

APPENDIX III

PROPERTY VALUATION REPORT

The following is the text of a property valuation report prepared for inclusion in this document, received from APAC Asset Valuation and Consulting Limited, an independent property valuer, in connection with their valuations as of 31 July 2022 of the Property held by the Group.



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(the “Sole Sponsor”, the “[REDACTED]”, the “[REDACTED]”, the “[REDACTED]”, for themselves and on behalf of the [REDACTED] and the [REDACTED] Intermediaries)

[REDACTED]

Dear Sirs,

RE: VALUATION OF VARIOUS BUILDINGS LOCATED AT WEST SIDE OF CHANGAN AVENUE, GAOMI, WEIFANG, SHANDONG PROVINCE, THE PEOPLE’S REPUBLIC OF CHINA (THE “PROPERTY”)

In accordance with the instructions from JY GAS LIMITED (the “Company”) for us to value the Property held by the Company and its subsidiaries (hereinafter referred to as the “Group”) situated in The People’s Republic of China (the “PRC”), we confirm that we have made relevant enquiries 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 as at 31 July 2022 (the “valuation date”) for the purpose of incorporation into the document issued by the Company.

BASIS OF VALUATION

Our valuation of the Property is our opinion of its market value which we would define as intended 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”.

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

We confirm that the valuations are undertaken in accordance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited published by The Stock Exchange of Hong Kong Limited, and the HKIS Valuation Standards 2020 Edition issued by the Hong Kong Institute of Surveyors.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owners sell the Property on the open markets without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the values of the Property.

No allowance has been made in our valuation report for any charge, mortgage or amount owing on the Property 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. We have also assumed that any land premium payable for any extension of lease term of the Property have been fully settled.

VALUATION METHODOLOGY

In valuing the Property which is held by the Company for investment purpose, we have adopted the direct comparison approach assuming sale with the benefit of vacant possession in its existing state by making reference to comparable sales evidences as available in the relevant market.

TITLE AND ASSUMPTIONS

We have been provided with copies of extracts of title documents relating to the Property. However, we have not caused title searches to be made for the Property at the relevant government bureaus in the PRC and have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear on the copies handed to us. In undertaking our valuation for the Property in the PRC, we have relied on the legal opinion provided by the Company's PRC Legal Advisers, Jingtian & Gongcheng regarding the title and other legal matters to the Property.

SOURCES OF INFORMATION

We have relied to a very considerable extent on information given by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, site area and all other relevant matters. No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation report are only approximations. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us by the Company, which is material to our valuation. We were also advised by the Company that no material facts have been omitted from the information provided to us.

SITE INSPECTIONS

Site inspections of the Property were carried out by Ms. Huang Yan Jun (Bsc in Real Estate Management) in August 2021. We have inspected the Property but 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 handed to us are correct. In the course of our inspection, we did not notice any serious defects. However, we have not carried out structural survey nor any tests were made on the services. Therefore, we are not able to report whether the property is free of rot, infestation or any other structural defects. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

CURRENCY

Unless otherwise stated, all monetary amounts in our valuation are in Renminbi (RMB).

Our valuation report is attached.

Yours faithfully,

For and on behalf of

APAC Asset Valuation and Consulting Limited

Vincent Pang

MHKIS, MRICS, RPS (GP)

Director

Note: Mr. Vincent Pang is a Registered Professional Surveyor in General Practice Division with over 25 years valuation experience on properties in Hong Kong and the PRC.

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Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2022
Various Buildings located at No. 2268 West Shi'an Road, Mishui Jiedao, Gaomi, Weifang, Shandong Province, The PRC	<p>The Property comprises various buildings erected upon 3 parcels of land with a total site area of approximately 44,860.70 sq. m.</p> <p>The Property comprises 6 blocks single to 3-storey commercial buildings with a total gross floor area of approximately 18,379.70 sq. m. The Property was completed in 2000s.</p> <p>The land use rights of the Property have been granted for terms expiring on 4 April 2027, 6 April 2027 and 14 April 2027 respectively for industrial use.</p>	The property was occupied as a retail/wholesale outlet as at the valuation date.	RMB77,300,000 Please refer to note (3)

- Pursuant to three Real Estate Title Certificates — Lu (2017) Gao Mi Shi Bu Dong Chang Quan Di Nos. 0001008, 0001009 and 0001010, the land use rights of the three parcels of land of the Property with site areas of 17,223.60 sq.m., 17,391.50 sq. m. and 10,245.60 sq. m. respectively were granted to 高密市交運天然氣有限公司 (“Jiaoyun Gas”) for land use rights terms expiring on 4 April 2027, 6 April 2027 and 14 April 2027 respectively for industrial use.
- Pursuant to three Building Ownership Rights Certificates — Lu Wei Fang Quan Zheng Gao Mi Shi Zi Di No. 0002120, 0008680 and 0008681, the building ownership of the buildings of the Property with a total gross floor area of 18,379.70 sq. m. is held by Jiaoyun Gas for commercial use.
- The market value of the Property is assessed by Market Approach based on the comparable sales evidences as available in the relevant market and we also adopted Income Capitalization Method to counter-check the result of our valuation. As per the Real Estate Title Certificates stated in note 1, the land use rights of the Property will be expired in April 2027. According to a certificate issued by the Gaomi Natural Resources and Planning Bureau, the land use rights term of the Property can be extended for commercial use for another 40 years, subject to an additional land premium of 20% of the difference between the standard land values of industrial land and commercial land in April 2027.
The valuation is based on the assumption that the land use rights term will be renewed for a further term of 40 years commencing from the existing land use rights term expiry dates for commercial use.
According to the information provided by Jiaoyun Gas and the aforesaid certificate, the estimated additional land premium is based on 20% of the difference between the standard land values of industrial land and commercial land in April 2027, adjusted for the plot ratio and conditions of the land (location and shape of land etc.), and discounted to the valuation date. The amount of the estimated land premium at the valuation date is listed below.

Date of valuation	Estimated Land Premium	Market value after deducting land premium
	<i>(RMB)</i>	<i>(RMB)</i>
31 July 2022	7,200,000	70,100,000

4. We have been provided with a legal opinion on the Property issued by the Company’s PRC Legal Advisers, which contains, inter alia, the followings:
 - i. Jiaoyun Gas is the legal owner of the Property and has legally obtained the land use rights of the Property and is entitled to legally use, occupy, lease, transfer, mortgage or disposed of by other means the land according to the legal uses of the land within the granted land use term;
 - ii. Jiaoyun Gas has obtained the building ownership of the buildings of the Property and is entitled to legally use, occupy, lease, transfer, mortgage or disposed of by other means the buildings of the Property; and
 - iii. the Property is subject to a mortgage in favour of Shandong Gaomi Village Commercial Bank Company Limited.