

APPENDIX III

VALUATION REPORT

The following is the text of a letter, a summary of values and valuation certificates prepared for the purpose of incorporation in this document received from AVISTA Valuation Advisory Limited, an independent valuer, in connection with its valuation as at 30 September 2025 of the property interests held by the Company.



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[●] 2025

The Board of Directors

Lung Fung Group Holdings Limited (龍豐集團控股有限公司)

5/F, Lung Fung Group Centre,

23 Yip Cheong Street,

Fanling, New Territories,

Hong Kong

Dear Sirs/Madams,

INSTRUCTIONS

In accordance with the instructions of Lung Fung Group Holdings Limited (龍豐集團控股有限公司) (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) for us to carry out the valuation of the property interests (the “**Properties**”) located in Hong Kong held by the Company, we confirm that we have carried out inspection, 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 Properties as at 30 September 2025 (the “**Valuation Date**”).

BASIS OF VALUATION AND VALUATION STANDARDS

Our valuation is carried out on a market value basis, which is defined by the Royal Institution of Chartered Surveyors 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*”.

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In valuing the Properties, we have complied with all the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the RICS Valuation — Global Standards 2024 published by the Royal Institution of Chartered Surveyors (“**RICS**”) and the International Valuation Standards published from time to time by the International Valuation Standards Council.

CATEGORISATION OF PROPERTY INTERESTS

In the course of our valuation, the appraised Properties have been categorized according firstly to type of interests held by the Company, which in turn being classified into the following groups:

Group I — Property interests held for investment by the Company in Hong Kong

Group II — Property interests held for owner occupation by the Company in Hong Kong

VALUATION ASSUMPTIONS

Our valuation of the Properties excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value or costs of sale and purchase or offset for any associated taxes.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the Properties valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed.

VALUATION METHODOLOGY

Residential portions of the Properties have been valued by market approach, which generally involves comparing recent market evidence of similar properties located in the neighborhood area of the subject properties. Adjustments are considered to reflect differences in various aspects including market conditions, size, location, time, age, quality, and any other relevant factors when comparing such sales against the subject properties. This approach is commonly used to value properties where reliable market evidence is available.

Retail portions of the Properties have been valued by the income approach. The income approach takes into considerations of the term value of the property by capitalizing the rental income over the existing lease terms and the reversionary value by capitalizing the current market rental income of the property until the end of the land use right terms. The current market rent adopted in determining the reversionary value is based on the findings of rental comparables in the locality which share similar characteristics with the subject properties. When determining the parameter of capitalization rate or market yield, reference has been made to the current sale price and rental income of the properties in the

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locality which share similar characteristics with the subject properties. The income approach estimates the value of the property by taking into consideration the existing rental level and current market condition, without specifically involving the forecasting of future profits.

TITLE INVESTIGATION

We have not been provided with copies of the title documents relating to the Properties in Hong Kong. We have conducted searches at the Land Registry in Hong Kong on 2 October 2025. However, we have not examined the original documents to verify ownership and encumbrances, or to ascertain any amendment which may or may not appear on the land search. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

SITE INVESTIGATION

We have inspected the exteriors and, where possible, the interior of the subject properties. The site inspection was carried out on 10 October 2025 by Samuel Lau (Senior Analyst) and Josh Chow (Senior Analyst). They have more than 4 years' experience in valuation of properties in Hong Kong.

In the course of our inspection, we did not note any serious defects. However, we have not carried out an investigation on site to determine the suitability of ground conditions and services for any development thereon, nor have we conducted structural surveys to ascertain whether the subject properties are free of rot, infestation, or any other structural defects. Additionally, no tests have been carried out on any of the utility services. Our valuation has been prepared on the assumption that these aspects are satisfactory. We have further assumed that there is no significant pollution or contamination in the locality which may affect any future developments.

SOURCE OF INFORMATION

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Group or other professional advisors on such matters as statutory notices, planning approvals, zoning, easements, tenures, completion date of buildings, development proposal, identification of the properties, particulars of occupation, site areas, floor areas, matters relating to tenure, tenancies and all other relevant matters.

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 reach an informed view and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties 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.

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LIMITING CONDITION

Wherever the content of this report is extracted and translated from the relevant documents supplied in Chinese context and there are discrepancies in wordings, those parts of the original documents will take prevalent.

CURRENCY

Unless otherwise stated, all monetary amounts stated in this report are in Hong Kong Dollar (HKD).

Our valuations are summarized below, and the valuation certificates are attached.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited
Vincent C B Pang
MRICS CFA FCPA FCPA Australia
RICS Registered Valuer
Managing Partner

Note: Mr. Vincent C B Pang is a member of Royal Institution of Chartered Surveyors (RICS) and a registered valuer of RICS. He has over 15 years' experience in valuation of properties including Hong Kong, the PRC, the U.S., and East and Southeast Asia.

