

APPENDIX III

PROPERTY VALUATION

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 May 31, 2022 of the selected property interest held by Readboy Education Holding Company Limited.



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June 29, 2022

The Board of Directors
Readboy Education Holding Company Limited
No. 38 Changyi Road
Wuguishan
Zhongshan City
Guangdong Province
The PRC

Dear Sirs,

In accordance with your instructions to value the selected property interest held by Readboy Education Holding Company 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 inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market value of the property interest as at May 31, 2022 (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 the property interest is required to be included in the document.

For the purpose of this report, we classified the property as the property interest relating to "property activities" which mean holding (directly or indirectly) and/or development of properties for letting or retention as investments, or the purchase or development of properties for letting or retention as investments, or the purchase or development of properties for subsequent sale, or for subsequent letting or retention as investments.

Furthermore, we have adopted the below guidance on what constitutes a property interest:

- a. one or more units in the same building or complex;
- b. one or more properties located at the same address or lot number;

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- c. one or more properties comprising an integrated facility;
- d. one or more properties, structures or facilities comprising a property development project (even if there are different phases);
- e. one or more properties held for investment within one complex;
- f. one or more properties, structures or facilities located contiguously to each other or located on adjoining lots and used for the same or similar operational/business purposes; or
- g. a project or phases of development presented to the public as one whole project or forming a single operating entity.

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”.

We have valued the property interest which is held for investment by the Group by the income approach by taking into account the rental income of the property derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value at an appropriate capitalization rate.

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 outgoings 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 published 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.

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We have been shown copies of title documents including Real Estate Title Certificate 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 refer to the legal opinion issued by the Company's PRC legal advisor – Jingtian & Gongcheng concerning the validity of the property interest in the PRC.

We have not carried out detailed measurement to verify the correctness of the area in respect of the property but have assumed that the area 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.

We have inspected the exterior and, where possible, the interior of the property. 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 defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the property was carried out in April 2021 by Mr. Le Yu who is a China Certified Public Valuer and has 11 years' experience in the valuation of properties in the PRC.

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).

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We are instructed to provide our opinion of value as per the valuation date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the valuation date and we assume no obligation to update or otherwise revise these materials for events in the time since then. In particular, the outbreak of the Novel Coronavirus (COVID-19) since declared Global Pandemic on March 11, 2020 has caused much disruption to economic activities around the world. As of the report date, China's economy has recovered and most business activities have been back to normal. We also note that market activity and market sentiment in this particular market sector remain stable. However, we remain cautious due to uncertainty for the pace of global economic recovery in the midst of the outbreak which may have future impact on the real estate market. Therefore, we recommend that you keep the valuation of the property under frequent review.

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 28 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

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VALUATION CERTIFICATE

Property interest held for investment by the Group

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at the valuation date</u>
			<i>RMB</i>
Unit 801 and 8 underground car parking spaces of Building B3 of Phase 4.1 of Wuhan Optical Valley Software Park located at Software Park East Road Hongshan District Wuhan City Hubei Province The PRC	<p>The property is located at No. 1 Software Park East Road, Hongshan District. The locality of the property is a well-developed area served by various public facilities and transportation means.</p> <p>The property comprises a unit on the 8th floor of a 24-storey industrial building (known as Building B3) and 8 underground car parking spaces of Phase 4.1 of Wuhan Optical Valley Software Park with a total gross floor area of approximately 1,606.45 sq.m. The classification, usage and gross floor area details of the property are set out in note 2.</p> <p>The land use rights of the property have been granted for a term expiring on November 30, 2059 for industrial use.</p>	As at the valuation date, the property was rented to a third party for research office and car parking purpose.	20,740,000 (see note 4)

Notes:

- Pursuant to a Real Estate Title Certificate – E (2018) Wu Han Shi Dong Kai Bu Dong Chan Quan No. 0000936, the unit of the property with a gross floor area of approximately 1,506.45 sq.m. is owned by Readboy Education Technology Co., Ltd. (讀書郎教育科技有限公司, “Readboy Technology”) and the relevant land use rights have been granted to Readboy Technology for a term expiring on November 30, 2059 for industrial use.
- According to the information provided by the Group, the approximate gross floor area of the property is set out as below:

<u>Usage</u>	<u>Gross Floor Area</u>	<u>No. of car parking space</u>
	<i>(sq.m.)</i>	
Industrial	1,506.45	
Car parking spaces	100.00	8
Total:	1,606.45	8

- Pursuant to a Tenancy Agreement dated June 29, 2021, the property with a total gross floor area of approximately 1,606.45 sq.m. was leased to a tenant with a term expiring on June 30, 2027, and the monthly rent receivable as at the valuation date was RMB75 per sq.m. for industrial unit and RMB200 per space for car parking spaces, exclusive of management fees, water and electricity charges.
- In our valuation, we have attributed no commercial value to car parking spaces of the property due to the lack of title certificates. For reference purpose, we are of the opinion that the market value of the car parking spaces as at the valuation date was RMB460,000, assuming they could freely be disposed of in the prevailing market without paying additional land use rights grant premium, if demanded.

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5. Our valuation has been made on the following basis and analysis:
 - a. In undertaking our valuation, we have considered the actual rents in the existing tenancy agreement and also have identified and analyzed various relevant lease evidences in the locality which have similar characteristics as the subject property such as use, size, layout and accessibility of the property. The monthly unit rent of these comparables ranged from RMB68 to RMB82 per sq.m. for similar industrial units and RMB220 to RMB260 per space for car parking spaces; and
 - b. Based on our market research in the surrounding area of the property, the stabilized market yield ranged from 5.8% to 6.2% for the industrial unit and from 2.7% to 3.2% for car parking spaces as at the valuation date. Considering the location, risks and characteristics of the property, we have applied a market yield of 6% for the industrial park unit and 3% for the car parking spaces in the valuation.
6. We refer to the legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:
 - a. Readboy Technology is legally in possession of the land use rights and the building ownership rights of the industrial unit of the property; and
 - b. Readboy Technology is entitled to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the industrial unit of the property.