

# VALUATION REPORT

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## VALUATION OF NEWCO CONSTRUCTION ENGINEERING LIMITED

**BV10785-2503**

Based on International Valuation Standards

Valuation Date: 31 March 2025

Prepared for: Unity Enterprise Holdings Limited

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Machine Learning



Global Thinking



Problem Solving



AI Valuation



Technology

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Our Ref.: BV10785-2503

30 September 2025

Board of Directors  
Unity Enterprise Holdings Limited  
Unit 1002, 10/F, Billion Trade Centre  
31 Hung To Road, Kwun Tong,  
Kowloon, Hong Kong

Dear Sir/Madam,

**Valuation of Suntec Construction & Engineering Limited**

In accordance with the instructions from Unity Enterprise Holdings Limited (the “Company”), we have been engaged by the Company to assist to determine the following subject of valuation as at 31 March 2025 (the “Valuation Date”).

- Market Value of 100% Equity Interest in Newco Construction Engineering Limited (the “Target Company”) as at the Valuation Date for the Company’s transaction reference.

Our analyses are substantially based on the information provided to us by the existing management of the Company (the “Management”). It is our understanding that our analyses, and the subsequent appraised estimation of Market Value (as defined in the section of Standard and Basis of Value), will be used by the Management solely for their purpose of transaction reference only. Our analyses were conducted for the above stated purpose. As such, this report should not be used by the Company for any other purpose other than those that are expressly stated herein without our expressed prior written consent.

Our work was subject to section Statement of Limiting Conditions as described till the end of this report. The basis of value follows the definition of Market Value as stipulated in International Valuation Standards (“IVS”), premised on the Target Company being a “Highest and Best Use” basis.

The approaches and methodologies used in our work did not comprise an examination to ascertain whether the Company’s presented financial information was constructed in accordance with generally accepted accounting principles. The objective of the aforesaid examination is of course to determine whether existing current financial statements or other financial information, historical or prospective, which are provided to us by the Management, are being expressed as a fair presentation of the Company’s financial condition. As such, we express no opinion and accept no responsibility on the accuracy and/or completeness of the historical and projected financial information of the Company, and of the marketing materials or other data provided to us by the Management.

Our conclusion on Market Value does not constitute nor shall they be construed to be an investment advice or an offer to invest. Prior to making any decisions on any investments, a prospective investor should independently consult with their own investment, accounting, legal and tax advisers to critically evaluate the risks, consequences, and suitability of such investment.

## SCOPE AND PURPOSE OF ENGAGEMENT

We were engaged by the Management to assist to determine the Market Value of the Target Company as at the Valuation Date. It is our understanding that our analysis will be used by the management of the Company solely for their transaction reference only.

## STANDARD AND BASIS OF VALUE

This valuation was prepared on the basis of Market Value. In accordance with the IVS, 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 and where the parties had each acted knowledgeably, prudently and without compulsion. When appropriate, we might also make further reference to the Hong Kong Financial Reporting Standard 13 - Fair Value Measurement ("HKFRS 13"). The HKFRS 13 and IVS outline the general guidelines on the basis and valuation approaches used in valuation.

## PREMISE OF VALUE

Premise of value relates to the concept of valuing a subject, i.e., a business, in a manner which would generate the greatest return to the owner, taking account what is physically tangible, financially feasible, and legally permissible. Premise of value includes the following scenarios:

<b>Highest and Best Use:</b>	is the use that would produce the highest and best use for an asset, and it must be financially feasible, legally allowed and result in the highest value;
<b>Current Use/Existing Use:</b>	is the current way an asset, liability, or group of assets and/or liabilities is used, maybe yet not necessarily the highest and best use;
<b>Orderly Liquidation:</b>	describes the value of a group of assets that could be realized in a liquidation sale, given a reasonable period of time to find a purchaser/(s), with the seller being compelled to sell on an as-is, where-is basis; and
<b>Forced Sale:</b>	is in circumstances where a seller is under compulsion to sell and that, as a consequence, a proper marketing period is not possible and buyers may not be able to undertake adequate due diligence.

After having reviewed all background and financial information and taken into consideration all relevant facts, valuation of the Target Company should be prepared on a "Highest and Best Use" basis.

## LEVEL OF VALUE

Current valuation theories suggest that there are at least three basic “levels” of value applicable to a business or business interest. The three most common levels of value are as follows:

<b>Controlling Interest:</b>	Value of the controlling interest, always evaluate an enterprise as a whole;
<b>Non-controlling Interest:</b>	Value of the non-controlling interest of a business;
<b>As if Freely Tradable Minority Interest:</b>	Value of a minority interest, lacking control, but enjoys the benefit of market liquidity; and
<b>Non-marketable Interest:</b>	Value of a business that or business interest lacking market liquidity.

After having reviewed all background and financial information and take into consideration all relevant and objective facts, we reasonably believe the Target Company should be prudently valued and reported in this valuation as a Controlling Interest and Non-marketable Interest.

## SOURCES OF INFORMATION

Our analysis and conclusion of opinion on value were based on continued discussions with, and having obtained pertinent key documents and records provided by the Management, and conducted certain procedures including but not limited to:

- Obtained audited financial reports of the Target Company for each of the three financial years ended 31 March 2023, 2024 and 2025;
- Obtained fixed asset register and depreciation schedule for the year ended 31 March 2025;
- Obtained company profile of the Target Company;
- Obtained project summary of the Target Company for the year ended 31 March 2023, 31 March 2024 and 31 March 2025; and
- Obtained current bank loan agreement and schedule.

We have also relied upon publicly available information from sources in capital markets, including industry reports, news and various databases of publicly traded companies.

## ECONOMIC OVERVIEW

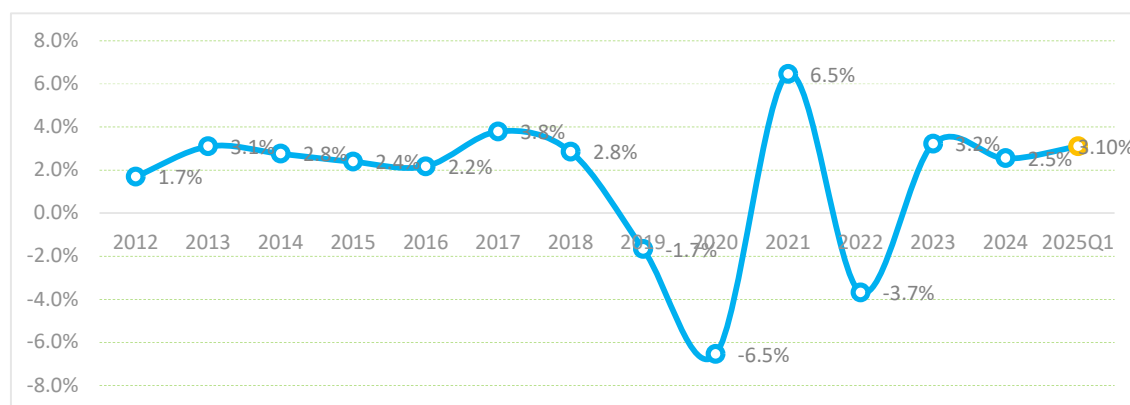
To substantiate the economic background of the country/region where the Target Company with principal place of business is located, we have reviewed the economic condition of Hong Kong where the Target Company will derive its future income from.

