

7 November 2024

The Board of Directors
Jiangsu Guofu Hydrogen Energy Equipment Co., Ltd.
(江蘇國富氫能技術裝備股份有限公司)
No. 236 Guotai North Road
Zhangjiagang City, Suzhou City
Jiangsu Province, the PRC

Dear Sirs/Madams,

INSTRUCTIONS

In accordance with the instructions of Jiangsu Guofu Hydrogen Energy Equipment Co., Ltd. (江蘇國富氫能技術裝備股份有限公司) (the “Company”) for us to carry out the valuation of the property interests (the “Property”) located in the People’s Republic of China (the “PRC”) 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 Property as at 31 August 2024 (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*”.

In valuing the Property, we have complied with all the requirements set out 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 “Listing Rules”), the RICS Valuation — Global Standards 2022 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.

VALUATION ASSUMPTIONS

Our valuation of the Property 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 Property valued nor for any expenses 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.

In the course of our valuation of the Property in the PRC, we have relied on the advice given by the Company and its legal advisor, being Lifeng Partners (上海禮豐律師事務所) (the “PRC Legal Advisor”), regarding the title to the Property.

In valuing the Property, we have relied on a legal opinion regarding the Property provided by the PRC Legal Advisors dated 7 November 2024 (the “PRC Legal Opinion”). Unless otherwise stated, the Company has legally obtained the land use rights of the Property.

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

In valuing the Property, due to the nature of the buildings and structures of the subject property, there are no market sales comparables readily available. We have valued the property interests on the basis of its depreciated replacement cost. Depreciated replacement cost is defined as “*the current cost of replacing an asset with its modern equivalent asset less deduction for physical deterioration and all relevant forms of obsolescence and optimization*”. It is based on an estimation of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the building, including the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the Property in the PRC. Where possible, we have examined the original documents to verify the existing title to the Property in the PRC and any material encumbrance that might be attached to the Property or any tenancy amendment. All documents have been used for reference only and all dimensions, measurements and areas are approximate. In the course of our valuation, we have relied considerably on the PRC Legal Opinion given by the PRC Legal Advisor, concerning the validity of the title of the Property in the PRC.

SITE INVESTIGATION

We have inspected the exteriors and, where possible, the interior of the subject property. The site inspection was carried out on 6 March 2024 by Turman Cheung (Senior Analyst). He has more than 3 years' experience in valuation of properties in the PRC.

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 property is 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 Company or the PRC Legal Advisor or other professional advisors on such matters as statutory notices, planning approvals, zoning, easements, tenures, completion date of buildings, development proposal, identification of the property, 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 Company. We have also sought confirmation from the Company 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 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.

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 Renminbi (RMB).

Our valuation certificate is attached below.

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 10 years' experience in valuation of properties including Hong Kong, the PRC, the U.S., and East and Southeast Asia.

VALUATION CERTIFICATE

Property interests held for owner occupation by the Company in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2024
			<i>RMB</i>
No. 1268 Fuxin Road, Yangshe Town, Zhangjiagang City, Suzhou City, Jiangsu Province, the PRC (中國江蘇省蘇州市張家港市楊舍鎮福新路1268號)	<p>The property comprises three 4- to 6-storey industrial buildings, with a total gross floor area of approximately 105,057.86 sq.m.</p> <p>The property was held for owner occupation as at the Valuation Date.</p> <p>As advised by the Company, the property was completed in 2023.</p> <p>The property is located at the junction of Fuxin Road and Guotai North Road in Yangshe Town, Zhangjiagang City of Suzhou City, with approximately 22.2 km to Zhangjiagangbei Railway Station and 54.9 km to Wuxi Shuofang Airport.</p> <p>The land use rights of the property have been granted for a term expiring on 13 February 2072 for industrial use.</p>	The property was occupied by the Company as at the Valuation Date.	<p>338,670,000</p> <p>(100% interest attributable to the Company: 338,670,000)</p>

Notes:

1. Pursuant to a Real Estate Ownership Certificate — Su (2023) Zhang Jia Gang Shi Bu Dong Chan Quan Di No. 8299302 issued by the Zhangjiagang Municipal Bureau of Natural Resources and Planning (張家港市自然資源和規劃局), the land use rights of the property with a total site area of approximately 77,464.69 sq.m. for a term expiring on 13 February 2072 for industrial use and the building ownership of the property with a total gross floor area of approximately 105,057.86 sq.m. for industrial use have been vested in the Company.
2. We have been provided with the PRC Legal Opinion, which contains, inter alia, the following:
 - a. The Company legally and validly obtained the land use rights and the building ownership of the property under the terms of the Real Estate Ownership Certificate;
 - b. The land use rights of the property have been pledged to China Construction Bank Corporation Zhangjiagang Sub-branch (中國建設銀行股份有限公司張家港支行), Shanghai Pudong Development Bank Zhangjiagang Sub-branch (上海浦東發展銀行張家港支行), Jiangsu Bank Zhangjiagang Sub-branch (江蘇銀行張家港支行) and Jiangsu Zhangjiagang Rural Commercial Bank Co., Ltd. (江蘇張家港農村商業銀行股份有限公司);
 - c. The property has not been subjected to any other encumbrances; and
 - d. The Company has the right to freely occupy or use the property, but is subject to regulations and contractual provisions that impose restrictions or prohibitions on the transfer, mortgage, lease, or dispose of the property during the validity period of the pledges.

3. Our valuation has been made on the following basis and analysis:

In our valuation of the land use rights, we have considered and analyzed 5 land sale comparables in the vicinity. The adjusted site values of the land sales range from RMB410 to RMB530 per sq.m. for industrial use. The unit rate adopted in the valuation is consistent with the unit rates of the relevant comparables after due adjustments in terms of location, time and size, etc.

Regarding the building portion, the current replacement cost of the building is assessed by determining the construction cost of a modern substitute building with the same service capacity as the building which is being valued. The adjusted replacement costs range from RMB2,300 per sq.m. to RMB3,000 per sq.m. for industrial buildings based on our research of the local construction costs. The replacement cost adopted in the valuation is consistent with the findings of our research.