abzüglich ersparter Aufwendungen, mangels Vereinbarung ein angemessenes Entgelt für die bereits erbrachte Arbeitsleistung zu. Soweit die Hinzuziehung Dritter für die vollständige oder teilweise Durchführung des Auftrags erforderlich wird, vereinbaren wir dies im Voraus mit dem AG.
- 2.4 Die Abnahme unserer Leistung gilt als erfolgt, wenn der AG nicht innerhalb von 14 Tagen nach Erhalt der Leistung Mängel geltend macht. Bei Übermittlung der Leistung (Berichte, Gutachten etc.) weisen wir den Kunden nochmals auf diesen Punkt hin.
- 2.5 Soweit unsere Leistung mangelbehaftet sein sollte, haften wir dem AG zunächst ausschließlich auf Nacherfüllung. Für den Fall, dass diese Nacherfüllung fehlschlägt, hat uns der AG eine schriftliche Nachfrist von weiteren zwei Wochen zur Mängelbeseitigung zu setzen. Kommen wir der Aufforderung zur Nacherfüllung innerhalb dieser Frist nicht nach oder schlägt die Nacherfüllung erneut fehl, so kann der AG vom Vertrag zurücktreten oder die vereinbarte Vergütung mindern. Soweit darüber hinaus Schadenersatzansprüche bestehen, gilt Nr. 11.

- 2.6 Offenbare Unrichtigkeiten wie Schreib- und Rechenfehler sowie formelle Mängel, die in einer von uns getätigten beruflichen Äußerung (Bericht, Gutachten und dergleichen) enthalten sind, können wir jederzeit auch Dritten gegenüber berichtigen. Unrichtigkeiten, die geeignet sind, in der von uns getätigten beruflichen Äußerung enthaltene Ergebnisse in Frage zu stellen, berechneten uns, die Äußerung auch Dritten gegenüber zurückzunehmen. In den vorgenannten Fällen ist der AG von uns vorher zu hören.

### *3 Bewertungen*

Unsere Bewertungen erfolgen – soweit nicht anders vereinbart – in Übereinstimmung mit den “RICS Valuation Standards” in der jeweils aktuellen Fassung. Die Bewertungen werden von einem externen Gutachter erstellt, der den Maßgaben der “RICS Valuation Standards” entspricht. Die Standards sind für den AG verfügbar und können in unseren Geschäftsräumen eingesehen werden.

### *4 Bedingungen der Leistungserbringung, insbesondere bei Bewertungsleistungen*

- 4.1 Alle von uns getätigten Feststellungen zur Beschaffenheit und zu tatsächlichen Eigenschaften der baulichen Anlagen und des Grund und Bodens erfolgen ausschließlich aufgrund auftraggeberseitig vorgelegter Unterlagen, die dem Gutachten auf Plausibilität hin überprüft zugrunde gelegt wurden, und auf Grund der Ortsbesichtigung.
- 4.2 Bei der Ortsbesichtigung werden keine Maßprüfungen vorgenommen und keine Funktionsprüfungen haustechnischer oder sonstiger Anlagen durchgeführt. Alle Feststellungen des Sachverständigen bei der Ortsbesichtigung erfolgen nur durch Augenscheinnahme (rein visuelle Untersuchung).
- 4.3 Zerstörende Untersuchungen werden nicht ausgeführt, weshalb Angaben über nicht sichtbare Bauteile bzw. Baustoffe auf erhaltenen Auskünften, vorgelegten Unterlagen oder Vermutungen beruhen.
- 4.4 Eine fachtechnische Untersuchung etwaiger Baumängel oder Bauschäden erfolgt nicht. Es wird ungeprüft unterstellt, dass keine Baustoffe, Bauteile und Eigenschaften des Grund und Bodens vorhanden sind, die eine nachhaltige Gebrauchstauglichkeit oder Gesundheit von Bewohnern und Nutzern beeinträchtigen oder gefährden.
- 4.5 Eine Überprüfung der Einhaltung öffentlich-rechtlicher Bestimmungen (einschließlich Genehmigung, Abnahmen, Auflagen usw.) oder eventueller privatrechtlicher Bestimmungen zu Bestand und Nutzung des Grund und Bodens und der baulichen Anlagen erfolgt nicht.
- 4.6 Es wird zum Bewertungsstichtag ungeprüft unterstellt, dass sämtliche öffentlichrechtlichen Abgaben, Beiträge, Gebühren usw., die eventuell wertbeeinflussend sein können, erhoben und bezahlt sind.

- 4.7 Es wird zum Bewertungsstichtag ungeprüft unterstellt, dass das Bewertungsobjekt unter Versicherungsschutz steht, sowohl nach Art möglicher Schäden als auch in angemessener Höhe der Versicherungssumme.
- 4.8 Äußerungen von Amtspersonen, insbesondere Auskünfte, können entsprechend der Rechtsprechung nicht als verbindlich gewertet werden. Für die Verwendung derartiger Äußerungen in diesem Gutachten kann der Sachverständige keine Gewährleistung übernehmen.
- 4.9 Für die Bewertung wird vorausgesetzt, dass der zum Bewertungsstichtag auftragsgemäß zu unterstellende Betrieb nach Art und Umfang für die Dauer der im Kapitalisierungszinssatz implizierten Restnutzungsdauer der baulichen Anlagen anhaltend bestehen bleibt bzw. vergleichbare Betriebe als Nutzer zur Verfügung stehen.
- 4.10 Wir unterstellen stabile wirtschaftliche und politische Rahmenbedingungen.
- 4.11 Eine Berücksichtigung von Rechten, Lasten und Beschränkungen erfolgt nur insofern, als von diesen ein erkennbar besonders zu berücksichtigender Einfluss auf den Ertrag des Bewertungsgegenstands ausgeht.
- 4.12 Wir verlassen uns auf die Richtigkeit und Vollständigkeit der zur Verfügung gestellten Informationen. Wir gehen davon aus, dass keine außergewöhnlich erschwerenden Beschränkungen, Verpflichtungen oder andere Belastungen bestehen, sofern keine anderweitigen Informationen vorliegen. Werden uns juristische Unterlagen zur Verfügung gestellt, so berücksichtigen wir diese, nehmen jedoch keine juristische Auslegung diesbezüglich vor. Sofern nicht anders vereinbart, fordern wir keine Informationen beim Grundbuchamt an.
- 4.13 Wir treffen keine Aussagen zur Bonität von Mietern. Außer bei gegenteiliger Information durch den AG gehen wir davon aus, dass der Mieter sich nicht in erheblichem Zahlungsrückstand befindet und dass er seinen Verpflichtungen gemäß Mietvertrag bzw. anderer getroffener Vereinbarungen nachkommt.
- 4.14 Falls wir beauftragt werden, indikative Angaben zu den Wiederherstellungskosten zu machen, sind diese Angaben nur als Richtwert zu betrachten.

## 5 *Honorare*

- 5.1 Die vereinbarten Honorare und die Grundlagen zur Ermittlung des Honorars für unsere Leistungen sind dem Vertrag zu entnehmen.
- 5.2 Zusätzlich zu den in Rechnung gestellten Honoraren und Auslagen (zusammen "Entgelt") hat der AG Umsatzsteuer in der jeweils gesetzlich festgelegten Höhe zu zahlen.

- 5.3 Rechnungen sind innerhalb einer Frist von 14 Tagen nach Rechnungsdatum ohne Abzug fällig und zahlbar. Bei fortgesetzter Beauftragung bzw. bei einer Projektdauer von mehr als drei Monaten sind wir berechtigt, Zwischenrechnungen zu stellen.
- 5.4 Wird zum Zwecke der Kreditsicherheit ein Gutachten erstellt, entsteht unser Entgeltanspruch unabhängig davon, ob der Kredit in Anspruch genommen wird oder ob etwaige auf die Kreditvergabe bezogene Bedingungen erfüllt werden, es sei denn, die Parteien hätten ausdrücklich etwas anderes vereinbart.
- 5.5 Sollte sich der Zweck, zu welchem die Leistung ursprünglich in Auftrag gegeben wurde, ändern und sich in diesem Zusammenhang eine Erhöhung des Haftumfangs (vgl. Nr. 11) ergeben, behalten wir uns das Recht vor, ein zusätzliches Honorar zu erheben, welches nach Maßgabe der §§ 315 ff BGB festgesetzt wird.
- 5.6 Kündigt der AG vorzeitig den Vertrag, so bestimmen wir das Entgelt für die bis zum Zeitpunkt der Kündigung erbrachten Leistungen nach billigem Ermessen gemäß § 315 BGB auf der Grundlage der Abrechnungsgrundsätze nach § 649 BGB. Wurde bereits ein Entwurf der schriftlichen Ergebnisse (Berichte, Gut) übermittelt, so ist das ursprünglich vereinbarte Entgelt in voller Höhe zu zahlen.

## *6 Auslagen*

Erforderliche und sachdienliche Auslagen, die uns entstehen, sind durch den AG zu erstatten. Tatsächlich angefallene Reise- und Verpflegungskosten nach Aufwand und Kilometergeld werden nach den Lohnsteuerrichtlinien Abschnitt 9 in der jeweils aktuellen Fassung berechnet.

## *7 Zinsen*

Kommt der AG mit der Zahlung in Verzug, sind wir gemäß § 288 BGB berechtigt, für den Zeitraum des Verzugs Zinsen in der jeweils geltenden gesetzlichen Höhe zu erheben.

## *8 Aufrechnung/Zurückbehaltung*

Der AG ist zur Aufrechnung und Zurückbehaltung nur berechtigt, wenn die Gegenansprüche unbestritten oder rechtskräftig festgestellt sind. Zur Zurückbehaltung ist der AG jedoch auch wegen Gegenansprüchen aus demselben Vertragsverhältnis berechtigt.



