

Valuation Report

Parkson Retail Group Limited

Portfolio Valuation

Valuation as at 30 September 2024

27/F, One Island East, Taikoo Place,
18 Westlands Road, Quarry Bay, Hong Kong
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25 November 2024

The Board of Directors
Parkson Retail Group Limited
Room 1010, 10th Floor
Harcourt House
39 Gloucester Road
Wanchai
Hong Kong

Dear Sirs,

Instructions, Purpose & Valuation Date

In accordance with the instructions of Parkson Retail Group Limited (the “**Company**”) for us to provide our opinion of the market rent of the property to be leased to Nanning Brilliant Parkson Commercial Co., Ltd* (南寧柏聯百盛商業有限公司), indirect wholly-owned subsidiaries of the Company, (collectively the “**Group**”) in the People’s Republic of China (the “**PRC**”) (as more particularly described in the attached valuation report), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing the Company with our opinion of market rent of the property as at 30 September 2024 (the “**Valuation Date**”).

Valuation Basis

Our valuation of the property represents its market rent which in accordance with HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors (“**HKIS**”) is defined as “the estimated amount for which an interest in real properties 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”.

We confirm that the valuation is undertaken in accordance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and HKIS Valuation Standards 2020.

Valuation Assumption

Our valuation of the property excludes an estimated rent inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special consideration or concessions granted by anyone associated with the letting, or any element of value available only to a specific lessor or lessee.

Our valuation of the property has been made on the assumption that the lessor leases or lets the property on the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the market rent of the property.

Unless otherwise stated, our valuation of the property is on a 100% interest basis.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a letting.

Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and onerous nature which could affect its market rent.

Method of Valuation

In valuing the property, we have adopted Market Comparison Method which is universally considered the most acceptable method for assessing the rent of most forms of real estate. This involves the analysis of recent market rental evidences of similar properties to compare with the property under assessment. Each comparable is analysed on the basis of its unit rent; each attribute of the comparable is then compared with the property and where there is a difference, the unit rent is adjusted in order to arrive at the appropriate unit rent for the property.

Source of Information

We have relied to a very considerable extent on the information provided by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of the property, tenancy information, particulars of occupancy, site and floor area and all other relevant matters.

In the course of our valuation of the property, we have also relied on the information and advice given by the Company and the PRC legal opinion of the Company's legal adviser, Shanghai Qiaowen Law Firm (上海喬文律師事務所), regarding the title to the property and the interest in the property.

Dimensions, measurements and areas included in the valuation report are based on information provided to us and are therefore only approximation. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration in English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

Title Investigation

We have been provided with the copies of title documents relating to the property in the PRC. We have not been able to conduct title searches and have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the property in the PRC and we have therefore relied on the advice given by the Group regarding the interests of the Group in the property in the PRC.

In the course of our valuation, we have relied to a considerable extent on the information given by the Company and its legal adviser in respect of the title to the property in the PRC.

In valuing the property, we have assumed that the owner of the property has an enforceable title to the property and has free and uninterrupted rights to use, occupy, assign or lease the property for the whole or part of the unexpired term as granted. We have not verified the authentication of the real estate title certificates and we assume that the copy of relevant documents provided by the Company are true and accurate.

Site Inspection

Our valuers, Qi Zhang (Master of Commerce, 2 years' experience of property valuation) from the Nanning office and Bowen Huang (Master of Property and Development and Master of Construction Project Management, 1 year's experience of property valuation) from the Shanghai office, inspected the exterior and, wherever possible, the interior of the property in Nanning on 24 September 2024. 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 that the property is 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 detailed on-site measurements to verify the site and floor areas of the property and we have assumed that the areas shown on the copies of documents handed to us are correct.

Currency

Unless otherwise stated, all monetary sums stated in our valuation are in Renminbi (“RMB”), the official currency of the PRC.

Other Disclosure

We hereby confirm that Cushman & Wakefield Limited and the valuers conducting the valuation have no pecuniary or other interests that could conflict with the proper valuation of the property or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion.

We confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Listing Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Intended Use and User of Report

This valuation report is issued only for the use of the Company for incorporation into its circular.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited



Grace Lam
MHKIS, MRICS, R.P.S.(GP)
Senior Director
Valuation & Advisory Services, Greater China

Note: Ms. Grace Lam is a member of the Royal Institution of Chartered Surveyors, a Member of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice). Ms. Lam has over 30 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries. Ms. Lam has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuation competently.

