



Knight Frank Petty Limited
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KF ref: GV/CF/NW/BN/ck/19932(122)B

26 May 2022

The Board of Director
China Automobile New Retail (Holdings) Limited
Workshop 06-07, 36th Floor,
King Palace Plaza,
No. 52A Sha Tsui Road,
Tsuen Wan,
New Territories,
Hong Kong

Dear Sirs,

Valuation of Two Properties in The People's Republic of China (the "Property Interests").

Instructions

In accordance with the instructions for us to value the Property Interests held by China Automobile New Retail (Holdings) Limited (hereinafter referred to as the "**Company**", together with its subsidiaries, hereinafter together referred to as the "**Group**"), we confirm that we have carried out inspection, made relevant enquiries and carried out searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property Interests in existing state as at 28 February 2022 (the "**Valuation Date**") for the purpose of incorporation in the Company's circular. Our valuation is undertaken by qualified valuer with relevant experiences as an independent valuer. Our valuation is prepared in unbiased and professional manner.

We confirm that we do not have any material connection or involvement giving rise to a conflict of interest and are providing an objective and unbiased valuation. Our valuation is based on 100% of the Property Interests.

Basis of Valuation

In arriving at our opinion of the market value, we followed "The HKIS Valuation Standards 2020" issued by The Hong Kong Institute of Surveyors ("**HKIS**") and "The RICS Valuation – Global Standards 2022" issued by the Royal Institution of Chartered Surveyors ("**RICS**"). Under the said standards, 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."

"the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction."

Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale

and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

Our valuation complies with the requirements set out in “The HKIS Valuation Standards 2020” issued by HKIS, “RICS Valuation – Global Standards 2022” issued by RICS and the Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited.

Valuation Methodology

Our valuation has been undertaken using appropriate valuation methodology and our professional judgement. In our valuation, we have adopted Market Approach and Income Capitalization Approach.

Market Approach

In adopting the Market Approach, we have made reference to the recent market sales evidence which is available in the market. Appropriate adjustments have been made in our valuation to reflect the differences in the characteristics between the property and the comparable properties such as location, time, size, building age, view, condition, quality and ancillary facilities in arriving at our opinion on the market value.

Income Capitalization Approach

In adopting Income Capitalization Approach, we have valued the property by capitalizing the amount of income receivable under the current terms of tenancies. Reference would then be made to any potential changes in rental income on reversion. Both the term and reversion are capitalized by the capitalization rates, which reflect the rate of investment return, alienation restrictions, effect of inflation and prospect of rental growth, if any.

Valuation Assumptions and Conditions

Our valuation is subject to the following assumptions and conditions.

Title Documents and Encumbrances

In our valuation, we have taken reasonable care to investigate the title of the Property Interests by obtaining the copies of title documents from the Company. We have not, however, searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. We have relied to a considerable extent on the information provided by the Company.

We have relied on the advice given by the PRC legal adviser, GFE Law Office, on The PRC laws, regarding the titles to the Property Interests in The PRC. We do not accept liability for any interpretation that we have placed on such information, which is more properly placed within the sphere of the legal adviser.

We have also assumed in our valuation that the Property Interests was free from encumbrances, seizures, restrictions, title defects and outgoings of an onerous nature that could affect its value, unless stated otherwise as at the Valuation Date.

Disposal Costs and Liabilities

No allowance has been made in our report for any charges, mortgages or amounts owing on the Property Interests nor for any expenses or taxation which may be incurred in effecting a sale.

Sources of Information

We have relied to a very considerable extent on information given by the Company. We have accepted advice given to us on such matters as occupancy, floor areas and all other relevant matters. We have not verified the correctness of any information, including their translation supplied to us concerning this Property Interests, whether in writing or verbally by yourselves, your representatives or by your legal or professional advisers or by any (or any apparent) occupier of the Property Interests or contained on the register of title. We assume that this information is complete and correct.

Inspection

We have inspected the Property Interests on 17 May 2022. Nevertheless, we have assumed in our valuations that the Property Interests were in satisfactory exterior and interior decorative order without any unauthorized extension or structural alterations or illegal uses as at the Valuation Date, unless otherwise stated.

