

## Valuation Report

Rental valuation of a property situated at  
No.8 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong

Prepared for:

**Daido Group Limited**

Date: 26 February 2025

Ref: 2024112701

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26 February 2025

**The Board of Directors**

**Daido Group Limited**

Unit No. 1301, Level 13, Tower 1,

Kowloon Commence Centre,

No. 51 Kwai Cheong Road,

Kwai Chung, New Territories,

Hong Kong

**Re: Rental valuation of a property situated at No.8 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong**

**Instructions, purpose  
and valuation date**

We refer to the instruction from **Daido Group Limited** (“**You**” or the “**Company**”; together with its subsidiaries hereinafter collectively referred to as the “**Group**”) to assess the market rent of a property situated at No.8 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong (the “**Property**”).

The valuations have been performed by ValQuest Advisory (Hong Kong) Limited (“**ValQuest**” or “**us**” or “**we**”). We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market rental of the Property as at 31 December 2024 (the “**Valuation Date**”).

You confirmed that the valuations serve solely for your inclusion in your public documentation with regard to the market rents of the Property.

<b>Valuation standards</b>	<p>The valuations and report have been prepared in accordance with the <i>HKIS Valuation Standards 2024</i> published by the Hong Kong Institute of Surveyors (“<b>HKIS</b>”). For the purpose of this valuation, we have also complied with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited published by the Stock Exchange of Hong Kong Limited.</p>
<b>Basis of value</b>	<p>Our valuations of the Property represent their market rent which we would define as intended to mean ‘the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion’.</p> <p>In accordance with your instructions, we have valued the Property on the following basis:-</p> <ul style="list-style-type: none"> <li>• Market rent of the Property in their existing state as of the Valuation Date, assuming new letting (and without taking into account the occupation status of the Property prevailing as of the Valuation Date) for a typical lease term of similar property type commencing from the Valuation Date.</li> </ul> <p>Our valuations are based on the 100% interest of the Property.</p>
<b>Valuation approach</b>	<p>We have adopted the market approach to value the market rent of the Property, by referring to rental transactions or listings of comparable properties in the subject localities, and with adjustments to reflect the differences between the Property and the comparable properties in terms of various factors such as time, location, floor level, building age, size, view, quality and accessibility, etc., where applicable.</p>
<b>Valuation assumptions</b>	<p>In the course of our valuations, we have assumed that all requisite land premium has been fully settled. The owner of the Property possesses legal and enforceable title to the Property and has free and uninterrupted rights to lease, use, occupy or assign the Property for the whole of the unexpired remaining land tenure. We have assumed that all consents, approvals and licenses from the relevant government authorities for the development of the Property have been obtained, and that the design, construction and occupation of the Property are in compliance with the local planning regulations and have been approved by the relevant authorities.</p>

No allowance has been made in our valuations for any charges, mortgages or amounts (including but not limited to construction costs, land premium and related fees, if any) owing on the Property or any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrance, restrictions and outgoings of any onerous nature which could affect their values.

**Source of information**

We have relied to a considerable extent on the information provided by the Company in respect of the Property and have accepted advice on such matters as identification of the Property, land tenure, floor areas, year of completion, occupancy status, tenancy details, planning approvals, statutory notices, easements and all other relevant matters.

We have no reason to doubt the truth and accuracy of the information provided to us by the Company. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

In case of the absence of any documents or information provided, we have had to rely solely upon our own enquiries as outlined in this report. Any assumptions resulting from the lack of information are also set out in the relevant section of this report where applicable.

**Title investigation**

We have conducted searches in the Hong Kong Land Registry with regard to the Property and have made relevant enquires. However, we have not inspected the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies handed to us. All documents have been used for reference only.

While we have taken every care to investigate the title of the Property including the documents provided by the Company, we do not accept liability for any interpretation which we have placed on such information, which is more properly the sphere of your legal advisers. Neither have we verified the correctness of any information supplied to us concerning the Property whether in writing or verbally by yourselves and your legal advisers.

**Inspection**

We confirmed that we have inspected the exterior and endeavored to inspect the interior of the Property where accessible. The inspection was carried out by Mr. Alex Ma with over 10 years of property valuation experience in Hong Kong on 5 December 2024.

We have not carried out detailed on-site measurements to verify the correctness of the site/floor areas in respect of the Property but have assumed that the site/floor areas shown on the documents and/or official plans handed to us by the Company are correct. All documents and contracts have been used as references only and all dimensions, measurements and areas are approximations.