Hong Kong is widely recognized as the world's freest economy and most services-oriented economy, with services sectors accounting for more than 90% of Gross Domestic Product ("GDP"). Hong Kong is an important financial centre in the Asia Pacific and the 6th leading global financial centre, according to the Global Financial Centre Index. Hong Kong is also a global offshore RMB business hub and largest offshore RMB clearing centre sharing about 78.3% of the world's RMB payments.

### Gross Domestic Product

Hong Kong's GDP stayed moderate in 2024 and grew by 2.5 % year-on-year in real terms, following a growth of 3.2% in 2023, and continued to expand solidly in the first quarter of 2025, with real GDP increased by 3.1% year-on-year. Exports of services improved sequentially as cross-border financial activities improved and inbound tourism continued to recover. Goods exports slowed down compared to the first half of 2024, partly due to a softening economic environment in some major markets. Investment spending improved during the period despite contraction in building and construction activities. Meanwhile, the changes in residents' consumption patterns persisted as a headwind to private consumption, although. International Monetary Fund("IMF") forecasts the economy would grow by 1.5% and 1.9% in 2025 and 2026 respectively.

Figure 1 - Real GDP Growth in Hong Kong, 2012 – 2025Q1



Source: World Economic Outlook Database (April 2025), IMF, Census and Statistics Department of HKSAR

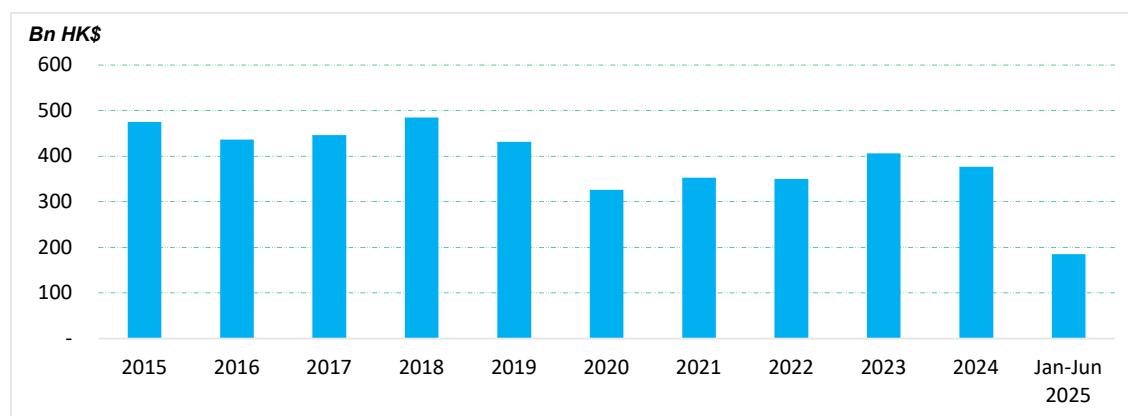
Table 1 - Real GDP Annual Growth Rate and Inflation Forecasts of Hong Kong

	2025F	2026F	2027F	2028F	2029F
<b>Real GDP Annual Growth Rate (%)</b>	1.5	1.9	2.8	2.5	2.4
<b>Inflation (%)</b>	1.9	2.2	2.3	2.4	2.5

Source: World Economic Outlook Database (April 2025), International Monetary Fund

Looking ahead, the Hong Kong economy is expected to grow further at a moderate pace in 2025. While merchandise exports may be impacted by the intensifying trade conflicts, services exports are expected to benefit from the ongoing recovery of inbound tourism amid the supportive measures from the Mainland authorities and the Government's strenuous efforts to revitalise Hong Kong's tourism sector. The value of retail sales, in nominal terms, contracted by 3.4% year-on-year in the first half of 2025 over a year earlier.

Figure 2 - Retail Sales in Hong Kong, 2015 – June 2025

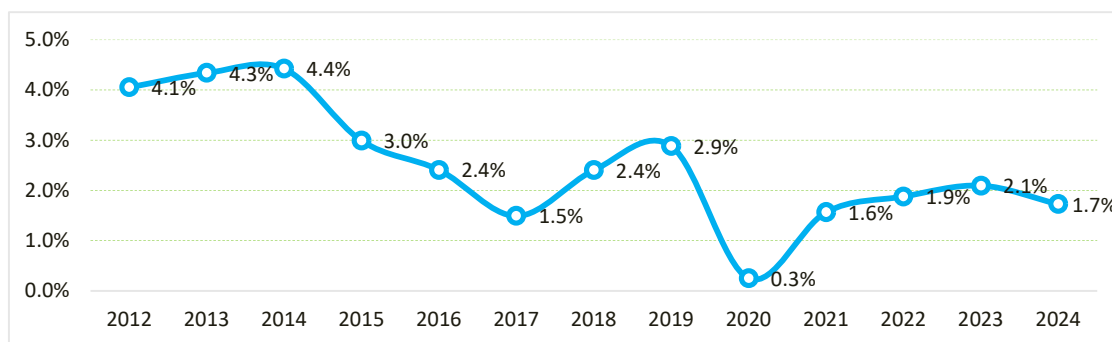


Source: Census and Statistics Department of Hong Kong

## Inflation

Consumer price inflation in Hong Kong stayed mild over 2024. On a year-on-year basis, the underlying composite consumer price index increased slightly by 1.1% and 1.2% in the third and fourth quarters of 2024 respectively, and by 1.3% in January and February 2025 combined. A breakdown of its components reveals that the housing rental component has continued to increase gradually, reflecting the feed-through of rising fresh-letting private residential rentals in previous quarters. Meanwhile, upward price pressure from food continued to dissipate, whereas prices of energy related items remained well contained. Looking ahead, overall inflation is expected to remain soft. External price pressures are likely to be contained despite uncertainties surrounding global commodity market developments, mitigating the upward pressure on domestic costs alongside ongoing economic growth. The Government projects the underlying and headline inflation rates to be 1.5% and 1.8% respectively in 2025.

