



Valuation Report

prepared for

Chong Kin Group Holdings Limited
(Stock Code: 1609)

Valuation of 100% Equity Interest of Chong Kin
Group Holdings Limited

**Vincorn Consulting and
Appraisal Limited**
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The Board of Directors

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1. Preambles

1.1. Instruction

Vincorn Consulting and Appraisal Limited (“**Vincorn**”) are pleased to submit our valuation report, which has been prepared for Chong Kin Group Holdings Limited (the “**Instructing Party**”, or the “**Company**”, together with its subsidiaries, the “**Chong Kin Group**” or the “**Group**”) for transaction purposes.

The valuation has been carried out in accordance with the service agreement (the “**Service Agreement**”) signed between the Instructing Party and Vincorn. The extent of our professional liability to you is outlined in the Service Agreement.

1.2. Subject

Valuation of 100% equity interest of Chong Kin Group Holdings Limited (1609.HK, a listed company on the Stock Exchange, principally engaged in operating segments of provision of concrete placing and other ancillary services as a subcontractor for both public and private sector projects, including building and infrastructure related projects.

Kingdom Honour Holdings Limited (“**Kingdom**” together with its subsidiaries, the “**Kingdom Group**”), a wholly owned subsidiary of the Company, does not possess any operating business, and its asset mainly consists of cash and receivable due from Government of Grenada.

1.3. Valuation Date

The valuation date is 30 June 2023.

1.4. Valuation Basis

The valuation has been prepared in accordance with the International Valuation Standards effective from 31 January 2022 published by the International Valuation Standards Council, where applicable.

The valuation would be carried out on market value basis.

Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

1.5. Currency

Unless otherwise stated, all monetary sums stated in this report are in Hong Kong Dollar (“**HKD**”).

1.6. General Reservations

The purposes of the valuation do not alter the approach of the valuation.

A valuation is a prediction of price, not a guarantee. By necessity, it requires valuers to make subjective judgements that, even when logical and appropriate, may differ from those made by a purchaser or another valuer. Historically it has been considered that valuers may properly conclude within a range of possible values.

Business values can change substantially, even over a short period of time, so our opinion of values could differ significantly if the date of valuation was to change. If you wish to rely on our valuation for any other dates you should consult us first. We recommend that you keep the valuation under frequent review. You should not rely on this report unless any reference to the legal titles has been verified as correct by your legal advisers.

1.7. Statement of Independence

We hereby certify that we have neither present nor prospective interest in the Group, their respective subsidiaries and associated companies or the result reported. In addition, our directors are neither directors, supervisors nor officers of the Group.

In the course of our valuation, we are acting independently of all parties. Our fees are agreed on a lump-sum basis and are not correlated with the results of our valuation.

2. Purpose of Valuation

The purpose of this valuation is to express an independent opinion on the market value of 100% Equity Interest of the Group as at the Valuation Date. It is our understanding that this valuation will be used by the directors and management of the Company for public documentation purpose.

We understand that our valuation report may be included in the Company's public document(s) and disclosed to other parties including its directors, shareholders, auditors and the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). Nonetheless, we will not be liable to any parties other than the addressee of the valuation report.

3. Scope of Work

Our valuation conclusion is based on the assumptions stated herein and on information provided by the management of the Company, and / or its representative (together referred to as the "Management").

In the course of our valuation, the following processes have been conducted to evaluate the information provided by the Management:

- Discussion with the Management and obtained relevant information and operational information in respect of the Group;
- Examined the relevant basis and assumptions of the financial information in respect of the Industrial Complex provided by the Management;
- Conducted appropriate researches to obtain sufficient market data and statistical figures and prepared the valuation based on generally accepted valuation procedures and practices; and
- Arriving at our valuation opinion based on the assumptions stated in this report and on information provided by the Management

On-site inspection has been made as part of the agreed-upon procedures for this valuation task.

4. Sources of Information

In conducting our valuation of the Group, we have considered, reviewed and relied upon the following key information which is available to the public or provided by the Management:

- Background of the Group, the Kingdom Group and relevant corporate information;
- Historical financial information of the Group for the year ended 31 March 2023 as extracted from the Group's audited financial statements from the published annual report of the Company for the year ended 31 March 2023;
- Consolidated financial statements of the Kingdom Group for the year ended 31 March 2023 and respective breakdown as of 31 March 2023 prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), and the accounting policies adopted in preparation of the abovementioned consolidated financial statements of the Kingdom Group are consistent with those adopted in the preparation of the Group's consolidated financial statements for the year ended 31 March 2023; and
- S&P Capital IQ database and other reliable sources.