Identity of the Property Interests to be Valued

We have exercised reasonable care and skill to ensure that the Property Interests, identified by the property addresses in your instructions, are the properties inspected by us and contained within our valuation report. If there is ambiguity as to the property addresses, or the extent of the Property Interests to be valued, this should be drawn to our attention in your instruction or immediately upon receipt of our report.

Property Insurance

We have valued the Property Interests on the assumption that, in all respects, it is insurable against all usual risks including terrorism, flooding and rising water table at normal, commercially acceptable premiums.

Areas and Age

In our valuations, we have relied upon the area as advised by the Company. We have also assumed that the site areas, floor areas, measurements and dimensions shown on the documents handed to us are correct and in approximations only.

Structural and Services Condition

We have carried out visual inspection only without any structural investigation or building survey. During our limited inspection, we did not inspect any inaccessible areas. We are unable to confirm whether the Property Interests are free from urgent or significant defects or items of disrepair or any deleterious materials have been used in the construction of the Property Interests. Our valuation has therefore been undertaken on the assumption that the Property Interests were in satisfactory repair and condition and contain no deleterious materials and they are sound order and free from structural faults, rot, infestation or other defects, and that the services are in satisfactory condition.

Ground Condition

We have assumed there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the site of the Property Interests are sufficient to support the building constructed or to be constructed thereon; and that the services are suitable for any existing or future development. Our valuation is therefore prepared on the basis that no extraordinary expenses or delays will be incurred in this respect.

Environmental Issues

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the Property Interests are unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

Compliance with Relevant Ordinances and Regulations

We have assumed the Property Interests were constructed, occupied and used in full compliance with, and without contravention of any ordinance, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the Property Interests upon which this report is based, any and all required licenses, permits, certificates, consents, approvals and authorisation have been obtained, expected only where otherwise stated.

Remarks

Unless otherwise stated, all money amounts stated in our valuations are in Renminbi (RMB).

We enclose herewith our valuation report.

Limitations on Liability

This report is confidential to the addressee for the specific purpose to which it refers. It may be disclosed to other professional advisers assisting the addressee in respect of the purposes, but the addressee shall not disclose the report to any other person. Neither the whole, or any part of this report and valuation, nor any reference thereto may be included in any documents, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any web site) without our written approval of the form and context in which it will appear.

No claim arising out of or in connection with this valuation report may be brought against any member, employee, partner, director or consultant of Knight Frank. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Knight Frank.

In accordance with our standard practice, we must state that this report and valuation is for the use of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents. We do not accept liability to any third party or for any direct or indirect consequential losses or loss of profits as a result of this report.

In our valuations, Knight Frank has prepared the valuation based on information and data available to us as at the Valuation Date. While current market is influenced by various policies and regulations, increased complexity in social movements and international trade tensions geopolitics, has also resulted in more fluctuations in real estate market. It must be recognised changes in policy direction, mortgage requirements, social and international tensions could be immediate and have sweeping impact on the real estate market apart from typical market variations. It should therefore be noted that any market violation, policy, geopolitical and social changes or other unexpected incidents after the valuation date may affect the value of the property.

Yours faithfully,
For and on behalf of
Knight Frank Petty Limited



Cyrus Fong
FRICS FHKIS MCIREA RPS(GP) RICS Registered Valuer
Senior Director, Valuation & Advisory



Natalie Wong
MRICS MHKIS RPS(GP) RICS Registered Valuer
Senior Director, Valuation & Advisory

Note: Ms. Natalie Wong is a Chartered Surveyor who has over 16 years of experience in market research, property valuation and consultancy services in the PRC, Hong Kong, Macau and Asia Pacific region.

Mr. Cyrus Fong is a Chartered Surveyor who has over 16 years of experience in market research, property valuation and consultancy services in the PRC, Hong Kong, Macau and Asia Pacific region.

VALUATION SUMMARY

Property Interests to be Disposed of by the Group in The People's Republic of China ("The PRC")

No.	Property	Market Value in the Existing State as at the Valuation Date	Interest Attributable to the Group Before Disposal	Market Value in the Existing State as at the Valuation Date Attributable to the Group Before Disposal
1	Cali Building, No. 188 Tianbao Avenue, Binhai New District, Tianjin, The PRC	RMB582,000,000	100%	RMB582,000,000
2	Tianjin Binhai International Automobile City, No. 86 Tianbao Avenue, Binhai New District, Tianjin, The PRC	RMB660,000,000	100%	RMB660,000,000
	Total	<u>RMB1,242,000,000</u>		<u>RMB1,242,000,000</u>