Figure 3 - Year-over-Year CPI Inflation in Hong Kong, 2012 – 2024

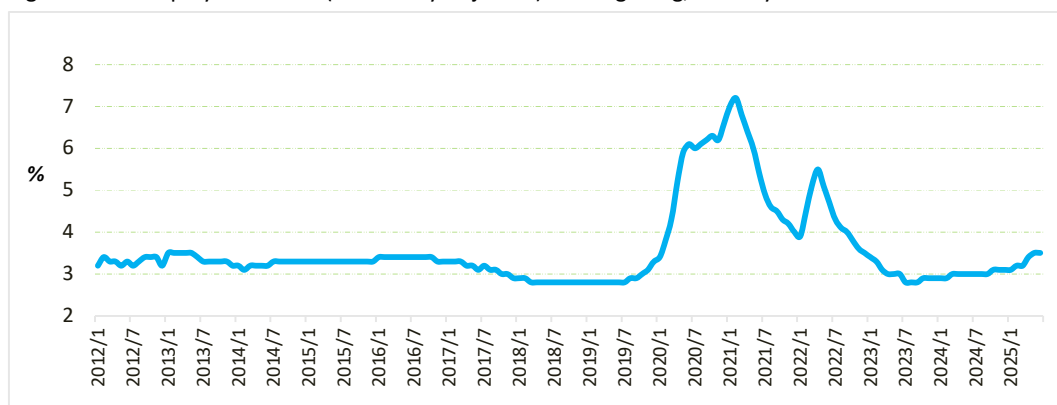


Source: World Economic Outlook Database (April 2025), International Monetary Fund

### Labour Market Conditions

The labour market continued to be resilient, with the unemployment rate staying within a low range of 3.0%–3.5% since March 2024. The size of the labour force has also been broadly stable although it has remained below its pre-pandemic level. Looking ahead, labour demand is expected to be supported by ongoing economic growth, although some sectors may be adversely affected by escalating trade tensions. Meanwhile, the Government’s various talent attraction initiatives and labour importation schemes will continue to help address manpower demand from various sectors.

Figure 4 - Unemployment Rate (Seasonally Adjusted) in Hong Kong, January 2012 – June 2025



Source: World Economic Outlook Database (April 2025), International Monetary Fund

### Monetary Policy

The HKD softened in early 2025 but strengthened thereafter amid strong performance of the local stock market. Hong Kong Interbank Offered Rates (“HIBORs”) generally tracked their US dollar (“USD”) counterparts while shorter-tenor rates were also being affected by local supply and demand. Short-term HIBORs tightened temporarily in late September 2024 due to buoyant equity market and quarter-end funding demand, firmed up again amid thinner liquidity ahead of the year-end, and then softened in early 2025 as seasonal liquidity tightness eased. Overall, the HKD exchange and money markets continued to trade in a smooth and orderly manner. Looking ahead, rising trade tensions between the US and its major trading partners and heightened uncertainty surrounding the US interest rate outlook may increase fund flow volatility. Nonetheless, with its ample foreign reserves position and robust financial system, Hong Kong is well able to withstand the volatilities in fund flows



without compromising its financial stability.

### **Government Initiatives**

The Financial Secretary, Mr Paul Chan, unveiled his 2025-26 Budget on 26 February 2025. Below are some highlights:

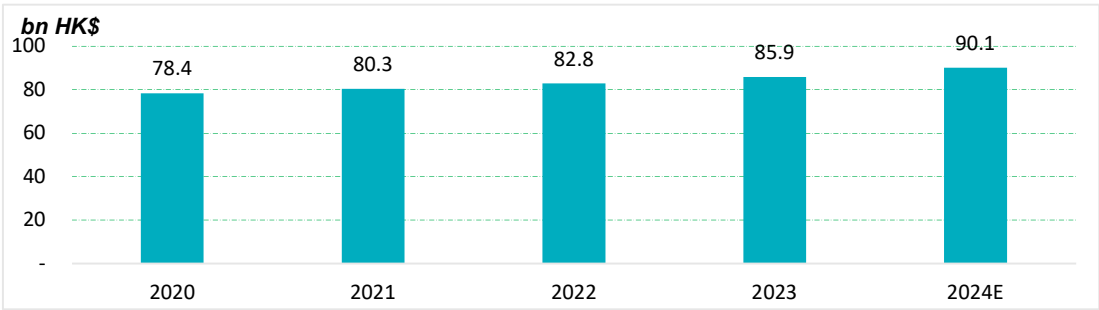
- HK\$1 billion is to be set aside for the establishment of a Hong Kong AI Research and Development Institute to promote the application of research outcomes.
- \$1.5 billion is to be injected into the BUD Fund and the Export Marketing and Trade and Industrial Organisation Support Fund, with streamlined application arrangements also to be introduced.
- A \$10 billion Innovation and Technology Industry Oriented Fund will be set up to channel more market capital investment into emerging / future-facing industries deemed to be of strategic importance.
- HKTDC to launch the E-Commerce Express to provide Hong Kong enterprises with consultation services and organise the second edition of the Hong Kong Shopping Festival.
- Pilot Manufacturing and Production Line Upgrade Support Scheme: \$100 million earmarked to provide funding of up to \$250,000 on a 1 (government) to 2 (company) matching basis to enterprises.
- SME Financing Guarantee Scheme: principal moratorium application period to last until November 2025.
- \$3.7 billion is to be earmarked to expedite the provision of the infrastructure and public facilities of the Phase 1 development of the Hong Kong Park.
- Issue bonds worth \$150 billion to \$195 billion each year under the Government Sustainable Bond Programme and the Infrastructure Bond Programme over the next five years.

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# INDUSTRY OVERVIEW

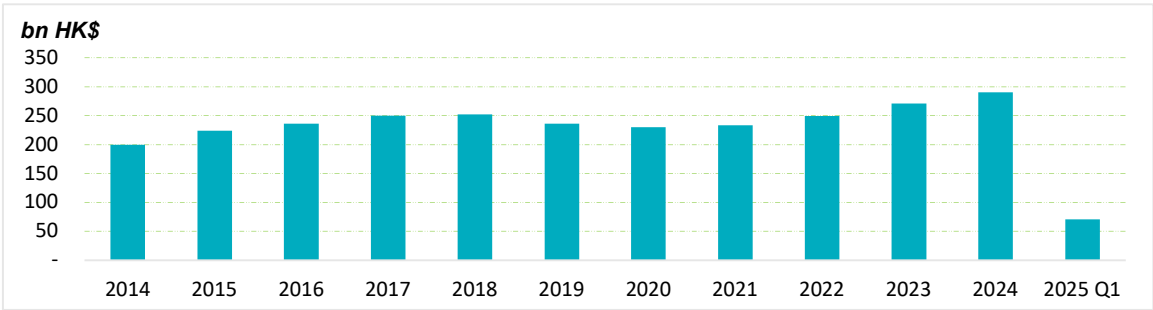
RMAA works are collectively known as repair, maintenance, alteration and addition works, which covers a wide variety of works and services commonly performed in existing buildings for upgrading and renovation purposes. Specifically, the market demand for RMAA works in Hong Kong is highly dependent on the mandatory requirement for inspection, repair, maintenance as well as alteration and addition works in aged buildings. It is usually quite common for RMAA contractors to employ casual workers as subcontractors in RMAA works market in Hong Kong to support the on-site works. The wage level of casual workers undertaking RMAA works is typically in line with the market rate of other RMAA workers employed by contractors. With the growing demand for RMAA works resulted from various mandatory inspection requirement such as Mandatory Building Inspection Scheme, revitalization and redevelopment of ageing buildings. According to Frost & Sullivan, it is estimated that the market size of RMAA works in Hong Kong increased at a CAGR of 3.5% during 2020 to 2024, reaching approximately HK\$90.1 billion.