For further independent work performed by us, please refer to paragraph headed “Assessment on Assets and Liabilities” in this report below.

5. Valuation Assumption and Rationale

For the purpose of determining the market value of the Group, we have considered all the prominent factors affecting the value and assumed, including but not limited to, the following:

- We have assumed that there will be no material change in the existing political, taxation, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Group;
- We have assumed that the conditions in which the Group is operated, and which are material to revenue and costs of the businesses of the Group will have no material change from Valuation Date and onwards;
- We have assumed that the financial information of the Group and the Kingdom Group, has been prepared on a reasonable basis after due and careful consideration by the Management;
- We have assumed that competent management, key personnel and technical staff will be maintained to support the ongoing operation and development of the Group;
- Except for the licenses and permits related to the Grenada Project, which has been terminated in 2021, we have assumed that all licenses and permits that is essential for the operation of the Group can be obtained and are renewable upon expiry; and
- We have assumed that there are no hidden or unexpected conditions associated with the businesses valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

6. Valuation Methodology

The stock trading of the Group on the Stock Exchange has been suspended since 13 May 2022 due to the Stock Exchange considered certain disposal and acquisitions of the Company already taken place had constituted a reverse takeover under Rule 14.06 of the Listing Rule and the reason of suspension has no contradiction with the assumption. Therefore, the price quotation then cannot be deemed as fair reference for the market value of the company as at the Valuation Date.

6.1. Selection of Valuation Approach

The business entity of the Group mainly consists of two parts: (i) the core business of construction segment of concrete placing and other ancillary services as a subcontractor for building and infrastructure related projects (the “**Core Business**”) and (ii) the holding of 100% equity interest of the non-operating entity Kingdom Group.

There are three generally accepted approaches to assess market values, namely, Market Approach, Asset-based Approach and Income Approach. Each of these approaches is appropriate in one or more circumstances. Whether to adopt a particular approach will be determined with reference to the most common adoption when similar business is being valued.

Market Approach

Market Approach values assets based on comparison with recent market transactions of selling similar assets. Market Approach values a business entity by comparison of the prices at which other similar business nature companies or interests changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to pay for an equally desirable alternative.

As advised by the Management, the Group are expected to sustain its existing Core Business in the foreseeable future. Therefore, we have considered that market approach is the most optimal approach for valuing the Core Business.

The Market Approach was not adopted for the valuation of Kingdom Group as it had no core operating history in recent years, there were no suitable multiples can be applied in the valuation analysis.

Asset-based Approach

Asset-based Approach values assets with reference to the accumulating costs that would incur in order to replace or reproduce the assets in its current condition. This approach is not considered to be an appropriate approach to valuing income-generating assets as it generally does not capture the future expected returns to the asset.

We have considered but decided against Asset-based Approach as this approach disregards the future profit potentials of the Core Business. Therefore, asset-based Approach is not appropriate to estimate the equity interest of the Core Business.

For Kingdom Group, we have considered that Asset-based approach was appropriate for valuation, given that participants would be able to recreate an asset with substantially the same utility as Kingdom Group, without regulatory or legal restrictions. It has assumed that the market value of Kingdom Group will be equal to the sum of each of the components of assets and liabilities are individually valued, their sum represents the value of Kingdom Group.

Income Approach

Income Approach values the asset by reference to the capitalized value of income, cash flows or cost savings that could hypothetically be earned or achieved by a market participant owning the asset.

The principle of this approach is that the value of the asset can be measured by the present worth of the economic benefits to be received over the asset life. This approach estimates the future economic benefits and discounts these benefits to their present value using an appropriate discount rate for all risks associated with realizing those benefits.

We have also considered that the income approach is not optimal to value the Core Business nor Kingdom Group as this approach involves financial forecast information and the adoption of more assumptions than the other two approaches, not all of which can be easily justified or ascertained.

