

Valuation Report

Cosmos Machinery Enterprises Limited

Portfolio Valuation

Valuation as at 31 March 2018

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19 May 2018

The Directors
Cosmos Machinery Enterprises Limited
10th Floor, Billion Plaza 2
No. 10 Cheung Yue Street
Cheung Sha Wan
Kowloon

Dear Sirs,

Re: Portfolio Valuation

Instructions, Purpose & Valuation Date

In accordance with the instructions from Cosmos Machinery Enterprises Limited (the “Company”) for us to value the properties in which the Company or its subsidiaries (collectively the “Group”) has interests in the People’s Republic of China (the “PRC”) and Hong Kong (as more particularly described in the attached valuation report), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such properties as at 31 March 2018.

The Company confirms that the Group does not have any properties outside Hong Kong and the PRC.

Valuation Basis

Our valuation of each of the properties represents its market value which in accordance with the HKIS Valuation Standards 2017 Edition issued by The Hong Kong Institute of Surveyors 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”.

We confirm that the valuations are undertaken in accordance with the requirements set out in Chapter 5 and Practice Note 12 Governing the Listing of Securities published by The Stock Exchange of the Hong Kong Limited and the HKIS Valuation Standards 2017 Edition issued by the Hong Kong Institute of Surveyors.

Our valuation of each of the properties is on an entirety interest basis.

Valuation Assumptions

Our valuation of each of the properties excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In the course of our valuation of the properties, we have relied on the information and advice given by the Company's legal adviser, Guangdong Guanxin Law Firm, in its legal opinion dated 11 May 2018 regarding the titles to the property and the interests of the Company in the property in the PRC. Unless otherwise stated in the respective legal opinion, in valuing the property, we have assumed that the Group has an enforceable title to the property and has free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired land use term as granted and that any premium payable has already been fully paid.

In respect of the properties situated in the PRC, the status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Company are set out in the notes of the respective valuation report. We have assumed that all consents, approvals and licences from relevant government authorities for the developments have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the properties are in compliance with the local planning regulations and have been approved by the relevant authorities.

In valuing the properties in Hong Kong which are held under Government Leases expiring before 30 June 1997, we have taken account of the provisions contained in Annex III of the Joint Declaration of the Government of the United Kingdom and the Government of the People's Republic of China on the Question of Hong Kong and the New Territories Leases (Extension) Ordinance 1988 that such leases have been extended without premium until 30 June 2047 and that rents of three per cent of the then rateable value are charged per annum from the date of extension.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor any expenses 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 any onerous nature which could affect their values.

Method of Valuation

In valuing the properties in Group I which are held by the Group for owner occupation in Hong Kong, we have used Market Comparison Method by making reference to comparable sales evidence as available in the relevant market subject to appropriate adjustments including but not limited to location, accessibility, age, quality, size, time and other relevant factors.

In valuing the properties in Group II which are held by the Group for investment purpose and Group III which is held by the Group for owner occupation in the PRC, we have used Income Capitalisation Method which operates by taking into account the rental income of the property derived from the existing tenancies with due allowance for the reversionary potential of the tenancies, which are then capitalised into the value at an appropriate capitalisation rate.

Source of Information

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenures, identification of land and buildings, completion date of buildings, particulars of occupancy, site and floor areas, site and floor plans, number of parking spaces, interests attributable to the Group and all other relevant matters.

Dimensions, measurements and areas included in the valuation report are based on the copies of documents or other information provided to us by the Company and are therefore only approximations. No on-site measurement has been carried out. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised by the Group that no material facts have been omitted from the information provided.

We would point out that the copies of documents of the property in the PRC provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents.

Title Investigation

We have been provided by the Company with extracts of documents in relation to the titles to the property in the PRC but have not carried out any title searches. In respect of the properties in Hong Kong, we have caused searches to be made at the Land Registry in Hong Kong. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us for all properties. We are also unable to ascertain the title of the properties in the PRC and we have therefore relied on the advice given by the Company regarding the Company's interests in the PRC properties.

Site Inspection

We have inspected the exterior and, whenever possible, the interior of each of the properties. However, no structural survey has been made, but in the course of our inspections, we did not note any serious defects. We are, however, not able to report that the properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct.

Potential Tax Liability

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and as advised by the Group, the potential tax liabilities which may arise from the sale of the properties are listed below:

Hong Kong

(i) Profits tax: 8.25% on assessable profits up to \$2,000,000; and 16.5% on any part of assessable profits over \$2,000,000; and (ii) Stamp duty at progressive rates from 1.5% to 8.5% on the transaction amount (of which both the seller and the buyer are jointly and severally liable).

The PRC

(i) Value-added Tax (“VAT”) (as the properties are all owned by the Group before the implementation of VAT, a simplified taxation method, which is 5% VAT rate, is expected to be used) plus other surcharge at approximately 11% of VAT; (ii) stamp duty at 0.05% on the transaction amount; (iii) land appreciation tax at progressive rates from 30% to 60% on the appreciation in property value; (iv) Enterprise income tax at 25% on gain; and (v) Withholding tax at 10% if the net proceeds (minus taxes and statutory contributions) are repatriated outside the PRC as dividends (reduced to 5% if the Hong Kong-PRC double tax arrangement applies).

The likelihood of the potential tax liability being crystallized is remote as the Company has no intention to dispose of its property interests.

Currency

Unless otherwise stated, all monetary sums stated in our valuations are in Renminbi (“RMB”) for the properties in the PRC and Hong Kong Dollars (“HKD”) for the properties in Hong Kong, the official currencies of the PRC and Hong Kong respectively.

Other Disclosure

We hereby confirm that Cushman & Wakefield Limited and the valuers conducting the valuations have no pecuniary or other interests that could conflict with the proper valuations of the properties or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion. We confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Intended Use of Report

This valuation report is issued for the use of the Company for its public disclosure purpose only.

We enclose herewith a summary of valuations and valuation report for your attention.

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



Andrew K.F. Chan
MSc, MRICS, MHKIS, MCIREA, RPS(GP)
Regional Director
Valuation & Advisory Services, Greater China

Note: Mr. Andrew K.F. Chan is a Member of the Royal Institution of Chartered Surveyors, a Member of the Hong Kong Institute of Surveyors, a Member of China Institute of Real Estate Appraisers and Agents and a Registered Professional Surveyor (General Practice). Mr. Chan has over 30 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries. Mr. Chan has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuations competently.

SUMMARY OF VALUATIONS

GROUP I – PROPERTIES HELD BY THE GROUP FOR OWNER OCCUPATION IN HONG KONG

No.	Property	Market value in existing state as at 31 March 2018	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 March 2018
1.	Workshop 3 on 6/F, Worldwide Industrial Centre, Nos. 43-47 Shan Mei Street, Shatin, New Territories, Hong Kong	HKD3,800,000	52%	HKD1,976,000
2.	Workshop 4 on 6/F, Worldwide Industrial Centre, Nos. 43-47 Shan Mei Street, Shatin, New Territories, Hong Kong	HKD3,800,000	52%	HKD1,976,000
3.	Workshop 18 on 7/F, Worldwide Industrial Centre, Nos. 43-47 Shan Mei Street, Shatin, New Territories, Hong Kong	HKD3,800,000	52%	HKD1,976,000
4.	Office A on 10th Floor, Billion Plaza 2, No. 10 Cheung Yue Street, Kowloon, Hong Kong	HKD34,900,000	100%	HKD34,900,000
5.	Office B on 10th Floor, Billion Plaza 2, No. 10 Cheung Yue Street, Kowloon, Hong Kong	HKD21,100,000	100%	HKD21,100,000
6.	Office C on 10th Floor, Billion Plaza 2, No. 10 Cheung Yue Street, Kowloon, Hong Kong	HKD16,400,000	100%	HKD16,400,000
7.	Office D on 10th Floor, Billion Plaza 2, No. 10 Cheung Yue Street, Kowloon, Hong Kong	HKD21,200,000	100%	HKD21,200,000
8.	Office E on 10th Floor, Billion Plaza 2, No. 10 Cheung Yue Street, Kowloon, Hong Kong	HKD27,000,000	100%	HKD27,000,000
Sub-total for Group I:		HKD132,000,000		HKD126,528,000