Figure 5 - Market size of RMAA Works in Hong Kong



Source: Frost & Sullivan

Figure 6 - Gross Value of Construction Works Performed by Main Contractors in Hong Kong



Source: Census and Statistics Department of Hong Kong

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### **Market Drivers of RMAA Works Industry in Hong Kong**

The development of RMAA industry is closely related to the construction industry as a whole, and the RMAA Industry is expected to benefit from the following market drivers:

#### **1. Trend of aging buildings and mandatory building inspection requirement**

As stipulated in the Mandatory Building Inspection Scheme, owners of buildings aged 30 years or above (except domestic buildings not exceeding three-storeys) and served with statutory notices are required to appoint a registered inspector to carry out the prescribed inspection and supervise the prescribed repair works found necessary of the common parts, external walls and projections or signboards of the buildings. According to Frost & Sullivan, there were over 1,000,000 private residential units aged over 20 years in Hong Kong in 2019. Furthermore, according to Urban Renewal Authority (“URA”) and Buildings Department, the number of residential units aged more than 70 years is expected to increase from over 2,000 in 2018 to 326,000 by the year of 2046. Thus, the growing stock of ageing buildings and mandatory inspection contributes to sustained demand for RMAA works in Hong Kong.

#### **2. Accelerating urban renewal and supportive plans for redevelopment**

As estimated, there are approximately 9,300 private buildings aged 30 years or above in metro areas, including Kowloon, Tsuen Wan, Kwai Tsing and Hong Kong Island, as in 2018 and the Development Bureau estimates that the number of buildings over 30 years’ old will increase by 50% in ten years’ time. In order to improve the overall living conditions of residents in dilapidated urban areas and to address the issues of urban decay, the URA is tasked to take the lead in over 200 projects under the urban renewal program which involved approximately 126,000 residents and 32,000 units for redevelopment. On the other hand, the launch of “Operating Building Bright 2.0”, a HK\$3 billion worth subsidy scheme to provide direct technical and financial assistance to those private residential or composite buildings aged 50 or above for repair and maintenance, the demand for RMAA works in Hong Kong is expected to be bolstered over the next few years.

#### **3. Demand from renovation and revitalization of commercial and industrial buildings**

To preserve the value of buildings, regular renovation and maintenance works is required for commercial premises such as established office space and shopping malls in prime area and district. In view of the expansion of the PRC companies in Hong Kong, the demand for office space increased in recent years and developers are dedicated to upgrade or improve their commercial properties in order to attract and retain their tenants. The industrial buildings owners are also allowed to refurbish the buildings for other purposes under the waiver scheme offered by the Lands Department. As a result, the demand for RMAA works in commercial and industrial buildings are likely to increase in the coming years.

### **Potential Challenges of RMAA Works industry in Hong Kong**

#### **1. Shortage of labor and ageing workforce**

As the RMAA works is labour-intensive in nature and there is sustained demand for RMAA workers, the ageing workforce may result in potential decline in productivity and substantial loss in skills transfer given the

insufficient participation of young talents in the industry. Besides, the RMAA industry in Hong Kong may find difficulties in attracting new workers to the construction industry due to long work hours and challenging working conditions.

## 2. Increasing operation cost

The construction and RMAA industry have seen a high demand for labour and has seen a growing wage level given the shortfall between demand and supply of workers. The growing trend of labour cost is likely to continue in the coming few years. Besides, the price of glazed ceramic wall tiles and paint registered a mild growth in recent years, primarily due to the commencement of different building construction projects and hence, driving the demand for these materials.

## 3. Challenges of construction productivity and workplace safety

RMAA works is considered with a relatively higher risk than other trades, as RMAA works are generally conducted on aerial work platform or platform made of scaffolds on high-rise buildings, which may pose a potential threat on safety of workers. As a result, RMAA works contractors with capability of addressing the issues by undertaking proper measures in enhancing workplace safety and productivity through adoption of new scaffolding systems with strict implementation of other safety measures, as well as retention of skilled workers, are considered more competitive in RMAA works market.

# COMPANY OVERVIEW

## UNITY ENTERPRISE HOLDINGS LIMITED

The Company is an investment holding company and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 2195). The Company and its subsidiaries are principally engaged in the repair, maintenance, alteration and addition (“RMAA”) works.

## NEWCO CONSTRUCTION ENGINEERING LIMITED

The Target Company is a company and is incorporated in Hong Kong with limited liability and is a Registered General Building Contractor under the registration system of the Building Department of Hong Kong. It is principally engaged providing contracting services for building construction, repair, and maintenance works. Its service include, but are not limited to, building repair and renovation, structural works, drainage, plumbing, alteration and addition works, and demolition works for both industrial and residential properties.

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## VALUATION METHODOLOGY OVERVIEW

The valuation of any asset can be broadly classified into one of the three approaches, namely the cost approach, the market approach and the income approach. In any valuation analysis, all three approaches must be considered, and the approach or approaches deemed most relevant will then be selected for use in the analysis of that asset.

### Cost Approach

The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain a business, business ownership interest, security, or intangible asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

### Market Approach

The market approach provides an indication of value by comparing a business, business ownership interest, security, or intangible asset with identical or comparable (that is similar) subjects for which price information is available.

Value is established based on the principle of comparison. This simply means that if one thing is similar to another and could be used for the other, then they must be similar. Furthermore, the price of two alike and similar items should be approximates to one another.

### Income Approach

This is a general way of determining the economic value of a business, business ownership interest, security, or intangible asset by using one or more methods that convert anticipated benefits into a present value amount.

In the income approach, an economic benefit stream of the asset under analysis is selected, usually based on historical and/or forecasted cash flow. The focus is to determine a benefit stream that is reasonably reflective of the asset's most likely future benefit stream. This selected benefit stream is then discounted to present value with an appropriate risk-adjusted discount rate. Discount rate factors often include general market rates of return at the Valuation Date, business risks associated with the industry in which the company operates, and other risks specific to the asset being valued.

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### Selected Valuation Approach

Methodology Analysis	Reason for Applying or not Applying
Cost Approach (also known as Asset Approach) (Note^*) is Rejected	<ul style="list-style-type: none"><li>• The Target Company has commenced its operation since 2009 with track record of solid recent revenue growth from 2023 to 2025 (up to the Valuation Date). Its latest profiting nature and unique background makes it not easily replaced or reproduced from other market participants.</li></ul>
Market Approach is Accepted	<ul style="list-style-type: none"><li>• The market approach refers to the market indication of valuation based on public information available to all market participants. Compared to the income approach, the market approach makes less reliance on management assumptions but more on market expectations. For the Target Company as a profitable business (but with high projection uncertainty), it is more appropriate to use the market approach which reflects the market participant's current assessment without material management assumptions on projections.</li><li>• There are sufficient Guideline Publicly-traded Comparable companies available in the market which facilitate a meaningful comparison and provide inputs for determining the valuation multiple. As such, the Guideline Publicly-traded Comparable Method under the Market Approach is applied and considered as appropriate and reliable. Further explanations are made under the section "APPLICATION OF MARKET APPROACH".</li></ul>
Income Approach is Rejected	<ul style="list-style-type: none"><li>• The income approach is commonly adopted to value a business with stable track record and low projection uncertainty. However, given that the Target Company is driven by project-based business, any business projection might be based on significant management assumptions (e.g. synergy with the existing and prospective management, plans on capital expenditure, financing and operating assumptions). As such, the income approach is not accepted for valuing the Target Company, especially when the Market Approach is more practical and reliable.</li></ul>

Note^\*: Pursuant to International Valuation Standards published by International Valuation Standards Council, there are three cost approach methods, being replacement cost, reproduction cost and summation method. Replacement cost and reproduction cost methods are typically adopted to value physical assets (e.g. plant and machineries), whereas summation method, also referred to as "underlying asset method" or "asset approach" in practice, is typically adopted to value investment companies or entities by valuing their component assets and liabilities. In other words, asset approach remeasures the fair value of the component asset and liabilities (equivalent to net asset value) of the companies or entities.