VALUATION

Property Interests to be Disposed of by the Group in The PRC

No.	Property	Description	Particulars of occupancy	Market Value in the Existing State as at the Valuation Date
1	Cali Building, No. 188 Tianbao Avenue, Binhai New District, Tianjin, The PRC	Cali Building (the "Building") is a 23-storey (including a mezzanine floor) commercial building over a single-storey basement and is erected on a parcel of land with a site area of approximately 8,075.80 square metres ("sqm"), which was completed in about 2009. The property comprises the whole of Levels 1 to 22 of the Building with a total gross floor area ("GFA") of approximately 28,568.61 sqm. The land use rights of the property were granted for a term expiring on 7 September 2042 for commercial uses.	As per our on-site inspection, a portion of Level 1 was occupied for shop use and the remaining area of the property was occupied for office uses. As per the information provided by the Company, the property was subject to different tenancies with the latest expiry in July 2024 at a total monthly rental income of approximately RMB365,100 inclusive of management fees and other outgoings.	RMB582,000,000 (Renminbi Five Hundred and Eighty Two Million) 100% Interest Attributable to the Group Before Disposal: RMB582,000,000 (Renminbi Five Hundred and Eighty Two Million)

Notes:

- (1) The property was inspected by Amy Cui *BSc(TM) MSc* on 17 May 2022.
- (2) Pursuant to 22 Tianjin Certificates of Real Estate Ownership, issued by The Planning and Land Resources Bureau of Binhai New District, Tianjin, the land use rights and the building ownership rights of property with a site area of approximately 8,075.80 sqm and a total GFA of approximately 28,568.61 sqm were vested in Tianjin Binhai. The land use rights of the property were granted for a term expiring on 7 September 2042 for commercial uses.

Details of the certificates are as follows:

Certificate No.	Level	Date of Issue	Approximate GFA (sqm)
Fang Di Zheng Jin Zi Di No. 115031301180	Level 1	21 May 2013	2,570.13
Fang Di Zheng Jin Zi Di No. 115031301181	Level 2 (including Mezzanine)	21 May 2013	5,057.38

	Floor)		
Fang Di Zheng Jin Zi Di No. 115031301182	Level 3	21 May 2013	1,129.63
Fang Di Zheng Jin Zi Di No. 115031301183	Level 4	21 May 2013	1,129.63
Fang Di Zheng Jin Zi Di No. 115031301184	Level 5	21 May 2013	1,129.63
Fang Di Zheng Jin Zi Di No. 115031301185	Level 6	21 May 2013	1,129.63
Fang Di Zheng Jin Zi Di No. 115031301186	Level 7	21 May 2013	1,129.63
Fang Di Zheng Jin Zi Di No. 115031301201	Level 8	21 May 2013	1,129.63
Fang Di Zheng Jin Zi Di No. 115031301187	Level 9	21 May 2013	1,129.63
Fang Di Zheng Jin Zi Di No. 115031301188	Level 10	21 May 2013	1,129.63
Fang Di Zheng Jin Zi Di No. 115031301189	Level 11	21 May 2013	1,129.63
Fang Di Zheng Jin Zi Di No. 115031301190	Level 12	21 May 2013	1,129.63
Fang Di Zheng Jin Zi Di No. 115031301191	Level 13	21 May 2013	1,071.75
Fang Di Zheng Jin Zi Di No. 115031301192	Level 14	21 May 2013	1,071.75
Fang Di Zheng Jin Zi Di No. 115031301193	Level 15	21 May 2013	1,129.63
Fang Di Zheng Jin Zi Di No. 115031301194	Level 16	21 May 2013	1,129.63
Fang Di Zheng Jin Zi Di No. 115031301195	Level 17	21 May 2013	1,129.63
Fang Di Zheng Jin Zi Di No. 115031301196	Level 18	21 May 2013	1,071.75
Fang Di Zheng Jin Zi Di No. 115031301197	Level 19	21 May 2013	1,029.30
Fang Di Zheng Jin Zi Di No. 115031301198	Level 20	21 May 2013	817.37
Fang Di Zheng Jin Zi Di No. 115031301199	Level 21	21 May 2013	800.52
Fang Di Zheng Jin Zi Di No. 115031301200	Level 22	21 May 2013	393.47

Total: **28,568.61**

- (3) Pursuant to the tenancy schedule provided, the property was subject to different tenancies with the latest expiry in July 2024 at a total monthly rental income of approximately RMB365,100, inclusive of management fees and other outgoings.