6.2. Valuation of the market value of the Core Business by Market Approach

The premise behind the guideline public company method (“Guideline Public Company Method”) under Market Approach is that the prices of publicly traded stocks in the same or a similar industry provide objective evidence as to the values at which investors are willing to buy and sell the interest of the companies in that industry. In applying Guideline Public Company Method, we compute a valuation multiple for various benefit streams for each guideline public company. The appropriate valuation multiple is determined and adjusted for the unique aspects of the Core Business being valued. This valuation multiple is then applied to the Core Business to arrive at an estimate of value for the appropriate ownership interest. Since the purpose of the valuation is to determine the equity interest, the valuation multiples are based on equity value. A valuation multiple represents a ratio that uses a comparable company’s market value as at the Valuation Date as the numerator and the comparable company’s operating results (or financial position) as the denominator.

The use of P/E ratio is considered appropriate for this valuation since it reflects the significant business and profitability of the Core Business.

Once we have selected certain guideline public companies and made the necessary adjustments to their financial information when needed, the next step is to determine and compute the appropriate valuation multiples, and the calculation method is the same for all selected guideline public companies. The process of computing the valuation multiple in this case consists of the following procedures:

- a) Determination of the equity value for each guideline public companies as at the Valuation Date. The equity value for each guideline public companies, which is the market capitalization, is made reference to S&P Capital IQ as at the Valuation Date.
- b) Determination of the measure of operating result, which are net income as at the valuation date. This measure of operating result represents the denominator of the valuation multiple.

The application of this method depends on the selection of guideline public companies that are similar enough to the underlying business of the Core Business so as to provide a meaningful comparison.

Due care was exercised in the selection of Guideline Public Companies by using reasonable criteria in deciding whether or not a particular company is relevant. In selecting the Guideline Public Companies, we started with the description of the potential companies, in terms of lines of business, financial results and other criteria. In order to comprise a representative set of guideline public companies to derive the valuation result, certain criteria have to be set to ensure similarity between the guideline public companies and the Core Business.

Firstly, our focus is to identify listed companies which engaged in delivering construction and engineering services since the principal business of the Core Business is mainly to providing concrete construction services and these companies should be listed in the stock exchange. As a result, listed companies with similar business exposure in relation to the principal activity of the Core Business are identified. We consider this selection basis is reasonable and the sample list is fair and representative. As a result, the comparable companies were selected with reference to the criteria (the “**Criteria**”) as follows:

- The comparable companies derive revenue mainly in construction and engineering services;
- The comparable companies are listed on the Hong Kong Stock Exchange;
- The comparable companies have sufficient operating histories; and
- The financial information of the comparable companies is available to the public.

We then identified seven guideline public companies which is the exhaustive list based on our research to be comparable to the Core Business based on the Criteria, and calculated P/E ratio for each guideline public companies. The following is the exhaustive list of the guideline public companies that we have selected based on the Criteria.

Company Name	Ticker	Business Description	Revenue Contribution of Construction and Engineering Segment
BOSA Technology Holdings Limited	SEHK:8140	BOSA Technology Holdings Limited, an investment holding company, provides mechanical splicing services to the reinforced concrete construction industry in Hong Kong. The company is involved in processing reinforcing bars and connecting reinforcing bars by couplers. It serves various contractors and subcontractors in the public and private sector projects. The company was founded in 2012 and is headquartered in Kwun Tong, Hong Kong.	Provision of Mechanical Splicing Services - 100.0%

Landrich Holding Limited	SEHK:2132	Landrich Holding Limited, an investment holding company, undertakes construction engineering works in Hong Kong. The company is involved in the construction of trunk roads, carriageways, bridges, and tunnels, as well as modification of existing roads that include landscaping works, laying of pipes, and manhole construction. It also engages in the clearance of construction site, demolition of existing structures, reduction and stabilization of existing slopes, and associated work; and establishment of fill tank for the storage of public fill materials arising from construction activities. In addition, the company is involved in the construction of buildings, primarily structural steel works, and transportation and heavy lifting works, as well as construction of reinforced concrete structures. Further, it provides contracting and subcontracting services for construction works. The company was founded in 1993 and is headquartered in Tsuen Wan, Hong Kong. Landrich Holding Limited is a subsidiary of New Brilliance Enterprises Limited.	General Contractors - 100.0%
GC Construction Holdings Limited	SEHK:1489	GC Construction Holdings Limited operates as a wet trades contractor in Hong Kong. It undertakes plastering, tile laying, brick laying, floor screeding, and marble works for public or private residential and commercial properties. The company was formerly known as Chan Kiu Engineering Holdings Limited. The company was founded in 2005 and is headquartered in Kowloon, Hong Kong. GC Construction Holdings Limited operates as a subsidiary of Evolve Billion Limited.	Provision of Wet Trades Works - 100.0%