In the context of business valuation, the summation method (i.e. asset approach) directly ignores the revenue and profit generating metrics of the underlying assets, companies and entities, and thus the method is only applicable to investment holding companies (i.e. typically investment fund entities) where their underlying assets and liabilities are already re-measured to fair value standard in line with applicable accounting standards. The summation method (i.e. asset approach) is rarely used in valuing operating companies with track record of meaningful revenue and profits.

## GENERAL ASSUMPTIONS

A number of general assumptions were established to sufficiently support our conclusion of valuation. The general assumptions adopted in this valuation are:

- There are no changes, the aggregate of which when viewed together, may be construed to be a material adverse change in the existing political, legal, commercial and banking regulations, fiscal policies, foreign trade and economic conditions in countries/regions where the Target Company currently operates in and in new markets that the Target Company may potentially expand into as proposed by Management;
- There are no deviations, the aggregate of which when viewed together, may be construed to be a material adverse change in industry demand and/or market conditions;
- There are no changes, the aggregate of which when viewed together, may be construed to be a material adverse change in the fluctuation of interest rates or currency exchange rates in any country which would be deemed to have a negative impact or the ability to hinder the existing and/or potentially future operations of the Target Company;
- There are no changes, the aggregate of which when viewed together, may be construed to be a material adverse change in the current laws of taxation in those countries in which the Target Company operates in or the Target Company may potentially operate in;
- All relevant legal approvals, business certificates, trade and import permits, bank credit approval have been procured, in place and in good standing prior to commencement of operations by the Target Company under the normal course of business;
- The Target Company will be able to retain existing and competent management, key personnel, and technical staff to support all facets of the ongoing business and future operations; and
- Trademarks, patents, technology, copyrights and other valuable technical and management knowhow will not be infringed in countries/regions where the Target Company is or will be carrying on business.

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# APPLICATION OF MARKET APPROACH

## Principle of Market Approach

Under the Market Approach, the value of the Subjects of Valuation can be determined based on its (i) Most Recently Traded or Transacted Prices, (ii) Guideline Publicly-traded Comparable Method and, (iii) Comparable Transactions Method. The three valuation methods under the Market Approach are further discussed and selected below.

## Recent Traded or Transacted Prices

Recent Traded or Transacted Prices of the exact same subject asset can provide the most objective indication of value or valuation multiple of the subject asset. Reliance on recent prices is the most intuitive way of price discovery in the marketplace under ordinary situations. The method is usually applied to value publicly traded companies and private companies with recent funding rounds on an arm's length basis. Apart observing the traded and transacted prices, further analyses on market activity have to be carried out to determine whether the subject asset can be purchased or sold in the same manner as the observed recent trades and transactions in the current marketplace.

## Guideline Publicly-traded Comparable Method

Under the Guideline Publicly-traded Comparable ("GPTC") Method, the value is derived from last trading multiples of a selected set of Guideline Publicly-traded Comparable companies (the "Comparable Companies"). Trading multiples, which are measures of relative value, are computed by dividing the market capitalisations (or sometimes enterprise value) of the Comparable Companies by some identified value-driving economic variable(s) observed or calculated from their latest published fundamental data, being typically their financial metrics (such as revenue, earnings before interests and taxes, net profit, book equity) or other industry-specific value drivers as at the Valuation Date. A typical challenge in applying the GPTC Method is to identify a sufficient pool of relevant and sufficient Comparable Companies that are comparable to the Target Company in terms of their business models, underlying business risks and prospects.

## Comparable Transactions Method

The Comparable Transactions Method ("CTM") drives value from observing the acquisition multiples at which sizable stakes of the similar companies were transacted between independent and informed willing buyers and sellers. Similar to the GPTC Method, the CTM determines the acquisition multiples from dividing the considerations transferred in comparable acquisitions by the relevant value-driving financial or industry-specific indicators. Application of CTM is typically subject to further limitations:

- Limited occurrence of recent comparable transactions;
- Availability and quality of public disclosure on transactions between private investors; and
- Limited information on the arm's length nature of the transactions.



### Concluded Method under the Market Approach

Given the above considerations, we have only accepted the Guideline Publicly-traded Comparable Method. The following exhibit elaborates our selection and rejection reasons of the 3 methods under the Market Approach.

#### Summary of Selected Methods and Reasons

Methods under Market Approach	Application	Reasons
Recent Traded or Transacted Prices	Rejected	No reliable recent trades and transactions identified.
Guideline Publicly-traded Comparable Method	Accepted	A reliable pool of Comparable Companies identified with sufficient and reliable financial data disclosed.
Comparable Transactions Method	Rejected	No reliable pool of comparable transactions identified with sufficient and reliable financial data disclosed.

Under the Guideline Publicly-traded Comparable Method, value of the Target Company is determined based on its comparable peers' trading multiples. This principle is addressed by the valuation method to be discussed below.

#### Selection of the Valuation Metrics

The Target Company has a track record of earnings. As such, the most relevant and reliable financial metrics is its net earnings, and thus the corresponding valuation multiple selected is the price-to-earnings ("P/E") ratio. The enterprise value-to-sales ("EV/S") ratio and price-to-book ("P/B") ratio are considered but rejected as both ratios fail to capture the turnaround profitability of the business.

P/E ratio is a widely used valuation multiple for valuing a company with reliable earning record based on valuations of companies with similar earnings, risk and growth potential. It can provide simple and intuitive insights on how the market perceives the profitability and growth potential of business with similar nature. The Target Company is well-established and supported with turnaround profits in 2025, its recent profitability indicates a potential new growth phase, making the recent positive earnings a relevant foundation for valuation using the P/E ratio. Therefore, P/E ratio is computed to derive a comprehensive analysis. On the opposite, valuation of a profit earning company with other valuation multiples such as sales- or asset-based ratios might delink the company value with its profitability and distort the value.

On the other hand, other valuation multiples, such as EV/S ratio focus on revenue instead which could not capture the improvement in profitability directly; and P/B ratio is considered not appropriate for non-capital intensive industry where the Target Company currently is engaging in.

#### Selection of the Comparable Companies

The application of the GPTC Method depends on the selection of the Comparable Companies that shared sufficient similarities to underlying business of the Target Company so as to provide meaningful comparisons. We exercised due care in the selection of the Comparable Companies by using multiple screening criteria in deciding whether or not the business model of a particular Comparable Companies is relevant.

The Target Company is principally engaged in the provision of repair, maintenance, alteration and addition works and revenue was generated from Hong Kong. Our selection criteria and a list of the selected 18 Comparable Companies have been discussed as follows.

