
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in the Company, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



Kato (Hong Kong) Holdings Limited
嘉濤 (香港) 控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2189)

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
IN RELATION TO
(1) RENEWAL OF EXISTING LEASES;
AND
(2) ENTERING INTO NEW TENANCY AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee
and Independent Shareholders**



中毅資本有限公司
Grand Moore Capital Limited

Capitalised terms used on this cover page have the same meaning as defined in the section headed “Definitions” in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 11 to 35 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 36 to 37 of this circular. A letter from Grand Moore Capital Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 38 to 58 of this circular.

A notice convening the EGM to be held at 2/F., Hing Tin Commercial Centre Complex, Hing Tin Estate, 8 Lin Tak Road, Lam Tin, Kowloon, Hong Kong on Wednesday, 19 February 2025 at 11:00 a.m. is set out on pages EGM-1 to EGM-7 of this circular. Whether or not you are able to attend and vote at the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong, as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy as instructed will not preclude you from subsequently attending and voting at the meeting or any adjourned meeting if you so wish.

24 January 2025

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	11
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	36
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	38
APPENDIX I — GENERAL INFORMATION	I-1
APPENDIX II — VALUATION REPORT	II-1
NOTICE OF EXTRAORDINARY GENERAL MEETING	EGM-1

DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday or a Sunday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Classic Mate”	Classic Mate Limited (嘉益有限公司), a company incorporated in Hong Kong with limited liability, indirectly wholly-owned by Ms. Ngai and is an associate of Ms. Ngai
“Company”	Kato (Hong Kong) Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Crawfield International”	Crawfield International Limited (嘉豐國際有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Group
“De Minimis Tenancies”	collectively, (i) Tuen Mun Staff Quarters Tenancy Agreement, (ii) Fai To Home (Tuen Mun) Staff Quarters Tenancy Agreement, (iii) To Kwa Wan Warehouse Tenancy Agreement, (iv) Ka Shui Garden Tenancy Agreement, (v) Ka Shui Staff Quarters Tenancy Agreement I, (vi) Ka Shui Staff Quarters Tenancy Agreement II, (vii) Ka Shui Staff Quarters Tenancy Agreement III and (viii) Ka Shui Staff Quarters Tenancy Agreement IV
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened and held at 2/F., Hing Tin Commercial Centre Complex, Hing Tin Estate, 8 Lin Tak Road, Lam Tin, Kowloon, Hong Kong on Wednesday, 19 February 2025 at 11:00 a.m. to consider and, if thought fit, approve the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement
“Fai To Home (On Lai)”	Fai-To Home for the Aged (On Lai) Branch (輝濤護老院(安麗分院)), our care and attention home for the elderly with LORCHE No. 0584, the operating address of which is at Shop 1-17 on 1/F., including Entrance on G/F, On Lai Building, 3 Tsing To Path, Tuen Mun, New Territories, Hong Kong
“Fai To Home (On Lai) Tenancy Second Renewal Letter”	the second renewal letter dated 3 December 2024 entered into between Classic Mate and Crawfield International in relation to the leasing of the premises of Fai To Home (On Lai)
“Fai To Home (Tuen Mun)”	Fai To Home for the Aged (Tuen Mun) Branch (輝濤護老院屯門分院), our care and attention home for the elderly with LORCHE No. 0077, the operating address of which is at 1/F, including Entrance on G/F, Florence Mansion, 6 Tsing Ling Path, Area 4B, Tuen Mun, New Territories, Hong Kong
“Fai To Home (Tuen Mun) Staff Quarters Tenancy Agreement”	the tenancy agreement dated 27 January 2024 entered into between Ms. Lam Wan Fong as landlord and Fai To Home (Tuen Mun) as tenant in relation to the leasing of staff quarters for Fai To Home (Tuen Mun)
“Fai To Home (Tuen Mun) Tenancy Second Renewal Letter”	the second renewal letter dated 3 December 2024 entered into between Perfect Cheer and Crawfield International in relation to the leasing of the premises of Fai To Home (Tuen Mun)

DEFINITIONS

“Fai To Sino West Home”	Fai To Sino West Combined Home for the Aged (輝濤中西結合安老院), our care and attention home for the elderly with LORCHE No. 0923, the operating address of which is at Part of Shop 1 on G/F, 1/F & 2/F., (3A–3C), 5A–5F Ma Hang Chung Road & 55–65 Pau Chung Street, To Kwa Wan, Kowloon, Hong Kong
“Fai To Sino West Staff Quarters Tenancy Second Renewal Letter”	the second renewal letter dated 3 December 2024 entered into between Ms. Ngai and Oriental Chinese in relation to the leasing of the premises of the staff quarters for Fai To Sino West Home
“Group”	the Company and its subsidiaries
“Happy Luck”	Happy Luck Elderly Home Limited (荃威安老院有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Group
“Happy Luck Home”	Happy Luck Elderly Home Limited (荃威安老院有限公司), our care and attention home for the elderly with LORCHE No. 1331, the operating address of which is at 2nd Floor of Phase 1 of Commercial Development of Allway Gardens, Nos. 187–195 Tsuen King Circuit, Nos. 2–22 On Yat Street, Tsuen Wan, New Territories, Hong Kong
“Happy Luck Home Tenancy Second Renewal Letter”	the second renewal letter dated 3 December 2024 entered into between Smarts Corporation and Happy Luck in relation to the leasing of the premises of Happy Luck Home
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Board Committee”	an independent board committee of the Board consisting of all independent non-executive Directors, namely Mr. Or Kevin, Ms. Wu Wing Fong and Mr. Wong Chun Kit established for the purpose of advising the Independent Shareholders as to the fairness and reasonableness of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Grand Moore Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than Mr. Ngai, Ms. Ngai and their respective associates and Shareholders who are connected to or otherwise associated with Mr. Ngai, Ms. Ngai or interested in the Second Renewal Letters and Tsuen Wan Warehouse Tenancy Agreement
“Independent Third Party(ies)”	persons who are not connected persons of the Company and are third parties independent of and not connected with the Company and its connected persons
“Independent Valuer”	ValQuest Advisory (Hong Kong) Limited, the independent valuer engaged by the Company to assess the market rents of the Premises
“Jane’s Home”	Jane’s Home Limited (頤樂居有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Group

DEFINITIONS

“Ka Shui Garden”	Ka Shui Garden (Tsuen Wan) Day Care Centre Limited (嘉瑞園(荃灣)日間中心有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Ka Shui Garden Day Care Centre”	Ka Shui Garden Day Care Centre (嘉瑞園日間護理中心), our day care centre for the elderly, the operating address of which is at Shop C1, 1/F., Tsuen Wan Centre Shopping Arcade, 87–105 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong
“Ka Shui Garden (Hung Hom) Day Care Centre”	Ka Shui Garden Day Care Centre (Hung Hom) (嘉瑞園日間護理中心(紅磡)), our day care centre for the elderly, the operating address of which is at Shop 1 & 2, G/F., Tung Shun Hing Building, No. 22 Chi Kiang Street, To Kwa Wan, Kowloon, Hong Kong
“Ka Shui Garden Tenancy Agreement”	the tenancy agreement dated 22 April 2024 entered into between Shing Kong as landlord and Ka Shui Garden as tenant in relation to the leasing of the premises of Ka Shui Garden Day Care Centre
“Ka Shui Nursing Home”	Ka Shui Nursing Home for the Elderly (嘉瑞園護養院), our nursing home for the elderly, the operating address of which is 87–105 Tsuen King Circuit, Tsuen Wan Centre, Upper G/F., Shop C2 & C4, Tsuen Wan, New Territories, Hong Kong
“Ka Shui Staff Quarters Tenancy Agreement I”	the tenancy agreement dated 28 November 2024 entered into between Mr. Ngai as landlord and Ka Shui Nursing Home as tenant in relation to the leasing of the premises of staff quarters for Ka Shui Nursing Home located at Room A, 6/F., Four Sea Mansion
“Ka Shui Staff Quarters Tenancy Agreement II”	the tenancy agreement dated 28 November 2024 entered into between Mr. Ngai as landlord and Ka Shui Nursing Home as tenant in relation to the leasing of the premises of staff quarters for Ka Shui Nursing Home located at Room B, 6/F., Four Sea Mansion

DEFINITIONS

“Ka Shui Staff Quarters Tenancy Agreement III”	the tenancy agreement dated 28 November 2024 entered into between Mr. Ngai as landlord and Ka Shui Nursing Home as tenant in relation to the leasing of the premises of staff quarters for Ka Shui Nursing Home located at Room C, 6/F., Four Sea Mansion
“Ka Shui Staff Quarters Tenancy Agreement IV”	the tenancy agreement dated 28 November 2024 entered into between Mr. Ngai as landlord and Ka Shui Nursing Home as tenant in relation to the leasing of the premises of staff quarters for Ka Shui Nursing Home located at Room D, 6/F., Four Sea Mansion
“Kato Elderly Affairs”	Kato Elderly Affairs Limited (嘉濤安老有限公司), a company incorporated in Hong Kong with limited liability, indirectly owned as to 60% by Ms. Ngai and is an associate of Ms. Ngai
“Kato Elderly Home”	Kato Home for the Elderly (嘉濤耆樂苑), our care and attention home for the elderly with LORCHE No. 0787, the operating address of which is at Shop 8–12 on G/F. & 1/F., Lakeshore Building, 7 Tseng Choi Street, Tuen Mun, New Territories, Hong Kong
“Kato Elderly Home Tenancy Second Renewal Letter”	the second renewal letter dated 3 December 2024 entered into between Kato Elderly Affairs and Kato Kung in relation to the leasing of the premises of Kato Elderly Home
“Kato Home for the Aged”	Kato Home for the Aged (嘉濤耆康之家), our care and attention home for the elderly with LORCHE No. 0668, the operating address of which is at 1/F., Tung Wai Court, No. 3 Tsing Ling Path, Tuen Mun, New Territories, Hong Kong
“Kato Home for the Aged Tenancy Second Renewal Letter”	the second renewal letter dated 3 December 2024 entered into between Kato Property and Kato Kung in relation to the leasing of the premises of Kato Home for the Aged

DEFINITIONS

“Kato Kung”	Kato Kung Limited (嘉濤宮有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Group
“Kato Property”	Kato Property Limited (嘉濤置業有限公司), a company incorporated in Hong Kong with limited liability, indirectly owned as to 60% by Ms. Ngai and is an associate of Ms. Ngai
“Kato Staff Quarters Tenancy Second Renewal Letter”	the second renewal letter dated 3 December 2024 entered into between Ms. Ngai, Kato Elderly Affairs and Kato Kung in relation to the leasing of the premises of the staff quarters for Kato Elderly Home and Kato Home for the Aged
“KaYee Home Services”	KaYee Home Services Company Limited (家宜到戶服務有限公司) (formerly known as Ka Shui Garden (Hung Hom) Health Care Limited (嘉瑞園(紅磡)安養有限公司) and KaYee Home Services (Team A) Company Limited (家宜到戶服務(一隊)有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Group
“Latest Practicable Date”	21 January 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lam Kong”	Mr. Lam Kong, the brother of Mr. Ngai and an associate of Mr. Ngai
“Ms. Lam Wan Fong”	Ms. Lam Wan Fong, a niece of Mr. Ngai and an associate of Mr. Ngai
“Ms. Lam Wan Yuet”	Ms. Lam Wan Yuet, a niece of Mr. Ngai and an associate of Mr. Ngai

DEFINITIONS

“Mr. Ngai”	Mr. Ngai Shi Shing Godfrey, an executive Director and a controlling shareholder of the Company
“Mr. Ngai Ha Sang”	Mr. Ngai Ha Sang, uncle of Mr. Ngai and an associate of Mr. Ngai
“Ms. Ngai”	Ms. Ngai Ka Yee, an executive Director and a controlling shareholder of the Company
“Oriental Chinese”	Oriental Chinese Medicine Limited (東方中醫藥有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Group
“Perfect Cheer”	Perfect Cheer Investment Limited (冠時投資有限公司), a company incorporated in Hong Kong with limited liability, indirectly wholly-owned by Ms. Ngai and is an associate of Ms. Ngai
“Pine Villa”	Pine Villa (康城松山府邸), our care and attention home for the elderly with LORCHE No. 1310, the operating address of which is at Portion of Level 5, The Capitol, Lohas Park Road, Tseung Kwan O, New Territories, Hong Kong
“Premises”	the premises under the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement
“Second Renewal Letters”	collectively, (i) Kato Elderly Home Tenancy Second Renewal Letter, (ii) Kato Home for the Aged Tenancy Second Renewal Letter, (iii) Fai To Home (On Lai) Tenancy Second Renewal Letter, (iv) Fai To Home (Tuen Mun) Tenancy Second Renewal Letter, (v) Tsuen Wan Centre Tenancy Second Renewal Letter, (vi) Happy Luck Home Tenancy Second Renewal Letter, (vii) Tsuen Wan Staff Quarters Tenancy Second Renewal Letter, (viii) Kato Staff Quarters Tenancy Second Renewal Letter, (ix) Staff Quarters Tenancy Second Renewal Letter and (x) Fai To Sino West Staff Quarters Tenancy Second Renewal Letter

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shing Kong”	Shing Kong Limited (罌成有限公司), a company incorporated in Hong Kong with limited liability, indirectly wholly-owned by Ms. Ngai and is an associate of Ms. Ngai
“Smarts Corporation”	Smarts Corporation Limited (仕茂有限公司), a company incorporated in Hong Kong with limited liability, indirectly wholly-owned by Ms. Ngai and is an associate of Ms. Ngai
“Staff Quarters Tenancy Second Renewal Letter”	the second renewal letter dated 3 December 2024 entered into between Ms. Ngai, Happy Luck, Jane’s Home, Oriental Chinese and Tsuen Wan Elderly Centre in relation to the leasing of the premises of the staff quarters for Happy Luck Home, Pine Villa, Fai To Sino West Home and Tsuen Wan Centre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“To Kwa Wan Warehouse Tenancy Agreement”	the tenancy agreement dated 28 November 2024 entered into between Shing Kong as landlord and Oriental Chinese as tenant in relation to the lease of warehouse in To Kwa Wan
“Tsuen Wan Centre”	Tsuen Wan Elderly Centre Limited (荃灣老人中心有限公司), our care and attention home for the elderly with LORCHE No. 1223, the operating address of which is at Shop C1, 1/F, Tsuen Wan Centre Shopping Arcade, 87–105 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong

DEFINITIONS

“Tsuen Wan Centre Tenancy Second Renewal Letter”	the second renewal letter dated 3 December 2024 entered into between Shing Kong and Tsuen Wan Elderly Centre in relation to the leasing of the premises of Tsuen Wan Centre
“Tsuen Wan Elderly Centre”	Tsuen Wan Elderly Centre Limited (荃灣老人中心有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Group
“Tsuen Wan Staff Quarters Tenancy Second Renewal Letter”	the second renewal letter dated 3 December 2024 entered into between Mr. Ngai, Mr. Lam Kong and Tsuen Wan Elderly Centre in relation to the leasing of the premises of the staff quarters for Tsuen Wan Centre
“Tsuen Wan Warehouse Tenancy Agreement”	the tenancy agreement dated 3 December 2024 entered into between Crawfield International and Mr. Lam Kong in relation to the lease of the warehouse and office in Tsuen Wan
“Tuen Mun Staff Quarters Tenancy Agreement”	the tenancy agreement dated 7 October 2024 entered into between Mr. Ngai Ha Sang as landlord, and Kato Home for the Aged, Kato Elderly Home, Fai To Home (On Lai), Fai To Home (Tuen Mun), Tsuen Wan Elderly Centre and Happy Luck Home as tenants, in relation to the lease of staff quarters in Tuen Mun
“%”	per cent.

* *The English transliteration of the Chinese name(s) in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

LETTER FROM THE BOARD



Kato (Hong Kong) Holdings Limited
嘉濤 (香港) 控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2189)

Executive Directors:

Ms. Ngai Ka Yee
Mr. Ngai Shi Shing Godfrey
Mr. Lau Kwok Wo

Independent non-executive Directors:

Mr. Or Kevin
Ms. Wu Wing Fong
Mr. Wong Chun Kit

Registered Office:

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Headquarters and principal place of
business in Hong Kong:*

1st Floor, Tung Wai Court
No. 3 Tsing Ling Path
Tuen Mun
New Territories
Hong Kong

24 January 2025

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
IN RELATION TO
(1) RENEWAL OF EXISTING LEASES;
AND
(2) ENTERING INTO NEW TENANCY AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement dated 17 May 2022 and the circular dated 2 June 2022 of the Company in relation to the renewal of certain leases entered into with the controlling shareholders of the Company and their associates.

LETTER FROM THE BOARD

On 3 December 2024, the Group entered into the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement with the controlling shareholders of the Company and their associates in respect of the leasing of certain properties for the operation of the Group for a period of 1 April 2025 to 31 March 2028.

SECOND RENEWAL LETTERS

The Group has been leasing various premises in Hong Kong from the controlling shareholders of the Company and their associates for the operations of the Group since 2019.

According to the original tenancy agreements dated 20 May 2019 for the leasing of the premises for the operation of (i) Kato Elderly Home, (ii) Kato Home for the Aged, (iii) Fai To Home (On Lai), (iv) Fai To Home (Tuen Mun), (v) Tsuen Wan Centre, (vi) Happy Luck Home, (vii) staff quarters for the Tsuen Wan Centre, (viii) staff quarters for the Kato Elderly Home and Kato Home for the Aged, (ix) staff quarters for the Happy Luck Home, Pine Villa, Fai To Sino West Home and Tsuen Wan Centre and (x) staff quarters for the Fai To Sino West Home (the “**Original Tenancy Agreements**”), each tenancy agreement has a provision to renew the lease period for three years upon expiry of the initial term, and another provision to renew the lease period for another three years upon expiry of the second term on the same terms and conditions, save for downward adjustment of monthly rental fee where the prevailing market of the relevant premises has been lowered.

The Group and the controlling shareholders of the Company entered into the First Renewal Letters on 17 May 2022 for the renewal of the Original Tenancy Agreements for a term from 1 April 2022 to 31 March 2025 on the same terms and conditions.

On 3 December 2024, the Group and the controlling shareholders of the Company entered into the Second Renewal Letters for the second renewal of the Original Tenancy Agreements for a term from 1 April 2025 to 31 March 2028 on the same terms and conditions.

LETTER FROM THE BOARD

The principal terms of each of the Second Renewal Letters are set out in the table below.

