



Chinese Estates Holdings Limited

In respect of

**Market Value of the Property Located at 14 St George
Street, London, W1S 1FE, United Kingdom**

Valuation Date	:	5 August 2024
Report Date	:	17 September 2024
Our Reference	:	1624/2731/137907/46887





Moore Transaction Services Limited

812 Silvercord, Tower 1
30 Canton Road, Tsimshatsui
Kowloon, Hong Kong

T +852 2375 3180
F +852 2375 3828

www.moore.hk

17 September 2024

The Board of Directors
Chinese Estates Holdings Limited
21st Floor, Chubb Tower
Windsor House
311 Gloucester Road
Causeway Bay, Hong Kong

Dear Sirs,

Re: Market value of a property located at 14 St George Street, London, W1S 1FE, United Kingdom (the "Target Property")

INSTRUCTIONS

We refer to the instruction from Chinese Estates Holdings Limited (the "**Company**", together with its subsidiaries as the "**Group**") to value the Target Property held by State Smart Limited (the "**Target Company**", an indirect wholly-owned subsidiary of the Company). We confirm that we have carried out inspection of the Target Property, made relevant enquiries and obtained such further information as we consider necessary for providing you with our opinion of the market value of the Target Property as at 5 August 2024 (the "**Valuation Date**") for public disclosure purposes.

BASIS OF VALUATION

Our valuation is our opinion of market value of the Target Property which is defined as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". Market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market 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 arrangement(s), special consideration or concession granted by anyone associated with the sale, or any element of special value(s). The market value of a property is also estimated without regard to cost(s) of sale and purchase, and without offset for any associated tax(es).

Market value is also understood as the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

VALUATION STANDARDS

Our valuation has been prepared in accordance with "The RICS Valuation, Global Standards" (the "**Red Book**", effective from 31 January 2022) published by the Royal Institution of Chartered Surveyors ("**RICS**") and the International Valuation Standards ("**IVS**") published by the International Valuation Standards Council (effective from 31 January 2022). In valuing the Target Property, we have complied with all the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**HKEx**").

VALUATION METHODOLOGY

In valuing the Target Property held by the Target Company located in the United Kingdom, we have adopted the Comparison Approach assuming sale in its existing state with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market. Appropriate adjustments have been made to account for the differences between the Target Property and the comparables in terms of location, accessibility, size and other relevant factors. Where appropriate, we have also adopted Income Approach by taking into account the current passing rents of the constituent units of the Target Property being held under existing tenancies and the reversionary potential of the tenancies if they have been or would be let to tenants.

TITLE INVESTIGATION

We have caused land searches to be made at the Land Registry of the United Kingdom and have been provided with a tenancy schedule and an area measurement report. We have been advised by the Group that no further relevant documents have been produced. However, we have neither examined the original documents to verify ownership nor to ascertain the existence of any amendments, which do not appear on the copies handed to us. All documents have been used for reference only.

SOURCES OF INFORMATION

We have relied to a considerable extent on the information provided by the Group and have accepted advice on such matters as tenure, particulars of occupancy, net internal areas, interest attributable to the Group and all relevant materials regarding the Target Property.

We have relied on these areas and have not checked them on site. We have assumed that the areas supplied to us have been measured in accordance with the RICS Code of Measuring Practice.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the Target Property is sold in the market in its existing state without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to affect the value of the Target Property.

In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the Target Property and no forced sale situation in any manner is assumed in our valuation.

VALUATION CONSIDERATIONS

Inspection of the Target Property was conducted by Mr. Kenneth Ma Chi Kin, a director of our firm, in August 2024. We have inspected the exterior and wherever possible, the interior of the Target Property. However, we have not inspected those parts of the Target Property which were covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition.

However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the Target Property is free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenures, particulars of occupancy, floor areas, identification of the Target Property and other relevant information.

We have not carried out detailed on-site measurements to verify the correctness of the floor area in respect of the Target Property but have assumed that the floor area shown on the documents handed to us are correct. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Group and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group and we have relied on your confirmation that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information for us to reach an informed view.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Target Property or for any expenses or taxation, which may be incurred in effecting a sale.

