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29 November 2021

The Board of Directors
China 21st Century Education Group Limited
31 Floor, Tower 2
Times Square
1 Matheson Street
Causeway Bay, Hong Kong

Dear Sirs/Madams,

INSTRUCTIONS

In accordance with the instructions of China 21st Century Education Group Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) for us to carry out the valuation of the property interests located at Hengshan Village, Luquan District Development Zone, Shijiazhuang City, Hebei Province, the People’s Republic of China (the “**PRC**”) — Shijiazhuang Institute of Technology (石家莊理工職業學院) held by Hebei Lionful Education Investment Co., Ltd. (河北廿一世紀教育投資有限公司) (the “**Target Company**”, a connected party of the Group). 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 interests as at 30 September 2021 (the “**Valuation Date**”).

VALUATION STANDARDS

In valuing the property interests, 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 2020 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.

BASIS OF VALUATION

Our valuation is carried out on a market value basis, which 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”*.

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 interests 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 assumed that transferable land use rights in respect of the property for a specific term at nominal annual land use fees have been granted and that any premium has already been fully settled. We have relied on the advice given by the Company regarding the title to the property. For the purpose of our valuation, we have assumed that the grantee has an enforceable title to the property.

In valuing the property in the PRC, we have assumed that the grantees or the users of the property have free and uninterrupted rights to use or to assign the property for the whole of the unexpired term as granted.

Unless noted in the report, vacant possession is assumed for the property concerned.

Moreover, we have assumed that the design and construction of the property is/will be in compliance with the local planning regulations and requirements and had been/would have been duly examined and approved by the relevant authorities. Continued uses assumes the property will be used for the purposes for which the property is designed and built, or to which it is currently adapted. The valuation on the property in continued uses does not represent the amount that might be realised from piecemeal disposition of the property in the open market.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed. Moreover, it is assumed that all required licences, consents or other legislative or administrative authority from any local, provincial or national government or private entity or organisation either have been or can be obtained or renewed for any use which the report covers.

It is also assumed that all applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined and considered in the valuation report. In addition, it is assumed that the utilisation of the land and improvements are within the boundaries of the property described and that no encroachment or trespass exists, unless noted in the report.

We have further assumed that the property was not transferred or involved in any contentious or non-contentious dispute as at the valuation date. We have also assumed that there was not any material change of the property in between dates of our inspection and the valuation date.

VALUATION METHODOLOGY

In the course of our valuation, unless otherwise stated, we have valued the property in its designated uses with the understanding that the property will be used as such (hereafter referred to as “**continued uses**”).

In valuing the property interests, due to the nature of the buildings and structures of the property interests, there are no market sales comparables readily available, we have valued a property 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 improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

In valuing the property interests, we have attributed no commercial value to the property interests, which have not assigned to the Group as of valuation date, thus the title of the property is not vested in the Group.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the property interests in the PRC. 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 interests 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 legal opinion dated 5 November 2021 given by the Company’s PRC legal adviser — Jingtian & Gongcheng (競天公誠律師事務所), concerning the validity of title of the property interests in the PRC.

SITE INVESTIGATION

We have inspected the exteriors and, where possible, the interior of the property. The site inspection was carried out on 22 October 2021 by Amber Liu (Senior Valuer with more than 3 years' experience). However, we have not carried out an investigation on site to determine the suitability of ground conditions and services for any development thereon. 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.

Moreover, no structural surveys have been undertaken, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the property is free of rot, infestation or any other structural defects. No tests were carried out on any of the utility services.

SOURCE OF INFORMATION

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Company or the legal or other professional advisers 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

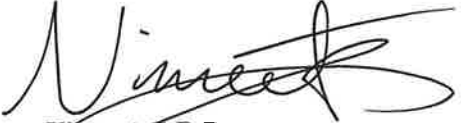
Wherever the content of this report is extracted and translated from the relevant documents supplied in Chinese context and there are discrepancies in wordings, those parts of the original documents will take prevalent.

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 Director

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 the valuation of properties including Hong Kong, the PRC, the U.S., Canada, East and Southeast Asia including Singapore, Japan and Korea.