						Historical annual rental amounts (for the years ended 31 March)	Monthly rental fee (Note)	Annual rental amounts (for the years ending 31 March)	Term
1	Kato Elderly Home Tenancy Second Renewal Letter	(i) Kato Kung as tenant; and	Shops 8-12 on G/F and 1/F, Lakeshore Building, 7 Tseng Choi Street, Tuen Mun, New Territories, Hong Kong	Approx. 18,680 sq. ft.	Kato Elderly Home	2023: HK\$4,860,000 2024: HK\$4,860,000 2025: HK\$4,860,000	HK\$405,000 (approximately per sq. ft.)	2026: HK\$4,860,000 2027: HK\$4,860,000 2028: HK\$4,860,000	1 April 2025 to 31 March 2028
		(ii) Kato Elderly Affairs as landlord							
2	Kato Home for the Aged Tenancy Second Renewal Letter	(i) Kato Kung as tenant; and	1/F, Tung Wai Court, No. 3 Tsing Ling Path, Tuen Mun, New Territories, Hong Kong	Approx. 12,277 sq. ft.	Kato Home for the Aged	2023: HK\$2,376,000 2024: HK\$2,376,000 2025: HK\$2,376,000	HK\$198,000 (approximately per sq. ft.)	2026: HK\$2,376,000 2027: HK\$2,376,000 2028: HK\$2,376,000	1 April 2025 to 31 March 2028
		(ii) Kato Property as landlord							
3	Fai To Home (On Lai) Tenancy Second Renewal Letter	(i) Crawfield International as tenant; and	Shops 1-17 on 1/F, On Lai Building, 3 Tsing To Path, Tuen Mun, New Territories, Hong Kong	Approx. 5,271 sq. ft.	Fai To Home (On Lai)	2023: HK\$1,236,000 2024: HK\$1,236,000 2025: HK\$1,236,000	HK\$103,000 (approximately per sq. ft.)	2026: HK\$1,236,000 2027: HK\$1,236,000 2028: HK\$1,236,000	1 April 2025 to 31 March 2028
		(ii) Classic Mate as landlord							
4	Fai To Home (Tuen Mun) Tenancy Second Renewal Letter	(i) Crawfield International as tenant; and	1/F, including Entrance on G/F, Florence Mansion, 6 Tsing Ling Path, Area 4B, Tuen Mun, New Territories, Hong Kong	Approx. 8,645 sq. ft.	Fai To Home (Tuen Mun)	2023: HK\$2,004,000 2024: HK\$2,004,000 2025: HK\$2,004,000	HK\$167,000 (approximately per sq. ft.)	2026: HK\$2,004,000 2027: HK\$2,004,000 2028: HK\$2,004,000	1 April 2025 to 31 March 2028
		(ii) Perfect Cheer as landlord							

LETTER FROM THE BOARD

						Historical annual rental amounts (for the years ended 31 March)	Monthly rental fee (Note)	Annual rental amounts (for the years ending 31 March)	Term
5	Tsuen Wan Centre Tenancy Second Renewal Letter	(i) Tsuen Wan Elderly Centre as tenant; and (ii) Shing Kong as landlord	Shop C1, 1/F, Tsuen Wan Centre Shopping Arcade, 87-105 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	Approx. 15,950 sq. ft.	Tsuen Wan Centre	2023: HK\$2,904,000 2024: HK\$2,904,000 2025: HK\$2,904,000	HK\$242,000 (approximately HK\$15.17 per sq. ft.)	2026: HK\$2,904,000 2027: HK\$2,904,000 2028: HK\$2,904,000	1 April 2025 to 31 March 2028
6	Happy Luck Home Tenancy Second Renewal Letter	(i) Happy Luck as tenant; and (ii) Smarts Corporation as landlord	2nd Floor of Phase 1 of Commercial Development of Allway Gardens, Nos. 187-195 Tsuen King Circuit, Nos. 2-22 On Yat Street, Tsuen Wan, New Territories, Hong Kong	Approx. 15,729 sq. ft.	Happy Luck Home	2023: HK\$2,724,000 2024: HK\$2,724,000 2025: HK\$2,724,000	HK\$227,000 (approximately HK\$14.43 per sq. ft.)	2026: HK\$2,724,000 2027: HK\$2,724,000 2028: HK\$2,724,000	1 April 2025 to 31 March 2028
7	Tsuen Wan Staff Quarters Tenancy Second Renewal Letter	(i) Tsuen Wan Elderly Centre as tenant; and (ii) Mr. Ngai and Mr. Lam Kong as landlords	Flat C, 24/F, Block 9 (Nanking House), Tsuen Wan Centre, 89 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	Approx. 425 sq. ft.	Staff quarters for the Tsuen Wan Centre	2023: HK\$146,400 2024: HK\$146,400 2025: HK\$146,400	HK\$12,200 (approximately HK\$28.71 per sq. ft.)	2026: HK\$146,400 2027: HK\$146,400 2028: HK\$146,400	1 April 2025 to 31 March 2028

LETTER FROM THE BOARD

						Historical annual rental amounts (for the years ended 31 March)	Monthly rental fee (Note)	Annual rental amounts (for the years ending 31 March)	Term
8	Kato Staff Quarters Tenancy Second Renewal Letter	(i) Kato Kung as tenant; and Lakeshore Building, (ii) Ms. Ngai and Kato Elderly Affairs as landlords	Rooms C and D on 2/F and Flat Roof, 7 Tseng Choi Street, Tuen Mun, New Territories, Hong Kong	Approx. 8,257 sq. ft. (including flat roof area of 7,427 sq. ft.)	Staff quarters for the Kato Elderly Home and Kato Home for the Aged	2023: HK\$356,400 2024: HK\$356,400 2025: HK\$356,400	HK\$29,700 (approximately HK\$3.60 per sq. ft.)	2026: HK\$356,400 2027: HK\$356,400 2028: HK\$356,400	1 April 2025 to 31 March 2028
9	Staff Quarters Tenancy Second Renewal Letter	(i) Happy Luck, Jane's Home, Oriental Chinese and Tsuen Wan Elderly Centre as tenants; and (ii) Ms. Ngai as landlord	3/F, Four Sea Mansion, 11 Fa Yuen Street, Mongkok, Hong Kong	Approx. 799 sq. ft.	Staff quarters for the Happy Luck Home, Pine Villa, Fai To Sino West Home and Tsuen Wan Centre	2023: HK\$254,400 2024: HK\$254,400 2025: HK\$254,400	HK\$21,200 (approximately HK\$26.53 per sq. ft.)	2026: HK\$254,400 2027: HK\$254,400 2028: HK\$254,400	1 April 2025 to 31 March 2028
10	Fai To Sino West Staff Quarters Tenancy Second Renewal Letter	(i) Oriental Chinese as tenant; and Building, 22 Chi (ii) Ms. Ngai as landlord	Room 10 on 3/F and Flat Roof, Tung Shun Hing Building, 22 Chi Kiang Street, Kowloon, Hong Kong	Approx. 266 sq. ft. (together with flat roof of 280 sq. ft.)	Staff quarters for the Fai To Sino West Home	2023: HK\$60,000 2024: HK\$60,000 2025: HK\$60,000	HK\$5,000 (approximately HK\$18.80 per sq. ft.)	2026: HK\$60,000 2027: HK\$60,000 2028: HK\$60,000	1 April 2025 to 31 March 2028

Note: The monthly rent is payable by the tenants each and every calendar month during the term of the Second Renewal Letters.

LETTER FROM THE BOARD

Annual rental amounts

The aggregate annual rental amounts under the Second Renewal Letters is HK\$16,921,200, HK\$16,921,200 and HK\$16,921,200 for each of the three years ending 31 March 2026, 2027 and 2028 respectively.

The rental amount for each of the Second Renewal Letters were arrived at after arm's length negotiations between the parties and with reference to an exhaustive list of prevailing market rent for similar properties in neighboring areas when the Original Tenancy Agreements were entered into (except for Happy Luck Home Tenancy Second Renewal Letter, of which elderly centre rental transactions in other locations are also analysed, due to the insufficient local market data available) and with transaction date close to the valuation date of the Premises. In case where the said selection criteria is not fully met, the Independent Valuer has extended the research to identify rental comparables that were transacted in earlier dates but are considered to be comparable to the Premises in terms of location and nature. The comparable premises are identified by the Independent Valuer based on its internal database and publicly available information, which the Independent Valuer confirms and the Company concurs are fair and representative comparables for the valuation of the premises. Details of comparable premises are as follows:

	Comparable	Date of transaction	Approximate saleable area (sq. ft.)	Location	Rent before adjustment (HK\$ per sq. ft.)	Rent after adjustment (HK\$ per sq. ft.) (Note)	
1	Kato Elderly Home Tenancy Second Renewal Letter	Comparable A	Q4/2024	1,138	Shop on the Ground Floor of Tsing Pak Path, Tuen Mun, New Territories, Hong Kong	53	29 (G/F) 15 (1/F)
		Comparable B	Q2/2024	365	Shop on the Ground Floor of Tsing Min Path, Tuen Mun, New Territories, Hong Kong	82	43 (G/F) 24 (1/F)
		Comparable C	Q4/2024	153	Shop on the Ground Floor of Tsing Min Path, Tuen Mun, New Territories, Hong Kong	90	47 (G/F) 26 (1/F)
		Comparable D	Q4/2024	420	Shop on the Ground Floor of Tsing Chui Path, Tuen Mun, New Territories, Hong Kong	83	44 (G/F) 24 (1/F)

LETTER FROM THE BOARD

		Comparable	Date of transaction	Approximate saleable area (sq. ft.)	Location	Rent before adjustment (HK\$ per sq. ft.)	Rent after adjustment (HK\$ per sq. ft.) (Note)
		Comparable E	Q2/2024	4,787	Ground Floor, No. 3 Tsing Min Path, Tuen Mun, New Territories, Hong Kong	49	43 (G/F) 20 (1/F)
2	Kato Home for the Aged Tenancy Second Renewal Letter	Comparable A	Q4/2024	1,138	Shop on the Ground Floor of Tsing Pak Path, Tuen Mun, New Territories, Hong Kong	53	16
		Comparable B	Q2/2024	365	Shop on the Ground Floor of Tsing Min Path, Tuen Mun, New Territories, Hong Kong	82	25
		Comparable C	Q4/2024	153	Shop on the Ground Floor of Tsing Min Path, Tuen Mun, New Territories, Hong Kong	90	27
		Comparable D	Q4/2024	420	Shop on the Ground Floor of Tsing Chui Path, Tuen Mun, New Territories, Hong Kong	83	25
		Comparable E	Q2/2024	4,787	Ground Floor, No. 3 Tsing Min Path, Tuen Mun, New Territories, Hong Kong	49	20
3	Fai To Home (On Lai) Tenancy Second Renewal Letter	Comparable A	Q4/2024	1,138	Shop on the Ground Floor of Tsing Pak Path, Tuen Mun, New Territories, Hong Kong	53	19
		Comparable B	Q2/2024	365	Shop on the Ground Floor of Tsing Min Path, Tuen Mun, New Territories, Hong Kong	82	29
		Comparable C	Q4/2024	153	Shop on the Ground Floor of Tsing Min Path, Tuen Mun, New Territories, Hong Kong	90	32

LETTER FROM THE BOARD

		Comparable	Date of transaction	Approximate saleable area (sq. ft.)	Location	Rent before adjustment (HK\$ per sq. ft.)	Rent after adjustment (HK\$ per sq. ft.) (Note)
		Comparable D	Q4/2024	420	Shop on the Ground Floor of Tsing Chui Path, Tuen Mun, New Territories, Hong Kong	83	30
		Comparable E	Q2/2024	4,787	Ground Floor, No. 3 Tsing Min Path, Tuen Mun, New Territories, Hong Kong	49	23
4	Fai To Home (Tuen Mun) Tenancy Second Renewal Letter	Comparable A	Q4/2024	1,138	Shop on the Ground Floor of Tsing Pak Path, Tuen Mun, New Territories, Hong Kong	53	20
		Comparable B	Q2/2024	365	Shop on the Ground Floor of Tsing Min Path, Tuen Mun, New Territories, Hong Kong	82	30
		Comparable C	Q4/2024	153	Shop on the Ground Floor of Tsing Min Path, Tuen Mun, New Territories, Hong Kong	90	33
		Comparable D	Q4/2024	420	Shop on the Ground Floor of Tsing Chui Path, Tuen Mun, New Territories, Hong Kong	83	31
		Comparable E	Q2/2024	4,787	Ground Floor, No. 3 Tsing Min Path, Tuen Mun, New Territories, Hong Kong	49	24
5	Tsuen Wan Centre Tenancy Second Renewal Letter	Comparable A	Q3/2022	832	Shop on the First Floor of Tsuen Wan Centre Shopping Arcade, No. 86 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	78	27
		Comparable B	Q1/2022	446	Shop on the First Floor of Tsuen Wan Centre Shopping Arcade, No. 86 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	67	23

LETTER FROM THE BOARD

		Comparable	Date of transaction	Approximate saleable area (<i>sq. ft.</i>)	Location	Rent before adjustment (<i>HK\$ per sq. ft.</i>)	Rent after adjustment (<i>HK\$ per sq. ft.</i>) (<i>Note</i>)
		Comparable C	Q2/2022	910	Shop 07B, Ground Floor, Allway Gardens Shopping Arcade, Nos. 187-195 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	23	18
		Comparable D	Q3/2020	11,820	Shop 09A, Ground Floor, Allway Gardens Shopping Arcade, Nos. 187-195 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	20	18
		Comparable E	Q2/2020	9,688	Shop 10 on Ground Floor and cockloft, Allway Gardens Shopping Arcade, Nos. 187-195 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	35	19
6	Happy Luck Home Tenancy Second Renewal Letter	Comparable A	Q3/2024	11,900	Shop 22 on Ground Floor and the whole of First Floor, Tak Cheong Building, No. 1001 Kwai Chung Road, Kwai Chung, New Territories, Hong Kong	36	24
		Comparable B	Q3/2024	14,653	Portion of Ground Floor and the whole of Second Floor, Hay Wah Building, Nos. 71-85 Hennessy Road, Wanchai, Hong Kong	52	26
		Comparable C	Q3/2024	4,175	Portion of Ground Floor and the whole of cockloft, Comfort Court, Nos. 65-73 Luen Wo Road, Fanling, New Territories, Hong Kong	47	26

LETTER FROM THE BOARD

		Comparable	Date of transaction	Approximate saleable area (sq. ft.)	Location	Rent before adjustment (HK\$ per sq. ft.)	Rent after adjustment (HK\$ per sq. ft.) (Note)
		Comparable D	Q1/2024	5,086	The whole of First Floor and Second Floor, Comfort Mansion, Nos. 878-888 Canton Road, Yau Ma Tei, Kowloon, Hong Kong	39	22
		Comparable E	Q1/2024	21,499	The whole of First Floor, Phase 2 of Kwan Yick Building, No. 343 Des Voeux Road West, Sai Ying Pun, Hong Kong	17	20
		Comparable F	Q3/2023	26,609	Portion of Ground Floor and the whole of Second Floor, Allway Gardens Shopping Arcade, Nos. 187-195 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	43	26
7	Tsuen Wan Staff Quarters Tenancy Second Renewal Letter	Comparable A	Q4/2024	380	Flat F, Low floor, Block 5 (Anking House), Tsuen Wan Centre, No. 89 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	32	28
		Comparable B	Q3/2024	374	Flat B, Mid floor, Block 19 (Shenyang House), Tsuen Wan Centre, No. 89 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	33	29
		Comparable C	Q3/2024	378	Flat C, High floor, Block 13 (Kweiyang House), Tsuen Wan Centre, No. 89 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	33	30

LETTER FROM THE BOARD

		Comparable	Date of transaction	Approximate saleable area <i>(sq. ft.)</i>	Location	Rent before adjustment <i>(HK\$ per sq. ft.)</i>	Rent after adjustment <i>(HK\$ per sq. ft.)</i> <i>(Note)</i>
		Comparable D	Q3/2024	380	Flat B, Low floor, Block 4 (Soochow House), Tsuen Wan Centre, No. 89 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	33	30
		Comparable E	Q3/2024	374	Flat B, High floor, Block 16 (Nanning House), Tsuen Wan Centre, No. 89 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	34	31
8	Kato Staff Quarters Tenancy Second Renewal Letter	Comparable A	Q4/2024	311	Flat in Look Yuen, No. 6 Tsing Pak Path, Tuen Mun, New Territories, Hong Kong	27	20
		Comparable B	Q4/2024	140	Flat in Lakeshore Building, No. 7 Tseng Choi Street, Tuen Mun, New Territories, Hong Kong	41	25
		Comparable C	Q4/2024	252	Flat in Dorboa Building, No. 9 Tsing Chui Path, Tuen Mun, New Territories, Hong Kong	36	25
		Comparable D	Q4/2024	252	Flat in Dorboa Building, No. 9 Tsing Chui Path, Tuen Mun, New Territories, Hong Kong	34	24
		Comparable E	Q4/2024	229	Flat in Wah Lee Building, No. 9 Tsing Ling Path, Tuen Mun, New Territories, Hong Kong	33	21
		Comparable F	Q4/2024	340	Flat in Kim Bo Building, No. 5 Tsing Min Path, Tuen Mun, New Territories, Hong Kong	26	20

LETTER FROM THE BOARD

		Comparable	Date of transaction	Approximate saleable area (sq. ft.)	Location	Rent before adjustment (HK\$ per sq. ft.)	Rent after adjustment (HK\$ per sq. ft.) (Note)
9	Staff Quarters Tenancy Second Renewal Letter	Comparable A	Q4/2024	676	Unit 1 on Low floor, No. 168 Tung Choi Street, Mong Kok, Kowloon, Hong Kong	37	29
		Comparable B	Q4/2024	850	Flat on Mid floor, Cheung Ling Mansion, Nos. 3-13 Nullah Road and Nos. 258-260 Sai Yeung Choi Street South, Mong Kok, Kowloon, Hong Kong	32	28
		Comparable C	Q4/2024	855	Flat 14 on Low floor, Sincere House, No. 83 Argyle Street, Mong Kok, Kowloon, Hong Kong	35	27
10	Fai To Sino West Staff Quarters Tenancy Second Renewal Letter	Comparable A	Q4/2024	250	Flat on Mid floor, Kiu Yu Mansion, Nos. 86-94 Lok Shan Road, To Kwa Wan, Kowloon, Hong Kong	32	30
		Comparable B	Q4/2024	220	Flat on Mid floor, Kiu Yu Mansion, Nos. 86-94 Lok Shan Road, To Kwa Wan, Kowloon, Hong Kong	39	36
		Comparable C	Q4/2024	200	Flat on Mid floor, No. 73 Tam Kung Road, To Kwa Wan, Kowloon, Hong Kong	40	38
		Comparable D	Q4/2024	220	Flat B, High floor, Wang Fung Building, Nos. 29-33 Chi Kiang Street and Nos. 35-41 To Kwa Wan Road, To Kwa Wan, Kowloon, Hong Kong	38	31

Note: Relevant adjustments have been made to the unit rents of comparable premises, including the nature of transaction, size, location (including floor level), age and condition, accessibility, outgoings and timing difference between the transaction date of the comparable premises and the valuation date to account for the differences between the premises and the comparable premises. Based on the discussion between the Directors and the Independent Valuer and having reviewed the list of comparable premises, the Directors are of the view that the adjustments are appropriate and reasonable for the market rental valuation for the premises.

LETTER FROM THE BOARD

It is expected that all rental amounts under the Second Renewal Letters will be satisfied by the internal resources of the Group in its usual and ordinary course of business.

The Directors (excluding the independent non-executive Directors who shall provide their views after taking the advice from the Independent Financial Adviser), having taken into account (i) the rental amounts payable under all the Second Renewal Letters are lower than the fair market rent of the Premises; and (ii) the associated costs which the Group may incur if the Premises under the Second Renewal Letters are replaced by other properties let from an Independent Third Party, including but not limited to demolition cost, renovation cost of the new premises, moving cost of existing furniture, facilities and equipment, consider that it is desirable and in the interests of the Company and the Shareholders as a whole to continue renting the Premises from the controlling shareholders of the Company and their associates pursuant to the Second Renewal Letters.

TSUEN WAN WAREHOUSE TENANCY AGREEMENT

On 3 December 2024, Crawfield International, our indirect wholly-owned subsidiary of the Company, as tenant, entered into the Tsuen Wan Warehouse Tenancy Agreement with Mr. Lam Kong as landlord in relation to the leasing of a warehouse and office located in Tsuen Wan, the principal terms of which are set out as follows:

Date:	3 December 2024
Parties:	(i) Crawfield International, as tenant; and (ii) Mr. Lam Kong, as landlord
Location of property:	Flat B, 3/F., Metropolitan Factory & Warehouse Building, 30–32 Chai Wan Kok Street, Tsuen Wan, New Territories, Hong Kong
Size of property (saleable floor area):	Approximately 5,800 sq. ft.
Term:	1 April 2025 to 31 March 2028
Monthly Rental Fee:	The monthly rent of HK\$55,000 is payable by Crawfield International each and every calendar month during the term of the Tsuen Wan Warehouse Tenancy Agreement.
Monthly rent per sq. ft.:	Approximately HK\$9.48

LETTER FROM THE BOARD

Historical rental amounts

Crawfield International and Mr. Lam Kong entered into a short term lease from 1 November 2024 to 31 March 2025 with a monthly rental of HK\$55,000 for the use of the warehouse. The historical rental amounts paid by the Group to Crawfield International in relation to the leasing of the warehouse for the three years ended/ending 31 March 2023, 2024 and 2025 was nil, nil and HK\$275,000, respectively.

Annual rental amounts

The rent payable by the Group to Mr. Lam Kong under the Tsuen Wan Warehouse Tenancy Agreement for each of the three years ending 31 March 2026, and 2028 is HK\$660,000, HK\$660,000 and HK\$660,000, respectively, which were arrived at after arm's length negotiations between the parties and with reference to an exhaustive list of prevailing market rent for similar properties in neighboring areas at which the warehouse and office is located. The comparable premises are identified by the Independent Valuer based on its internal database and publicly available information, which the Independent Valuer confirms and the Company concurs are fair and representative comparables for the valuation of the premises. Details of comparable premises are as follows:

Comparable	Date of transaction	Approximate saleable area (sq. ft.)	Location	Rent before adjustment (HK\$ per sq. ft.)	Rent after adjustment (HK\$ per sq. ft.) (Note)
Comparable A	Q3/2024	6,440	Low floor, Metropolitan Factory and Warehouse Building, Nos. 30–32 Chai Wan Kok Street, Tsuen Wan, New Territories, Hong Kong	11	10
Comparable B	Q2/2024	6,273	Low floor, Metropolitan Factory and Warehouse Building, Nos. 30–32 Chai Wan Kok Street, Tsuen Wan, New Territories, Hong Kong	12	11
Comparable C	Q2/2024	4,768	Mid floor, Metropolitan Factory and Warehouse Building, Nos. 30–32 Chai Wan Kok Street, Tsuen Wan, New Territories, Hong Kong	10	9

LETTER FROM THE BOARD

Comparable	Date of transaction	Approximate saleable area (sq. ft.)	Location	Rent before adjustment (HK\$ per sq. ft.)	Rent after adjustment (HK\$ per sq. ft.) (Note)
Comparable D	Q1/2024	4,768	Low floor, Metropolitan Factory and Warehouse Building, Nos. 30–32 Chai Wan Kok Street, Tsuen Wan, New Territories, Hong Kong	11	10
Comparable E	Q1/2023	5,646	Low floor, Metropolitan Factory and Warehouse Building, Nos. 30–32 Chai Wan Kok Street, Tsuen Wan, New Territories, Hong Kong	12	11

Note: Relevant adjustments have been made to the unit rents of comparable premises, including size, location (including floor level), age and condition, and timing difference between the transaction date of the comparable premises and the valuation date to account for the differences between the premises and the comparable premises. Based on the discussion between the Directors and the Independent Valuer and having reviewed the list of comparable premises, the Directors are of the view that the adjustments are appropriate and reasonable for the market rental valuation for the premises.

The rental payments under the Tsuen Wan Warehouse Tenancy Agreement are expected to be satisfied by the internal resources of the Group in its usual and ordinary course of business.

