



Knight Frank Petty Limited
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6-8 Harbour Road
Wanchai, Hong Kong

KF ref: MV/CF/MM/BN/ek/24205(153)(b)

Emperor Entertainment Hotel Limited
28th Floor, Emperor Group Centre,
No. 288 Hennessy Road,
Wanchai, Hong Kong

21 November 2024

Dear Sirs,

Valuation of The Unit Davis, No. 22 Davis Street, Kennedy Town, Hong Kong (the "Property Interests").

Instructions

In accordance with the instructions for us to value the Property Interests held by Emperor Entertainment Hotel Limited (hereinafter referred to as the "**Company**", together with its subsidiaries, hereinafter together referred to as the "**Group**"), we confirm that we have carried out inspection, made relevant enquiries and carried out searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property Interests in existing state as at 31 October 2024 (the "**Valuation Date**") for the purpose of incorporation in this circular. Our valuation is undertaken by qualified valuer with relevant experiences as an independent valuer. Our valuation is prepared in unbiased and professional manner.

We confirm that we do not have any material connection or involvement giving rise to a conflict of interest and are providing an objective and unbiased valuation.

Basis of Valuation

In arriving at our opinion of the market value, we followed "The HKIS Valuation Standards" issued by The Hong Kong Institute of Surveyors ("HKIS") and "The RICS Valuation – Global Standards" (the "Red Book") issued by the Royal Institution of Chartered Surveyors ("RICS"), which incorporate the "International Valuation Standards" ("IVS"). Under the said standards, Market Value 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."

“the estimated exchange price of an asset without regard to the seller’s costs of sale or the buyer’s costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.”

Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback 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.

Our valuation complies with the requirements set out in “The HKIS Valuation Standards” issued by HKIS, the “Red Book” issued by RICS and the Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited.

Valuation Methodology

Our valuation has been undertaken using appropriate valuation methodology and our professional judgement. In our valuation, we have adopted Market Approach by making reference to the recent market sales evidence which are available in the open market. Appropriate adjustments have been made in our valuation to reflect the differences in the characteristics between the Property Interests and the comparable properties such as location, time, size, building age, layout, ancillary facilities and quality in arriving at our opinion on the market value.

Valuation Assumptions and Conditions

Our valuation is subject to the following assumptions and conditions.

Title Documents and Encumbrances

In our valuation, we have assumed good and marketable titles and that all documentation is satisfactorily drawn. We have also assumed that the Property Interests are not subject to any unusual or onerous covenants, restrictions, encumbrances or outgoing.

Disposal Costs and Liabilities

No allowance has been made in our report for any charges, mortgages or amounts owing on the Property Interests nor for any expenses or taxation which may be incurred in effecting a sale.

Sources of Information

We have relied to a very considerable extent on information given by the Company. We have accepted advice given to us on such matters as land tenure, occupancy status, floor areas and all other relevant matters. We have not verified the correctness of any information, whether in writing or verbally by yourselves, your representatives or by your legal or professional advisers or by any (or any apparent) occupier of the Property Interests or contained on the register of title. We assume that this information is complete and correct.

Inspection

We have inspected the Property Interests on 25 October 2024 by York Zen MRICS MHKIS RICS Registered Valuer. Nevertheless, we have assumed in our valuations that the Property Interests were in satisfactory exterior and interior decorative order without any unauthorized extension or structural alterations or illegal uses as at the Valuation Date, unless otherwise stated.

Identity of the Property Interests to be Valued

We have exercised reasonable care and skill to ensure that the Property Interests, identified by the property addresses in your instructions, are the properties inspected by us and contained within our valuation report. If there is ambiguity as to the property addresses, or the extent of the Property Interests to be valued, this should be drawn to our attention in your instruction or immediately upon receipt of our report.

Property Insurance

We have valued the Property Interests on the assumption that, in all respects, it is insurable against all usual risks including terrorism, flooding and rising water table at normal, commercially acceptable premiums.

Areas and Age

In our valuations, we have relied upon areas provided to us. We have also assumed that the measurements and dimensions shown on the documents handed to us are correct and in approximations only. We have scaled off the floor areas from the approved building plans in accordance with the Code of Measuring Practice by the Hong Kong Institute of Surveyors.