VALUATION REPORT

Property to be leased to the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market rent in existing state as at 30 September 2024
Relevant parts of Levels LG1 to Level 7 of Tower D of INCITY located at the intersection of Chaoyang Road, Minsheng Road, Gonghe Road and Minzu Avenue, Xingning District Nanning City, Guangxi Province, the PRC (中華人民共和國廣西省南寧市興寧區朝陽路、民生路、共和路及民族大道圍合處印象城D座南寧百盛百貨公司大樓地下一層至七層部分)	<p>Nanning Parkson Department Store is a commercial building of 7 storeys above ground and 1 storey under ground. The building is erected on a parcel of land of 37,174.94 sq.m.</p> <p>According to the information provided by the Company, the property was completed in 2004 and has a total leasable area of 41,069.26 sq.m.</p> <p>The property is located at the intersection of Chaoyang Road, Minsheng Road, Gonghe Road and Minzu Avenue, Xingning District, Nanning City. It is adjacent to the Chaoyang Square Station of Metro Line Nos. 1 and 2. Developments nearby are mainly commercial in nature.</p> <p>The land use rights of the property have been granted for a term due to expire on 27 November 2042 for commercial use.</p>	<p>As at the Valuation Date, the property was operated as a department store.</p>	<p>RMB33,000,000</p> <p>(RENMINBI THIRTY-THREE MILLION) for the first year, inclusive of valued-added tax ("VAT") but exclusive of building management fee</p> <p>(Please see Note 1 below)</p>

Notes:

- (1) The rental valuation is conducted subject to the following terms already agreed between the landlord and the tenant:

Property: Relevant parts of Levels LG1 to Level 7 of Tower D of INCITY located at the intersection of Chaoyang Road, Minsheng Road, Gonghe Road and Minzu Avenue, Xingning District Nanning City, Guangxi Province, the PRC

(中華人民共和國廣西省南寧市興寧區朝陽路、民生路、共和路及民族大道圍合處印象城D座南寧百盛百貨公司大樓地下一層至七層部分)

Total Leasable Area: 41,069.26 sq.m.

Lease Term: 1 January 2025 to 27 November 2042

Annual Rent for 1st Year: Fixed rent, inclusive of VAT but exclusive of building management fee

Rent Payable*:	Annual rent payable inclusive of VAT but exclusive of building management fee		
	Years	(RMB)	Growth Rate
	1-3	First fixed amount	—
	4-6	Second fixed amount	3% of Year 3 rent
	7-8	Third fixed amount	6% of Year 6 rent
	9-11	Fourth fixed amount	4% of Year 8 rent
	12-14	Fifth fixed amount	5% of Year 11 rent
	15-17	Sixth fixed amount	—
	18	Seventh fixed amount	—

* In assessing the rental value of the Property, we have made the assumption that the VAT rates remain unchanged throughout the lease period. Pursuant to the prescribed terms set out above our opinion of the annual rent of Year 1 is approximately RMB33,000,000, inclusive of VAT but exclusive of building management fee, at a fixed amount without varying rent, turnover rent or rental incentive.

- (2) According to State-owned Land Use Rights Certificate No. (2002)420588 issued by the Nanning Municipal People's Government (南寧市人民政府) on 27 November 2002, the land use rights of the property, comprising a site area of 37,174.94 sq.m., have been vested in Nanning Holding Company Limited for a term due to expire on 27 November 2042 for commercial use.
- (3) According to Building Ownership Certificate Nos. 01506856, 01506858, 01506861, 01506873, 01506866, 01506859, 01506840 and 01506863 issued by the Nanning Real Estate Administration Bureau (南寧市房產管理局) on 1 September 2005, the building ownership of the property with a total gross floor area of 40,966.26 sq.m. has been vested in Nanning Holding Company Limited.
- (4) According to Building Ownership Certificate No. 01506850 issued by the Nanning Real Estate Administration Bureau (南寧市房產管理局) on 1 September 2005, the building ownership of the underground carpark of the property with a total gross floor area of 13,859.39 sq.m. has been vested in Nanning Holding Company Limited.

As advised by the Company, the property occupies 103 sq.m. of the aforesaid gross floor area.

- (5) As advised by the Company, starting from 1 January 2025, Nanning Brilliant Parkson Commercial Co., Ltd* (南寧柏聯百盛商業有限公司) shall invest a cumulative amount of no less than RMB30 million in renovating and refurbishing of the leased premises. No allowance has been made in the valuation for the above-mentioned costs.