The key terms of the tenancies are summarized below:

Number of tenants : 23
Total Lettable Area : 25,494.28 sqm representing an occupancy rate of 89%
Tenure : 1 year to 5 years
Expiry Date : From August 2022 to July 2024
Total Monthly Rent : Approximately RMB365,100, inclusive of management fees and other outgoings.

- (4) Pursuant to the information provided by the Company, the property is currently subject to various mortgages in favour of Northern International Trust Co., Ltd., Tianjin Branch of

Shengjing Bank Company Limited and New China Trust Company Limited. In the course of our valuation, we have not taken into account such mortgage.

(5) The general description and market information of the property are summarized below:

Location : The property is located at the east of Haibin Eighth Road, the south of Tianbao Avenue, the west of Haibin Ninth Road and the north of Xingang Avenue, Binhai New District, Tianjin, The PRC.

Transportation : Exhibition Centre Station of Tianjin Metro Line No. 9, Tianjin New Port, Tianjin Binhai Railway Station and Tianjin Binhai International Airport are located approximately 7.2 kilometres, 4.3 kilometres and 9.7 kilometres and 49.5 kilometres away from the property respectively.

Nature of Surrounding Area : The subject area is a newly developed urban area in Binhai New District. The neighbourhood of the property is dominated by various newly-built industrial, commercial and high-tech R&D developments.

(6) We have been provided with a legal opinion regarding the legality of the property by The PRC legal adviser of the Company, which contains, inter alia, the following:

(a) Tianjin Binhai has obtained the Real Estate Title Certificates of the property, and is the legal owner of the real estate title of the property;

(b) The property is subject to mortgages, the transfer of the property is subject to the consent of the mortgagees; and

(c) The property is subject to a seizure caused by an application of property preservation against Tianjin Binhai to the court by the creditors. Subject to complying with the conditions of lifting the seizure, and upon the court has ruled to lift the seizure and the real estate title registration department has completed the cancellation procedures of the seizure registration, there is no legal impediment to transfer the property in accordance with laws.

(7) In the course of our valuation of the property, we have considered and analysed the office sale comparables in the vicinity. These comparables are adopted as they are considered relevant to the property in terms of physical and locational attributes. The unit rates of the adopted comparables are ranging from RMB17,700 to RMB24,474 per sq.m. on the basis of GFA. The unit rate adopted in the valuation are consistent with the unit rates of the relevant comparables after due adjustments in terms of different attributes. The adopted unit rate of the property is RMB20,372 per sq.m. on the basis of GFA.

(8) The table below shows the reconciliation between the current valuation of the property and the valuation reported in the Company's interim report as at 30 September 2021:

Market Value at the Valuation Date	:	RMB582,000,000
Market Value as at 30 September 2021	:	RMB644,000,000
Variance	:	-RMB62,000,000

The valuation change is caused by a drop in the contracted rents of the property, and a decline in the rents and selling prices of the market comparables.

No.	Property	Description	Particulars of occupancy	Market Value in the Existing State as at the Valuation Date										
2	Tianjin Binhai International Automobile City, No. 86 Tianbao Avenue, Binhai New District, Tianjin, The PRC	<p>The property comprises two convention halls and an ancillary building erected on a parcel of land with a site area of approximately 40,808.20 sqm. It was completed in various stages between 2002 and 2012.</p> <p>The property has a total GFA of approximately 42,302.36 sqm. The GFA breakdown of the property is listed as below:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate GFA (sqm)</th> </tr> </thead> <tbody> <tr> <td>Convention Hall A</td> <td>29,856.07</td> </tr> <tr> <td>Ancillary Building</td> <td>319.96</td> </tr> <tr> <td>Convention Hall B</td> <td><u>12,126.33</u></td> </tr> <tr> <td>Total</td> <td><u>42,302.36</u></td> </tr> </tbody> </table> <p>The land use rights of the property were granted for a term expiring on 27 February 2051 for warehouse/non-residential uses.</p>	Use	Approximate GFA (sqm)	Convention Hall A	29,856.07	Ancillary Building	319.96	Convention Hall B	<u>12,126.33</u>	Total	<u>42,302.36</u>	<p>As per our on-site inspection, the property was occupied for vehicle convention and logistics purposes.</p> <p>As per the information provided by the Company, the property was subject to different tenancies with the latest expiry in November 2022 at a total monthly rental income of approximately RMB543,600, inclusive of management fees and other outgoings.</p>	<p>RMB660,000,000 (Renminbi Six Hundred and Sixty Million)</p> <p>100% Interest Attributable to the Group Before Disposal:</p> <p>RMB660,000,000 (Renminbi Six Hundred and Sixty Million)</p>
Use	Approximate GFA (sqm)													
Convention Hall A	29,856.07													
Ancillary Building	319.96													
Convention Hall B	<u>12,126.33</u>													
Total	<u>42,302.36</u>													

