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仲量聯行企業評估及諮詢有限公司
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公司牌照號碼 C-030171

21 November 2023

The Board of Directors
Ye Xing Group Holdings Limited
31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Dear Sirs,

Pursuant to the information provided, Beijing Hongkun Ruibang Property Management Company Limited (as transferee, "**Hongkun Ruibang**", an indirect wholly-owned subsidiary of Ye Xing Group Holdings Limited (the "**Company**", hereinafter together with Hongkun Ruibang and other Company's subsidiaries referred to as the "**Group**") entered into a Property Right-of-use Transfer Agreement (the "**Transfer Agreement**") dated 26 September 2023 with Beijing Ruihongda Enterprise Consulting Co., Ltd. (as transferor, "**Beijing Ruihongda**"), pursuant to which Beijing Ruihongda agreed to transfer and Hongkun Ruibang agreed to acquire the right-of-use of certain units on the 1st to 6th floors of the office building located at Block D of Hongkun Xinduhui (the "**Property**") which is located at No. 8 Hong Fu Lu, Xihongmen, Daxing District, Beijing, the People's Republic of China (the "**PRC**") with a use term commencing from the date of approval of the Transfer Agreement and the Acquisition contemplated thereunder by the Shareholders in accordance with the Listing Rules to 30 June 2041.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**JLL**" or "**we**") are instructed to provide our opinion on the market value of the right-of-use of the Property for disclosure purpose. 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 right-of-use of the property interest as at 31 August 2023 (the "**valuation date**").



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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”.

Due to the nature of the proposed transaction, as per the instruction from the Company, we are instructed to provide our opinion on the market value of the right-of-use of the Property. Transactions involving property interest of the same nature in the market are very rare. On the other hand, the Property is used for office and has the potential to receive rental income through letting arrangements and rental comparables are more readily available. Therefore, we consider income approach, which is commonly used to value property interest with rental income receiving potential, is an appropriate method for valuing the right-of-use of the Property.

We have adopted the income approach in our valuation by taking into account the rental income of the Property achievable in the existing market during the right-of-use term, which has been then discounted to a present value at an appropriate market yield.

Our valuation has been made on the assumption that the transferor transfers 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 transfer. Unless otherwise stated, it is assumed that the property interest is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the right-of-use of 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, particulars of occupancy, lettings, and all other relevant matters.



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We have been shown copies of title documents including State-owned Land Use Rights Certificate, Construction Work Planning Permit, Construction Work Commencement Permit and other official plans relating to the property interest in the PRC 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 have relied considerably on the advice given by the Company's PRC Legal Advisors – Hylands Law Firm, concerning the validity of the property interest 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 at 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.

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 on 6 April 2023 by Sally Zhao who is a China Certified Real Estate Appraiser and has more than 5 years' experience in the valuation of properties in the PRC.



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

The valuation certificate is attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited

A handwritten signature in black ink, appearing to read "Eddie T. W. Yiu", with a stylized flourish at the end.

Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Senior Director

Note Eddie T W Yiu is a Chartered Surveyor who has 29 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region

VALUATION CERTIFICATE

The right-of-use of the property interest to be transferred to Hongkun Ruibang for owner occupation purpose in the PRC

Property	Description and tenure	Particulars of occupancy	Market value of the right-of-use of the Property in existing state as at the valuation date
Certain office units on the 1st to 6th floors of the office building located at Block D of Hongkun Xinduhui No 8 Hong Fu Lu Xihongmen Daxing District Beijing The PRC	<p>The Property comprises various office units on the 1st to 6th floors of an 8-storey (including a 2-storey basement) office building located at Block D of Hongkun Xinduhui with a total gross floor area ("GFA") of approximately 4,982 85 sq m</p> <p>The office building was completed in 2016 with a GFA of approximately 10,796 02 sq m. It is located in Xihongmen Town of Daxing District, Beijing. The locality is near Xihongmen Station of Subway Line 4 and the surroundings are mainly office, retail and residential developments. It is well served by public transportation and various public facilities.</p> <p>The land use rights of the Property have been allocated for cultural and entertainment uses.</p>	As at the valuation date, the Property was occupied for office use.	RMB38,000,000