The Directors (excluding the independent non-executive Directors who shall provide their views after taking the advice from the Independent Financial Adviser), having taken into account the rent payable under the Tsuen Wan Warehouse Tenancy Agreement is lower than the fair market rent of the premises, consider that it is desirable and in the interests of the Company and the Shareholders as a whole to rent the warehouse and office from Mr. Lam Kong.

PRICING POLICY

The Group determined the rent payable for each of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement after arm's length negotiations with the respective landlords based on normal commercial principles with reference to the prevailing market rent of leases of comparable premises, the historical quotations to other Independent Third Parties by the respective landlords for similar leases, and other factors such as floor area, facilities and location.

LETTER FROM THE BOARD

To ensure the rent payable under each of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement is fair and reasonable and not less favourable than the rent payable to Independent Third Parties in respect of the same or similar premises, the management of the Company will follow the below procedures:

- (i) search for actual rental transactions of the same premises, premises in the same building and premises in the neighboring area (where such transactions are not available, refer to real estate industry publications describing rental trends in the relevant areas);
- (ii) compare the said market rent (or rental trends, where applicable) with the rent payable under the Second Renewal Letters and Tsuen Wan Warehouse Tenancy Agreement; and
- (iii) in cases where rent payable offer by the respective landlords under any of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement is higher than the prevailing market rent of the relevant premises, request such landlord(s) to reduce the rent payable.

RIGHT-OF-USE ASSETS

According to HKFRS 16, the Group, as tenant, is required to recognise the right-of-use assets under the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement on its consolidated statement of financial position of the Group.

The value (unaudited) of the right-of-use assets to be recognised by the Company as of 3 December 2024 under (i) the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement; and (ii) the Second Renewal Letters, the Tsuen Wan Warehouse Tenancy Agreement and the De Minimis Tenancies are approximately HK\$65.7 million and HK\$68.7 million, respectively. The value (unaudited) of the right-of-use assets represents the present value of lease payments throughout the lease term under the renewal letters and tenancy agreement(s), discounted using the increment borrowing rate in accordance with HKFRS 16.

Shareholders should note that the above disclosed carrying values of right-of-use assets is unaudited and may be subject to adjustment in the future.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF ENTERING INTO THE SECOND RENEWAL LETTERS AND THE TSUEN WAN WAREHOUSE TENANCY AGREEMENT

The Group has been occupying the Premises under the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement for its business and operation. In order to ensure that the business and operation of the Group will not be affected upon the expiration of the existing leases, the Group entered into the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement with the respective landlords.

The Group has also engaged an Independent Valuer to assess the fair market rent of the Premises which were of the opinion that the rental payments under the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement are fair and reasonable, compared with the open market rent of similar properties at the vicinity of each of the Premises.

In view of the above, the Directors (excluding the independent non-executive Directors who shall provide their views after taking the advice from the Independent Financial Adviser) consider that the terms of each of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement and the transactions contemplated thereunder, are fair and reasonable; and each of the Second Renewal Letters and Tsuen Wan Warehouse Tenancy Agreement and the transactions contemplated thereunder are on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Group and its Shareholders as a whole.

INTERNAL CONTROL MEASURES

In order to ensure that the pricing basis is adhered to for each of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement and the connected transactions under the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement are in compliance with the requirements of the Listing Rules, the Company has adopted the following internal control measures:

- (i) the relevant operation departments and management of the Group have examined the proposed rent under the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement in order to ensure that such rent is determined based on arm's length negotiations between the parties and the terms of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement are fair and reasonable, on normal commercial terms and on terms that are no less favourable to the Group than those available from Independent Third Parties;

LETTER FROM THE BOARD

- (ii) the finance department of the Group has reviewed whether the proposed rent payable under each of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement is in line with the pricing policy; and
- (iii) the Company's responsible management with assistance from external legal, accounting or other professional advisers continues to oversee and monitor the Company's on-going compliance with the Listing Rules in relation to the Group's lease arrangements.

By implementing the above measures, the Directors (excluding the independent non-executive Directors who shall provide their views after taking the advice from the Independent Financial Adviser) consider that the Group has appropriate internal control procedures to ensure that the transactions under the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement will be conducted on normal commercial terms and in the interests of the Group and its Shareholders as a whole.

INFORMATION ON THE PARTIES

The Group

The Group is an established operator of residential care homes for the elderly in Hong Kong offering a wide range of residential care and day care services for the elderly including (i) the provision of accommodation, professional nursing and care-taking services, nutritional management, medical services, physiotherapy and occupational therapy services, psychological and social care services, individual care plans and recreational services; (ii) the sale of healthcare and medical goods and the provision of add-on healthcare services to the residents; and (iii) provision of elderly community care services.

The Landlords

Mr. Ngai and Ms. Ngai are executive Directors and controlling shareholders of the Company. Mr. Lam Kong is the brother of Mr. Ngai.

Classic Mate, Perfect Cheer, Shing Kong and Smarts Corporation are all companies incorporated in Hong Kong with limited liability and wholly-owned by Four Rings Property Agency Limited, a company indirectly wholly-owned by Ms. Ngai. Classic Mate, Perfect Cheer, Shing Kong and Smarts Corporation are principally engaged in properties investment holding.

LETTER FROM THE BOARD

Kato Elderly Affairs and Kato Property are both companies incorporated in Hong Kong with limited liability and owned as to 60% by Four Rings Property Agency Limited, a company indirectly wholly-owned by Ms. Ngai. Kato Elderly Affairs and Kato Property are principally engaged in properties investment holding.

Four Rings Property Agency Limited is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding.

IMPLICATIONS UNDER THE LISTING RULES

The landlords of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement are Mr. Ngai, Ms. Ngai, Mr. Lam Kong, Classic Mate, Kato Elderly Affairs, Kato Property, Perfect Cheer, Shing Kong and Smarts Corporation.

Mr. Ngai and Ms. Ngai are connected persons of the Company by virtue of being executive Directors and controlling shareholders of the Company. Mr. Lam Kong is the brother of Mr. Ngai and is regarded as an associate of Mr. Ngai and therefore is a connected person of the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (a) Classic Mate, Perfect Cheer, Shing Kong and Smarts Corporation are all companies incorporated in Hong Kong with limited liability and wholly-owned by Four Rings Property Agency Limited, a company indirectly wholly-owned by Ms. Ngai; and (b) Kato Elderly Affairs and Kato Property are both owned as to 60% by Four Rings Property Agency Limited. As associates of Ms. Ngai, one of the Directors and controlling shareholders of the Company, all of Classic Mate, Perfect Cheer, Shing Kong, Smarts Corporation, Kato Elderly Affairs and Kato Property are connected persons of the Company.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all conducted within a 12-month period or were otherwise related. The Group entered into the De Minimis Tenancies with the controlling shareholders of the Company and their associates in relation to the leasing of day care centre, warehouse and staff quarters during the 12-month period prior to the date of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement. Accordingly, the transactions pursuant to the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement are aggregated with the De Minimis Tenancies which are similar in nature.

LETTER FROM THE BOARD

Below set out a summary of the De Minimis Tenancies:

		Tenant	Landlord	Address	Use of property	Monthly rental (Note)	Term
1	Tuen Mun Staff Quarters Tenancy Agreement dated 7 October 2024	Kato Home for the Aged, Kato Elderly Home, Fai To Home (On Lai), Fai To Home (Tuen Mun), Tsuen Wan Elderly Centre and Happy Luck Home	Mr. Ngai Ha Sang (uncle of Mr. Ngai)	Unit A, 20/F., Tuen Mun Court, 2 Tsing Yong Street, Tuen Mun, New Territories, Hong Kong	Staff quarters for Kato Home for the Aged, Kato Elderly Home, Fai To Home (On Lai), Fai To Home (Tuen Mun), Tsuen Wan Elderly Centre and Happy Luck Home	HK\$30,000 per month	1 October 2024 to 30 September 2026
2	Fai To Home (Tuen Mun) Staff Quarters Tenancy Agreement dated 27 January 2024	Fai To Home (Tuen Mun)	Ms. Lam Wan Fong (niece of Mr. Ngai)	Flat D, 14/F., Florence Mansion, 6 Tsing Ling Path, Tuen Mun, New Territories, Hong Kong	Staff quarters for Fai To Home (Tuen Mun)	HK\$15,000 per month	1 April 2024 to 31 March 2026
3	To Kwa Wan Warehouse Tenancy Agreement dated 28 November 2024	Oriental Chinese	Shing Kong	Shop 7, G/F., Tung Shun Hing Building, No. 22 Chi Kiang Street, To Kwa Wan, Kowloon, Hong Kong	Warehouse	HK\$20,000 per month	1 December 2024 to 30 November 2026
4	Ka Shui Garden Tenancy Agreement dated 22 April 2024	Ka Shui Garden	Shing Kong	Upper G/F, Shop C2 & C4, 87-105 Tsuen King Circuit, Tsuen Wan Centre, Tsuen Wan, New Territories, Hong Kong	Ka Shui Garden Day Care Centre	HK\$40,000 per month	1 April 2024 to 31 March 2026
5	Ka Shui Staff Quarters Tenancy Agreement I dated 28 November 2024	Ka Shui Nursing Home	Mr. Ngai	Room A, 6/F., Four Sea Mansion, 11A Fai Yuen Street, Mongkok, Kowloon, Hong Kong	Staff quarters for Ka Shui Nursing Home	HK\$8,000 per month	1 December 2024 to 30 November 2026

LETTER FROM THE BOARD

		Tenant	Landlord	Address	Use of property	Monthly rental (<i>Note</i>)	Term
6	Ka Shui Staff Quarters Tenancy Agreement II dated 28 November 2024	Ka Shui Nursing Home	Mr. Ngai	Room B, 6/F., Four Sea Mansion, 11A Fai Yuen Street, Mongkok, Kowloon, Hong Kong	Staff quarters for Ka Shui Nursing Home	HK\$8,000 per month	1 December 2024 to 30 November 2026
7	Ka Shui Staff Quarters Tenancy Agreement III dated 28 November 2024	Ka Shui Nursing Home	Mr. Ngai	Room C, 6/F., Four Sea Mansion, 11A Fai Yuen Street, Mongkok, Kowloon, Hong Kong	Staff quarters for Ka Shui Nursing Home	HK\$12,000 per month	1 December 2024 to 30 November 2026
8	Ka Shui Staff Quarters Tenancy Agreement IV dated 28 November 2024	Ka Shui Nursing Home	Mr. Ngai	Room D, 6/F., Four Sea Mansion, 11A Fai Yuen Street, Mongkok, Kowloon, Hong Kong	Staff quarters for Ka Shui Nursing Home	HK\$8,000 per month	1 December 2024 to 30 November 2026
9	Happy Luck Staff Quarters Tenancy Agreement dated 15 July 2024	Happy Luck Home	Ms. Lam Wan Yuet (niece of Mr. Ngai)	Flat 01, 10/F, Block G, 20 On Yat Street, Tsuen Wan, New Territories, Hong Kong	Staff quarters for Happy Luck Home	HK\$18,000 per month	1 July 2024 to 30 June 2026
10	Ka Shui Garden (Hung Hom) Tenancy Agreement dated 28 November 2024	KaYee Home Services	Shing Kong	Shop 1 & 2, G/F., Tung Shun Hing Building, No. 22 Chi Kiang Street, To Kwa Wan, Kowloon, Hong Kong	Ka Shui Garden (Hung Hom) Day Care Centre	HK\$30,000 per month	1 April 2024 to 30 November 2024

Note: The monthly rent is payable by the tenants each and every calendar month during the term of the De Minimis Tenancies.

As the tenancies under the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement are fixed terms, the transactions contemplated thereunder are considered as one-off connected transactions of the Company under Chapter 14A of the Listing Rules.

The value (unaudited) of the right-of-use assets to be recognised by the Company as of 3 December 2024 under (i) the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement; and (ii) the Second Renewal Letters, the Tsuen Wan Warehouse Tenancy Agreement and the De Minimis Tenancies are HK\$65.7 million and HK\$68.7 million, respectively.

LETTER FROM THE BOARD

As one or more of the applicable percentage ratios in respect of the Second Renewal Letters, the Tsuen Wan Warehouse Tenancy Agreement and the De Minimis Tenancies exceed 5% but all are less than 25%, the transactions under the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement constitute discloseable and connected transactions for the Company, and is subject to the reporting, announcement, annual review, circular and independent shareholders' approval requirements under the Listing Rules.

Mr. Ngai and Ms. Ngai, being executive Directors and controlling shareholders of the Company, are considered to be interested in the transactions contemplated under the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement. Accordingly, both Mr. Ngai and Ms. Ngai have abstained from voting on the board resolution of the Company to approve the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement.

As at the Latest Practicable Date, 624,000,000 Shares were held by Sheung Fung Limited ("**Sheung Fung**"), which is wholly-owned by Shi Fung (PTC) Limited, the trustee of a family trust (The Kwong and Ngai Family Trust), which was established pursuant to the trust deed dated 19 March 2018 as amended and supplemented by a deed of variation of removal of beneficiaries dated 17 July 2018 (the "**Family Trust**"). Ms. Ngai is a settlor of the Family Trust and Mr. Ngai is the sole beneficiary of the Family Trust. By virtue of the SFO, Ms. Ngai and Mr. Ngai are deemed to be interested in the 624,000,000 Shares (representing 62.4% of the total issued share capital of the Company) held by Sheung Fung. In addition, Mr. Ngai directly held 12,436,000 Shares (representing 1.24% of the total issued share capital of the Company) as at the Latest Practicable Date.

Mr. Ngai, Ms. Ngai and their respective associates are interested in the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement and are therefore required to abstain from voting on the relevant resolution at the EGM to approve the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement.

Save as disclosed above, no Shareholder has a material interest in the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement and the transactions contemplated thereunder and is required to abstain from voting on the relevant resolutions at the EGM.

GENERAL

The Independent Board Committee has been formed to advise the Independent Shareholders as to the fairness and the reasonableness of the terms of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement and the transactions contemplated thereunder and as to how to

LETTER FROM THE BOARD

vote at the EGM. None of the member of the Independent Board Committee has any interest in the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement and the transactions contemplated thereunder.

Grand Moore Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement and the transactions contemplated thereunder. The Independent Board Committee will form its view in respect of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement and the transactions contemplated thereunder after obtaining and considering the advice from the Independent Financial Adviser.

RECOMMENDATION

Should the relevant resolutions for the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement be voted down by the Independent Shareholders, the Group would be required to relocate the day care centre, warehouse and staff quarters, and would incur costly relocation and renovation fees. In such event, the landlords have agreed to allow the Group to continue occupying the Premises until the Group has located suitable premises and moved out.

Although the Group would be able to locate suitable Premises for its day care centre, warehouse and staff quarters if needed without difficulty as there are similar premises available in the vicinity, the Board strongly recommends the Independent Shareholders to vote in favour of the relevant resolutions set out in the notice of the EGM, based on the following reasons:

- (i) the transactions contemplated under the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement will be conducted by the Group in its ordinary and usual course of business, on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole;
- (ii) given the Premises are mainly used as elderly homes, it is not ideal to move elderlies around, especially if they require special care services;
- (iii) the time and cost to be incurred for relocation of elderlies to another elderly home is high; and
- (iv) it is in the commercial interests and beneficial to the Group to continue to lease the Premises and keep its day care centre, warehouse and staff quarters at the existing locations.

LETTER FROM THE BOARD

FURTHER INFORMATION

The Independent Board Committee comprising three independent non-executive Directors has been appointed to recommend the Independent Shareholders in respect of the transactions contemplated under the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement. Grand Moore Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in such regard.

Accordingly, your attention is drawn to (i) the letter of recommendation from the Independent Board Committee to the Independent Shareholders set out on pages 36 to 37 of this circular, which contains its recommendation to the Independent Shareholders; (ii) the letter of advice from Independent Financial Adviser to the Independent Board Committee and Independent Shareholders set out on pages 38 to 58 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders; (iii) the general information set out in the Appendix to this circular; and (iv) the notice of the EGM.

THE EGM

Set out on pages EGM-1 to EGM-7 of this circular is a notice convening the EGM to be held at 2/F., Hing Tin Commercial Centre Complex, Hing Tin Estate, 8 Lin Tak Road, Lam Tin, Kowloon, Hong Kong on Wednesday, 19 February 2025 at 11:00 a.m. at which the relevant resolutions will be proposed at the EGM to approve, among other things, the Renewal Letters and the transactions contemplated thereunder. The resolutions proposed to be approved at the EGM will be taken by poll and an announcement on the results of the EGM will be made by the Company after the EGM.

The register of members of the Company will be closed from Friday, 14 February 2025 to Wednesday, 19 February 2025, both days inclusive, during which period no transfer of shares can be registered. In order to attend the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong no later than 4:00 p.m. on Thursday, 13 February 2025.

LETTER FROM THE BOARD

Please complete and return the form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). **The Company reminds the Shareholders who wish to exercise his/her/its voting rights that they may appoint the Chairman of EGM as their proxy to vote on the relevant resolutions at the EGM.**

Yours faithfully,

By order of the Board

Kato (Hong Kong) Holdings Limited

Ngai Shi Shing, Godfrey

Chairman and Executive Director



Kato (Hong Kong) Holdings Limited

嘉濤（香港）控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2189)

24 January 2025

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
IN RELATION TO
(1) RENEWAL OF EXISTING LEASES;
AND
(2) ENTERING INTO NEW TENANCY AGREEMENT**

We refer to the circular of the Company dated 24 January 2025 (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms defined in the Circular have the same meanings in this letter unless the context otherwise requires.

In compliance with the Listing Rules, we have been appointed by the Board to form the Independent Board Committee and advise the Independent Shareholders as to whether, in our opinion, the transactions contemplated under the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement will be conducted by the Group in its ordinary and usual course of business, are on normal commercial terms and in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. In this connection, Grand Moore Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Renewal Letters.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We wish to draw your attention to the letter from the Board set out on pages 11 to 35 of the Circular, and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 38 to 58 of the Circular which contains its opinion in respect of the transactions contemplated under the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement.

Having taken into account the advice of the Independent Financial Adviser and its recommendation in relation thereto, we consider that the transactions contemplated under the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement are conducted by the Group in its ordinary and usual course of business, are on normal commercial terms and in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend that you vote in favour of the relevant resolutions set out in the notice of the EGM.

Yours faithfully,

**Independent Board Committee of
Kato (Hong Kong) Holdings Limited**

Mr. Or Kevin

Ms. Wu Wing Fong

Mr. Wong Chun Kit

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Grand Moore Capital Limited setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in the Circular.



21/F., No. 88 Lockhart Road,
Wan Chai, Hong Kong

24 January 2025

*To the Independent Board Committee and
the Independent Shareholders of
Kato (Hong Kong) Holdings Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION TO (1) RENEWAL OF EXISTING LEASES; AND (2) ENTERING INTO NEW TENANCY AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement and the transactions contemplated thereunder (the “**Transactions**”), the details of which are set forth in the “Letter from the Board” (the “**Board Letter**”) contained in the circular issued by the Company to the Shareholders dated 24 January 2025 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

Reference is made to the announcement dated 17 May 2022 and the circular dated 2 June 2022 of the Company in relation to the renewal of certain leases entered into with the controlling shareholders of the Company and their associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 3 December 2024, the Group entered into the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement with the controlling shareholders of the Company and their associates in respect of the leasing of certain properties for the operation of the Group for a period of 1 April 2025 to 31 March 2028.

Second Renewal Letters and Tsuen Wan Warehouse Tenancy Agreement

As stated in the Board Letter, the Group has been leasing various premises in Hong Kong from the controlling shareholders of the Company and their associates for the operations of the Group since 2019.

According to the original tenancy agreements dated 20 May 2019 for the leasing of the premises for the operation of (i) Kato Elderly Home, (ii) Kato Home for the Aged, (iii) Fai To Home (On Lai), (iv) Fai To Home (Tuen Mun), (v) Tsuen Wan Centre, (vi) Happy Luck Home, (vii) staff quarters for the Tsuen Wan Centre, (viii) staff quarters for the Kato Elderly Home and Kato Home for the Aged, (ix) staff quarters for the Happy Luck Home, Pine Villa, Fai To Sino West Home and Tsuen Wan Centre and (x) staff quarters for the Fai To Sino West Home (the “**Original Tenancy Agreements**”), each tenancy agreement has a provision to renew the lease period for three years upon expiry of the initial term, and another provision to renew the lease period for another three years upon expiry of the second term on the same terms and conditions, save for downward adjustment of monthly rental fee where the prevailing market of the relevant premises has been lowered.

The Group and the controlling shareholders of the Company entered into the First Renewal Letters on 17 May 2022 for the renewal of the Original Tenancy Agreements for a term from 1 April 2022 to 31 March 2025 on the same terms and conditions.

On 3 December 2024, (i) the Group and the controlling shareholders of the Company entered into the Second Renewal Letters for the second renewal of the Original Tenancy Agreements for a term from 1 April 2025 to 31 March 2028 on the same terms and conditions; and (ii) Crawfield International, an indirect wholly-owned subsidiary of the Company, as tenant, entered into the Tsuen Wan Warehouse Tenancy Agreement with Mr. Lam Kong as landlord in relation to the leasing of a warehouse and office located in Tsuen Wan.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. Or Kevin, Ms. Wu Wing Fong and Mr. Wong Chun Kit, being all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Transactions. We, Grand Moore Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Transactions.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were not connected with the Company, its respective substantial Shareholders, Directors or chief executives, or any of their respective associates and accordingly, are considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the Transactions.