Structural and Services Condition

We have carried out visual inspection only without any structural investigation or building survey. During our limited inspection, we did not inspect any inaccessible areas. We are unable to confirm whether the Property Interests are free from urgent or significant defects or items of disrepair or any deleterious materials have been used in the construction of the Property Interests. Our valuation has therefore been undertaken on the assumption that the Property Interests were in satisfactory repair and condition and contain no deleterious materials and they are sound order and free from structural faults, rot, infestation or other defects, and that the services are in satisfactory condition.

Ground Condition

We have assumed there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the site of the Property Interests are sufficient to support the building constructed or to be constructed thereon; and that the services are suitable for any existing or future development. Our valuation is therefore prepared on the basis that no extraordinary expenses or delays will be incurred in this respect.

Environmental Issues

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the Property Interests are unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

Compliance with Relevant Ordinances and Regulations

We have assumed the Property Interests were constructed, occupied and used in full compliance with, and without contravention of any ordinance, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the Property Interests upon which this report is based, any and all required licenses, permits, certificates, consents, approvals and authorisation have been obtained, expected only where otherwise stated.

Valuation assumption

We have assumed that the owners of the Property Interests have free and uninterrupted rights to use and assign the Property Interests during the whole of the unexpired land-lease term granted subject to the payment of usual Government Rent.

Remarks

Unless otherwise stated, all money amounts stated in our valuations are in Hong Kong Dollars (HK\$).

Area Conversion

The area conversion factors in this report are taken as follows:

1 sq m = 10.764 sq ft

We enclose herewith our valuation certificate.

Limitations on Liability

In accordance with our standard practice, we must state that this report and valuation is for the use of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents. We do not accept liability to any third party or for any direct or indirect consequential losses or loss of profits as a result of this report.

In our valuations, Knight Frank has prepared the valuation based on the information and data available to us as at the Valuation Date. While the current market is influenced by various policies and regulations, increased global conflicts could add further fluctuations in real estate market. It must be recognised that enactment of emergency measures, changes in mortgage requirements or international tensions could be immediate and have sweeping impact on the real estate market apart from typical market variations. It should therefore be noted that any market violation, policy, geopolitical and social changes or other unexpected incidents after the Valuation Date may affect the value of the Property Interests.

Yours faithfully,

For and on behalf of
Knight Frank Petty Limited



Michelle Man

MRICS MHKIS RICS Registered Valuer
Senior Director, Valuation & Advisory



Cyrus Fong

FRICS FHKIS RPS(GP) RICS Registered Valuer
Executive Director
Head of Valuation & Advisory, Greater China

Note: Ms. Michelle Man is a Chartered Surveyor who has over 15 years of experience in market research, property valuation and consultancy services in the PRC, Hong Kong, Macau and Asia Pacific region.

Mr. Cyrus Fong is a Chartered Surveyor who has over 18 years of experience in market research, property valuation and consultancy services in the PRC, Hong Kong, Macau and Asia Pacific region.

VALUATION CERTIFICATE

Property Interests Held for Investment to be Disposed of by the Group

<u>Property</u>	<u>Description</u>	<u>Particulars of Occupancy</u>	<u>Market Value in the Existing State as at the Valuation Date</u>
<p>The Unit Davis, No. 22 Davis Street, Kennedy Town, Hong Kong</p>	<p>The Property Interests comprise a 22-storey serviced apartment building, namely The Unit Davis, located in Kennedy Town. The Property Interests provide 57 residential units. Ground Floor is devoted to a shop; 1st Floor is devoted to a function room; 2nd to 21st Floor are devoted to three residential units on each floor; and 22nd to 25th Floor are devoted to two residential units on each floor.</p> <p>As per the approved building plans, the subject site has a site area of approximately 2,506.94 sq ft. As per our scale-off measurement on the approved building plans and information provided by the Company, the Property Interests have a total gross floor area and saleable area of approximately 20,636.35 sq ft and 14,185.00 sq ft. As per the Occupation Permit No. HK1/2022, the Property Interests were completed in about 2022.</p> <p>The subject lots, The Remaining Portion of Sub-section 11 of Section A of Inland Lot No. 905, Section A of Sub-section 11 of Section A of Inland Lot No. 905 and The Remaining Portion of Section A of Inland Lot No. 905, are held under a Government Lease for a term of 999 years commencing from 24 September 1883.</p>	<p>As per our on-site inspection and information provided by the Company, the shop on Ground Floor is currently leased to Taste of Asia Group Limited subject to a tenancy with a term of three years from 1 April 2022 to 31 March 2025, at a monthly base rent of HK\$65,000 plus a turnover rent of 12% of the monthly gross sales turnover exceeding the monthly base rent, exclusive of rates and management fee and inclusive of government rent.</p> <p>The residential portion is currently fully leased, subject to 57 tenancies with the latest term expiring on 8 September 2025, at a total monthly rent of HK\$1,205,760.</p>	<p>HK\$275,000,000 (Hong Kong Dollars Two Hundred and Seventy Five Million)</p>

