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**YORKEY**

**ASIA OPTICAL  
INTERNATIONAL LTD.**

*(Incorporated in the British Virgin Islands with limited liability)*

**YORKEY OPTICAL  
INTERNATIONAL (CAYMAN) LTD.**

**精熙國際（開曼）有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2788)**

**JOINT ANNOUNCEMENT  
UPDATE ON  
(1) PROPOSED PRIVATISATION OF YORKEY OPTICAL  
INTERNATIONAL (CAYMAN) LTD. BY THE OFFEROR BY WAY OF  
A SCHEME OF ARRANGEMENT UNDER SECTION 86 OF  
THE COMPANIES ACT OF THE CAYMAN ISLANDS  
AND  
(2) PROPOSED WITHDRAWAL OF LISTING**

**Joint Financial Advisers to the Offeror**



Reference is made to the joint announcement of Asia Optical International Ltd. (the “**Offeror**”) and Yorkey Optical International (Cayman) Ltd. (the “**Company**”) dated 15 October 2021 (the “**Joint Announcement**”) in relation to, among other things, the proposed privatisation of the Company by the Offeror by way of a scheme of arrangement under Section 86 of the Companies Act. Unless the context requires otherwise, capitalised terms used herein shall bear the same meanings as defined in the Joint Announcement.

The Company and the Offeror wish to update the Shareholders and potential investors of the Company on the progress relating to the Proposal.

## **PROPERTY VALUATION REPORT**

As shown in the unaudited consolidated financial statements of the Group for the six months ended 30 June 2021 as contained in the Company’s interim report for the six months ended 30 June 2021 (the “**2021 Interim Report**”), a portion of the Group’s assets consisted of property interests, which comprised two properties situated in Hong Kong and one property situated in the PRC (the “**Property Interests**”). The value of the Property Interests as stated in the 2021 Interim Report may or may not reflect the current market value of these Property Interests. A property valuation report was prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“**Jones Lang LaSalle**”), the independent property valuer appointed by the Company, pursuant to Rule 11 of the Takeovers Code providing an updated valuation of the Property Interests as at 31 October 2021, being a date not more than three months prior to the expected date of the Scheme Document (the “**Property Valuation Report**”). The full text of the Property Valuation Report is set out in the Appendix to this joint announcement. The Property Valuation Report will be reproduced in (or, if there are any further changes, may be updated and reissued in) the Scheme Document to be sent to the Shareholders.

Having reviewed (i) the qualification and the experience of the responsible staff of Jones Lang LaSalle in relation to the preparation of the Property Valuation Report, (ii) the track records of Jones Lang LaSalle on other property valuations for other companies listed on the Stock Exchange, and (iii) the terms of Jones Lang LaSalle’s engagement, in particular its scope of work in relation to the valuation of the Property Interests, and having enquired into (a) the bases, methodology and assumptions adopted by Jones Lang LaSalle for the Property Valuation Report and (b) the absence of any past or current relationship between Jones Lang LaSalle and the Group, the Offeror, the Offeror Concert Parties or their respective directors, the Board is of the view that Jones Lang LaSalle is competent and independent in performing the property valuations and providing a reliable opinion in respect of the Property Interests.

Pursuant to Rule 11.5(c) of the Takeovers Code, Jones Lang LaSalle has given and has not withdrawn its written consent to the issue of this joint announcement with the inclusion of the Property Valuation Report and the references to its name and report in the form and context in which they respectively appear in this joint announcement.

## UNAUDITED REASSESSED NET ASSET VALUE OF THE GROUP

The unaudited reassessed net asset value (“NAV”) of the Group per Share, calculated based on the unaudited NAV as at 30 June 2021 and reassessed with reference to, *inter alia*, the valuation of the Property Interests as at 31 October 2021 as set out in the Property Valuation Report (the “Valuation”), are set out in the table below:

	<i>US\$’000</i>
Unaudited NAV of the Group as at 30 June 2021 as set out in the 2021 Interim Report	84,803
Adjustments:	
– Revaluation surplus arising from the Valuation ( <i>Note 1</i> )	17,724
– Deferred tax on attributable revaluation surplus of property interests attributable to the Group ( <i>Note 2</i> )	(2,976)
– Cash utilised in the repurchase of 1,554,000 Shares from 11 August 2021 to 24 August 2021 ( <i>Note 3</i> )	(101)
Unaudited Reassessed NAV of the Group	99,450
Unaudited Reassessed NAV of the Group per Share (US\$) ( <i>Note 4</i> )	0.1218
Unaudited Reassessed NAV of the Group per Share (HK\$) ( <i>Note 4</i> )	0.94
Cancellation Price per Scheme Share (HK\$)	0.88
Discount to Cancellation Price per Scheme Share	6.4%