Notes

- Pursuant to a State-owned Land Use Rights Certificate dated 19 September 2014 – Jing Xing Guo Yong (2014 Hua) Di No 00025, the land use rights of a parcel of land (the office building is erected thereon) with a site area of approximately 4,986 81 sq m have been allocated to Beijing Hongkun Weiye Real Estate Development Co., Ltd ("Hongkun Weiye") for cultural and entertainment uses.
- Pursuant to a Construction Work Planning Permit – 2014 Gui (Da) Jian Zi No 0059 in favour of Hongkun Weiye, the office building with a planned GFA of approximately 10,796 02 sq m has been approved for construction.
- Pursuant to a Construction Work Commencement Permit – (2014) Shi Jian Zi No 0675 in favour of Hongkun Weiye, permissions by the relevant local authority were given to commence the construction of the office building with a planned GFA of approximately 10,796 02 sq m.
- As advised by the Group, the building ownership certificate of the office building has not obtained.



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- 5 As advised by the Group, Hongkun Weiye has transferred certain portion of the office building with a GFA of approximately 1,500 sq m to local government according to a transfer agreement entered into between Hongkun Weiye and the government of Xihongmen Town. The remaining portion of the office building has a GFA of approximately 9,296.02 sq m (the “**Remaining Portion**”). The Property comprises the aboveground part of the Remaining Portion with a total GFA of approximately 4,982.85 sq m.
- 6 Pursuant to an Office Building Operating Rights Transfer Agreement entered into between Hongkun Weiye and Beijing Ruihongda, the operating rights of the Remaining Portion have been transferred to Beijing Ruihongda for a term commencing on 1 July 2021 and expiring on 30 June 2042, the operating term will be automatically renewed upon expiration and the income during the operating period belongs to Beijing Ruihongda. According to this transfer agreement, Beijing Ruihongda has the rights to sublease or wholly lease the Remaining Portion.
- 7 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 as for the Remaining Portion mentioned in note 5, Hongkun Weiye has obtained the State-owned Land Use Rights Certificate, Construction Work Planning Permit and Construction Work Commencement Permit, but has not registered the building ownership rights of it. Hongkun Weiye has already transferred certain portion of the office building mentioned in note 5 to local government. Considering the above circumstances and in accordance with the principle of “land and building together as one body”, while Hongkun Weiye obtains the land use rights of the Remaining Portion, it has the use rights of the building erected on the land,
 - b according to the relevant PRC laws and regulations, Hongkun Weiye can transfer the right-of-use of the Remaining Portion through the transfer of operating rights. The Office Building Operating Rights Transfer Agreement mentioned in note 6 shall not be invalid due to the failure of the office building involved to apply for real estate registration, or the nature of allocated land use rights and transferring the right-of-use of the Remaining Portion not following the prescribed approval procedures. Beijing Ruihongda has the rights to re-transfer the operating rights of the Remaining Portion,
 - c the use of immovable property or movable property by its right-of-use holder does not require its prerequisite ownership of such immovable property or movable property, and therefore Hongkun Ruibang is not required to obtain the ownership of the Property to use the Property. The use of the Property by Hongkun Ruibang is not affected by the situation that Hongkun Ruibang has not obtained the ownership rights of the Property, and
 - d according to the Civil Code of the People’s Republic of China (中華人民共和國民法典), which stipulates that the maximum lease term should not exceed 20 years, the effective term of the operating rights of the Property shall expire on 30 June 2041 as the Operating Rights Transfer Agreement (as mentioned in note 6) has stated that the effective term of the operating rights commences on 1 July 2021.
- 8 According to the PRC legal opinion, Hongkun Weiye has obtained the land use rights and the right-of-use of the Remaining Portion, and Beijing Ruihongda has the rights to re-transfer the operating rights of the Remaining Portion. We have attributed commercial value to the right-of-use of the Property based on above legal opinion.