## *9 Interessenkonflikte*

- 9.1 Wir setzen Konfliktmanagementverfahren ein, die verhindern, dass Handlungen für einen AG zum Konflikt mit den Interessen eines anderen seiner AG führen. Sollte der AG dennoch einen möglichen Interessenkonflikt feststellen, hat er uns unverzüglich darauf hinzuweisen. Bei einem solchen Konflikt entscheiden wir unter Berücksichtigung des geltenden Rechts, der Vorgaben der zuständigen Behörden und der sachlichen Interessen der beteiligten AG, ob wir den Auftrag weiterhin für beide (z. B. unter Einsatz von getrennten Teams mit der entsprechenden internen Abschottung der Abteilungen – so genannte “Chinese Walls”), nur für einen oder für keinen AG durchführen können. Soweit unserer Meinung nach ein möglicher oder tatsächlicher Interessenkonflikt nicht angemessen bewältigt werden kann, informieren wir den AG unverzüglich und beraten uns mit ihm. Bei Fragen kann der AG uns jederzeit ansprechen.
- 9.2 Wird während einer Auftragsdurchführung ein Interessenkonflikt erkennbar und führt er zur Beendigung der Auftragsbearbeitung, haben wir Anspruch auf einen angemessenen Teil des vereinbarten Entgelts für die bereits erbrachte (Teil-)Leistung.

## *10 Kündigung*

Das ordentliche Kündigungsrecht des AG nach § 649 BGB wird ausgeschlossen. Das Recht der Parteien, den Vertrag aus wichtigem Grund außerordentlich zu kündigen, bleibt unberührt.

## *11 Haftung*

- 11.1 Schadenersatzansprüche sind unabhängig von der Art der Pflichtverletzung, einschließlich unerlaubter Handlungen, ausgeschlossen, soweit nicht vorsätzliches oder grob fahrlässiges Handeln vorliegt.
- 11.2 Bei Verletzung wesentlicher Vertragspflichten haften wir für jede Fahrlässigkeit, jedoch nur bis zur Höhe des vorhersehbaren, vertragstypischen Schadens, höchstens jedoch bis zu einem Gesamtbetrag von 100.000 € je begutachteter Immobilie und bei mehr als 10 aufgrund desselben Auftrags begutachteten Immobilien auf einen Höchst- und Gesamtbetrag von 1 Mio. €. Folgeschäden und mittelbare Schäden, wie z. B. Ansprüche auf entgangenen Gewinn, können nicht verlangt werden, es sei denn, ein von uns garantiertes Beschaffenheitsmerkmal bezweckt gerade, den AG gegen solche Schäden abzusichern, oder aber die Schäden waren vorhersehbar.

- 11.3 Die Haftungsbeschränkungen und -ausschlüsse in 11.1 und 11.2 gelten nicht für Ansprüche, die wegen arglistigen Verhaltens unsererseits entstanden sind, sowie bei einer Haftung für garantierte Beschaffenheitsmerkmale, für Ansprüche nach dem Produkthaftungsgesetz sowie für Schäden aus der Verletzung des Lebens, des Körpers oder der Gesundheit.
- 11.4 Ein einzelner Schadensfall ist auch bezüglich eines aus mehreren Pflichtverletzungen stammenden einheitlichen Schadens gegeben. Der einzelne Schadensfall umfasst sämtliche Folgen einer Pflichtverletzung ohne Rücksicht auf die Entstehungsdaten. Dabei gilt mehrfaches auf gleicher oder gleichartiger Fehlerquelle beruhendes Tun oder Unterlassen als einheitliche Pflichtverletzung, wenn die betreffenden Angelegenheiten miteinander in rechtlichem oder wirtschaftlichem Zusammenhang stehen.
- 11.5 Soweit unsere Haftung ausgeschlossen oder beschränkt ist, gilt dies auch für unsere Angestellten, Arbeitnehmer, Vertreter und Erfüllungsgehilfen.
- 11.6 Unsere Vertragshaftung entfällt, wenn der Anspruchsteller sie nicht längstens innerhalb sechs Monaten nach Kenntnis vom Anspruchsgrund schriftlich uns gegenüber geltend macht.
- 11.7 Vertragliche Schadenersatzansprüche uns gegenüber verjähren, ausgenommen bei vorsätzlicher Verursachung, innerhalb eines Jahres nach Abnahme der Leistung durch den AG.
- 11.8 Unabhängig von den Haftungsbeschränkungen nach 11.1 bis 11.7 ist jede Haftung unsererseits aus einem Vertragsverhältnis auf den Höchst- und Gesamtbetrag von 5 Mio. € für das jeweilige Vertragsverhältnis beschränkt; dies gilt nicht für vorsätzliche oder grob fahrlässig verursachte Haftungsfälle und nicht für Schäden nach dem Produkthaftungsgesetz sowie für Schäden aus der Verletzung des Lebens, des Körpers oder der Gesundheit.

Der AG kann jederzeit eine höhere Haftungssumme von uns erbitten. Wir sagen diese erhöhte Summe Zug um Zug gegen Zahlung der Aufwendungen zu, die wir aufwenden müssen, um die betragsmäßig höhere Summe bei unserem Versicherer abzudecken.

## *12 Datenschutz*

Informationen zum Umgang mit Ihren personenbezogenen Daten, insbesondere zu den Zwecken, für die wir Ihre Daten verarbeiten, sowie Ihren Betroffenenrechten und Ansprechpartnern, finden Sie in unserem Datenschutzhinweis unter <https://dataprivacy.realestate.bnpparibas>.

### *13 Kundenidentifikation*

Dem Kunden ist bekannt, dass wir gemäß dem Geldwäschegesetz (GwG) zur Identifikation unserer Kunden verpflichtet sind. Darüber hinaus verpflichtet das GwG den Kunden, uns die dafür notwendigen Informationen und Unterlagen zur Verfügung zu stellen sowie Änderungen, die sich im Laufe der Geschäftsbeziehung ergeben, unverzüglich mitzuteilen.

### *14 Elektronische Kommunikation*

14.1 Wir sind dazu berechtigt, per E-Mail, gegebenenfalls auch mit Datenanhängen, zu kommunizieren, es sei denn, der AG weist uns ausdrücklich schriftlich an, eine andere Form der Kommunikation zu nutzen. Im Falle einer solchen Anweisung sind wir berechtigt, uns die entstehenden Mehrkosten zuzüglich eines angemessenen Gemeinkostenzuschlags vom AG erstatten zu lassen.

14.2 Erteilt der AG keine Weisung zur Nutzung eines anderen Kommunikationsmittels als E-Mail, akzeptieren beide Parteien die damit verbundenen Risiken (einschließlich Sicherheitsrisiken wie Abfangen, unberechtigter Zugriff auf derartige Kommunikation, Manipulation dieser Kommunikationsform sowie dem Risiko von Viren oder anderen schädlichen Angriffen).

### *15 Vertraulichkeit/Geistiges Eigentum/Weitergabe an Dritte*

15.1 Wir verpflichten uns, alle Daten, Informationen, Materialien, Zeichnungen, Artikel und Know-how (nachfolgend "Informationen"), die aufgrund des Auftrags vom AG überlassen wurden, nicht für Zwecke zu verwenden, die nicht im Zusammenhang mit dem Auftrag stehen. Wir bewahren über die Informationen Stillschweigen, es sei denn, sie sind öffentlich zugänglich oder wir ist zur Offenlegung nach dem jeweils geltenden Recht verpflichtet.

15.2 Der AG steht dafür ein, dass die im Rahmen des Auftrags von uns gefertigten beruflichen Äußerungen (Gutachten, Entwürfe, Aufstellungen und dergleichen) nur für seine eigenen Zwecke und nur für die Zwecke des Auftrags verwendet werden.

15.3 Die Weitergabe von uns getätigter beruflicher Äußerungen (Berichte, Gutachten, Ergebnisse und dergleichen) an einen Dritten ist untersagt.

15.4 Für eine Veröffentlichung von uns getätigter beruflicher Äußerungen oder Auszügen daraus gilt 15.3 entsprechend.

15.5 Wir bewahren über Inhalt und Ziel des Auftrags sowie über die von uns erarbeiteten Ergebnisse Stillschweigen.

15.6 Das Urheberrecht an den beauftragten Leistungen steht uns ohne Einschränkung zu. Der AG ist ausschließlich berechtigt, die von uns getätigten beruflichen Äußerungen zu dem vereinbarten Zweck zu verwenden.

15.7 Der AG ist nicht berechtigt, Änderungen an den von uns getätigten urheberrechtlich geschützten beruflichen Äußerungen vorzunehmen.

15.8 Die Ausfertigungen der schriftlichen Ergebnisse (Berichte, Gutachten) bleiben bis zur vollständigen Bezahlung des vereinbarten Honorars unser Eigentum.

#### *16 Rechte Dritter und Abtretung*

Die Parteien können übertragbare Ansprüche aus dem Vertragsverhältnis nur mit der vorherigen schriftlichen Zustimmung des Vertragspartners an Dritte abtreten. § 354 a) HGB bleibt unberührt.

#### *17 Streitbeilegungsverfahren für Verbraucher nach dem VSBG*

Im Rahmen des VSBGs (Verbraucherstreitbeilegungsgesetz) steht Ihnen die Allgemeine Verbraucherschlichtungsstelle des Zentrums für Schlichtung e.V., Straßburger Straße 8 in 77694 Kehl am Rhein unter [www.verbraucher-schlichter.de](http://www.verbraucher-schlichter.de) zur Verfügung. Im Falle einer streitigen Auseinandersetzung mit einem Verbraucher erklären wir uns nicht zur alternativen Streitbeilegung nach dem VSBG bereit.

#### *18 Allgemeines*

Für den Vertrag, seine Durchführung und die sich hieraus ergebenden Ansprüche gilt ausschließlich deutsches Recht für innerstaatliche Parteien. Ausschließlicher Gerichtsstand für alle Streitigkeiten aus und im Zusammenhang mit dem Vertrag und seiner Durchführung ist Frankfurt am Main.

#### *19 Schlussbemerkung*

Die deutsche Version ist allein maßgebend. Die englische Übersetzung ist nicht rechtlich bindend.

*General Terms and Conditions of BNP Paribas Real Estate Consult GmbH*

*1 Introduction*

These general terms and conditions (hereinafter ‘terms of business’) are applicable to contracts concluded between BNP Paribas Real Estate Consult GmbH (hereinafter ‘we’, ‘our’, ‘us’, ‘our company’) and any client in respect of general consulting services and valuation services provided by us, unless otherwise agreed expressly and in writing.

