



Asia-Pacific Consulting and Appraisal Limited

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Kiu Fu Commercial Building
300 Lockhart Road
Wan Chai
Hong Kong

23 October 2024

The Board of Directors
Beijing Biostar Pharmaceuticals Co., Ltd.
Room 310, 3/F, Building 3
No. 88 Courtyard, Kechuang Sixth Street
Beijing Economic-Technological Development Area
Beijing
PRC

Dear Sirs,

Instructions, Purpose and Date of Valuation

In accordance with your instructions to value selected the property interests held by Beijing Biostar Pharmaceuticals 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 property interests as at 31 August 2024 (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 prospectus.

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 properties 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 properties 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.

Valuation Assumptions

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

No allowance has been made in our report for any charge, mortgage or amount owing on any of the 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 properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

Valuation Standards

In valuing the 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 — Professional 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 State-owned Land Use Rights Certificate and other official permits relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal adviser — Beijing DeHeng Law Offices, concerning the validity of the 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 properties 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 properties. 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 properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The site inspection was carried out in March 2024 by Mr. David Cheng who is a member of Royal Institution of Chartered Surveyor and has over 22 years' experience in the valuation of assets in the Greater China Region, the Asia-Pacific region, the United States and Canada.

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.

SUMMARY OF VALUES

Abbreviation:

Group I — Property interests held and occupied by the Group in the PRC

Group II — Property interest held under development by the Group in the PRC

No. Property	Market value in existing state as at the Valuation Date <i>RMB</i>	Market value in existing state as at the Valuation Date <i>RMB</i>	The total market value in existing state as at the Valuation Date <i>RMB</i>
	Group I:	Group II:	
1. A parcel of land, 7 completed buildings and structures, 6 buildings and various ancillary structures under construction located at Donglin District, Western Hi-tech Industrial Development Zone, Chengdu City, Sichuan Province, The PRC	29,432,000	86,034,000	115,466,000
Total:	<u>29,432,000</u>	<u>86,034,000</u>	<u>115,466,000</u>

Note: For the 7 buildings of Group I without proper title certificates, we have not attributed commercial value to them. However, for reference purpose, we are of the opinion that the depreciated replacement cost of them (excluding land element) as at the valuation date would be RMB 66,613,000 assuming all relevant title certificates have been obtained and they could be freely transferred.

VALUATION CERTIFICATE

Group I — Property interests held and occupied by the Group in the PRC

Group II — Property interest held under development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the Valuation Date <i>RMB</i>
1.	A parcel of land, 7 completed buildings and structures, 6 buildings and various ancillary structures under construction located at Donglin District, Western Hi-tech Industrial Development Zone, Chengdu City, Sichuan Province, The PRC	<p>The property comprises: (i) a parcel of land with a site area of approximately 53,333.33 sq.m. and 7 buildings and ancillary structures erected thereon which were completed in January 2018 (“Clinical study of the national Class 1 anti-tumor innovative drug epothilone UTD1 industrialization base and synthetic biology technology production and transformation base Phase I”, categorized as Group I); and (ii) 6 buildings and various ancillary structures which were under construction as at the valuation date (“Clinical study of the national Class 1 anti-tumor innovative drug epothilone UTD1 industrialization base and synthetic biology technology production and transformation base Phase II”, categorized as Group II).</p> <p>The 7 buildings of Phase I have a total gross floor area of approximately 10,574.51 sq.m., include an office building and 6 industrial buildings.</p> <p>The structures of Phase I mainly include roads and boundary walls.</p> <p>The 6 buildings and various ancillary structures of Phase II are scheduled to be completed in December 2025. Upon completion, the 6 buildings will have a gross floor area of approximately 47,276.81 sq.m. The total construction cost of the Phase II is estimated to be approximately RMB352,590,000, of which RMB86,034,000 had been paid up to the Valuation Date.</p> <p>The land use rights of the property have been granted for a term expiring on 1 May 2065 for industry use.</p>	The Phase I of the property was occupied for production, office and ancillary purposes and the Phase II of the property was under construction as at the valuation date.	115,466,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Cheng Gao Guo Yong (2015) Di No. 45156, the land use rights of a parcel of land with a site area of approximately 53,333.33 sq.m. have been granted to Chengdu Biostar Pharmaceuticals Co., Ltd. (成都華昊中天藥業有限公司, “Chengdu Biostar”, a wholly-owned subsidiary of the Company) for a term expiring on 1 May 2065 for industry use.
2. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 510124201639018 in favour of Chengdu Biostar, various buildings of Phase I of the property with a total gross floor area of approximately 10,626.00 sq.m. has been approved for construction.
3. Pursuant to a Construction Work Commencement Permit — No. CGGJ (2016) J045 in favour of Chengdu Biostar, permission by the relevant local authority was given to commence the construction work of various buildings of Phase I of the property with a total gross floor area of approximately 10,626.00 sq.m.
4. Pursuant to a Construction Work Completion Acceptance Report — various buildings of Phase I of the property with a total gross floor area of approximately 10,626.00 sq.m. has been completed and passed the acceptance inspection.
5. For the 7 completed buildings of Phase I of the property with a total gross floor area of approximately 10,574.51 sq.m., we have not been provided with any title certificates.
6. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 510109202131939 in favour of Chengdu Biostar, various industrial buildings and auxiliary facilities of Phase II of the property with a total gross floor area of approximately 47,276.81 sq.m. has been approved for construction.
7. Pursuant to a Construction Work Commencement Permit — No. 510109202211230701 in favour of Chengdu Biostar, permission by the relevant local authority was given to commence the construction work of various industrial buildings and auxiliary facilities of Phase II of the property with a total gross floor area of approximately 47,276.81 sq.m.
8. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
 - a. Chengdu Biostar legally held the land use rights of the property and has the right to legally occupy and use the land. The interests of Chengdu Biostar are protected by Chinese law, and there is no ownership dispute regarding the state-owned land use rights.
 - b. Chengdu Biostar has obtained Construction Work Planning Permit and Construction Work Commencement Permit in respect of the construction of the buildings of Phase I of the property. There is no substantive legal obstacle to obtaining the ownership certificates of the buildings of Phase I of the property. Chengdu Biostar legally held the building ownership of Phase I of the property and has the right to legally occupy and use the buildings. The interests of Chengdu Biostar are protected by Chinese law, and there is no ownership dispute regarding the building ownership rights.
 - c. Chengdu Biostar has obtained Construction Work Planning Permit and Construction Work Commencement Permit in respect of the construction of the buildings of Phase II of the property. There is no ownership dispute regarding the CIP.

9. 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:

Group	Market value in existing state as at the Valuation Date (RMB)
Group I — Property interest held and occupied by the Group in the PRC	29,432,000
Group II — Property interest held under development by the Group in the PRC	<u>86,034,000</u>
Grand-total:	<u><u>115,466,000</u></u>

Note: In the valuation of this property, we have relied on the aforesaid legal opinion and attributed no commercial value to the 7 buildings of Phase I of the property which have not been obtained any proper title certificates. However, for reference purpose, we are of the opinion that the depreciated replacement cost of them (excluding land element) as at the valuation date would be RMB66,613,000 assuming all relevant title certificates have been obtained and they could be freely transferred.