- (6) We have adopted Market Comparison Method by identifying relevant rental comparables in the nearby developments. Comparable properties are selected based on the following criteria: (i) the lease of comparable properties took place within five years; (ii) comparables are located in core business districts in Nanning; and (iii) the nature of comparables is similar to the property (i.e. leased to a single anchor brand similar to Parkson). We have examined the current market and the rental comparables identified by us are considered exhaustive based on the above criteria. The unit monthly rent of the retail comparables range from RMB59 to RMB76 per month per sq.m., inclusive of VAT.

Rental Comparable	Leased Area (sq.m.)	Unit Rent (RMB/sq.m./month)
1. A 7-storey department store (levels -2 to 5) in Qingxiu district	12,000	59
2. A 7-storey department store (levels -1 to 6) in Qingxiu district	12,000	65
3. A 3-storey department store (levels 1 to 4) in Qingxiu district	10,000	76

The rental comparables are from our internal proprietary database, hence building names are not disclosed as restricted by confidential agreements to third parties.

In arriving at the key assumptions, appropriate adjustments and analysis are considered to reflect the differences in several aspects, including but not limited to location, size, floor and other physical characteristics between the property and the comparable properties. The general basis of adjustment is if the property is similar to comparable properties, no adjustment is necessary. If the property is better than the comparable properties, an upward adjustment is made. Alternatively, if the property is inferior or less desirable than the comparable properties, a downward adjustment is made.

The major adjustments made to arrive at our valuation include:

Adjustment	Range
Transaction Status	-2% to 0%
Transaction Date	0% to 5%
Location & Environment	5% to 10%
Age & Maintenance	-2% to -1%
Size	-2%
Decoration Standard	0% to 5%
Level	-9% to -3%

We have assigned equal weighting to the three comparables after due adjustments. As a result, we have adopted a unit market rent of RMB66.30 per sq.m. per month for a total leasable area of 41,069.26 sq.m., equivalent to a sum of approximately RMB2,700,000 per month inclusive of VAT but exclusive of building management fee for the first year.

Based on our independent adjustment of the rental comparables as mentioned above, we are of the view that our opinion of the market rent of the property to be fair and reasonable.

- (7) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:
- a. Nanning Holding Company Limited is the legal owner of the property.
 - b. The real estate ownership of the property belongs to Nanning Holding Company Limited. The property is subject to a mortgage in favor of CMB Wing Lung Bank Limited (招商永隆銀行有限公司).
 - c. Nanning Holding Company Limited has the right to legally possess, use, lease, benefit from and otherwise dispose of the property. However, the exercise of the above-mentioned rights is subject to the agreement between Nanning Holding Company Limited and the mortgagee.

Valuation Report

Parkson Retail Group Limited

Portfolio Valuation

Valuation as at 30 September 2024

27/F, One Island East, Taikoo Place,
18 Westlands Road, Quarry Bay, Hong Kong
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25 November 2024

The Board of Directors
Parkson Retail Group Limited
Room 1010, 10th Floor
Harcourt House
39 Gloucester Road
Wanchai
Hong Kong

Dear Sirs,

Instructions, Purpose & Valuation Date

In accordance with the instructions of Parkson Retail Group Limited (the “**Company**”) for us to provide our opinion of the market rent of the property to be leased to Shanghai Nine Sea Parkson Plaza Co., Ltd.* (上海九海百盛廣場有限公司) indirect wholly-owned subsidiaries of the Company, (collectively the “**Group**”) in the People’s Republic of China (the “**PRC**”) (as more particularly described in the attached valuation report), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing the Company with our opinion of market rent of the property as at 30 September 2024 (the “**Valuation Date**”).

Valuation Basis

Our valuation of the property represents its market rent which in accordance with HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors (“**HKIS**”) is defined as “the estimated amount for which an interest in real properties 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”.

We confirm that the valuation is undertaken in accordance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and HKIS Valuation Standards 2020.

Valuation Assumption

Our valuation of the property excludes an estimated rent inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special consideration or concessions granted by anyone associated with the letting, or any element of value available only to a specific lessor or lessee.

Our valuation of the property has been made on the assumption that the lessor leases or lets the property on the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the market rent of the property.

Unless otherwise stated, our valuation of the property is on a 100% interest basis.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a letting.

Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and onerous nature which could affect its market rent.

Method of Valuation

In valuing the property, we have adopted Market Comparison Method which is universally considered the most acceptable method for assessing the rent of most forms of real estate. This involves the analysis of recent market rental evidences of similar properties to compare with the property under assessment. Each comparable is analysed on the basis of its unit rent; each attribute of the comparable is then compared with the property and where there is a difference, the unit rent is adjusted in order to arrive at the appropriate unit rent for the property.

