VALOR
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VALOR APPRAISAL & ADVISORY LIMITED

Valuation Report

of

常州永宏億豐新材料科技有限公司 and Its Subsidiary

for

Circular Reference

for

K. H. Group Holdings Limited

DATE : 28 FEBRUARY 2025

REFERENCE: V240708

Unit C, 4/F, China Insurance Building,
48 Cameron Road,
Tsim Sha Tsui, Kowloon,
Hong Kong

Tel: +852 3468 8488 (Direct)
+852 3971 0998 (Fax)
Email: info@valorappraisal.com
Website: www.valorappraisal.com

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VALOR APPRAISAL & ADVISORY LIMITED

Date: 28 February 2025

The Board of Directors
K. H. Group Holdings Limited
Unit 01, 86/F, International Commerce Centre,
1 Austin Road West,
Kowloon, Hong Kong

Dear Sir/Madam,

RE: Valuation Report of 常州永宏億豐新材料科技有限公司 and Its Subsidiary for Circular Reference for K. H. Group Holdings Limited

In accordance with the instruction of K. H. Group Holdings Limited ("**KHGHL**"), we have made an appraisal of the market value of 100% equity interest in 常州永宏億豐新材料科技有限公司 and its subsidiary for circular reference as at the valuation date (30 September 2024).

The details and conclusion of the valuation are presented in the attached valuation report, which outlines the factors considered, valuation methodology, basis and assumptions employed in formulating our opinion of value.

Valor Appraisal & Advisory Limited ("**Valor**") is a company incorporated in Hong Kong in 2013, specializing in valuation, internal control review, risk management and environmental, social, and corporate governance reporting services for listed and private companies. This report has been prepared independently. Neither Valor nor any authors of this report hold any interest in KHGHL or its related parties. The fee for providing this report is based on Valor's normal professional rates, whilst expenses (if incurred) are being reimbursed at cost. Payment of fees and reimbursements are not contingent upon the conclusions drawn in the report.

Yours faithfully,
For and on behalf of
Valor Appraisal & Advisory Limited

YC Lee

Haydn Y.C. Lee
CFA CPA (Aust.) MRICS MAusIMM RBV
Director

Unit C, 4/F, China Insurance Building,
48 Cameron Road,
Tsim Sha Tsui, Kowloon,
Hong Kong

Tel: +852 3469 8488 (Direct)
+852 3971 0998 (Fax)
Email: info@valorappraisal.com
Website: www.valorappraisal.com

1. Introduction & Purpose of Valuation

In accordance with the instruction of K. H. Group Holdings Limited ("**KHGHL**" or the "**Company**"), Valor Appraisal & Advisory Limited ("**Valor**") is required to provide an independent valuation report (the "**Valuation Report**") to assess the market value (the "**Market Value**") of 100% equity interest (the "**Equity Interest**") in 常州永宏億豐新材料科技有限公司 (translated as Changzhou Yonghong Yifeng New Material Technology Co., Ltd. and hereinafter referred to as the "**Target Company**") and 江蘇永邁循環科技有限公司 (translated as Jiangsu Yongmai Recycling Technology Co., Ltd. and hereinafter referred to as "**Jiangsu Yongmai**") which is its subsidiary (collectively referred to as the "**Target Group**") for circular reference as at 30 September 2024 (the "**Valuation Date**").

Relevant enquiries have been made and required information have been obtained that Valor considers to be necessary in forming an independent opinion of the Market Value of the Equity Interest, as at the Valuation Date.

This Valuation Report states valuation methodology and approach adopted in assessing the Market Value of the Equity Interest, as well as outlines Valor's latest findings and valuation conclusion, which is prepared solely for the purpose of circular reference for KHGHL and its subsidiaries (collectively referred to as the "**Group**").

In this Valuation Report, words in the singular number include the plural and vice versa; the words asset or assets are deemed to include liability or liabilities, except where it is expressly stated otherwise, or is clear from the context that liabilities are excluded; headings are inserted for convenient reference only and have no effect in limiting or extending the language to which they refer.

2. Background Information of the Target Group

The following background information of the Target Group has been complied with reference to the documents received from and representation by the management of the Group and the Target Group (the "**Management**"), which are assumed to be accurate and relied upon when conducting this valuation exercise.