SUMMARY OF VALUATIONS

GROUP II – PROPERTIES HELD BY THE GROUP FOR INVESTMENT IN THE PRC

No.	Property	Market value in existing state as at 31 March 2018	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 March 2018
9.	An industrial complex and portion of a composite building occupied by Dong Hua Machinery Limited located at Nos. 2, 4 and 6 Yinzhu Road (formerly known as Erhuan Road), Zhouwu Industrial Area, Dongguan Fu Town, Dongguan, Guangdong Province, The PRC	RMB87,900,000	75.56%	RMB66,417,240
10.	Units 413, 415 and 417, Block 15, Cui Wei Zhong Li (formerly known as Block 1 of No. 16 Cui Wei Zhong Li), Haidian District, Beijing, The PRC	RMB2,860,000	75.56%	RMB2,161,016
11.	Unit 7 of No. 35 Bei Da Jie, Wu Yi Road, Taiyuan, Shanxi Province, The PRC	RMB1,470,000	75.56%	RMB1,110,732
12.	Room 10 on Level 19, Tong Mei Building, Jian She Bei Road, Chengdu, Sichuan Province, The PRC	RMB640,000	100%	RMB640,000
Sub-total for Group II:		RMB92,870,000		RMB70,328,988

SUMMARY OF VALUATIONS

GROUP III – PROPERTIES HELD BY THE GROUP FOR OWNER OCCUPATION IN THE PRC

No.	Property	Market value in existing state as at 31 March 2018	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 March 2018
13.	Room 901, No. 369 Fu Xing Zhong Road, Luwan District, Shanghai, The PRC	RMB17,000,000	100%	RMB17,000,000
14.	An industrial complex occupied by Cosmos Grand Plastics Co. Ltd. located at Lot No. NG8-3 West of Shuangtang Road, Nangang Science and Technology Park, Gaoxin District, Hefei, Anhui Province, The PRC	RMB21,700,000	100%	RMB21,700,000
15.	An industrial complex located at Lot No. 1010030, Jinhua South Road, Sanzao Town, Jinwan District, Zhuhai, Guangdong Province, The PRC	RMB43,600,000	100%	RMB43,600,000
16.	Flats 1801, 1802 and 1803 on Level 18 of Datong Commercial Building, No. 36 Yangong Jie, Yuexiu District, Guangzhou, Guangdong Province, The PRC	RMB10,400,000	100%	RMB10,400,000
17.	An industrial complex located at Lot No. B7-C of Wuxi National High-Tech Industrial Development Zone, Wuxi, Jiangsu Province, The PRC	RMB160,000,000	100%	RMB160,000,000
	Sub-total for Group III:	RMB252,700,000		RMB252,700,000

VALUATION REPORT

GROUP I – PROPERTIES HELD BY THE GROUP FOR OWNER OCCUPATION IN HONG KONG

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2018
1. Workshop 3 on 6/F, Worldwide Industrial Centre, Nos. 43-47 Shan Mei Street, Shatin, New Territories, Hong Kong <i>14/6,640th shares of and in Sha Tin Town Lot No. 137</i>	<p>The property comprises a workshop on 6th Floor of a 16-storey industrial building completed in about 1988.</p> <p>The gross floor area and saleable area of the property are approximately as follows:</p> <p>Gross Floor Area:</p> <p>1,407 square feet (130.71 square meters)</p> <p>Saleable Area:</p> <p>977 square feet (90.76 square meters)</p> <p>The locality of the property is served by public transport services and characterised by industrial developments of various ages.</p> <p>The property is held under New Grant No. 11633 for a term of 99 years commenced from 1 July 1898 and statutorily renewed until 30 June 2047. The current Government Rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	The property is currently occupied by the Group as a workshop.	<p>HKD3,800,000</p> <p>(Hong Kong Dollars Three Million And Eight Hundred Thousand Only) (Please see Remark No. 4)</p> <p>(52% attributable to the Group: HKD1,976,000)</p>

Remarks:

- The property was inspected in March 2018 by Mr. Ross Chan, Assistant Valuer with 1 year of property valuation experience.
- The registered owner of the property is Gainbase Industrial (Holding) Limited.
- The property is zoned for “Industrial” use under Sha Tin Outline Zoning Plan No. S/ST/33 dated 13 January 2017.
- The Company indirectly owns 52% of the total issued share capital of Gainbase Industrial (Holding) Limited. The remaining 48% is owned by an independent third party.

VALUATION REPORT

GROUP I – PROPERTIES HELD BY THE GROUP FOR OWNER OCCUPATION IN HONG KONG

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2018
2. Workshop 4 on 6/F, Worldwide Industrial Centre, Nos. 43-47 Shan Mei Street, Shatin, New Territories, Hong Kong <i>14/6,640th shares of and in Sha Tin Town Lot No. 137</i>	<p>The property comprises a workshop on 6th Floor of a 16-storey industrial building completed in about 1988.</p> <p>The gross floor area and saleable area of the property are approximately as follows:</p> <p>Gross Floor Area:</p> <p>1,407 square feet (130.71 square meters)</p> <p>Saleable Area:</p> <p>977 square feet (90.76 square meters)</p> <p>The locality of the property is served by public transport services and characterised by industrial developments of various ages.</p> <p>The property is held under New Grant No. 11633 for a term of 99 years commenced from 1 July 1898 and statutorily renewed until 30 June 2047. The current Government Rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	The property is currently occupied by the Group as a workshop.	<p>HKD3,800,000</p> <p>(Hong Kong Dollars Three Million And Eight Hundred Thousand Only) (Please see Remark No. 4)</p> <p>(52% attributable to the Group: HKD1,976,000)</p>

Remarks:

1. The property was inspected in March 2018 by Mr. Ross Chan, Assistant Valuer with 1 year of property valuation experience.
2. The registered owner of the property is Gainbase Industrial (Holding) Limited.
3. The property is zoned for "Industrial" use under Sha Tin Outline Zoning Plan No. S/ST/33 dated 13 January 2017.
4. The Company indirectly owns 52% of the total issued share capital of Gainbase Industrial (Holding) Limited. The remaining 48% is owned by an independent third party.

VALUATION REPORT

GROUP I – PROPERTIES HELD BY THE GROUP FOR OWNER OCCUPATION IN HONG KONG

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2018
3. Workshop 18 on 7/F, Worldwide Industrial Centre, Nos. 43-47 Shan Mei Street, Shatin, New Territories, Hong Kong <i>14/6,640th shares of and in Sha Tin Town Lot No. 137</i>	<p>The property comprises a workshop on 7th Floor of a 16-storey industrial building completed in about 1988.</p> <p>The gross floor area and saleable area of the property are approximately as follows:</p> <p>Gross Floor Area:</p> <p>1,407 square feet (130.71 square meters)</p> <p>Saleable Area:</p> <p>977 square feet (90.76 square meters)</p> <p>The locality of the property is served by public transport services and characterised by industrial developments of various ages.</p> <p>The property is held under New Grant No. 11633 for a term of 99 years commenced from 1 July 1898 and statutorily renewed until 30 June 2047. The current Government Rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	The property is currently occupied by the Group as a workshop.	<p>HKD3,800,000</p> <p>(Hong Kong Dollars Three Million And Eight Hundred Thousand Only) (Please see Remark No. 4)</p> <p>(52% attributable to the Group: HKD1,976,000)</p>

Remarks:

1. The property was inspected in March 2018 by Mr. Ross Chan, Assistant Valuer with 1 year of property valuation experience.
2. The registered owner of the property is Gainbase Industrial (Holding) Limited.
3. The property is zoned for "Industrial" use under Sha Tin Outline Zoning Plan No. S/ST/33 dated 13 January 2017.
4. The Company indirectly owns 52% of the total issued share capital of Gainbase Industrial (Holding) Limited. The remaining 48% is owned by an independent third party.