In the past two years, we have not acted in any financial adviser role to the Company. Save for the appointment as the Independent Financial Adviser, there was no other relationship and/or engagement between the Company and us in the past two years.

With regards to our independence from the Company, it is noted that (i) apart from normal professional fees paid or payable to us in connection with the current appointment as the Independent Financial Adviser, no other arrangements exist whereby we had received or will receive any fees or benefits from the Company, its subsidiaries or their respective controlling Shareholders that could reasonably be regarded as relevant to our independence; and (ii) the aggregate professional fees paid or to be paid to us do not make up a significant portion of our revenue during the relevant period which would affect our independence. Accordingly, we consider that we are independent to act as the Independent Financial Adviser in respect of the Transactions pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the Company's interim report for the six months ended 30 September 2024 (the "**2024/2025 Interim Report**"); (iii) the valuation report prepared by the Independent Valuer as appended in Appendix II of the Circular (the "**Valuation Report**"); (iv) other information provided by the Directors and/or the senior management of the Company (the "**Management**"); (v) the opinions expressed by and the representations of the Directors and the Management; and (vi) our review of the relevant public information. We have assumed that all information and representations that have been provided by the Directors and the Management, for which they are

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers, the Directors and/or the Management (where applicable), which have been provided to us. The Directors have confirmed that, to the best of their knowledge, they believe that no material fact or information has been omitted from the information supplied to us and that the representations made or opinions expressed have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading.

We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Chapters 13 and 14A of the Listing Rules. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information, opinions or representations given or made by or on behalf of the Company, nor conducted any independent in-depth investigation into the business affairs, assets and liabilities or future prospects of the Company, its respective subsidiaries or associates (if applicable) or any of the other parties involved in the Transactions, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. The Company has been separately advised by its own professional advisers with respect to the Transactions and the preparation of the Circular (other than this letter).

We have assumed that the Transactions will be consummated in accordance with the terms and conditions set forth in the Circular without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the Transactions, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Transactions. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in relation to the Transactions, we have taken into account the following principal factors and reasons:

1. Background Information of the Group

As per the 2024/2025 Interim Report, the Group principally engages in the provision of residential care services and day care services for the elderly in Hong Kong and is organized into two business segments including (i) elderly care services segment (“**Elderly Care Services**”); and (ii) investment properties holding segment (“**Investment Properties Holding**”). Set out below is the key consolidated financial information of the Group for the six months ended 30 September 2023 and 2024 as extracted from the 2024/2025 Interim Report.

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue	147,971	135,157
— Elderly Care Services	139,755	132,025
— Investment Properties Holding	8,216	3,132
Profit for the period	25,501	20,126

According to the 2024/2025 Interim Report, the revenue increased from approximately HK\$135.2 million for the six months ended 30 September 2023 to approximately HK\$148.0 million for the six months ended 30 September 2024, such increase was mainly due to (i) increase in revenue from rendering of elderly home care services as two new care and attention homes located in Lam Tin commenced operation during the six months ended 30 September 2024; and (ii) increase in rental and management fee income as the Group completed acquisition of the properties located at Tsuen Wan in February 2024 and rented to an independent third party for operation of an elderly home since then.

Profit of the Group amounted to approximately HK\$25.5 million for the six months ended 30 September 2024 which represents an increase of approximately HK\$5.4 million, or approximately 26.9%, from approximately HK\$20.1 million for the six months ended 30 September 2023. Such increase was mainly attributable to the increase in revenue as discussed above.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As over 90% of the revenue of the Group is derived from Elderly Care Service (i.e. its principal business), the Second Renewal Letters are crucial for the Group to maintain its portfolio of elderly residential care homes as an operator and continue to create sustainable income from operation of elderly residential care homes.

Set out below are certain key consolidated financial information of the Group as extracted from the interim condensed consolidated statement of financial position set out in the 2024/2025 Interim Report.

	As at	
	30 September	31 March
	2024	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Total assets	838,997	863,301
— Investment properties	368,100	368,100
— Right-of-use assets	265,674	282,115
Total liabilities	398,032	428,774
Equity attributable to the owners of the Company	440,894	434,293
Cash and cash equivalents	50,002	37,420

The total assets of the Group amounted to approximately HK\$839.0 million as at 30 September 2024, representing a decrease of approximately HK\$24.3 million or approximately 2.8%, as compared to HK\$863.3 million as at 31 March 2024. The decrease was primarily due to (i) the decrease in short-term bank deposits of approximately HK\$29.0 million; and (ii) the decrease in right-of-use assets of approximately HK\$16.4 million, and partially offset by (i) the increase in cash and cash equivalents of approximately HK\$12.6 million; (ii) the increase in trade receivables of approximately HK\$5.2 million; and (iii) the increase in prepayments, deposits and other receivables of approximately HK\$5.7 million. The value (unaudited) of the right-of-use assets represents the present value of lease payments throughout the lease term under the renewal letters and tenancy agreement(s), discounted using the increment borrowing rate in accordance with HKFRS 16, and it decreases as time passes by. The value (unaudited) of the right-of-use assets recognised by the Company as of 3 December 2024 (i.e. date of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement) under the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement is approximately HK\$65.7 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The total liabilities of the Group amounted to approximately HK\$398.0 million as at 30 September 2024, representing a decrease of approximately HK\$30.8 million or approximately 7.2%, as compared to HK\$428.8 million as at 31 March 2024. The decrease was primarily due to (i) the decrease in lease liabilities of approximately HK\$13.5 million; (ii) the decrease in bank borrowings of approximately HK\$13.0 million; and (iii) the decrease in income tax payable of approximately HK\$5.1 million.

The Group's equity attributable to the owners of the Company remained relatively stable at approximately HK\$434.3 million and HK\$440.9 million as at 31 March 2024 and 30 September 2024, respectively.

The Group's cash and cash equivalents amounted to approximately HK\$50.0 million as at 30 September 2024, representing an increase of approximately 33.6% from approximately HK\$37.4 million as at 31 March 2024.

2. The Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement

(i) Information of the Group and the background of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement

The Group has been leasing various premises in Hong Kong from the controlling shareholders of the Company and their associates for the operations of the Group since 2019.

According to the Original Tenancy Agreements, each tenancy agreement has a provision to renew the lease period for three years upon expiry of the initial term, and another provision to renew the lease period for another three years upon expiry of the second term on the same terms and conditions, save for downward adjustment of monthly rental fee where the prevailing market of the relevant premises has been lowered.

The Group and the controlling shareholders of the Company entered into the First Renewal Letters on 17 May 2022 for the renewal of the Original Tenancy Agreements for a term from 1 April 2022 to 31 March 2025 on the same terms and conditions.

On 3 December 2024, (i) the Group and the controlling shareholders of the Company entered into the Second Renewal Letters for the second renewal of the Original Tenancy Agreements for a term from 1 April 2025 to 31 March 2028 on the same terms and conditions; and (ii) Crawford International, an indirect wholly-owned subsidiary of the Company, as tenant, entered into the Tsuen Wan Warehouse Tenancy Agreement with Mr. Lam Kong as landlord in relation to the leasing of a warehouse and office located in Tsuen Wan.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) Reasons for and benefits of entering into of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement

As set out in the Board Letter, the Group has been occupying the premises under the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement for its business and operation. In order to ensure that the business and operation of the Group will not be affected upon the expiration of the existing leases, the Group entered into the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement with the respective landlords.

The Group has also engaged the Independent Valuer to assess the fair market rent of the Premises which were of the opinion that the rental payments under the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement are fair and reasonable, compared with the open market rent of similar properties at the vicinity of each of the Premises.

In view of the above, the Directors consider that the terms of each of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement and the transactions contemplated thereunder, are fair and reasonable; and each of the Second Renewal Letters and Tsuen Wan Warehouse Tenancy Agreement and the transactions contemplated thereunder are on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Group and its Shareholders as a whole.

Given (i) the nature of the principal business of the Group as stated above; and (ii) the Second Renewal Letters are entered into in accordance to the provisions of the Original Tenancy Agreements for an extension of the lease period, we are of the view that the entering into of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement is in the ordinary and usual course of business of the Group.

(iii) Principal terms of the Second Renewal Letters

We have reviewed the Original Tenancy Agreements, First Renewal Letters and the Second Renewal Letters and understood it is the provision of the Original Tenancy Agreements that, among other things, the lease period shall be automatically renewed for three years upon expiry of the initial term on the same terms and conditions of the Original Tenancy Agreements, save for downward adjustment of monthly rental fee where the prevailing market of the relevant premises has been lowered. Therefore, the Second Renewal Letters are an extension of the Original Tenancy Agreements and the terms of the Second Renewal Letters are basically the same as the Original Tenancy Agreements, save for the time period being covered.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The principal terms of each of the Second Renewal Letters are summarised in the table below.

Premises no.	Renewal Letter	Address	Term	Use of property	Size (saleable floor area)	Annual rental amounts (for the years ending 31 March)	Monthly Unit Rent under the Second Renewal Letters (approx.) (Note 1)	Fair Monthly Unit Rent conducted by the Independent Valuer (approx.)
1	Kato Elderly Home Tenancy Second Renewal Letter	Shops 8–12 on G/F and 1/F, Lakeshore Building, 7 Tseng Choi Street, Tuen Mun, New Territories, Hong Kong	1 April 2025 to 31 March 2028	Kato Elderly Home	Approx. 18,680 sq. ft.	2026: HK\$4,860,000 2027: HK\$4,860,000 2028: HK\$4,860,000	HK\$21.68 per sq. ft.	Shops 8–12 on G/F: HK\$41 per sq. ft. 1/F: HK\$22 per sq. ft.
2	Kato Home for the Aged Tenancy Second Renewal Letter	1/F, Tung Wai Court, No. 3 Tsing Ling Path, Tuen Mun, New Territories, Hong Kong	1 April 2025 to 31 March 2028	Kato Home for the Aged	Approx. 12,277 sq. ft.	2026: HK\$2,376,000 2027: HK\$2,376,000 2028: HK\$2,376,000	HK\$16.13 per sq. ft.	HK\$22 per sq. ft.
3	Fai To Home (On Lai) Tenancy Second Renewal Letter	Shops 1–17 on 1/F, On Lai Building, 3 Tsing To Path, Tuen Mun, New Territories, Hong Kong	1 April 2025 to 31 March 2028	Fai To Home (On Lai)	Approx. 5,271 sq. ft.	2026: HK\$1,236,000 2027: HK\$1,236,000 2028: HK\$1,236,000	HK\$19.54 per sq. ft.	HK\$27 per sq. ft.
4	Fai To Home (Tuen Mun) Tenancy Second Renewal Letter	1/F, including Entrance on G/F, Florence Mansion, 6 Tsing Ling Path, Area 4B, Tuen Mun, New Territories, Hong Kong	1 April 2025 to 31 March 2028	Fai To Home (Tuen Mun)	Approx. 8,645 sq. ft.	2026: HK\$2,004,000 2027: HK\$2,004,000 2028: HK\$2,004,000	HK\$19.32 per sq. ft.	HK\$28 per sq. ft.
5	Tsuen Wan Centre Tenancy Second Renewal Letter	Shop C1, 1/F, Tsuen Wan Centre Shopping Arcade, 87–105 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	1 April 2025 to 31 March 2028	Tsuen Wan Centre	Approx. 15,950 sq. ft.	2026: HK\$2,904,000 2027: HK\$2,904,000 2028: HK\$2,904,000	HK\$15.17 per sq. ft.	HK\$21 per sq. ft.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Premises no.	Renewal Letter	Address	Term	Use of property	Size (saleable floor area)	Annual rental amounts (for the years ending 31 March)	Monthly Unit Rent under the Second Renewal Letters (approx.) (Note 1)	Fair Monthly Unit Rent conducted by the Independent Valuer (approx.)
6	Happy Luck Home Tenancy Second Renewal Letter	2nd Floor of Phase 1 of Commercial Development of Allway Gardens, Nos. 187-195 Tsuen King Circuit, Nos. 2-22 On Yat Street, Tsuen Wan, New Territories, Hong Kong	1 April 2025 to 31 March 2028	Happy Luck Home	Approx. 15,729 sq. ft.	2026: HK\$2,724,000 2027: HK\$2,724,000 2028: HK\$2,724,000	HK\$14.43 per sq. ft.	HK\$24 per sq. ft.
7	Tsuen Wan Staff Quarters Tenancy Second Renewal Letter	Flat C, 24/F, Block 9 (Nanking House), Tsuen Wan Centre, 89 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	1 April 2025 to 31 March 2028	Staff quarters for the Tsuen Wan Centre	Approx. 425 sq. ft.	2026: HK\$146,400 2027: HK\$146,400 2028: HK\$146,400	HK\$28.71 per sq. ft.	HK\$30 per sq. ft.
8	Kato Staff Quarters Tenancy Second Renewal Letter	Rooms C and D on 2/F and Flat Roof, Lakeshore Building, 7 Tseng Choi Street, Tuen Mun, New Territories, Hong Kong	1 April 2025 to 31 March 2028	Staff quarters for the Kato Elderly Home and Kato Home for the Aged	Approx. 8,257 sq. ft. (including flat roof area of 7,427 sq. ft.)	2026: HK\$356,400 2027: HK\$356,400 2028: HK\$356,400	HK\$3.60 per sq. ft. (Note 2)	HK\$4 per sq. ft. (Note 2)
9	Staff Quarters Tenancy Second Renewal Letter	3/F, Four Sea Mansion, 11 Fa Yuen Street, Mongkok, Hong Kong	1 April 2025 to 31 March 2028	Staff quarters for the Happy Luck Home, Pine Villa, Fai To Sino West Home and Tsuen Wan Centre	Approx. 799 sq. ft.	2026: HK\$254,400 2027: HK\$254,400 2028: HK\$254,400	HK\$26.53 per sq. ft.	HK\$28 per sq. ft.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Premises no.	Renewal Letter	Address	Term	Use of property	Size (saleable floor area)	Annual rental amounts (for the years ending 31 March)	Monthly Unit Rent under the Second Renewal Letters (approx.) (Note 1)	Fair Monthly Unit Rent conducted by the Independent Valuer (approx.)
10	Fai To Sino West Staff Quarters Tenancy Second Renewal Letter	Room 10 on 3/F and Flat Roof, Tung Shun Hing Building, 22 Chi Kiang Street, Kowloon, Hong Kong	1 April 2025 to 31 March 2028	Staff quarters for the Fai To Sino West Home	Approx. 266 sq. ft. (together with flat roof of 280 sq. ft.)	2026: HK\$60,000 2027: HK\$60,000 2028: HK\$60,000	HK\$18.80 per sq. ft. (Note 2)	HK\$34 per sq. ft. (Note 2)

Note:

- The monthly rent is payable by the tenants each and every calendar month during the term of the Second Renewal Letters.
- Flat roof area is not taken into account for the calculation monthly on unit rent.

Annual rental amounts

The aggregate annual rental amounts under the Second Renewal Letters is HK\$16,921,200, HK\$16,921,200 and HK\$16,921,200 for each of the three years ending 31 March 2026, 2027 and 2028 respectively.

The rental amount for each of the Second Renewal Letters were arrived at after arm's length negotiations between the parties and with reference to an exhaustive list of prevailing market rent for similar properties in neighboring areas when the Original Tenancy Agreements were entered into (except for Happy Luck Home Tenancy Second Renewal Letter, of which elderly centre rental transactions in other locations are also analysed, due to the insufficient local market data available) and with transaction date close to the valuation date of the Premises. In case where the said selection criteria is not fully met, the Independent Valuer has extended the research to identify rental comparables that were transacted in earlier dates but are considered to be comparable to the Premises in terms of location and nature.

(iv) Principal terms of the Tsuen Wan Warehouse Tenancy Agreement

Date : 3 December 2024

Parties : Crawfield International, as tenant; and Mr. Lam Kong, as landlord

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Location of property	:	Flat B, 3/F., Metropolitan Factory & Warehouse Building, 30–32 Chai Wan Kok Street, Tsuen Wan, New Territories, Hong Kong
Size of property (saleable floor area)	:	Approximately 5,800 sq. ft.
Term	:	1 April 2025 to 31 March 2028
Monthly Rental Fee	:	The monthly rent of HK\$55,000 is payable by Crawfield International each and every calendar month during the term of the Tsuen Wan Warehouse Tenancy Agreement.
Monthly unit rent under the Tsuen Wan Warehouse Tenancy Agreement	:	Approximately HK\$9.48 per sq. ft.
Fair monthly unit rent conducted by the Independent Valuer	:	HK\$10 per sq. ft.

Historical rental amounts

Crawfield International and Mr. Lam Kong entered into a short term lease from 1 November 2024 to 31 March 2025 with a monthly rental of HK\$55,000 for the use of the warehouse. The historical rental amounts paid/payable by the Group to Crawfield International in relation to the leasing of a warehouse for the three years ended/ending 31 March 2023, 2024 and 2025 was nil, nil and HK\$275,000, respectively.

Annual rental amounts

The rent payable by the Group to Mr. Lam Kong under the Tsuen Wan Warehouse Tenancy Agreement for each of the three years ending 31 March 2026, 2027 and 2028 is HK\$660,000, HK\$660,000 and HK\$660,000, respectively, which were arrived at after arm's length negotiations between the parties and with reference to an exhaustive list of prevailing market rent for similar properties in neighboring areas at which the warehouse and office is located.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The fair monthly market rent as at 31 October 2024 opined by the Independent Valuer amounts to HK\$56,400 per month (equivalent to HK\$676,800 per annum). The rent payable by the Group to Mr. Lam Kong under the Tsuen Wan Warehouse Tenancy Agreement for each of the three years ending 31 March 2026, 2027 and 2028 is HK\$660,000, HK\$660,000 and HK\$660,000, respectively, are slightly lower than the aforementioned fair market rent.

(v) Analysis of the principal terms of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement

As stated in the Board Letter, the Group determined the rent payable for each of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement after arm's length negotiations with the respective landlords based on normal commercial principles with reference to the prevailing market rent of leases of comparable premises, the historical quotations to other Independent Third Parties by the respective landlords for similar leases, and other factors such as floor area, facilities and location.

To ensure the rent payable under each of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement is fair and reasonable and not less favourable than the rent payable to Independent Third Parties in respect of the same or similar premises, the Management will follow the below procedures:

- (a) search for actual rental transactions of the same premises, premises in the same building and premises in the neighboring area (where such transactions are not available, refer to real estate industry publications describing rental trends in the relevant areas);
- (b) compare the said market rent (or rental trends, where applicable) with the rent payable under the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement; and
- (c) in cases where rent payable offer by the respective landlords under any of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement is higher than the prevailing market rent of the relevant premises, request such landlord(s) to reduce the rent payable.

To facilitate the above pricing procedures, we understand the Company has engaged ValQuest Advisory (Hong Kong) Limited (i.e. the Independent Valuer), a professional and independent valuer, to assess the fair market rents of the Premises for internal reference to the Board. In assessing the fairness and reasonableness of the rent payable by the Group under the Second

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement, we have reviewed the Valuation Report in Appendix II of the Circular issued by the Independent Valuer which set out their market rental valuation for the Premises as at 31 October 2024.

Independence, qualification and scope of work of the Independent Valuer

We have reviewed and enquired into the qualifications and experience of the Independent Valuer in relation to the preparation of the Valuation Report, and noted that the Independent Valuer is a firm specialised in the provision of valuation services for its clients engaging in different industries for various purposes. The Independent Valuer is a provider of appraisals for various assets and businesses, and has extensive experience in providing valuation and advisory services to Hong Kong, United States and Shanghai listed companies and non-listed multi-national companies. Based on the information provided by the Independent Valuer, the responsible person in charge of the Valuation Report, namely Mr. Norris Nie (“**Mr. Nie**”), the managing director of the Independent Valuer, is a member of the China Institute of Real Estate Appraiser, a member of the Royal Institution of Chartered Surveyors (“**RICS**”) and a member of the Hong Kong Institute of Surveyors. He has over 26 years’ experience in the professional property valuation and advisory services in the Greater China Region including Hong Kong.

Per the discussion with and confirmation made by the Independent Valuer, we understand that (i) the Independent Valuer had no concern on the accuracy and completeness of information the Independent Valuer relied upon throughout the valuation process; and (ii) the Independent Valuer had no concern on the reasonableness of any representation made by the Management or any other party to the Independent Valuer.

We have also reviewed the Independent Valuer’s terms of engagement with the Company in relation to the Valuation Report and in particular, the scope of work, and noted that it is appropriate to the opinion required to be given and there is no limitation on the scope of work which might adversely impact on the degree of assurance given by the Independent Valuer in the Valuation Report.

We enquired on the Independent Valuer whether they have any current or prior relationships with the Company, the Landlords, and core connected persons of either the Company or the Landlords and noted that save for the current engagement, a valuation engagement for the Company’s acquisition in early 2024 and valuation engagement for the Company’s annual audit, no other relationship exists. As discussed with and confirmed by the Independent Valuer, the aggregate revenue generated from the aforementioned valuation engagements does not constitute a significant portion of the Independent Valuer’s annual revenue. The Independent Valuer considers, and we are satisfied, that the Independent Valuer is independent from the Company and the Landlords.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We discussed with the Independent Valuer on (i) the valuation approach adopted; (ii) the criteria in selecting the comparable rental transactions, including location, property type and usage and transaction date; and (iii) the sources of comparable rental transactions.