The Target Company is a company established in the PRC with limited liability on 9 March 2023 with a registered capital of RMB20.0 million and a paid-up capital of RMB20.0 million as at 1 November 2024. The Target Company is an investment holding company. As at 1 November 2024, the entire equity interest in the Target Company was held by 寧波環朗企業管理合夥企業（有限合夥） and Mr. Zhang Jianli as to 99% and 1%, respectively. The Target Company holds the entire equity interest of Jiangsu Yongmai, which owns an N-Methyl-2-pyrrolidone ("**NMP**") and integrated utilization facilities with an annual capacity of 60,000 tons that is in the trial production stage. NMP is a solvent commonly used in a variety of industrial and commercial applications, such as the manufacture and production of lithium-ion batteries petrochemicals, electronics and plastic material and resin. By using advanced technology to process NMP waste generated from the lithium-ion battery production, such NMP waste, after treatment, could reach the quality standard of electronic grade NMP products and can be reused in the lithium-ion battery production process.

3. Scope of Work

In conducting this valuation exercise, Valor's appraisers have:

- gathered all relevant information;
- discussed with the Management;

- collected market data from reliable sources;
- investigated into the information, and considered the basis and assumptions of the opinion of value;
- analysed the financial information of companies in a similar industry; and
- designed an appropriate valuation model to derive the Market Value of the Equity Interest.

4. Basis of Valuation

The valuation was carried out on a Market Value basis. According to International Valuation Standards 2022 (**"IVS 2022"**) issued by International Valuation Standards Council (**"IVSC"**), 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."*. In particular, the Market Value of the Equity Interest in this valuation exercise refers to the equity value, which is defined as "*the value of a business to all of its equity shareholders*" in accordance with International Valuation Standard 200 *Businesses and Business Interests* in IVS 2022.

5. Basis of Opinion

The valuation was conducted in accordance with IVS 2022 issued by IVSC. The valuation procedure includes review of the financial and economic conditions of the subject business interest, an assessment of key assumptions, estimates and representations made by the Management. All matters essential to the proper understanding of the valuation are disclosed in the valuation report. Opinion of value included in the valuation report is impartial, independent and unbiased.

The following factors also form a considerable part of the basis of opinion:

- assumptions on the market and on the subject business interest that are considered to be fair and reasonable;
- financial performance that shows a consistent trend of the operation of the subject business interest;
- consideration and analysis on the micro and macro economic factors; and
- analytical review of the subject business interest.

In the course of conducting the valuation, all the information and explanations considered necessary have been obtained so that there are sufficient evidences and reasonable basis in forming the opinion of value on the subject business interest.

6. Sources of Information

In conducting the valuation of the subject business interest, the following key information, including but not limited to those provided by the Management and derived from the public have been considered, reviewed, and relied upon:

- Consolidated management accounts of the Target Group as at 30 September 2024;
- IVS 2022 issued by IVSC;
- Overview of the nature of the subject business interest;
- Discussion with the Management;

- Annual and interim reports, announcements and circulars of Jiangsu Dagang Co., Ltd. (SZSE:002077), Yunnan Water Investment Co., Limited (SEHK:6839) and Kunming Dianchi Water Treatment Co., Ltd. (SEHK:3768); and
- Hong Kong Exchanges and Clearing Limited ("**HKEX**"), Hong Kong Monetary Authority, Google, S&P Capital IQ and other reliable sources of market data.

In arriving at the opinion of the Market Value of the Equity Interest, the accuracy and completeness of the information reviewed for the purpose of this valuation have been assumed and relied on. In addition, the statements, information, opinion and representations provided by the Group and the Target Group have been relied upon.

Research was conducted using various sources including government statistical releases and other publications to assess the reasonableness and fairness of information provided.

The opinion is based upon economic, market, financial and other conditions as exist and can be evaluated on the date of this report and no responsibility is assumed to update or revise the opinion based on events or circumstances occurring after the date of this report. In reaching the opinion, assumptions have been made with respect to such economic, market, financial and other conditions and other matters, many of which are beyond the control of Valor or any party involved in this valuation exercise.

7. Valuation Approach and Methodology

In carrying out this valuation exercise, the following approaches and methodologies have been considered:

Cost Approach – The cost approach provides an indication of value using the economic principal that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction. This approach is based on the principle that the price that a buyer in the market would pay for the asset being valued would, unless undue time, inconvenience, risk or other factors are involved, be not more than the cost to purchase or construct an equivalent asset. Often the asset being valued will be less attractive than the alternative that could be purchased or constructed because of age or obsolescence. Where this is the case, adjustments may need to be made to the cost of the alternative asset depending on the required basis of value.