Source of Information

We have relied to a very considerable extent on the information provided by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of the property, tenancy information, particulars of occupancy, site and floor area and all other relevant matters.

In the course of our valuation of the property, we have also relied on the information and advice given by the Company and the PRC legal opinion of the Company's legal adviser, Shanghai Qiaowen Law Firm (上海喬文律師事務所), regarding the title to the property and the interest in the property.

Dimensions, measurements and areas included in the valuation report are based on information provided to us and are therefore only approximation. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration in English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

Title Investigation

We have been provided with the copies of title documents relating to the property in the PRC. We have not been able to conduct title searches and have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the property in the PRC and we have therefore relied on the advice given by the Group regarding the interests of the Group in the property in the PRC.

In the course of our valuation, we have relied to a considerable extent on the information given by the Company and its legal adviser in respect of the title to the property in the PRC.

In valuing the property, we have assumed that the owner of the property has an enforceable title to the property and has free and uninterrupted rights to use, occupy, assign or lease the property for the whole or part of the unexpired term as granted. We have not verified the authentication of the real estate title certificates and we assume that the copy of relevant documents provided by the Company are true and accurate.

Site Inspection

Our valuers, George Deng (CIRESA, 16 years' experience of property valuation) and Bowen Huang (Master of Property and Development and Master of Construction Project Management, 1 year's experience of property valuation) from the Shanghai office, inspected the exterior and, wherever possible, the interior of the property on 29 September 2024. 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 that the property is 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 detailed on-site measurements to verify the site and floor areas of the property and we have assumed that the areas shown on the copies of documents handed to us are correct.

Currency

Unless otherwise stated, all monetary sums stated in our valuation are in Renminbi (“RMB”), the official currency of the PRC.

Other Disclosure

We hereby confirm that Cushman & Wakefield Limited and the valuers conducting the valuation have no pecuniary or other interests that could conflict with the proper valuation of the property or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion.

We confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Listing Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Intended Use and User of Report

This valuation report is issued only for the use of the Company for incorporation into its circular.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited



Grace Lam
MHKIS, MRICS, R.P.S.(GP)
Senior Director
Valuation & Advisory Services, Greater China

Note: Ms. Grace Lam is a member of the Royal Institution of Chartered Surveyors, a Member of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice). Ms. Lam has over 30 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries. Ms. Lam has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuation competently.

VALUATION REPORT

Property to be leased to the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market rent in existing state as at 30 September 2024
Relevant parts of Levels LG1 to Level 8 of the building located at No. 918 Huaihai Middle Road, Huangpu District, Shanghai, the PRC (中國上海市黃浦區淮海中路918號-1至8層部分)	Shanghai Parkson Department Store is a commercial podium of 8 storeys above ground and 1 storey underground. The podium is erected on a parcel of land of 6,693.60 sq.m	As at the Valuation Date, the property was operated as a department store.	RMB49,000,000 (RENMINBI FORTY-NINE MILLION) for the first year, inclusive of value-added tax ("VAT") but exclusive of building management fee (Please see Note 1 below)
	According to the information provided by the Company, the property was completed in 1996 and has a total leasable area of 36,070.22 sq.m.		
	The property is located at No. 918 Huaihai Middle Road, Huangpu District, Shanghai. The underground level of the property has direct access to the Shanxi South Road Station of Metro Line Nos.1, 10 and 12. Developments nearby are mainly commercial and office in nature.		
	The land use rights of the property have been granted for commercial use (Please see Note 3).		

Notes:

- (1) The rental valuation is conducted subject to the following terms already agreed between the landlord and the tenant:

Property: Relevant parts of Levels LG1 to Level 8 of the building located at No. 918 Huaihai Middle Road, Huangpu District, Shanghai, the PRC

(中國上海市黃浦區淮海中路918號-1至8層部分)

Total Leasable Area: 36,070.22 sq.m.

Lease Term: 30 November 2024 to 29 November 2039

Annual Rent for 1st Year: Fixed rent, inclusive of VAT but exclusive of building management fee

Rent Payable*:	Annual rent payable inclusive of VAT		
	Years	but exclusive of building management fee	Growth Rate
	1-3	First fixed amount	—
	4-6	Second fixed amount	4% of Year 3 rent
	7	Third fixed amount	–22% of Year 6 rent
	8-9	Fourth fixed amount	33% of Year 7 rent
	10-12	Fifth fixed amount	4% of Year 9 rent
	13-14	Sixth fixed amount	4% of Year 12 rent
	15	Seventh fixed amount	–9% of Year 14 rent

* In assessing the rental value of the property, we have made the assumption that the VAT rates remain unchanged throughout the lease period. Pursuant to the prescribed terms set out above, our opinion of the annual rent of Year 1 is RMB49,000,000*, inclusive of VAT but exclusive of building management fee, at a fixed amount without varying rent, turnover rent or rental incentive.

