

**THE MARKET VALUE OF THREE PARCELS OF LAND  
LOCATED AT GAOYI COUNTY, SHIJIAZHUANG CITY,  
HEBEI PROVINCE, THE PRC**

**Valuation Report**

**Prepared for:**

**China 21st Century Education Group  
Limited**

**Valuation Date as of  
30 April 2022**

**STRICTLY PRIVATE AND CONFIDENTIAL**

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24 June 2022

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 in the People’s Republic of China (the “**PRC**”) intended to be acquired by 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 April 2022 (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 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.

## 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 properties are 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 Group and its legal adviser 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.

## VALUATION METHODOLOGY

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

In valuing the property interests, we have valued by market approach which is generally by comparing recent market evidence of similar properties located in the neighborhood area of the property. Adjustments are considered to reflect the differences in various aspects including market conditions, size, location, time and any other relevant factors when comparing such sales against the property. This approach is commonly used to value properties where reliable market evidence is available. 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 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**

Due to the unfavourable effect of the Novel Coronavirus (COVID-19) and certain restrictions on travelling in the PRC, site inspection of the property was carried out on 15 May 2022 by our Shenzhen office senior valuer, Tina Li (more than 4 years property valuation experience). At the same time, we have also sought the assistance from Ms. Tina Li to carry out live broadcast and photo taking of the property during the site inspection so that our experienced valuer, Sarah Lee (MRICS MHKIS(GP) RICS Registered Valuer), was able to take part in the site inspection and understand the conditions of the property. 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.

## **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 properties, 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 valuations are summarized below and the valuation certificates are attached.

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.

## SUMMARY OF VALUES

### Property interests intended to be acquired by the Group for future development in the PRC

No.	Property	Market value in existing state as at 30 April 2022 RMB
1. (Land IIIa)	One parcel of educational land located at the southwest of Wancheng Village, Wancheng Town, Gaoyi County, Shijiazhuang City, Hebei Province, the PRC	No commercial value
2. (Land IIIb)	One parcel of educational land located at the southwest of Wancheng Village, Wancheng Town, Gaoyi County, Shijiazhuang City, Hebei Province, the PRC	No commercial value
3. (Land IV)	One parcel of commercial land located at the southwest of Wancheng Village, Wancheng Town, Gaoyi County, Shijiazhuang City, Hebei Province, the PRC	No commercial value
<b>Total:</b>		<b><u>No commercial value</u></b>

## VALUATION CERTIFICATE

### Property interests intended to be acquired by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2022
1.	One parcel of educational land located at the southwest of Wancheng Village, Wancheng Town, Gaoyi County, Shijiazhuang City, Hebei Province, the PRC	<p>The property comprises one parcel of educational land with a site area of approximately 153,502.86 sq.m. and the plot ratio should be not less than 1.14 and not more than 1.6.</p> <p>As advised by the Group, the property will be developed into the new campus of Shijiazhuang Institute of Technology.</p> <p>The property is located at Shijiazhuang City, near the Gaoyixi Railway Station, with approximately 500 m to Gaoyixi Railway Station and 90 km to Shijiazhuang Zhengding International Airport.</p> <p>The relevant land grant formalities have not been performed and both the Land Grant Contracts and Land Use Right Certificates have not been obtained for the land parcel. The term of the land use rights will be 50 years.</p>	The property was vacant as at the valuation date.	No commercial value

*Notes:*

- i. Pursuant to the Cooperation Framework Agreement and supplementary agreements entered into between Hebei Zerui Education Technology Co., Ltd., an indirect wholly-owned subsidiary of the Company, and the People's Government of Gaoyi County dated 17 April 2021 and 18 November 2021, the whole development comprises a total site area of approximately 1,200 mu.
- ii. Pursuant to the Tender Notice issued by Natural Resources and Planning Bureau of Gaoyi County, the key development parameters are listed as follows:

Address:	South of Wancheng Village, Wancheng Town, Gaoyi County
Land Plot No.:	Gao Guo Chu No. (2022) 09
Site Area:	153,502.86 sq.m.
Use:	Educational
Plot Ratio:	Not less than 1.14 and not more than 1.6
Green Ratio:	Not less than 35%
Building Density:	Not more than 30%
Height Limit:	Not more than 50 m
Land Use Term:	50 years