Unlike market and income approaches which either incorporate market sentiments or future earnings capacity of an asset as a function to determine its current value, cost approach considers the fundamental cost it takes to form the asset. In our opinion this approach is inapplicable to the current analysis as there is no convincing association of the value of the subject business interest with its cost.

Income Approach – The income approach provides an indication of value by converting future cash flows to a single current capital value. This approach considers the income that an asset will generate over its useful life and indicates value through a capitalisation process. Capitalisation involves the conversion of income into a capital sum through the application of an appropriate discount rate. The income stream may be derived under a contract or contracts, or be non-contractual, for example the anticipated profit generated from either the use of or holding of the asset.

Enterprise value is typically derived through the capitalisation of profits or cash flows through the application of a capitalisation rate or discount rate before debt servicing costs. The capitalisation or discount rate applied is the weighted average cost of capital of an appropriate mix of debt and equity. The market value of the interest bearing debt is deducted from the enterprise value to determine the overall equity value. Redundant, ie non-operating, assets need to be considered when calculating enterprise or equity value.

This approach is not preferred in this exercise because there are relevant market comparable to the subject business interest and reliable projection of the amounts and timing of future income streams is not available for the subject business interest as at the Valuation Date.

Market Approach – The market approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. Under this approach the first step is to consider the prices for transactions of identical or similar assets that have occurred recently in the market. If few recent transactions have occurred, it may also be appropriate to consider the prices of identical or similar assets that are listed or offered for sale provided the relevance of this information is clearly established and critically analysed. It may be necessary to adjust the price information from other transactions to reflect any differences in the terms of the actual transaction and the basis of value and any assumptions to be adopted in the valuation being undertaken. There may also be differences in the legal, economic or physical characteristics of the assets in other transactions and the asset being valued.

The market approach compares the subject business to similar businesses, business ownership interests and securities that have been exchanged in the market and any relevant transactions of shares in the same business. Prior transactions or offers for any component of the business may be also indicative of value.

In this valuation exercise, the value of the subject business interest was developed through the application of the market approach technique known as guideline transactions method. The guideline transaction method utilizes information on transactions involving assets that are the same or similar to the subject asset to arrive at an indication of value.

The guideline transactions method requires the proper selection of valuation metrics/comparable evidence and calculation of the selected valuation metrics of comparable companies to derive the value of the subject business interest.

Under guideline transactions method, the valuation metrics adopted is price-to-book ratio (“**PB Ratio**”). Only PB Ratio was adopted under guideline transactions method because the Target Group did not have profit in the first half of 2024 and price-to-earnings ratio, which is another common valuation metrics, is not applicable. Further, there was a bankruptcy and reorganization petition against Jiangsu Yongmai in September 2022 and the court ordered that Jiangsu Yongmai enter the bankruptcy and reorganization process in November 2022. According to the Management, all liabilities related to the bankruptcy and reorganization proceedings against Jiangsu Yongmai and the Target Company have been booked in the consolidated statement of financial position of the Target Group as at 30 September 2024 and no contingent liabilities were recognized by the Target Group. By using PB Ratio in this valuation exercise, the Valuation Report has taken into account this bankruptcy and reorganization proceedings.

8. Key Assumptions

Key Assumptions

The assumptions considered having significant sensitivity effects in this valuation have been evaluated in arriving at the assessed value with key assumptions listed as follows:

- there will be no material change in the existing political, legal, technological, fiscal or economic conditions which might adversely affect the economy in general and the operation of the Target Group;
- there will be no major changes in the current taxation laws in the PRC;
- there will be no material fluctuation of the finance costs and availability of finance in the PRC;

- The Target Group will comply with all legal and regulatory requirements for the principal operation;
- the development of the subject business interest will not be constrained by the availability of finance and there will be no material fluctuation of the finance costs;
- there will not be any adverse events beyond the control of the management of the Target Group, including natural disasters, catastrophes, fire, explosion, flooding, riots, acts of terrorism, epidemics and pandemics that may adversely affect the operation of the subject business interest;
- the future movement of exchange rates and interest rates will not differ materially from prevailing market rates; and
- The Target Company will retain competent management, key personnel and technical staff for its operation and the relevant shareholders will support its ongoing operation.