Wing Chi Holdings Limited	SEHK:6080	Wing Chi Holdings Limited, an investment holding company, engages in the foundation and site formation works, and machinery leasing activities in Hong Kong. It undertakes excavation and lateral support, pile caps construction, and site formation works. It serves contractors and subcontractors in public and private sector projects. The company was founded in 2001 and is headquartered in Tsuen Wan, Hong Kong. Wing Chi Holdings Limited is a subsidiary of Colourfield Global Limited.	Foundation and Site Formation Works - 100.0%
Dragon Rise Group Holdings Limited	SEHK:6829	Dragon Rise Group Holdings Limited, an investment holding company, undertakes foundation works as a subcontractor in Hong Kong. Its activities include excavation and lateral support works, and pile cap construction works; and disposal of excavated materials from piling. The company also provides ancillary services, including dismantling of shoring, site formation, steel fixing, and site clearance, as well as trades in construction materials. It offers its services primarily for the construction of commercial and residential buildings. The company was founded in 1993 and is headquartered in Sha Tin, Hong Kong.	Foundation Construction Services - 100.0%

Sheung Yue Group Holdings Limited	SEHK:1633	Sheung Yue Group Holdings Limited, an investment holding company, provides foundation services to private and public sectors in Hong Kong and Macau. The company's foundation works include piling construction, ELS works, pile cap construction, and site formation, as well as provides ancillary services, including loading test and construction machinery leasing services. The company was founded in 1970 and is headquartered in Kowloon, Hong Kong. Sheung Yue Group Holdings Limited is a subsidiary of Creative Elite Global Limited.	Provision of Foundation Works - 100.0%
Shun Wo Group Holdings Limited	SEHK:1591	Shun Wo Group Holdings Limited, an investment holding company, undertakes various foundation works in Hong Kong. It undertakes excavation and lateral support, socketed H-piling and mini-piling, and pile caps construction works. The company was founded in 1995 and is headquartered in Sai Wan Ho, Hong Kong. Shun Wo Group Holdings Limited is a subsidiary of May City Holdings Limited.	Heavy Construction - 100.0%

Source: S&P Capital IQ and Financial Reports of the Comparable Companies

The above Comparable Companies, together with the Core Business, are similarly subject to fluctuations in the economy and performance of construction and engineering services related business among other factors. Thus, we consider they are confronted with similar industry risks and returns.

Detailed calculation of the valuation multiples of the Comparable Companies are as follows:

Stock Ticker	Currency	Market Capitalization (million) ¹	Trailing Twelve Months Recurring Net Profits (million) ⁵	P/E Ratio ²
SEHK:8140	HKD	88.00	16.87	5.22x
SEHK:2132	HKD	592.00	24.40	24.26x
SEHK:1489	HKD	500.00	37.98	13.17x
SEHK:6080	HKD	58.83	3.22	18.29x
SEHK:6829	HKD	170.40	1.52	112.25x
SEHK:1633	HKD	71.90	8.04	8.94x

SEHK:1591	HKD	88.00	17.50	5.03x
			Median³	13.17x⁴

Notes:

1. The figures are rounded to the nearest million.
2. The adjusted P/E ratios are calculated by dividing market capitalizations of the Comparable Companies as at the Valuation Date by its respective adjusted earnings of the Comparable Companies, the trailing twelve months net profits for the year ended as of the Valuation Date are extracted from S&P Capital IQ.
3. Median is adopted instead of average in the purpose of avoiding the result distorted by the outlier.
4. Since there is no significant correlation between market capitalization and the P/E ratio of the Comparable Companies observed, no size adjustment was considered.
5. The trailing twelve months recurring net profits for each of the Comparable Companies is derived as below:

Stock Ticker	Trailing Twelve Months Net Profits (million) (a)	Other Non-Operating Income/ (Expense) (b)	Un-usual Items Income/ (Expense) (c)	Earnings/ (Loss) from Discontinued Operation (d)	Trailing Twelve Months Recurring Net Profits (a)-(b)-(c)-(d)
SEHK:8140	22.80	5.16	0.77	0.00	16.87
SEHK:2132	32.79	1.16	7.23	0.00	24.40
SEHK:1489	49.33	(6.95)	18.30	0.00	37.98
SEHK:6080	9.82	0.61	6.00	0.00	3.22
SEHK:6829	7.92	(1.10)	7.51	0.00	1.52
SEHK:1633	10.84	0.00	2.79	0.00	8.04
SEHK:1591	18.93	0.07	1.36	0.00	17.50

Discount for Lack of Marketability (“DLOM”)

The concept of marketability deals with the liquidity of an ownership interest, that is how quickly and easily it can be converted to cash if the owner chooses to sell. The lack of marketability discount reflects the fact that there is no ready market for shares in privately held companies which are typically not readily marketable compared to similar interest in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

The trading of the Shares on the Stock Exchange has been suspended. According to Management, the Company will continue to carry on its existing principal businesses of concrete placing and other ancillary services, while at the same time the Company has been identifying potential target(s) for a reverse takeover with a view to comply with the requirements under Rule 14.54 of the Listing Rules under its resumption plan.

Considering the above situation, the expected non-marketable period would be about 6- which is referenced to (a) As there is no specific indication of the time to maturity, it is assumed that a liquidity

event will occur at 6-month period from the Valuation Date. A liquidity event is an event, such as IPO, merger or sales, from which the subject asset will have marketability. The assumption of occurrence of a liquidity event is the normal approach to determine the maturity. The type of liquidity event is not relevant for the purpose of determining the parameter used; (b) The 6-month holding period (in which no resales are permitted.) for restricted securities of a reporting company according to Securities Act Rule 144; (c) Within a 6-month holding period, the Shares could be expected to be successfully traded through methods including but not limited to private transactions in the secondary market and/or trading of the shares as a publicly listed company on a stock exchange. As a result, the assumption that the Shares could be marketable within a 6-month holding period as of the Valuation Date remains valid and is unaffected even if the Shares have been suspended for more than one year; and (d) DLOM is a theoretical assumption that allows the Shares to be marketable through the methods including but not limited to private transactions in secondary market and/or trading of the shares as a publicly listed company on a stock exchange. Such a theoretical assumption is on a hypothetical basis and is not restricted by the necessary existence of a potential acquisition target in reality as of the Valuation Date. After considering points a to d, it is concluded that a 6-month holding period is reasonable for the subject asset to be considered marketable and the Black-Scholes Option Model can be used to factor in the non-marketable period parameter as one of the model inputs for the quantitative analysis for DLOM.

The formula for the Black-Scholes Put Option Model for DLOM assessment is as follows:

$$P = e^{-rT}N(-d_2) - N(-d_1)$$

where:

P = put option price, in terms of percentage and representing the amount of DLOM

r = risk-free rate

T = option life

$$d_1 = \frac{(r + \sigma^2/2)T}{\sigma\sqrt{T}}$$

$$d_2 = d_1 - \sigma\sqrt{T}$$

σ = volatility

N is the standard normal cumulative distribution

The put option value represents the DLOM percentage and it is assumed that option trades are conducted on an organized and liquid exchange, providing for efficient trading.

The parameters adopted in the Black-Scholes Put Option Model are as follows:

Parameter	
Option life ¹ (T)	0.5 year
Risk-free rate ² (r)	4.23%
Median volatility of comparable companies ³ (σ)	65.61%

Notes:

1. The time required for the subject asset to be marketable is assumed to be 0.5 year (i.e. 6 months) which is referenced to:
 - (a) As there is no specific indication of the time to maturity, it is assumed that a liquidity event will occur at 6-month period from the Valuation Date. A liquidity event is an event, such as IPO, merger or sales, from which the subject asset will have marketability. The assumption of occurrence of a liquidity event is the normal approach to determine the maturity. The type of liquidity event is not relevant for the purpose of determining the parameter used.
 - (b) The 6-month holding period (in which no resales are permitted.) for restricted securities of a reporting company according to Securities Act Rule 144.
 - (c) Within a 6-month holding period, the Shares could be expected to be successfully traded through methods including but not limited to private transactions in the secondary market and/or trading of the shares as a publicly listed company on a stock exchange. As a result, the assumption that the Shares could be marketable within a 6-month holding period as of the Valuation Date remains valid and is unaffected even if the Shares have been suspended for more than one year.
 - (d) DLOM is a theoretical assumption that allows the Shares to be marketable through the methods including but not limited to private transactions in secondary market and/or trading of the shares as a publicly listed company on a stock exchange. Such a theoretical assumption is on a hypothetical basis and is not restricted by the necessary existence of a potential acquisition target in reality as of the Valuation Date.

