

APPENDIX IV

PROPERTY VALUATION REPORT

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this document received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 30 April 2024 of the selected property interest held by RUICHANG INTERNATIONAL HOLDINGS LIMITED.



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Company Licence No.: C-030171

28 June 2024

The Board of Directors
RUICHANG INTERNATIONAL HOLDINGS LIMITED
Room 201, 2/F
No.1001, Qinzhou North Road
Xuhui District
Shanghai
PRC

Dear Sirs,

In accordance with your instructions to value the selected property interest held by RUICHANG INTERNATIONAL HOLDINGS LIMITED (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and 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 interest as at 30 April 2024 (the "**valuation date**").

The selected property interest forms part of property activities that the property has a carrying amount of 1% or more of the Group's total assets and therefore the valuation report of this property interest is required to be included in this document.

Our valuation is carried out on a 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".

In valuing the property, we have adopted the income approach in our valuation of the three buildings of the property by taking into account the rental income of a property derived from its existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at an appropriate capitalisation rate.

APPENDIX IV

PROPERTY VALUATION REPORT

We also have adopted the direct comparison approach to value the remaining 2 parcels of land of the property assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market. This approach rests on the wide acceptance of the market transactions as the best indicator and presupposes that evidence of relevant transactions in the marketplace can be extrapolated to similar property, subject to allowances for variable factors.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoing of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards issued by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including Real Estate Title Certificates and other official plans relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal adviser — Jia Yuan Law Offices, concerning the validity of the property interest in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

The site inspection was carried out on 19 June 2024 by Ms. Queena Qiao who has 8 years' valuation experience in the real estate industry of the PRC. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the property is free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

APPENDIX IV

PROPERTY VALUATION REPORT

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

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation certificate is attached below for your attention.

Yours faithfully,

For and on behalf of

Jones Lang LaSalle Corporate Appraisal and Advisory Limited

Eddie T. W. Yiu

MRICS MHKIS RPS (GP)

Senior Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 30 years' experience in the valuation of property in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

APPENDIX IV

PROPERTY VALUATION REPORT

VALUATION CERTIFICATE

Property interest held for investment by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2024 RMB
<p>3 buildings and 2 parcels of land located at No. 1 Jinxin Road Jian Xi District Luoyang City Henan Province The PRC</p>	<p>Luoyang Ruichang Environmental Engineering Co., Ltd. industrial complex (the “Project”) is located at No. 1 Jinxin Road, Jian Xi District. The locality is an industrial area in the western part of Luoyang City. Infrastructure in the locality is under further improvement.</p> <p>The Project has a total site area of approximately 100,060.70 sq.m. (including the land use rights of the property) which had been developed into an industrial development. The property which forms part of the Project comprises a 2-storey industrial building named as Block No. 3, two single-storey industrial buildings named as Block Nos. 7 and 8, which were completed between June 2015 and April 2016. Apart from the abovementioned 3 buildings, the property also comprises 2 parcels of bare vacant land (being portion of the land parcels of the Project). The property was held for investment by the Group as at the valuation date.</p> <p>The 3 buildings of the property have a total gross floor area of approximately 1,202.50 sq.m. The 2 parcels of bare vacant land of the property (Land 1 & Land 2) have a total site area of approximately 16,970.49 sq.m. The details are set out as follows:</p>	<p>As at the valuation date, portions of the property were rented to an independent third party for industrial, office and car parking space uses, whilst the remaining portion of the property was bare vacant land.</p>	<p>15,790,000</p>

Property	Site Area/ Apportioned Site Area (sq.m.)	Gross Floor Area (sq.m.)
Block No. 3	541.57	794.56
Block No. 7	109.14	109.14
Block No. 8	298.80	298.80
Land 1	150.00	N/A
Land 2	<u>16,820.49</u>	<u>N/A</u>
Total:		<u><u>1,202.50</u></u>

The land use rights of the property have been granted for terms expiring on 5 January 2063 and 11 August 2063 for industrial use.