### Notes:

1. The revaluation surplus is calculated as the difference between the market valuation of the property interests attributable to the Group of US\$23,190,000 as at 31 October 2021 (which was based on the independent property valuation of the property interests attributable to the Group as at 31 October 2021 as set out in the Property Valuation Report) and unaudited book value of the property interests attributable to the Group of US\$5,466,000 as at 30 June 2021.
2. It represented the estimated deferred tax on the land appreciation tax with progressive applicable tax rates applied to the property interests attributable to the Group located in the PRC and the estimated deferred tax on the temporary differences between the market values of the property interests attributable to the Group located in the PRC and the corresponding tax base used in computation of taxable profit net of the land appreciation tax. No deferred tax is provided for in respect of the property interests attributable to the Group located in Hong Kong as no potential tax liability would arise on the direct disposal of these property interests located in Hong Kong.
3. Represents the amount of cash utilised in the repurchase of 1,554,000 Shares from 11 August 2021 to 24 August 2021 of US\$101,000.
4. Based on 816,346,000 Shares in issue as at the date of this joint announcement and an exchange rate of US\$1.00 = HK\$7.75.

The Board would like to remind Shareholders and potential investors of the Company that (i) the above unaudited reassessed NAV of the Group per Share is calculated based on the unaudited NAV of the Group as at 30 June 2021 as set out in the 2021 Interim Report, which have not been audited by the auditor of the Company, and (ii) if there are any further changes, the Property Valuation Report may be updated and re-issued in the Scheme Document to be sent to the Shareholders.

Further announcement(s) will be made by the Offeror and the Company in accordance with the Listing Rules and the Takeovers Code (as the case may be) on the status and progress in connection with the Proposal and the Scheme and the despatch of the Scheme Document as and when appropriate.

#### **WARNINGS:**

**Shareholders and potential investors of the Company should be aware that the implementation of the Proposal is subject to the Conditions being fulfilled or waived (as applicable) and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

By order of the board of  
**Asia Optical International Ltd.**  
**Asano Yuzo**  
*Director*

By order of the board of  
**Yorkey Optical International (Cayman) Ltd.**  
**Kurihara Toshihiko**  
*Executive Director and Chief Executive Officer*

Hong Kong, 15 December 2021

*As at the date of this joint announcement, the directors of the Offeror are Mr. Lai I-Jen and Mr. Asano Yuzo, and the directors of AOCI are Mr. Lai I-Jen, Ms. Wu Shu-Ping, Mr. Lin Tai-Lan, Mr. Lin Yu-Liang, Mr. Lu Hui-Ming, Mr. Chung Teng-Ko, and Mr. Jan Chyan-Long.*

*The directors of the Offeror and the directors of AOCI jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors in their capacity as Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*As at the date of this joint announcement, the Board comprises two executive Directors, namely, Mr. Lai I-Jen and Mr. Kurihara Toshihiko; one non-executive Director, namely, Ms. Wu Shu-Ping, and four independent non-executive Directors, namely, Mr. Lin Meng-Tsung, Mr. Liu Wei-Li, Mr. Lin Yi-Min and Mr. Li Ho Man.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Offeror and the Offeror Concert Parties) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror in their capacity as directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

\* *For identification purposes only*

## APPENDIX – PROPERTY VALUATION REPORT



Jones Lang LaSalle Corporate Appraisal and Advisory Limited  
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tel +852 2846 5000 fax +852 2169 6001  
Licence No.: C-030171

15 December 2021

The Board of Directors  
**Yorkey Optical International (Cayman) Ltd.**  
Workshops 1-2, 6th Floor  
Block A, Goldfield Industrial Centre  
1 Sui Wo Road  
Shatin  
New Territories  
Hong Kong

Dear Sirs,

In accordance with your instructions to value the property interests held by Yorkey Optical International (Cayman) Ltd. (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) in Hong Kong and the People’s Republic of China (the “**PRC**”, excluding, for the purpose of this document only, Hong Kong, Macau and Taiwan), we confirm that we have carried out inspections, 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 values of the property interests as at 31 October 2021 (the “**valuation date**”) for disclosure purpose.

Our valuation is carried out on a market value basis. 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”.

Due to the nature of the completed buildings of property no. 1 in Part A in the PRC that are purpose-built for the specific production need of the Company, there are no relevant market sales comparables readily available, the property interest has been valued by the cost approach with reference to their depreciated replacement cost.

Depreciated replacement cost is defined as “the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.” It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. In arriving at the value of land portion, reference has been made to the sales evidence as available in the locality. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business. In our valuation, it applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

We have valued the property interests of property nos. 2 and 3 in Part B in Hong Kong by the comparison approach assuming sale of the property interests in its existing state subject to tenancies and by making reference to comparable sales transactions as available in the relevant market.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; Rule 11 of the Code on Takeovers and Mergers and Share Buy-Backs issued by Securities and Futures Commission; the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of title documents including State-owned Land Use Rights Certificate, Real Estate Title Certificates and other official plans relating to the property interest in the PRC and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property in the PRC and any material encumbrance that might be attached to the property or any tenancy amendment. We have relied considerably on the advice given by the Group’s PRC Legal Adviser – Jingtian & Gongcheng, concerning the validity of the property in the PRC.



