

APPENDIX III

PROPERTY VALUATION REPORT

The following is the text of a valuation report prepared for the purpose of incorporation in this document received from Roma Appraisals Limited, an independent valuer, in connection with its valuations as at 31 March 2023 of certain properties held and leased by the Group.



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[REDACTED]

Shenghui Cleanness Group Holdings Limited

3/F, Office Block,
36 Xinguang Road,
Xinzhao Town,
Panyu District,
Guangzhou,
the PRC

Dear Sir/Madam,

Re: Valuation of various properties interests situated in the People's Republic of China

In accordance with your instructions for us to value certain properties held or leased by Shenghui Cleanness Group Holdings Limited the ("Company") and/or its subsidiaries (together with the Company 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 obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 31 March 2023 (the "Date of Valuation") for the purpose of incorporation in the document of the Company dated [•].

BASIS OF VALUATION

Our valuations of the properties are our opinion of the market values of the concerned properties 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".

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.

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VALUATION METHODOLOGY

For property No. 1, we have valued the properties by the direct comparison approach assuming sale or asking prices of the properties in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market. Comparison is based on the considerations realised on actual or asking transactions of comparable properties. Comparable properties with similar sizes, characters and locations are analysed and carefully weighed against all respective advantages and disadvantages of each property in order to arrive at a fair comparison of value.

For property No. 2, we have attributed no commercial value to the property interests which are leased by the Group. Due to the long term nature of the lease, we have considered and capitalised the potential of profit rent which is the difference between the lease rent determined by the market and the rent agreed upon by the lessor and the lessee in the lease period and arrived at the investment value for reference purpose.

TITLE INVESTIGATION

For the properties in the PRC, we have been shown copies of extracts of various title documents and have been advised by the Group that no further relevant documents have been produced. Furthermore, due to the nature of the land registration system in the PRC, we have not been able to examine the original documents to verify ownership or to ascertain the existence of any amendment documents, which may not appear on the copies handed to us. We have relied on the information given by the Group and advice given by its PRC legal advisors, China Commercial Law Firm (廣東華商律師事務所), regarding the titles of the properties in the PRC.

We have also relied on the advice given by the Group that the Group has valid and enforceable titles to the properties which are freely transferable, and have free and uninterrupted right to use the same, for the whole of the unexpired term granted subject to the payment of annual government rent/land use fees and all requisite land premium/purchase consideration payable have been fully settled.

VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the owners sell the properties in the market in their existing states without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the values of such properties. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the properties and no allowance has been made for the properties to be sold in one lot or to a single purchaser.

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SOURCE OF INFORMATION

In the course of our valuations, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of properties, particulars of occupation, site/floor areas, ages of buildings and all other relevant matters which can affect the values of the properties. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

VALUATION CONSIDERATION

We have inspected the exterior and, where possible, the interior of certain properties. No structural survey has been made in respect of the properties. However, in the course of our inspections, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the site/floor areas of the properties under consideration but we have assumed that the site/floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are therefore approximations.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties 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.

Our valuation is prepared in compliance 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, and in accordance with the RICS Valuation – Global Standards 2017 published by the Royal Institution of Chartered Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

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REMARKS

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

Our Summary of Values and Valuation Certificates are attached.

Yours faithfully,

For and on behalf of

Roma Appraisals Limited

Frank F Wong

BA (Business Admin in Acct/Econ) MSc (Real Est)

MRICS Registered Valuer MAusIMM ACIPHE

Director, Head of Property and Asset Valuation

Note: Mr. Frank F Wong is a Chartered Surveyor, Registered Valuer, Member of the Australasian Institute of Mining & Metallurgy and Associate of Chartered Institute of Plumbing and Heating Engineering who has 24 years' valuation, transaction advisory and project consultancy of properties experience in Hong Kong and 16 years' experience in valuation of properties in the PRC as well as relevant experience in the Asia-Pacific region, Australia and Oceania-Papua New Guinea, France, Germany, Poland, United Kingdom, Canada, United States, Abu Dhabi (UAE) and Jordan.