*2 Scope of Services/Performance/Warranty*

- 2.1 The scope of services and the time schedule arise from the mandate.
- 2.2 We shall carry out the mandate in accordance with the professional standards of the Royal Institution of Chartered Surveyors (Rules of Conduct for Members) in the respectively relevant version.
- 2.3 If it becomes apparent during the execution of the mandate that services need to be varied and extended, we and the client will agree in writing on the modified scope of services and on the amended fee for the services before any further action is undertaken by us. If no agreement is reached and if, in view of the amendment, it is unreasonable for the client to adhere to the mandate. The client may terminate the mandate. If the client terminates the mandate, we shall be entitled to demand a reasonable remuneration; however we must allow the setting-off of expenses saved as a result of the cancellation of the mandate by the client. As far as we need to appoint a third party to fulfil all or part of the services, we will agree on this with the client in advance.
- 2.4 If the client does not give notice of defects within 14 days of the receipt of the results, this shall be considered equivalent to acceptance. We will indicate the consequences of failing to comply with this period of notice when delivering the results (general reports, valuation reports etc.)
- 2.5 As far as the performance is defective, the client may at first solely demand cure. In the event that this cure fails, the client is obliged to give further 14 days of grace in writing for us to remedy the defects. If we fail to comply with the request for subsequent performance or if we fail to remedy the defects within the given time, the client is entitled to withdraw from the contract or to reduce fees accordingly. As far as the client is also entitled to claim damages, No. 11 of the terms of business applies.

- 2.6 Obvious mistakes, such as mistakes in writing, arithmetic errors and formal deficiencies contained in any professional statement by us (general reports, valuation reports and the like), can be corrected by us also vis-à-vis third parties at any time. Incorrectness capable of calling into question the result of the services provided by us can also be withdrawn vis-à-vis third parties. In all the cases mentioned above, we shall hear the client in advance.

### *3 Valuation Services*

Unless otherwise agreed, the valuation services we provide are carried out in accordance with the “Royal Institution of Chartered Surveyors (RICS) Valuation Standards” in the currently valid version. The valuations are prepared by an external values who as a Chartered Surveyor meets the prerequisites of the “RICS Valuation Standards”. The standards are available for the client to consult at our business premises.

### *4 Conditions of Performance in Particular in Respect of Valuation Services*

- 4.1 All of our conclusions regarding the condition and the state of repair of the building and the condition of the property are based solely on the information supplied to us by the client and verified for reasonability by us or which we have obtained from our inquiries and from the property inspection.
- 4.2 During the property inspection, we do not carry out a measured survey of the property, nor do we undertake functional testing of technical or any other installations in the property. All the valuer’s observations made during the property inspection are based on a visual inspection only.
- 4.3 We do not carry out investigations involving the destruction or removal of construction elements. Any remarks relating to covered building elements or building materials are based solely on information provided to us or result from intuitive analysis or assumptions.
- 4.4 We do not make any professional investigations of building defects or damage. Without verification, it is assumed that the property does not contain any materials, any elements and that the site does not have any form of contamination, that would affect the long-term use of the subject property or have any influence on the health of residents and users.
- 4.5 No examination is conducted of compliance with rules under public laws (including approvals, acceptances, specially imposed conditions or the like) or with civil law terms concerning the utilisation of the land and the structure on it.
- 4.6 We assume without verification that all charges and other financial liabilities subject to public law that could affect the value have been charged and been met in full at the date of valuation.

- 4.7 Without verification, it is assumed that the subject property was appropriately insured both in terms of the potential damages that might occur and for the sum of likely damages.
- 4.8 In accordance with the consistent ruling of German Courts, statements and information made or provided by civil servants or civil representatives may not be considered as being legally binding. Thus, if such statements are taken into account, the application of such statements in the valuation report is without guarantee.
- 4.9 For the purpose of this valuation, it is assumed that the current or a comparable use will last during the remaining economic lifetime of the physical structure as expressed by the capitalisation rate.
- 4.10 We presume stable economic and political conditions.
- 4.11 Rights, charges and restrictions are taken into consideration only to the extent that they have an identifiable influence needing particularly to be taken into account on the investment value of the subject property.
- 4.12 We will rely on the information supplied as being correct and complete. Unless other information is available, we shall assume the absence of unusually onerous restrictions, covenants or other encumbrances. If supplied with legal documentation, we will consider it, but will not take responsibility for the legal interpretation of it. Unless otherwise agreed, we will not obtain information from the Land Registry.
- 4.13 We do not make any statements on the creditworthiness of tenants. Unless informed to the contrary by the client, we will assume that there are no significant arrears and that the tenant is able to meet his obligations under the lease agreement or under other agreements.
- 4.14 In the case that we are instructed to provide an indication of current reinstatement costs, this indication is to be seen as providing initial orientation only.

## **5 Fees**

- 5.1 The fees and the basis of the fees for our services are set out in the contract.
- 5.2 VAT is to be paid by the client at the legally applicable rate in addition to the fees and disbursements invoiced (together “payment”).

- 5.3 Payment is due and payable without allowance within 14 days after the invoice date. In the case of an ongoing instruction or a duration of more than three months, we shall be entitled to submit interim bills.
- 5.4 In the case that valuations are undertaken for loan security purposes, our claim for payment will arise irrespective of the loan being used or of the conditions of the loan agreement being met, unless the parties have agreed otherwise.
- 5.5 If there is a change in the stated purpose for which our services are being commissioned and hence liability increases (see No.11 of the business terms), we reserve the right to charge an additional fee specified in compliance with §§ 315 et seq. of the German Civil Code (BGB).
- 5.6 In the event that the client withdraws from the contract prior to the completion of the services commissioned, the fees charged by us for the services carried out prior to the withdrawal shall be calculated by us in accordance with reasonably exercised discretion pursuant to § 315 of the German Civil Code (BGB) based on the accounting standards as set out in § 649 of the German Civil Code (BGB). In the case that we have already sent the client a draft of the written results (general reports, valuation reports), the client is obliged to pay us the complete fee originally agreed.

## *6 Expenses*

If, for the purpose of performing the mandate, we incur expenses that in the circumstances may reasonably be considered necessary, the client is obliged to reimburse these expenses. The client is obliged to make reimbursement of actual travelling expenses and subsistence costs calculated on expenditure and car mileage allowance pursuant to Part 9 of the pay-as-you earn income tax guidelines (Lohnsteuerrichtlinien Abschnitt 9) in the respectively relevant version.

## *7 Interest*

If the client defaults in payment, we shall be entitled to claim default interest for the period of default at the statutory default rate of interest set out in § 288 of the German Civil Code (BGB) in the respectively relevant version.

## *8 Set-Off/Retention*

Set-off and the right of retention are permissible only if the counterclaims are undisputed or have been declared final and absolute. The client however may refuse the performance owed by him because of counterclaims that are part of the same contractual relationship and owed to him.



## *9 Conflicts of Interest*

- 9.1 We implement conflict management procedures to prevent us from acting for one client in a matter where there is or could be a conflict with the interests of another client for whom we are acting. If the client is aware or becomes aware of a possible conflict of this type, the client is obliged to indicate this conflict to us immediately. In the case that a conflict of this nature arises, we will decide, taking into account the existent law, requirements set by the relevant authorities and the material interests of the clients involved, whether we can continue to act for both parties (e.g. by the use of different teams working separately and apart, so-called “Chinese Walls”) for one party only or for neither. In the case that we do not believe that a potential or actual conflict of interest can be managed appropriately, we will inform the client without undue delay and consult with him. Should the client have any queries on this matter, he may contact his contact person at our company at any time.
- 9.2 If during the performance of the mandate a conflict occurs resulting in the termination of the contract, we shall be entitled to demand a reasonable portion of the agreed remuneration for the (partial) performance already effected by us.

## *10 Termination*

The client’s right to give notice of termination according to § 649 of the German Civil Code (BGB) is excluded. But the client may terminate the contract for cause without notice for a compelling reason.

## *11 Liability*

- 11.1 Claims for damages irrespective of the nature of the breach of duty, including torts, are excluded, unless the damages caused by us are caused by intent or gross negligence.
- 11.2 If there is a fundamental breach of contract, we shall be liable for all negligence, but our liability shall be limited to foreseeable damages and to damages that are specific for such kind of contract, however not exceeding an aggregate total of 100,000 € per appraised property and in the case of more than 10 properties appraised within the same mandate not exceeding an aggregate total of 1 million €. The client cannot claim indirect and consequential damages, such as lost profits, unless we gave a guarantee of quality, given only to protect the client against such damages or the damages have been foreseeable.

- 11.3 We may not invoke the limitations of liability and exclusions of liability under 11.1 and 11.2 of the business terms if we have acted fraudulently, given a guarantee of quality or if claims pursuant to the Product Liability Act (Produkthaftungsgesetz) as well as damages from injury to life, body or health are concerned.
- 11.4 One single case of damage is deemed to be obtained in relation to a uniform damage resulting from several breaches of duty. The single case of damage comprises all consequences of a breach of duty regardless of their date of origin. Doing or refraining from an act that is based on the same or on similar source of defects shall be deemed to be one single breach of duty if the relevant issues are related legally or in business terms.
- 11.5 To the extent to which our liability is excluded or limited, this also applies to salary earners, employees, agents and persons engaged by us to perform our obligation.
- 11.6 Any contractual liability on our part shall expire if the claimant has not asserted the claim against us within six months after becoming aware of the facts giving rise to the claim.
- 11.7 Contractual damage claims against us, except for claims for damages caused by intent, become statute barred one year after the client accepted the performance.
- 11.8 Not with standing the limitations of liability according to 11.1 to 11.7 of the business terms, any contractual liability on our part is limited to an aggregate total of 5 million € for each contractual relationship. This does not apply for damages caused by intent or gross negligence or for damages pursuant to the Product Liability Act (Produkthaftungsgesetz) or for damages from injury to life, body or health.

The client is entitled to ask us for higher liability coverage at any time. If the client asks for higher liability coverage, we will agree, but only in return for reimbursement of the expenses that we incur for the purpose of providing higher liability coverage (concurrent performance).

## *12 Data Protection*

For information about the handling of your personal data, in particular about the purposes for which we process your data, your rights as a data subject and contacts, please see our Data Protection Notice at <https://data-privacy.realestate.bnpparibas>.

*13 Money Laundering Regulations*

The client is aware that in accordance with existing law we are obliged to undertake reporting, report keeping and identification procedures. We may be required to verify certain data of our clients. We ask the client to assist us in complying with such requirements. If such information is necessary, the client is obliged to provide the information without undue delay to enable us to adhere to the law.

*14 Electronic Communications*

14.1 We may communicate with the client by electronic mail, sometimes attaching electronic data, unless the client has instructed us expressly and in writing to use some other means of communication. If such instructions are given by the client, the client must pay us the additional costs plus a reasonable addition to cover overheads.