For the properties in Hong Kong, we have been shown tenancy information of properties and we have obtained relevant information from the Land Registry, the Buildings Department, and relevant government departments and have made relevant enquiries.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the properties was carried out in October 2021 by Mr. Samuel Feng, Ms. Cheryl Mak and Mr. Albert Mak. Mr. Samuel Feng has more than three years' experience in the valuation of properties in the PRC and holds a master degree of Engineering Management from the University of Melbourne. Ms. Cheryl Mak is a probationer of the RICS and has more than one year's experience in the valuation of properties in Hong Kong and the PRC. Mr. Albert Mak has one year's experience in the valuation of properties in Hong Kong and the PRC and holds a master degree of Real Estate from the University of Reading.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in United States Dollar (USD) in respect of all the properties.

We are instructed to provide our opinion of values as per the valuation date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the valuation date. In particular, the outbreak of the Novel Coronavirus (COVID-19) since declared Global Pandemic on 11 March 2020 has caused much disruption to economic activities around the world. As of the report date, China's economy has recovered and most business activities have been back to normal. We also note that market activity and market sentiment in these particular market sectors remain stable. However, we remain cautious due to uncertainty for the pace of global economic recovery in the midst of the outbreak which may have future impact on the real estate market. Therefore, we recommend that you keep the valuation of these properties under frequent review.

The potential tax liabilities would arise if the properties specified in this report were to be sold. The tax liabilities mainly comprise the following:

***For the PRC property:*** Value added tax (5% for properties acquired on or before 30 April 2016), land appreciation tax (30% to 60% of appreciated amount), income tax (25% of the capital gains after deducting the potential tax fee in effecting the sales), and stamp duty (0.05% of the consideration).

***For Hong Kong properties:*** Profit tax at 16.5% on gain (nil if the gain is capital in nature) and stamp duty at progressive rates up to 4.25% (rates at Scale 2) on the consideration (of which both the seller and the buyer are jointly and severally liable).

As advised by the Company, they have no intention to sell the properties as those properties are mainly occupied for production or leasing. Therefore, the possibility of incurrence of such tax liabilities is very remote.

Our summary of values and valuation certificates are attached below for your attention.

Yours faithfully,  
For and on behalf of  
**Jones Lang LaSalle Corporate Appraisal and Advisory Limited**  
**Eddie T. W. Yiu**  
*MRICS MHKIS RPS (GP)*  
Senior Director

*Notes:* Eddie T. W. Yiu is a Chartered Surveyor who has 27 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.



## SUMMARY OF VALUES

### Part A: Property held by the Group in the PRC

No.	Property	Market value in existing state as at the valuation date <i>USD</i>	Interest attributable to the Group	The market value attributable to the Group as at the valuation date <i>USD</i>
1.	An industrial complex located at the northern side of Dezheng Middle Road Chang'an Town Dongguan City Guangdong Province The PRC	12,600,000  (Equivalent to RMB80,500,000)	100%	12,600,000  (Equivalent to RMB80,500,000)
	<b>Sub-total:</b>	<b><u>12,600,000</u></b>	<b><u>–</u></b>	<b><u>12,600,000</u></b>

*Note:* The exchange rate adopted in our valuation is USD1 = RMB6.3907 and USD1 = HKD7.7784 which was the middle rate published by the Bank of China as at the valuation date.

## Part B: Properties held by the Group in Hong Kong

No.	Property	Market value in existing state as at the valuation date <i>USD</i>	Interest attributable to the Group	The market value attributable to the Group as at the valuation date <i>USD</i>
2.	Workshops 1,2,3 and 4 with lavatories on 6/F of Block A and Car Park No. C17 and L2 on 2/F Goldfield Industrial Centre No. 1 Sui Wo Road Sha Tin New Territories Hong Kong	3,480,000  (Equivalent to HKD27,100,000)	100%	3,480,000  (Equivalent to HKD27,100,000)
3.	Unit 1-9 on 26/F and flat roof above 26/F CRE Centre 889 Cheung Sha Wan Road Kowloon Hong Kong	7,110,000  (Equivalent to HKD55,300,000)	100%	7,110,000  (Equivalent to HKD55,300,000)
	<b>Sub-total:</b>	<b><u>10,590,000</u></b>	–	<b><u>10,590,000</u></b>
	<b>Grand-total:</b>	<b><u>23,190,000</u></b>	–	<b><u>23,190,000</u></b>

*Note:* The exchange rate adopted in our valuation is USD1 = RMB6.3907 and USD1 = HKD7.7784 which was the middle rate published by the Bank of China as at the valuation date.