Valuation approach

We understand from the Independent Valuer that the Valuation Report was prepared in accordance with the RICS Valuation — Global Standards (effective from 31 January 2022) incorporating the IVSC International Valuation Standards, published by the RICS. We noted that the Independent Valuer adopted the market approach by referring to rental transactions or listings of comparable properties in the subject localities, and with adjustments to reflect the differences between the Premises and the comparables in terms of various factors including time, location, floor level, building age, size, view and accessibility, etc. where necessary. As advised by the Independent Valuer, this approach is widely accepted and is the best indicator for assessing the relevant rental of similar properties given that the subject markets are situated in Hong Kong, which is an open property market, and market comparables are sufficient and available in public domain. The Independent Valuer advised that they had not, and considered it is not necessary, to perform secondary valuation method for cross checking, as there are sufficient market comparables for each of the Premises. Secondary valuation method involves estimating a price for the property using cost method, and estimating the rate of return to obtain the rent, which is complicated and involves a lot of professional judgements, and is only adopted when the property is very unique without suitable market comparables. Based on the above, we are of the opinion that the valuation approach adopted by the Independent Valuer is reasonable and acceptable in establishing the fair market rent of the Premises.

We noted that in assessing the fair market rents, the Independent Valuer has considered the current market condition for rents of the types of properties involved and their locations, examined comparable rentals of similar properties in the nearby vicinity of the Premises, and conducted the market rental valuation on the basis of market rent, being defined as “the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”. Accordingly, we consider that the methodology, basis and assumptions adopted by the Independent Valuer for determining the fair market rents of the Premises are appropriate. During our discussion with the Independent Valuer, we did not identify any major factor which caused us to doubt the fairness and reasonableness of the methodology, principal bases, assumptions and parameters adopted for the Valuation Report.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that as all the Premises are situated in Hong Kong which is an open property market in which market comparables are sufficient and available in public domain, and the Independent Valuer could be able to identify at least three (3) comparable rental transactions for each of the Premises, which we consider the sample size of 3 is sufficient. Market approach involves the least judgement by the Independent Valuer and is considered the most appropriate valuation approach in the cases that market comparables are sufficient. Hence, we concur with the opinion of the Independent Valuer that none of the other valuation methodologies is considered to be more appropriate.

Comparable rental transactions

We have also reviewed and discussed with the Independent Valuer on (i) the criteria in selecting the comparable rental transactions (the “**Comparable(s)**”), including location, property usage, floor size, floor level, transaction date and building age and condition; (ii) the sources of the Comparable; and (iii) the valuation approach adopted.

We have enquired, obtained and reviewed the list of Comparables identified by the Independent Valuer for each of the Premises and noted that the Independent Valuer identified at least three (3) Comparables for each of the Premises. As advised by the Independent Valuer, the selection criteria of Comparables are (i) being located in same district of the Premises (except for Happy Luck Home (No. 6) which the elderly centre rental transactions in other locations are also analyzed due to the insufficient local market data available); (ii) being either situated within same building or building complex (if any) or on the proximate streets of the Premises (except for Happy Luck Home for reasons as mentioned above); (iii) the accessibility is similar to that of the Premises; and (iv) the type of usage of which is the same as the Premises. The Independent Valuer further advised that the details of the Comparables are sourced from properties transaction database, the Land Registry or property agents. We have enquired, obtained and reviewed the source data of every Comparable identified by the Independent Valuer for each of the Premises and are satisfied that all the Comparables are sourced from properties transaction database, the Land Registry or property agents. We also note that, in particular, certain Premises has adopted Comparables in other districts of Hong Kong or transacted in older days (i.e. between 2020 and 2023). We enquired the Independent Valuer and we understand that Comparables having the same nature as the Premises that are located within the same development/locality, and with transaction date close to the valuation date (i.e. 31 October 2024) are most preferred, as such Comparables require the least subjective and judgmental adjustments by the Independent Valuer. We reviewed the list of Comparables provided. However, in case where the Independent Valuer was unable to identify suitable and recent rental transactions/listings of similar nature as the Premises within the subject arcade/neighboring developments during their on-site inspection and from various market sources, the Independent Valuer considered whether expanding the location or transaction time criteria enabled the Independent Valuer to identify more suitable comparable rental transactions

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

with less subjective and judgmental adjustments. We are also satisfied that all the Comparables selected by the Independent Valuer are in line with the aforementioned selection criteria set by the Independent Valuer. Taking into account that, from a reasonable lessee's perspective, (i) the location and the accessibility of a property are one of the major characteristics in determining the rent; (ii) the usage of property affects rental value in a large extent; and (iii) a period of up to four years from the valuation date has captured the general rental market and economic conditions with sufficient number of publicly available transactions for valuation purpose, we agree that the Independent Valuer's selection criteria are appropriate to identify Comparables and to determine the fair market rent of the Premises.

We also understand from the Independent Valuer that they have made certain adjustments, including but not limited to, timing difference between the transaction date of the Comparables and the valuation date, size, location and floor level, to account for the differences between the Premises and the Comparables. In particular, we note that the Independent Valuer had tried to obtain the most recent transactions date (i.e. within 12 months) for valuation purpose, and for certain Premises which has comparable transactions transacted in the year 2020 to 2023, we note that the Independent Valuer has applied adjustment to reflect the time difference. We also note that, for certain Premises which do not have suitable comparable rental transactions, the Independent Valuer obtained the rental listings from property agents, and applied adjustment to reflect the difference between landlords' ask prices and the possible transaction prices. We have reviewed the calculation of the fair market rent of the Premises and understood the rationale of the adjustments made to the Comparables. We noted that the timing difference adjustment was made in accordance to the official private property rental indices published by the Rating and Valuation Department in order to reflect the rental movement between the transaction date of the Comparables and the valuation date of the Premises.

We have taken a close review on the adjustment schedule of each of the Comparables for each of the Premises, and we note the following general principles adopted by the Independent Valuer:

Location: Upward adjustment has been applied if the location of the Comparable is inferior to the Premise, and downward adjustment has been applied if the location of the Comparable is better than the Premise.

Floor level: For retail properties, ground floor property has higher unit rent than property situated on 1/F or 2/F. For residential properties, the unit rent increase gradually along the floor level of the residential building. For industrial properties, the unit rent does not vary prominently among floors on the same building.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- Size: Property of larger size has lower unit rent than property of smaller size. Upward adjustment has been applied if the size of the property of the Comparable is larger than the Premise, and downward adjustment has been applied if the size of the property of the Comparable is smaller than the Premise.
- Time: Time adjustment was made in accordance to the official private property rental indices published by the Rating and Valuation Department according to the time the Comparable was entered into.
- Asking: For certain Premises which do not have suitable comparable rental transactions, the Independent Valuer obtained the rental listings from property agents, and applied adjustment to reflect the difference between landlords' asking rents and the possible transaction rents. The degree of adjustment is based on the Independent Valuer's internal data base and experience.

We are satisfied that the abovementioned general principles are appropriate and reasonable.

Based on our discussion with and review of the Comparables adopted by the Independent Valuer, we are of the view that the Comparables are fair and representative, and the adjustments are appropriate and reasonable for the market rental valuation for the Premises.

Conclusion on the Valuation Report

With regards to the Valuation Report, we have complied with the requirements under note 1(d) to Rule 13.80 of the Listing Rules and paragraph 5.3 of the Corporate Finance Adviser Code of Conduct by performing, including but not limited to, the following works: (i) discussed with the Independent Valuer regarding the methodology applied and principal basis and assumptions adopted in the Valuation Report; (ii) assessed the experience and expertise of the person responsible for the Valuation Report, namely Mr. Nie, and the Independent Valuer's recent valuation assignments; (iii) enquired on any current or prior relationships with the Company and core connected persons of either the Company or the Landlords and noted that save for the current engagement and valuation engagement for the Company's annual audit, no other relationship exists; and (iv) reviewed the terms of engagement in respect of the Valuation Report.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on aforementioned works performed by us, we are of the view that (i) methodology applied and principal basis and assumptions adopted in the Valuation Report are fair and reasonable; (ii) the scope of services as illustrated in the engagement letter is appropriate; (iii) the Independent Valuer, Mr. Nie, being the responsible person of the Valuation Report, has adequate qualifications, experience and expertise, and hence is competent to issue the Valuation Report. Nothing has come to our attention that causes us to doubt the fairness and reasonableness of the Valuation Report.

By comparing the monthly unit rent payable by the Group under the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement to the fair market monthly unit rent as appraised by the Independent Valuer, we found that all the unit rent payable is either equal to or lower than the fair market unit rent. As the lower the rental fee, the greater the benefit is to the lessee, we consider the rent payable (and the possible downward adjustment of monthly rental fee where the prevailing market of the relevant premises has been lowered) under each of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement is fair and reasonable, on normal commercial terms and no less favourable to the Group than those available from Independent Third Parties in respect of the same or similar premises.

Payment terms

Pursuant to the terms of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement, the monthly rent is payable by the tenants each and every calendar month during the term of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement.

Rental payment on monthly basis is the most commonly adopted payment terms negotiated on arms' length basis in a typical rental agreement between landlord and tenant and is considered fair and reasonable.

3. Internal control measures

As stated in the Board Letter, in order to ensure that the pricing basis is adhered to for each of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement and the connected transactions under the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement are in compliance with the requirements of the Listing Rules, the Company has adopted the following internal control measures:

- (i) the relevant operation departments and management of the Group have examined the proposed rent under the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement in order to ensure that such rent is determined based on arm's length negotiations between the parties and the terms of the Second Renewal Letters and the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Tsuen Wan Warehouse Tenancy Agreement are fair and reasonable, on normal commercial terms and on terms that are no less favourable to the Group than those available from Independent Third Parties;

- (ii) the finance department of the Group has reviewed whether the proposed rent payable under each of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement is in line with the pricing policy; and
- (iii) the Company's responsible management with assistance from external legal, accounting or other professional advisers continues to oversee and monitor the Company's on-going compliance with the Listing Rules in relation to the Group's lease arrangements.

We have discussed the above internal control measures with the Company and understood the Company engaged the Independent Valuer to conduct professional valuation on the fair market rents for the Premises for their internal reference in order to ensure the rent payable under each of the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement is determined based on arm's length negotiations between the parties and the terms thereof are fair and reasonable, on normal commercial terms and on terms that are no less favourable to the Group than those available from Independent Third Parties. We have reviewed the register of rents paid to connected persons by the Group under the First Renewal Letters prepared by the accounting department of the Company and noted that the transaction amounts were properly recorded and understood that same practice will be implemented for the rent payable under the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement.

Based on the above procedures and our review of the relevant documents, we are of the view that there are appropriate internal control procedures in place to ensure the transactions contemplated under the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement are conducted on normal commercial terms and in the interests of the Group and its Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OPINION AND RECOMMENDATION

Having considered the principal factors and reasons discussed above, we are of the view that the Transactions are in the ordinary and usual course of business, are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Therefore, we would recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favor of the ordinary resolution(s) to approve the Transactions at the EGM.

Yours faithfully,
For and on behalf of
Grand Moore Capital Limited
Florence Ng
Associate Director

Note:

Ms. Florence Ng is a licensed person under the SFO to undertake type 6 regulated activity (advising on corporate finance) and is a responsible officer in respect of Grand Moore Capital Limited's type 6 regulated activity (advising on corporate finance). Ms. Ng has over 10 years of experience in the corporate finance industry in Hong Kong.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiry, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTERESTS OF DIRECTORS

(A) DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), were as follows:

Name of Director	Nature of interests	Number of Shares held ⁽¹⁾	Percentage of shareholding in the Company's issued share capital ⁽⁵⁾
Ms. Ngai	Settlor of a family trust	624,000,000 (L) ⁽²⁾	62.4
	Interest in underlying shares	10,000,000 (L) ⁽³⁾	1.0
Mr. Ngai	Beneficiary of a family trust	624,000,000 (L) ⁽²⁾	62.4
	Interest in underlying shares	10,000,000 (L) ⁽⁴⁾	1.0
	Beneficial owner	12,436,000 (L)	1.24

Notes:

(1) The letter “L” denotes a long position in the Shares.

- (2) These Shares were held by Sheung Fung Limited (“**Sheung Fung**”), which is wholly owned by Shi Fung (PTC) Limited (the “**Trustee**”), the trustee of a family trust, namely, The Kwong and Ngai Family Trust which was established pursuant to the trust deed dated 19 March 2018 as amended and supplemented by a deed of variation of removal of beneficiaries dated 17 July 2018 (the “**Family Trust**”). Ms. Ngai is the settlor of the Family Trust and Mr. Ngai is the sole beneficiary of the Family Trust. By virtue of the SFO, Ms. Ngai and Mr. Ngai are deemed to be interested in the Shares held by Sheung Fung.
- (3) These underlying Shares may be allotted and issued upon exercise of the share options granted to Ms. Ngai Ka Yee pursuant to the terms thereof.
- (4) These underlying Shares may be allotted and issued upon exercise of the share options granted to Mr. Ngai Shi Shing, Godfrey pursuant to the terms thereof.
- (5) The approximate percentages were calculated based on 1,000,000,000 shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company has registered an interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(B) INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS OF THE COMPANY AND OTHER PERSONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATIONS

So far as the Directors are aware, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) will have or be deemed or taken to have an interest or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholder	Nature of interests	Number of Shares held⁽¹⁾	Percentage of shareholding in the Company's issued share capital⁽⁵⁾
Sheung Fung	Beneficial owner	624,000,000 (L)	62.4
The Trustee	Trustee	624,000,000 (L) ⁽²⁾	62.4
Ms. Wei Xiaoling	Interest of spouse	646,436,000 ⁽³⁾	64.6
Mr. Lam Kong	Beneficial owner	60,202,000 (L)	6.02
	Interest in underlying shares	10,000,000 (L) ⁽⁴⁾	1.0

Notes:

- (1) The letter "L" denotes a long position in the Shares.
- (2) These Shares were held by Sheung Fung, which is wholly owned by the Trustee. Ms. Ngai is the settlor of the Family Trust and Mr. Ngai is the sole beneficiary of the Family Trust. By virtue of the SFO, the Trustee, Ms. Ngai and Mr. Ngai are deemed to be interested in the Shares held by Sheung Fung.
- (3) Ms. Wei Xiaoling is the spouse of Mr. Ngai and is deemed to be interested in the Shares which are interested by Mr. Ngai under the SFO.
- (4) These underlying Shares may be allotted and issued upon exercise of the share options granted to Mr. Lam Kong pursuant to the terms thereof.
- (5) The approximate percentages were calculated based on 1,000,000,000 shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

(C) INTERESTS OF DIRECTORS IN ASSETS OF THE GROUP

As at the Latest Practicable Date, none of the Directors, proposed directors and the Independent Financial Adviser has, or had, any direct or indirect interest in any assets which had been or are proposed to be acquired, disposed of by or leased to, any member of the Group since 31 March 2024, the date to which the latest published audited financial statements of the Company were made up.

(D) INTERESTS OF DIRECTORS IN CONTRACTS AND ARRANGEMENT

There was no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director is materially interested in and which is significant to the business of the Group.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there is no material adverse change in the financial or trading position of the Group since 31 March 2024, being the date to which the latest audited consolidated financial statements of the Group were made up.

5. INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors, the controlling Shareholders or his or her respective close associates was considered to have interests in business which competes or was likely to compete, either directly or indirectly, with the business of the Group other than those business to which the Directors, the controlling Shareholders or his or her close associates were appointed to represent the interests of the Company and/or the Group.

6. EXPERTS' QUALIFICATION AND CONSENTS

The following is the qualification of the experts who have been named in this circular or have given opinion contained or advised in this circular:

Name	Qualifications
Grand Moore Capital Limited	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
ValQuest Advisory (Hong Kong) Limited	A member of the Hong Kong Institute of Surveyors

As at the Latest Practicable Date, each of the experts named above has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and reference to its name, in the form and context in which they are included.

As at the Latest Practicable Date, the experts named above did not have any shareholding in any member of the Group and did not have the right to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

As at the Latest Practicable Date, the experts named above did not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up.

7. MISCELLANEOUS

The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text.

8. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.elderlyhk.com) for the period of 14 days commencing from the date of this circular:

- (a) the Second Renewal Letters and the Tsuen Wan Warehouse Tenancy Agreement;
- (b) the letter of recommendation from the Independent Board Committee to the Independent Shareholders;
- (c) the letter of advice from Independent Financial Adviser to the Independent Board Committee and Independent Shareholders; and
- (d) the written consents of the experts referred to in the paragraph headed “6. Experts’ Qualification and Consents” of this appendix.

The following is the full text of the letter, summary of values and valuation report, prepared for the purpose of incorporation in this circular received from ValQuest Advisory (Hong Kong) Limited, an independent valuer, in connection with the valuation of the properties to be leased by the Group as of 31 October 2024.

ValQuest Advisory (Hong Kong) Limited

Flat 02, 25th Floor
Railway Plaza,
39 Chatham Road South
Tsim Sha Tsui
Kowloon
Hong Kong SAR
Tel: +852 2180 6460



www.valquestadv.com

The Board of Directors

24 January 2025

Kato (Hong Kong) Holdings Limited

1st Floor, Tung Wai Court
No. 3 Tsing Ling Path
Tuen Mun
New Territories
Hong Kong

Re: Rental valuations of various properties located in Hong Kong (the “Properties”)**Instructions,
purpose and
valuation date**

We refer to the instructions from Kato (Hong Kong) Holdings Limited (the “Company”) to provide the rental valuations of the Properties to be leased by the Group located in Hong Kong (as more particularly described in the attached valuation report), we confirm that we have carried out site inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market rent of the Properties as of 31 October 2024 (the “Valuation Date”).

Basis of value

The property interests were valued on the basis of ‘market rent’ which is defined under The HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors (HKIS) as ‘the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion’.

We confirm that the valuations and reports were prepared in accordance with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; The HKIS Valuation Standards 2020 (effective from 31 January 2020) published by HKIS; and The RICS Valuation — Global Standards incorporating the IVSC International Valuation Standards (effective from 31 January 2022) published by the Royal Institution of Chartered Surveyors.

General valuation assumptions

In the course of our valuations, we have assumed that all requisite land premium has been fully settled. The owners of the Properties possess legal and enforceable title to the Properties and have free and uninterrupted rights to lease, use, occupy or assign the Properties for the whole of the unexpired remaining land tenure. We have assumed that all consents, approvals and licenses from the relevant government authorities for the development of the Properties have been obtained, and that the design, construction and occupation of the Properties are in compliance with the local planning regulations and have been approved by the relevant authorities.

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

Our valuations generally include all plant and machinery that form part of the building services installations. However, process plant, machinery and equipment which may have been installed wholly in connection with the occupiers' industrial or commercial processes, together with furniture and furnishings, tenants' fixtures and fittings are excluded in our valuations.

The market rents represent the Properties' achievable rents based on their existing state as of the Valuation Date, assuming new letting (and without taking into account the occupation status of the Properties prevailing as of the Valuation Date) for a normal lease term commencing from the Valuation Date. The market rent so estimated is exclusive of government rates, government rent, management fees, air-conditioning charges, and all tenant's outgoing and expenses.

**Valuation
methodologies**

Having considered the presence of relevant property rental data, we have valued the Properties using the direct comparison method by making reference to comparable rental evidences available in the local market, and with adjustments to reflect the differences between the Properties and the comparables in terms of various factors including the nature of transaction, transaction timing, location, floor level, building age, size, view and accessibility, etc. where applicable. The direct comparison method is considered as the most appropriate method with the presence of comparable rental data.

The key input for the direct comparison method valuations is the adopted unit rents. In the course of our valuation, we gathered certain comparable rental data from market sources as well as the Hong Kong Land Registry. The adopted unit rents were derived after considering necessary adjustments on the unit rents of those comparable transactions we identified.

In our rental valuations, we attempted to identify rental comparables that require the least adjustments in deriving the market rents. Comparables having the same nature as the Properties that are located within the same development/locality, and with transaction date close to the Valuation Date are preferred.

In case where the above selection criteria is not fully met, we have extended our research to identify rental comparables there were transacted in earlier dates but are considered to be comparable to the Properties in terms of location and nature. We then applied time adjustments (based on published rental indices from the Rating and Valuation Department which we consider to be a more objective adjustment) and other relevant adjustments to derive the rental values of the Properties. By doing this we could place less considerations to the remaining factors which require more subjective and judgmental estimates.

Please refer to the valuation reports of the Properties for further details.

**Source of
information**

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

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

Title investigation

We have caused land searches to be made at the Hong Kong Land Registry for the Properties, and have made relevant enquiries where applicable. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us by the Company.

Site inspection

We have inspected the Properties. During the course of our inspections, we noted that the Properties appeared to be in generally reasonable state of repairs commensurate with their ages and uses. However, no structural survey has been made, but in the course of our inspections, we did not note any serious defect. We are, however, unable to report whether the Properties are free of rot, infestation or any other structural defect as we are not qualified structural engineers who could advise on those. No test was carried out on any of the services.

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

**Currency &
exchange rates**

Unless otherwise stated, all monetary sums stated in this report are in Hong Kong Dollar (HK\$).

