

Valuation Report

China Agri-Products Exchange Limited

The sublease earning rights of the remaining lease terms of five lease agreements of five premises located in Shenzhen, Guangdong Province, the People's Republic of China (the parts used by Shenzhen Trading Market Co., Ltd)

Valuation as at 31 October 2024

24 January 2025

The Directors
China Agri-Products Exchange Limited
Suite 3202, 32/F, Skyline Tower
No. 39 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Dear Sirs,

Re : The sublease earning rights of the remaining lease terms of five lease agreements of five premises located in Shenzhen, Guangdong Province, the People's Republic of China (the parts used by Shenzhen Trading Market Co., Ltd)

INSTRUCTIONS, PURPOSE AND VALUATION DATE

In accordance with the instructions by China Agri-Products Exchange Limited (referred to as the “**Company**”) and its subsidiaries (together referred to as the “**Group**”) for us to value certain sublease earning rights in the People's Republic of China (the “**PRC**”) (as more particularly described in the valuation reports) (individually the “**Property Interest**” or collectively the “**Property Interests**”), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the Property Interests as at 31 October 2024 (the “**Valuation Date**”).

DEFINITION OF MARKET VALUE

Our valuation of each of the sublease earning rights represents its market value which in accordance with the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors (the “**HKIS**”) 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

Our valuation of each of the sublease earning rights 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.

In valuing the sublease earning rights, 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, and the HKIS Valuation Standards 2020 published by the HKIS.

In the course of our valuation of the sublease earning rights in the PRC, we have relied on the information and advice given by the Group and its legal adviser, 廣東卓盈律師事務所, regarding the title of the sublease earning rights. In valuing the sublease earning rights, we have prepared our valuations on the basis that the owner of each of the sublease earning rights has an enforceable title to the respective sublease earning rights and has free and uninterrupted rights to use, occupy or assign the sublease earning rights for the whole of the unexpired land use term as granted.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the sublease earning rights nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the sublease earning rights are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

In respect of the sublease earning rights situated in the PRC, the status of title 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 valuation reports.

In arriving at our valuations, we have adopted Income Capitalisation Method by capitalising the net operating income potential that would be generated for the period until the expiry of the respective head leases at appropriate capitalisation rates. In the assessment of the net operating income, estimated operating costs (except the rental costs payable under the head leases) are deducted from the estimated market rents. The sublease earning rights are assumed to end upon the expiry of the head leases with no income thereafter.

Transactions involving similar scale sublease earning rights of the same nature and tenancy structure in the same districts are not frequent. On the other hand, as the sublease earning rights generate rental income from letting arrangements and such rental comparables are more readily available, we consider Income Capitalisation Method, which is also commonly used in valuing properties generating income for investment purpose, to be the best method to value these sublease earning rights.

When using Income Capitalisation Method, we have mainly made reference to subleases within each of the subleased properties as well as other relevant comparable rental evidence of properties of similar use type subject to appropriate adjustments including but not limited to location, accessibility, age, quality, trade mix, size, time 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.

SOURCE OF INFORMATION

In the course of our valuation, we have relied to a very considerable extent on the information given to us by the Group regarding the title of the sublease earning rights. We have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, particulars of occupancy, site and floor areas, interest attributable to the Group as at 21 January 2025 being the latest practicable date of the report (the “**Latest Practicable Date**”), and all other relevant matters.

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

TITLE INVESTIGATION

We have been provided with extracts of documents relating to the title of the sublease earning rights in the PRC but no searches have been made. 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 sublease earning rights in the PRC and we have therefore relied on the advice given by the Group and the PRC legal opinion prepared by the Group's legal adviser regarding the sublease earning rights.

SITE INSPECTION

Our valuer inspected the exterior and, whenever possible, the interior of the properties. 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.

Name of valuer	Position	Experience in property valuation (years)		Qualification	Date of inspection
Han Zheng (鄭涵)	Senior Manager	8		Bachelor's Degree	18 October 2024

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

We enclose herewith our summary of valuations and valuation reports.

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



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

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 knowledge of the market, and the skills and understanding to undertake the valuations competently.