9. Guideline Transactions Method

Selection of Comparable Transactions

The Target Company is engaged in treatment and recycling of NMP, which is a kind of industrial wastewater, in the PRC. Since the number of comparable transactions of companies specifically engaged in treatment and recycling of NMP in the PRC is limited, we have focused on those transactions of companies engaged in wastewater treatment in the PRC in selecting appropriate comparable transactions.

Selection criteria of comparable transactions are listed as follows:

1. Transactions of companies engaged in wastewater treatment in the PRC undertaken by listed companies in Hong Kong and the PRC;
2. Transactions involved equity interests that are less than 50% are excluded;
3. Connected transactions and sale and leaseback transactions are excluded;
4. Transactions that were not completed as at 1 November 2024 are excluded; and
5. The announcement dates of transactions are within the period from 1 January 2023 to 30 September 2024.

We have selected the following list of comparable transactions, which is fair, representative and exhaustive based on the above selection criteria:

Transaction:	1
Listed Company Involved:	Jiangsu Dagang Co., Ltd. (SZSE:002077)
Announcement Date:	9 September 2023
Target:	鎮江新納環保材料有限公司 (translated as Zhenjiang Xinna Environmental Protection Materials Co., Ltd. and hereinafter referred to as "**Zhenjiang Xinna**")
Business Description of the Target:	The main business of Zhenjiang Xinna is the recycling of organic solvent NMP waster liquid. There are two main business models: one is the processing model, which charges processing fees for

	customers to purify NMP waste liquid; the other is the purchase and sales model, which purchases NMP waste liquid from upstream suppliers and sells it to downstream customers after processing and purification.
Consideration:	RMB151,515,000
Equity Interest:	77.70%
Net Asset:	RMB76,543,800 (31 May 2023)
PB Ratio:	2.55

Transaction:	2
Listed Company Involved:	Yunnan Water Investment Co., Limited (SEHK:6839)
Announcement Date:	27 February 2023
Target:	水富縣水務產業投資有限公司 (translated as Shuifu Water Industry Investment Co., Ltd. and hereinafter referred to as "**Shuifu Water**")
Business Description of the Target:	Shuifu Water was established on 5 May 2011 with a registered share capital of RMB7,500,000. It is principally engaged in the investment, construction, operation and management of urban water drainage infrastructure and waste innocuous treatment facilities; the investment, construction, operation and management of waste comprehensive development and utilization and its related industry; the consultancy on projects relating to the wastewater treatment and waste innocuous treatment; urban construction and asset management.
Consideration:	RMB28,300,000
Equity Interest:	100%
Net Asset:	RMB30,600,000 (31 December 2022)
PB Ratio:	0.92

Transaction:	3
Listed Company Involved:	Kunming Dianchi Water Treatment Co., Ltd. (SEHK:3768)
Announcement Date:	29 December 2023

Target:	昭通滇池水務有限公司 (translated as Zhaotong Dianchi Water Treatment Co., Ltd. and hereinafter referred to as "**Zhaotong Dianchi Water**")
Business Description of the Target:	Zhaotong Dianchi Water is a company incorporated in the PRC with limited liability on 23 October 2019 with a registered capital of RMB100,000,000 and is principally engaged in the business relating to wastewater treatment and sludge treatment and disposal.
Consideration:	RMB200,364,200
Equity Interest:	80%
Net Asset:	RMB182,955,500 (30 June 2023)
PB Ratio:	1.37

Transaction:	4
Listed Company Involved:	Kunming Dianchi Water Treatment Co., Ltd. (SEHK:3768)
Announcement Date:	29 December 2023
Target:	彝良滇池水務有限公司 (translated as Yiliang Dianchi Water Treatment Co., Ltd. and hereinafter referred to as "**Yiliang Dianchi Water**")
Business Description of the Target:	Yiliang Dianchi Water is a company incorporated in the PRC with limited liability on 4 June 2015 with a registered capital of RMB21,000,000 and is principally engaged in the business of wastewater treatment.
Consideration:	RMB19,510,200
Equity Interest:	80%
Net Asset:	RMB25,662,300 (30 June 2023)
PB Ratio:	0.95

Transaction:	5
Listed Company Involved:	Kunming Dianchi Water Treatment Co., Ltd. (SEHK:3768)
Announcement Date:	29 December 2023
Target:	綏江滇池水務有限公司 (translated as Suijiang Dianchi Water Treatment Co., Ltd. and hereinafter referred to as "**Suijiang Dianchi**