VALUATION REPORT

GROUP I – PROPERTIES HELD BY THE GROUP FOR OWNER OCCUPATION IN HONG KONG

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2018
4. Office A on 10th Floor, Billion Plaza 2, No. 10 Cheung Yue Street, Kowloon, Hong Kong <i>332/30,000th shares of and in the Remaining Portion of New Kowloon Inland Lot No. 5720</i>	<p>The property comprises an office unit on 10th Floor of a 29-storey office tower completed in about 2014.</p> <p>The gross floor area and saleable area of the property are approximately as follows:</p> <p>Gross Floor Area:</p> <p>3,323 square feet (308.71 square meters)</p> <p>Saleable Area:</p> <p>2,253 square feet (209.31 square meters)</p> <p>The locality of the property is served by public transport services and characterised by office and industrial developments of various ages.</p> <p>The property is held under Conditions of Exchange No. UB10977 for a term of 99 years commenced from 1 July 1898 and statutorily renewed until 30 June 2047. The current Government Rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	The property is currently occupied by the Group as an office.	<p>HKD34,900,000</p> <p>(Hong Kong Dollar Thirty-Four Million And Nine Hundred Thousand Only)</p> <p>(100% attributable to the Group: HKD34,900,000)</p>

Remarks:

- The property was inspected in March 2018 by Mr. Ross Chan, Assistant Valuer with 1 year of property valuation experience.
- The registered owner of the property is State Good Inc Limited, a wholly-owned subsidiary of the Company.
- The property is subject to a Mortgage in favour of BNP Paribas for the consideration of all moneys registered vide Memorial No. 14111202030056 dated 31 October 2014.

The mortgage loan was a five-year term loan starting in November 2014 of HKD67,000,000 to be repaid in 57 monthly instalments.
- The property is zoned for "Other Specified Uses" use under Cheung Sha Wan Outline Zoning Plan No. S/KS/37 dated 6 December 2016.

VALUATION REPORT

GROUP I – PROPERTIES HELD BY THE GROUP FOR OWNER OCCUPATION IN HONG KONG

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2018
5. Office B on 10th Floor, Billion Plaza 2, No. 10 Cheung Yue Street, Kowloon, Hong Kong <i>201/30,000th shares of and in the Remaining Portion of New Kowloon Inland Lot No. 5720</i>	<p>The property comprises an office unit on 10th Floor of a 29-storey office tower completed in about 2014.</p> <p>The gross floor area and saleable area of the property are approximately as follows:</p> <p>Gross Floor Area:</p> <p>2,009 square feet (186.64 square meters)</p> <p>Saleable Area:</p> <p>1,362 square feet (126.53 square meters)</p> <p>The locality of the property is served by public transport services and characterised by office and industrial developments of various ages.</p> <p>The property is held under Conditions of Exchange No. UB10977 for a term of 99 years commenced from 1 July 1898 and statutorily renewed until 30 June 2047. The current Government Rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	The property is currently occupied by the Group as an office.	<p>HKD21,100,000</p> <p>(Hong Kong Dollars Twenty-One Million And One Hundred Thousand Only)</p> <p>(100% attributable to the Group: HKD21,100,000)</p>

Remarks:

- The property was inspected in March 2018 by Mr. Ross Chan, Assistant Valuer with 1 year of property valuation experience.
- The registered owner of the property is Triumph Time Inc Limited, a wholly-owned subsidiary of the Company.
- The property is subject to a Mortgage in favour of BNP Paribas for the consideration of all moneys registered vide Memorial No. 14111202030041 dated 31 October 2014.

The mortgage loan was a five-year term loan starting in November 2014 of HKD67,000,000 to be repaid in 57 monthly instalments.
- The property is zoned for "Other Specified Uses" use under Cheung Sha Wan Outline Zoning Plan No. S/KS/37 dated 6 December 2016.

VALUATION REPORT

GROUP I – PROPERTIES HELD BY THE GROUP FOR OWNER OCCUPATION IN HONG KONG

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2018
6. Office C on 10th Floor, Billion Plaza 2, No. 10 Cheung Yue Street, Kowloon, Hong Kong <i>(156/30,000th shares of and in the Remaining Portion of New Kowloon Inland Lot No. 5720)</i>	<p>The property comprises an office unit on 10th Floor of a 29-storey office tower which was completed in about 2014.</p> <p>The gross floor area and saleable area of the property are approximately as follows:</p> <p>Gross Floor Area:</p> <p>1,559 square feet (144.83 square meters)</p> <p>Saleable Area:</p> <p>1,057 square feet (98.20 square meters)</p> <p>The locality of the property is served by public transport services and characterised by office and industrial developments of various ages.</p> <p>The property is held under Conditions of Exchange No. UB10977 for a term of 99 years commenced from 1 July 1898 and statutorily renewed until 30 June 2047. The current Government Rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	The property is currently occupied by the Group as an office.	<p>HKD16,400,000</p> <p>(Hong Kong Dollars Sixteen Million And Four Hundred Thousand Only)</p> <p>(100% attributable to the Group: HKD16,400,000)</p>

Remarks:

- The property was inspected in March 2018 by Mr. Ross Chan, Assistant Valuer with 1 year of property valuation experience.
- The registered owner of the property is Joint Easy Limited, a wholly-owned subsidiary of the Company.
- The property is subject to a Mortgage in favour of BNP Paribas for the consideration of all moneys registered vide Memorial No. 14111202030037 dated 31 October 2014.

The mortgage loan was a five-year term loan starting in November 2014 of HKD67,000,000 to be repaid in 57 monthly instalments.
- The property is zoned for "Other Specified Uses" use under Cheung Sha Wan Outline Zoning Plan No. S/KS/37 dated 6 December 2016.

VALUATION REPORT

GROUP I – PROPERTIES HELD BY THE GROUP FOR OWNER OCCUPATION IN HONG KONG

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2018
7. Office D on 10th Floor, Billion Plaza 2, No. 10 Cheung Yue Street, Kowloon, Hong Kong <i>202/30,000th shares of and in the Remaining Portion of New Kowloon Inland Lot No. 5720</i>	<p>The property comprises an office unit on 10th Floor of a 29-storey office tower completed in about 2014.</p> <p>The gross floor area and saleable area of the property are approximately as follows:</p> <p>Gross Floor Area:</p> <p>2,021 square feet (187.76 square meters)</p> <p>Saleable Area:</p> <p>1,370 square feet (127.28 square meters)</p> <p>The locality of the property is served by public transport services and characterised by office and industrial developments of various ages.</p> <p>The property is held under Conditions of Exchange No. UB10977 for a term of 99 years commenced from 1 July 1898 and statutorily renewed until 30 June 2047. The current Government Rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	The property is currently occupied by the Group as an office.	<p>HKD21,200,000 (Hong Kong Dollars Twenty-One Million And Two Hundred Thousand Only)</p> <p>(100% attributable to the Group: HKD21,200,000)</p>

Remarks:

- The property was inspected in March 2018 by Mr. Ross Chan, Assistant Valuer with 1 year of property valuation experience.
- The registered owner of the property is Citron Holdings Limited, a wholly-owned subsidiary of the Company.
- The property is subject to a Mortgage in favour of BNP Paribas to the extent of all moneys registered vide Memorial No. 14111202030029 dated 31 October 2014.

The mortgage loan was a five-year term loan starting in November 2014 of HKD67,000,000 to be repaid in 57 monthly instalments.
- The property is zoned for "Other Specified Uses" use under Cheung Sha Wan Outline Zoning Plan No. S/KS/37 dated 6 December 2016.

VALUATION REPORT

GROUP I – PROPERTIES HELD BY THE GROUP FOR OWNER OCCUPATION IN HONG KONG

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2018
8. Office E on 10th Floor, Billion Plaza 2, No. 10 Cheung Yue Street, Kowloon, Hong Kong <i>258/30,000th shares of and in the Remaining Portion of New Kowloon Inland Lot No. 5720</i>	<p>The property comprises an office unit on 10th Floor of a 29-storey office tower completed in about 2014.</p> <p>The gross floor area and saleable area of the property are approximately as follows:</p> <p>Gross Floor Area:</p> <p>2,575 square feet (239.22 square meters)</p> <p>Saleable Area:</p> <p>1,745 square feet (162.11 square meters)</p> <p>The locality of the property is served by public transport services and characterised by office and industrial developments of various ages.</p> <p>The property is held under Conditions of Exchange No. UB10977 for a term of 99 years commenced from 1 July 1898 and statutorily renewed until 30 June 2047. The current Government Rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	The property is currently occupied by the Group as an office.	<p>HKD27,000,000</p> <p>(Hong Kong Dollars Twenty Seven Million Only)</p> <p>(100% attributable to the Group: HKD27,000,000)</p>

Remarks:

- The property was inspected in March 2018 by Mr. Ross Chan, Assistant Valuer with 1 year of property valuation experience.
- The registered owner of the property is First Cosmos Limited, a wholly-owned subsidiary of the Company.
- The property is subject to a Mortgage in favour of BNP Paribas for the consideration of all moneys registered vide Memorial No. 14111202030014 dated 31 October 2014.