SUMMARY OF VALUATIONS

Property interest	Market value in existing state as at 31 October 2024 (RMB)
1. The sublease earning right of the remaining 10-year lease agreement of Unit 00SC, Building 4, Jilian Mansion, Futian District, Shenzhen, Guangdong Province, the PRC (the parts used by Shenzhen Trading Market Co., Ltd.)	3,400,000
2. The sublease earning right of the remaining 10-year lease agreement of Unit 00SC, Jingtian South Complex (Building ZHL), Futian District, Shenzhen, Guangdong Province, the PRC (the parts used by Shenzhen Trading Market Co., Ltd.)	1,100,000
3. The sublease earning right of the remaining 10-year lease agreement of Unit 00SC, Meilin Ercun Complex (Building ZHL), Futian District, Shenzhen, Guangdong Province, the PRC (the parts used by Shenzhen Trading Market Co., Ltd.)	2,300,000
4. The sublease earning right of the remaining 10-year lease agreement of Unit 00SC, Level 1, Lianhua Ercun Complex, Futian District, Shenzhen, Guangdong Province, the PRC (the parts used by Shenzhen Trading Market Co., Ltd.)	3,000,000
5. The sublease earning right of the remaining 10-year lease agreement of Unit 00SC, Building 45, Fuhua Xincun, Futian District, Shenzhen, Guangdong Province, the PRC (the parts used by Shenzhen Trading Market Co., Ltd.)	3,200,000
Total	13,000,000

VALUATION REPORT

Property interest	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2024
1. The sublease earning right of the remaining 10-year lease agreement of Unit 00SC, Building 4, Jilian Mansion, Futian District, Shenzhen, Guangdong Province, the PRC (the parts used by Shenzhen Trading Market Co., Ltd.)	Completed in about 1993, the subject development is a residential/commercial development comprising 4 residential buildings erected on a 3-storey commercial podium. The property comprises the wet market portion on Level 1 of the subject development with a total gross floor area of approximately 1,992.90 sqm.	Shenzhen Trading Market Co., Ltd. leased the property from Shenzhen Talent Anju Group Co., Ltd. and subleased the property to other individual tenants on yearly bases at a total monthly rent of RMB230,838 as at 31 October 2024. The longest date of expiry of the above tenancies is 30 April 2026.	RMB3,400,000 (RENMINBI THREE MILLION FOUR HUNDRED THOUSAND ONLY)

Notes:

- (1) The salient terms and conditions of Lease Agreement No. FC201603240004 dated 15 March 2016 (the head lease) and subsequent agreements provided by the Company are extracted as follows:

Lessor	深圳市人才安居集團有限公司 (Shenzhen Talent Anju Group Co., Ltd.)
Lessee	深圳市集貿市場有限公司 (Shenzhen Trading Market Co., Ltd.)
The Property	Unit 00SC, Building 4, Jilian Mansion, Futian District, Shenzhen, Guangdong Province, the PRC (中國深圳市福田區蓮花北吉蓮大廈4棟00SC號房屋) (the parts used by Shenzhen Trading Market Co., Ltd.) with a total gross floor area of approximately 1,992.90 sqm.
Lease Term	A term of 10 years commencing on 1 May 2016 and expiring on 30 April 2026.
Sublease Right	The lessee is permitted to sublease the property to sub-lessees.

Rent

The fixed rents payable by the lessee to the lessor are as follows:

Lease term	Monthly fixed rent (RMB)
1 May 2016 to 30 April 2017	32,982.50
1 May 2017 to 30 April 2018	33,971.98
1 May 2018 to 30 April 2019	34,991.13
1 May 2019 to 30 April 2020	36,040.87
1 May 2020 to 30 April 2021	37,122.09
1 May 2021 to 30 April 2022	38,235.76
1 May 2022 to 30 April 2023	39,382.83
1 May 2023 to 30 April 2024	40,564.31
1 May 2024 to 30 April 2025	41,781.24
1 May 2025 to 30 April 2026	43,034.68

As advised by the Group, 深圳市集貿市場有限公司 (Shenzhen Trading Market Company Limited) is a company established in the PRC with limited liability and it is principally engaged in management and sub-licensing of Chinese wet markets in the owned properties and leased properties to tenants. As at the Latest Practicable Date, 深圳市集貿市場有限公司 (Shenzhen Trading Market Company Limited) was jointly controlled by Regal Smart Investment Limited 偉駿投資有限公司, and Shenzhen Agricultural Power, a company listed on the Shenzhen Stock Exchange with the stock code of 000061.SZ, and its subsidiary.