In selecting the Comparable Companies, we considered multiple screening criteria, including but not limited to, business description of the potential companies, in terms of lines of business by segments, primary operating location, operating and financial performance. In order to comprise a representative set of Comparable Companies to derive the valuation result, we performed our comparable search based on the following processes in the selection of the Comparable Companies.

The selection is mainly based on the searching through Bloomberg terminal and online searching. Criteria have to be set to ensure similarity between the Comparable Companies and the Target Company as follow:

- Principal business: Engaged in repair, maintenance, alteration and addition works and related services (with revenue generated thereunder constituting the largest segment and over 50% of total revenue);
- Principal location of operation: main business is operated in Hong Kong (largest revenue and over 50% by location); and

To compute quantitative screen, we have referred to the largest revenue percentage of the Target Company by products and geographical location segment. The application of majority rule (50% threshold) is a common practice because it is rare to find perfect (100%) comparable in real-world scenarios. Setting this threshold ensures the formation of a meaningful comparable dataset with a sufficient number of market comparables, thereby enhancing the reliability and representativeness of the analysis. Should the strict criterion (comparable with 100% revenue generated from RMAA and related service) be applied, all comparable companies with positive valuation multiple would still be included and there is no change to valuation result.

We have initiated our comparable search based on the above selection criteria. A pool of 18 related companies that are operating in similar principal activity, geographic operation segment and product mix as the Target Company were identified. We consider the list of Comparable Companies is exhaustive based on our research and selection criteria on a best-effort basis. The comparable pool has represented a complete comparable pool sufficient to form a fair and reasonable valuation opinion. The following list shows the Comparable Companies that we have identified in connection with this valuation.

#	Company Description	Principal Business Nature	Location
1	<b>Smart City Development Holdings Ltd. (8268 HK Equity)</b> Smart City Development Holdings Limited operates as a general contractor for construction contracting business. The Company involves in building construction work, electrical and mechanical (E&M) installation, and fitting-out works. Smart City Development Holdings conducts businesses in Hong Kong and China.	Construction contracting: 99% Money lending: 1%	Hong Kong

#	Company Description	Principal Business Nature	Location
2	<b>Superland Group Holdings Limited (368 HK Equity)</b> Superland Group Holdings Limited is an investment holding company primarily provides engineering services. The Company engages in repair, maintenance, alteration and addition (RMAA) works, as well as construction related services such as noise mitigation, architectural metalwork, and installation of cathodic protection systems. Sheng Tang serves customers in Hong Kong.	Fitting-out service: 99% Repair and maintenance service: 1%	Hong Kong
3	<b>Sheng Tang Holding Limited (8305 HK Equity)</b> Sheng Tang Holdings Limited provides engineering services. The Company offers building repair, maintenance, and alteration-addition (RMAA) works construction services including noise mitigation, architectural metalwork, and installation of cathodic protection systems. Sheng Tang Holdings serves customers in Hong Kong.	RMAA: 100%	Hong Kong
4	<b>China Supply Chain Holdings Limited (3708 HK Equity)</b> China Supply Chain Holdings Limited operates as a building maintenance and renovation service provider in Hong Kong. The Company offers maintenance, improvement and vacant flat refurbishment for public housing estates, public facilities and other public properties in Hong Kong. China Supply Chain Holdings provides services in Hong Kong	Maintenance: 90% Renovation: 10%	Hong Kong
5	<b>Coolpoint Innonism Holding Limited (8040 HK Equity)</b> Coolpoint Innonism Holding Limited provides fitting-out and renovation services. The Company offers residential apartments interior fitting out, commercial buildings renovation, and other services. Coolpoint Innonism Holding provides services in Hong Kong.	Fitting out: 78% Renovation: 20% Nano-AM Work: 1% Reconciliation: 1%	Hong Kong
6	<b>Chi Ho Development Holdings Limited (8423 HK Equity)</b> Chi Ho Development Holdings Limited operates as a contractor for the provision of RMAA and fitting-out works services. The Company provides renovation, maintenance, alternation, and addition works and services.	RMAA: 74% Mixed project: 20% New capital works: 6%	Hong Kong
7	<b>Unity Enterprise Holdings Limited (2195 HK Equity)</b> Unity Enterprise Holdings Limited offers engineering services. The Company provides building repair, maintenance, and alteration services. Unity Enterprise Holdings conducts businesses in Hong Kong.	RMAA: 100%	Hong Kong

#	Company Description	Principal Business Nature	Location
8	<b>Aeso Holding Limited (8341 HK Equity)</b> Aeso Holding Limited provides fitting-out and renovation contracting services. The Company offers construction of commercial and residential premises including alteration and addition, as well as construction planning, coordination, monitoring, and supervision services. Aeso Holding serves customers in Hong Kong.	Fitting-out: 87% Renovation: 13%	Hong Kong
9	<b>Able Engineering Holdings Limited (1627 HK Equity)</b> Able Engineering Holdings Limited provides construction services. The Company offers building construction, interior designing, maintenance, fitting out, addition, alternation, and conversion. Able Engineering Holdings serves public and private sectors in Hong Kong.	Construction service: 100%	Hong Kong
10	<b>China New Holdings Limited (8125 HK Equity)</b> China New Holdings Limited offers engineering services. The Company provides engineering design, fitting out, and procurement management services. China New Holdings also conducts construction equipment leasing, finance, and wine trading businesses.	Design, fitting-out and engineering: 95% Leasing of construction equipment: 5%	Hong Kong
11	<b>SOCAM Development Limited (983 HK Equity)</b> SOCAM Development Limited operates as a construction and property management services. The Company specializes in new constructing projects such as public housing flats, community facilities, commercial buildings, healthcare, cultural establishments, and recreational infrastructure properties, as well as provides maintenance services. SOCAM Development serves customers in Hong Kong.	Construction and building maintenance: 96% Property: 4%	Hong Kong
12	<b>Sunray Engineering Group Limited (8616 HK Equity)</b> Sunray Engineering Group Limited provides building maintenance services. The Company offers waterproofing works, fire protection, and other related activities. Sunray Engineering Group serves customers in Hong Kong.	Provision of building protection work: 72% Supply of building protection product: 28%	Hong Kong
13	<b>Wing Fung Group Asia Limited (8526 HK Equity) (Note#)</b> Wing Fung Group Asia Limited manufactures mechanical ventilation and air conditioning building products. The Company produces and sells mechanical ventilation and air conditioning systems and other products. Wing Fung Group Asia also provides installation and fitting out services.	Construction contracts: 100%	Hong Kong