The mortgage loan was a five-year term loan starting in November 2014 of HKD67,000,000 to be repaid in 57 monthly instalments.
- The property is zoned for "Other Specified Uses" use under Cheung Sha Wan Outline Zoning Plan No. S/KS/37 dated 6 December 2016.

VALUATION REPORT

GROUP II – PROPERTIES HELD BY THE GROUP FOR INVESTMENT IN THE PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2018																		
9. An industrial complex and portion of a composite building occupied by Dong Hua Machinery Limited located at Nos. 2, 4 and 6 Yinzhu Road (formerly known as Erhuan Road), Zhouwu Industrial Area, Dongguan Fu Town, Dongguan, Guangdong Province, The PRC	<p>The property comprises two parcels of land with a total site area of 66,616.08 square meters on which is built with 8 buildings and various ancillary structures completed in various stages in between 1992 and 2012.</p> <p>The property also comprises a 6-storey composite building, which is erected on another parcel of land with a site area of 2,583 square meters completed in about 1992.</p> <p>The total gross floor area (“GFA”) of the buildings is 71,340.17 square meters. The GFA breakdown of the respective portions of the property is as follows:</p> <p>Buildings with land use right certificates and real estate title certificates</p> <table border="1"> <thead> <tr> <th></th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>Factory No. 1</td> <td>: 12,506.00</td> </tr> <tr> <td>Factory No. 2A</td> <td>: 5,461.34</td> </tr> <tr> <td>Factory No. 2B</td> <td>: 3,505.50</td> </tr> <tr> <td>Factory No. 3</td> <td>: 4,557.60</td> </tr> <tr> <td>Factory No. 4</td> <td>: 19,663.20</td> </tr> <tr> <td>Generator room</td> <td>: 1,335.40</td> </tr> <tr> <td>Office</td> <td>: <u>6,849.71</u></td> </tr> <tr> <td>Sub-Total</td> <td>: <u>53,878.75</u></td> </tr> </tbody> </table>		GFA (sq m)	Factory No. 1	: 12,506.00	Factory No. 2A	: 5,461.34	Factory No. 2B	: 3,505.50	Factory No. 3	: 4,557.60	Factory No. 4	: 19,663.20	Generator room	: 1,335.40	Office	: <u>6,849.71</u>	Sub-Total	: <u>53,878.75</u>	<p>Portions of the composite building, factories and office are subject to various tenancy agreements for various terms with the latest expiry on 31 December 2018, yielding a total monthly rent of about RMB168,000, exclusive of utility outgoings.</p> <p>The remaining portions of the property were occupied by the Group as workshop, warehouse, staff quarter and ancillary office.</p>	<p>RMB87,900,000</p> <p>(Renminbi Eighty-Seven Million And Nine Hundred Thousand Only) (Please see Remark Nos. 5, 6, 7 and 9)</p> <p>(75.56% attributable to the Group: RMB66,417,240)</p>
	GFA (sq m)																				
Factory No. 1	: 12,506.00																				
Factory No. 2A	: 5,461.34																				
Factory No. 2B	: 3,505.50																				
Factory No. 3	: 4,557.60																				
Factory No. 4	: 19,663.20																				
Generator room	: 1,335.40																				
Office	: <u>6,849.71</u>																				
Sub-Total	: <u>53,878.75</u>																				

VALUATION REPORT

GROUP II – PROPERTIES HELD BY THE GROUP FOR INVESTMENT IN THE PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2018
9. (cont'd)	Buildings with land use right certificates and real estate title certificates	–	–
	GFA (sq m)		
	Composite Building : 16,783.92		
	Two ancillary buildings : 537.50		
	Three Guardhouses : <u>140.00</u>		
	Sub-Total : <u>17,461.42</u>		
	Grand Total : <u><u>71,340.17</u></u>		

The property is located in Zhouwu Industrial Area. Developments nearby are mainly industrial in nature.

The land use rights of the property with a total site area of 66,616.08 square meters were granted for terms due to expire on 29 July 2043 for industrial use.

Remarks:

- The property was inspected in May 2018 by Ms. Vicky Wang, Senior Valuer with 1 year of property valuation experience.
- Pursuant to State-owned Land Use Rights Certificate Dong Fu Guo Yong (1994) No. Te 11 (東府國用(1994)第特11號) issued by the People's Government of Dongguan on 22 October 2010, the land use rights of portions of the property with a site area of approximately 33,337 square meters were vested in Dong Hua Machinery Ltd. (東華機械有限公司) for a term due to expire on 29 July 2043 for industrial uses.

Pursuant to State-owned Land Use Rights Certificate Dong Fu Guo Yong (1994) No. Te 10 (東府國用(1994)第特10號) issued by the People's Government of Dongguan on 22 October 2010, the land use rights of portions of the property with a site area of approximately 33,279.08 square meters were vested in Dong Hua Machinery Ltd. (東華機械有限公司) for a term due to expire on 29 July 2043 for industrial uses.
- Pursuant to 7 Real Estate Title Certificates issued by the Real Estate Administrative Bureau of Dongguan, the real estate title of 7 buildings of the property with a total gross floor area of 53,878.75 square meters was vested in Dong Hua Machinery Ltd. (東華機械有限公司).

Real Estate Title Certificate No.	Building	Date of Issue	GFA (sq m)
Yue Fang Di Quan Zheng Guan Zi No. 0200347865 (粵房地權證莞字第 0200347865號)	Single-storey ancillary building	20 January 2012	19,663.20
Yue Fang Di Quan Zheng Guan Zi No. 0200315875 (粵房地權證莞字第 0200315875號)	3-storey industrial building	21 October 2011	4,557.60
Yue Fang Di Quan Zheng Guan Zi No. 0200315876 (粵房地權證莞字第 0200315876號)	Single-storey industrial building	21 October 2011	3,505.50
Yue Fang Di Quan Zheng Guan Zi No. 0200315877 (粵房地權證莞字第 0200315877號)	2-storey industrial building	21 October 2011	5,461.34
Yue Fang Di Quan Zheng Guan Zi No. 0200315878 (粵房地權證莞字第 0200315878號)	2-storey generator room	21 October 2011	1,335.40
Yue Fang Di Quan Zheng Guan Zi No. 0200315879 (粵房地權證莞字第 0200315879號)	2-storey industrial building	21 October 2011	12,506.00
Yue Fang Di Quan Zheng Guan Zi No. 0200366494 (粵房地權證莞字第 0200366494號)	6-storey office building	5 April 2012	6,849.71
4.	<p>Pursuant to a joint development agreement entered into between Dongguan Fu Town Zhou Wu Administrative District Hongkan Limited (東莞市附城周屋管理區紅勳實業有限公司) (Party A), Dongguan Cosmos Machinery Limited (東莞大同機械有限公司) (Party B) and Dongguan Hua Da Machinery Limited (東莞華大機械有限公司) (Party C), the aforesaid parties agreed to develop a 6-storey composite building on a parcel of land with a site area of about 2,508.86 square meters.</p> <p>Party A was mainly responsible for contributing the land use rights of the aforesaid land for a 60-year term whilst Party B and Party C were responsible for the development costs.</p> <p>Party A is an independent third party. Party B and Party C used to be two subsidiaries of the Company and were merged into Dong Hua Machinery Ltd..</p>		
5.	<p>Pursuant to Building Ownership Certificate Yue Fang Zi No. 0384734 (粵房字第0384734號) issued by the People's Government of Guangdong Province on 30 December 1995, the building ownership of portions of the 6-storey composite building with a GFA of 8,156.80 square meters was vested in Dongguan Cosmos Machinery Limited for non-residential use.</p> <p>Pursuant to Building Ownership Certificate Yue Fong Zi No. 0384733 (粵房字第0384733號) issued by the People's Government of Guangdong Province on 30 December 1995, the building ownership of portions of the 6-storey composite building with a GFA of 8,627.12 square meters was vested in Dongguan Hua Da Machinery Ltd for non-residential use.</p> <p>As Dongguan Cosmos Machinery Limited and Dongguan Hua Da Machinery Ltd do not hold the land use rights of the 6-storey composite building, we have attributed no commercial value to such building.</p>		
6.	<p>As per our inspection and the provided information, there are two ancillary buildings and three guardhouses with a total GFA of 677.50 square metres which are yet to be granted with real estate title certificates.</p> <p>In the course of valuation, we have attributed no commercial value to these buildings.</p>		