- (2) According to Business Licence No. 91440300708449591J dated 8 February 2018, 深圳市集貿市場有限公司 (Shenzhen Trading Market Co., Ltd.) was established on 8 September 1998 as a limited liability company.
- (3) We have been provided with a legal opinion issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - (a) 深圳市集貿市場有限公司 (Shenzhen Trading Market Co., Ltd.) is in possession of a proper lease agreement to the property and is entitled to sub-lease and receive all rental income generated therefrom the subleases of the property for the residual term of its lease agreement at no extra land premium or other onerous payment payable to the government except subject to payment of the prescribed head lease rents; and
 - (b) The lease agreement and its subsequent amendments are legal, valid and enforceable under the PRC laws.
- (4) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Company are as follows:

The Lease Agreement and subsequent agreements	Yes
Business Licence	Yes

- (5) In valuing the Property Interest, we have adopted Income Capitalisation Method by capitalising the net operating income potential that would be generated for the period until the expiry of the head lease at an appropriate capitalisation rate.

We have made reference to various recent lettings of retail properties within the same district. The monthly rental levels of those retail shop lettings range from approximately RMB140 per sqm to RMB144 per sqm.

	Comparable no. 1	Comparable no. 2	Comparable no. 3
Name of development	上梅林 (Shangmeilin)	下梅林 (Xiameilin)	華強北 (Huaqiangbei)
District	Futian District	Futian District	Futian District
Address	Meilin Street	Meihua Road	Huaqiangbei
Type of property	Retail	Retail	Retail
Date of quote	3 December 2024	2 November 2024	10 December 2024
Monthly rent	RMB11,500	RMB7,000	RMB3,500
Gross floor area	80 sqm	50 sqm	25 sqm
Monthly unit rent	RMB144 per sqm	RMB140 per sqm	RMB140 per sqm

After undertaking appropriate adjustments to those comparables, we have adopted an average unit rent of approximately RMB140 per sqm per month.

Upon analysing recent sales transactions of retail properties, we noted that the capitalisation rate implied in those transactions is approximately 5%. However, we consider that the Property Interest presents a higher risk profile due to its short remaining term of the head lease and narrower tenant base. Hence, we have applied a 2% risk premium to the typical capitalisation rate of 5%, to arrive at 7% of capitalisation rate for the Property Interest.

VALUATION REPORT

Property interest	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2024
2. The sublease earning right of the remaining 10-year lease agreement of Unit 00SC, Jingtian South Complex (Building ZHL), Futian District, Shenzhen, Guangdong Province, the PRC (the parts used by Shenzhen Trading Market Co., Ltd.)	Completed in about 1994, the subject development is a 6-storey commercial complex. The property comprises the wet market portion on Level 1 of the subject development with a total gross floor area of approximately 1,062.87 sqm.	Shenzhen Trading Market Co., Ltd. leased the property from Shenzhen Talent Anju Group Co., Ltd. and subleased the property to other individual tenants at a total monthly rent of RMB83,440 as at 31 October 2024. The longest date of expiry of the above tenancies is 31 March 2026.	RMB1,100,000 (RENMINBI ONE MILLION ONE HUNDRED THOUSAND ONLY)

Notes:

- (1) The salient terms and conditions of Lease Agreement No. FC201603240001 dated 15 March 2016 (the head lease) and subsequent agreements provided by the Company are extracted as follows:

Lessor	深圳市人才安居集團有限公司 (Shenzhen Talent Anju Group Co., Ltd.)
Lessee	深圳市集貿市場有限公司 (Shenzhen Trading Market Co., Ltd.)
The Property	Unit 00SC, Jingtian South Complex (Building ZHL), Futian District, Shenzhen, Guangdong Province, the PRC (中國深圳市福田區景田南綜合樓 (ZHL棟) 00SC號房屋) (the parts used by Shenzhen Trading Market Co., Ltd.) with a total gross floor area of approximately 1,062.87 sqm.
Lease Term	A term of 10 years commencing on 1 April 2016 and expiring on 31 March 2026.
Sublease Right	The lessee is permitted to sublease the property to sub-lessees.