14.2 In the case that the client does not instruct us to use any other means of communication rather than electronic mail, both parties accept the inherent risks (including the security risks of interception or unauthorized access to such communications, the risks of corruption of such communications and the risks of viruses or other harmful devices).

*15 Confidentiality/Intellectual Property/Transmission to Third Parties*

15.1 We shall not use data, information, materials, drawings, articles and/or know-how provided to us by the client for the purpose of carrying out the mandate for any purposes that are not associated with the mandate. We are obliged to keep the information confidential unless the information is publicly available or we are obliged to disclose information under any valid law.

15.2 The client ensures that the professional statements given by us during the mandate (general reports, valuation reports, results and the like) are used only for his own purposes and only for purposes connected with the mandate.

15.3 The transmission of professional statements from us (general reports, valuation reports, results and the like) to third parties is prohibited.

15.4 With regard to any publication of professional statements from us or abstracts from such professional statements, No. 15.3 of the business terms shall apply mutatis mutandis.

15.5 We are obliged to maintain confidentiality regarding the content and the purpose of the mandate and also regarding the results.

15.6 We hold the unrestricted copyright to the instructed services. Our professional statements may be used only by the client and only for the agreed purpose.

15.7 The client is not authorized to carry out changes to our copyrightprotected professional statements.

15.8 Copies of the written results (general reports, valuation reports) remain our property until fees are paid in full.

#### *16 Third Parties Rights and Assignment*

The effectiveness of the assignment of transferable claims to third parties depends on the prior approval of the contracting party. § 354 a) of the German code of commercial law (Handelsgesetzbuch) is unaffected.

#### *17 Dispute Resolution Procedures for Consumers Pursuant to VSBG*

The general office for the settlement of consumer disputes (“Allgemeine Verbraucherschlichtungsstelle”) at the Zentrum für Schlichtung e.V., Strassburger Strasse 8 in 77694 Kehl am Rhein, Germany, is available to you at [www.verbraucher-schlichter.de](http://www.verbraucher-schlichter.de) in accordance with the German act on alternative dispute resolution for consumer disputes (VSBG). In the event of a dispute with a consumer, we shall not submit to the alternative resolution of such dispute in accordance with the German act on alternative dispute resolution for consumer disputes (VSBG).

#### *18 General*

The contract, the execution of the contract and any claims arising from the contract shall be governed solely by German Law if domestic parties are involved. Any dispute arising out of or in connection with the services shall be submitted to the exclusive jurisdiction of the Court of Frankfurt am Main, Germany.

#### *19 Closing Remark*

The German version is the only legally binding version. The English version is just a courtesy translation and not legally binding.

## 1. RESPONSIBILITY STATEMENT

This Circular and Offer Document, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Circular and Offer Document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular and Offer Document misleading.

This Circular and Offer Document includes particulars given in compliance with the Codes for the purpose of giving information with regard to the Proposal (including the Proposed Acquisition, the Share Buy-back Offer and the Whitewash Waiver) and the Company. All Directors jointly and severally accept full responsibility for the accuracy of information contained in this Circular and Offer Document and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Circular and Offer Document have been arrived at after due and careful consideration and there are no other facts not contained in this Circular and Offer Document, the omission of which would make any statement contained herein misleading.

## 2. SHARE CAPITAL OF THE COMPANY

- (i) The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) upon Completion of the Proposed Acquisition; and (iii) upon Completion of the Proposed Acquisition and the completion of the Share Buy-back Offer (if accepted in full), were and will be as follows:

	<b>Number of Shares</b>	<b>Nominal value (HK\$)</b>
<b>Authorised:</b>		
As at the Latest Practicable Date	<u>8,000,000,000</u>	<u>8,000,000,000</u>
<b>Issued and fully paid:</b>		
As at the Latest Practicable Date	3,693,400,500	3,693,400,500
Consideration Shares	<u>333,333,333</u>	<u>333,333,333</u>
Upon Completion of the Proposed Acquisition	4,026,733,833	4,026,733,833
Maximum Number of Shares to be bought back under the Share Buy-back Offer	<u>380,000,000</u>	<u>380,000,000</u>
Upon completion of the Share Buy-back Offer	<u>3,646,733,833</u>	<u>3,646,733,833</u>

- (ii) As at the Latest Practicable Date:
  - (a) all of the Shares currently in issue rank *pari passu* in all respects including as to capital, dividends and voting;
  - (b) no Shares had been issued or bought-back by the Company since 31 December 2020 (being the end of the last financial year of the Company); and
  - (c) there were no outstanding options, warrants, derivatives or other securities which carry the right to subscribe for or which are convertible into Shares.
- (iii) There has been no reorganisation of capital of the Company during the two financial years immediately preceding the commencement of the Offer Period.
- (iv) During the 12-month period immediately preceding the date of this Circular and Offer Document, the Company did not buy-back any Shares.
- (v) The Company has not issued any Shares during the two-year period immediately preceding the date of this Circular and Offer Document.
- (vi) During the two-year period immediately preceding the date of this Circular and Offer Document, the Company declared and paid:
  - (a) an interim cash dividend of HK\$0.52 per Share for the six months ended 30 June 2019;
  - (b) a final cash dividend of HK\$1.58 per Share for the year ended 31 December 2019; and
  - (c) an interim cash dividend of HK\$0.34 per Share for the six months ended 30 June 2020.

As disclosed in the annual results announcement of the Company dated 18 March 2021, the Directors have recommended the payment of a final cash dividend of HK\$1.46 per Share for the year ended 31 December 2020 to Shareholders whose names appear on the Register of Members of the Company on the Final Dividend Record Date. Accordingly, Qualifying Shareholders who accept the Share Buy-back Offer and whose names appear on the Register of Members on the Final Dividend Record Date will be entitled to receive in respect of each Share bought-back pursuant to the Share Buy-back Offer (i) the final cash dividend (if approved by Shareholders at the 2021 AGM) and (ii) the Offer Price per Share.

The Company adopted a dividend policy with effect from January 2019 whereby the Board is committed to maintaining an optimal capital structure and investment grade credit ratings. This is pursued to deliver returns to Shareholders and ensure that adequate capital resources are available for business growth and investment opportunities. Subject to business conditions, market opportunities and

maintenance of the Company's strong investment grade credit ratings, the Board aims to deliver a sustainable dividend that is in line with the earnings improvements and long-term growth of the Company.

The Board does not have any immediate plan or intention to declare any additional dividend or to alter the dividend policy of the Company. However, as disclosed in the section headed "*Proposed dividend arrangements of the Company for 2021 and 2022*" in the "Letter from the Board", following receipt of the Cash Distributions by the Target Holdco Group, directly or indirectly, from the Target Companies (and/or any shortfall payment received by the Target Holdco Group from LKSF) in respect of the Guarantee Period, the Company intends to distribute such amounts in full by way of dividend to Shareholders whose names appear on the Register of Members of the Company on the record date for determining entitlements to such dividend.

Subject to completion of the Proposal, the total amount that the Company will pay in dividends in respect of each of the years ending 31 December 2021 and 2022 will not be less than an amount equal to the sum of (a) the total amount paid by the Company in dividends in respect of the financial year ended 31 December 2020 and (b) the Cash Distributions referred to above in respect of each of the relevant financial year. The effect of the foregoing is that the total dividends per Share in respect of each of the financial years ending 31 December 2021 and 2022 will be higher than the total dividends per Share in respect of the financial year ended 31 December 2020 irrespective of the number of Shares bought back pursuant to the Share Buy-back Proposal, assuming that no new Shares are issued other than pursuant to the Proposed Acquisition prior to the record date for the final dividend in respect of the financial year ending 31 December 2022.

### 3. MARKET PRICES

- (a) The table below shows the closing market prices of the Shares as quoted on the Stock Exchange (i) on the Latest Practicable Date; (ii) on the Last Trading Date and (iii) at the end of each calendar month during the Relevant Period:

<b>Date</b>	<b>Closing price per Share (HK\$)</b>
23 April 2021, being the Latest Practicable Date	48.50
18 March 2021, being the date of the Announcement	47.05
at the end of each calendar month during the Relevant Period:	
30 September 2020	37.75
31 October 2020	35.90
30 November 2020	42.45
31 December 2020	39.80
31 January 2021	38.95
28 February 2021	45.55
31 March 2021	47.20

- (b) During the Relevant Period, the highest closing price of the Shares was HK\$50.45 per Share as quoted on the Stock Exchange on 19 March 2021 and the lowest closing price of the Shares was HK\$35.90 per Share as quoted on the Stock Exchange on 30 October 2019.
- (c) The Offer Price of HK\$51.00 per Share represents a premium of approximately 8.4% over the closing price of HK\$47.05 per Share as quoted on the Stock Exchange on the Last Trading Date.

#### **4. DISCLOSURE OF INTERESTS**

##### **Interests of Directors and Chief Executive in the Shares of the Company**

As at the Latest Practicable Date, the interests and positions of the Directors and chief executive of the Company in the Shares, which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register required to be kept under section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules; or (d) to be disclosed in accordance with the Takeovers Code, are set out below:



*Long positions in Shares**The Company*

Name of Director	Capacity	Number of Shares				Total	Approximate % of Shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
Mr. Li Tzar Kuoi, Victor	Beneficial owner, interest of child or spouse, interest of controlled corporations and beneficiary of trusts	220,000	405,200	501,459,183 (Note 1)	1,160,195,710 (Note 2)	1,662,280,093	45.00%
Mr. Kam Hing Lam	Beneficial owner and interest of child or spouse	51,040	57,360	–	–	108,400	0.0029%
Mr. Ip Tak Chuen, Edmond	Beneficial owner	300,000	–	–	–	300,000	0.0081%
Mr. Chow Nin Mow, Albert	Beneficial owner	66	–	–	–	66	≈0%
Ms. Hung Siu-lin, Katherine	Beneficial owner	43,256	–	–	–	43,256	0.0012%
Mr. Donald Jeffrey Roberts	Beneficial owner	167,396	–	–	–	167,396	0.0045%

*Associated Corporations*

Name of Company	Name of Director	Capacity	Number of Shares				Total	Approximate % of Shareholding
			Personal Interest	Family Interest	Corporate Interest	Other Interest		
Precise Result Global Limited	Mr. Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	15 (Note 3)	15	15%
Jabrin Limited	Mr. Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	2,000 (Note 3)	2,000	20%
Mightycity Company Limited	Mr. Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	168,375 (Note 3)	168,375	1.53%

*Notes:*

- (1) The 501,459,183 Shares comprise:

- (a) 56,177,350 Shares held by certain companies of which Mr. Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.
  - (b) 61,523,000 Shares held by LKSF. By virtue of the terms of the constituent documents of LKSF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.
  - (c) 50,425,500 Shares held by a wholly-owned subsidiary of LKSGF. By virtue of the terms of the constituent documents of LKSGF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSGF.
  - (d) On 18 March 2021, LKSF and the Company entered into a Share Purchase Agreement. Subject to the fulfilment of the certain conditions, the Company will issue 333,333,333 Consideration Shares at the price of HK\$51.00 per Share to LKSF and/or its subsidiaries. Meanwhile, the Company proposed to buy-back for cancellation up to 380,000,000 Shares.
- (2) The 1,160,195,710 shares of the Company comprise:

- (a) 1,003,380,744 Shares of the Company held by TUT1 as trustee of UT1 and its related companies in which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings (“**TUT1 related companies**”). Mr. Li Ka-shing is the settlor of each of DT1 and DT2. Each of TDT1 and TDT2 holds units in UT1 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, *inter alia*, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard.