- (2) According to Shanghai Certificate of Real Estate Ownership No. (2004)004370 issued by the Shanghai Housing and Land Resources Administration Bureau on 1 September 2004, the real estate ownership of the property with a site area of 6,693.60 sq.m. and a total gross floor area of 49,762.61, has been vested in Shanghai Nine Sea Industry Co., Ltd. (上海九海實業有限公司) for integrated use.

As advised by the Company, the property occupies part of the aforesaid site area and gross floor area.

- (3) As advised by the Company, the land parcel was directly granted by the government, so there is no time limitation on the land use term.

As advised by the Company, Shanghai Nine Sea Industry Co., Ltd. (上海九海實業有限公司) did not apply for the State-owned Land Use Rights Certificate. However, according to the legal opinion issued by the Group's PRC legal adviser, upon verification of the land use right information and records, including the Shanghai Certificate of Real Estate Ownership (上海市房地產權證) and the Shanghai Real Estate Registration Records (上海市不動產登記簿), Shanghai Nine Sea Industry Co., Ltd. (上海九海實業有限公司) is the legal owner of the property and the land it occupies.

- (4) We have adopted Market Comparison Method by identifying relevant rental comparables in the nearby developments. Comparable properties are selected based on the following criteria: (i) the lease of comparable properties took place within five years; (ii) comparable properties are located in core business districts of Shanghai; and (iii) the nature of the comparable properties is similar to the property (i.e. leased to a single anchor brand similar to Parkson). We have examined the current market and the rental comparables identified by us are considered exhaustive based on the above criteria. The unit monthly rent of the retail comparables approximately range from RMB132 to RMB153 per month per sq.m., inclusive of VAT.

Rental Comparable	Leased Area (sq.m.)	Unit Rent (RMB/sq.m./month)
1. A 2-storey Supermarket (levels -2 to -1) in Putuo district	18,000	132
2. An 8-storey department store (levels -1 to 7) in Yangpu district	44,000	133
3. A 5-storey department store (levels -1 to 4) in Pudong New district	10,000	153

The rental comparables are from our internal proprietary database, hence building names are not disclosed as restricted by confidential agreements to third parties.

In arriving at the key assumptions, appropriate adjustments and analysis are considered to reflect the differences in several aspects, including but not limited to location, size, floor and other physical characteristics between the property and the comparable properties. The general basis of adjustment is that if the property is similar to comparable properties, no adjustment is necessary. If the property is better than the comparable properties, an upward adjustment is made. Alternatively, if the property is inferior or less desirable than the comparable properties, a downward adjustment is made.

The major adjustments made to arrive at our valuation include:

Adjustment	Range
Transaction Date	-5%
Location & Environment	5% to 10%
Accessibility	0% to 5%
Age & Maintenance	-6% to -3%
Size	-10% to 0%
Decoration Standard	-2%
Level	-12% to -3%
Efficiency Rate	-6% to 2%

We have assigned equal weighting to the three comparables after due adjustments. As a result, we have adopted a unit market rent of RMB112.50 per sq.m. per month for a total leasable area of 36,070.22 sq.m., equivalent to a sum of approximately RMB4,100,000 per month inclusive of VAT but exclusive of building management fee for the first year.

Based on our independent adjustment of the rental comparables as mentioned above, we are of the view that our opinion of the market rent of the property to be fair and reasonable.

- (5) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:
- a. Shanghai Nine Sea Industry Co., Ltd. (上海九海實業有限公司) is the legal owner of the property and land, and has the right to legally possess, use, benefit from and otherwise dispose of the property. Shanghai Nine Sea Industry Co., Ltd. (上海九海實業有限公司) also possesses the rights to lease the property to the third parties.
 - b. The real estate ownership of the property belongs to Shanghai Nine Sea Industry Co., Ltd. (上海九海實業有限公司), and there is no mortgage or seizure on the above-mentioned property.
 - c. According to the provisions of Urban Real Estate Administration Law of the People's Republic of China (中華人民共和國城市房地產管理法), land use rights obtained through direct allocation from the government are not subject to time limitation unless otherwise stipulated by laws or administrative regulations.