The fixed rents payable by the lessee to the lessor are as follows:

Lease term	Monthly fixed rent (RMB)
1 April 2016 to 31 March 2017	18,419.50
1 April 2017 to 31 March 2018	18,972.09
1 April 2018 to 31 March 2019	19,541.25
1 April 2019 to 31 March 2020	20,127.48
1 April 2020 to 31 March 2021	20,731.31
1 April 2021 to 31 March 2022	21,353.25
1 April 2022 to 31 March 2023	21,993.85
1 April 2023 to 31 March 2024	22,653.66
1 April 2024 to 31 March 2025	23,333.27
1 April 2025 to 31 March 2026	24,033.27

As advised by the Group, 深圳市集貿市場有限公司 (Shenzhen Trading Market Company Limited) is a company established in the PRC with limited liability and it is principally engaged in management and sub-licensing of Chinese wet markets in the owned properties and leased properties to tenants. As at the Latest Practicable Date, 深圳市集貿市場有限公司 (Shenzhen Trading Market Company Limited) was jointly controlled by Regal Smart Investment Limited 偉駿投資有限公司, and Shenzhen Agricultural Power, a company listed on the Shenzhen Stock Exchange with the stock code of 000061.SZ, and its subsidiary.

- (2) According to Business Licence No. 91440300708449591J dated 8 February 2018, 深圳市集貿市場有限公司 (Shenzhen Trading Market Co., Ltd.) was established on 8 September 1998 as a limited liability company.
- (3) We have been provided with a legal opinion issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - (a) 深圳市集貿市場有限公司 (Shenzhen Trading Market Co., Ltd.) is in possession of a proper lease agreement to the property and is entitled to sub-lease and receive all rental income generated therefrom the subleases of the property for the residual term of its lease agreement at no extra land premium or other onerous payment payable to the government except subject to payment of the prescribed head lease rents; and
 - (b) The lease agreement and its subsequent amendments are legal, valid and enforceable under the PRC laws.
- (4) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Company are as follows:

The Lease Agreement and subsequent agreements	Yes
Business Licence	Yes

- (5) In valuing the Property Interest, we have adopted Income Capitalisation Method by capitalising the net operating income potential that would be generated for the period until the expiry of the head lease at an appropriate capitalisation rate.

We have made reference to various recent lettings of retail properties within the same district. The monthly rental levels of those retail shop lettings range from approximately RMB105 per sqm to RMB117 per sqm.

	Comparable no. 1	Comparable no. 2	Comparable no. 3
Name of development	蓮花一村 (Lianhua First Village)	河背村 (Hebei Village)	下梅林 (Xiameilin Village)
District	Futian District	Futian District	Futian District
Address	Sungang West Road	Meilin Street	No. 2 Road
Type of property	Retail	Retail	Retail
Date of quote	14 October 2024	5 August 2024	2 September 2024
Monthly rent	RMB45,000	RMB5,000	RMB4,200
Gross floor area	383 sqm	45 sqm	40 sqm
Monthly unit rent	RMB117 per sqm	RMB111 per sqm	RMB105 per sqm

After undertaking appropriate adjustments to those comparables, we have adopted an average unit rent of approximately RMB105 per sqm per month.

Upon analysing recent sales transactions of retail properties, we noted that the capitalisation rate implied in those transactions is approximately 5%. However, we consider that the Property Interest presents a higher risk profile due to its short remaining term of the head leases and narrower tenant base. Hence, we have applied a 2% risk premium to the typical capitalisation rate of 5%, to arrive at 7% of capitalisation rate for the Property Interest.