## VALUATION CERTIFICATE

### Part A: Property held by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2021 <i>USD</i>										
1.	An industrial complex located at the northern side of Dezheng Middle Road Chang'an Town Dongguan City Guangdong Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 16,647.20 sq.m. and 2 factory buildings, a dormitory building and a canteen erected thereon which were completed between 1996 and 1998.</p> <p>The buildings have a total gross floor area of approximately 40,138.29 sq.m. The details are set out as follows:</p> <table border="0" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Factory</td> <td style="text-align: right;">28,350.77</td> </tr> <tr> <td>Dormitory</td> <td style="text-align: right;">9,591.42</td> </tr> <tr> <td>Canteen</td> <td style="text-align: right; border-bottom: 1px solid black;">2,196.10</td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right; border-bottom: 3px double black;"><b>40,138.29</b></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for a term of 50 years expiring on 31 December 2054 for industrial use.</p>	Usage	Gross Floor Area (sq.m.)	Factory	28,350.77	Dormitory	9,591.42	Canteen	2,196.10	<b>Total:</b>	<b>40,138.29</b>	<p>As at the valuation date, portions of the property were rented to a connected person for operation purpose, whilst the remaining portion of the property was occupied and used by the Group for production and dormitory and ancillary purpose.</p>	<p>12,600,000</p> <p>(Equivalent to RMB80,500,000)</p>
Usage	Gross Floor Area (sq.m.)													
Factory	28,350.77													
Dormitory	9,591.42													
Canteen	2,196.10													
<b>Total:</b>	<b>40,138.29</b>													

*Notes:*

1. Pursuant to a State-owned Land Use Rights Certificate – Dong Fu Guo Yong Di No. Te 165, the land use rights of a parcel of land with a site area of approximately 16,647.20 sq.m. have been granted to Dongguan Yorkey Optical Machinery Components Ltd. (東莞精熙光機有限公司, “Dongguan Yorkey”, an indirect wholly-owned subsidiary of the Company) for a term of 50 years expiring on 31 December 2054 for industrial use.
2. Pursuant to 4 Real Estate Title Certificates – Yue Fang Di Zheng Zi Di Nos. C1995871 to C1995873 and C3742886, 4 buildings of the property with a total gross floor area of approximately 40,138.29 sq.m. are owned by Dongguan Yorkey.

3. As at the valuation date, according to a Tenancy Agreement, portions of the property with a lettable area of approximately 4,419 sq.m. were leased to Dongguan Guang Tong Business Machines Co., Ltd. (東莞廣通事務機有限公司, an associate of a substantial shareholder of the Company, Ability Enterprise BVI, therefore a connected person of the Company for the purposes of the Listing Rules) for a term of 3 years commencing from 1 January 2019 and expiring on 31 December 2021. The annual rent as at the valuation date was RMB1,860,000, exclusive of management fees, water and electricity charges. According to another Tenancy Agreement, such portions of the property would be leased to Dongguan Guang Tong Business Machines Co., Ltd. for a further term of 3 years commencing from 1 January 2022 and expiring on 31 December 2024 with at annual rental of RMB1,860,000, exclusive of management fees, water and electricity charges.
4. We have been provided with a legal opinion regarding the property interest by the Group's PRC Legal Adviser, which contains, *inter alia*, the following:
  - a. Dongguan Yorkey has paid the land premium of the aforesaid land parcel and is the user of the subject land parcel of the property, which is confirmed and protected by PRC laws;
  - b. In compliance with the usage of the land parcel stipulated in the State-owned Land Use Rights Certificate and the land use rights terms, Dongguan Yorkey has the rights to occupy, use, lease, transfer, mortgage or otherwise legally dispose of the land use rights of the property in accordance with the PRC laws and regulations and relevant land use rights grant contract without any encumbrances;
  - c. In compliance with the planning usage stipulated in the Real Estate Title Certificates, Dongguan Yorkey has the rights to occupy, use, lease, transfer, mortgage or otherwise legally dispose of the building ownership rights of the property in accordance with the PRC laws and regulations and relevant land use rights grant contract;
  - d. The actual usage of buildings of the property is consistent with its stipulated planning usage; and
  - e. The land use rights and the building ownership rights of the property are not subject to any mortgage or other rights.

