

**APPENDIX III**

**VALUATION REPORT**

*The following is the text of a letter, summary of values and valuation certificate prepared for the purpose of incorporation in this document received from Asia-Pacific Consulting and Appraisal Limited, an independent property valuer, in connection with its valuation as at [31 August] 2023 of the selected property interests held by the Group.*



CONSULTING & APPRAISAL  
亞太評估

**Asia-Pacific Consulting and Appraisal Limited**

Flat/Rm A, 12/F  
Kiu Fu Commercial Building  
300 Lockhart Road  
Wan Chai  
Hong Kong

[REDACTED]

The Board of Directors  
**Qyuns Therapeutics Co., Ltd.**  
Room 1310, Building 1  
No. 907 Yaocheng Avenue  
Taizhou City  
Jiangsu Province,  
The PRC

Dear Sirs,

**INSTRUCTIONS, PURPOSE AND DATE OF VALUATION**

In accordance with your instructions to value the selected property interests held by Qyuns Therapeutics Co., Ltd. (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 on the market values of the selected property interests as at [31 August] 2023 (the “**Valuation Date**”).

The selected property interests form part of the Group’s non-property activities that has a carrying amount of 15% or more of the Group’s total assets and therefore the valuation report of this property interests is required to be included in this document.

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### BASIS OF VALUATION

Our valuation was 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".

### METHODS OF VALUATION

Due to the nature of the buildings and structures of the property in Group I and the particular location in which they are situated, there are unlikely to be relevant market comparable sales readily available, the buildings and structures of the property have been valued by the cost approach with reference to their depreciated replacement costs.

Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the improvements, less deduction for physical deterioration and all relevant forms of obsolescence and optimization. In arriving at the value of the land portion, reference has been made to the sales evidence as available in the locality. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business. In our valuation, it applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

We have valued the portions of the property in Group II by the comparison approach assuming sale of the land property interests in their existing states with the benefit of immediate vacant possession and by making reference to comparable land sales transactions as available in the market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar land properties, subject to allowances for variable factors.

### VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the seller sells the selected property interests 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 values of the selected property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the selected property interests 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 their values.

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### **VALUATION STANDARDS**

In valuing the selected property interests, 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.

### **SOURCE OF INFORMATION**

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 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.

### **DOCUMENT AND TITLE INVESTIGATION**

We have been shown copies of various title documents including Real Estate Title Certificate and other official permits relating to the selected property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the selected property interests in the PRC and any material encumbrance that might be attached to the selected property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisor – JunHe LLP, concerning the validity of the selected property interests in the PRC.

### **AREA MEASUREMENT AND INSPECTION**

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.

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 and that no unexpected cost and delay will be incurred during construction. 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.

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The site inspection was carried out in 25 September 2023 by Kay Liu who is Certified Public Valuer in PRC and has over 9 years' experience in property valuation in the PRC.

**CURRENCY**

All monetary figures stated in this report are in Renminbi (RMB).

Our summary of values and valuation certificates are attached below for your attention.

Yours faithfully,  
for and on behalf of  
**Asia-Pacific Consulting and Appraisal Limited**

**David G. D. Cheng**  
*MRICS*  
*Executive Director*

*Note:* David G. D. Cheng is a Chartered Surveyor who has 22 years' experience in the valuation of assets in the Greater China Region, the Asia-Pacific region, the United States and Canada.