7. Pursuant to Remark Nos. 5 and 6, for reference purpose, we are of the opinion that the value of the whole property assuming the land premium has been settled fully, the property has been granted with proper title certificates and are freely transferable as at the valuation date, would be RMB119,300,000.
8. Pursuant to Real Estate Maximum Amount Mortgage Agreement (2013) Hui Shen Di Zi No. 130217 ((2013) 匯深抵字第130217號), the property is subject to a mortgage for the period from 25 March 2013 to 25 March 2023 in favour of HSBC Bank (China) Company Limited, Dongguan Branch (匯豐銀行(中國)有限公司東莞分行) for a consideration of RMB41,611,000.
9. The Company indirectly owns 75.56% of the shareholding of Dong Hua Machinery Ltd. (東華機械有限公司). The remaining shareholding of 24.44% is owned by 3 independent third parties.
10. The monthly market rent in the vicinity ranges from RMB10 to RMB15 per square meter.
11. We have been provided with a legal opinion issued by the Company's legal adviser Guangdong Guanxin Law Firm on 11 May 2018, which contains, inter alia, the following information:
 - a. Dong Hua Machinery Ltd. (東華機械有限公司) obtained the respective State-owned Land Use Rights Certificates and Real Estate Title Certificates of the factories, the generator room and the office;
 - b. Dong Hua Machinery Ltd. (東華機械有限公司) legally owns the property;
 - c. Dong Hua Machinery Ltd. (東華機械有限公司) can use and lease but cannot transfer the buildings with Building Ownership Certificate Yue Fang Zi No. 0384734 (粵房字第0384734號) and Building Ownership Certificate Yue Fong Zi No. 0384733 (粵房字第0384733號) within the term.
 - d. up to the issue date of the legal opinion, the use of the property conforms with the approved use specified in the above-mentioned State-owned Land Use Rights Certificates and Real Estate Title Certificates;
 - e. save as the mortgage disclosed in the legal opinion, up to the issue date of the legal opinion, the property is not subject to other encumbrances, rights or limitation; and
 - f. subject to the mortgage disclosed in the legal opinion, Dong Hua Machinery Ltd. (東華機械有限公司) is entitled to occupy, use, lease, transfer or by other legitimate ways to handle the property within the terms specified in the State-owned Land Use Rights Certificates, Building Ownership Certificates and Real Estate Title Certificates.

VALUATION REPORT

GROUP II – PROPERTIES HELD BY THE GROUP FOR INVESTMENT IN THE PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2018
10. Units 413, 415 and 417, Block 15, Cui Wei Zhong Li (formerly known as Block 1 of No. 16 Cui Wei Zhong Li), Haidian District, Beijing, The PRC	<p>The property comprises 3 units on Level 4 of a 16-storey residential building completed in about 1995.</p> <p>The total gross floor area of the property is 144.60 square meters.</p> <p>The property is located between West 4th Ring Road and West 3rd Ring Road. Developments nearby are mainly residential in nature.</p>	The property is currently vacant.	<p>RMB2,860,000</p> <p>(Renminbi Two Million Eight Hundred And Sixty Thousand Only) (Please see remark No. 3)</p> <p>(75.56% attributable to the Group: RMB2,161,016)</p>

Remarks:

1. The property was inspected in February 2018 by Ms. Yilia Shi, Valuer with 2 years of property valuation experience.
2. Pursuant to Building Ownership Certificate Hai Quan Zi No. 06826 (海全字第06826號) and issued by the Real Estate Administrative Bureau of Beijing on 10 November 1997, the building ownership of the property with a gross floor area of 144.6 square meters was vested in Dong Hua Machinery Ltd. Beijing Office (東華機械有限公司北京辦事處).
3. There is no information regarding land use right terms in the above-mentioned Building Ownership Certificate. In the course of valuation, we have assumed that the land use rights of the property were granted for a term of 70-year for residential use.
4. Dong Hua Machinery Ltd. Beijing Office (東華機械有限公司北京辦事處) is a branch office of Dong Hua Machinery Ltd. (東華機械有限公司). The Company indirectly owns 75.56% of the shareholding of Dong Hua Machinery Ltd. (東華機械有限公司). The remaining shareholding of 24.44% is owned by 3 independent third parties.
5. The monthly market rent in the vicinity ranges from RMB90 to RMB95 per square meter.
6. We have been provided with a legal opinion issued by the Company's legal adviser Guangdong Guanxin Law Firm on 11 May 2018, which contains, inter alia, the following information:
 - a. Dong Hua Machinery Ltd. Beijing Office (東華機械有限公司北京辦事處) obtained the respective Building Ownership Certificate of the property;
 - b. Dong Hua Machinery Ltd. Beijing Office (東華機械有限公司北京辦事處) legally owns the property;
 - c. up to the issue date of the legal opinion, the use of the property conforms with the approved use specified in the above-mentioned Building Ownership Certificate;
 - d. up to the issue date of the legal opinion, the property is not subject to encumbrances, rights or limitation; and
 - e. Dong Hua Machinery Ltd. Beijing Office (東華機械有限公司北京辦事處) is entitled to occupy, use, lease, transfer or by other legitimate ways to handle the building ownership of the property within the terms specified in the Building Ownership Certificates.

VALUATION REPORT

GROUP II – PROPERTIES HELD BY THE GROUP FOR INVESTMENT IN THE PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2018
11. Unit 7 of No. 35 Bei Da Jie, Wu Yi Road, Taiyuan, Shanxi Province, The PRC	<p>The property comprises a street level unit of a 6-storey commercial building completed in about 1990.</p> <p>The gross floor area of the property is approximately 151.20 square meters.</p> <p>The locality of the property is served by public transport services and characterized by residential developments of various age. Taiyuan East Railway Station is located within 5 minutes' driving distance from the property.</p>	<p>As at the valuation date, a portion of the property with a gross floor area of approximately 50 square meters was leased for a term of 5 years due to expire on 31 May 2018 at an annual rent of RMB63,000 exclusive of management fee and other outgoings.</p> <p>The remaining portion of the property was occupied by the Group as office.</p>	<p>RMB1,470,000</p> <p>(Renminbi One Million Four Hundred And Seventy Thousand Only)</p> <p>(Please see Remark No. 3)</p> <p>(75.56% attributable to the Group: RMB1,110,732)</p>

Remarks:

1. The property was inspected in January 2018 by Ms. Yilia Shi, Valuer with 2 years of property valuation experience.
2. Pursuant to a Building Ownership Certificate, Fang Quan Zheng Jing Zi No. 00105473 (房權證井字第00105473號) issued by the Taiyuan Real Estate Administrative Bureau on 21 September 1999, the building ownership of the property with a gross floor area of 151.20 square meters was vested in Dong Hua Machinery Ltd. (東華機械有限公司).
3. There is no information regarding land use right terms in the above-mentioned Building Ownership Certificate. In the course of valuation, we have assumed that the land use rights of the property were granted for a term of 40 years for commercial use.
4. The Company indirectly owns 75.56% of the shareholding of Dong Hua Machinery Ltd. (東華機械有限公司). The remaining shareholding of 24.44% is owned by 3 independent third parties.
5. The monthly market rent in the vicinity ranges from RMB60 to RMB83 per square meter.
6. We have been provided with a legal opinion issued by the Company's legal adviser Guangdong Guanxin Law Firm on 11 May 2018, which contains, inter alia, the following information:
 - a. Dong Hua Machinery Ltd. (東華機械有限公司) obtained the respective Building Ownership Certificate of the property;
 - b. Dong Hua Machinery Ltd. (東華機械有限公司) legally owns the property;
 - c. up to the issue date of the legal opinion, the use of the property conforms with the approved use specified in the above-mentioned Building Ownership Certificate;
 - d. up to the issue date of the legal opinion, the property is not subject to encumbrances, rights or limitation; and
 - e. Dong Hua Machinery Ltd. (東華機械有限公司) is entitled to occupy, use, lease, transfer or by other legitimate ways to handle the building ownership of the property within the terms specified in the Building Ownership Certificate.