Notes:

- (1) The property was inspected by Amy Cui *BSc(TM) MSc* on 17 May 2022.
- (2) Pursuant to a Real Estate Title Certificate, Jin (2016) Bao Shui Qu Bu Dong Chan Quan Zheng Di No. 1000943 dated 15 April 2016 and issued by The Housing Security and Land Resources Administration Bureau of Binhai New District, Tianjin, the land use rights and the building ownership rights of the property with a site area of approximately 40,808.20 sqm and a total GFA of approximately 42,302.36 sqm were vested in Tianjin Binhai. The land use rights of the property were granted for a term expiring on 27 February 2051 for warehouse/non-residential uses.
- (3) Pursuant to the tenancy schedule provided, the property was subject to different tenancies with the latest expiry in November 2022 at a total monthly rental income of approximately RMB543,600, inclusive of management fees and other outgoings.

The key terms of the tenancies are summarized below:

Number of tenants : 8

Total Lettable Area : 43,057.23 sqm representing an occupancy rate of 95%
Tenure : 4 months and 23 days to 2 years
Expiry Date : From March 2022 to November 2022
Total Monthly Rent : Approximately RMB543,600, inclusive of management fees and other outgoings.

(5) The general description and market information of the property are summarized below:

Location : The property is located at the east of Haibin Third Road, the south of Tianbao Avenue, the west of Haibin Forth Road and the north of Xingang Avenue, Binhai New District, Tianjin, The PRC.

Transportation : Exhibition Centre Station of Tianjin Metro Line No. 9, Tianjin New Port, Tianjin Binhai Railway Station and Tianjin Binhai International Airport are located approximately 7.4 kilometres, 3.7 kilometres and 9.3 kilometres and 49.2 kilometres away from the property respectively.

Nature of Surrounding Area : The subject area is a newly developed urban area in Binhai New District. The neighbourhood of the property is dominated by various newly-built industrial, commercial and high-tech R&D developments.

(6) We have been provided with a legal opinion regarding the legality of the property by The PRC legal adviser of the Company, which contains, inter alia, the following:

(a) Tianjin Binhai has obtained the Real Estate Title Certificate of the property, and is the legal owner of the real estate title of the property;

(b) The property is subject to mortgages, the transfer of the property is subject to the consent of the mortgagees; and

(c) The property is subject to a seizure caused by an application of property preservation against Tianjin Binhai to the court by the creditors. Subject to complying with the conditions of lifting the seizure, and upon the court has ruled to lift the seizure and the real estate title registration department has completed the cancellation procedures of the seizure registration, there is no legal impediment to transfer the property in accordance with laws.

(7) In the course of our valuation of the property, we have considered and analysed the trading and convention property sale comparables in the vicinity. These comparables are adopted as they are considered relevant to the property in terms of physical and locational attributes. The unit rates of the adopted comparables are ranging from RMB15,368 to RMB16,500 per sq.m. on the basis of GFA. The unit rate adopted in the valuation are consistent with the unit rates of the relevant comparables after due adjustments in terms of different attributes. The adopted unit rate of the property is RMB15,602 per sq.m. on the basis of GFA.

(8) The table below shows the reconciliation between the current valuation of the property and the valuation reported in the Company's interim report as at 30 September 2021:

Market Value at the Valuation Date	:	RMB660,000,000
Market Value as at 30 September 2021	:	RMB725,000,000
Variance	:	-RMB65,000,000

The valuation change is caused by a drop in the contracted rents of the property, and a decline in the rents and selling prices of the market comparables.