Notes :

- (1) The Property Interests were inspected by York Zen MRICS MHKIS RICS Registered Valuer on 25 October 2024.
- (2) Pursuant to records obtained from the Land Registry dated 29 October 2024 and information provided by the Company, the registered owner of the Property Interests as at the Valuation Date is The Davis Investment Limited (formerly known as “Fame Master Limited”), an indirect non-wholly owned subsidiary of the Company .
- (3) At the time of our recent search, the following encumbrances were registered against the Property Interests:-
 - (i) Deed of Mutual Grant of Right of Way with Plans dated 13 October 2004, registered vide Memorial No. UB9369453;
 - (ii) Offensive Trade Licence from District Lands Office, Hong Kong West & South dated 19 February 2021, registered vide Memorial No. 21031501170106; and
 - (iii) Occupation Permit (No. HK1/2022 (OP)) dated 13 January 2022, registered vide Memorial No. 22021002420033.
- (4) The Property Interests are erected on The Remaining Portion of Sub-section 11 of Section A of Inland Lot No. 905, Section A of Sub-section 11 of Section A of Inland Lot No. 905 and The Remaining Portion of Section A of Inland Lot No. 905, which are held under a Government Lease. The salient conditions are summarised below:-

Lot Number	:	Inland Lot No. 905
Lease Term	:	999 years commencing from 24 September 1883
Site Area	:	Approximately 70,000 sq ft
Government Rent	:	HK\$975 per annum
Major Special Conditions	:	Executors, Administrators or Assigns or any other person or persons shall not nor will, during the continuance of this demise, use, exercise or follow in or upon the said premises or any part thereof, the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler or Tavern-keeper, Blacksmith, Nightman, Scavenger, or any other noisy, noisome or offensive trade or business whatever, without the previous licence of Her said Majesty, Her Heirs, Successors, or Assigns, signified in writing by the Governor of the said Colony of Hongkong, or other person duly authorized in that behalf.
- (5) The Property Interests fall within an area zoned “Residential (Group A)” under Hong Kong Planning Area No. 1 – Approved Kennedy Town & Mount Davis Outline Zoning Plan No. S/H1/24 approved on 3 October 2023.

- (6) The general description and market information of the Property Interests are summarised below:-
- Location : The Property Interests are located at No. 22 Davis Street, Kennedy Town, Hong Kong.
- Transportation : Hong Kong International Airport and Kennedy Town MTR Station are located approximately 34.7 kilometres and 200 metres away from the Property Interests respectively.
- Nature of Surrounding Area : The area is predominately a residential area in Kennedy Town.

- (7) In the course of our valuation of the Property Interests, we have considered and analysed residential and retail sale comparables. The residential and retail comparables collected on an exhaustive basis are considered relevant to the Property Interest in terms of property type, location, building age, size and transaction date.

A total four residential sale comparables located in Kennedy Town, with a building age within 6 years from the completion year of the Property Interest, transacted within 6 months on or before the Valuation Date and with a saleable area of not greater than 650 sq ft have been identified and analysed. The unit rates of the adopted residential sale comparables range from HK\$18,352 to HK\$20,393 per sq ft on the basis of effective saleable area. The following table shows the details of residential sale comparables with the adopted adjustments:

	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Development	The Hudson	The Highline	The Highline	Imperial Kennedy
Address	No. 11 Davis Street	No. 33 Catchick Street	No. 33 Catchick Street	No. 68 Belcher's Street
District	Kennedy Town	Kennedy Town	Kennedy Town	Kennedy Town
Year of Completion	2016	2024	2024	2016
Property Type	Residential	Residential	Residential	Residential
Floor	23/F	19/F	23/F	23/F
Unit	A	H	J	B
Effective Saleable Area (sq ft)	544	252	211	613
View	Building View	Building View	Building View	Building View
Nature	Agreement for Sale & Purchase	Agreement for Sale & Purchase	Supplemental Agreement for Sale & Purchase	Agreement for Sale & Purchase
Date of Instrument	20 May 2024	21 June 2024	26 July 2024	14 June 2024
Consideration (HK\$)	11,000,000	4,978,000	4,303,000	11,250,000
Effective Saleable Unit Rate (HK\$/sq ft)	20,221	19,754	20,393	18,352
Adjustment				
Time	(4.4%)	(3.4%)	(1.7%)	(3.4%)
Location	Nil	Nil	Nil	Nil
Building Age	1.5%	(0.5%)	(0.5%)	1.5%
Floor Level	(8.0%)	(4.0%)	(8.0%)	(8.0%)
Size	1.4%	(0.1%)	(0.3%)	1.7%
View	Nil	Nil	Nil	Nil
Internal Condition/Service Provision	5.0%	5.0%	5.0%	5.0%
Adjusted Effective Saleable Unit Rate (HK\$/sq ft)	19,219	19,117	19,211	17,676