Unless otherwise stated, it is assumed that the Target Property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

CURRENCY

Unless otherwise stated, all money amounts stated herein are in British Pounds ("£") and no allowances have been made for any exchange transfers.

CONFIRMATION OF INDEPENDENCE

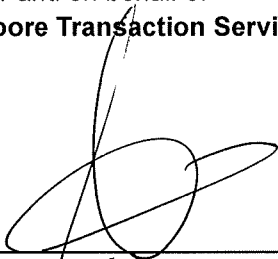
We have previously involved in the valuation of the Target Property for financial reporting purpose and Mr. Kenneth Ma Chi Kin has been the signatory to the valuation since 2023.

We hereby certify that we neither have any present nor any prospective interest in the Group or the appraised Target Property or the value reported. We confirm that we do not have any material connection or involvement giving rise to a conflict of interest and are providing an objective and unbiased valuation.

Our summary of value and the valuation certificate are attached herewith.

Yours faithfully,

For and on behalf of
Moore Transaction Services Limited



Kenneth Ma
MRICS, Registered RICS Valuer
Director

Mr. Kenneth Ma is a member of Royal Institution of Chartered Surveyors who has over 5 years' experience in valuations of properties in Hong Kong, the People's Republic of China and the United Kingdom.

SUMMARY OF VALUE

Target Property held by the Target Company located in the United Kingdom

Target Property	Market value in existing state as at 5 August 2024 £
14 St George Street, London, W1S 1FE, United Kingdom	125,000,000
Total :	125,000,000

VALUATION CERTIFICATE

Target Property held by the Target Company located in the United Kingdom

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 5 August 2024
14 St George Street, London, W1S 1FE, United Kingdom	<p>The Target Property comprises a 6-storey Grade A office accommodation which can be accessed via the discrete entrance reception from St George Street, erecting on a site of approximately 0.122 hectares.</p> <p>The Target Property is situated at a prime location on the western side of St George Street at its junction with Maddox Street, which is considered as a core location within Mayfair. It lies within the Core Central Activities Zone which is a location for mixed uses development including residential, commercial and cultural uses.</p> <p>The Target Property was redeveloped in 2009. The Target Property is Grade II listed (which is defined as a building that is of special interest, warranting every effort to preserve it) and is located within the Mayfair Conservation Area. According to the information made available to us, the Target Property currently has a total net internal area of 50,845 square feet ("sq.ft.") (4,723.6 square meters ("sq.m.")). As advised, the net internal area is measured according to the RICS Code of Measuring Practice (6th Edition).</p>	<p>As at the Valuation Date, except 2nd Floor were vacant, the Target Property was subject to various tenancies.</p> <p>The remaining floors were subject to various leases for a term of 7 to 10 years starting from 15 May 2020 at a total annual rental of £4,080,100. The leases will all be expired on 14 May 2030.</p> <p>The date of rent review at all tenancies is on 15 May 2025.</p> <p>Please refer to Note 4 for details.</p>	<p>£125,000,000</p> <p>(100% interest attributable to the Group)</p>

**Market value
in existing state
as at
5 August 2024**

**Property Description and tenure Particulars of
occupancy**

Floor area breakdowns are
listed as follows:

Floor	Net Internal Area (sq.ft.)
Basement	
- Office	6,829
- Storage	47
Ground Floor	7,789
1 st Floor	9,283
2 nd Floor	9,334
3 rd Floor	9,364
4 th Floor	8,199
Total:	50,845

The Target Property is
registered under title number
NGL960003 and registered
with title possessory in
respect of title numbers
NGL952505 and NGL957943
which involves three freehold
estates.

Notes:

1. The Target Property is held freehold under 3 title numbers NGL960003, NGL952505 and NGL957943. The registered owner of the Target Property is State Smart Limited (incorporated in the British Virgin Islands), an indirect wholly-owned subsidiary of the Company.
2. The Target Property is subject to a Registered Charge dated 22 July 2022 in favour of Deutsche Bank AG (incorporated in Germany) (UK Regn. No. FC007615) Singapore Branch of 17-10, One Raffles Quay, Singapore 048583, Singapore.
3. The Target Property is Grade II listed building which is defined as a building that is of special interest, warranting every effort to preserve it, and it is located within the Mayfair Conservation Area.