No structural survey has been made, but in the course of our inspections, we did not note any serious defects. We are, however, unable to report whether the Property is free of rot, infestation or any other structural defects. No tests were carried out on any of the services. We have not carried out any land investigation or environmental surveys but during our inspection we did not notice and have not been advised of any evidence of environmental concerns such as existing or potential contamination or any form of hazard, and we assume none of such exists.

**Currency**

Unless as otherwise stated, all money sums stated in our valuations and report are in Hong Kong Dollars (“**HK\$**”), the lawful currency of Hong Kong.

**Area units and conversion**

Unless otherwise stated, the floor areas or site areas are expressed in the units of square meters (“**sq.m.**”) or square feet (“**sq.ft.**”), the conversion rate adopted is 1 sq.m. = 10.764 sq.ft..

**Conflict of interest**

We confirm that we are in a position to provide objective and unbiased valuations, and we have sufficient knowledge, skills, and understanding to undertake the valuations competently. We do not have any material connection or involvement with the Property or the other parties to this valuation assignment.

Our valuations are undertaken by an independent qualified valuer with relevant experience as an External Valuer (as defined under the HKIS Valuation Standards 2024). Our valuations are prepared in an unbiased and professional manner.

**Disclosure and  
publication**

Other than you, our report should not be distributed to any other parties, reproduced in whole or in part or used for any other purpose without our prior written consent. We will not accept any responsibility or liability to any third party to whom our report may be shown or into whose hands it may come.

This report has been prepared for you only for the purpose stated herein and shall not be used for any other purpose.

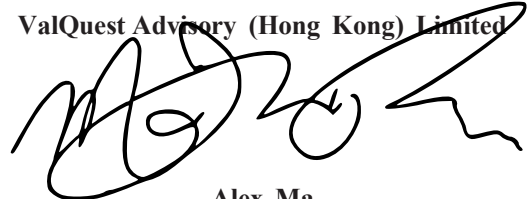
This report has been produced and signed off in the language of English only. If this report has been translated into other languages, the translated report should only be deemed for reference only. In case of any inconsistency, the English version shall prevail.

We enclose herewith our rental valuation report.

Yours faithfully,

For and on behalf of

**ValQuest Advisory (Hong Kong) Limited**

A large, stylized handwritten signature in black ink, likely belonging to Alex Ma, is written over the company name.

**Alex Ma**

**MHKIS RPS(GP)**

*Consultant*

*Note:* Mr. Ma is a Member of Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417). He has over 10 years' property valuation experience in Hong Kong.

## Property rented by the Group for self-occupation in Hong Kong

### RENTAL VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market rent in existing state as of 31 December 2024
No.8 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong	The Property comprises a parcel of land registered as Kwai Chung Town Lot No. 360 with a site area of 3,716.10 sq.m. (about 40,000.10 sq.ft.) and the 17-storey building erected thereon known as “Brilliant Cold Storage Phase I”, which is for industrial and cold storage warehouse uses and completed in 1982.	As at the Valuation Date, the Property is occupied for cold storage warehouse use by the Group and subjected to a tenancy agreement with a term of 8 years from 15 February 2019 to 14 February 2027. The existing monthly rental per the Confirmation Letter is	HK\$7,200,000  <i>(HONG KONG DOLLARDS SEVEN MILLION TWO HUNDRED THOUSAND)</i>  <i>(per month, exclusive of Government rent, management fees and other utility outgoings)</i>
Kwai Chung Town Lot No. 360	<p>According to the approved building plans and information provided by the Company, the building has a total gross floor area (“GFA”) of approximately 35,301.819 sq.m. (about 379,988.78 sq.ft.).</p> <p>According to information provided by the Company and our inspection, lorry and private car parking spaces and loading &amp; unloading bays are provided on the ground floor; first floor is occupied for ancillary office use; and the upper floors are all occupied for cold storage and warehouse uses. The building is served by ten goods and passenger lifts.</p> <p>Kwai Chung Town Lot No. 360 is held under New Grant No.5604 for a lease term of 99 years commencing from 1 July 1898 and statutorily renewed until 30 June 2047. The Government rent payable is equivalent to 3% of the prevailing rateable value of the Property per annum.</p>	HK\$7,170,160 exclusive of Government rent, management fees and other utilities outgoing.	