## VALUATION CERTIFICATE

### Part B: Properties held by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2021 <i>USD</i>
2.	Workshops 1,2,3 and 4 with lavatories on 6/F of Block A and Car Park No. C17 and L2 on 2/F Goldfield Industrial Centre No.1 Sui Wo Road Sha Tin New Territories Hong Kong  60/5,050 shares of and in Sha Tin Town Lot No. 112	The property comprises 4 industrial units on 6/F and one car parking space and one lorry parking space on 2/F of an industrial building completed in 1990.  The saleable area of the industrial units is approximately 5,334 sq.ft.  The property is held under New Grant No. ST11435 all for a term of 99 years commencing on 1 July 1898 and statutorily renewed until 30 June 2047 at nil premium but subject to payment of an annual Government rent of 3% of the rateable value for the time being of the property.	As at the valuation date, portions of the industrial units of the property were occupied by the Group for industrial purpose, whilst the remaining portion of the industrial units and the car and lorry parking spaces of the property were vacant.	3,480,000  (Equivalent to HKD27,100,000)

*Notes:*

1. As at the valuation date, according to Land Registry record, the registered owner of the property is Yorkey Optical Technology Limited (a wholly-owned subsidiary of the Company) vide Memorial No. 05083001950025 dated 31 July 2005.
2. Pursuant to our land search record, the property is subject to the following material encumbrances:

Summary of encumbrances

<b>Date of instrument</b>	<b>Memorial No.</b>	<b>Instrument</b>	<b>Nature of encumbrances (key restrictions of covenants, if any)</b>
2 June 1990	ST530219	Certified Copy Amended Car Park Layout Plan <i>Re: Sha Tin Town Lot No. 112</i>	Car Park Layout Plan (showing the layout and location of each Car Parking Space for Sha Tin Town Lot No. 112)
20 November 1984	ST530220	Occupation Permit No. NT 161/84 <i>Re: Sha Tin Town Lot No. 112</i>	Occupation Permit (to certify the completion date of building and the permitted use of each floor of the building by the Building Authority)
19 December 1984	ST530221	Certificate of Compliance <i>Re: Sha Tin Town Lot No. 112</i>	Certificate of Compliance (to certify the compliance on conditions of New Grant No. 11435 by Lands Department)
30 July 1990	ST538301	Occupation Permit No. NT 100/90 <i>Re: Sha Tin Town Lot No. 112 (Goldfield Industrial Centre)</i>	Occupation Permit (to certify the completion date of building and the permitted use of each floor of the building by the Building Authority)
31 July 1990	ST540233	Deed of Mutual Covenant and Management Agreement <i>Re: Sha Tin Town Lot No. 112 (Goldfield Industrial Centre)</i>	Deed of Mutual Covenant and Management Agreement (Key restrictions of covenants relate to the setting out and regulating the right and obligations (such as use of the property and identify common area, etc.) between co-owners of the building.)
13 December 1991	ST628664	Sub-Deed of Mutual Covenant <i>Re: all those 1,102 equal undivided 5,050th part or shares of and in Sha Tin Town Lot No. 112 (Block A on the Fourth to Twelfth Floors and Fifteenth and Sixteenth Floors of Goldfield Industrial Centre erected on Sha Tin Town Lot No. 112)</i>	Sub-Deed of Mutual Covenant (Key restrictions of covenants relates to the setting out and regulating the right and obligations (such as use of the property and identify common area, etc.) between co-owners of certain units the of building as specified in Sub-Deed of Mutual Covenant document)

- The location of the property is zoned for “Industrial” use under Sha Tin Outline Zoning Plan (plan no. S/ST/34) dated 29 May 2018.

4. Our valuation has been made on the following basis and analysis:

The property is located in an industrial area in Fo Tan district, developments in the locality are mainly industrial buildings and with some newly built residential developments. Fo Tan MTR station is located with about 10 minutes' walk from the property. In our valuation, we have identified and analyzed various relevant sales comparables.

The selection criteria for sales comparables of industrial units are those transactions within the year of 2021 for industrial use within the subject development, i.e. Goldfield Industrial Centre. Appropriate adjustments and analysis are considered to the differences in size (In general, industrial units which are smaller in size could achieve relatively higher prices on unit rate basis than industrial units which are relatively bigger in size. Therefore, comparables with smaller saleable area are considered "superior to the property" and vice versa.), time (refer to the change in the property price level between the transaction date of comparables and the valuation date), floor level and other characters between the comparable properties and the subject property. The general basis of adjustment is that if the comparable property is superior to the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Details of the comparable properties and adjustments are set out below and the list of the comparable properties is exhaustive based on the above selection criteria as at the time we performed.