VALUATION REPORT

GROUP II – PROPERTIES HELD BY THE GROUP FOR INVESTMENT IN THE PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2018
12. Room 10 on Level 19, Tong Mei Building, Jian She Bei Road, Chengdu, Sichuan Province, The PRC	<p>The property comprises a unit on level 19 of a 22-storey commercial building completed in about 1996.</p> <p>The gross floor area of the property is 107.50 square meters.</p> <p>The property is located in the downtown of Chengdu. Developments in the locality are commercial and residential in nature.</p> <p>The land use rights of the property were granted for a term due to expire on 14 November 2043 for commercial use.</p>	<p>The property was leased for a term of 2 years and due to expire on 4 May 2018 at a monthly rent of RMB3,225 exclusive of management fee and other outgoings.</p>	<p>RMB640,000 (Renminbi Six Hundred And Forty Thousand Only) (100% attributable to the Group: RMB640,000)</p>

Remarks:

1. The property was inspected in January 2018 by Ms. Andrea Luo, Assistant Valuer with 2 years of property valuation experience.
2. Pursuant to Building Ownership Certificate Cheng Fang Quan Zheng Jian Zheng Zi No. 2066964 (成房權證鑑證字第2066964號) issued by the Property Administrative Bureau of Chengdu on 12 October 2009, the building ownership of the property with a gross floor area of 107.50 square meters was vested in Melco Industrial Supplies Co., Ltd. (美高工業器材有限公司).
3. Pursuant to State-owned Land Use Rights Certificate Cheng Hua Guo Yong (2012) No. 034765 (成華國用(2012)第034765號) issued by the People's Government of Chengdu on 19 March 2012, the land use rights of the property were vested in Melco Industrial Supplies Co., Ltd. (美高工業器材有限公司) for a term due to expire on 14 November 2043 for commercial use.
4. Melco Industrial Supplies Co., Ltd. (美高工業器材有限公司) is a wholly-owned subsidiary of the Company.
5. The monthly market rent in the vicinity is around RMB40 per square meter.
6. We have been provided with a legal opinion issued by the Company's legal adviser Guangdong Guanxin Law Firm on 11 May 2018, which contains, inter alia, the following information:
 - a. Melco Industrial Supplies Co., Ltd. (美高工業器材有限公司) obtained the respective State-owned Land Use Rights Certificate and Building Ownership Certificate of the property;
 - b. Melco Industrial Supplies Co., Ltd. (美高工業器材有限公司) legally owns the property;
 - c. up to the issue date of the legal opinion, the use of the property conforms with the approved use specified in the above-mentioned State-owned Land Use Rights Certificate and Building Ownership Certificate;
 - d. up to the issue date of the legal opinion, the property is not subject to encumbrances, rights or limitation; and
 - e. Melco Industrial Supplies Co., Ltd. (美高工業器材有限公司) is entitled to occupy, use, lease, transfer or by other legitimate ways to handle the property within the terms specified in the State-owned Land Use Rights Certificate.

VALUATION REPORT

GROUP III – PROPERTIES HELD BY THE GROUP FOR OWNER OCCUPATION IN THE PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2018
13. Room 901 No. 369 Fu Xing Zhong Road, Luwan District, Shanghai, The PRC	<p>The property comprises a unit on Level 9 of a 20-storey commercial composite development completed in about 1998.</p> <p>The gross floor area of the property (excluding 2 car parking spaces) is 720.27 square meters.</p> <p>The Group is entitled to use two car parking spaces in the basement.</p> <p>The property is located in the downtown of Shanghai. Developments in the locality are commercial and residential in nature.</p> <p>The land use rights of the property were granted for a term due to expire to 24 December 2047 for commercial use.</p>	The property was occupied by the Group as office.	<p>RMB17,000,000</p> <p>(Renminbi Seventeen Million Only)</p> <p>(100% attributable to the Group: RMB17,000,000)</p>

Remarks:

- The property was inspected in May 2018 by Mr. David Zhu, Manager with 4 years of property valuation experience.
- Pursuant to Shanghai Certificate of Real Estate Ownership Hu Fang Di Lu Zi (2008) No. 001359 (滬房地盧字(2008)第001359號) issued by the Shanghai Housing and Land Resources Administrative Bureau on 5 June 2008, the real estate title of the property with a gross floor area of 720.27 square meters was vested in Melco Industrial Supplies (Shanghai) Co., Ltd (美高工業器材(上海)有限公司).
- According to an Agreement entered into between Shanghai Da Tong Fu Xing Real Estate Development Limited (上海大同復興房地產發展有限公司) and Melco Industrial Supplies (Shanghai) Co., Ltd. (美而高國際貿易(上海)有限公司) for the use of basement carparking spaces on 27 August 2002, Melco Industrial Supplies (Shanghai) Co., Ltd. (美而高國際貿易(上海)有限公司) has paid a total consideration of RMB400,000 to use two car parking spaces for a term due to expire on 24 December 2047.
- Melco Industrial Supplies (Shanghai) Co., Ltd (美高工業器材(上海)有限公司) is a wholly-owned subsidiary of the Company.
- The monthly market rent in the vicinity is around RMB126 per square meter.

6. We have been provided with a legal opinion issued by the Company's legal adviser Guangdong Guanxin Law Firm on 11 May 2018, which contains, inter alia, the following information:
- a. Melco Industrial Supplies (Shanghai) Co., Ltd (美高工業器材(上海)有限公司) obtained the respective Real Estate Title Certificate of the property;
 - b. Melco Industrial Supplies (Shanghai) Co., Ltd (美高工業器材(上海)有限公司) legally owns the property and has the use right of the car parking spaces;
 - c. up to the issue date of the legal opinion, the use of the property conforms with the approved use specified in the above-mentioned Real Estate Title Certificate;
 - d. up to the issue date of the legal opinion, the property is not subject to encumbrances, rights or limitation; and
 - e. Melco Industrial Supplies (Shanghai) Co., Ltd (美高工業器材(上海)有限公司) is entitled to occupy, use, lease, transfer or by other legitimate ways to handle the property within the terms specified in the Real Estate Title Certificate.

VALUATION REPORT

GROUP III – PROPERTIES HELD BY THE GROUP FOR OWNER OCCUPATION IN THE PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2018												
14. An industrial complex occupied by Cosmos Grand Plastics Co., Ltd. located at Lot No. NG8-3, West of Shuangtang Road, Nangang Science and Technology Park, Gaoxin District, Hefei, Anhui Province, The PRC	<p>The property comprises a parcel of land with a site area of 32,000 square meters on which is built with 7 buildings and various ancillary structures completed in between 2011 and 2014.</p> <p>The total gross floor area (“GFA”) of the existing buildings is approximately 23,290 square meters. The GFA breakdown of the respective portions of the property is listed as follows:-</p> <table border="1"> <thead> <tr> <th>Building</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>Production workshop</td> <td>: 11,700</td> </tr> <tr> <td>Research and development building</td> <td>: 4,465</td> </tr> <tr> <td>Dormitory</td> <td>: 5,075</td> </tr> <tr> <td>Ancillary buildings and metal framed structure</td> <td>: <u>2,050</u></td> </tr> <tr> <td>Total</td> <td>: <u>23,290</u></td> </tr> </tbody> </table>	Building	GFA (sq m)	Production workshop	: 11,700	Research and development building	: 4,465	Dormitory	: 5,075	Ancillary buildings and metal framed structure	: <u>2,050</u>	Total	: <u>23,290</u>	<p>The property was occupied by the Group as workshop, office and staff quarter.</p>	<p>RMB21,700,000</p> <p>(Renminbi Twenty-One Million And Seven Hundred Thousand Only)</p> <p>(100% attributable to the Group: RMB21,700,000)</p>
Building	GFA (sq m)														
Production workshop	: 11,700														
Research and development building	: 4,465														
Dormitory	: 5,075														
Ancillary buildings and metal framed structure	: <u>2,050</u>														
Total	: <u>23,290</u>														
	<p>The property also includes a production workshop under construction and the planned GFA is 7,998.6 square meters (Please see Remark number 6)</p> <p>The property is located in a science and technology park. Developments nearby are mainly industrial in nature.</p> <p>The land use rights of the property were granted for a term due to expire on 17 June 2061 for industrial use.</p>														

Remarks:

1. The property was inspected in January 2018 by Mr. Kevin Li, Manager with 5 years of property valuation experience.
2. Pursuant to State-owned Land Use Rights Certificate He Gao Xin Guo Yong (2011) No. 50 (合高新國用(2011)第50號) issued by the People's Government of Hefei on 15 September 2011, the land use rights of the property with a site area of 32,000 square meters were granted to Cosmos Grand Plastic Co. Ltd. (合肥大同格蘭塑業有限公司) for a term of 50-year due to expire on 17 June 2061 for industrial use.
3. Pursuant to Construction Land Planning Permit Di Zi No. 340101201130036 (地字第340101201130036號) dated 18 August 2011, the construction scheme with a total site area of 32,000.00 square meters was approved.
4. Pursuant to Construction Project Planning Permit No. 340101201131194 dated 25 November 2011, the construction of the dormitory building with a total GFA of 5,060 square meters was permitted.