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SUMMARY OF VALUES

No. Property	Market Value in Existing State as at 31 March 2023
Property held by the Group for investment purpose in the PRC	
1. Unit Nos.2101, 2102, 2106 and 2107, No.81 Xian Lie Middle Road, Yuexiu District, Guangzhou City, Guangdong province, the PRC 中國廣東省廣州市越秀區先烈中路81號 2101, 2102, 2106及2107室	RMB3,050,000
Property leased by the Group in the PRC	
2. No.36 Xinguang Road, Xinzao Town, Panyu District, Guangzhou City, Guangdong province, the PRC 中國廣東省廣州市番禺區新造鎮 新廣路36號	No commercial value

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VALUATION CERTIFICATE

Property held by the Group for investment purpose in the PRC

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2023
1.	Unit Nos. 2101, 2102, 2106 and 2107, No. 81 Xian Lie Middle Road, Yuexiu District, Guangzhou City, Guangdong province, the PRC 中國 廣東省 廣州市 越秀區先烈中路81號 2101, 2102, 2106及 2107室	The property comprises 4 office units on 21-storey and a carpark on basement 1-storey, the office building completed on 2011. The property has a total gross floor area ("GFA") of approximately 151.1013 sq.m.. The land use rights of the property have been granted for a term of 50 years expiring on 30 August 2057 for office use.	The property is subject to a tenancy, the details please refer to Note No. 2.	RMB3,050,000

Notes:

1. Pursuant to 4 Real Property Ownership Certificates, Yue (2021) Guangzhou Real Estate Property Nos. 00017431, 00017434, 00017435 and 00017438 (粵(2021)廣州市不動產權第00017431號, 00017434號, 00017435號及00017438號), issued by the Guangzhou Municipal Planning and Natural Resources Bureau (廣州市規劃和自然資源局), the property with a total GFA of approximately 151.1013 sq.m. is legally held by Guangzhou Shenghui Cleaning Service Co., Ltd. ("Guangzhou Shenghui") (廣州市升輝清潔服務有限公司).
2. Pursuant to a tenancy agreement made between Guangzhou Shenghui as lessor and Guangzhou Jianyin Engineering Cost Consulting Co., Ltd. ("Guangzhou Jianyin")(廣州市建銀工程造價諮詢有限公司), an independent third party, as lessee, Unit Nos.2101, 2102, 2106, 2107 of the property with a total GFA of approximately 151.10 sq.m is leased, with a monthly rent of RMB20,000 for a term commencing from 1 January 2020 to expiring on 31 December 2024.
3. The site inspection was performed by Ms. Vinci Qijin Hou, MSc, with about 7 years property valuation experience, in October 2020.
4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal advisers, which contains, *inter-alia*, the following information:
 - a. Guangzhou Shenghui has obtained the title certificate of the property and is in possession of a proper legal title to the property;
 - b. The tenancy mentioned above was registered on 11 December 2020 which was later than the required date. As the Lease registration has been completed, there is no risk that Guangzhou Shenghui will receive a penalty from the government.

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Property leased by the Group in the PRC

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2023
2.	No.36 Xinguang Road, Xinzao Town, Panyu District, Guangzhou City, Guangdong province, the PRC 中國 廣東省 廣州市 番禺區新造鎮 新廣路36號	The property comprises a parcel of land with a total site area of approximately 10,213.78 sq.m., and 2 industrial buildings and an office building erected thereon completed on 2010. The property has a total gross floor area ("GFA") of approximately 3,122.12 sq.m.. The land use rights of the property have been granted for terms of 50 years commencing on 22 November 2002 for industrial and office uses.	The property is subject to 2 tenancies, the details, refer to Note Nos. 2, 3 and 4.	No Commercial Value

Notes:

- Pursuant to 3 Real Estate Title Certificates, Yue Fang Di Quan Zheng Sui Zi Di Nos.0210195531, 0210195532, and 0210195527 (粵房地權證穗字第0210195531號, 0210195532號及0210195527號) issued by the Guangzhou City Land Resources and Housing Administration, the property with a total site area of approximately 10,213.78 sq.m. and a total GFA of 3,122.12 sq.m. is legally held by Guangzhou City Panyu District Xinzao Town Real Estate Development Company ("Xinzao Real Estate") (廣州市番禺區新造鎮房地產開發公司).
- Pursuant to Land Use Right Lease Contract between Xinzao Real Estate, an independent third party, as lessor and Guangzhou Shenghui Cleaning Service Co., Ltd. ("Guangzhou Shenghui") (廣州市升輝清潔服務有限公司) as lessee dated on 21 April 2016, the property with site area of approximately 10,213.78 sq.m. is leased for a term of 20 years commencing on 1 April 2016 and expiring on 31 March 2036 with monthly rent of RMB51,068.90. The rent free period is 6 months and rental to increase by 5% every 2 years.
- Pursuant to Sub-Lease Tenancy Agreement between Guangzhou Shenghui as sub-lessor and Guangzhou Pengsheng Sports Development Co., Ltd. ("Guangzhou Pengsheng") (廣州彭升體育發展有限公司), which the Group previously held a majority interest in prior to its disposal on October 2020 to an independent third party, as sub-lessee dated on 23 June 2016, the property with site area of approximately 10,000 sq.m. is leased for a term of 8 years commencing on 1 July 2016 and expiring on 30 June 2024 with monthly rent of RMB86,000. The rent free period is 4 months and rental to increase by 10% every 2 years.
- As per supplementary agreement signed by Guangzhou Shenghui and Guangzhou Pengsheng dated on 1 February 2021, to clarify the leasing area on 3rd floor of the office building of the property was excluded from the Sub-Lease Tenancy Agreement. The leased portion of the property will be changed and excluded the office building, industrial building No.1, road of the property and carpark space. The monthly rent is revised to RMB51,600.

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5. The site inspection was performed by Ms. Vinci Qijin Hou, MSc, with about 7 years property valuation experience, in October 2020.
6. In the valuation of this property, we have attributed no commercial value to the property which are leased by the Group. However, for reference purpose, we are of the opinion that the investment value as at the date of valuation would be RMB510,000. This is assuming potential profit from the rent is capitalised which is the difference between the lease rent paid and the sub-lease rent received over a long-term period of the lease.
7. We have been provided with a legal opinion on the title to the property issued by the Company's PRC legal advisors, which contains, *inter-alia*, the following information:

In respect of the Land Use Right Lease Contract entered into between Xinzao Real Estate and Guangzhou Shenghui, except for the difference area issue as disclosed hereafter:

- a. As per supplementary agreement signed by Xinzao Real Estate and Guangzhou Shenghui dated on 28 June 2017, Guangzhou Shenghui could redevelopment the dormitory building. Xinzao Real Estate issued the Information Note (情況說明) dated on 9 February 2021, which confirmed that the dormitory building was not actually built.
- b. Pursuant to Information Note mentioned above, Xinzao Real Estate confirmed they have noticed that portion of the property is leased to Guangzhou Pengsheng and Guangzhou Pengsheng has changed the usage of the property. Xinzao Real Estate will not pursue the legal responsibility against Guangzhou Shenghui.
- c. Pursuant to a building assessment report dated 15 June 2021, the buildings of workshop 1, workshop 2, passageway of zinc shed, guard room, utility room and security room, located at No. 36, Xinguang Road, Xinzao Town, Panyu District, Guangzhou, are generally in good condition and safe for operation.
- d. The Land Use Right Lease Contract is lawful, enforceable and legally binding on the signing parties.

In respect of the Sub-Lease Tenancy Agreement entered into between Guangzhou Shenghui and Guangzhou Pengsheng, except for the difference area issue as disclosed hereafter:

- e. Guangzhou Pengsheng issued the Information Note (情況說明) dated on 8 February 2021 that Guangzhou Pengsheng will bear the liability caused by the change of usage from industrial to sport training.