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- 9 Pursuant to the stated use of the Property as mentioned in the Transfer Agreement and the Office Building Operating Rights Transfer Agreement, in undertaking our valuation, we have identified and analyzed various relevant rental evidences of office units within the locality which have the similar characteristics as the Property, and selected three comparable properties. All the three selected comparable properties are office units within the locality which are similar to the Property in terms location and infrastructure. The daily rent of these comparable office units ranges from RMB2 60 to RMB2 80 per sq m (exclusive of value-added tax and management fee), appropriate adjustments and analysis are considered to the differences in several aspects including location, accessibility, size and other characters between the comparable properties and the Property to arrive at the market rent for a common typical sized office. The adjustment range for each factor is -5.5% to 4%, and we summed up the adjustment factors to reach the total adjustment. The general basis of adjustment is that if the comparable property is superior to the Property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the Property, an upward adjustment is made. Details of the three comparable properties and adjustments are set out below, the list of the comparable properties is exhaustive based on the above selection criteria as at the time we performed the valuation of the Property.

Comparable	A	B	C
Project name	Block A of Hongkun Xinduhui (鴻坤新都薈A座)	Starburst Plaza (嘉悅廣場)	Xingchuang International Center (興創國際中心)
Location	No. 3 Hong Fu Lu, Daxing District	No. 9 Hongye Lu, Daxing District	North of Hongkang Lu, East of Xinmei Lu, Daxing District
Usage	Office	Office	Office
Year of completion	2015	2014	2015
GFA (sq m)	820	50	130
Floor	Mid-zone	Low-zone	Low-zone
Maintenance condition	Good	Good	Good
Daily rent before adjustment (RMB/sq m)	2 60	2 67	2 80



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Comparable	A	B	C
Adjustment factors:			
Asking rent	-2%	-2%	-2%
Location and accessibility	0%	-3.5%	-5.5%
Building age and maintenance condition	0%	0%	0%
Size	4%	-2%	0%
Floor	-2%	0%	0%
Total adjustment	0%	-7.5%	-7.5%
Adjusted daily rent (RMB/sq m)	2.60	2.47	2.59

Based on the analysis of the three comparable properties, the adjusted average daily rent of the three comparable properties is RMB2.55 per sq m per day.

- 10 According to our research and professional leasing agent's advice, under general market condition in the locality of the Property, leasing an entire office building as a whole lease, as opposed to leasing individual units, can result in rental bulk discount, especially for longer lease term. In the valuation of the right-of-use of the Property almost as an entire building under a long right-of-use period, we have applied a 20% discount to the adjusted average daily rent of the three comparable properties to allow for the aforementioned factor. With the discount, the market rent we adopted for the right-of-use of the Property in the valuation is RMB2.04 per sq m per day.
- 11 Based on our research of the sales and lease transactions of the office units within the locality which have the similar characteristics as the Property and were transacted within one year from the valuation date, the yield implied in those transactions are in the range of 4.5% to 6.0%. Considering the location, use term, right-of-use nature and other characteristics of the Property, we have applied a market yield of 6.0% for the right-of-use of the Property in the valuation.
- 12 Based on the above research, we are of the opinion that the potential rental income of the Property achievable in the existing market with a 5% structural vacancy rate as at the valuation date would be approximately RMB3,527,000 each year during the remaining use term of about 17.8 years of the right-of-use of the Property, which have been discounted to a present value of RMB38,000,000 at the market yield of 6.0%.



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- 13 The following table demonstrates the sensitivity analysis of the market value of the right-of-use of the Property in existing state as at valuation date to hypothetical changes in market rent and market yield

Hypothetical changes in the input	Market value of the right-of-use of the Property in existing state as at valuation date (RMB)
Market rent	
10%	41,000,000
0%	38,000,000
-10%	34,000,000
Market yield	
10%	36,000,000
0%	38,000,000
-10%	39,000,000