After considering points (a) to (d), it is concluded that a 6- month holding period is reasonable for the subject asset to be considered marketable.

2. Bond yield of 6 months Hong Kong government bond.
3. Annualised share price volatilities are statistical measure of the dispersion of returns for a given security measured from the standard deviation between returns from that security. In this case, the daily percentage returns of listed comparable companies are calculated, then the annualised share price volatilities are obtained by multiplying the standard deviation of the daily returns by the square root of number of trading days in a year.

Based on the formula for the Black-Scholes Put Option Model and the parameters as set out in the table above, DLOM to be adopted in this valuation is calculated to be approximately 17.1%.

6.3. Assessment of expected credit loss for receivables due from Government of Grenada

Exposure

The exposure of the balance for the receivable due from Government of Grenada as at 30 June 2023 is USD20,000,000.

Expected Credit Loss (“ECL”) Rate

Expected credit loss rates are computed in the following method:

- Assessed the credit standing of Government of Grenada with reference to the country rating conducted by Standard & Poor's Financial Services LLC. The credit rating of Government of Grenada is Selective Default.
- With reference to the methodology of estimating recovery rates adopted by Moody's Investors Service, the recovery rate of defaulted sovereign bonds can be estimated by making reference to the market price of defaulted bonds. It is based on the fact that the market price of a bond already in default (i.e. 100% probability of default) should have already reflected the default situation as well as the market expectation on the recoverability of the defaulted bonds.
- The market price of the sovereign bonds of Grenada should have also reflected all the available public information and news, including the transfer of the Government of Grenada, as at the Valuation Date.
- As advised by management, the refund from Grenada Government is expected to be at least partially recovered after considering the expected credit loss of the refund from Grenada Government as at Valuation Date since Kingdom Group and Grenada Government are working on ongoing negotiation.
- In assessing the ECL rate, we have adopted the recovery rate of 83/100, which is the market price of sovereign bonds of Grenada as quoted from S&P Capital IQ database as at the Valuation Date. The deposit refund due from Grenada Government and the Grenada Government bond are both due from the same debtor (i.e. the Grenada Government). Under a hypothetical default scenario, it is assumed that Grenada Government would repay the relevant amounts to the owner of the deposit refund and Grenada Government bond on a pro-rata basis based on the due amount. Therefore, the deposit refund and Grenada Government bond should subject to the same recovery rate.
- The ECL rate for the receivable due from of Government of Grenada is derived by the formula below: $ECL\ Rate = Probability\ of\ Default\ (100\%) \times (1 - Recovery\ Rate)$

Summary for ECL:

Debtors	Exposure Amount (USD)	Expected Credit Loss (USD)	Net Book Value (USD)	Net Book Value (HKD) ¹
Ministry of Finance, Grenada	20,000,000	3,400,000	16,600,000	129,206,100

ECL Rate: 17%²

Note:

1. by referencing the exchange rate published by Inland Revenue Department, Hong Kong
2. this methodology for ECL assessment is consistent with the methodology adopted for ECL assessment on the same receivable from Government of Grenada in previous valuation for the purpose of appraising such receivable recorded on the consolidated financial statements of the Kingdom Group as at 31 March 2022 and 30 September 2022.

Summary of Prepayment and other receivables:

Prepayment and prepaid expenses	6,420,592
Receivable due from Government of Grenada, net	129,388,700
Total	135,809,292

6.4.Valuation of Kingdom Group by Asset-based Approach

The asset-based approach is based on the economic principle of substitution; it essentially measures what is the net asset value as at the Valuation Date and how much it would cost to replace those assets. Either one of the replacement value, liquidation value and adjusted net asset value method is used to estimate the current market value of the business or its assets. In this valuation, adjusted net asset value method is adopted.