The entire issued share capital of TUT1, TDT1 and TDT2 are owned by Li Ka-Shing Unity Holdings Limited (“**Unity Holdco**”). Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Unity Holdco. TUT1 is only interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Unity Holdco or any of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor as a holder of the shares of Unity Holdco as aforesaid.

As Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT1 and DT2, and by virtue of the above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of the Company held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO as a Director of the Company.

- (b) 72,387,720 shares of the Company held by TUT3 as trustee of The Li Ka-Shing Castle Trust (“**UT3**”) and its related companies in which TUT3 as trustee of UT3 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings (“**TUT3 related companies**”). Mr. Li Ka-shing is the settlor of each of the two discretionary trusts (“**DT3**” and “**DT4**”). Each of TDT3 and TDT4 holds units in UT3 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT3 and DT4 are, *inter alia*, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard.

The entire issued share capital of TUT3, TDT3 and TDT4 are owned by Li Ka-Shing Castle Holdings Limited (“**Castle Holdco**”). Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Castle Holdco. TUT3 is only interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Castle Holdco or any of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor as a holder of the shares of Castle Holdco as aforesaid.

As Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT3 and DT4, and by virtue of the above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of the Company held by TUT3 as trustee of UT3 and TUT3 related companies under the SFO as a Director of the Company.

- (c) 84,427,246 shares of the Company held by a company controlled by TDT3 as trustee of DT3.
- (3) These companies are subsidiaries of the Company and such shares are held through TUT1 as trustee of UT1. By virtue of Mr. Li Tzar Kuoi, Victor's deemed interests as described in Note (2)(a) above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to such shares under the SFO as a Director of the Company.

### Interests of Substantial Shareholders

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as was known to the Directors, the persons or entities, other than a Director or chief executive of the Company, who had an interest in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or in any options in respect of such share capital are as follows:

#### *Long positions of Substantial Shareholders in the Shares of the Company*

Name of Shareholder	Capacity	Number of Shares	Total	Approximate % of Shareholding
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust	Trustee	1,003,380,744	1,003,380,744 (Note 1)	27.16%
Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee & beneficiary of a trust	1,003,380,744	1,003,380,744 (Note 1)	27.16%
Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust	Trustee & beneficiary of a trust	1,003,380,744	1,003,380,744 (Note 1)	27.16%
Li Ka-shing	(i) Interest of controlled corporations	499,594,633		
	(ii) Founder of discretionary trusts	1,160,195,710	1,659,790,343 (Note 2)	44.93%
LKSF	(i) Beneficial owner	61,523,000		
	(ii) Other (Note 3)	333,333,333	394,856,333	10.69%

***Long positions of other persons in the Shares and the underlying shares of the Company***

<u>Name of Shareholder</u>	<u>Capacity</u>	<u>Number of Shares</u>	<u>Total</u>	<u>Approximate % of Shareholding</u>
BlackRock, Inc.	Interest of controlled corporations	221,271,787	221,271,787 (Note 4 & 6)	5.99%

***Short positions of other persons in the Shares and the underlying shares of the Company***

<u>Name of Shareholder</u>	<u>Capacity</u>	<u>Number of Shares</u>	<u>Total</u>	<u>Approximate % of Shareholding</u>
BlackRock, Inc.	Interest of controlled corporations	1,456,500	1,456,500 (Notes 5 & 6)	0.04%

*Notes:*

- (1) The three references to 1,003,380,744 shares relate to the same block of shares in the Company. Of these 1,003,380,744 shares of the Company, 913,378,704 shares of the Company are held by TUT1 as trustee of UT1 and 90,002,040 shares of the Company are held by companies controlled by TUT1 as trustee of UT1. Each of TUT1 as trustee of UT1, TDT1 as trustee of DT1 and TDT2 as trustee of another discretionary trust is taken to have a duty of disclosure under the SFO in relation to the same 1,003,380,744 shares of the Company as described in Note (2)(a) under the section headed “*Interests of Directors and Chief Executive in the Shares of the Company*” above.
- (2) The 1,659,790,343 shares of the Company comprise:
  - (a) 499,594,633 shares of the Company of which:
    - (i) 54,312,800 shares held by certain companies of which Mr. Li Ka-shing are entitled to exercise or control the exercise of one-third or more of the voting power at the general meetings.
    - (ii) 61,523,000 shares held by LKSF. By virtue of the terms of the constituent documents of LKSF, Mr. Li Ka-shing may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.
    - (iii) 50,425,500 shares held by a wholly-owned subsidiary of LKSGF. By virtue of the terms of the constituent documents of LKSGF, Mr. Li Ka-shing may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSGF.
    - (iv) On 18 March 2021, LKSF and the Company entered into a Share Purchase Agreement. Subject to the fulfilment of the certain conditions, the Company will issue 333,333,333 Consideration Shares at the price of HK\$51.00 per Share to LKSF and/or its subsidiaries.

- (b) 1,160,195,710 shares of the Company as described in Note (2) under the section headed “*Interests of Directors and Chief Executive in the Shares of the Company*” above. As Mr. Li Ka-shing may be regarded as a founder of each of DT1, DT2, DT3 and DT4 for the purpose of the SFO, Mr. Li Ka-shing is taken to have a duty of disclosure under the SFO as a substantial shareholder in relation to the same 1,160,195,710 shares of the Company after his retirement from the directorship of the Company.
- (3) On 18 March 2021, LKSF and the Company entered into a Share Purchase Agreement. Subject to the fulfilment of the certain conditions, the Company will issue 333,333,333 Consideration Shares at the price of HK\$51.00 per Share to LKSF and/or its subsidiaries. Meanwhile, the Company proposed to buy-back for cancellation up to 380,000,000 Shares.
- (4) Such long position includes derivatives interests in 873,500 underlying shares of the Company derived from unlisted and cash settled derivatives.
- (5) Such short position includes derivative interests in 782,500 underlying shares of the Company derived from unlisted and cash settled derivatives.
- (6) Such disclosure of interests was made in the form of notice pursuant to Part XV of the SFO submitted by BlackRock, Inc. to the Company on 7 May 2020.

## 5. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS PURSUANT TO THE TAKEOVERS CODE

As at the Latest Practicable Date:

- (a) save as disclosed in the section headed “*Changes in Shareholdings Structure*” on pages 45 to 51 in the letter from the Board and the section headed “*Interests of Directors and Chief Executive in the Shares of the Company*” on pages V-4 to V-7 of this Circular and Offer Document:
  - (i) none of the Company or LKSF own any shareholding (as defined under Note 1 to paragraph 4 of Schedule I of the Takeovers Code), convertible securities, warrants, options or derivatives in the Company;
  - (ii) none of the Directors, or the LKSF Directors is interested in any shareholding (as defined under Note 1 to paragraph 4 of Schedule I of the Takeovers Code), convertible securities, warrants, options or derivatives in the Company;
  - (iii) no person acting in concert with LKSF, owns or controls any shareholding (as defined under Note 1 to paragraph 4 of Schedule I of the Takeovers Code), convertible securities, warrants, options or derivatives in the Company;
- (b) the Company does not own any shareholding (as defined under Note 1 to paragraph 4 of Schedule I of the Takeovers Code), convertible securities, warrants, options or derivatives in LKSF;

- (c) by virtue of the terms of the constituent documents of LKSF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF, which is a company incorporated in Hong Kong limited by guarantee. Save as disclosed above, none of the Directors, or any person acting in concert with the Directors, is interested in any shareholding (as defined under Note 1 to paragraph 4 of Schedule I of the Takeovers Code), convertible securities, warrants, options or derivatives in the Company or LKSF;
- (d) save as disclosed in the section headed “*Changes in Shareholdings Structure*” on pages 45 to 51 in the letter from the Board, none of the subsidiaries of the Company, nor pension funds of the Company or of any of the Company’s subsidiaries, nor any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code, but excluding exempt principal traders and exempt fund managers, owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (e) save for the Share Buy-back Offer and the transactions contemplated thereunder, none of LKSF, or any person acting in concert with it, had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any person;
- (f) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any party acting in concert with it (including any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code) or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code;
- (g) none of the Company, the Directors, any person acting in concert with the Company, or LSKF, or any person acting in concert with LKSF, has borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares, save for any Shares which have been on-lent or sold;
- (h) no person has irrevocably committed themselves to accept or reject the Share Buy-back Offer. For completeness, the Controlling Shareholder Group, the Executive Directors (other than Mr. Li Tzar Kuoi, Victor) and the LKSF Directors has confirmed that they will not accept the Share Buy-back Offer in respect of any of the Shares held by them (directly or indirectly) as at the date of the Announcement;
- (i) save as disclosed in the section headed “*Interests of Substantial Shareholders*”, there is no Shareholder which holds 10% or more of the voting rights of the Company;

- (j) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company were managed on a discretionary basis by any fund manager (other than exempt fund managers) connected with the Company;
- (k) neither the Company, nor any person acting in concert with the Company, nor LKSF nor any person acting in concert with LKSF, has received any irrevocable commitment from any persons in relation to voting in favour of or against the resolutions in respect of Matters for Approval at the EGM;
- (l) there is no outstanding derivative in respect of the securities of the Company which has been entered into by the Company, nor any person acting in concert with the Company, nor LKSF, nor any person acting in concert with LKSF;
- (m) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Company of the kind referred to in Note 8 to Rule 22 of the Takeovers Code;
- (n) there is no agreement or arrangement to which the Company or LKSF is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Proposal (save for the Offer Conditions and the Acquisition Conditions); and
- (o) the Company had no agreement, arrangement or understanding to transfer, charge or pledge any of the Shares acquired pursuant to the Share Buy-back Offer to any other persons.