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SUMMARY OF VALUES

Abbreviation

Group I:	Property interests held for investment by the Company in Hong Kong
Group II:	Property interests held for owner occupation by the Company in Hong Kong
“–” or N/A:	Not applicable or not available

No.	Property	Market value	Market value	Interest	Market value
		in existing state	in existing state		Attributable to
		as at	as at	Attributable to	as at
		30 September	30 September	the Company	30 September
		2025	2025		2025
		HKD	HKD		HKD
		Group I	Group II		
1.	G/F and cockloft, 1/F with flat roof and 2/F with roof, Nos. 41A–41B Fu Hing Street and Nos. 15–19 San Fat Street, Sheung Shui, New Territories, Hong Kong	114,020,000	N/A	100%	114,020,000
2.	G/F and cockloft, No. 49 Fu Hing Street and No. 87 San Fung Avenue, Sheung Shui, New Territories, Hong Kong	37,380,000	27,700,000	100%	65,080,000
	Total:	<u>151,400,000</u>	<u>27,700,000</u>		<u>179,100,000</u>

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VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2025 <i>HKD</i>
1.	G/F and cockloft, 1/F with flat roof and 2/F with roof, Nos. 41A–41B Fu Hing Street and Nos. 15–19 San Fat Street, Sheung Shui, New Territories, Hong Kong	The property comprises 10 retail units located on the ground floor and 2 residential units located on the 1 st and 2 nd floor with a total saleable area of approximately 6,075.75 sq.ft., of which certain units are provided with adjoining ancillary accommodation. As measured from the approved building plans, the area details are listed as below:	Portions of the property, with a saleable area of approximately 5,534.64 sq.ft., comprising 6 retail units and 2 residential units, were leased to 6 tenants for retail or residential use as at the Valuation Date. The remaining portions of the property were vacant.	114,020,000 (100% interest attributable to the Company: 114,020,000)
	Lot Number: Lot No. 3874 in D.D.91		Area of Adjoining Ancillary Accommodation	
	Share of the Lot: —	Units	Saleable Area (sq.ft.)	Accommodation (sq.ft.)
		Units 1 & 2, G/F	1,069.94	2,060.37 (Cockloft)
		Unit 3A, G/F	293.90	—
		Unit 3B, G/F	48.34	—
		Unit 3C, G/F	101.38	—
		Unit 4, G/F	135.79	—
		Unit 5A, G/F	124.25	—
		Unit 5B, G/F	142.17	—
		Unit 6A, G/F	188.21	—
		Unit 6B, G/F	86.48	—
		Unit 7, G/F	59.19	—
		1/F	1,913.05	588.59 (Flat Roof)
		2/F	1,913.05	1,597.96 (Roof)
			<u>6,075.75</u>	<u>4,246.92</u>

The property was held for investment as at the Valuation Date.

Pursuant to the Occupation Permit No. N.T. 180/72, the property was completed in November 1972.

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The property is located at the junction of Fu Hing Street and San Fat Street in Sheung Shui, the Northern District of Hong Kong, with approximately 0.3 km to Sheung Shui MTR Station and 4.0 km to Lo Wu Immigration Control Point, Luohu Port. The surrounding locality is characterized by low-rise residential buildings with retail shops.

The property is held under New Grant no. 10386 for a lease term of 99 years commencing from 1 July 1898. The term has been extended until 30 June 2047 pursuant to Section 6 of the New Territories Leases (Extension) Ordinance. The annual Government Rent payable is equivalent to 3% of the rateable value for the time being.

Notes:

1. As at the Valuation Date, the registered owner of the property is Kidbrooke Group Limited, in which the Company holds an indirect ownership stake of 100%.
2. The property is zoned for "Commercial/Residential Use" under Approved Fanling/Sheung Shui Outline Zoning Plan No. S/ FSS/28.
3. Pursuant to 6 tenancy agreements, 6 retail units and 2 residential units with a saleable area of approximately 5,534.64 sq.ft. had been leased to various independent third parties with a total monthly rent of HKD333,465, for various terms with the expiry dates between 17 January 2026 to 30 September 2027.
4. The property is subject to the following encumbrances or registrations:
 - a. Occupation Permit No. N.T. 180/72 dated 20 November 1972;
 - b. Sealed copy of Judgement in High Court action no. A7714 of 1985 dated 4 January 1986, registered vide memorial No. N221096;
 - c. Government Notice No. "UMB/5OD101/1501-013/0001" under Section 30B(3) of the Buildings Ordinance (Cap. 123) dated 2 June 2016, registered vide memorial no. 16122002240235; and
 - d. Mortgage in favour of Hang Seng Bank Limited to secure all money dated 18 July 2018, registered vide memorial no. 18073102380307.
5. Our valuation has been made on the following basis and analysis:

In the course of valuation of the residential portions of the property, we have made reference to comparables located in the area close to the subject property with similar nature, use, size and accessibility as the subject property. The adjusted unit prices of the comparables range from HKD3,950 to HKD4,250 per sq.ft. for residential units on effective saleable area basis. The unit rate adopted in the valuation is consistent with the unit rates of the relevant comparables after due adjustments in terms of floor, time and size, etc.