VALUATION REPORT

Property interest	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2024
3. The sublease earning right of the remaining 10-year lease agreement of Unit 00SC, Meilin Ercun Complex (Building ZHL), Futian District, Shenzhen, Guangdong Province, the PRC (the parts used by Shenzhen Trading Market Co., Ltd.)	Completed in about 1996, the subject development is a 7-storey residential/commercial complex. The property comprises the wet market portion on Level 1 of the subject development with a total gross floor area of approximately 1,967.19 sqm.	Shenzhen Trading Market Co., Ltd. leased the property from Shenzhen Talent Anju Group Co., Ltd. and subleased the property to other individual tenants at a total monthly rent of RMB144,179 as at 31 October 2024. The longest date of expiry of the above tenancies is 31 March 2026.	RMB2,300,000 (RENMINBI TWO MILLION THREE HUNDRED THOUSAND ONLY)

Notes:

- (1) The salient terms and conditions of Lease Agreement No. FC201603240002 dated 15 March 2016 (the head lease) and subsequent agreements provided by the Company are extracted as follows:

Lessor	深圳市人才安居集團有限公司 (Shenzhen Talent Anju Group Co., Ltd.)
Lessee	深圳市集貿市場有限公司 (Shenzhen Trading Market Co., Ltd.)
The Property	The sublease earning right of the remaining 10-year lease agreement of Unit 00SC, Meilin Ercun Complex (Building ZHL), Futian District, Shenzhen, Guangdong Province, the PRC (中國深圳市福田區梅林二村綜合樓 (ZHL棟) 00SC號房屋) (the parts used by Shenzhen Trading Market Co., Ltd.) with a total gross floor area of approximately 1,967.19 sqm.
Lease Term	A term of 10 years commencing on 1 April 2016 and expiring on 31 March 2026.
Sublease Right	The lessee is permitted to sublease the property to sub-lessees.

The fixed rents payable by the lessee to the lessor are as follows:

Lease term	Monthly fixed rent (RMB)
1 April 2016 to 31 March 2017	33,383.30
1 April 2017 to 31 March 2018	34,384.80
1 April 2018 to 31 March 2019	35,416.34
1 April 2019 to 31 March 2020	36,478.83
1 April 2020 to 31 March 2021	37,573.20
1 April 2021 to 31 March 2022	38,700.39
1 April 2022 to 31 March 2023	39,861.41
1 April 2023 to 31 March 2024	41,057.25
1 April 2024 to 31 March 2025	42,288.97
1 April 2025 to 31 March 2026	43,557.63

As advised by the Group, 深圳市集貿市場有限公司 (Shenzhen Trading Market Company Limited) is a company established in the PRC with limited liability and it is principally engaged in management and sub-licensing of Chinese wet markets in the owned properties and leased properties to tenants. As at the Latest Practicable Date, 深圳市集貿市場有限公司 (Shenzhen Trading Market Company Limited) was jointly controlled by Regal Smart Investment Limited 偉駿投資有限公司, and Shenzhen Agricultural Power, a company listed on the Shenzhen Stock Exchange with the stock code of 000061.SZ, and its subsidiary.

- (2) According to Business Licence No. 91440300708449591J dated 8 February 2018, 深圳市集貿市場有限公司 (Shenzhen Trading Market Co., Ltd.) was established on 8 September 1998 as a limited liability company.
- (3) We have been provided with a legal opinion issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - (a) 深圳市集貿市場有限公司 (Shenzhen Trading Market Co., Ltd.) is in possession of a proper lease agreement to the property and is entitled to sub-lease and receive all rental income generated therefrom the subleases of the property for the residual term of its lease agreement at no extra land premium or other onerous payment payable to the government except subject to payment of the prescribed head lease rents; and
 - (b) The lease agreement and its subsequent amendments are legal, valid and enforceable under the PRC laws.
- (4) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Company are as follows:

The Lease Agreement and subsequent agreements	Yes
Business Licence	Yes

- (5) In valuing the Property Interest, we have adopted Income Capitalisation Method by capitalising the net operating income potential that would be generated for the period until the expiry of the head lease at an appropriate capitalisation rate.

