
APPENDIX III

PROPERTY VALUATION

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this document received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 December 2023 of the property interest held by the Group.



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Company Licence No.: C-030171

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The Board of Directors
Metasurface Technologies Holdings Limited
Cricket Square, Hutchins Drive,
PO Box 2681, Grand Cayman, KY1-1111
Cayman Islands

Dear Sirs,

In accordance with your instructions to value the property interest held by Metasurface Technologies Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) in Singapore, 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 value of the property interest as at 31 December 2023 (the “**valuation date**”).

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”.

We have valued the property interest by the income approach. An income approach determination of value is achieved by the conversion of expected future cash flow or cost savings generated by the property into a present value. It is based on the principle that an informed buyer would pay no more for the property than an amount equal to the present worth of anticipated future benefits (income or cost savings) from the same or a substantially similar asset or liability with a similar risk profile.

Our valuation has been made on the assumption that the seller sells 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 values of the property interest.

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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 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 valuing the property interest, we have complied with all requirements contained in Chapter 8 of the Rules Governing the Listing of Securities on GEM 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, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of title documents including the Lease of Land and Building, Sublet Approval Letters, Sublet Agreements and other official plans relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest 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 Singapore Legal Adviser — Drew & Napier, concerning the validity of the property interest in Singapore.

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.

The site inspection of the property was carried out on 12 December 2022 by Mr Albert Mak, who is a probationer of the RICS and has 3 years’ experience in the valuation of property in Hong Kong and the Asia-Pacific region and holds a master’s degree of Real Estate from the University of Reading.

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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.

Unless otherwise stated, all monetary figures stated in this report are in Singapore Dollars (S\$).

Our valuation certificate is attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Gilbert C. H. Chan
MRICS MHKIS RPS (GP)
Senior Director

Note: Gilbert C.H. Chan is a Chartered Surveyor who has 30 years’ experience in the valuation of properties in Hong Kong and 28 years of property valuation experience in the Asia-Pacific region. Mr Chan has been with Jones Lang LaSalle Corporate Appraisal and Advisory Limited for over 15 years.

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VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2023 S\$
43 Tuas View Circuit Singapore 637360	<p>The property is located at the western side of Tuas South Avenue 9 and the southern side of Tuas South Avenue 8. The locality is considered as an established industrial estate and close to the Malaysia-Singapore Second Link which connects Tuas to Johor in Malaysia. The immediate neighbourhood comprises a mixture of factories, warehouses and dormitories.</p> <p>The property comprises a block of 2-storey workshop, a block of 3-storey ancillary office building and a storage yard erected thereon, which was completed in 2012.</p> <p>The property has a total gross floor area of 122,835.69 sq.ft. on the whole Lot 4128K of Mukim 7 with site area of 141,416.12 sq.ft.</p> <p>The right-of-use of the property has been leased to Metasurface Technologies Pte. Ltd. (“MST”), a wholly-owned subsidiary of the Company, for a term from 5 December 2014 until 30 January 2038 at an initial rent of S\$122,835.69 per month exclusive of GST (being S\$1.00 per square foot per month on the gross floor area of the property), subject to step-up rental adjustments in accordance with the terms of the lease agreement. As at the valuation date, the monthly rent paid by MST for the property was S\$155,049.61 exclusive of goods and services tax (“GST”).</p>	<p>As at the valuation date, a portion of the property was occupied by MST for production, workshop, office and ancillary purposes. A portion of workshop was sublet to a third-party company, whilst a portion of workshop and office was sublet to a wholly-owned subsidiary of the Company (see notes 5 and 6 below).</p>	<p>No commercial value (see note 8 below)</p>

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Notes:

1. Pursuant to a Lease of Land and Building (the “**Tuas Lease Agreement**”) at Private Lot A2105140 at 43 Tuas View Circuit in Tuas Industrial Estate Singapore 637360 dated 5 December 2014 between RBC Investor Services Trust Singapore Limited (formerly known as RBC Dexia Trust Services Singapore Limited) (in its capacity as trustee of Cambridge Industrial Trust) (the “**Former Lessor**”) and MST (formerly known as Q’son Precision Engineering Pte. Ltd.), the land with site area of approximately 141,416.12 sq.ft. and the buildings erected on with a proposed gross floor area of approximately 122,835.69 sq.ft. were leased to MST for a term from 5 December 2014 until 30 January 2038, being 1 day before the expiry of the leasehold term of 30 years from 1 February 2008 as stipulated in the head lease dated 18 July 2011 between Jurong Town Corporation (the “**Head Lessor**”) and the Former Lessor. Unless otherwise permitted by the Head Lessor, the Former Lessor and the government authorities, MST shall at all times use the property strictly and only for the purpose of manufacturing, precision machining, clean room assemblies, storage of components, equipments with ancillary office only.
2. Pursuant to a Notice of Change of Trustee dated 30 March 2023 from the ESR-LOGOS REIT to MST, the change of trustee of ESR-LOGOS REIT from RBC Investor Services Trust Singapore Limited to Perpetual (Asia) Limited (the “**Lessor**”) has been completed on 25 November 2022. The change of trustee does not affect the terms and conditions of all existing tenancy and other agreements, which remain unchanged and in full force and effect according to the legal opinion from the Company’s Singapore legal advisers (the “**Singapore Opinion**”).
3. Pursuant to a Sublet Approval Letter dated 17 March 2022 from the Head Lessor to the Former Lessor, a portion of the property with a permitted sublet area of approximately 2,282.36 sq.m. was agreed to be subleased by the Former Lessor to an independent third party for electroplating use for a term commencing from 1 March 2022 until 28 February 2025. As advised by the Company, MST is required to pay the Former Lessor a monthly subletting fee of S\$718.01 exclusive of GST.
4. Pursuant to a Sublet Approval Letter dated 22 June 2023 from the Head Lessor to the Lessor, a portion of the property with a permitted sublet area of approximately 1,068 sq.m. was agreed to be subleased by the Lessor to SPW for manufacturing of precision welding parts for a term commencing from 10 June 2023 until 31 January 2038 or the expiry of the lease term.
5. Pursuant to an Agreement for Lease and Service (the “**Third Party Agreement**”) dated 15 July 2022 between MST and an independent third party, a portion of workshop with a gross floor area of approximately 2,282.36 sq.m. or 24,567.12 sq.ft. was subleased to an independent third party for a term commencing from 1 November 2022 until 28 February 2025, strictly and only for the purpose of manufacturing, precision machining, clean room assemblies, storage of components, equipments with ancillary office according to the Singapore Opinion. Pursuant to the Third Party Agreement, MST is entitled to receive a total monthly rent of S\$100,000 exclusive of GST.
6. Pursuant to an intragroup Facility and Operation Agreement (the “**SPW Agreement**”) between MST and Singapore Precision Welding Pte. Ltd. (“**SPW**”), a wholly-owned subsidiary of the Company, a portion of workshop with a total gross floor area of approximately 11,500 sq.ft. was subleased to SPW commencing from 1 January 2022 and shall be automatically renewed on a yearly basis, strictly and only for the purpose of manufacturing, precision machining, clean room assemblies, storage of components, equipments with ancillary office according to the Singapore Opinion. Pursuant to the SPW Agreement, MST is entitled to receive a total monthly rent of S\$17,250 for the use of operation space and a flat rate of S\$300 for the use of office and other common facilities exclusive of the GST and electricity.

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- 7. We have been provided with the Singapore Opinion regarding the property interest, salient points are extracted below:
 - a. MST currently leases the property located at 43 Tuas View Circuit, Singapore 637360. The property, where required, has been duly registered in accordance with the Land Titles Act 1993 and is valid and enforceable;
 - b. the Company’s Singapore legal advisers have not sighted any Document (as defined in the Singapore Opinion) to suggest that the use of the leased property located at 43 Tuas View Circuit, Singapore 637360 by MST is not in accordance with its permitted use under applicable laws of Singapore or the lease agreement(s);
 - c. the area sublet to an independent third party and the terms of the Third Party Agreement comply with the Tuas Lease Agreement in all material respects;
 - d. MST’s accessibility to and from the property is not affected as a result of the line of road reserve in any material respect;
 - e. MST has full corporate power and authority required for the lease of the property; and
 - f. MST has full corporate power and authority required to lease out a portion of the property mentioned in notes 5 and 6.

- 8. We have attributed no commercial value to the property due to the borrow-to-use land nature of such interest.