	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
Address	Units 1, 2, 3 and 4, 6/F, Block A, Goldfield Ind Ctr, 1 Sui Wo Road, Shatin	Unit 4A, 4F, Goldfield Ind Ctr, 1 Sui Wo Road, Shatin	Unit 9, 2/F, Goldfield Ind Ctr, 1 Sui Wo Road, Shatin	Unit 18, 4/F, Block C, Goldfield Ind Ctr, 1 Sui Wo Road, Shatin	Unit 4, 15/F, Goldfield Ind Ctr, 1 Sui Wo Road, Shatin	Unit 10, 6/F, Goldfield Ind Ctr, 1 Sui Wo Road, Shatin	Unit 9, 6/F, Goldfield Ind Ctr, 1 Sui Wo Road, Shatin
Year of completion	1990	1990	1990	1990	1990	1990	1990
Use	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial
Saleable area (sq.ft.) (approx.)	5,334	1,040	1,398	2,726	1,392	1,840	1,498
Nature of Instrument		Agreement for Sale and Purchase ("ASP")	ASP	ASP	ASP	ASP	ASP
Date of Instrument		5 August 2021	21 June 2021	21 June 2021	18 March 2021	8 March 2021	29 January 2021
Consideration (HKD)		4,388,000	7,200,000	12,750,000	6,000,000	8,230,000	6,699,000
Unit Rate on Saleable Area (HKD/sq.ft.)		4,219	5,150	4,677	4,310	4,473	4,472
Size		Superior to the property	Superior to the property	Superior to the property	Superior to the property	Superior to the property	Superior to the property
Floor Level		Superior to the property	Superior to the property	Superior to the property	Inferior to the property	Similar with the property	Similar with the property
Time		Similar with the property	Inferior to the property	Inferior to the property	Inferior to the property	Inferior to the property	Inferior to the property
Total adjustment		-6.7%	-6.6%	-3.9%	2.3%	-1.6%	3%
Adjusted Unit rate on saleable area (HKD/sq.ft.)		3,936	4,810	4,495	4,409	4,401	4,606



The unit rates of these comparables after adjustments range from approximately HKD3,936 to HKD4,810 per sq.ft. on saleable area basis. In our valuation, we have adopted average unit rate of HKD4,443 per sq.ft. on saleable area basis to derive market value of HKD23,700,000 (rounding to hundred thousand) for industrial unit.

The selection criteria for sales comparables of private car parking space are those transactions within the year of 2021 for private car parking use in industrial building with similar locality as the subject property within Fo Tan district. Appropriate adjustments and analysis are considered to the differences in age (if a comparable is of the same year of completion as the subject property, it is classified as “similar with the property”, and if the building age of a comparable is older than the subject property, it is classified as “inferior to the property” and vice versa.), location, time (refer to the change in the property price level between the transaction date of comparables and the valuation date), floor level and other characters between the comparable properties and the subject property. The general basis of adjustment is that if the comparable property is superior to the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Details of the comparable properties and adjustments are set out below. The list of the comparable properties is exhaustive based on the above selection criteria as at the time we performed.

	<b>Subject</b>	<b>Comp 1</b>	<b>Comp 2</b>	<b>Comp 3</b>	<b>Comp 4</b>	<b>Comp 5</b>
Address	CPS Unit C17, 2/F, Goldfield Ind Ctr, 1 Sui Wo Road, Shatin	Unit C14, 1/F, UNIVERSAL IND CTR, 19-25 Shan Mei Street, Shatin	Unit 40, 1/F, WAH LUEN IND CTR, 15-21 Wong Chuk Yeung Street, Shatin	Unit 43, 3/F, WAH YIU IND CTR, 30-32 Au Pui Wan Street, Shatin	Unit C9, 1/F, WORLDWIDE IND CTR, 43-47 Shan Mei Street, Shatin	Unit P7, 1/F, HARRY IND BLDG, 49 Au Pui Wan Street, Shatin
Year of completion	1990	1981	1983	1988	1988	1986
Use	Car parking space	Car parking space	Car parking space	Car parking space	Car parking space	Car parking space
Nature of Instrument		Provisional ASP	ASP	ASP	ASP	ASP
Date of Instrument		31 May 2021	5 February 2021	18 May 2021	8 July 2021	5 May 2021
Consideration (HKD)		1,620,000	1,380,000	1,400,000	1,500,000	1,600,000
Age		Inferior to the property	Inferior to the property	Inferior to the property	Inferior to the property	Inferior to the property
Floor		Superior to the property	Superior to the property	Inferior to the property	Superior to the property	Superior to the property
Time		Inferior to the property	Inferior to the property	Inferior to the property	Inferior to the property	Inferior to the property
Location		Similar with the property	Similar with the property	Similar with the property	Similar with the property	Similar with the property
Total adjustment		3.3%	5.5%	2.5%	0.5%	2%
Adjusted Unit rate (HKD)		1,673,460	1,455,900	1,435,000	1,507,500	1,632,000

The transacted prices of these comparables after adjustments range from approximately HKD1,435,000 to HKD1,673,460 per car parking space. In our valuation, we have adopted average rate of HKD1,500,000 (rounding to hundred thousand) for Car Park No.C17.