APPENDIX IV

PROPERTY VALUATION REPORT

Notes:

1. Pursuant to 3 Real Estate Title Certificates — Yu (2020) Luo Yang Shi Bu Dong Chan Quan Di Nos. 00024066, 00024067 and 00024073, the land use rights of two parcels of land with a total site area of approximately 100,060.70 sq.m. (including the land use rights of the property) have been granted to Luoyang Ruichang Environmental Engineering Co., Ltd. (“Luoyang Ruichang”, 洛陽瑞昌環境工程有限公司, a wholly-owned subsidiary of the Company) for the terms expiring on 5 January 2063 and 11 August 2063 for industrial use. The 3 buildings of the property with a total gross floor area of approximately 1,202.50 sq.m. are owned by Luoyang Ruichang.
2. Pursuant to a Tenancy Agreement entered into between Luoyang Ruichang and an independent third party, the property with a total apportioned site area of approximately 17,920.00 sq.m. and a total gross floor area of approximately 1,202.50 sq.m. was leased out for industrial use with the expiry date on 14 April 2025. The total monthly rent receivable as at the valuation date is RMB60,000, exclusive of management fees, water and electricity charges.
3. Our valuation has been made on the following basis and analysis:
 - a. For the 3 buildings with their corresponding land use rights of the property, in undertaking our valuation:
 - (i) we have considered the actual rent in the existing tenancy agreement and also compared with similar developments which are located in the Jian Xi District as the subject property, for the calculation of market rent in considering the reversionary rental income after the expiry of the existing leases for the buildings;
 - (ii) the unit rent of these comparable industrial units ranges from RMB0.90 to RMB1.50 per sq.m. per day; and
 - (iii) based on our research of industrial park market in the surrounding area of the property, the stabilised market yield ranged from 6.0% to 7.0% as at the valuation date. Considering the location, risks and characteristics of the property, we have applied a market yield of 6.5% for the property as the capitalisation rate in the valuation.
 - b. For the bare vacant land of the property (the “**Land Parcels**”), we have identified and analysed various relevant sales evidence in the locality which have similar characteristics as the subject land such as nature, use, size, layout and accessibility of the Land Parcels. The selected comparables are land sale comparables with same usage located in the area close to the subject land with similar conditions and facilities as the subject land. The unit price of these land sale comparables ranges from RMB574.5 to RMB598.0 per sq.m. for industrial use. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the land sale comparables and the Land Parcels to arrive at the assumed unit rate. The general basis of adjustment of physical characteristics like size and layout, etc. and location such as accessibility is that if the comparable land is better than the Land Parcels, a downward adjustment is made. Alternatively, if the comparable land is inferior or less desirable than the Land Parcels, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and the valuation date is considered.
4. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. Pursuant to a Mortgage Contract — (2023) Xin Yu Yin Zui Di Zi Di No. 2300107 and a supplemental agreement dated 19 July 2023, the land use rights of 7 buildings named as Block Nos. 1, 2, 3, 5, 6, 7 and 8 located at No. 1 Jinxin Road, Jian Xi District Luoyang City, and the ownership rights of these buildings on the land with a total gross floor area of approximately 9,407.27 sq.m. (including the land use rights and the ownership rights of the property) are subject to a mortgage as a security in favour of China CITIC Bank, Luoyang Branch for bank facilities at a maximum amount of RMB68,000,000 with the security term from 10 July 2023 to 10 July 2026;
 - b. Luoyang Ruichang has legally obtained the real estate title certificates for the land parcels and buildings as mentioned in note 1 and these certificates are legal and valid; and
 - c. Luoyang Ruichang has completed the corresponding tenancy registration filing for the Tenancy Agreement as mentioned in note 2, the tenancy relationship is legally valid and binding on both parties of the Tenancy Agreement.