#	Company Description	Principal Business Nature	Location
14	<b>Dimmi Life Holdings Limited (1667 HK Equity)</b> Dimmi Life Holdings Limited operates as a homebuilder. The Company builds and sells single family houses, apartments, prefabricated houses, and other buildings. Dimmi Life Holdings also provides personal care products development, housing renovation, building decoration, and other services in Hong Kong.	Construction & Engineering Service: 87% Lifestyle Products: 7% Property Development and Investment: 6%	Hong Kong
15	<b>Rongzun International Holdings Group Ltd (1780 HK Equity)</b> Rongzun International Holdings Group Limited operates as a holding company. The Company, through its subsidiaries, provides fabrication, modification, installation, erection, relocation, and removal of partitions, doors, windows, and flooring materials, as well as offers site formation and civil engineering services. Rongzun International Holdings Group conducts business in Hong Kong.	Alteration & Addition Works: 54% Civil Engineering Works: 46%	Hong Kong
16	<b>Metaspacex Ltd. (1796 HK Equity)</b> Metaspacex Limited provides engineering services. The Company offers buildings interior renovation, makeovers, demolition, and other services. Metaspacex provides services in Hong Kong.	Decoration Engineering Services: 100%	Hong Kong
17	<b>FDB Holdings Limited (1826 HK Equity)</b> FDB Holdings Limited provides contracting and consulting services. The Company offers alteration, construction and project management, maintenance, MEP system design, licensing, architectural designing, and other services. FDB Holdings serves customers in Hong Kong.	Contracting Services: 100%	Hong Kong
18	<b>Wai Hung Group Holdings Limited (3321 HK Equity)</b> Wai Hung Group Holdings Limited operates as a holding company. The Company, through its subsidiaries, provides fitting-out services for casinos, retail areas, hotels, restaurants, commercial properties, and residential properties along with repair and maintenance services. Wai Hung Group Holdings serves customers in Asia.	Fitting-Out Services: 98% Repair & Maintenance Services: 2%	Hong Kong

Note#: Wing Fung Group Asia Limited (“Wing Fung”) is selected as one of the comparable company as it shows similar characteristics to the Target Company. Projects of the Target Company also include the air-conditioning ventilation system installation even in the recent largest project of provision of RMAA services to hotel. Besides, Buildings Department explicitly suggest that alteration and addition works (A&A works) to buildings include addition of air-conditioning plants and system, so the principal business of Wing Fung certainly belongs to scope of RMAA works. From the perspective of valuation multiple, the P/E multiple of Wing Fung is considered as outlier (stated in proceeding paragraph), the inclusion of Wing Fung as Comparable Company has no impact on the valuation result under the average rule, given its exclusion as outlier.

### Computation of the Valuation Multiple

Once we have identified the set of Comparable Companies and made necessary adjustments to their financial information, if any, the next step is to compute their P/E multiples on a reliable and consistent approach across all Comparable Companies. The P/E multiple is calculated by dividing the closing share price as of the Valuation Date by the latest available trailing 12-month earnings per share of the Comparable Companies, with the data sourced from the Bloomberg terminal.

#	Stock Code	P/E
1	8268 HK	(net loss)
2	368 HK	11.86
3	8305 HK	(net loss)
4	3708 HK	12.14
5	8040 HK	(net loss)
6	8423 HK	(net loss)
7	2195 HK	(net loss)
8	8341 HK	3.59
9	1627 HK	4.54
10	8125 HK	(net loss)
11	983 HK	(net loss)
12	8616 HK	(net loss)
13	8526 HK	18.18 (Note^)
14	1667 HK	(net loss)
15	1780 HK	(net loss)
16	1796 HK	(net loss)
17	1826 HK	6.71
18	3321 HK	(net loss)

Note^: With existence of outlier peer multiple 18.18x, being over double of average multiple 7.77x (if such outlier is excluded), it is considered an outlier multiple and excluded. The median as measure of central tendency is highly resistant to the influence of outlier, thus median of full set of market multiple is used as benchmark for central tendency preserving the integrity of benchmark dataset. Together with calculation of the average of market multiples (excluding outlier), the lower of both is adopted in valuation for prudence. For completeness of data information, median (excluding outlier) of 6.71 is stated here for reference.

The summary statistics of the derived P/E multiples from Comparable Companies is listed as follows. With the removal of outlier data point, the remaining dataset becomes less dispersed, in such case, the average is a more statistically efficient and informative measure than the median as the average takes into account magnitude and distribution of all data points (except outlier) and the central tendency of dataset is more comprehensively described.

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As at the Valuation Date	P/E
Number of valid valuation multiple	6
High	18.18
Upper quartile	12.07
<b>Average (excluding outlier)</b>	<b>7.77</b>
Median (before outlier)	9.29
Lower quartile	5.08
Low	3.59
Standard deviation	5.57
Coefficient of variance	0.59

#### Determination of Valuation Result

The trailing 12-month net profit for the year ended 31 March 2025 is the latest available financial information of the Target Company as of the Valuation Date, as such it is considered to be fair and reasonable to adopt in the valuation. The Market Value of the Target Company as at the Valuation Date is summarized as follow:

Selected Multiple		P/E
Adopted multiple (rounded)		7.77x
Net Profit of the Target Company		4,662,365
Estimated equity valuation		36,226,573
Add: Control premium ("CP")	15.6% (Note*)	5,662,658
Implied valuations before DLOM		41,889,231
Less: Discount for lack of marketability ("DLOM")	-15.6%	(6,534,720)
Implied Market Value of the Target Company		35,354,511
Implied Market Value of the Target Company (rounded)		35,355,000

Note\*: The control premium of 15.6% is presented as a rounded figure while the actual calculation uses the full precise value, thus slight variance may occur and the values may not reconcile.

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## CONTROL PREMIUM

Control Premium (sometimes referred to as Market Participant Acquisition Premiums or MPAPs) are applied to reflect differences between the comparables and the Target Company with regard to the ability to make decisions and the changes that can be made as a result of exercising control. All else being equal, participants would generally prefer to have control over a subject asset than not. However, participants' willingness to pay a CP will generally be a factor of whether the ability to exercise control enhances the economic benefits available to the owner of the Target Company. CP may be quantified using any reasonable method, but are typically calculated based on either an analysis of the specific cash flow enhancements or reductions in risk associated with control or by comparing observed prices paid for controlling interests in publicly-traded securities to the publicly-traded price before such a transaction is announced.

The 2024 FactSet Review is an authoritative annual publication published in 2024 widely regarded as the cornerstone resource for mergers and acquisitions research and reference. It provides comprehensive, expertly curated rosters and statistical summaries of mergers and acquisitions transactions involving US companies—including private, public, and cross-border deals. There is no such public research for deals in Hong Kong, and the US market often serves a comprehensive reference for valuation multiples due to its scale, transparency and availability of detailed transaction data and the comparative data is expected to provide relevant benchmark for mature economy such as Hong Kong in which Target Company is based. The 2024 FactSet Review is especially valued for its reliable data on transaction premiums paid which is considered useful in determining the control premium in valuation. In this case, we have made reference to the 2024 FactSet Review on average percentage premium offered for controlling equity interest to that for a minority equity interest from 2020 to 2024, the CP is arrived by referring to the median of 4-year data which is 15.6%.