We have made reference to various recent lettings of retail properties within the same district. The monthly rental levels of those retail shop lettings range from approximately RMB111 per sqm to RMB118 per sqm.

	Comparable no. 1	Comparable no. 2	Comparable no. 3
Name of development	蓮花一村 (Lianhua First Village)	河背村 (Hebei Village)	河背村 (Hebei Village)
District	Futian District	Futian District	Futian District
Address	Sungang West Road	Meilin Street	Meilin Street
Type of property	Retail	Retail	Retail
Date of quote	14 October 2024	5 August 2024	29 October 2024
Monthly rent	RMB45,000	RMB5,000	RMB16,500
Gross floor area	383 sqm	45 sqm	140 sqm
Monthly unit rent	RMB117 per sqm	RMB111 per sqm	RMB118 per sqm

After undertaking appropriate adjustments to those comparables, we have adopted an average unit rent of approximately RMB107 per sqm per month.

Upon analysing recent sales transactions of retail properties, we noted that the capitalisation rate implied in those transactions is approximately 5%. However, we consider that the Property Interest presents a higher risk profile due to its short remaining term of the head leases and narrower tenant base. Hence, we have applied a 2% risk premium to the typical capitalisation rate of 5%, to arrive at 7% of capitalisation rate for the Property Interest.

VALUATION REPORT

Property interest	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2024
4. The sublease earning right of the remaining 10-year lease agreement of Unit 00SC, Level 1, Lianhua Ercun Complex, Futian District, Shenzhen, Guangdong Province, the PRC (the parts used by Shenzhen Trading Market Co., Ltd.)	Completed in about 1989, the subject development is a 6-storey residential/commercial complex. The property comprises the wet market portion on Level 1 of the subject development with a total gross floor area of approximately 1,903.42 sqm.	Shenzhen Trading Market Co., Ltd. leased the property from Shenzhen Talent Anju Group Co., Ltd. and subleased the property to other individual tenants on yearly bases at a total monthly rent of RMB258,487 as at 31 October 2024. The longest date of expiry of the above tenancies is 30 November 2025.	RMB3,000,000 (RENMINBI THREE MILLION ONLY)

Notes:

- (1) The salient terms and conditions of Lease Agreement No. FC201512280001 dated 16 December 2015 (the head lease) and subsequent agreements provided by the Company are extracted as follows:

Lessor	深圳市人才安居集團有限公司 (Shenzhen Talent Anju Group Co., Ltd.)
Lessee	深圳市集貿市場有限公司 (Shenzhen Trading Market Co., Ltd.)
The Property	The sublease earning right of the remaining 10-year lease agreement of Unit 00SC, Level 1, Lianhua Ercun Complex, Futian District, Shenzhen, Guangdong Province, the PRC (中國深圳市福田區蓮花二村綜合樓一層00SC號房屋) (the parts used by Shenzhen Trading Market Co., Ltd.) with a total gross floor area of approximately 1,903.42 sqm.
Lease Term	A term of 10 years commencing on 1 December 2015 and expiring on 30 November 2025.
Sublease Right	The lessee is permitted to sublease the property to sub-lessees.

Rent

The fixed rents payable by the lessee to the lessor are as follows:

Lease term	Monthly fixed rent (RMB)
1 December 2015 to 30 November 2016	45,225.30
1 December 2016 to 30 November 2017	46,582.06
1 December 2017 to 30 November 2018	47,979.52
1 December 2018 to 30 November 2019	49,418.91
1 December 2019 to 30 November 2020	50,901.47
1 December 2020 to 30 November 2021	52,428.52
1 December 2021 to 30 November 2022	54,001.37
1 December 2022 to 30 November 2023	55,621.41
1 December 2023 to 30 November 2024	57,290.06
1 December 2024 to 30 November 2025	59,008.76

As advised by the Group, 深圳市集貿市場有限公司 (Shenzhen Trading Market Company Limited) is a company established in the PRC with limited liability and it is principally engaged in management and sub-licensing of Chinese wet markets in the owned properties and leased properties to tenants. As at the Latest Practicable Date, 深圳市集貿市場有限公司 (Shenzhen Trading Market Company Limited) was jointly controlled by Regal Smart Investment Limited 偉駿投資有限公司, and Shenzhen Agricultural Power, a company listed on the Shenzhen Stock Exchange with the stock code of 000061.SZ, and its subsidiary.