**Confirmation of
independence**

We hereby confirm that ValQuest Advisory (Hong Kong) Limited and the undersigned have no pecuniary or other interest that would 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.

Our valuations are summarised below and the valuation reports are attached.

Yours faithfully,
for and on behalf of
ValQuest Advisory (Hong Kong) Limited
Norris Z. Y. Nie
MCIREA MRICS MHKIS
Managing Director

Note: Mr. Norris Nie is a member of the China Institute of Real Estate Appraiser, a member of The Royal Institution of Chartered Surveyors and a member of the Hong Kong Institute of Surveyors. He has over 26 years of experience in the professional property valuation and advisory services in the Mainland China, Hong Kong and other overseas countries.

SUMMARY OF VALUE

Group I — Properties to be leased by the Group for occupation in Hong Kong

No.	Address	Market rent in existing state as of 31 October 2024 <i>HK\$/month, on 100% interest basis</i>
1.	Shops 8 to 12 on Ground Floor and the First Floor, Lakeshore Building, No. 7 Tseng Choi Street, Tuen Mun, New Territories, Hong Kong	531,000
2.	The whole first floor, Tung Wai Court, No. 3 Tsing Ling Path, Tuen Mun, New Territories, Hong Kong	270,000
3.	Shops 1 to 17 on First Floor, On Lai Building, No. 3 Tsing To Path, Tuen Mun, New Territories, Hong Kong	142,000
4.	First floor including entrance on Ground Floor, Florence Mansion, No. 6 Tsing Ling Path, Tuen Mun, New Territories, Hong Kong	242,000
5.	Shop No. C1 on the First Floor of Tsuen Wan Centre Shopping Arcade, No. 86 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	335,000
6.	Restaurant on 2nd Floor of Phase 1 of Commercial Development, Allway Gardens, Nos. 187–195 Tsuen King Circuit, Nos. 2–22 On Yat Street, Tsuen Wan, New Territories, Hong Kong	380,000
7.	Flat C on 24th Floor, Block 9 (Nanking House), Tsuen Wan Centre, No. 89 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	12,900
8.	Flat C on 2nd Floor & flat roof, and Flat D on 2nd Floor & flat roof, Lakeshore Building, No. 7 Tseng Choi Street, Tuen Mun, New Territories, Hong Kong	36,200
9.	Third Floor, No. 11 Fa Yuen Street, Kowloon, Hong Kong	22,400
10.	Flat 310 on 3rd Floor & flat roof, Tung Shun Hing Building, No. 22 Chi Kiang Street, Kowloon, Hong Kong	9,100
11.	Flat B on 3rd Floor, Metropolitan Factory and Warehouse Building, Nos. 30–32 Chai Wan Kok Street, Tsuen Wan, New Territories, Hong Kong	56,400
	Total:	<u>2,037,000</u>

VALUATION REPORT

Group I — Properties to be leased by the Group for occupation in Hong Kong

Property	Description and tenure	Particulars of occupancy	Market rent in existing state as of 31 October 2024 <i>(per month)</i>								
1. Shops 8 to 12 on Ground Floor and the First Floor, Lakeshore Building, No. 7 Tseng Choi Street, Tuen Mun, New Territories, Hong Kong	<p>The property comprises five adjoining ground floor shops and the entire first floor of a 22-storey composite building known as “Lakeshore Building” which was completed in about 1980.</p> <p>The details of the saleable area of the property are as follows:</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Portion</th> <th style="text-align: right;">Saleable area <i>(sf)</i></th> </tr> </thead> <tbody> <tr> <td>(560/1,313th parts or shares of and in Tuen Mun Town Lot No. 126)</td> <td style="text-align: right;">6,287</td> </tr> <tr> <td>Shops 8-12 on G/F 1/F</td> <td style="text-align: right;">12,393</td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>18,680</u></td> </tr> </tbody> </table>	Portion	Saleable area <i>(sf)</i>	(560/1,313th parts or shares of and in Tuen Mun Town Lot No. 126)	6,287	Shops 8-12 on G/F 1/F	12,393	Total	<u>18,680</u>	<p>The subject property was occupied as an elderly centre as of the Valuation Date.</p>	<p>HK\$531,000</p> <p>(HONG KONG DOLLARS FIVE HUNDRED AND THIRTY ONE THOUSAND ONLY)</p>
Portion	Saleable area <i>(sf)</i>										
(560/1,313th parts or shares of and in Tuen Mun Town Lot No. 126)	6,287										
Shops 8-12 on G/F 1/F	12,393										
Total	<u>18,680</u>										

The property is held under New Grant No. TM2252 for a term of 99 years commencing from 1 July 1898, and has been statutorily renewed until 30 June 2047. The government rent is equivalent to three percent of the rateable value of the property for the time being.

Notes:

- (1) The registered owner of the property is Kato Elderly Affairs Limited registered vide memorial no. TM974154 dated 23 November 2000.
- (2) The property is subject to the following:
 - a) Mutual Covenant registered vide memorial No. TM199538 dated 23 October 1980;

- b) Superseding Order No. “INVO00195/NT/11/TE” under s.26A(1) of the Buildings Ordinance with Plan registered vide memorial No. 21080900920153 dated 23 July 2012 (remarks: by the Building Authority re: common part(s)); and
- c) Mortgage in favour of the Hongkong and Shanghai Banking Corporation Limited registered vide memorial No. 14121002370022 dated 28 November 2014.
- (3) The Property was inspected by Ray Ko, a valuer with four years of real estate valuation experience on 21 October 2024.
- (4) In the course of our valuation using the direct comparison method (which is the most common and widely accepted valuation method), we have analysed five comparable rental data with details as follows:

Comp	Date	Saleable area (<i>sf</i>)	Location	Rent before adjustment (<i>HK\$/sf/mth</i>)	Rent after adjustment (<i>HK\$/sf/mth</i>)
1	Q4 2024	1,138	Shop on the Ground Floor of Tsing Pak Path, Tuen Mun, New Territories, Hong Kong	53	29 (G/F) 15 (1/F)
2	Q2 2024	365	Shop on the Ground Floor of Tsing Min Path, Tuen Mun, New Territories, Hong Kong	82	43 (G/F) 24 (1/F)
3	Q4 2024	153	Shop on the Ground Floor of Tsing Min Path, Tuen Mun, New Territories, Hong Kong	90	47 (G/F) 26 (1/F)
4	Q4 2024	420	Shop on the Ground Floor of Tsing Chui Path, Tuen Mun, New Territories, Hong Kong	83	44 (G/F) 24 (1/F)
5	Q2 2024	4,787	Ground Floor, No. 3 Tsing Min Path, Tuen Mun, New Territories, Hong Kong	49	43 (G/F) 20 (1/F)

The above rental data were sourced from local agents, and were selected and analysed as they are located in the same locality as the subject property.

- (5) In the course of our valuation, given the differences between the property and the comparables we identified above, we have considered the following adjustments:
- a) Nature of transaction: for those rental listings which were obtained from the property agents, we have applied downward adjustment to reflect the difference between landlords’ asking rents and the possible transaction rents;
- b) Time: reflect the difference in the market conditions between the Valuation Date and the transaction date of each of the comparables;

- c) Location: reflect the difference in location characteristics between the subject property and the comparables we identified. Downward adjustments have been made if the subject property is inferior to the comparables in terms of the distance to the local town centre and accessibility via public transportation means, and vice versa;
 - d) Size: we consider that the average unit rent would be lower for properties of larger size as compared to those smaller. We have considered downward adjustments to all comparables as they are smaller in size as compared to the subject property;
 - e) Outgoings: the comparables are inclusive of government rents. We have allowed for the government rents to derive the net effective rent in our valuation; and
 - f) Floor level: we have considered downward adjustment to the comparables we identified (on ground floors) in deriving the unit rent applicable to the first floor of the subject property, to reflect the difference in trading potential between the subject floors.
- (6) Having considered the nature and location of the subject property, and the presence of comparable rental data, we consider the adoption of the direct comparison method to be appropriate in deriving the rental value of the subject property in its existing state as of the Valuation Date.

Based on our analysis of the comparable rental data, we have adopted unit rents (on saleable area basis) of HK\$41 for the ground floor; and HK\$22 for the first floor (being the averages of the ranges of the adjusted comparable unit rents), respectively, and derived a market rent of HK\$531,000 (rounded) based on the total saleable area of 18,680 square feet.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market rent in existing state as of 31 October 2024 <i>(per month)</i>
2.	<p>The whole first floor, Tung Wai Court, No. 3 Tsing Ling Path, Tuen Mun, New Territories, Hong Kong</p> <p>(275/1,623th parts or shares of and in Tuen Mun Town Lot Nos. 182 and 184)</p>	<p>The property comprises the entire first floor of a 19-storey composite building known as “Tung Wai Court” which was completed in about 1983.</p> <p>The saleable area of the property was approximately 12,277 square feet.</p> <p>The property is held under New Grant Nos. TM2317 and TM2296 for a common term of 99 years commencing from 1 July 1898, and have been statutorily renewed until 30 June 2047. The government rent is equivalent to three percent of the rateable value of the property for the time being.</p>	<p>The subject property was occupied as an elderly centre as of the Valuation Date.</p> <p style="text-align: right;">HK\$270,000 (HONG KONG DOLLARS TWO HUNDRED AND SEVENTY THOUSAND ONLY)</p>

Notes:

- (1) The registered owner of the property is Kato Property Limited registered vide memorial no. TM974155 dated 23 November 2000.
- (2) The property is subject to the following:
 - a) Deed of Mutual Covenant registered vide memorial No. TM232747 dated 17 October 1983;
 - b) Management Agreement registered vide memorial No. TM232748 dated 15 September 1983;
 - c) Mortgage in favour of the Hongkong and Shanghai Banking Corporation Limited registered vide memorial No. 14121002370014 dated 28 November 2014; and
 - d) Notice No. “UMB/5OL133/2302-097/0001” under s.30(B)3 of the Buildings Ordinance (remarks: by the Building Authority re: common part(s) only).
- (3) The Property was inspected by Ray Ko, a valuer with four years of real estate valuation experience on 21 October 2024.

- (4) In the course of our valuation using the direct comparison method (which is the most common and widely accepted valuation method), we have analysed five comparable rental data with details as follows:

Comp	Date	Saleable area (sf)	Location	Rent before adjustment (HK\$/sf/mth)	Rent after adjustment (HK\$/sf/mth)
1	Q4 2024	1,138	Shop on the Ground Floor of Tsing Pak Path, Tuen Mun, New Territories, Hong Kong	53	16
2	Q2 2024	365	Shop on the Ground Floor of Tsing Min Path, Tuen Mun, New Territories, Hong Kong	82	25
3	Q4 2024	153	Shop on the Ground Floor of Tsing Min Path, Tuen Mun, New Territories, Hong Kong	90	27
4	Q4 2024	420	Shop on the Ground Floor of Tsing Chui Path, Tuen Mun, New Territories, Hong Kong	83	25
5	Q2 2024	4,787	Ground Floor, No. 3 Tsing Min Path, Tuen Mun, New Territories, Hong Kong	49	20

The above rental data were sourced from local agents, and were selected and analysed as they are located in the same locality as the subject property.

- (5) In the course of our valuation, given the differences between the property and the comparables we identified above, we have considered the following adjustments:
- a) Nature of transaction: for those rental listings which were obtained from the property agents, we have applied downward adjustment to reflect the difference between landlords' asking rents and the possible transaction rents;
 - b) Time: reflect the difference in the market conditions between the Valuation Date and the transaction date of each of the comparables;
 - c) Location: reflect the difference in location characteristics between the subject property and the comparables we identified. Downward adjustments have been made if the subject property is inferior to the comparables in terms of the distance to the local town centre and accessibility via public transportation means, and vice versa;
 - d) Size: we consider that the average unit rent would be lower for properties of larger size as compared to those smaller. We have considered downward adjustments to all comparables as they are smaller in size as compared to the subject property;
 - e) Outgoings: the comparables are inclusive of government rents. We have allowed for the government rents to derive the net effective rent in our valuation; and

- f) Floor level: we have considered downward adjustment to the comparables we identified (on ground floors) in deriving the unit rent applicable to the subject property which is on the first floor, to reflect the difference in trading potential between the comparables and the subject property.

- (6) Having considered the nature and location of the subject property, and the presence of comparable rental data, we consider the adoption of the direct comparison method to be appropriate in deriving the rental value of the subject property in its existing state as of the Valuation Date.

Based on our analysis of the comparable rental data, we have adopted a unit rent (on saleable area basis) of HK\$22 (being the average of the range of the adjusted comparable unit rents) for the subject property, and derived a market rent of HK\$270,000 (rounded) based on the total saleable area of 12,277 square feet.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market rent in existing state as of 31 October 2024 <i>(per month)</i>
3. Shops 1 to 17 on First Floor, On Lai Building, No. 3 Tsing To Path, Tuen Mun, New Territories, Hong Kong (21/116th parts or shares of and in Tuen Mun Town Lot No. 200)	The property comprises the entire first floor (formed by 17 conjoining shops) of a 13-storey composite building known as “On Lai Building” which was completed in about 1982. The saleable area of the property was approximately 5,271 square feet. The property is held under New Grant No. TM2349 for a term of 99 years commencing from 1 July 1898, and has been statutorily renewed until 30 June 2047. The government rent is equivalent to three percent of the rateable value of the property for the time being.	The subject property was occupied as an elderly centre as of the Valuation Date.	HK\$142,000 (HONG KONG DOLLARS ONE HUNDRED AND FORTY TWO THOUSAND ONLY)

Notes:

- (1) The registered owner of the property is Classic Mate Limited registered vide memorial no. TM974157 dated 23 November 2000.
- (2) The property is subject to the following:
 - a) Deed of Mutual Covenant in favour of Kwan Sum registered vide memorial No. TM212266 dated 16 March 1982;
 - b) Mortgage in favour of Bank of China (Hong Kong) Limited registered vide memorial No. 20071302260107 dated 18 June 2020; and
 - c) Assignment of Rentals in favour of Bank of China (Hong Kong) Limited registered vide memorial No. 20071401780102 dated 18 June 2020.
- (3) The Property was inspected by Ray Ko, a valuer with four years of real estate valuation experience on 21 October 2024.

- (4) In the course of our valuation using the direct comparison method (which is the most common and widely accepted valuation method), we have analysed five comparable rental data with details as follows:

Comp	Date	Saleable area (sf)	Location	Rent before adjustment (HK\$/sf/mth)	Rent after adjustment (HK\$/sf/mth)
1	Q4 2024	1,138	Shop on the Ground Floor of Tsing Pak Path, Tuen Mun, New Territories, Hong Kong	53	19
2	Q2 2024	365	Shop on the Ground Floor of Tsing Min Path, Tuen Mun, New Territories, Hong Kong	82	29
3	Q4 2024	153	Shop on the Ground Floor of Tsing Min Path, Tuen Mun, New Territories, Hong Kong	90	32
4	Q4 2024	420	Shop on the Ground Floor of Tsing Chui Path, Tuen Mun, New Territories, Hong Kong	83	30
5	Q2 2024	4,787	Ground Floor, No. 3 Tsing Min Path, Tuen Mun, New Territories, Hong Kong	49	23

The above rental data were sourced from local agents, and were selected and analysed as they are located in the same locality as the subject property.

- (5) In the course of our valuation, given the differences between the property and the comparables we identified above, we have considered the following adjustments:
- a) Nature of transaction: for those rental listings which were obtained from the property agents, we have applied downward adjustment to reflect the difference between landlords' asking rents and the possible transaction rents;
 - b) Time: reflect the difference in the market conditions between the Valuation Date and the transaction date of each of the comparables;
 - c) Location: reflect the difference in location characteristics between the subject property and the comparables we identified. Downward adjustments have been made if the subject property is inferior to the comparables in terms of the distance to the local town centre and accessibility via public transportation means, and vice versa;
 - d) Size: we consider that the average unit rent would be lower for properties of larger size as compared to those smaller. We have considered downward adjustments to all comparables as they are smaller in size as compared to the subject property;

- e) Building conditions: the subject property was maintained in a condition that is inferior to those of the comparables we analysed. We have considered downward adjustments to reflect the difference in the building conditions between the subject property and the comparables;
 - f) Outgoings: the comparables are inclusive of government rents. We have allowed for the government rents to derive the net effective rent in our valuation; and
 - g) Floor level: we have considered downward adjustment to the comparables we identified (on ground floors) in deriving the unit rent applicable to the subject property which is on the first floor, to reflect the difference in trading potential between the comparables and the subject property.
- (6) Having considered the nature and location of the subject property, and the presence of comparable rental data, we consider the adoption of the direct comparison method to be appropriate in deriving the rental value of the subject property in its existing state as of the Valuation Date.

Based on our analysis of the comparable rental data, we have adopted a unit rent (on saleable area basis) of HK\$27 (being the average of the range of the adjusted comparable unit rents) for the subject property, and derived a market rent of HK\$142,000 (rounded) based on the total saleable area of 5,271 square feet.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market rent in existing state as of 31 October 2024 <i>(per month)</i>
4. First floor including entrance on Ground Floor, Florence Mansion, No. 6 Tsing Ling Path, Tuen Mun, New Territories, Hong Kong (1,296/7,206th parts or shares of and in Tuen Mun Town Lot No. 199)	The property comprises the entire first floor plus the ground floor entrance of a 16-storey composite building known as “Florence Mansion” which was completed in about 1982. The saleable area of the property was approximately 8,645 square feet. The property is held under New Grant No. TM2347 for a term of 99 years commencing from 1 July 1898, and has been statutorily renewed until 30 June 2047. The government rent is equivalent to three percent of the rateable value of the property for the time being.	The subject property was occupied as an elderly centre as of the Valuation Date.	HK\$242,000 (HONG KONG DOLLARS TWO HUNDRED AND FORTY TWO THOUSAND ONLY)

Notes:

- (1) The registered owner of the property is Perfect Cheer Investment Limited registered vide memorial no. TM599337 dated 1 July 1993.
- (2) The property is subject to the following:
 - a) Mutual Covenant registered vide memorial No. TM217869 date 7 September 1982; and
 - b) Mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited registered vide memorial No. 14102802450016 dated 8 October 2014.
- (3) The Property was inspected by Ray Ko, a valuer with four years of real estate valuation experience on 21 October 2024.

- (4) In the course of our valuation using the direct comparison method (which is the most common and widely accepted valuation method), we have analysed five comparable rental data with details as follows:

Comp	Date	Saleable area (sf)	Location	Rent before adjustment (HK\$/sf/mth)	Rent after adjustment (HK\$/sf/mth)
1	Q4 2024	1,138	Shop on the Ground Floor of Tsing Pak Path, Tuen Mun, New Territories, Hong Kong	53	20
2	Q2 2024	365	Shop on the Ground Floor of Tsing Min Path, Tuen Mun, New Territories, Hong Kong	82	30
3	Q4 2024	153	Shop on the Ground Floor of Tsing Min Path, Tuen Mun, New Territories, Hong Kong	90	33
4	Q4 2024	420	Shop on the Ground Floor of Tsing Chui Path, Tuen Mun, New Territories, Hong Kong	83	31
5	Q2 2024	4,787	Ground Floor, No. 3 Tsing Min Path, Tuen Mun, New Territories, Hong Kong	49	24

The above rental data were sourced from local agents, and were selected and analysed as they are located in the same locality as the subject property.

- (5) In the course of our valuation, given the differences between the property and the comparables we identified above, we have considered the following adjustments:
- a) Nature of transaction: for those rental listings which were obtained from the property agents, we have applied downward adjustment to reflect the difference between landlords' asking rents and the possible transaction rents;
 - b) Time: reflect the difference in the market conditions between the Valuation Date and the transaction date of each of the comparables;
 - c) Location: reflect the difference in location characteristics between the subject property and the comparables we identified. Downward adjustments have been made if the subject property is inferior to the comparables in terms of the distance to the local town centre and accessibility via public transportation means, and vice versa;
 - d) Size: we consider that the average unit rent would be lower for properties of larger size as compared to those smaller. We have considered downward adjustments to all comparables as they are smaller in size as compared to the subject property;

- e) Accessibility: the subject property is of better accessibility as compared to general upper floors in the subject neighbourhood. We have considered upward adjustments to reflect the better accessibility of the subject property;
 - f) Outgoings: the comparables are inclusive of government rents. We have allowed for the government rents to derive the net effective rent in our valuation; and
 - g) Floor level: we have considered downward adjustment to the comparables we identified (on ground floors) in deriving the unit rent applicable to the subject property which is on the first floor, to reflect the difference in trading potential between the comparables and the subject property.
- (6) Having considered the nature and location of the subject property, and the presence of comparable rental data, we consider the adoption of the direct comparison method to be appropriate in deriving the rental value of the subject property in its existing state as of the Valuation Date.

Based on our analysis of the comparable rental data, we have adopted a unit rent (on saleable area basis) of HK\$28 (being the average of the range of the adjusted comparable unit rents) for the subject property, and derived a market rent of HK\$242,000 (rounded) based on the total saleable area of 8,645 square feet.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market rent in existing state as of 31 October 2024 <i>(per month)</i>
5. Shop No. C1 on the First Floor of Tsuen Wan Centre Shopping Arcade, No. 86 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	The property comprises the entire first floor of a 5-storey retail and carpark podium within Phase 1 of a large-scale residential development known as “Tsuen Wan Centre” which was completed in about 1980. The saleable area of the property was approximately 15,950 square feet.	The subject property was occupied as an elderly centre as of the Valuation Date.	HK\$335,000 (HONG KONG DOLLARS THREE HUNDRED AND THIRTY FIVE THOUSAND ONLY)
(663/55,500th parts or shares of and in sections B, D, F and G of Tsuen Wan Town Lot No. 220)	The property is held under New Grant No. TW5026 for a term of 99 years commencing from 1 July 1898, and has been statutorily renewed until 30 June 2047. The government rent is equivalent to three percent of the rateable value of the property for the time being.		