In the course of our valuation of the retail portions of the property, we have made reference to various relevant rental evidence in the locality with characteristics similar to those of the subject property such as nature, use, size and accessibility. The adjusted unit rents of the comparables range from HKD76 to HKD132 per sq.ft. per month for retail units on the ground floor on effective saleable area basis. The market yield assumed by us is 3.60% for retail units, which is consistent with the prevailing market yields of the property sector.

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No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2025 <i>HKD</i>
2.	G/F and cockloft, No. 49 Fu Hing Street and No. 87 San Fung Avenue, Sheung Shui, New Territories, Hong Kong Lot Number: Lot No. 3855 in D.D.91 Share of the Lot: 4/12	The property comprises 5 retail units located on the ground floor with a total saleable floor area of approximately 1,373.31 sq.ft., of which certain units are provided with adjoining ancillary accommodation. As measured from the approved building plans, the area details are listed as below:	Portions of the Investment Property, with a saleable area of approximately 229.76 sq.ft., comprising 2 retail units, were leased to 2 tenants for retail use as at the Valuation Date. The remaining portions of the Investment Property were vacant. The Owner-occupied Property was occupied by the Group as at the Valuation Date for retail pharmaceutical purposes.	65,080,000 (100% interest attributable to the Company: 65,080,000)
		Units	Saleable Area (sq.ft.)	Area of Adjoining Ancillary Accommodation (sq.ft.)
		G/F, No. 49 Fu Hing Street	755.17	—
		Unit A, G/F, No. 87 San Fung Avenue	101.69	—
		Unit B, G/F, No. 87 San Fung Avenue	128.07	—
		Unit C, G/F, No. 87 San Fung Avenue	137.01	—
		Unit D & E, G/F, No. 87 San Fung Avenue	251.37	1,353.13 (Cockloft)
			<u>1,373.31</u>	<u>1,353.13</u>

Portions of the property, with a total saleable area of approximately 755.17 sq.ft., were held and occupied by the Group (the “**Owner-occupied Property**”). The remaining portions were held for investment (the “**Investment Property**”).

Pursuant to the Occupation Permit No. N.T. 47/68, the property was completed in July 1968.

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The property is located at the junction of San Fung Ave and Fu Hing Street in Sheung Shui, the Northern District of Hong Kong, with approximately 0.2 km to Sheung Shui MTR Station and 4.0 km to Lo Wu Immigration Control Point, Luohu Port. The surrounding locality is characterized by low-rise residential buildings with retail shops.

The property is held under New Grant no. N9711 for a lease term of 99 years commencing from 1 July 1898. The term has been extended until 30 June 2047 pursuant to Section 6 of the New Territories Leases (Extension) Ordinance. The annual Government Rent payable is equivalent to 3% of the rateable value for the time being.

Notes:

1. As at the Valuation Date, the registered owner of the property is Harvest Smart Holdings Limited, in which the Company holds an indirect ownership stake of 100%.
2. The property is zoned for "Commercial/Residential Use" under Approved Fanling/Sheung Shui Outline Zoning Plan No. S/ FSS/28.
3. Pursuant to 2 tenancy agreements, 2 retail units with a saleable area of approximately 229.76 sq.ft. had been leased to various independent third parties with a total monthly rent of HKD117,250, for various terms with the expiry dates between 30 April 2026 to 14 June 2026.
4. The property is subject to the following encumbrances or registrations:
 - a. Occupation Permit No. N.T. 47/68 dated 9 July 1968;
 - b. Deed of Mutual Covenant dated 2 October 1968, registered vide memorial No. N162403;
 - c. Government Notice No. "UMB/MB061203-004/0001" under Section 30B(3) of the Buildings Ordinance dated 29 November 2013, registered vide memorial no. 15060300730027;
 - d. Mortgage in favour of Hang Seng Bank Limited to secure all money dated 22 January 2020, registered vide memorial no. 20020402230024; and
 - e. Second Mortgage in favour of Hang Seng Bank Limited to secure all money dated 22 January 2020, registered vide memorial no. 20021101360012.
5. Our valuation has been made on the following basis and analysis:

In the course of our valuation of the property, we have made reference to various relevant rental evidence in the locality with characteristics similar to those of the subject property such as nature, use, size and accessibility. The adjusted unit rents of the comparables range from HKD76 to HKD132 per sq.ft. per month for retail units on the ground floor on effective saleable area basis. The market yield assumed by us is 3.60% for retail units, which is consistent with the prevailing market yields of the property sector.

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6. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the Valuation Date in its existing state is set out as below:

Classification	Market value in existing state as at the Valuation Date (HKD)
Group I — Property interests held for investment by the Company in Hong Kong	27,700,000
Group II — Property interests held for owner-occupation by the Company in Hong Kong	<u>37,380,000</u>
Total:	<u><u>65,080,000</u></u>