



CIMC Vehicles (Group) Co., Ltd.

**Valuation Report
as of 31 December 2022**

**3 March 2023
(Reference No.: 166211)**



3 March 2023

CIMC Vehicles (Group) Co., Ltd.
No. 2 Gangwan Avenue, Shekou,
Nanshan District,
Shenzhen, Guangdong Province,
China

Dear Sirs,

In accordance with the instruction of CIMC Vehicles (Group) Co., Ltd. (the Company) to provide our opinion of the market value of an industrial complex located at No. 1 Jinlong Avenue, Pingshan Sub-district, Longgang District, Shenzhen City, Guangdong Province, the People's Republic of China (the "PRC") (or hereafter referred as the "Property" or the "property interests"). We confirm that we have carried out inspection of the Property, made relevant enquiries and obtained such further information as we consider necessary for providing the market value of such property interests as of 31 December 2022 (referred to as the "valuation date").

This letter which forms part of our valuation report explains the basis and methodologies of valuation, and clarifies our assumptions made, title investigation of property interests and the limiting conditions.

BASIS OF VALUATION

Our valuation is our opinion of the *Market Value* which is defined in accordance with the HKIS Valuation Standards of the Hong Kong Institute of Surveyors to mean "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".

Market Value is understood as the value of an asset and liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value.

PROPERTY APPRAISED

The Property comprises an industrial complex erected on two land parcels located in Shenzhen City of Guangdong Province in the PRC. The salient details of the Property are tabulated below:

Property Address	Uses	Site Area (sq.m.)	Gross Floor Area (sq.m.)	Land Use Term Expiry Dates
An industrial complex located at No. 1 Jinlong Avenue, Pingshan Sub-district, Longgang District, Shenzhen City, Guangdong Province, the PRC 中國廣東省深圳市龍崗區坪山街道 錦龍大道1號之廠房	Industrial	203,450	102,586.01 (includes buildings with/without title documents – see Remarks below)	20 June 2054 and 15 August 2054

Remarks: As advised, the total GFA of about 7,571.52 sq.m., have not obtained any Realty Title Certificates or Building Ownership Certificates, we assumed all the buildings and structures are legally built and transferrable in the market in the course of our valuation.

VALUATION METHODOLOGY

We have adopted cost approach to determine the market value of the specialized industrial property. The approach details are outlined as follows:

The Cost Approach

The cost approach establishes value based on the cost of reproducing or replacing the property, less depreciation from physical deterioration, and functional and economic/external obsolescence, if present and measurable.

Replacement Cost New is defined as the estimated amount required to replace the property at one time with a modern new unit using the most current technology and materials that will duplicate the production capacity and utility of an existing unit at current market prices for materials, labor, manufactured equipment, contractors' overheads and profit, and fees, but without provision for overtime, bonuses for labor, or premiums for material or equipment.

Physical Deterioration is the loss in value resulting from wear and tear in operation and exposure to the elements.

Functional Obsolescence is the loss in value caused by conditions within the asset such as changes in design, materials, or processes that result in inadequacy, overcapacity, lack of utility, or excess operating costs.

Economic/External Obsolescence is an incurable loss in value caused by negative influences outside of the asset itself, such as general economic conditions, availability of financing, or inharmonious property uses.

The cost approach generally provides a meaningful indication of the value of land improvements, special buildings, special structures, and special machinery and equipment associated with a viable business or justified by economic demand.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the property interests located in the PRC. However, due to the current registration system of the PRC, no investigation has been made for the legal title or any liabilities attached to the Property. We have also not scrutinized the original documents to verify ownership or to verify any amendments which may not appear on the copies handed to us. We have relied to a considerable extent on the information provided by the Company.

All legal documents disclosed in this letter and valuation particulars are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the property interests set out in this letter and valuation particulars.

ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the property interests on the market in its existing state without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the property interests.

No allowance has been in our valuation for any charges, mortgages or amounts owing on the Property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, all the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have assumed that the owner(s) of the property interests have free and uninterrupted rights to use, lease or mortgage the property interests. We have also assumed that the property interests are freely disposable and transferable.

It is assumed that all applicable zoning, land use regulations and other restrictions have been complied with unless a non-conformity has been stated, defined and considered in the valuation particulars. Further, it is assumed that the utilization of the land and improvements is within the boundaries of the property interests described and that no encroachment or trespass exists unless noted in the valuation particular.