Adjustments in terms of different aspects, including time, location, building age, floor level, size and view etc., have been made to the unit rates of the adopted comparables. After due adjustments in terms of the aforesaid aspects, the adjusted unit rates of the adopted residential sale comparables range from HK\$17,676 to HK\$19,219 per sq ft on the basis of effective saleable area. The four adjusted unit rates of residential sale comparables are assigned with the same weight and represent a weighted average of HK\$18,800 per sq ft on the basis of effective saleable area for the benchmark unit.

Further adjustments in terms of floor, size and view have been made to the adopted unit rates of each residential unit of the Property Interest, based on the benchmark unit rate of HK\$18,800 per sq ft. After

due adjustments in terms of the aforesaid aspects, the adjusted unit rates of each residential unit of the Property Interest range from HK\$16,857 to HK\$21,364 per sq ft on the basis of effective saleable area, which represents an average residential unit rate of HK\$18,869 per sq ft on the basis of effective saleable area. The Market Value of the residential portion of the Property Interest with a total effective saleable area of 13,579.25 sq ft is hence circa HK\$256,200,000.

A total three retail sale comparables located in Kennedy Town, with a building age within 60 years from the completion year of the Property Interest, transacted within 12 months on or before the Valuation Date and with a saleable area of not greater than 700 sq ft have been identified and analysed. The unit rates of the adopted retail sale comparables range from HK\$19,839 to HK\$28,333 per sq ft on the basis of effective saleable area. The following table shows the details of retail sale comparables with the adopted adjustments:

	Comparable 1	Comparable 2	Comparable 3
	Yip Cheung Building	Jade Court	Sincere Western House
Development			
Address	Nos. 4-16 Hill Road	No. 35A Belcher's Street	Nos. 42-56 Forbes Street
District	Kennedy Town	Kennedy Town	Kennedy Town
Year of Completion	2016	2024	2024
Property Type	Retail	Retail	Retail
Floor	G/F	G/F	G/F
Unit	7	33	18
Effective Saleable Area (sq ft)	440	240	630
Nature	Agreement for Sale & Purchase	Agreement for Sale & Purchase	Supplemental Agreement for Sale & Purchase
Date of Instrument	15 November 2023	4 July 2024	3 November 2023
Consideration (HK\$)	9,500,000	6,800,000	12,300,000
Effective Saleable Unit Rate (HK\$/sq ft)	21,591	28,333	19,839
Adjustment			
Time	(13.8%)	(2.2%)	(13.8%)
Location	Nil	Nil	Nil
Building Age	5.2%	4.1%	5.7%
Floor Level	Nil	Nil	Nil
Size	(5.1%)	(7.1%)	(3.3%)
View	Nil	Nil	Nil
Frontage	(7.5%)	0.0%	(8.2%)
Adjusted Effective Saleable Unit Rate (HK\$/sq ft)	17,187	26,816	16,045

Adjustments in terms of different aspects, including time, location, building age, floor level, size and view etc., have been made to the unit rates of the adopted comparables. After due adjustments in terms of the aforesaid aspects, the adjusted unit rates of the adopted retail sale comparables range from HK\$16,045 to HK\$26,816 per sq ft on the basis of effective saleable area. The three adjusted unit rates of retail sale comparables are assigned with the same weight and represent a weighted average of HK\$20,000 per sq ft on the basis of effective saleable area.

The adopted unit rate of the retail unit of the Property Interest is HK\$20,000 per sq ft on the basis of effective saleable area. The Market Value of the retail portion of the Property Interest with a total effective saleable area of 945.00 sq ft is hence circa HK\$18,900,000.

The Market Value of the Property Interest with a total effective saleable area of 14,524.25 sq ft is hence circa HK\$275,000,000 after rounding.