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**SUMMARY OF VALUES**

**Group I – Property interest held and occupied by the Group in the PRC**

**Group II – Property interest held to be developed by the Group in the PRC**

<u>Property</u>	<u>Market value in existing state as at the Valuation Date</u>	<u>Market value in existing state as at the Valuation Date</u>	<u>Interest attributable to the Group</u>	<u>The Total Market value attributable to the Group as at the Valuation Date</u>
	<i>RMB</i>	<i>RMB</i>		<i>RMB</i>
	<i>Group I:</i>	<i>Group II:</i>		
A parcel of land, 6 buildings and various structures located at southern side of Yaocheng Avenue and western side of Huatuo Road, Yiyao Hi-tech Zone, Taizhou City, Jiangsu Province, The PRC	280,723,000	8,010,000	66%	190,564,000
<b>Total:</b>	<b><u>280,723,000</u></b>	<b><u>8,010,000</u></b>	<b><u>–</u></b>	<b><u>190,564,000</u></b>

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**VALUATION CERTIFICATE**

<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Market value in existing state as at the Valuation Date</b>
			<i>RMB</i>
A parcel of land, 6 buildings and various structures located at southern side of Yaocheng Avenue and western side of Huatuo Road, Yiyao Hi-tech Zone, Taizhou City, Jiangsu Province, The PRC	<p>The property comprises a parcel of land with a site area of approximately 57,977.00 sq.m., among which the phase I of the property occupies portions of the land with a site area of approximately 40,770.06 sq.m. and 6 buildings and various structures erected thereon which were completed in 2021 (categorized as Group I). The phase II of the property is bare land as at the valuation date with a site area of approximately 17,206.94 sq.m. (categorized as Group II).</p> <p>The buildings and structures have a total gross floor area of approximately 43,571.43 sq.m., mainly include office buildings, warehouses and plants, gates, corridors and wastewater treatment facilities.</p> <p>The land use rights of the property have been granted to the Group for a term expiring on 13 March 2069 for industry use.</p>	The phase I of the property is occupied by the Group for production and ancillary purposes, and the phase II of the property is bare land as at the valuation date.	<p>288,733,000</p> <p>(66% interest attributable to the Group: 190,564,000)</p>

*Notes:*

- Pursuant to a Real Estate Title Certificate – Su (2019) Taizhou Bu Dong Chan Quan Di No. 0003129, the land use rights of a parcel of land with a site area of approximately 57,977.00 sq.m. have been granted to Jiangsu Cellularforce Biotechnology Co., Ltd. (江蘇賽孚士生物技術有限公司, or abbreviated as “Cellularforce”, which is an indirect non-wholly owned subsidiary of the Company) for a term expiring on 13 March 2069 for industry use.

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2. Pursuant to a Real Estate Title Certificate – Su (2023) Taizhou Bu Dong Chan Quan Di No. 0004234, 9 buildings and structures and 4 corridors with a total gross floor area of approximately 43,571.43 sq.m. are owned by Cellularforce. The details are set out as follows:

<u>No.</u>	<u>Usage</u>	<u>Gross Floor Area</u> <i>(sq.m.)</i>
1	Research and development complex building	11,701.43
2	Quality control and pilot building	8,498.13
3	Stoste and preparation complex	13,002.48
4	Main warehouse	3,801.49
5	Central power station	5,765.10
6	Gate#1	26.02
7	Gate#2	26.02
8	Chemical warehouse	108.00
9	Wastewater treatment facilities	342.00
10	Corridor#1	81.69
11	Corridor#2	54.31
12	Corridor#3	73.57
13	Corridor#4	91.19
<b>Total</b>		<b>43,571.43</b>

3. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisors, which contains, inter alia, the following:

- a. The Group legally own the land use rights of the property mentioned in Note 1 for the production and operation use.
- b. The Group legally own the property interests of the buildings and structures mentioned in Note 2 for the production and operation use.
- c. The land and buildings of the property was mortgaged. The mortgagee is Taizhou Branch of Shanghai Pudong Development Bank Co., Ltd.

4. 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:

<u>Group</u>	<u>Market value</u> <u>in existing state</u> <u>as at the</u> <u>Valuation Date</u> <i>(RMB)</i>
Group I – Property interest held and occupied by the Group in the PRC	280,723,000
Group II – Property interest held to be developed by the Group in the PRC	8,010,000
<b>Grand-total:</b>	<b>288,733,000</b>