- iii. 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. The Cooperation Framework Agreement and supplementary agreements are valid, legal and enforceable;
  - b. The granting for the land parcel will be performed by means of bid invitation, auction and listing;
  - c. The Group has to submit the paper registration form and pay the deposit before 4 pm of 12 July 2022. Upon successful bidding of the land use rights, the Group has to sign the Confirmation Letter with Natural Resources and Planning Bureau of Gaoyi County. The Group also has to sign the Land Grant Contract with Natural Resources and Planning Bureau of Gaoyi County. After obtaining the Land Grant Contract and settling all the land premium and other relevant taxes, the Group can apply for the Real Estate Ownership Certificate with Natural Resources and Planning Bureau of Gaoyi County;
  - d. The Group would legally obtain the right of disposal, transfer, lease or pledge of the property when the Real Estate Ownership Certificate is granted to the Group; and
  - e. As at the issue date of the legal opinion, the Group has not obtained the land use rights of the property yet.
- iv. In undertaking our valuation, we have assigned no commercial value to the parcel of land with a total site area of approximately 153,502.86 sq.m. since it has not obtained valid title certificates and could not be freely transferred in the market. For your specific indicative purpose, assuming that the relevant land grant formalities of the property have been completed with all the land premium settled in full, and the property can be developed in accordance with the following usage and plot ratio which were provided and confirmed by the Group, by adopting market approach, the market value of the property was in the sum of RMB130,100,000 under assumed land use terms of 50 years for educational use as at the valuation date.

Site Area (sq.m.)	Plot Ratio	Usage
153,502.86	Not less than 1.14 and not more than 1.6	Educational

- v. In the course of our valuation of the vacant land, we have considered and analysed the educational land transactions in Shijiazhuang City. We have adopted the range of land price unit rates between RMB730 and RMB1,010 per sq.m. The unit rate adopted in the valuation is consistent with the unit rates of the relevant transactions after due adjustments in terms of location, time and size, etc.

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2022
2.	One parcel of educational land located at the southwest of Wancheng Village, Wancheng Town, Gaoyi County, Shijiazhuang City, Hebei Province, the PRC	<p>The property comprises one parcel of educational land with a site area of approximately 3,255.19 sq.m. and the plot ratio should be not less than 1.14 and not more than 1.6.</p> <p>As advised by the Group, the property will be developed into the new campus of Shijiazhuang Institute of Technology.</p> <p>The property is located at Shijiazhuang City, near the Gaoyixi Railway Station, with approximately 500 m to Gaoyixi Railway Station and 90 km to Shijiazhuang Zhengding International Airport.</p> <p>The relevant land grant formalities have not been performed and both the Land Grant Contracts and Land Use Right Certificates have not been obtained for the land parcel. The term of the land use rights will be 50 years.</p>	The property was vacant as at the valuation date.	No commercial value

*Notes:*

- i. Pursuant to the Cooperation Framework Agreement and supplementary agreements entered into between Hebei Zerui Education Technology Co., Ltd., an indirect wholly-owned subsidiary of the Company, and the People's Government of Gaoyi County dated 17 April 2021 and 18 November 2021, the whole development comprises a total site area of approximately 1,200 mu.
- ii. Pursuant to the Tender Notice issued by Natural Resources and Planning Bureau of Gaoyi County, the key development parameters are listed as follows:

Address:	South of Wancheng Village, Wancheng Town, Gaoyi County
Land Plot No.:	Gao Guo Chu No. (2022) 11
Site Area:	3,255.19 sq.m.
Use:	Educational
Plot Ratio:	Not less than 1.14 and not more than 1.6
Green Ratio:	Not less than 35%
Building Density:	Not more than 30%
Height Limit:	Not more than 50 m
Land Use Term:	50 years

- iii. 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. The Cooperation Framework Agreement and supplementary agreements are valid, legal and enforceable;
  - b. The granting for the land parcel will be performed by means of bid invitation, auction and listing;
  - c. The Group has to submit the paper registration form and pay the deposit before 4 pm of 12 July 2022. Upon successful bidding of the land use rights, the Group has to sign the Confirmation Letter with Natural Resources and Planning Bureau of Gaoyi County. The Group also has to sign the Land Grant Contract with Natural Resources and Planning Bureau of Gaoyi County. After obtaining the Land Grant Contract and settling all the land premium and other relevant taxes, the Group can apply for the Real Estate Ownership Certificate with Natural Resources and Planning Bureau of Gaoyi County;
  - d. The Group would legally obtain the right of disposal, transfer, lease or pledge of the property when the Real Estate Ownership Certificate is granted to the Group; and
  - e. As at the issue date of the legal opinion, the Group has not obtained the land use rights of the property yet.
- iv. In undertaking our valuation, we have assigned no commercial value to the parcel of land with a total site area of approximately 3,255.19 sq.m. since it has not obtained valid title certificates and could not be freely transferred in the market. For your specific indicative purpose, assuming that the relevant land grant formalities of the property have been completed with all the land premium settled in full, and the property can be developed in accordance with the following usage and plot ratio which were provided and confirmed by the Group, the market value of the property was in the sum of RMB3,200,000 under assumed land use terms of 50 years for educational use as at the valuation date.