Pursuant to Construction Project Planning Permit No. 340101201131195 dated 25 November 2011, the construction of the research and development building with a total GFA of 4,279.2 square meters was permitted.

Pursuant to Construction Project Planning Permit No. 340101201131196 dated 25 November 2011, the construction of the production workshop No. 2 with a total GFA of 8,190 square meters was permitted.

Pursuant to Construction Project Planning Permit No. 340101201731046 dated 6 September 2017, the construction of the production workshop No. 1 with a total GFA of 7,998.6 square meters was permitted.
5. Pursuant to Construction Commencement Permit No. 013311091501228 dated 15 September 2011, the construction of the production workshop, the research and development building and the dormitory with a total GFA of 25,719.20 square meters was permitted to commence.

Pursuant to Construction Commencement Permit No. 3401361705220101-SX-001 dated 1 November 2017, the construction of the production workshop No. 1 with a GFA of 7,998.6 square meters was permitted to commence.
6. In the course of valuation, we have attributed no commercial value to certain portions of the existing buildings (including the production workshop, research and development building, dormitory and the ancillary buildings and metal framed structure) of the subject property with a total gross floor area of 23,290 square meters as they are yet to be granted with proper title certificates. For reference purpose, we are of the opinion that the value of the property, assuming the whole property had been granted with proper title certificates and were freely transferable as at the valuation date, would be RMB48,700,000.
7. Cosmos Grand Plastic Co. Ltd. (合肥大同格蘭塑業有限公司) is a wholly-owned subsidiary of the Company.
8. The monthly market rent in the vicinity ranges from RMB12 to RMB15 per square meter.
9. We have been provided with a legal opinion issued by the Company's legal adviser Guangdong Guanxin Law Firm on 11 May 2018, which contains, inter alia, the following information:
 - a. Cosmos Grand Plastic Co. Ltd. (合肥大同格蘭塑業有限公司) obtained the respective State-owned Land Use Rights Certificate of the property;
 - b. Cosmos Grand Plastic Co. Ltd. (合肥大同格蘭塑業有限公司) legally owns the land use rights of the property;
 - c. up to the issue date of the legal opinion, the use of the property conforms with the approved use specified in the above-mentioned State-owned Land Use Rights Certificate;
 - d. up to the issue date of the legal opinion, the property is not subject to encumbrances, rights or limitation;
 - e. Cosmos Grand Plastic Co. Ltd. (合肥大同格蘭塑業有限公司) is entitled to occupy, use, lease, transfer or by other legitimate ways to handle the land use rights of the property within the terms specified in the State-owned Land Use Rights Certificate;
 - f. Cosmos Grand Plastic Co. Ltd. (合肥大同格蘭塑業有限公司) obtained the Construction Land Planning Permit, Construction Project Planning Permit and Construction Commencement Permit. All these permits are effective and, up to the issue date of the legal opinion, these permits have not been withdrawn, modified or revoked;
 - g. up to the issue date of the legal opinion, there are no compulsory expropriation, legal proceeding, dispute or other substantial adverse conditions against the ownership of the property; and
 - h. under the condition that all relevant documents are submitted to relevant authorities, there is no legal impediment for Cosmos Grand Plastic Co. Ltd. (合肥大同格蘭塑業有限公司) to obtain the Real Estate Title Certificate for the property under construction.

VALUATION REPORT

GROUP III – PROPERTIES HELD BY THE GROUP FOR OWNER OCCUPATION IN THE PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2018														
15. An industrial complex located at Lot No. 1010030, Jinhu South Road, Sanzao Town, Jinwan District, Zhuhai, Guangdong Province, The PRC	<p>The property comprises a parcel of land with a site area of 62,651.80 square meters on which is built with 4 buildings and various ancillary buildings completed in about 2004.</p> <p>The total gross floor area (“GFA”) of the buildings is 23,155.48 square meters. The GFA breakdown of the respective portions of the property is listed as follows:</p> <table border="1"> <thead> <tr> <th>Building</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>Industrial block</td> <td>10,643.46</td> </tr> <tr> <td>Warehouse</td> <td>3,872.14</td> </tr> <tr> <td>Office block</td> <td>1,656.19</td> </tr> <tr> <td>Dormitory</td> <td>6,902.21</td> </tr> <tr> <td>Ancillary buildings</td> <td>81.48</td> </tr> <tr> <td>Total</td> <td><u>23,155.48</u></td> </tr> </tbody> </table>	Building	GFA (sq m)	Industrial block	10,643.46	Warehouse	3,872.14	Office block	1,656.19	Dormitory	6,902.21	Ancillary buildings	81.48	Total	<u>23,155.48</u>	<p>The property was occupied by the Group as workshop, office and staff quarter.</p>	<p>RMB43,600,000</p> <p>(Renminbi Forty Three Million And Six Hundred Thousand Only)</p> <p>(100% attributable to the Group: RMB43,600,000)</p>
Building	GFA (sq m)																
Industrial block	10,643.46																
Warehouse	3,872.14																
Office block	1,656.19																
Dormitory	6,902.21																
Ancillary buildings	81.48																
Total	<u>23,155.48</u>																
	<p>The property is located in Jinwan District of Zhuhai. Developments nearby are mainly industrial in nature. Zhuhai Jinwan Airport is located within 15 minutes’ driving distance from the property.</p> <p>The land use rights of the property were granted for terms of 50 years due to expire on 2 April 2052 for industrial use.</p>																

Remarks:

- The property was inspected in November 2017 by Mr. Lizheng Li, Senior Manager with 7 years of property valuation experience.
- Pursuant to 5 Real Estate Title Certificates, the land use rights of the property with a total apportioned site area of approximately 14,604.98 square meters and the building ownership of the property with a total gross floor area of approximately 23,155.48 square meters were vest in Karmay Plastic Products (Zhuhai) Co., Ltd. for terms due to expire on 2 April 2052 for industrial uses.

Real Estate Title Certificate No.	Issue Date	Building	GFA (sq m)
Yue Fang Di Zheng Zi No. C6555002 (粵房地證字第C6555002號)	8 August 2008	North Guardhouse	40.74
Yue Fang Di Zheng Zi No. C6555003 (粵房地證字第C6555003號)	8 August 2008	South Guardhouse	40.74
Yue Fang Di Zheng Zi No. C6555004 (粵房地證字第C6555004號)	8 August 2008	Warehouse	3,872.14
Yue Fang Di Zheng Zi No. C6555005 (粵房地證字第C6555005號)	8 August 2008	Office block and industrial block	12,299.65
Yue Fang Di Zheng Zi No. C6555006 (粵房地證字第C6555006號)	8 August 2008	Dormitory	6,902.21

Pursuant to a Real Estate Title Certificate Yue Fang Di Zheng Zi No. C6555007 (粵房地證字第C6555007號) dated 8 August 2008, the land use rights of the property with an apportioned site area of 48,046.82 sq m were granted to Karmay Plastic Products (Zhuhai) Co., Ltd. For a term due to expire on 2 April 2052 for industrial use.

3. As per our inspection and the provided information, there are various structures which are yet to be granted with proper title certificate. As instructed, we have disregarded these structures in the course of valuation.
4. We were advised that due to the typhoon on 23 August 2017, portion of the rooftop of the warehouse and workshop and exterior wall of the workshop have been damaged. Reinstatement works have been conducted and completed and an amount of about RMB880,000 of reinstatement cost was outstanding as at the valuation date. As the reinstatement works has been completed, we have not deducted the outstanding reinstatement cost from the market value.
5. Karmay Plastic Products (Zhuhai) Co., Ltd. is a wholly-owned subsidiary of the Company.
6. The monthly market rent in the vicinity ranges from RMB10 to RMB12 per square meter.
7. We have been provided with a legal opinion issued by the Company's legal adviser Guangdong Guanxin Law Firm on 11 May 2018, which contains, inter alia, the following information:
 - a. Karmay Plastic Products (Zhuhai) Co., Ltd. obtained the respective Real Estate Title Certificates of the property;
 - b. Karmay Plastic Products (Zhuhai) Co., Ltd. legally owns the property;
 - c. up to the issue date of the legal opinion, the use of the property conforms with the approved use specified in the above-mentioned Real Estate Title Certificates;
 - d. up to the issue date of the legal opinion, the property is not subject to encumbrances, rights or limitation; and
 - e. Karmay Plastic Products (Zhuhai) Co., Ltd. is entitled to occupy, use, lease, transfer or by other legitimate ways to handle the property within the terms specified in the Real Estate Title Certificates.