## DISCOUNT FOR LACK OF MARKETABILITY

A DLOM reflects the concept that when comparing otherwise identical assets, a readily marketable asset would have a higher value than an asset with a long marketing period or restrictions on the ability to sell the asset. For example, publicly-traded securities can be bought and sold nearly instantaneously while shares in a private company may require a significant amount of time to identify potential buyers and complete a transaction. Many bases of value allow the consideration of restrictions on marketability that are inherent in the subject asset but prohibit consideration of marketability restrictions that are specific to a particular owner. DLOMs may be quantified using any reasonable method, but are typically calculated using option pricing models, studies that compare the value of publicly-traded shares and restricted shares in the same company, or studies that compare the value of shares in a company before and after an initial public offering.

The 2024 Stout Restricted Stock Study is a widely used and authoritative empirical database that supports valuation professionals in determining marketability discount. It includes over 750 carefully screened restricted stock transactions, providing detailed data to compare with subject companies. This resource is recognized for its rigor, reliability, and industry acceptance, enabling professionals to make defensible and tailored discount



determinations. In this case, we have made reference to the 2024 Edition Stout Restricted Stock Study of 779 private placement transactions of unregistered common stock issued by publicly traded companies. The discount was calculated by dividing the difference between the private placement price and the market reference price by the market reference price, and the DLOM is arrived at overall median discount of 15.6%.

## STATEMENT OF LIMITING CONDITIONS

This valuation report relies upon the following contingent and limiting conditions:

1. We assume no responsibility for the legal matters including, but not limited to, legal or title concerns. Title to all subject business assets is assumed good and marketable.
2. The business interest and subject business assets have been valued free and clear of any liens or encumbrances unless stated otherwise. No hidden or apparent conditions regarding the subject business assets or their ownership are assumed to exist.
3. All information provided by the client and others is thought to be accurate. However, we offer no assurance as to its accuracy.
4. Unless stated otherwise in this report, we have assumed compliance with the applicable local laws and regulations.
5. Absent a statement to the contrary, we have assumed that no hazardous conditions or materials exist which could affect the Target Company or its assets. However, we are not qualified to establish the absence of such conditions or materials, nor do we assume the responsibility for discovering the same.
6. The report may not fully disclose all the information sources, discussions and business valuation methodologies used to reach the conclusion of value. Supporting information concerning this report is on file with our company.
7. The valuation analysis and conclusion of value presented in the report are for the purpose of this engagement only and are not to be used for any other reason, any other context or by any other person except the client to whom the report is addressed.
8. The opinion of value expressed in this report does not obligate us attend court proceedings with regard to the subject business assets, properties or business interests, unless such arrangements have been made previously.
9. Possession of this report does not imply a permission to publish the same or any part thereof. No part of this report is to be communicated to the public by means of advertising, news releases, sales and promotions or any other media without a prior written consent and approval by us.
10. This report is valid only for the date specified herein.

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# CONCLUSION OF VALUE

In conclusion, based on the analyses as fully described in this valuation report and the valuing methodologies which we have employed, we are of the opinion that the Market Value of Newco Construction Engineering Limited as at 31 March 2025 is as follows.

Subject of Valuation	Valuation Result
Market Value of 100% Equity Interest in Newco Construction Engineering Limited as at 31 March 2025	HKD 35,355,000

The opinion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We hereby certify that we have neither present nor any prospective interests in the subject under valuation. Moreover, we have neither personal interests nor any bias with respect to the any of the parties involved.

This valuation report is issued subject to our general service conditions.

Yours faithfully,

For and on behalf of

**VALTECH VALUATION ADVISORY LIMITED**



## INVOLVED STAFF BIOGRAPHY

### **Jimmy Wong, CPA, CFA, FRM, MFin, ABV (AICPA)**

Mr. Wong has solid experience in providing corporate valuation advisory and related consulting services in the past 15 years. Before joining Valtech Valuation, he gained rich exposure in valuation and related party transfer pricing consulting at a Big 4 accounting firm and a renowned valuation advisory group. Mr. Wong has led and signed off hundreds of valuations for a broad clientele, including private equity and venture capital funds, publicly listed and private groups, and state-owned enterprises, meeting the purpose of financial reporting, portfolio valuations, public listing and transactions, strategic restructuring, fundraising, litigation and dispute resolution, global tax compliance.

Throughout his career, Mr. Wong has gained client trust through navigating numerous challenging valuation agenda for high-profile projects led by renowned conglomerates, enterprises and organisations, and many listed groups in Hong Kong. His covers industries such as technology, media, and telecommunications, power utilities and renewable energy, automotive, banking and brokerage, venture capitalist and startups, biological and mining assets. Mr. Wong is awarded a lifetime member of the Beta Gamma Sigma Honour Society for his commitment on academic excellence in finance.

### **Keith Lui, CFA, FRM**

Mr. Lui is a bachelor of science in quantitative finance and risk management science in university and has been working in the professional valuation field since 2013. Mr. Lui has been joining in business valuation industries for private and listed companies for the purposes of financial reporting, initial public offerings, mergers and acquisitions and financing since graduation. The scope of services includes business valuation, intangible asset valuation and financial instruments valuation.

He has participated in many representative projects, such as valuation of metal mining and processing in the PRC, oil and gas extraction in the United States and Canada, logistic hub in Singapore, container port in Brazil and household cleaning products in the United Kingdoms.

### **Bobby Zhu**

Bobby Zhu has valuation experiences in various industries including but not limited to clean energy, manufacturing, utility and infrastructure, mining, etc. Prior to joining Valtech Valuation, he worked in another sizeable valuation firm where he participated in many business valuation projects to support clients for the purpose of financial reporting, mergers and acquisitions. He has also gained experience in performing valuation of projects for State-owned Assets Supervision and Administration Commission of the State Council (SASAC) filing in the PRC. Earlier to that, he worked as Corporate Financial analyst in Sony and Dell and Corporate Auditor in Natuzzi China. Bobby earned his Financial Management Degree from Shanghai University of Finance & Economics.

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# GENERAL SERVICE CONDITIONS

The service(s) we provide will conform to the professional appraisal standard. The proposed service fee is not contingent in any way upon our conclusions of value or result. All the data provided to us are assumed to be accurate without independent verification. As an independent contractor, we have and will reserve the right to use subcontractors. Furthermore, we have the right to retain all files, working papers or documents developed by us during the engagement for as long as we wish, which will also be our property.

The report we prepare is prohibited for any other use but only for the specific purpose stated herein. No reliance may be made by any third party on the report or part thereof without our prior written consent. The report along with this General Services Conditions could be shown to the third parties who need to review the information contained herein.

No one should rely on our report as a substitute for their own due diligence. No reference to our name or our report, in whole or in part, in any document you prepare and/or distribute to third parties may be made without our written consent. You agree to indemnify and hold us harmless against and from any and all losses, claims, actions, damages, expenses, or liabilities, including all fees of lawyers, including ours and the parties successfully suing us, to which we may become subject in connection with this engagement except in respect of our own negligence. Your obligation for indemnification and reimbursement shall extend to any of our management and employees, including any director, officer, employee, subcontractor, affiliate or agent. In the event we are subject to any liability in connection with this engagement, regardless the nature of the claim, such liability will be limited to the amount of fees we received for this engagement.

We will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative processes or proceedings. Meanwhile, we reserve the right to include your company/firm name in our client list.

The conditions stated in this section can only be modified by written documents executed by both parties.

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**END OF REPORT**