The selection criteria for sales comparables of lorry parking space are those transactions within the year of 2021 for lorry parking use in industrial building with similar locality as the subject property within Fo Tan district. Appropriate adjustments and analysis are considered to the differences in age (if a comparable is of the same year of completion as the subject property, it is classified as “similar with the property”, and if the building age of a comparable is older than the subject property, it is classified as “inferior to the property” and vice versa.), location, time (refer to the change in the property price level between the transaction date of comparables and the valuation date), floor level and other characters between the comparable properties and the subject property. The general basis of adjustment is that if the comparable property is superior to the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Details of the comparable properties and adjustments are set out below. The list of the comparable properties is exhaustive based on the above selection criteria as at the time we performed.

	<b>Subject</b>	<b>Comp 1</b>	<b>Comp 2</b>	<b>Comp 3</b>
Address	CPS Unit L2, 2/F, Goldfield Ind Ctr, 1 Sui Wo Road, Shatin	Unit L16, 1/F, UNIVERSAL IND CTR, 19-25 Shan Mei Street, Shatin	Unit 25, 3/F, WAH YIU IND CTR, 30-32 Au Pui Wan Street, Shatin	Unit L9, 1/F, WORLDWIDE IND CTR, 43-47 Shan Mei Street, Shatin
Year of completion	1990	1981	1988	1988
Use	Lorry parking space	Lorry parking space	Lorry parking space	Lorry parking space
Nature of Instrument		Provisional ASP	ASP	ASP
Date of Instrument		31 May 2021	10 February 2021	8 July 2021
Consideration (HKD)		1,980,000	1,800,000	1,800,000
Age		Inferior to the property	Inferior to the property	Inferior to the property
Floor		Superior to the property	Inferior to the property	Superior to the property
Time		Inferior to the property	Inferior to the property	Inferior to the property
Location		Similar with the property	Similar with the property	Similar with the property
Total adjustment		3.3%	5.2%	0.5%
Adjusted Unit rate (HKD)		2,045,340	1,893,600	1,809,000

The transacted prices of these comparables after adjustments range approximately HKD1,809,000 to HKD2,045,340 per lorry parking space. In our valuation, we have adopted average rate of HKD1,900,000 (rounding to hundred thousand) for Car Park No.L2.

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2021 <i>USD</i>
3.	<p>Unit 1-9 on 26/F and flat roof above 26/F CRE Centre 889 Cheung Sha Wan Road Kowloon Hong Kong</p> <p>93/1758 shares of and in The New Kowloon Inland Lot. 5540</p>	<p>The property comprises 9 industrial units on 26/F and a flat roof above 26/F of an industrial building completed in 1995.</p> <p>The total saleable area of the industrial units is approximately 6,048 sq.ft and the area of flat roof is approximately 5,837 sq.ft.</p> <p>The property is held under Conditions of Sale No. 10547 for a term of 99 years commencing on 1 July 1898 and statutorily renewed until 30 June 2047 at nil premium but subject to payment of an annual Government rent of HKD1,000 for the lot.</p>	<p>As at the valuation date, the property was leased to Billionsea Investment Ltd. The units on 26/F of the property were occupied for storage and office purposes, whilst the the flat roof of the property was occupied as an open roof except with an aluminum structure erected there above.</p>	<p>7,110,000</p> <p>(Equivalent to HKD55,300,000)</p>

*Notes:*

1. As at the valuation date, according to Land Registry record, the registered owner of the property is Yorkey Optical Technology Limited (a wholly-owned subsidiary of the Company) vide Memorial No. 16102801280023 dated 30 September 2016.

2. Pursuant to our land search record, the property is subject to the following material encumbrances:

Summary of encumbrances

<b>Date of instrument</b>	<b>Memorial No.</b>	<b>Instrument</b>	<b>Nature of encumbrances (key restrictions of covenants, if any)</b>
14 October 1994	UB6133810	Modification Letter <i>Re: New Kowloon Inland Lot No. 5540 (No. 16 Cheung Shun Street, Kowloon)</i>	Modification Letter (Modifications on terms of Conditions of Sale No.10547 for Lot No. 5540 such as minimum requirements for the provision of car parking space and maximum limit of GFA of the Lot, etc.)
6 December 1995	UB6465735	Occupation Permit No. NK45/95 <i>Re: New Kowloon Inland Lot No. 5540 (CRE Centre, 889 Cheung Sha Wan Road)</i>	Occupation Permit (to certify the completion date of building and the permitted use of each floor of the building by the Building Authority)
16 December 1995	UB6499279	Deed of Mutual Covenant and Management Agreement <i>Re: New Kowloon Inland Lot No. 5540 (CRE Centre, 889 Cheung Sha Wan Road)</i>	Deed of Mutual Covenant and Management Agreement (Key restrictions of covenants relate to the setting out and regulating the right and obligations (such as use of the property and identify common area, etc.) between co-owners of the building.)

3. The location of the property is zoned for “Other Specified” use under Cheung Sha Wan Outline Zoning Plan (plan no. S/K5/37) dated 16 December 2016.