Notes:

- (1) The registered owner of the property is Shing Kong Limited registered vide memorial no. 08070200670084 dated 3 June 2008.
- (2) The property is subject to the following:
 - a) Deed of Mutual Grant registered vide memorial No. TW193812 (re: s.A, s.C, s.E & R.P. of TWTL 220 and portions of s.B, s.D, s.F & s.G of TWTL 220) dated 5 May 1980;
 - b) Mutual Covenant with Plans registered vide memorial No. TW193814 date 13 June 1980;
 - c) Sub-Deed of Mutual Covenant registered vide memorial No. TW218083 dated 19 May 1981;
 - d) Mortgage in favour of Bank of China (Hong Kong) Limited registered vide memorial No. 20071302260056 dated 18 June 2020; and
 - e) Assignment of Rentals in favour of Bank of China (Hong Kong) Limited registered vide memorial No. 20071401780071 dated 18 June 2020.
- (3) The Property was inspected by Ray Ko, a valuer with four years of real estate valuation experience on 16 October 2024.

- (4) In the course of our valuation using the direct comparison method (which is the most common and widely accepted valuation method), we have analysed five comparable rental data with details as follows:

Comp	Date	Saleable area (sf)	Location	Rent before adjustment (HK\$/sf/mth)	Rent after adjustment (HK\$/sf/mth)
1	Q3 2022	832	Shop on the First Floor of Tsuen Wan Centre Shopping Arcade, No. 86 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	78	27
2	Q1 2022	446	Shop on the First Floor of Tsuen Wan Centre Shopping Arcade, No. 86 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	67	23
3	Q2 2022	910	Shop 07B, Ground Floor, Allway Gardens Shopping Arcade, Nos. 187–195 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	23	18
4	Q3 2020	11,820	Shop 09A, Ground Floor, Allway Gardens Shopping Arcade, Nos. 187–195 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	20	18
5	Q2 2020	9,688	Shop 10 on Ground Floor and cockloft, Allway Gardens Shopping Arcade, Nos. 187–195 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	35	19

The subject property is located in the inner part of the subject arcade which is far from the main road. In the course of our valuation, we attempted to identify rental comparables that require the least adjustments in deriving the market rent. Comparables having the same nature as the subject property that are located within the same development/locality, and with transaction date close to the Valuation Date are preferred.

However, we were unable to identify suitable and recent rental transactions/listings of similar nature as the subject property within the subject arcade/neighbouring developments during our on-site inspection and from various market sources. Therefore, we have analysed comparables (sourced from local agents) within the subject arcade/neighbouring development (i.e., Comparables 3 and 4 located in Allway Gardens with similar location characteristics) that were transacted between 2020 and 2022, having considered that nature of the subject property (located within the inner part of the subject arcade that would require judgmental adjustments should rental data of properties located in other areas be analysed), and that the time adjustment factor (based on the Rating and Valuation Department's Private Retail Rental Indices) is relatively less subjective.

- (5) In the course of our valuation, given the differences between the property and the comparables we identified above, we have considered the following adjustments:
- a) Time: reflect the difference in the market conditions between the Valuation Date and the transaction date of each of the comparables;
 - b) Location: reflect the difference in location characteristics between the subject property and the comparables we identified. Downward adjustments have been made if the subject property is inferior to the comparables in terms of the distance to the local town centre and accessibility via public transportation means, and vice versa;
 - c) Location within the arcade: the subject property is within the inner part of the subject arcade, and with very limited visibility from the abutting street. We have considered downward adjustments to all comparables as they are of better visibility from abutting streets as compared to the subject property;
 - d) Size: we consider that the average unit rent would be lower for properties of larger size as compared to those smaller. We have considered downward adjustments to all comparables as they are smaller in size as compared to the subject property;
 - e) Accessibility: the subject property is of inferior accessibility as compared to the comparables we identified. We have considered downward adjustments to reflect the inferior accessibility of the subject property; and
 - f) Outgoings: the comparables are inclusive of government rents. We have allowed for the government rents to derive the net effective rent in our valuation.
- (6) Having considered the nature and location of the subject property, and the presence of comparable rental data, we consider the adoption of the direct comparison method to be appropriate in deriving the rental value of the subject property in its existing state as of the Valuation Date.

Based on our analysis of the comparable rental data, we have adopted a unit rent (on saleable area basis) of HK\$21 (being the average of the range of the adjusted comparable unit rents) for the subject property, and derived a market rent of HK\$335,000 (rounded) based on the total saleable area of 15,950 square feet.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market rent in existing state as of 31 October 2024 (per month)
6. Restaurant on 2nd Floor of Phase 1 of Commercial Development, Allway Gardens, Nos. 187–195 Tsuen King Circuit, Nos. 2–22 On Yat Street, Tsuen Wan, New Territories, Hong Kong (321/30,167th parts or shares of and in Tsuen Wan Town Lot No. 236 and the extension thereto)	The property comprises portion of second floor of a 3-storey retail podium within Phase 1 of a large-scale residential development known as “Allway Gardens” which was completed in about 1978. The saleable area of the property was approximately 15,729 square feet. The property is held under New Grant No. TW5350 for a term of 99 years commencing from 1 July 1898, and has been statutorily renewed until 30 June 2047. The government rent is equivalent to three percent of the rateable value of the property for the time being.	The subject property was occupied as an elderly centre as of the Valuation Date.	HK\$380,000 (HONG KONG DOLLARS THREE HUNDRED AND EIGHTY THOUSAND ONLY)

Notes:

- (1) The registered owner of the property is Smarts Corporation Limited registered vide memorial no. 20082702110019 dated 10 July 2018.
- (2) The property is subject to the following:
 - a) Deed of Mutual Covenant registered vide memorial No. TW165671 date 23 October 1978, and re-registered vide memorial No. TW358241 dated 17 September 1985;
 - b) Sub-Deed of Mutual Covenant with Plans registered vide memorial No. 08013102580011 dated 31 January 2008;
 - c) Sub-Sub-Deed of Mutual Covenant with Plan registered vide memorial No. 13062502120046 dated 25 June 2013;
 - d) Mortgage in favour of Bank of China (Hong Kong) Limited registered vide Memorial No. 20071302260139 dated 18 June 2020; and

- e) Assignment of Rentals in favour of Bank of China (Hong Kong) Limited registered vide memorial No. 20071401780126 dated 18 June 2020.
- (3) The Property was inspected by Ray Ko, a valuer with four years of real estate valuation experience on 16 October 2024.
- (4) In the course of our valuation using the direct comparison method (which is the most common and widely accepted valuation method), we have analysed six comparable rental data with details as follows:

Comp	Date	Saleable area (<i>sf</i>)	Location	Rent before adjustment (<i>HK\$/sf/mth</i>)	Rent after adjustment (<i>HK\$/sf/mth</i>)
1	Q3 2024	11,900	Shop 22 on Ground Floor and the whole of First Floor, Tak Cheong Building, No. 1001 Kwai Chung Road, Kwai Chung, New Territories, Hong Kong	36	24
2	Q3 2024	14,653	Portion of Ground Floor and the whole of Second Floor, Hay Wah Building, Nos. 71–85 Hennessy Road, Wanchai, Hong Kong	52	26
3	Q3 2024	4,175	Portion of Ground Floor and the whole of cockloft, Comfort Court, Nos. 65–73 Luen Wo Road, Fanling, New Territories, Hong Kong	47	26
4	Q1 2024	5,086	The whole of First Floor and Second Floor, Comfort Mansion, Nos. 878–888 Nathan Road, Yau Ma Tei, Kowloon, Hong Kong	39	22
5	Q1 2024	21,499	The whole of First Floor, Phase 2 of Kwan Yick Building, No. 343 Des Voeux Road West, Sai Ying Pun, Hong Kong	17	20
6	Q3 2023	26,609	Portion of Ground Floor and the whole of Second Floor, Allway Gardens Shopping Arcade, Nos. 187–195 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	43	26

The subject property is currently occupied as an elderly centre. In the course of our valuation, we attempted to identify rental comparables that require the least adjustments in deriving the market rent. Comparables having the same nature as the subject property that are located within the same development/locality, and with transaction date close to the Valuation Date are preferred.

However, we were unable to identify sufficient, suitable and recent rental transactions/listings of similar nature as the subject property within the subject arcade/neighbouring developments during our on-site inspection and from various market sources. Therefore, we have analysed elderly centre rental comparables (sourced from local agents and other market sources) which are located in non-primary locations in Hong Kong (which are comparable to the subject property in location characteristics) in deriving the market rent applicable to the subject property. These comparables (except for Comparable 6) were transacted within 2024. For Comparable 6, it is located within the same development and hence it is also analysed given the similarities in terms of location and nature of property.

- (5) In the course of our valuation, given the differences between the property and the comparables we identified above, we have considered the following adjustments:
- a) Time: reflect the difference in the market conditions between the Valuation Date and the transaction date of each of the comparables;
 - b) Location: reflect the difference in location characteristics between the subject property and the comparables we identified. Downward adjustments have been made if the subject property is inferior to the comparables in terms of the distance to the local town centre and accessibility via public transportation means, and vice versa;
 - c) Size: we consider that the average unit rent would be lower for properties of larger size as compared to those smaller. We have considered downward adjustments to those comparables which are smaller in size as compared to the subject property, and vice versa;
 - d) Floor level: we have considered upward adjustment to those comparables we identified which are on the second floor in deriving the unit rent applicable to the subject property which is effectively on the first floor of the subject arcade, to reflect the difference in trading potential between the comparables and the subject property;
 - e) Building conditions: we have considered downward adjustments to one of the comparables (Comp 6) to reflect the difference in the building conditions between the subject property and the comparable; and
 - f) Outgoings: the comparables are inclusive of government rents. We have allowed for the government rents to derive the net effective rent in our valuation.
- (6) Having considered the nature and location of the subject property, and the presence of comparable rental data, we consider the adoption of the direct comparison method to be appropriate in deriving the rental value of the subject property in its existing state as of the Valuation Date.

Based on our analysis of the comparable rental data, we have adopted a unit rent (on saleable area basis) of HK\$24 (being the average of the range of the adjusted comparable unit rents) for the subject property, and derived a market rent of HK\$380,000 (rounded) based on the total saleable area of 15,729 square feet.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market rent in existing state as of 31 October 2024 (per month)
7. Flat C on 24th Floor, Block 9 (Nanking House), Tsuen Wan Centre, No. 89 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	<p>The property comprises a residential unit on 24th Floor of a 32-storey residential building within Phase 1 of a large-scale residential development known as “Tsuen Wan Centre” which was completed in about 1980.</p> <p>The saleable area of the property was approximately 425 square feet.</p>	<p>The subject property was occupied as staff quarter as of the Valuation Date.</p>	<p>HK\$12,900</p> <p>(HONG KONG DOLLARS TWELVE THOUSAND AND NINE HUNDRED ONLY)</p>
(24/55,500th parts or shares of and in sections B, D, F and G of Tsuen Wan Town Lot No. 220)	<p>The property is held under New Grant No. TW5026 for a term of 99 years commencing from 1 July 1898, and has been statutorily renewed until 30 June 2047. The government rent is equivalent to three percent of the rateable value of the property for the time being.</p>		

Notes:

- (1) The registered owners of the property are Lam Kong (1/2) and Ngai Shi Shing Godfrey (1/2) in the form of tenants in common registered vide memorial no. 17010900630029 dated 20 December 2016.
- (2) The property is subject to the following:
 - a) Deed of Mutual Grant registered vide memorial No. TW193812 (re: s.A, s.C, s.E & R.P. of TWTL 220 and portions of s.B, s.D, s.F & s.G of TWTL 220) dated 5 May 1980; and
 - b) Mutual Covenant with Plans registered vide memorial No. TW193814 date 13 June 1980.
- (3) The Property was inspected by Ray Ko, a valuer with four years of real estate valuation experience on 16 October 2024.

- (4) In the course of our valuation using the direct comparison method (which is the most common and widely accepted valuation method), we have analysed five comparable rental data with details as follows:

Comp	Date	Saleable area (<i>sf</i>)	Location	Rent before adjustment (<i>HK\$/sf/mth</i>)	Rent after adjustment (<i>HK\$/sf/mth</i>)
1	Q4 2024	380	Flat F, Low floor, Block 5 (Anking House), Tsuen Wan Centre, No. 89 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	32	28
2	Q3 2024	374	Flat B, Mid floor, Block 19 (Shenyang House), Tsuen Wan Centre, No. 89 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	33	29
3	Q3 2024	378	Flat C, High floor, Block 13 (Kweiyang House), Tsuen Wan Centre, No. 89 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	33	30
4	Q3 2024	380	Flat B, Low floor, Block 4 (Soochow House), Tsuen Wan Centre, No. 89 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	33	30
5	Q3 2024	374	Flat B, High floor, Block 16 (Nanning House), Tsuen Wan Centre, No. 89 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong	34	31

The above rental data were sourced from local agents, and were selected and analysed as they are located in the same development as the subject property.

- (5) In the course of our valuation, given the differences between the property and the comparables we identified above, we have considered the following adjustments:
- a) Time: reflect the difference in the market conditions between the Valuation Date and the transaction date of each of the comparables;
 - b) Size: we consider that the average unit rent would be lower for properties of larger size as compared to those smaller. We have considered downward adjustments to all comparables as they are smaller in size as compared to the subject property; and

- c) Outgoings: the comparables are inclusive of rates and government rents. We have allowed for the rates and government rents to derive the net effective rent in our valuation.

- (6) Having considered the nature and location of the subject property, and the presence of comparable rental data, we consider the adoption of the direct comparison method to be appropriate in deriving the rental value of the subject property in its existing state as of the Valuation Date.

Based on our analysis of the comparable rental data, we have adopted a unit rent (on saleable area basis) of HK\$30 (being the average of the range of the adjusted comparable unit rents) for the subject property, and derived a market rent of HK\$12,900 (rounded) based on the total saleable area of 425 square feet.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market rent in existing state as of 31 October 2024 (per month)
8. Flat C on 2nd Floor & flat roof, and Flat D on 2nd Floor & flat roof, Lakeshore Building, No. 7 Tseng Choi Street, Tuen Mun, New Territories, Hong Kong	The property comprises two conjoining residential units on the 2nd floor of a 22-storey composite building known as "Lakeshore Building" which was completed in about 1980. The details of the saleable area of the property are as follows:	The subject property was occupied as staff quarter as of the Valuation Date.	HK\$36,200 (HONG KONG DOLLARS THIRTY SIX THOUSAND AND TWO HUNDRED ONLY)
	Portion	Saleable area	
		<i>(sf)</i>	
(10/1,313th parts or shares of and in Tuen Mun Town Lot No. 126)	Flat C on 2/F	415	
	Flat D on 2/F	415	
	Total	830	

In addition, the areas of the subject flat roofs of Flat C and Flat D are 3,552 and 3,875 square feet, respectively.

The property is held under New Grant No. TM2252 for a term of 99 years commencing from 1 July 1898, and has been statutorily renewed until 30 June 2047. The government rent is equivalent to three percent of the rateable value of the property for the time being.

Notes:

- (1) The registered owner of Flat C and flat roof of the property is Ngai Ka Yee registered vide memorial no. 13042902290016 dated 16 April 2013.
- (2) The registered owner of Flat D and flat roof of the property is Kato Elderly Affairs Limited registered vide memorial no. TM1038953 dated 21 June 2002.

- (3) The property is subject to the following:
- a) Mutual Covenant registered vide memorial No. TM199538 dated 23 October 1980;
 - b) Superseding Order No. "INVO00195/NT/11/TE" under s.26A(1) of the Buildings Ordinance with Plan registered vide memorial No. 21080900920153 dated 23 July 2012 (remarks: by the Building Authority re: common part(s)); and
 - c) Mortgage in favour of the Hongkong and Shanghai Banking Corporation Limited registered vide memorial No. 14121002370022 dated 28 November 2014 (re: Flat D and flat roof).
- (4) The Property was inspected by Ray Ko, a valuer with four years of real estate valuation experience on 21 October 2024.
- (5) In the course of our valuation using the direct comparison method (which is the most common and widely accepted valuation method), we have analysed six comparable rental data with details as follows:

Comp	Date	Saleable area (<i>sf</i>)	Location	Rent before adjustment (<i>HK\$/sf/mth</i>)	Rent after adjustment (<i>HK\$/sf/mth</i>)
1	Q4 2024	311	Flat in Look Yuen, No. 6 Tsing Pak Path, Tuen Mun, New Territories, Hong Kong	27	20
2	Q4 2024	140	Flat in Lakeshore Building, No. 7 Tseng Choi Street, Tuen Mun, New Territories, Hong Kong	41	25
3	Q4 2024	252	Flat in Dorboa Building, No. 9 Tsing Chui Path, Tuen Mun, New Territories, Hong Kong	36	25
4	Q4 2024	252	Flat in Dorboa Building, No. 9 Tsing Chui Path, Tuen Mun, New Territories, Hong Kong	34	24
5	Q4 2024	229	Flat in Wah Lee Building, No. 9 Tsing Ling Path, Tuen Mun, New Territories, Hong Kong	33	21
6	Q4 2024	340	Flat in Kim Bo Building, No. 5 Tsing Min Path, Tuen Mun, New Territories, Hong Kong	26	20

The above rental data were sourced from local agents, and were selected and analysed as they are located in the same development or same locality as the subject property.

- (6) In the course of our valuation, given the differences between the property and the comparables we identified above, we have considered the following adjustments:
- a) Nature of transaction: for those rental listings which were obtained from the property agents, we have applied downward adjustment to reflect the difference between landlords' asking rents and the possible transaction rents;
 - b) Time: reflect the difference in the market conditions between the Valuation Date and the transaction date of each of the comparables;
 - c) Location: reflect the difference in location characteristics between the subject property and the comparables we identified. Downward adjustments have been made if the subject property is inferior to the comparables in terms of the distance to the local town centre and accessibility via public transportation means, and vice versa;
 - d) Size: we consider that the average unit rent would be lower for properties of larger size as compared to those smaller. We have considered downward adjustments to all comparables as they are smaller in size as compared to the subject property;
 - e) Building age: we have considered downward adjustments to those comparables we identified having newer building age than the subject property, and vice versa;
 - f) Outgoings: the comparables are inclusive of rates, government rents and management fees. We have allowed for the relevant outgoings to derive the net effective rent in our valuation; and
 - g) Floor level: we have considered downward adjustment to the comparables we identified (on higher floors) in deriving the unit rent applicable to the subject property which is on the lowest floor of the residential portion of the subject building.
- (7) Having considered the nature and location of the subject property, and the presence of comparable rental data, we consider the adoption of the direct comparison method to be appropriate in deriving the rental value of the subject property in its existing state as of the Valuation Date.

Based on our analysis of the comparable rental data, we have adopted a unit rent (on saleable area basis) of HK\$23 (being the average of the range of the adjusted comparable unit rents) for the subject property, and derived a market rent of HK\$36,200 (rounded) based on the total saleable area of 830 square feet and a flat roof area of 7,427 square feet (accounted for 1/10 of the rental value of the main accommodation).

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market rent in existing state as of 31 October 2024 <i>(per month)</i>
9. Third Floor, No. 11 Fa Yuen Street, Kowloon, Hong Kong	The property comprises a residential unit on 3rd Floor of a 12-storey composite building known as "Tsuen Wan Centre" which was completed in about 1962.	The subject property was occupied as staff quarter as of the Valuation Date.	HK\$22,400 (HONG KONG DOLLARS TWENTY TWO THOUSAND AND FOUR HUNDRED ONLY)
(1/24th parts or shares of and in the remaining portion of Kowloon Inland Lot Nos. 2988 and 3053)	The saleable area of the property was approximately 799 square feet. The property is held under Government Leases for a common term of 75 years renewable for a further term of 75 years commencing on 15 August 1932 (re: KIL 2988) and 13 October 1932 (re: KIL 3053), respectively. The current annual Government rent payable for the property is HK\$1,120.		

Notes:

- (1) The registered owner of the property is Ngai Ka Yee registered vide memorial no. 16012802280095 dated 15 January 2016.
- (2) The property is subject to the following:
 - a) Deed of Mutual Covenant registered vide memorial No. UB595549 dated 12 September 1967.
- (3) The Property was inspected by Ray Ko, a valuer with four years of real estate valuation experience on 16 October 2024.

- (4) In the course of our valuation using the direct comparison method (which is the most common and widely accepted valuation method), we have analysed three comparable rental data with details as follows:

Comp	Date	Saleable area (<i>sf</i>)	Location	Rent before adjustment (<i>HK\$/sf/mth</i>)	Rent after adjustment (<i>HK\$/sf/mth</i>)
1	Q4 2024	676	Unit 1 on Low floor, No. 168 Tung Choi Street, Mong Kok, Kowloon, Hong Kong	37	29
2	Q4 2024	850	Flat on Mid floor, Cheung Ling Mansion, Nos. 3–13 Nullah Road and Nos. 258–260 Sai Yeung Choi Street South, Mong Kok, Kowloon, Hong Kong	32	28
3	Q4 2024	855	Flat 14 on Low floor, Sincere House, No. 83 Argyle Street, Mong Kok, Kowloon, Hong Kong	35	27

The above rental data were sourced from local agents, and were selected and analysed as they are located in the same locality as the subject property.