#### Notes:-

- The registered owner of the Property is KWAI HEI INVESTMENTS NO.1 LIMITED pursuant to an Assignment dated 16 February 2007 registered in the Land Registry vide Memorial No.07030902520511.
- The Property is bounded by Kwai Hei Street, Kwai Lok Street and the adjacent industrial building. The immediate surroundings are predominant by various industrial and warehouse developments. It is about 10 minutes walking distance from the Kwai Fong MTR station and Kwai Fong (South) Bus terminus.
- The Property falls within an area zoned “Industrial” under Kwai Chung Outline Zoning Plan No. S/KC/32 gazetted under section 9(1)(a) of Town Planning Ordinance on 13 October 2023.
- According to the Land Registry, the Property is not subjected to any encumbrances as at the Valuation Date.

5. We have adopted Market Approach by referencing to relevant comparable rental transactions evidence. The comparable rental transactions are mainly selected based on criteria including (i) recent rental transactions from the Valuation Date (within the prior 6 months); (ii) similar location to the Property (within about 200m); (iii) similar usage to the Property (cold storage or otherwise industrial/warehouse use); (iv) en-bloc transaction or otherwise larger size; and (v) similar building age/condition (about +/- 5 years of building age). However, rental transaction of en-bloc cold storage development is rare in the market, thus we have identified three relatively most comparable transactions for reference which is exhaustive in terms of the abovementioned criteria. The details of the selected comparable transactions and adjustments made to reflect the characteristics differences are tabulated below.

	Comparable 1	Comparable 2	Comparable 3
Property	Kingsford Industrial Building Phase I	Yee Lim Industrial Building Block A	Waford Industrial Building
Address	No. 26-32 Kwai Hei Street, Kwai Chung, New Territories	No. 2-28 Kwai Lok Street, Kwai Chung, New Territories	No. 9-11 Kwai Lok Street & No. 14-16 Kwai Hei Street Kwai Chung, New Territories
Year Built	1979	1981	1983
Use	Industrial	Industrial	Industrial
Date of Instrument	September 2024	July 2024	November 2024
Gross Floor Area (Circa)	8,303 sq.ft.	6,731 sq.ft.	1,067 sq.ft.
Rental (Monthly)	HK\$99,636	HK\$74,041	HK\$12,000
Unit Rate (Monthly)	HK\$12/sq.ft.	HK\$11/sq.ft.	HK\$11/sq.ft.
<b>Adjustment Factors</b>			<b>Range</b>
Transaction Date			-1.5% to 0%
Building Age			-1% to +1%
Location/Accessibility			0% to +5%
Property type			+15% to +20%
Facility (Cold Storage)			+45% to +50%
Total Adjustment:	69.6%	68.7%	69.8%
Adjusted Unit Rate (Monthly) (Rounded)	HK\$20/sq.ft.	HK\$19/sq.ft.	HK\$19/sq.ft.

After applying adjustments on the comparable rentals and attributed equal weightings (average) on each comparable, we have arrived at the adjusted unit rate of circa HK\$19 per sq.ft. per month, calculations are shown as below:

GFA (sq.ft.):	379,988.78 sq.ft.	(a)
Adopted Monthly Rental Unit Rate:	HK\$19 per sq.ft.	(b)
Concluded Market Monthly Rental:	HK\$7,219,787	(a)x(b)
	<hr/>	
Rounded:	HK\$7,200,000	
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Notes on adjustment factors:

**Transaction Date:** Accounts for the market condition with reference to the private factories rental indices published by the Rating and Valuation Department of Hong Kong.

**Building Age:** Accounts for differences in the property's building age on the basis that in general the newer the building the higher the desirability and value. If the comparable property is older than the subject property, upward adjustment is made, vice versa.

**Location/Accessibility:** Accounts for differences in the property's proximity to transportation networks, infrastructure and key amenities which influence the desirability and value comparing to comparable properties. If the comparable property is considered superior to the subject property, downward adjustment is made, vice versa.

**Property Type:** The Property comprises an en-bloc building which enjoys exclusive access and use of the common facilities which influence the functional utility, desirability and value. This is considered to be a more desirable features comparing to the comparable properties which are individual units, thus upward adjustments were made.

**Facility (Cold Storage):** Accounts for the extra premium of the specialized cold storage facilities provided by the Property comparing to those without such facilities which is more desirable in the market. The adjustment range is referenced to the relevant research data indicating the general extra rental premium achievable of industrial/warehouse properties comparing to those without cold storage facilities in the market.