- (2) According to Business Licence No. 91440300708449591J dated 8 February 2018, 深圳市集貿市場有限公司 (Shenzhen Trading Market Co., Ltd.) was established on 8 September 1998 as a limited liability company.
- (3) We have been provided with a legal opinion issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - (a) 深圳市集貿市場有限公司 (Shenzhen Trading Market Co., Ltd.) is in possession of a proper lease agreement to the property and is entitled to sub-lease and receive all rental income generated therefrom the subleases of the property for the residual term of its lease agreement at no extra land premium or other onerous payment payable to the government except subject to payment of the prescribed head lease rents; and
 - (b) The lease agreement and its subsequent amendments are legal, valid and enforceable under the PRC laws.
- (4) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Company are as follows:

The Lease Agreement and subsequent agreements	Yes
Business Licence	Yes
- (5) In valuing the Property Interest, we have adopted Income Capitalisation Method by capitalising the net operating income potential that would be generated for the period until the expiry of the head lease at an appropriate capitalisation rate.

We have made reference to various recent lettings of retail properties within the same district. The monthly rental levels of those retail shop lettings range from approximately RMB186 per sqm to RMB190 per sqm.

	Comparable no. 1	Comparable no. 2	Comparable no. 3
Name of development	蓮花北村 (Lianhua North Village)	蓮花北村 (Lianhua North Village)	蓮花北村 (Lianhua North Village)
District	Futian District	Futian District	Futian District
Address	Lianhua Road	Lianhua Road	Lianhua Road
Type of property	Retail	Retail	Retail
Date of quote	7 October 2024	3 October 2024	3 September 2024
Monthly rent	RMB8,000	RMB6,000	RMB13,000
Gross floor area	42 sqm	32 sqm	70 sqm
Monthly unit rent	RMB190 per sqm	RMB188 per sqm	RMB186 per sqm

After undertaking appropriate adjustments to those comparables, we have adopted an average unit rent of approximately RMB184 per sqm per month.

Upon analysing recent sales transactions of retail properties, we noted that the capitalisation rate implied in those transactions is approximately 5%. However, we consider that the Property Interest presents a higher risk profile due to its short remaining term of the head lease and narrower tenant base. Hence, we have applied a 2% risk premium to the typical capitalisation rate of 5%, to arrive at 7% of capitalisation rate for the Property Interest.

VALUATION REPORT

Property Interest	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2024
5. The sublease earning right of the remaining 10-year lease agreement of Unit 00SC, Building 45, Fuhua Xincun, Futian District, Shenzhen, Guangdong Province, the PRC (the parts used by Shenzhen Trading Market Co., Ltd.)	Completed in about 1992, the subject development is a 7-storey residential building with retail usage on Level 1. The property comprises the wet market portion on Level 1 of the subject development with a total gross floor area of approximately 2,212.84 sqm.	Shenzhen Trading Market Co., Ltd. leased the property from Shenzhen Talent Anju Group Co., Ltd. and subleased the property to other individual tenants on yearly bases at a total monthly rent of RMB238,000 as at 31 October 2024. The longest date of expiry of the above tenancies is 31 December 2024.	RMB3,200,000 (RENMINBI THREE MILLION TWO HUNDRED THOUSAND ONLY)

Notes:

- (1) The salient terms and conditions of Lease Agreement No. FC201603240003 dated 15 March 2016 (the head lease) and subsequent agreements provided by the Company are extracted as follows:

Lessor	深圳市人才安居集團有限公司 (Shenzhen Talent Anju Group Co., Ltd.)
Lessee	深圳市集貿市場有限公司 (Shenzhen Trading Market Co., Ltd.)
The Property	The sublease earning right of the remaining 10-year lease agreement of Unit 00SC, Building 45, Fuhua Xincun, Futian District, Shenzhen, Guangdong Province, the PRC (中國深圳市福田區福華新村045棟00SC號房屋) (the parts used by Shenzhen Trading Market Co., Ltd.) with a total gross floor area of approximately 2,212.84 sqm.
Lease Term	A term of 10 years commencing on 1 May 2016 and expiring on 30 April 2026.
Sublease Right	The lessee is permitted to sublease the property to sub-lessees.