4. As at the valuation date, according to the tenancy information as provided, the property was leased to Billionsea Investment Ltd. (an independent third party) for a term of 5 years commencing from 1 November 2016 and expiring on 31 October 2021 at monthly rent of HKD154,945. According to a Tenancy Agreement signed on 25 October 2021, the property would be leased to Billionsea Investment Ltd. for a further term of 5 years commencing from 1 November 2021 and expiring on 31 October 2026 for industrial purpose at monthly rental of HKD147,198 inclusive of management fee, rates and Government rent.
5. At the time of our inspection on 19 October 2021, an aluminum structure was erected on flat roof above 26/F of the property and portion of industrial units of the property was occupied for office use. In our valuation, we have valued the property in accordance with its original designated use and layout only and have not taken into account any reinstatement cost in converting the property into original designated use and layout.
6. Our valuation has been made on the following basis and analysis:

The property is located in an industrial area in Cheng Sha Wan district, developments in the locality are mainly industrial buildings and with some office developments. Lai Chi Kok MTR station is located with about 2 minutes' walk from the property. In our valuation, we have identified and analyzed various relevant sales comparables.

The selection criteria for sales comparables are those property transactions within the year of 2021 for industrial use with similar locality as the subject property in Cheung Shan Wan district. Appropriate adjustments and analysis are considered to the differences in age (if a comparable is of the same year of completion as the subject property, it is classified as "similar with the property", and if the building age of a comparable is older than the subject property, it is classified as "inferior to the property" and vice versa.), location, size (in general, industrial units which are smaller in size could achieve relatively higher prices on unit rate basis than industrial units which are relatively bigger in size. Therefore, comparables with smaller saleable area are considered "superior to the property" and vice versa.), time (refer to the change in the property price level between the transaction date of comparables and the valuation date), floor level and other characters between the comparable properties and the subject property. The general basis of adjustment is that if the comparable property is superior to the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Details of the comparable properties and adjustments are set out below and the list of the comparable properties is exhaustive based on the above selection criteria as at the time we performed.

	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	Comp 7
Address	Units 1 – 9 on 26/F and roof, CRE Centre	Unit 6, 9/F, Premier Ctr, 20 Cheung Shun St	Unit 3 and 4, 22/F, CRE Ctr, 889 Cheung Sha Wan Rd	8/F, CRE Ctr, 889 Cheung Sha Wan Rd	Unit 4, 2/F, Trust Ctr, 912-914 Cheung Sha Wan Rd	Unit 5, 13/F, Premier Ctr, 20 Cheung Shun St	Unit 9, 16/F, Kowloon Plaza, 485 Castle Peak Rd	Unit 9, 6/F, Premier Ctr, 20 Cheung Shun St
Year of completion	1995	1994	1995	1995	1994	1994	1991	1994
Use	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial
Saleable area (sq.ft.) (approx.)	6,048	974	1,471	6,021	825	974	708	615
Roof area (sq.ft.) (approx.)	5,837	-	-	-	-	-	-	-
Effective saleable area (saleable area + assumed 10% of flat roof area, sq.ft.)	6,632	974	1,471	6,021	825	974	708	615
Nature of Instrument		ASP	ASP	Preliminary ASP	ASP	ASP	ASP	Provisional ASP
Date of Instrument		29 April 2021	6 May 2021	1 June 2021	10 May 2021	13 May 2021	22 June 2021	30 June 2021

Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	Comp 7
Consideration (HKD)	8,440,000	13,800,000	50,800,000	9,280,000	8,051,200	6,980,000	5,500,000
Unit Rate on effective saleable area (HKD/sq.ft.)	8,665	9,381	8,437	11,248	8,266	9,859	8,943
Age	Inferior to the property	Similar with the property	Similar with the property	Inferior to the property	Inferior to the property	Inferior to the property	Inferior to the property
Size	Superior to the property	Superior to the property	Similar with the property	Superior to the property	Superior to the property	Superior to the property	Superior to the property
Floor	Superior to the property	Superior to the property	Superior to the property	Superior to the property	Superior to the property	Superior to the property	Superior to the property
Time	Inferior to the property	Inferior to the property	Inferior to the property	Inferior to the property	Inferior to the property	Inferior to the property	Inferior to the property
Location	Similar with the property	Similar with the property	Similar with the property	Similar with the property	Similar with the property	Similar with the property	Similar with the property
Total adjustment	-9%	-6.8%	-6.3%	-13.9%	-10.3%	-8.7%	-13.5%
Adjusted unit rate on effective saleable area (HKD/sq.ft.)	7,885	8,743	7,905	9,685	7,415	9,001	7,736

The unit rates of these comparables after adjustments range from approximately HKD7,415 to HKD9,685 per sq.ft. on effective saleable area basis. In our valuation, we have adopted average unit rate of HKD8,339 per sq.ft. on effective saleable area basis to derive market value of HKD55,300,000 (rounding to hundred thousand) for the subject property.