Details of the consolidated statement of financial position of Kingdom Group as at the Valuation Date are as follows:

Assets/Liabilities	Book Value	Adjustments	Market Value
	Audited (HKD)	(HKD)	(HKD)
Non-Current Assets			
Property, plant and equipment	434,098	0	434,098
Current Assets			
Prepayment and other receivables	135,809,292	(182,600) ¹	135,626,692
Cash and cash equivalents	155,897,838	0	155,897,838
Current Liabilities			
Trade and other payables	(30,122,039)	0	(30,122,039)
Amount due to the Group	(360,922,819)	298,751,998 ²	(62,170,822)
Net Asset Value			199,655,767

Note:

1. *The adjustment relates to the currency exchange rate (USD:HKD) difference between the Valuation Date and 31 March 2023 which is the date of Kingdom Group's financial statements provided by management.*
2. *The adjustment relates to the proposed capitalisation of the intercompany fund advanced from the Group to Kingdom Group, details of which are set out under paragraph headed "Amount due to the Group" in this section below.*

Assessment on Assets and Liabilities

We have made enquiries to the Management on the details of the nature, breakdown and respective supporting of the balance sheet items of Kingdom Group, gained an understanding of these balance sheet items necessary for us to appraise their respective market value and reviewed the respective supporting documents provided by the Management. Having considered the sources of the information as set out under paragraph headed "4. Sources of Information" in this report above in addition to the work performed by the us, including inspecting the documentations supporting the balance sheet items of Kingdom Group provided by the Management, we have not identified any reasons and/or factors which would render the historical financial information of the Group and the Kingdom Group used in the Valuation Report inappropriate as a basis to assess the appraised value and during the course of our work, we have not come across any material discrepancies or matters which would affect our assumptions applied under the valuation. On this basis, save for the adjustment related to the proposed capitalisation of an amount due to the Group further detailed below, we are of the view that the respective book value of the balance sheet items as set out above fairly represent the market value.

Assets

Property, plant and equipment

Property, plant and equipment ("PPE") is mainly referring to the furniture, fixture and office equipment. These assets are purchased from external third parties on arm's length basis and have been depreciated in accordance with Kingdom Group's depreciation policies. We have been provided the list of PPE, cost, accumulated depreciation and net book values of the PPE items, we have inspected the calculation of net book values and the reasonableness of the depreciation period, its net book value is considered to be fairly close to the respective market value as of the Valuation Date.

Prepayment and other receivables

Prepayment and other receivables mainly represent (i) Prepayment and prepaid expenses, and (ii) Amount due from Government of Grenada. The nature of prepayment and prepaid expenses are referred to the deposit of electricity and rent and marketing agent fees. We have inspected the breakdown and aging for the deposit amount, and considering the prepaid nature of such items, its net book value is deemed to have closely reflected its market value without any discount or premium to be applied. For the Amount due from Government of Grenada, it has been assessed for the aforementioned expected credit losses as of the Valuation Date.

Cash and cash equivalents

Cash and the bank balances represent liquid cash with no restriction nor limitation on its usage. We have inspected the bank statement provided by the Management, and its book value is deemed to have fully reflected its market value.

Liabilities

Trade and other payables

Trade and other payables represent the accrued expenses to the construction liability, salary expenses and the deferred income. We have been provided the detail breakdown and respective aging of the payables, and confirmed with the Management that such expenses and deferred income would be settled and recognized within one year's period. Given the current in nature of the Trade and other payables, its net book value is deemed to have reflected its market value without any discount or premium to be applied.

Amount due to the Group

Amount due to the Group of approximately HK\$360.9 million represents the outstanding intercompany fund advanced from ultimate holding company which are unsecured and interest-free. Since the amount is considered to be partially equity capital contribution made by the Group for the development of the project in Grenada, the Group propose to capitalise the amount of approximately HK\$298.8 million as equity prior to the share buy-back offer, while the remaining balance of HK\$62.2 million will be payable to the Group after the close of the share buy-back offer.