4. As advised by the Group, the Target Property is subject to the following tenancies:

No.	Use	Premises	Commencement Date	Expiry Date	Rent Review Date	Rent per annum before profit tax
1	Office	Basement	3 February 2023	14 May 2030	15 May 2025	£430,000
2	Office	Ground Floor	15 May 2020	14 May 2030	15 May 2025	£686,900
3	Office	1 st Floor	15 May 2020	14 May 2030	15 May 2025	£1,023,100
4	Office	3 rd Floor	15 May 2020	14 May 2030	15 May 2025	£1,024,800
5	Office	4 th Floor	15 May 2020	14 May 2030	15 May 2025	£915,300

5. Our valuation has been undertaken using appropriate valuation methodology and our professional judgement. We have valued the Target Property primarily by using the Comparison Approach. In the course of our valuation of the Target Property, we have referred to sale transactions of office buildings, which are considered comparables to the Target Property. The criteria for comparable selection included property type (office buildings), location in Mayfair or St James's districts in West End of London, timing of transaction and other property characteristics such as size and building quality. The list of below comparables are exhaustive, fair and representative. The sales transactions are shown below:

Property	Tenure	Floor Area (sq.ft.)	Price	Date of Sale	Unit Rate (sq.ft.)
55 St James's St	Freehold	26,537	£63,400,000	21 December 2023	£2,389
24/24a Savile Row	Freehold	29,766	£90,000,000	31 July 2024	£3,024
14-15 Conduit Street	Freehold	13,369	£36,700,000	1 March 2024	£2,745
2-4 King Street	Freehold	13,442	£28,500,000	22 December 2023	£2,120

In arriving at the market value of the Target Property, we have made reference to sales transaction comparables in the vicinity. The market sales comparables are about £2,120 to £3,024 per sq.ft. The unit rate adopted by us is consistent with the said sales transaction references after due adjustments such as location, time, size and building quality.

We are of the opinion that the derived market value of the Target Property based on the Comparison Approach at £125,000,000 or represented a unit rate of £2,458 per sq.ft. over total area of 50,845 sq.ft. is fair and reasonable and falls within the approximate value per sq.ft. of the market comparables.

6. When applying the Income Approach for cross-checking the market value of the Target Property derived by the Comparison Approach, we have considered the actual passing rents ranging from £62.5 to £111.6 per sq.ft./annum in the existing tenancy agreements of the Target Property and also those rental transactions with similar developments which are located in the similar areas as the Target Property, for the calculation of market rent in considering the reversionary rental income after the expiry of the existing leases for occupied area, and the rental income of vacant area.

We have made reference to annual rental transaction comparables in the vicinity. The market rental comparables are about £105 to £136 per sq.ft./annum.

Property	Floor	Use	Floor Area (sq.ft.)	Date of Transaction	Unit Rent per annum (per sq.ft.)
1 Bolton St	2	Office	2,389	15 April 2024	£128
21-23 Hill St	1	Office	2,522	15 April 2024	£105
81 Piccadilly St	1	Office	2,307	4 April 2024	£136
21-23 Hill St	2	Office	2,520	3 March 2024	£107
1 Bolton St	3	Office	2,429	24 April 2024	£125

In our valuation, adjusted market rents adopted by us ranged from £63.6 to £106 per sq.ft./annum to different floors of the Target Property, in which an average market rent of the Target Property is approximately of £98.6 per sq.ft./annum. The unit rate adopted by us is consistent with the said rental transaction references after due adjustments. Due adjustments to those rental transaction comparables have been made to reflect factors including but not limited to location, floor, size, layout, building quality in arriving at our opinion of value.

Based on our research on office markets in the surrounding area of the Target Property, the market yields ranged from 3.5% to 4.3% for office units. By using averaging approach, we have adopted market yield of 4.0% for the Target Property.