Site Area (sq.m.)	Plot Ratio	Usage
3,255.19	Not less than 1.14 and not more than 1.6	Educational

- v. In the course of our valuation of the vacant land, we have considered and analysed the educational land transactions in Shijiazhuang City. We have adopted the range of land price unit rates between RMB840 and RMB1,160 per sq.m. The unit rate adopted in the valuation is consistent with the unit rates of the relevant transactions after due adjustments in terms of location, time and size, etc.

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2022
3.	One parcel of commercial land located at the southwest of Wancheng Village, Wancheng Town, Gaoyi County, Shijiazhuang City, Hebei Province, the PRC	<p>The property comprises one parcel of commercial land with a site area of approximately 46,269.12 sq.m. and the plot ratio should be more than 1.0 but not more than 2.0.</p> <p>As advised by the Group, the property will be developed into the ancillary facilities of the new campus of Shijiazhuang Institute of Technology.</p> <p>The property is located at Shijiazhuang City, near the Gaoyixi Railway Station, with approximately 500 m to Gaoyixi Railway Station and 90 km to Shijiazhuang Zhengding International Airport.</p> <p>The relevant land grant formalities have not been performed and both the Land Grant Contracts and Land Use Right Certificates have not been obtained for the land parcel. The term of the land use rights will be 40 years.</p>	The property was vacant as at the valuation date.	No commercial value

*Notes:*

- i. Pursuant to the Cooperation Framework Agreement and supplementary agreements entered into between Hebei Zerui Education Technology Co., Ltd., an indirect wholly-owned subsidiary of the Company, and the People's Government of Gaoyi County dated 17 April 2021 and 18 November 2021, the whole development comprises a total site area of approximately 1,200 mu.
- ii. Pursuant to the Tender Notice issued by Natural Resources and Planning Bureau of Gaoyi County, the key development parameters are listed as follows:

Address:	Wancheng Village, Wancheng Town, Gaoyi County
Land Plot No.:	Gao Guo Chu No. (2022) 03
Site Area:	46,269.12 sq.m.
Use:	Commercial
Plot Ratio:	More than 1.0 but not more than 2.0
Green Ratio:	Not less than 30%
Building Density:	Not more than 45%
Height Limit:	Not more than 50 m
Land Use Term:	40 years

- iii. 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. The Cooperation Framework Agreement and supplementary agreements are valid, legal and enforceable;
  - b. The granting for the land parcel will be performed by means of bid invitation, auction and listing;
  - c. The Group has to submit the paper registration form and pay the deposit before 4 pm of 28 July 2022. Upon successful bidding of the land use rights, the Group has to sign the Confirmation Letter with Natural Resources and Planning Bureau of Gaoyi County. The Group also has to sign the Land Grant Contract with Natural Resources and Planning Bureau of Gaoyi County. After obtaining the Land Grant Contract and settling all the land premium and other relevant taxes, the Group can apply for the Real Estate Ownership Certificate with Natural Resources and Planning Bureau of Gaoyi County;
  - d. The Group would legally obtain the right of disposal, transfer, lease or pledge of the property when the Real Estate Ownership Certificate is granted to the Group; and
  - e. As at the issue date of the legal opinion, the Group has not obtained the land use rights of the property yet.
- iv. In undertaking our valuation, we have assigned no commercial value to the parcel of land with a total site area of approximately 46,269.12 sq.m. since it has not obtained valid title certificates and could not be freely transferred in the market. For your specific indicative purpose, assuming that the relevant land grant formalities of the property have been completed with all the land premium settled in full, and the property can be developed in accordance with the following usage and plot ratio which were provided and confirmed by the Group, by adopting market approach, the market value of the property was in the sum of RMB69,300,000 under assumed land use terms of 40 years for commercial use as at the valuation date.

Site Area (sq.m.)	Plot Ratio	Usage
46,269.12	more than 1.0 but not more than 2.0	Commercial

- v. In the course of our valuation of the vacant land, we have considered and analysed the commercial land transactions in Shijiazhuang City. The accommodation value of the land transactions is ranging from RMB720 to RMB810 per sq.m. for commercial use. The unit rate adopted in the valuation is consistent with the unit rates of the relevant transactions after due adjustments in terms of location, time and size, etc.