VALUATION REPORT

GROUP III – PROPERTIES HELD BY THE GROUP FOR OWNER OCCUPATION IN THE PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2018
16. Flats 1801, 1802 and 1803 on Level 18 of Datong Commercial Building, No. 36 Yan Gong Jie, Yuexiu District, Guangzhou, Guangdong Province, The PRC	<p>The property comprises 3 units on level 18 of a 20-storey commercial building completed in about 2010.</p> <p>The total gross floor area of the property is 630.34 square meters.</p> <p>The property is located in the downtown of Guangzhou and the developments in the vicinity are commercial and residential in nature.</p> <p>The land use rights of the property were granted for terms of 50 year commencing on 15 September 2005 for commercial use.</p>	The property was occupied by the Group as office.	<p>RMB10,400,000</p> <p>(Renminbi Ten Million And Four Hundred Thousand Only)</p> <p>(100% attributable to the Group: RMB10,400,000)</p>

Remarks:

- The property was inspected in May 2018 by Mr. Ken He, Assistant Valuer with 1 year of property valuation experience.
- Pursuant to 3 Real Estate Title Certificates, the land use rights of the property with a total apportioned site area of 5,101.77 square meters and the building ownership of the property with a total gross floor area of approximately 630.34 square meters were vest in Guangzhou Melco Industrial Supplies Co., Ltd. (廣州市美高工業器材有限公司) for terms of 50 years commencing on 15 September 2005 for commercial use.

Real Estate Title Certificate No.	Issue Date	Flat	GFA (sq m)
Yue Fang Di Quang Zheng Sui Zi No. 0120479709 (粵房地權證穗字第0120479709號)	29 August 2013	1801	225.05
Yue Fang Di Quang Zheng Sui Zi No. 0120479712 (粵房地權證穗字第0120479712號)	29 August 2013	1802	100.90
Yue Fang Di Quang Zheng Sui Zi No. 0120479716 (粵房地權證穗字第0120479716號)	29 August 2013	1803	304.39

- Guangzhou Melco Industrial Supplies Co., Ltd. (廣州市美高工業器材有限公司) is a wholly-owned subsidiary of the Company.
- The monthly market rent in the vicinity ranges from RMB85 to RMB100 per square meter.
- We have been provided with a legal opinion issued by the Company's legal adviser Guangdong Guanxin Law Firm on 11 May 2018, which contains, inter alia, the following information:
 - Guangzhou Melco Industrial Supplies Co., Ltd. (廣州市美高工業器材有限公司) obtained the respective Real Estate Title Certificates of the property;
 - Guangzhou Melco Industrial Supplies Co., Ltd. (廣州市美高工業器材有限公司) legally owns the property;
 - up to the issue date of the legal opinion, the use of the property conforms with the approved use specified in the above-mentioned Real Estate Title Certificates;
 - up to the issue date of the legal opinion, the property is not subject to encumbrances, rights or limitation; and
 - Guangzhou Melco Industrial Supplies Co., Ltd. (廣州市美高工業器材有限公司) is entitled to occupy, use, lease, transfer or by other legitimate ways to handle the property within the terms specified in the Real Estate Title Certificates.

VALUATION REPORT

GROUP III – PROPERTIES HELD BY THE GROUP FOR OWNER OCCUPATION IN THE PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2018														
17. An industrial complex located at Lot no. B7-C of Wuxi National High-Tech Industrial Development Zone, Wuxi, Jiangsu Province, The PRC	<p>The property comprises a parcel of land with a site area of 75,354.60 square meters on which is built with 6 buildings and various ancillary structures completed in about 2011.</p> <p>The total gross floor area (“GFA”) of the buildings is 45,466.42 square meters. The GFA breakdown of the respective portions of the property is listed as follows:</p> <table border="1"> <thead> <tr> <th>Building</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>Composite building</td> <td>: 8,405.86</td> </tr> <tr> <td>Generator room</td> <td>: 1,258.90</td> </tr> <tr> <td>Industrial blocks</td> <td>: 35,558.49</td> </tr> <tr> <td>Warehouse</td> <td>: 101.06</td> </tr> <tr> <td>Ancillary structures</td> <td>: <u>142.11</u></td> </tr> <tr> <td>Total</td> <td>: <u><u>45,466.42</u></u></td> </tr> </tbody> </table>	Building	GFA (sq m)	Composite building	: 8,405.86	Generator room	: 1,258.90	Industrial blocks	: 35,558.49	Warehouse	: 101.06	Ancillary structures	: <u>142.11</u>	Total	: <u><u>45,466.42</u></u>	The property was occupied by the Group as workshop, office and staff quarter.	<p>RMB160,000,000</p> <p>(Renminbi One Hundred And Sixty Million Only)</p> <p>(100% attributable to the Group: RMB160,000,000)</p>
Building	GFA (sq m)																
Composite building	: 8,405.86																
Generator room	: 1,258.90																
Industrial blocks	: 35,558.49																
Warehouse	: 101.06																
Ancillary structures	: <u>142.11</u>																
Total	: <u><u>45,466.42</u></u>																
	<p>The property is located in a high tech industrial development zone in Wuxi and the developments in the vicinity are industrial in nature.</p> <p>The land use rights of the property were granted for a term of 50 years due to expire on 29 December 2056 for industrial use.</p>																

Remarks:

- The property was inspected in May 2018 by Mr. David Zhu, Manager with 4 years property of valuation experience.
- Pursuant to State-owned Land Use Rights Certificate Xi Xin Guo Yong (2007) No. 1061 (錫新國用(2007)第1061號) issued by the People’s Government of Wuxi on 15 March 2007, the land use rights of the property with a site area of 75,354.60 square meters were vested in Cosmos Machinery Technology (Jiangsu) Co., Ltd. (大同機械科技(江蘇)有限公司) for a term of 50 years due to expire on 29 December 2056 for industrial use.

3. Pursuant to 3 Building Ownership Certificates, the building ownership of the property with a total gross floor area of 45,466.42 square meters was vested in Cosmos Machinery Technology (Jiangsu) Co., Ltd. (大同機械科技(江蘇)有限公司) for a term due to expire on 29 December 2056 for industrial and warehouse use.

Building Ownership Certificate No.

GFA
(sq m)

Xi Fang Quan Zheng Zi No. XQ1000687254-1 (錫房權證字第XQ1000687254-1號)	11,036.88
Xi Fang Quan Zheng Zi No. XQ1000687254-2 (錫房權證字第XQ1000687254-2號)	25,938.54
Xi Fang Quan Zheng Zi No. XQ1000687254-3 (錫房權證字第XQ1000687254-3號)	8,491.00

4. As per our inspection and the provided information, there are various structures which are yet to be granted with proper title certificate. As instructed, we have disregarded these structures in the course of valuation.
5. Cosmos Machinery Technology (Jiangsu) Co., Ltd. (大同機械科技(江蘇)有限公司) is a wholly-owned subsidiary of the Company.
6. The monthly market rent in the vicinity ranges from RMB17 to RMB18.5 per square meter.
7. We have been provided with a legal opinion issued by the Company's legal adviser Guangdong Guanxin Law Firm on 11 May 2018, which contains, inter alia, the following information:
- Cosmos Machinery Technology (Jiangsu) Co., Ltd. (大同機械科技(江蘇)有限公司) obtained the respective obtained the respective State-owned Land Use Rights Certificate and Building Ownership Certificates of the property;
 - Cosmos Machinery Technology (Jiangsu) Co., Ltd. (大同機械科技(江蘇)有限公司) legally owns the property;
 - up to the issue date of the legal opinion, the use of the property conforms with the approved use specified in the above-mentioned State-owned Land Use Rights Certificate and Building Ownership Certificates;
 - up to the issue date of the legal opinion, the property is not subject to encumbrances, rights or limitation; and
 - Cosmos Machinery Technology (Jiangsu) Co., Ltd. (大同機械科技(江蘇)有限公司) is entitled to occupy, use, lease, transfer or by other legitimate ways to handle the property within the terms specified in the State-owned Land Use Rights Certificate.