	Water")
Business Description of the Target:	Suijiang Dianchi Water is a company incorporated in the PRC with limited liability on 9 December 2015 with a registered capital of RMB22,000,000 and is principally engaged in the business of wastewater treatment.
Consideration:	RMB22,887,700
Equity Interest:	80%
Net Asset:	RMB25,678,000 (30 June 2023)
PB Ratio:	1.11

Transaction:	6
Listed Company Involved:	Kunming Dianchi Water Treatment Co., Ltd. (SEHK:3768)
Announcement Date:	15 September 2023
Target:	曲靖滇池水務有限公司 (translated as Qujing Dianchi Water Treatment Co., Ltd. and hereinafter referred to as "**Qujing Dianchi Water**")
Business Description of the Target:	Qujing Dianchi Water is a company incorporated in the PRC with limited liability and is principally engaged in wastewater treatment and running water supply businesses.
Consideration:	RMB82,600,000
Equity Interest:	100%
Net Asset:	RMB78,760,300 (30 June 2023)
PB Ratio:	1.05

Valuation Metrics for Guideline Transactions Method

1. The valuation metrics adopted for guideline transactions method is PB Ratio.
2. Consideration of comparable transactions was taken as numerator in calculating the PB Ratio of comparable transactions.
3. Net asset value of comparable transactions was taken as denominator in calculating the PB Ratio of comparable transactions.
4. The PB Ratios of 6 comparable transactions range from 0.92 to 2.55.
5. The median and average PB Ratios of 6 comparable companies were calculated to be 1.08 and 1.33 respectively.
6. The median PB Ratio of 1.08, which is near the lower end of the range observed in comparable transactions and has a discount of around 18% to the average PB Ratio of 1.33, was adopted in this

valuation exercise and deemed fair and prudent, considering the following two offsetting factors affecting the PB Ratio:

(i) The Target Group was still in the trial production stage as at the Valuation Date, while the comparable transactions were already in production stage. In this regard, the Target Group is considered inferior to the average comparable transactions and a lower PB Ratio deemed appropriate; and

(ii) Only transaction 1, which has the highest PB Ratio amongst comparable transactions, involves target specifically engaged in treatment and recycling of NMP in the PRC. It seems that targets specifically engaged in treatment and recycling of NMP in the PRC would have higher PB Ratio than targets engaged in the broader wastewater treatment industry in the PRC. In this regard, the Target Group was considered superior to the average comparable transactions and a higher PB Ratio deemed appropriate.

7. Net asset value of the Target Group as at 30 September 2024 is RMB47,540,470, as per consolidated management accounts of the Target Group as at 30 September 2024.

8. The computation presentation of the Market Value of the Equity Interest as at the Valuation Date is set out as follows:

Subject	Amount	Formula
Median PB Ratio	1.08	A
Net Asset Value	RMB47,540,470	B
Market Value of the Equity Interest	**RMB51,413,000**	**C = A*B**

10. Valuation Comments

As part of the analysis, the information and documents provided by the Management, the financial and business information from public sources with such available financial information, client representation, project documentation and other pertinent data concerning the Equity Interest have been reviewed. The accuracy of such information have been assumed and relied on to a considerable extent in arriving at the opinion of value.

Relevant searches and enquiries have been made and such further information as considered necessary has been obtained for the purpose of this valuation exercise.

The opinion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and consideration of such matters are regarded to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Group, the Target Group and Valor. No assurance is provided on the achievability of any financial results estimated by the Group and/or the Target Group because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the financial results is dependent on actions, plans and assumptions of the management. In addition, the other limiting and general service conditions are attached in Appendix I.

11. Risk Factors

Economic, political and social considerations

Any unfavourable global and regional economic condition such as the trade war between the United States and its key trading partners like China may have a detrimental impact on the business of the Target Group. Due to the uncertainties in economic situation, there is no guarantee that the expected financial performance will materialize. Any changes in global political, economic and social conditions, laws, regulations and policies may have significant impact on the projection of the future incomes of the Target Group. In view of the current situation, the possibility of trade protectionism cannot be ruled out. None of these changes can be foreseen with certainty.

Technological changes

Any change in the technological developments and advancements may have significant impact on the future financial results of the Target Group. To remain competitive in the industry, the Target Group may be required to make substantial capital expenditures to keep up with technological changes.