## **6. DEALINGS IN THE SHARES**

The Company has not repurchased any Shares in the Relevant Period.

Save for the Proposed Acquisition, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder or any party acting in concert with it/him/her; and (ii) either (a) the Company, or any party acting in concert with it; or (b) LKSF, or any party acting in concert with it.

The Controlling Shareholder Group, the Executive Directors and the LKSF Directors have confirmed that as at the Latest Practicable Date, other than entering into of the Share Purchase Agreement and those disclosed below, none of the members of the Controlling Shareholder Group or persons acting in concert with it have acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of any voting rights in the Company within the Relevant Period.

## APPENDIX V

## GENERAL INFORMATION

Details of the dealings in the Shares by LKSF within the Relevant Period but before the negotiations, discussions or the reaching of understandings or agreements with the Board in relation to the Proposed Acquisition and the Share Buy-back Offer are set out below (the full list of such dealings is available for public inspection as stated in “16. Documents Available for Inspection” below):

Date	Type of transaction	Number of Shares	Average Price	Lowest Price	Highest Price	Date	Type of transaction	Number of Shares	Average Price	Lowest Price	Highest Price
18 September 2020	Purchase	450,000	40.2188	39.90	40.65	18 November 2020	Purchase	100,000	43.2750	42.90	43.65
21 September 2020	Purchase	310,000	39.3403	38.95	39.95	19 November 2020	Purchase	110,000	43.5727	43.40	43.70
22 September 2020	Purchase	240,000	38.5437	38.40	38.60	20 November 2020	Purchase	150,000	43.4733	43.35	43.60
23 September 2020	Purchase	400,000	38.5412	38.25	38.70	23 November 2020	Purchase	120,000	42.8310	42.60	42.95
24 September 2020	Purchase	181,500	38.2475	38.05	38.35	24 November 2020	Purchase	150,000	43.3566	43.20	43.45
25 September 2020	Purchase	220,000	38.2090	38.00	38.35	25 November 2020	Purchase	282,500	43.9265	43.45	44.25
28 September 2020	Purchase	220,000	38.1613	38.05	38.25	26 November 2020	Purchase	170,000	43.1911	43.05	43.25
29 September 2020	Purchase	150,000	37.5833	37.40	37.75	27 November 2020	Purchase	110,000	43.4954	43.40	43.55
5 October 2020	Purchase	220,000	38.2340	38.05	38.40	30 November 2020	Purchase	340,000	43.1191	42.45	43.45
6 October 2020	Purchase	160,000	38.2406	38.10	38.35	1 December 2020	Purchase	167,500	42.5455	41.95	42.80
7 October 2020	Purchase	178,000	38.9910	38.80	39.10	2 December 2020	Purchase	197,500	42.9088	42.80	42.95
8 October 2020	Purchase	170,000	38.4464	38.35	38.55	3 December 2020	Purchase	178,500	42.8385	42.55	43.00
9 October 2020	Purchase	281,500	38.3380	38.10	38.55	4 December 2020	Purchase	214,000	43.0434	42.95	43.05
12 October 2020	Purchase	320,000	38.4546	38.35	38.55	7 December 2020	Purchase	210,000	42.6928	42.30	42.95
14 October 2020	Purchase	180,000	38.4555	38.30	38.60	8 December 2020	Purchase	170,000	41.8058	41.50	41.95
15 October 2020	Purchase	180,000	37.6500	37.45	37.95	9 December 2020	Purchase	230,000	42.7847	42.35	43.05
16 October 2020	Purchase	200,000	37.5450	37.40	37.65	10 December 2020	Purchase	120,000	42.7333	42.55	42.80
19 October 2020	Purchase	350,000	37.5300	37.45	37.55	11 December 2020	Purchase	100,000	43.1300	43.00	43.25
20 October 2020	Purchase	250,000	37.1880	37.10	37.30	14 December 2020	Purchase	170,000	42.9529	42.85	43.00
21 October 2020	Purchase	200,000	37.0900	36.90	37.25	15 December 2020	Purchase	210,000	42.2500	41.70	42.60
22 October 2020	Purchase	180,000	37.1381	36.90	37.30	16 December 2020	Purchase	150,000	41.7933	41.70	41.85
23 October 2020	Purchase	140,000	37.4250	37.30	37.55	17 December 2020	Purchase	160,000	41.1937	40.95	41.60
27 October 2020	Purchase	250,000	37.0240	36.85	37.20	18 December 2020	Purchase	240,000	40.6770	40.40	40.80
28 October 2020	Purchase	200,000	36.5575	36.40	36.70	21 December 2020	Purchase	230,000	39.9804	39.80	40.15
29 October 2020	Purchase	200,000	36.0550	35.80	36.30	22 December 2020	Purchase	200,000	38.8302	38.55	38.95
30 October 2020	Purchase	180,000	36.1333	36.00	36.25	23 December 2020	Purchase	106,500	38.9406	38.90	38.95
2 November 2020	Purchase	230,000	36.0500	35.95	36.15	24 December 2020	Purchase	70,000	39.2000	39.20	39.20
4 November 2020	Purchase	210,000	37.2809	37.05	37.40	28 December 2020	Purchase	100,000	39.6200	39.55	39.65
6 November 2020	Purchase	195,500	38.2744	38.20	38.35	29 December 2020	Purchase	69,500	39.1151	39.00	39.15
9 November 2020	Purchase	220,000	37.9486	37.70	38.10	30 December 2020	Purchase	50,000	39.2600	39.20	39.30
10 November 2020	Purchase	100,000	40.3542	40.30	40.45	31 December 2020	Purchase	70,000	39.7428	39.65	39.80
11 November 2020	Purchase	100,000	42.3600	42.15	42.45	6 January 2021	Purchase	140,000	40.1500	40.00	40.30
12 November 2020	Purchase	110,000	41.8909	41.70	42.10	7 January 2021	Purchase	140,000	39.9428	39.90	40.00
13 November 2020	Purchase	100,000	41.2700	41.00	41.45	8 January 2021	Purchase	120,000	39.8500	39.55	40.00
16 November 2020	Purchase	140,000	41.4500	41.30	41.60	11 January 2021	Purchase	130,000	39.8423	39.60	39.95
17 November 2020	Purchase	120,000	42.6833	42.40	42.85						
<b>Total</b>								<b>13,012,500</b>			



Details of the dealings in the Shares by CK Asset Provident Fund within the Relevant Period but prior to the date of the Announcement are set out below (the full list of such dealings is available for public inspection as stated in “16. Documents Available for Inspection” below):

<u>Date</u>	<u>Type of Transaction</u>	<u>Number of Shares</u>	<u>Average Price</u>	<u>Lowest Price</u>	<u>Highest Price</u>
28 September 2020	Sale	141,500	38.168	38.15	38.25
10 December 2020	Purchase	29,000	43.0298	42.80	43.20
11 December 2020	Purchase	40,500	43.1881	43.05	43.45
14 December 2020	Purchase	13,500	43.0989	42.60	43.35
23 February 2021	Purchase	96,000	45.7095	45.20	46.00
24 February 2021	Purchase	131,500	46.2374	45.50	47.20
5 March 2021	Purchase	10,000	45.8616	45.70	46.00
8 March 2021	Purchase	53,500	45.851	45.65	46.25
15 March 2021	Purchase	102,000	46.6611	46.55	46.90
<b>Total</b>		<b>617,500</b>			

Save as disclosed above, during the Relevant Period:

- (a) neither the Company, nor any person acting in concert with the Company (including the Controlling Shareholder Group and the Executive Directors), nor LKSF nor any person acting in concert with LKSF (including the Controlling Shareholder Group, the Executive Directors and LKSF Directors), the Directors, nor any person acting in concert with the Directors, had dealt for value in any shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Codes), convertible securities, warrants, options and derivatives in the Company;
- (b) neither the Company, nor any Director, had dealt for value in any shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Codes), convertible securities, warrants, options and derivatives in LKSF;
- (c) none of the subsidiaries of the Company or any pension fund of any member of the Group or any person who is presumed to be acting in concert by virtue of class (5) of the definition of “acting in concert” or who is an associate of the Company by virtue of class (2) of the definition of “associate” (but excluding any exempt principal trader or exempt fund manager) had dealt for value in any shareholdings (as defined under Note 1 to paragraph 4 of Schedule I of the Codes), convertible securities, warrants, options and derivatives in the Company;
- (d) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any party acting in concert with it (including any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert”

under the Takeovers Code) or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code; and

- (e) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company were managed on a discretionary basis by any fund manager (other than exempt fund managers) connected with the Company.

## **7. ARRANGEMENTS IN CONNECTION WITH THE DIRECTORS**

As at the Latest Practicable Date:

- (a) no arrangement was in place for any benefit (other than statutory compensation required under appropriate laws) would be given to any Director as compensation for loss of office or otherwise in connection with the Proposal;
- (b) there were no agreements or arrangements between any Director and any other person which are conditional on or dependent upon the outcome of the Proposal or otherwise connected with the Proposal;
- (c) save for the Share Purchase Agreement, there were no material contracts entered into by the Company or LKSF in which any Director has a material personal interest; and
- (d) save for the Share Purchase Agreement, there were no agreements, arrangements or understandings (including any compensation arrangement) that existed between (i) the Company, LKSF or any party acting in concert with any of them; and (ii) any of the Directors, recent directors, Shareholders or recent Shareholders having any connection with or dependence upon the Proposed Acquisition or the Share Buy-back Offer.

## **8. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date:

- (a) none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation)).
- (b) none of the Directors had entered into any service contract with the Company or any of its subsidiaries or associated companies which are in force and which (i) (including both continuous and fixed-term contracts) had been entered into or amended within the Relevant Period; (ii) was a continuous contract with a notice period of 12 months or more; or (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period.