The fixed rents payable by the lessee to the lessor are as follows:

Lease term	Monthly fixed rent (RMB)
1 May 2016 to 30 April 2017	50,342.10
1 May 2017 to 30 April 2018	51,852.36
1 May 2018 to 30 April 2019	53,407.93
1 May 2019 to 30 April 2020	55,010.17
1 May 2020 to 30 April 2021	56,660.48
1 May 2021 to 30 April 2022	58,360.29
1 May 2022 to 30 April 2023	60,111.10
1 May 2023 to 30 April 2024	61,914.43
1 May 2024 to 30 April 2025	63,771.87
1 May 2025 to 30 April 2026	65,685.02

As advised by the Group, 深圳市集貿市場有限公司 (Shenzhen Trading Market Company Limited) is a company established in the PRC with limited liability and it is principally engaged in management and sub-licensing of Chinese wet markets in the owned properties and leased properties to tenants. As at the Latest Practicable Date, 深圳市集貿市場有限公司 (Shenzhen Trading Market Company Limited) was jointly controlled by Regal Smart Investment Limited 偉駿投資有限公司, and Shenzhen Agricultural Power, a company listed on the Shenzhen Stock Exchange with the stock code of 000061.SZ, and its subsidiary.

- (2) According to Business Licence No. 91440300708449591J dated 8 February 2018, 深圳市集貿市場有限公司 (Shenzhen Trading Market Co., Ltd.) has been established on 8 September 1998 as a limited liability company.
- (3) We have been provided with a legal opinion issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - (a) 深圳市集貿市場有限公司 (Shenzhen Trading Market Co., Ltd.) is in possession of a proper lease agreement to the property and is entitled to sub-lease and receive all rental income generated therefrom the subleases of the property for the residual term of its lease agreement at no extra land premium or other onerous payment payable to the government except subject to payment of the prescribed head lease rents; and
 - (b) The lease agreement and its subsequent amendments are legal, valid and enforceable under the PRC laws.
- (4) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Company are as follows:

The Lease Agreement and subsequent agreements	Yes
Business Licence	Yes

- (5) In valuing the Property Interest, we have adopted Income Capitalisation Method by capitalising the net operating income potential that would be generated for the period until the expiry of the head lease at an appropriate capitalisation rate.

We have made reference to various recent lettings of retail properties within the same district. The monthly rental levels of those retail shop lettings range from approximately RMB137 per sqm to RMB145 per sqm.

	Comparable no. 1	Comparable no. 2	Comparable no. 3
Name of development	福民新村 (Fumin New Village)	赤尾村 (Chiwei Village)	赤尾村 (Chiwei Village)
District	Futian District	Futian District	Futian District
Address	Fuqiang Road	Chiwei First Street	Chiwei First Street
Type of property	Retail	Retail	Retail
Date of quote	18 August 2024	18 September 2024	2 October 2024
Monthly rent	RMB13,000	RM25,000	RMB18,900
Gross floor area	95 sqm	180 sqm	130 sqm
Monthly unit rent	RMB137 per sqm	RMB139 per sqm	RMB145 per sqm

After undertaking appropriate adjustments to those comparables, we have adopted an average unit rent of approximately RMB145 per sqm per month.

Upon analysing recent sales transactions of retail properties, we noted that the capitalisation rate implied in those transactions is approximately 5%. However, we consider that the Property Interest presents a higher risk profile due to its short remaining term of the head lease and narrower tenant base. Hence, we have applied a 2% risk premium to the typical capitalisation rate of 5%, to arrive at 7% of capitalisation rate for the Property Interest.