PROPERTY INTERESTS HELD FOR INVESTMENT BY THE TARGET COMPANY IN THE PRC

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2021 RMB																																		
Various blocks of buildings located at Hengshan Village, Luquan District Development Zone, Shijiazhuang City, Hebei Province, the PRC	<p>The property comprises a parcel of land with a total site area of approximately 157,639.25 sq.m. and various blocks of buildings with a total gross floor area of approximately 82,267.09 sq.m., in which 72,108.09 sq.m. with Building Ownership Certificates and 10,159.00 sq.m. without Building Ownership Certificates completed between 2005 and 2014.</p> <p>The details of the gross floor area are set out as follows:</p> <table border="0" style="width: 100%; margin-top: 10px;"> <thead> <tr> <th style="text-align: left;">Building</th> <th style="text-align: right;">Approximate Gross Floor Area (Sq.m.)</th> </tr> </thead> <tbody> <tr> <td colspan="2">With Ownership Certificates:</td> </tr> <tr> <td>Canteen</td> <td style="text-align: right;">5,207.07</td> </tr> <tr> <td>Muslim Canteen</td> <td style="text-align: right;">937.28</td> </tr> <tr> <td>Vehicle Training Centre</td> <td style="text-align: right;">2,172.02</td> </tr> <tr> <td>Canteen 210</td> <td style="text-align: right;">8,743.46</td> </tr> <tr> <td>Dormitory 204</td> <td style="text-align: right;">5,653.20</td> </tr> <tr> <td>Dormitory 205</td> <td style="text-align: right;">6,964.24</td> </tr> <tr> <td>Dormitory 206</td> <td style="text-align: right;">7,030.59</td> </tr> <tr> <td>Dormitory 208</td> <td style="text-align: right;">12,682.55</td> </tr> <tr> <td>Canteen 211</td> <td style="text-align: right;">8,013.36</td> </tr> <tr> <td>Dormitory 212</td> <td style="text-align: right;">5,394.76</td> </tr> <tr> <td>Dormitory 213</td> <td style="text-align: right;"><u>9,309.56</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u>72,108.09</u></td> </tr> <tr> <td colspan="2">Without Ownership Certificates:</td> </tr> <tr> <td>Library</td> <td style="text-align: right;"><u>10,159.00</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u>10,159.00</u></td> </tr> </tbody> </table>	Building	Approximate Gross Floor Area (Sq.m.)	With Ownership Certificates:		Canteen	5,207.07	Muslim Canteen	937.28	Vehicle Training Centre	2,172.02	Canteen 210	8,743.46	Dormitory 204	5,653.20	Dormitory 205	6,964.24	Dormitory 206	7,030.59	Dormitory 208	12,682.55	Canteen 211	8,013.36	Dormitory 212	5,394.76	Dormitory 213	<u>9,309.56</u>	Total:	<u>72,108.09</u>	Without Ownership Certificates:		Library	<u>10,159.00</u>	Total:	<u>10,159.00</u>	<p>As at the valuation date, portion of the subject property with a total gross floor area of approximately 47,472.09 sq.m. was leased to Shijiazhuang Institute of Technology at an annual rent of RMB3,700,000 with the lease period from 1 January 2021 to 31 December 2025 for educational and dormitory uses. (see Note vi)</p>	284,420,000
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	<p>The property is located in a campus with a total site area of approximately 284,459 sq.m. The campus mainly comprises teaching buildings, dormitories, laboratories and related ancillary facilities completed in the period between 2005 and 2014.</p> <p>The property is located at Luquan District of Shijiazhuang City, near the Shijiazhuang Zoo, with approximately 15 km to Shijiazhuang North Train station and 50 km to Shijiazhuang Zhengding International Airport.</p> <p>The land use rights have been granted for a term expiring on 17 April 2052 for educational use.</p>																																				

Notes:

- i. Pursuant to a State-owned Land Use Rights Certificate — Lu Guo Yong Di No. (2007) 02-1709 dated 19 January 2010 issued by the Luquan City People's Government (鹿泉市人民政府), the land use rights of a parcel of land with a total site area of approximately 284,459 sq.m. have been granted to Hebei Lionful Education Investment Co., Ltd. (河北廿一世紀教育投資有限公司) for a term expiring on 17 April 2052 for educational use.
- ii. In accordance with the instruction from the Company, our valuation has performed to the land with a site area of approximately 157,639.25 sq.m. and buildings have a total gross floor area of approximately 82,267.09 sq.m. thereon.
- iii. Pursuant to six Building Ownership Certificates issued by the People's Government of Luquan City (鹿泉市人民政府), the buildings with a total gross floor area of approximately 72,108.09 sq.m. have been vested to Hebei Lionful Education Investment Co., Ltd. (河北廿一世紀教育投資有限公司) with key details as follows:

No.	Building Ownership Certificate No.	Issue Date	Usage	Gross Floor Area (sq.m.)
1	Lu (Fang Quan Zheng) Gao Xin Zi No. 1350000063	28 February 2008	Other	32,235.02
2	Lu (Fang Quan Zheng) Gao Xin Zi No. 1350000063	28 February 2008	Other	8,743.46
3	Lu (Fang Quan Zheng) Gao Xin Zi No. 1350000063	28 February 2008	Other	12,683.79
4	Lu (Fang Quan Zheng) Gao Xin Zi No. 1350000063	6 July 2009	Educational	6,964.24
5	Lu (Fang Quan Zheng) Gao Xin Zi No. 1350000948	22 September 2014	Training Centre	2,172.02
6	Lu (Fang Quan Zheng) Gao Xin Zi No. 1350001131	19 January 2015	Dormitory	<u>9,309.56</u>
Total:				<u>72,108.09</u>

- iv. Pursuant to the Construction Works Planning Permit issued by the Planning Bureau of Luquan City (鹿泉市規劃管理處) — Lu Jian Fa No. 03(01) dated 31 July 2003 in favour of Hebei Bei Fang Education Investment Co., Ltd. (河北北方教育投資有限公司), which is now renamed to Hebei Lionful Education Investment Co., Ltd. (河北廿一世紀教育投資有限公司), the development with a total gross floor area of approximately 10,159 sq.m. has been approved for the construction of the library. As advised by the Target Company, the library has been completed in 2008 and came into service in 2012 without outstanding fees.
- v. Pursuant to a Confirmation Letter (確認函) issued by Housing and Urban-rural Development Bureau of Luquan District, Shijiazhuang City dated 3 January 2017, the bureau will not impose any penalties on the Target Company for not obtaining the Building Ownership Certificate, the Target Company can continue to use the relevant property. The bureau will issue the certificate to the Target Company and there is no legal impediment for the Target Company in obtaining the certificate. As confirmed by the Company, the Building Ownership Certificate is expected to be obtained on or before 31 July 2022.
- vi. Pursuant to the tenancy agreement, portion of the property with a total gross floor area of approximately 47,472.09 sq.m. was leased to Shijiazhuang Institute of Technology, for educational and dormitory uses for a term of 5 years, commencing from 1 January 2021 to 31 December 2025. The annual rent is approximately RMB3,700,000 as at the valuation date. As advised by the Target Company, the remaining portion of the property was occupied by Shijiazhuang Institute of Technology as at the valuation date.
- vii. Pursuant to the supplemental agreement dated 18 December 2017 between Target Company and Shijiazhuang Institute of Technology, Target Company and Shijiazhuang Institute of Technology has owned 75% and 25% shares of the State-owned Land Use Rights respectively. Pursuant to the Asset Restructuring Agreement dated 20 November 2020 between Target Company and Shijiazhuang Institute of Technology, Target Company agreed to sell and Shijiazhuang Institute of Technology agreed to purchase the buildings ownership and the land use rights with a site area of 51,887 sq.m. (i.e. 18.24% of total site area) to each other, subject to the terms contained in the circular

at a total consideration of RMB105,000,000. Hence, Shijiazhuang Institute of Technology owned 43.24% shares in a total site area of the State-owned Land Use Rights mentioned in Note i and Target Company owned the remaining 56.76% shares.

- viii. We have been provided with a legal opinion dated 5 November 2021 regarding the property interest by the Company's PRC legal adviser, which contains, *inter alia*, the following:
- a. The Target Company has legally obtained the building ownership certificate mentioned in Note iii of the property and has the right to occupy, use, lease, dispose and transfer the property;
 - b. After the approval of completion of the construction work, the Target Company can legally obtain the building ownership certificate of the library mentioned in Note iv. After that, the Target Company has the right to occupy, use, lease and dispose the property; and
 - c. Housing and Urban-rural Development Bureau of Luquan District, Shijiazhuang City is an authorized bureau to issue the confirmation letter mentioned in Note v.
- ix. In undertaking our valuation, we have assigned no commercial value to the library with a total gross floor area of approximately 10,159 sq.m. since it has not obtained valid title certificates. For reference purpose, we are of the opinion that the estimated value of the library as at the valuation date would be RMB25,960,000, assuming the library has obtained valid title certificates and could be freely transferred in the market.
- x. In our valuation, we have made reference to four land transaction price references of land comparables in the subject and nearby development. We have adopted the range of land price unit rates between RMB670 and RMB930 per sq.m. The land price unit rates assumed by us are consistent with the said price reference. Due adjustments to the unit rates of those price reference have been made to reflect factors including but not limited to time, location and size in arriving at the key assumptions.