**9. COMPETING BUSINESS****(i) Principal business activities of the Group**

The principal business activities of the Group comprise the following:

- (1) property development and investment;
- (2) hotel and serviced suite operation;
- (3) property and project management;
- (4) interests in Real Estate Investment Trusts;
- (5) ownership and leasing of movable assets;
- (6) pub operation; and
- (7) investment in infrastructure and utility asset operation.

**(ii) Interests in Competing Business**

As at the Latest Practicable Date, the interests of Directors in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group (the “**Competing Businesses**”), as required to be disclosed pursuant to the Listing Rules, were as follows:

<u>Name of Director</u>	<u>Name of Company</u>	<u>Nature of Interest</u>	<u>Competing Business (see (i) above)</u>
Li Tzar Kuoi, Victor	CK Hutchison Holdings Limited	Chairman and Group Co-Managing Director	(5) & (7)
	CK Infrastructure Holdings Limited	Chairman	(5) & (7)
	CK Life Sciences Int’l, (Holdings) Inc.	Chairman	(1)
	HK Electric Investments and HK Electric Investments Limited	Non-executive Director and Deputy Chairman	(7)
	Power Assets Holdings Limited	Non-executive Director	(7)
Kam Hing Lam	CK Hutchison Holdings Limited	Deputy Managing Director	(5) & (7)
	CK Infrastructure Holdings Limited	Group Managing Director	(5) & (7)
	CK Life Sciences Int’l, (Holdings) Inc.	President	(1)
	Hui Xian Asset Management Limited	Chairman	(1), (2), (3) & (4)
Ip Tak Chuen, Edmond	ARA Asset Management Holdings Pte. Ltd.	Director	(3) & (4)
	CK Hutchison Holdings Limited	Deputy Managing Director	(5) & (7)
	CK Infrastructure Holdings Limited	Deputy Chairman	(5) & (7)

<u>Name of Director</u>	<u>Name of Company</u>	<u>Nature of Interest</u>	<u>Competing Business (see (i) above)</u>
	CK Life Sciences Int'l., (Holdings) Inc.	Senior Vice President and Chief Investment Officer	(1)
	Hui Xian Asset Management Limited	Non-executive Director	(1), (2), (3) & (4)
Chiu Kwok Hung, Justin	ARA Asset Management Holdings Pte. Ltd.	Director	(3) & (4)
	ARA Asset Management (Fortune) Limited	Non-executive Director	(3) & (4)
	ARA Asset Management (Prosperity) Limited	Chairman	(3) & (4)
Chow Wai Kam, Raymond	AVIC International Holding (HK) Limited	Non-executive Director	(1)

*Note:* Such businesses may be conducted through subsidiaries, associated companies or by way of other form of investments. Please refer to “Principal Business Activities of the Group” above for the types of the Competing Businesses.

As at the Latest Practicable Date, save as disclosed above, none of the Directors or their respective close associates (as if each of them was treated as a controlling shareholder under Rule 8.10 of the Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

**10. COMMON DIRECTORS**

As at the Latest Practicable Date, the following Directors are also directors of certain companies which have an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO (the “**Relevant Companies**”):

<b>Name of Director</b>	<b>Relevant Companies in which the Director is also a director</b>
Li Tzar Kuoi, Victor	<p>Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust</p> <p>Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust</p> <p>Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust</p> <p>Li Ka Shing Foundation Limited</p>
Pau Yee Wan, Ezra	<p>Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust</p> <p>Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust</p> <p>Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust</p> <p>Li Ka Shing Foundation Limited</p>

**11. INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS OF THE GROUP**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group or the Target Holdcos since 31 December 2020, being the date to which the latest published audited accounts of the Group were made up.

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any of the Directors was materially interested and which was significant in relation to the businesses of the Group.

**12. MATERIAL LITIGATION**

As at the Latest Practicable Date, no members of the Group were engaged in any litigation of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

**13. MATERIAL CONTRACTS**

Save as disclosed below, there are no material contracts (not being a contract entered into in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date:

- (a) the cooperation agreement dated 19 August 2019 made between the Company, CK Noble (UK) Limited (“**Bidco**”) (a wholly-owned subsidiary of the Company) and Greene King plc (the “**Target**”, now known as Greene King Limited) in relation to a recommended cash offer to be made by Bidco for the entire issued and to be issued share capital of Target (whose shares were then listed on the Official List of the Financial Conduct Authority of the United Kingdom and traded on the Main Market of the London Stock Exchange) not already owned by or on behalf of the Group; and
- (b) the Share Purchase Agreement.

**14. EXPERTS AND CONSENTS**

- (a) The following are the qualifications of the experts which have given advice which is contained in this Circular and Offer Document:

<u>Name</u>	<u>Qualification</u>
The Hongkong and Shanghai Banking Corporation Limited	a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
Anglo Chinese Corporate Finance, Limited	a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants, Hong Kong Registered Public Interest Entity Auditors
Cushman & Wakefield Limited	an independent professional property valuer

<u>Name</u>	<u>Qualification</u>
CBRE, Inc.	an independent professional property valuer
Colliers International Property Advisers UK LLP	an independent professional property valuer
Colliers International Valuation UK LLP	an independent professional property valuer
BNP Paribas Real Estate Advisory and Property Management Ireland Limited	an independent professional property valuer
Jones Lang LaSalle Limited	an independent professional property valuer
BNP Paribas Real Estate Consult GmbH	an independent professional property valuer
Frontline Appraisal, Inc.	an independent professional property valuer
Aon Risk Services Australia Limited	an independent professional property valuer
Opteon Property Group Pty Ltd	an independent professional property valuer

- (b) Each of the above experts has given and has not withdrawn its written consent to the issue of this Circular and Offer Document with the inclusion therein of the opinions, reports and/or letters and/or the references to its name and/or opinions, reports and/or letters in the form and context in which they respectively appear.
- (c) As at the Latest Practicable Date, each of the above experts was not beneficially interested in the share capital of any member of the Group (save, in the case of HSBC, for (i) any interest in the share capital of the Company held by an exempt principal trader in that capacity or (ii) any interest in the share capital of any member of the Group held by way of a security interest granted to HSBC in the ordinary course of its business) nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (d) As at the Latest Practicable Date, (i) each of the above experts (other than HSBC) did not have any direct or indirect interest in any assets, and (ii) HSBC did not have any material direct or indirect interest in any material assets, which had since 31 December 2020 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.



**15. MISCELLANEOUS**

- (a) The registered office of the Company is situated at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and the principal place of business of the Company in Hong Kong is situated at 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.
- (b) The address of the principal members of the concert group of the Company, being Mr. Li Ka-Shing and Mr. Li Tzar Kuoi, Victor, is at 79 Deep Water Bay Road, Hong Kong.
- (c) The registered office of LKSF is situated at 25th Floor, Neich Tower, 128 Gloucester Road, Wanchai, Hong Kong.
- (d) The address of the principal members of the concert group of LKSF, being Mr. Li Ka-Shing and Mr. Li Tzar Kuoi, Victor, is at 79 Deep Water Bay Road, Hong Kong.
- (e) As at the Latest Practicable Date, the LKSF Directors are Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor, Mr. Li Tzar Kai, Richard, Mr. Chong Hok Shan, Mr. Chong Hok Hei, Charles, Ms. Pau Yee Wan, Ezra, Mr. Chow Kun Chee, Roland, Mr. Lee Yeh Kwong, Charles, Mrs. Lee Pui Ling, Angelina, Ms. Chau Hoi Shuen, Solina, Ms. Eirene Yeung, Mr. George Colin Magnus, Mr. Frank John Sixt, Mr. Kan Yuet Loong, Ms. Au Siu Yin, Amy, Ms. Li Michelle Sarah Si De and Mr. Man Ka Keung, Simon.
- (f) The Company's Hong Kong Share Registrar and transfer office is Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (g) The Company's principal share registrar and transfer office is Maples Fund Services (Cayman) Limited, PO Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.
- (h) The company secretary of the Company is Ms. Eirene Yeung. Ms. Eirene Yeung is a solicitor of the High Court of the Hong Kong Special Administrative Region and a non-practising solicitor of the Senior Courts of England and Wales. Ms. Eirene Yeung is also a fellow member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute.
- (i) The registered address of HSBC, being the financial advisor to the Company, is situated at 1 Queen's Road Central, Hong Kong.
- (j) The registered address of Anglo Chinese Corporate Finance, Limited is situated at 40/F Two Exchange Square, 8 Connaught Place, Central, Hong Kong.
- (k) The English text of this Circular and Offer Document shall prevail over the Chinese text in the event of any inconsistency.

**16. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection (i) on the website of the Company ([www.ckah.com](http://www.ckah.com)); (ii) on the website of the SFC ([www.sfc.hk](http://www.sfc.hk)); and (iii) at the office of Freshfields Bruckhaus Deringer at 55th Floor, One Island East, Taikoo Place, Quarry Bay, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays, Sundays and public holidays in Hong Kong) from the date of this Circular and Offer Document for so long as the Share Buy-back Offer remains open for acceptance:

- (a) the amended and restated Memorandum and Articles of Association of the Company;
- (b) the articles of association of LKSF;
- (c) the letter from the Board, the text of which is set out on pages 23 to 55 of this Circular and Offer Document;
- (d) the letter from HSBC, the text of which is set out on pages 56 to 66 of this Circular and Offer Document;
- (e) the letter from the Independent Board Committee, the text of which is set out on pages 67 to 68 of this Circular and Offer Document;
- (f) the letter from the Independent Financial Adviser, the text of which is set out on pages 69 to 144 of this Circular and Offer Document;
- (g) the annual reports of the Company for each of the three financial years ended 31 December 2018, 2019 and 2020;
- (h) the report from Deloitte Touche Tohmatsu on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix III of this Circular and Offer Document;
- (i) the property valuation reports (including the valuation certificates) from the Property Valuers, the text of which (or, where applicable, the summaries of valuation of which) is set out in Appendix IV of this Circular and Offer Document;
- (j) the written consents referred to in the section headed “*Experts and Consents*” in Appendix V – General Information;
- (k) the material contracts referred to in the section headed “*Material Contracts*” in Appendix V – General Information;
- (l) the Share Purchase Agreement;
- (m) the Economic Benefits Agreement;

- (n) the full list of dealings during the Relevant Period by each of LKSF and CK Asset Provident Fund in shares, convertible securities, warrants, options and derivatives of the Company; and
- (o) this Circular and Offer Document.