Inflation

The supply shortage brought about by the outbreak of COVID-19, pose a significant risk of inflation, which may erode the profitability of the Target Group.

Company specific risk

The operation of the Target Group may perform better or worse than the expectation, and the resulting earnings and cash flows will be very different from the estimates. The possibility of severe operational incidence, whether it is exogenous or endogenous, cannot be precluded.

12. Opinion of Value

Based on the investigation and analysis outlined in this report, we are of the opinion that as at the Valuation Date, which is **30 September 2024**, the Market Value of 100% equity interest in the Target Group is **RMB51,413,000** (RENMINBI FIFTY-ONE MILLION FOUR HUNDRED THIRTEEN THOUSAND).

Yours faithfully,
For and on behalf of
Valor Appraisal & Advisory Limited

Y C Lee

Haydn Y.C. Lee
CFA CPA (Aust.) MRICS MAusIMM RBV
Director

Mr. Haydn Y.C. Lee is a Chartered Financial Analyst charterholder, member of CPA Australia, professional member of Royal Institution of Chartered Surveyors, member of the Australasian Institute of Mining & Metallurgy and Registered Business Valuer. He has 16 years' experience in business valuation. He oversees the business valuation services of Valor and has provided a wide range of valuation services to listed companies and private entities in different industries in the PRC, Hong Kong and Singapore.

Appendix I – Limiting and General Service Conditions

1. As part of the analysis, Valor's appraisers have reviewed financial and business information from public sources together with such financial information, client representation, project documentation and other pertinent data concerning the project made available to Valor during the course of the valuation. Valor's appraisers have assumed the accuracy of, and have relied on the information and client representations provided in arriving at the opinion of value. We have not audited, reviewed, or compiled the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information.

2. Our report was used as part of the analysis of the Group in reaching their conclusion of value and the ultimate responsibility of the determination of value of the subject asset rests solely with the Group.

3. It is assumed that the Management is responsible to ensure proper books of accounts are maintained, and the financial statements give a true and fair view and have been prepared in accordance with the relevant companies' ordinance.

4. Valor shall not be required to give testimony or attendance in court or to any government agency by reason of this valuation and with reference to the project described herein unless prior arrangements have been made.

5. No opinion is intended to be expressed for matters which require legal or other specialised expertise or knowledge, beyond what is customarily employed by Valor's appraisers.

6. The conclusions assume continuation of prudent client policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the asset valued.

7. It is assumed that there are no hidden or unexpected conditions associated with the asset valued that might adversely affect the reported value. Further, it is assumed that no responsibility for changes in market conditions after the date of this report.

8. This valuation report has been prepared solely for the use of the designated parties. The valuation report should not be otherwise referred to, in whole or in part, or quoted in any document, circular or statement in any manner, or distributed in whole or in part or copied to any third party without prior written consent from Valor.

9. This report is confidential to the client for the specific purpose to which it refers. In accordance with Valor's standard practice, it is stated that this report and valuation is for the use only of the party to whom it is addressed and no responsibility is accepted with respect to any third party for the whole or any part of its contents.

10. Valor have made no investigation of and assumed no responsibility for the title to or any liabilities against the asset appraised.

11. In the event that Valor becomes involved in any capacity in any action, proceedings or investigation brought by or against any person, in connection with or as a result of either the Valor's engagement or any matter referred to in the service engagement, the Group will reimburse the Valor for all legal and other expenses incurred in connection therewith. Except where it is determined by final judgement of a court to have resulted from wilful default or gross negligence of Valor or its officers, the Group will fully indemnify and hold Valor harmless against any and all losses, claims, damages or liabilities to any such person in connection with or as a result of either the Valor's engagement or any matter referred to in the service engagement. The reimbursement, indemnity and contributions to each of its associates shall ensure to the benefit of the Valor's successors, assigns, heirs and personal representatives of the Valor, any such affiliate and any such persons. In the event the Valor is subject to any liability in connection with this service engagement, such liability will be limited to the amount of fees received for this engagement.

12. The Group agrees that itself or any of its associates will make no claim against Valor or any of its associates in connection with the engagement of the Valor except as a result of the Valor's wilful default or gross negligence, and that neither Valor nor any of its associates will have any direct or indirect liability to the Group or except where it is determined by final judgement of a court to have resulted from wilful default or gross negligence of Valor or its officers.