6.5. Summary of Kingdom Group Valuation

Details of the 100% equity interest of Kingdom Group as at the Valuation Date are as follows:

	HKD
Current Assets	291,524,530
Non-current Assets	434,098
Total Assets	291,958,628
Current Liabilities	(92,292,861)
Non-current Liabilities	-
Total Liabilities	(92,292,861)
Net Asset Value (100%)	199,665,767
Market Value of Kingdom Group (in HKD Million)	199.67

6.6. Summary of the Group Valuation

Details of the 100% equity interest of the Group as at the Valuation Date are as follows:

	HKD in Million
100% Equity Value Derived from:	
P/E Ratio	13.17 x
Actual Earnings for the financial year ended 31 March 2023	19.49 ¹
Implied Market Cap (rounded)	256.59
DLOM (14.1% discount)	(43.94)
Value of Core Business	212.66
Add: Market Value (Net Asset Value) of Kingdom Group	199.67
Add: Amount Due from Kingdom Group to the Group	62.17 ²
Market Value of 100% Equity Interest of the Group (rounded)	474

Note:

1. Details of the Actual Earnings for the financial year ended 31 March 2023 are as follows:

	<i>HKD in Million</i>
<i>LTM Earning for the year ended 31 March 2023</i>	<i>21.10</i>
<i>Less: Non-Operating Income</i>	<i>(0.22)</i>
<i>Less: Non-Recurring Income</i>	<i>(6.47)</i>
<i>Add: Loss from Kingdom Group</i>	<i>5.07</i>
Actual Earnings for the financial year ended 31 March 2023	19.49*

*Total may not sum due to rounding

2. At the Kingdom Group level, the "Amount due from Kingdom Group to the Group" is a liability and is therefore deducted from its net asset value. At the Group level, such amount is an asset, thus is added back when appraising the market value of 100% equity interest of the Company.

7. Limiting Conditions

Our valuation is confidential to you, for your sole use and for the specific purpose stated.

We will not accept responsibility to any third party in respect of its contents.

To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied to a considerable extent on information provided by the Management in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

Our opinion of the market value of the subject in this report is valid only for the stated purpose and only for the effective date of the appraisal. The valuation reflects facts and conditions existing at the date of valuation and subsequent events have not been considered.

No responsibility is taken for any changes in the market conditions and no obligation is assumed to revise this report to reflect events or change of government policy or conditions which may occur subsequent to the date hereof.

No opinion is intended to be expressed for matters which require legal or other specialized expertise or knowledge, beyond that customarily employed by appraisers. Our conclusions assume continuation of prudent management over a reasonable and necessary period of time to maintain the character and integrity of the assets valued.

8. Valuation Conclusion

In our opinion, on the basis of the assumption and information made available to us, the market value of 100% Equity Interest of Chong Kin Group Holdings Limited as at 30 June 2023 is reasonably estimated at:

HKD 474,000,000
(HONG KONG DOLLARS FOUR HUNDRED AND SEVENTY-FOUR MILLION)

Yours faithfully,
for and on behalf of

Vincorn Consulting and Appraisal Limited



Freddie Chan
BBA-FIN (Hons)
CFA ACCA FRM MRICS RICS Registered
Valuer
Executive Director



Vincent Cheung
BSc(Hons) MBA FRICS MHKIS RPS(GP)
MCIREA
MHCSI MISCM MHIREA FHKIoD
RICS Registered Valuer
Registered Real Estate Appraiser and
Agent PRC
Managing Director

Note:

Vincent Cheung is a fellow of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors, a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in Hong Kong, a member of China Institute of Real Estate Appraisers and Agents, a member of Hong Kong Securities and Investment Institute, a member of Institute of Shopping Centre Management, a member of Hong Kong Institute of Real Estate Administrators, a fellow of the Hong Kong Institute of Directors, a Registered Valuer of the Royal Institution of Chartered Surveyors and a Registered Real Estate Appraiser and Agent People's Republic of China. He is suitably qualified to carry out the valuation and has over 25 years of experience in the valuation of fixed and intangible assets of this magnitude and nature in the subject region.

Freddie Chan is a CFA® charterholder, an Association of Chartered Certified Accountants (ACCA®) charterholder a FRM® charterholder, a Member of the Royal Institution of Chartered Surveyors (MRICS®) and Registered Valuer of the Royal Institution of Chartered Surveyors, who expertizes in corporate and intangible valuation sector. He has over 13 years of professional experiences in banking, finance, corporate advisory and valuation experiences. His experience on valuations covers Hong Kong, Mainland China, Australia, United States, Europe and other overseas countries.