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## NOTICE OF THE EXTRAORDINARY GENERAL MEETING

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### CK ASSET HOLDINGS LIMITED 長江實業集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 1113)

## NOTICE OF THE EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of CK Asset Holdings Limited (the “Company”) will be held at 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 13 May 2021 at 4:30 p.m. (Hong Kong time) (or as soon thereafter as the AGM to be held at 3:30 p.m. (Hong Kong time) on the same day shall have concluded or adjourned or, if there is (i) a tropical cyclone warning signal no. 8 or above; or (ii) a black rainstorm warning signal; or (iii) extreme condition caused by super typhoon in force in Hong Kong at 9:00 a.m. (Hong Kong time) on Thursday, 13 May 2021, at the same time and place on Tuesday, 18 May 2021 (Hong Kong time) for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions as ordinary resolution of the Company:

### ORDINARY RESOLUTIONS

#### 1. THE PROPOSED ACQUISITION, THE SPECIAL DEAL AND THE SPECIFIC MANDATE

##### “THAT

- (a) the Share Purchase Agreement (a copy of which is marked “A” and initialed by the chairman of the EGM for the purpose of identification) dated 18 March 2021 and the Proposed Acquisition contemplated thereunder, as more particularly described in the circular and offer document issued by the Company on 27 April 2021 (the “Circular and Offer Document”, a copy of which is marked “B” and initialed by the chairman of EGM for the purpose of identification), which also constitutes a special deal under Rule 25 of the Takeovers Code, be and are hereby approved, confirmed and ratified;
- (b) the Directors be and are hereby granted the Specific Mandate to exercise the powers of the Company to allot and issue the Consideration Shares pursuant to the terms and conditions of the Share Purchase Agreement; and
- (c) the Directors, acting collectively and individually, be and are hereby authorised to take all such steps, do all such acts and things and to sign, execute, seal (where required) and deliver all such documents which he/she may in his/her absolute discretion, consider necessary, appropriate, desirable or expedient in connection with or to implement or give effect to the above resolution and all of the transactions contemplated thereunder.”

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## NOTICE OF THE EXTRAORDINARY GENERAL MEETING

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### 2. THE SHARE BUY-BACK OFFER

“**THAT** the Share Buy-back Offer by HSBC on behalf of the Company to buy back for cancellation up to 380,000,000 Shares at a price of HK\$51.00 per Share in cash and subject to the terms and conditions set out in the Circular and Offer Document together with the accompanying acceptance form despatched to the Shareholders on 27 April 2021 be approved, without prejudice to the authority of the Company under the general mandate to buy back Shares proposed to be granted by the Shareholders at the AGM of the Company on 13 May 2021, and that the Directors, acting collectively and individually, be and are hereby authorised to take all such steps, do all such acts and things and to sign, execute, seal (where required) and deliver all such documents which he/she may in his/her absolute discretion, consider necessary, appropriate, desirable or expedient in connection with or to implement or give effect to the Share Buy-back Offer.”

### 3. THE WHITEWASH WAIVER

“**THAT**

- (a) the Whitewash Waiver waiving any obligation on the part of LKSF to make a mandatory general offer for all of the Shares of the Company not already owned or agreed to be acquired by the Controlling Shareholder Group as a result of (i) the allotment and issue of the Consideration Shares to LKSF and (ii) the Share Buy-back Offer be and is hereby approved; and
- (b) the Directors, acting collectively and individually, be and are hereby authorised to take all such steps, do all such acts and things and to sign, execute, seal (where required) and deliver all such documents which he/she may in his/her absolute discretion, consider necessary, appropriate, desirable or expedient in connection with or to implement or give effect to the above resolution and all of the transactions contemplated thereunder.”

By Order of the Board  
**Eirene YEUNG**  
*Executive Committee Member  
& Company Secretary*

Hong Kong, 27 April 2021

*Notes:*

- 1. Capitalised terms used in this notice shall have the same meanings as defined in the Circular and Offer Document, unless the context requires otherwise.
- 2. The EGM will be a hybrid meeting. Shareholders have the option of attending, participating and voting at the EGM through online access by visiting the website at <https://web.lumiagm.com> (“Online Platform”). Shareholders attending the EGM using the Online Platform will be deemed to be present at, and will be counted towards the quorum of, the EGM and they will be able to cast their votes and submit questions through the Online Platform.

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## NOTICE OF THE EXTRAORDINARY GENERAL MEETING

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3. At the EGM, the Chairman of the EGM will put each of the above resolutions to be voted by way of a poll under Article 81 of the Company's Amended and Restated Articles of Association.
4. Any Shareholder entitled to attend and vote at the EGM is entitled to appoint more than one proxy in accordance with the relevant provisions of the Amended and Restated Articles of Association of the Company to attend and on a poll, vote in his/her stead. A proxy need not be a Shareholder.
5. To be valid, the proxy form together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be returned to the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, or deposited at the Company's principal place of business in Hong Kong at 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong as soon as possible and in any event no less than 48 hours before the time appointed for the holding of the EGM (or any adjournment or postponement thereof).
6. In the case of joint holders of a share of the Company, any one of such joint holders may vote at the EGM, either personally or by proxy, in respect of such share as if he/she/it was solely entitled thereto. If more than one of such joint holders are present at the EGM, the more senior shall alone be entitled to vote in respect of the relevant joint holding. For this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the Register of Members of the Company in respect of the relevant joint holding.
7. Completion and return of the proxy form will not preclude a Shareholder from attending and voting in person at the EGM (or any adjournment or postponement thereof) should the Shareholder so desire and, in such event, the proxy form shall be deemed to be revoked.
8. For the purpose of determining entitlements to attend and vote at the EGM, the Register of Members of the Company will be closed from Monday, 10 May 2021 (Hong Kong time) to Thursday, 13 May 2021 (Hong Kong time) (or Tuesday, 18 May 2021 (Hong Kong time) in the event that the EGM is to be held on Tuesday, 18 May 2021 (Hong Kong time) because of (i) a tropical cyclone warning signal no. 8 or above; or (ii) a black rainstorm warning signal; or (iii) extreme condition caused by super typhoon in force in Hong Kong (as detailed in note 10 below)), both days inclusive, during which period no transfer of Shares will be effected. In order to be entitled to attend and vote at the EGM, all share certificates with completed transfer forms, either overleaf or separately, must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. (Hong Kong time) on Friday, 7 May 2021.
9. **COVID-19 PANDEMIC SITUATION:**

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the EGM arrangements at short notice. Shareholders should check the Company's website at [www.ckah.com](http://www.ckah.com) or the Company's EGM website at [www.ckah.com/eng/2021egm.html](http://www.ckah.com/eng/2021egm.html) for future announcements and updates on the EGM arrangements.

Should the COVID-19 pandemic situation continues to affect Hong Kong at or around the time of the EGM, Shareholders should regularly assess for themselves potential risks associated with, and whether they should attend, the physical EGM.

While the Company proposes and endeavours to implement a number of measures to safeguard the health and safety of the attendees (see "Precautionary Measures for Physical Attendance at the Extraordinary General Meeting" on page 4 of the Circular and Offer Document), no obligation nor liability whatsoever will be assumed by the Company in connection with the successful implementation or otherwise of any or all of those measures.

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## NOTICE OF THE EXTRAORDINARY GENERAL MEETING

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10. **BAD WEATHER ARRANGEMENTS:**

The EGM will be held as scheduled at 1st Floor, Harbour Grand Kowloon, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 13 May 2021 at 4:30 p.m. (Hong Kong time) (or as soon thereafter as the AGM to be held at 3:30 p.m. (Hong Kong time) on the same day shall have concluded or adjourned) regardless of whether or not an amber or red rainstorm warning signal or a tropical cyclone warning signal no. 3 or below is in force in Hong Kong at any time on that day.

However, if there is (i) a tropical cyclone warning signal no. 8 or above; or (ii) a black rainstorm warning signal; or (iii) extreme condition caused by super typhoon in force in Hong Kong at 9:00 a.m. on Thursday, 13 May 2021, the EGM will not be held on that day but will be automatically postponed and, by virtue of this notice, be held at the same time and place on Tuesday, 18 May 2021 (Hong Kong time) instead.

Shareholders who have any queries concerning these arrangements, please call the Company at (852) 2128 8888 during business hours from 9:00 a.m. (Hong Kong time) to 5:00 p.m. (Hong Kong time) on Mondays to Fridays, excluding public holidays.

Shareholders should make their own decision as to whether they would attend the EGM under bad weather conditions at their own risk having regard to their own situation and if they should choose to do so, they are advised to exercise care and caution.

11. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

*This circular and offer document is available in both English and Chinese versions (“**Circular and Offer Document**”). Shareholders who have received either the English or the Chinese version of this Circular and Offer Document may request a copy in the other language by writing to the Company c/o the Company’s Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong or by email to [ckah.ecom@computershare.com.hk](mailto:ckah.ecom@computershare.com.hk).*

*This Circular and Offer Document (both English and Chinese versions) has been posted on the Company’s website at [www.ckah.com](http://www.ckah.com). Shareholders who have chosen (or are deemed to have consented) to read the Company’s corporate communications (including but not limited to the Circular and Offer Document) published on the Company’s website in place of receiving printed copies thereof may request the printed copy of the Circular and Offer Document in writing to the Company c/o the Company’s Hong Kong Share Registrar or by email to [ckah.ecom@computershare.com.hk](mailto:ckah.ecom@computershare.com.hk).*

*Shareholders who have chosen (or are deemed to have consented) to receive the corporate communications using electronic means through the Company’s website and who for any reason have difficulty in receiving or gaining access to the Circular and Offer Document posted on the Company’s website will upon request in writing to the Company c/o the Company’s Hong Kong Share Registrar or by email to [ckah.ecom@computershare.com.hk](mailto:ckah.ecom@computershare.com.hk) promptly be sent the Circular and Offer Document in printed form free of charge.*

*Shareholders may at any time choose to change their choice as to the means of receipt (i.e. in printed form or by electronic means through the Company’s website) and/or the language of the Company’s corporate communications by reasonable prior notice in writing to the Company c/o the Company’s Hong Kong Share Registrar or sending a notice to [ckah.ecom@computershare.com.hk](mailto:ckah.ecom@computershare.com.hk).*