Other special assumptions of the Property, if any, have been stated in the footnotes of the valuation particulars.

LIMITING CONDITIONS

We have relied to a considerable extent on the information provided by CIMC Vehicle and have accepted advice given to us by CIMC Vehicle on such matters as statutory notices, easements, tenure, occupancy, site areas and floor areas and all other relevant matters. Dimensions and areas included in the valuation particulars are based on information contained in the documents provided to us and are only approximations.

Having examined all relevant documentation, we have had no reason to doubt the truth and accuracy of the information provided to us. We have assumed that no material factors have been omitted from the information to reach an informed view and have no reason to suspect that any material information has been withheld.

We have not carried out detailed site measurements to verify the land area or building area in respect of the property but have assumed that the areas provided to us are correct. All dimensions and areas are approximations only.

Our Mr. Tommy Wang has inspected the Property in 5-6 January 2023. He has visited and inspected the Property to identify the existence of the Property, to record the existing condition of the Property and took photographs of the Property. No structural survey has been made and we are therefore unable to report as to whether the Property is or is not free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

No site investigations have been carried out to determine the suitability of the ground conditions or the services for the sites.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed unless otherwise stated, defined, and considered in the report. It is also assumed that all required licenses, consents, or other legislative, or administrative authority from any local, provincial, or national government or private entity or organization either have been or can be obtained or renewed for any use which the report covers.

REMARKS

In valuing the property interests, we have complied with all the requirements contained in Paragraph 34(2) and (3) of Schedule 3 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32), Chapter 5 and Practice Note 12 to the Listing Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards (2020 Edition) published by the Hong Kong Institute of Surveyors and Rule 11 of the Codes on Takeovers and Mergers and Share Buy-backs. We confirm that we are an independent qualified valuer, as referred to Rule 11 of The Codes on Takeovers and Mergers and Share Buy-Backs published by the Securities and Futures Commission.

We hereby certify that we have neither present nor prospective interest in the Property or the value reported. This valuation report is issued subject to our Assumptions and Limiting Conditions.

Unless otherwise stated, all monetary amount stated in this report is in Renminbi (RMB).

Yours faithfully,
For and on behalf of
Kroll (HK) Limited



Elaine H.L. Ng
MRICS, MHKIS, RPS (GP), MCIREA
Vice President

Notes:

Ms. Elaine H.L. Ng, who is a Chartered Surveyor, has over 14 years' post qualification experience in valuation of properties in Hong Kong, the People's Republic of China and Asia.

Mr. Tommy Wang, who works in Kroll as a Vice President for about 30 years. He has over 35 years' experience in valuation of fixed assets in the People's Republic of China.

SUMMARY OF VALUE

Property held for sale

Property	Market Value in existing state as of 31 December 2022 (RMB)
An industrial complex located at No. 1 Jinlong Avenue, Pingshan Sub-district, Longgang District, Shenzhen City, Guangdong Province, the PRC	
中國廣東省深圳市龍崗區坪山街道錦龍大道1號之廠房	<u>1,105,200,000</u>
Total:	<u><u>1,105,200,000</u></u>

VALUATION PARTICULARS

Property held for sale

Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 December 2022
<p>An industrial complex located at No. 1 Jinlong Avenue, Pingshan Sub-district, Longgang District, Shenzhen City, Guangdong Province, the PRC</p> <p>中國廣東省深圳市龍崗區坪山街道錦龍大道1號之廠房</p>	<p>The property is an industrial complex erected on two land parcels with a total site area of about 203,450 sq.m. The buildings of the Property were built between 2006 and 2020.</p> <p>As advised, the total gross floor area of the Property is about 102,586.01 square metres, which has included the buildings granted with title documents is about 95,014.49 square metres.</p> <p>The land use rights of the property have been granted for terms expiring on 20 June 2054 and 15 August 2054 for industrial purposes.</p>	<p>As advised, the Property owner-occupied for industrial use as of the valuation date.</p>	<p>RMB1,105,200,000</p>

Notes:

1. Pursuant to 14 Realty Title Certificates (不動產權證), Yue (2019) Shenzhen Shi Bu Dong Chan Di No. 0232347, 0232353 – 0232361, 0240134-0240135, 0251845 and 0245961, the land use rights and the building ownership rights of the Property are held by Shenzhen CIMC Vehicle Co.,Ltd. (深圳中集專用車有限公司) (“Shenzhen CIMC Vehicle”) for terms expiring on 20 June 2054 and 15 August 2054 for industrial purposes.
2. As advised by the Company, some of the buildings within the Property with a total gross floor area of about 7,571.52 square metres have not obtained any Realty Title Certificates or Building Ownership Certificates. For reference purposes, the depreciated replacement cost of these buildings without title documents as of the valuation date is about RMB12,840,000, which has been included in the course of our valuation.
3. The property is located along Jinlong Road with 30 minutes’ drive from Longgang District center. The immediately neighborhood intermingled with industrial properties, retails, residential buildings, schools and some reservoirs.
4. Shenzhen CIMC Vehicle is an indirectly wholly-owned subsidiary of the Company.
5. In the course of our valuation, we have made the following assumptions:
 - (a) Shenzhen CIMC Vehicle possesses the proper title of the property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the property or dispose of the property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.
 - (b) The buildings or structures of the property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.
 - (c) The Property is not subject to any encumbrances, litigations or disputes.

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

In the valuation of the property in its existing state, cost approach was adopted. It begins with the determination of land value, which is valued by the direct comparison method. Once land value has been determined, reproduction or replacement costs of the improvements are estimated as if the improvements were new. The estimate is then further adjusted for all elements of accrued depreciation including physical depreciation, functional and/or external obsolescence. To determine the land value, we have made reference to various recent sales prices of industrial land parcels within the vicinity.

The land sales comparable are selected as they have characteristics comparable to the subject Property. The price range of the comparables from RMB3,483 to RMB4,660 per square metre on site area. The salient details of the land comparables are tabulated below:

Property – Details	Land Comparable 1	Land Comparable 2	Land Comparable 3
Location (Chinese)	龍崗區園山街道	龍崗區寶龍街道	龍崗區寶龍街道
Location (English)	Yuanshan Street, Longgang District	Lot No. G02204- 0036, Baolong Street, Longgang District	Baolong Street, Longgang District
Current Status	Vacant Land	Vacant Land	Vacant Land
Plot Ratio	4.20	4.70	4.30
Site Area	9,678.98 m ²	16,861.65 m ²	13,683.01 m ²
Permitted Use	Industrial	Industrial	Industrial
Tenure	20 years	20 years	20 years
Transaction Type	Private Treaty Grant by Listing	Private Treaty Grant by Listing	Private Treaty Grant by Listing
Date of Transaction	20-May-2022	09-Mar-2022	06-May-2022
Transacted Price	¥45,100,000	¥74,800,000	¥47,656,870
Transaction Site Unit Price	¥4,660/m ²	¥4,436/m ²	¥3,483/m ²

The unit rate arrived by us is consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect to the difference in transaction time, location and tenure. In the course of our valuation, we have adopted average unit rate of RMB4,545 per square metre on site area, the market value of the two land parcels is RMB924,700,000.

For the buildings of the property, we have made reference to the prevailing construction costs in the vicinity to derive the replacement cost. The adopted unit replacement cost is about RMB800 to RMB3,600 per square metre depends on the type and nature of that particular building. The unit cost adopted for the buildings are tabulated below:

No.	Building Nature	Market Unit Cost for Reference	Adjustments for professional fee, management fee and finance cost	Unit Cost Adopted
a)	Office 框架結構辦公樓	¥3,600/m ²	¥269/m ²	¥3,869/m ²
b)	Main workshop 框架結構廠房	¥2,600/m ²	¥194/m ²	¥2,794/m ²
c)	Dormitory 多層宿舍	¥2,000/m ²	¥149/m ²	¥2,794/m ²
d)	Warehouse 倉庫	¥1,600/m ²	¥119/m ²	¥1,719/m ²
e)	Auxiliary Building 輔組用房	¥800/m ²	¥60/m ²	¥860/m ²

After the determination of replacement cost, we have made further adjustment depreciation of the buildings, the depreciated replacement unit cost is about RMB1,706 per square metre. The building value is about RMB174,900,000, together with the structure's value, the total market value of the buildings and structures is RMB180,500,000.

The total market value of the Property should be the land value plus the building value, i.e. RMB924,700,000 + RMB180,500,000 = RMB1,105,200,000.



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About Kroll

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