- (5) In the course of our valuation, given the differences between the property and the comparables we identified above, we have considered the following adjustments:
- a) Nature of transaction: for those rental listings which were obtained from the property agents, we have applied downward adjustment to reflect the difference between landlords' asking rents and the possible transaction rents;
 - b) Time: reflect the difference in the market conditions between the Valuation Date and the transaction date of each of the comparables;
 - c) Location: reflect the difference in location characteristics between the subject property and the comparables we identified. Downward adjustments have been made if the subject property is inferior to the comparables in terms of the distance to the local town centre and accessibility via public transportation means, and vice versa;
 - d) Size: we consider that the average unit rent would be lower for properties of larger size as compared to those smaller. We have considered downward adjustments to all comparables as they are smaller in size as compared to the subject property;
 - e) Building age: we have considered downward adjustments to those comparables we identified having newer building age than the subject property, and vice versa;
 - f) Outgoings: the comparables are inclusive of rates, government rents and management fees. We have allowed for the relevant outgoings to derive the net effective rent in our valuation; and

- g) View: we have considered upward adjustment to the comparables we identified in deriving the unit rent applicable to the subject property which is of better view as compared to the comparables.
- (6) Having considered the nature and location of the subject property, and the presence of comparable rental data, we consider the adoption of the direct comparison method to be appropriate in deriving the rental value of the subject property in its existing state as of the Valuation Date.

Based on our analysis of the comparable rental data, we have adopted a unit rent (on saleable area basis) of HK\$28 (being the average of the range of the adjusted comparable unit rents) for the subject property, and derived a market rent of HK\$22,400 (rounded) based on the total saleable area of 799 square feet.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market rent in existing state as of 31 October 2024 <i>(per month)</i>
10. Flat 310 on 3rd Floor & flat roof, Tung Shun Hing Building, No. 22 Chi Kiang Street, Kowloon, Hong Kong (42/11,623th parts or shares of and in the remaining portion of Kowloon Marine Lot No. 73)	The property comprises a residential unit on 3rd Floor of a 16-storey composite building known as “Tung Shun Hing Building” which was completed in about 1973. The saleable area of the property was approximately 266 square feet. In addition, the area of the subject flat roof of the property is approximately 280 square feet. The property is held under a Government Lease for a term of 75 years renewable for a further term of 75 years commencing on 7 April 1902. The current annual Government rent payable for the property is HK\$162.	The subject property was occupied as staff quarter as of the Valuation Date.	HK\$9,100 (HONG KONG DOLLARS NINE THOUSAND AND ONE HUNDRED ONLY)

Notes:

- (1) The registered owner of the property is Ngai Ka Yee registered vide memorial no. 08013101400040 dated 31 December 2007.
- (2) The property is subject to the following:
 - a) Deed of Mutual Covenant registered vide memorial No. UB982140 date on 3 May 1973;
 - b) Order No. “D00398/K/19/UC/TE” under s.26 of the Buildings Ordinance with Plan registered vide Memorial No. 22110200890134 dated 30 September 2022 (remarks: by the Building Authority re: common part(s)); and
 - c) Order No. “CUC/EE3/0001/19” under s.24(1) of the Buildings Ordinance with Plans registered vide Memorial No. 22110800830582 dated 30 September 2022 (remarks: by the Building Authority re: common part(s) only).
- (3) The Property was inspected by Ray Ko, a valuer with four years of real estate valuation experience on 16 October 2024.

- (4) In the course of our valuation using the direct comparison method (which is the most common and widely accepted valuation method), we have analysed four comparable rental data with details as follows:

Comp	Date	Saleable area (<i>sf</i>)	Location	Rent before adjustment (<i>HK\$/sf/mth</i>)	Rent after adjustment (<i>HK\$/sf/mth</i>)
1	Q4 2024	250	Flat on Mid floor, Kiu Yu Mansion, Nos. 86–94 Lok Shan Road, To Kwa Wan, Kowloon, Hong Kong	32	30
2	Q4 2024	220	Flat on Mid floor, Kiu Yu Mansion, Nos. 86–94 Lok Shan Road, To Kwa Wan, Kowloon, Hong Kong	39	36
3	Q4 2024	200	Flat on Mid floor, No. 73 Tam Kung Road, To Kwa Wan, Kowloon, Hong Kong	40	38
4	Q4 2024	220	Flat B, High floor, Wang Fung Building, Nos. 29–33 Chi Kiang Street and Nos. 35–41 To Kwa Wan Road, To Kwa Wan, Kowloon, Hong Kong	38	31

The above rental data were sourced from local agents, and were selected and analysed as they are located in the same locality as the subject property.

- (5) In the course of our valuation, given the differences between the property and the comparables we identified above, we have considered the following adjustments:
- a) Nature of transaction: for those rental listings which were obtained from the property agents, we have applied downward adjustment to reflect the difference between landlords' asking rents and the possible transaction rents;
 - b) Time: reflect the difference in the market conditions between the Valuation Date and the transaction date of each of the comparables;
 - c) Location: reflect the difference in location characteristics between the subject property and the comparables we identified. Downward adjustments have been made if the subject property is inferior to the comparables in terms of the distance to the local town centre and accessibility via public transportation means, and vice versa;
 - d) Size: we consider that the average unit rent would be lower for properties of larger size as compared to those smaller. We have considered downward adjustments to all comparables as they are smaller in size as compared to the subject property;
 - e) Building age: we have considered downward adjustments to those comparables we identified having newer building age than the subject property, and vice versa;

- f) Outgoings: the comparables are inclusive of rates, government rents and management fees. We have allowed for the relevant outgoings to derive the net effective rent in our valuation; and
 - g) Floor level: we have considered downward adjustments to those comparables we identified having higher floor level than the subject property, and vice versa.
- (6) Having considered the nature and location of the subject property, and the presence of comparable rental data, we consider the adoption of the direct comparison method to be appropriate in deriving the rental value of the subject property in its existing state as of the Valuation Date.

Based on our analysis of the comparable rental data, we have adopted a unit rent (on saleable area basis) of HK\$34 (being the average of the range of the adjusted comparable unit rents) for the subject property, and derived a market rent of HK\$9,100 (rounded) based on the total saleable area of 266 square feet and a flat roof area of 280 square feet (accounted for 1/10 of the rental value of the main accommodation).

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market rent in existing state as of 31 October 2024 <i>(per month)</i>
11. Flat B on 3rd Floor, Metropolitan Factory and Warehouse Building, Nos. 30-32 Chai Wan Kok Street, Tsuen Wan, New Territories, Hong Kong (17/380th parts or shares of and in section B of Tsun Wan Inland Lot No. 34)	The property comprises an industrial unit on 3rd Floor of a 14-storey industrial building known as “Metropolitan Factory and Warehouse Building” which was completed in about 1978. The saleable area of the property was approximately 5,800 square feet. The property is held under Conditions of Sale No. 5136 for a term of 75 years renewable for a further term of 24 years commencing on 1 July 1898, and statutorily renewed until 30 June 2047. The government rent is equivalent to three percent of the rateable value of the property for the time being.	The subject property was occupied as warehouse as of the Valuation Date.	HK\$56,400 (HONG KONG DOLLARS FIFTY SIX THOUSAND AND FOUR HUNDRED ONLY)

Notes:

- (1) The registered owner of the property is Lam Kong registered vide memorial no. 21062401500236 dated 26 May 2021.
- (2) The property is subject to the following:
 - a) Deed of Mutual Covenant registered vide memorial No. UB1689273 dated 10 March 1979;
 - b) Supplement Deed of Mutual Covenant registered vide memorial No. UB3238475 dated 1 December 1986;
 - c) Mortgage in favour of Bank of China (Hong Kong) Limited registered vide Memorial No. 21062401500242 dated 26 May 2021;
 - d) Assignment of Rentals in favour of Bank of China (Hong Kong) Limited registered vide memorial No. 21062401500257 dated 26 May 2021; and
 - e) Order No. “D00341/NT/24/TD” by the Building Authority under s.26 of the Buildings Ordinance registered vide Memorial No. 24091600400044 dated 27 June 2024 (remarks: re: common parts only).
- (3) The Property was inspected by Ray Ko, a valuer with four years of real estate valuation experience on 16 October 2024.

- (4) In the course of our valuation using the direct comparison method (which is the most common and widely accepted valuation method), we have analysed five comparable rental data with details as follows:

Comp	Date	Saleable area (sf)	Location	Rent before adjustment (HK\$/sf/mth)	Rent after adjustment (HK\$/sf/mth)
1	Q3 2024	6,440	Low floor, Metropolitan Factory and Warehouse Building, Nos. 30–32 Chai Wan Kok Street, Tsuen Wan, New Territories, Hong Kong	11	10
2	Q2 2024	6,273	Low floor, Metropolitan Factory and Warehouse Building, Nos. 30–32 Chai Wan Kok Street, Tsuen Wan, New Territories, Hong Kong	12	11
3	Q2 2024	4,768	Mid floor, Metropolitan Factory and Warehouse Building, Nos. 30–32 Chai Wan Kok Street, Tsuen Wan, New Territories, Hong Kong	10	9
4	Q1 2024	4,768	Low floor, Metropolitan Factory and Warehouse Building, Nos. 30–32 Chai Wan Kok Street, Tsuen Wan, New Territories, Hong Kong	11	10
5	Q1 2023	5,646	Low floor, Metropolitan Factory and Warehouse Building, Nos. 30–32 Chai Wan Kok Street, Tsuen Wan, New Territories, Hong Kong	12	11

The above rental data were sourced from local agents, and were selected and analysed as they are located in the same building as the subject property.

- (5) In the course of our valuation, given the differences between the property and the comparables we identified above, we have considered the following adjustments:
- a) Time: reflect the difference in the market conditions between the Valuation Date and the transaction date of each of the comparables;
 - b) Size: we consider that the average unit rent would be lower for properties of larger size as compared to those smaller. We have considered downward adjustments to those comparables which are smaller in size as compared to the subject property, and vice versa; and

- c) Outgoings: the comparables are inclusive of rates, government rents and management fees. We have allowed for the relevant outgoings to derive the net effective rent in our valuation.

- (6) Having considered the nature and location of the subject property, and the presence of comparable rental data, we consider the adoption of the direct comparison method to be appropriate in deriving the rental value of the subject property in its existing state as of the Valuation Date.

Based on our analysis of the comparable rental data, we have adopted a unit rent (on saleable area basis) of HK\$9.7 (being the average of the range of the adjusted comparable unit rents) for the subject property, and derived a market rent of HK\$56,400 (rounded) based on the total saleable area of 5,800 square feet.

NOTICE OF EXTRAORDINARY GENERAL MEETING



Kato (Hong Kong) Holdings Limited **嘉濤 (香港) 控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2189)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of Kato (Hong Kong) Holdings Limited 嘉濤 (香港) 控股有限公司 (the “**Company**”) will be held at 2/F., Hing Tin Commercial Centre Complex, Hing Tin Estate, 8 Lin Tak Road, Lam Tin, Kowloon, Hong Kong on Wednesday, 19 February 2025 at 11:00 a.m. and, if thought fit, pass, with or without modifications, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the transactions contemplated under the **Kato Elderly Home Tenancy Second Renewal Letter** (a copy of which has been produced to the meeting marked “A” and signed by the Chairman of the meeting for the purpose of identification) be and are hereby approved, ratified and confirmed; and
- (b) the directors of the Company or any other person authorised by the directors of the Company be and are hereby authorised to sign, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the **Kato Elderly Home Tenancy Second Renewal Letter** and all transactions and other matters contemplated thereunder or ancillary thereto, to waive compliance from and/or agree to any amendment or supplement to any of the provisions of the **Kato Elderly Home Tenancy Second Renewal Letter** which in their opinion is not of a material nature and to effect or implement any other matters referred to in this resolution.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. “THAT:

- (a) the transactions contemplated under the **Kato Home for the Aged Tenancy Second Renewal Letter** (a copy of which has been produced to the meeting marked “B” and signed by the Chairman of the meeting for the purpose of identification) be and are hereby approved, ratified and confirmed; and
- (b) the directors of the Company or any other person authorised by the directors of the Company be and are hereby authorised to sign, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the **Kato Home for the Aged Tenancy Second Renewal Letter** and all transactions and other matters contemplated thereunder or ancillary thereto, to waive compliance from and/or agree to any amendment or supplement to any of the provisions of the **Kato Home for the Aged Tenancy Second Renewal Letter** which in their opinion is not of a material nature and to effect or implement any other matters referred to in this resolution.”

3. “THAT:

- (a) the transactions contemplated under the **Fai To Home (On Lai) Tenancy Second Renewal Letter** (a copy of which has been produced to the meeting marked “C” and signed by the Chairman of the meeting for the purpose of identification) be and are hereby approved, ratified and confirmed; and
- (b) the directors of the Company or any other person authorised by the directors of the Company be and are hereby authorised to sign, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the **Fai To Home (On Lai) Tenancy Second Renewal Letter** and all transactions and other matters contemplated thereunder or ancillary thereto, to waive compliance from and/or agree to any amendment or supplement to any of the provisions of the **Fai To Home (On Lai) Tenancy Second Renewal Letter** which in their opinion is not of a material nature and to effect or implement any other matters referred to in this resolution.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

4. “THAT:

- (a) the transactions contemplated under the **Fai To Home (Tuen Mun) Tenancy Second Renewal Letter** (a copy of which has been produced to the meeting marked “D” and signed by the Chairman of the meeting for the purpose of identification) be and are hereby approved, ratified and confirmed; and
- (b) the directors of the Company or any other person authorised by the directors of the Company be and are hereby authorised to sign, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the **Fai To Home (Tuen Mun) Tenancy Second Renewal Letter** and all transactions and other matters contemplated thereunder or ancillary thereto, to waive compliance from and/or agree to any amendment or supplement to any of the provisions of the **Fai To Home (Tuen Mun) Tenancy Second Renewal Letter** which in their opinion is not of a material nature and to effect or implement any other matters referred to in this resolution.”

5. “THAT:

- (a) the transactions contemplated under the **Tsuen Wan Centre Tenancy Second Renewal Letter** (a copy of which has been produced to the meeting marked “E” and signed by the Chairman of the meeting for the purpose of identification) be and are hereby approved, ratified and confirmed; and
- (b) the directors of the Company or any other person authorised by the directors of the Company be and are hereby authorised to sign, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the **Tsuen Wan Centre Tenancy Second Renewal Letter** and all transactions and other matters contemplated thereunder or ancillary thereto, to waive compliance from and/or agree to any amendment or supplement to any of the provisions of the **Tsuen Wan Centre Tenancy Second Renewal Letter** which in their opinion is not of a material nature and to effect or implement any other matters referred to in this resolution.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

6. “THAT:

- (a) the transactions contemplated under the **Happy Luck Home Tenancy Second Renewal Letter** (a copy of which has been produced to the meeting marked “F” and signed by the Chairman of the meeting for the purpose of identification) be and are hereby approved, ratified and confirmed; and
- (b) the directors of the Company or any other person authorised by the directors of the Company be and are hereby authorised to sign, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the **Happy Luck Home Tenancy Second Renewal Letter** and all transactions and other matters contemplated thereunder or ancillary thereto, to waive compliance from and/or agree to any amendment or supplement to any of the provisions of the **Happy Luck Home Tenancy Second Renewal Letter** which in their opinion is not of a material nature and to effect or implement any other matters referred to in this resolution.”

7. “THAT:

- (a) the transactions contemplated under the **Tsuen Wan Staff Quarters Tenancy Second Renewal Letter** (a copy of which has been produced to the meeting marked “G” and signed by the Chairman of the meeting for the purpose of identification) be and are hereby approved, ratified and confirmed; and
- (b) the directors of the Company or any other person authorised by the directors of the Company be and are hereby authorised to sign, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the **Tsuen Wan Staff Quarters Tenancy Second Renewal Letter** and all transactions and other matters contemplated thereunder or ancillary thereto, to waive compliance from and/or agree to any amendment or supplement to any of the provisions of the **Tsuen Wan Staff Quarters Tenancy Second Renewal Letter** which in their opinion is not of a material nature and to effect or implement any other matters referred to in this resolution.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

8. “THAT:

- (a) the transactions contemplated under the **Kato Staff Quarters Tenancy Second Renewal Letter** (a copy of which has been produced to the meeting marked “H” and signed by the Chairman of the meeting for the purpose of identification) be and are hereby approved, ratified and confirmed; and
- (b) the directors of the Company or any other person authorised by the directors of the Company be and are hereby authorised to sign, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the **Kato Staff Quarters Tenancy Second Renewal Letter** and all transactions and other matters contemplated thereunder or ancillary thereto, to waive compliance from and/or agree to any amendment or supplement to any of the provisions of the **Kato Staff Quarters Tenancy Second Renewal Letter** which in their opinion is not of a material nature and to effect or implement any other matters referred to in this resolution.”

9. “THAT:

- (a) the transactions contemplated under the **Staff Quarters Tenancy Second Renewal Letter** (a copy of which has been produced to the meeting marked “I” and signed by the Chairman of the meeting for the purpose of identification) be and are hereby approved, ratified and confirmed; and
- (b) the directors of the Company or any other person authorised by the directors of the Company be and are hereby authorised to sign, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the **Staff Quarters Tenancy Second Renewal Letter** and all transactions and other matters contemplated thereunder or ancillary thereto, to waive compliance from and/or agree to any amendment or supplement to any of the provisions of the **Staff Quarters Tenancy Second Renewal Letter** which in their opinion is not of a material nature and to effect or implement any other matters referred to in this resolution.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

10. “**THAT:**

- (a) the transactions contemplated under the **Fai To Sino West Staff Quarters Tenancy Second Renewal Letter** (a copy of which has been produced to the meeting marked “J” and signed by the Chairman of the meeting for the purpose of identification) be and are hereby approved, ratified and confirmed; and
- (b) the directors of the Company or any other person authorised by the directors of the Company be and are hereby authorised to sign, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the **Fai To Sino West Staff Quarters Tenancy Second Renewal Letter** and all transactions and other matters contemplated thereunder or ancillary thereto, to waive compliance from and/or agree to any amendment or supplement to any of the provisions of the **Fai To Sino West Staff Quarters Tenancy Second Renewal Letter** which in their opinion is not of a material nature and to effect or implement any other matters referred to in this resolution.”

11. “**THAT:**

- (a) the transactions contemplated under the **Tsuen Wan Warehouse Tenancy Agreement** (a copy of which has been produced to the meeting marked “K” and signed by the Chairman of the meeting for the purpose of identification) be and are hereby approved, ratified and confirmed; and
- (b) the directors of the Company or any other person authorised by the directors of the Company be and are hereby authorised to sign, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the **Tsuen Wan Warehouse Tenancy Agreement** and all transactions and other matters contemplated thereunder or ancillary thereto, to waive compliance from and/or agree to any amendment or

NOTICE OF EXTRAORDINARY GENERAL MEETING

supplement to any of the provisions of the **Tsuen Wan Warehouse Tenancy Agreement** which in their opinion is not of a material nature and to effect or implement any other matters referred to in this resolution.”

Yours faithfully,
By order of the Board
Kato (Hong Kong) Holdings Limited
Ngai Shi Shing, Godfrey
Chairman and Executive Director

Hong Kong, 24 January 2025

Registered office:

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place of business in
Hong Kong:*

1st Floor, Tung Wai Court
No. 3 Tsing Ling Path
Tuen Mun
New Territories
Hong Kong

Notes:

1. A member of the Company (the “**Member**”) entitled to attend and vote at the extraordinary general meeting of the Company (the “**EGM**”) convened by the above Notice or its adjourned meeting (as the case may be) is entitled to appoint one or more proxies to attend and, subject to the provisions of the Articles of Association, to vote on his/her/its behalf. A proxy need not be a Member but must be present in person at the EGM to represent the Member. If more than one proxy is so appointed, the appointment shall specify the number of Shares in respect of which each such proxy is so appointed.
2. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, at the Company’s branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong not later than 48 hours before the time for holding the EGM or its adjourned meeting. Completion and return of a form of proxy will not preclude a Member from attending in person and voting at the EGM or its adjourned meeting should he/she/it so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.
3. Where there are joint holders of any Share, any one of such joint holders may vote at the EGM, either in person or by proxy, in respect of such Share as if he/she/it were solely entitled thereto; but should more than one of such joint holders be present at the EGM in person or by proxy, that one of the said joint holders so present whose name stands first on the register of members of the Company in respect of such Share(s) shall alone be entitled to vote in respect thereof.
4. For determining Members’ entitlement to attend and vote at the EGM, the register of Members will be closed from Friday, 14 February 2025 to Wednesday, 19 February 2025 (both dates inclusive), during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Thursday, 13 February 2025.

As at the date of this notice, the executive Directors are Ms. Ngai Ka Yee, Mr. Ngai Shi Shing Godfrey and Mr. Lau Kwok Wo; and the independent non-executive Directors are Mr. Or Kevin, Ms. Wu Wing Fong and Mr. Wong Chun Kit.