

12 August 2024

The Board of Directors  
**TYK Medicines, Inc** (浙江同源康醫藥股份有限公司)  
Room 1403-2, Floor 14, Tower A  
Changxing World Trade Building  
No. 1278 Mingzhu Road  
Changxing Economic Development Zone  
Huzhou City, Zhejiang Province, the PRC

Dear Sirs/Madams,

#### **INSTRUCTIONS**

In accordance with the instructions of TYK Medicines, Inc (浙江同源康醫藥股份有限公司) (the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) for us to carry out the valuation of the property interests (the “Properties”) located in the People’s Republic of China (the “PRC”) held 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 Properties as at 31 May 2024 (the “Valuation Date”).

#### **BASIS OF VALUATION AND VALUATION STANDARDS**

Our valuation is carried out on a market value basis, which is defined by the Royal Institution of Chartered Surveyors 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 valuing the Properties, 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.

## **VALUATION ASSUMPTIONS**

Our valuation of the Properties 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 Properties 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 Properties in the PRC, we have relied on the advice given by the Group and its legal advisor, being JunHe LLP (君合律師事務所) (the “PRC Legal Advisor”), regarding the title to the Properties.

In valuing the Properties, we have relied on a legal opinion regarding the Properties provided by the PRC Legal Adviser dated 12 August 2024 (the “PRC Legal Opinion”). Unless otherwise stated, the Group has legally obtained the land use rights of the Properties.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed.

## **VALUATION METHODOLOGY**

In valuing the property interests in Group I, where the corresponding property was under construction as at the Valuation Date, we have assumed that it will be developed and completed in accordance with the latest development proposals provided to us by the Group. We have assumed that approvals for the proposals have been obtained. In arriving at our opinion of values, we have adopted the comparison approach by making references to land comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the Valuation Date and the remainder of the cost and fees expected to be incurred for completing the developments. We have relied on the accrued construction cost and professional fees information provided by the Group for the different stages of construction of the subject property as at the Valuation Date, and we did not find any material inconsistency from those of other similar developments.

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

#### **TITLE INVESTIGATION**

We have been provided with copies of documents in relation to the title of the Properties in the PRC. Where possible, we have examined the original documents to verify the existing title to the Properties in the PRC and any material encumbrance that might be attached to the Properties 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 PRC Legal Opinion given by the PRC Legal Adviser, concerning the validity of the title of the Properties in the PRC.

#### **SITE INVESTIGATION**

We have inspected the exteriors and, where possible, the interior of the subject properties. The site inspection was carried out on 28 December 2023 by Josh Chow (Analyst). He has more than 2 years' experience in valuation of properties in the PRC.

In the course of our inspection, we did not note any serious defects. However, we have not carried out an investigation on site to determine the suitability of ground conditions and services for any development thereon, nor have we conducted structural surveys to ascertain whether the properties are free of rot, infestation, or any other structural defects. Additionally, no tests have been carried out on any of the utility services. 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 Group or the PRC Legal Adviser or other professional advisers on such matters as statutory notices, planning approvals, zoning, easements, tenures, completion date of buildings, development proposal, identification of the 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 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 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 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.

#### **LIMITING CONDITION**

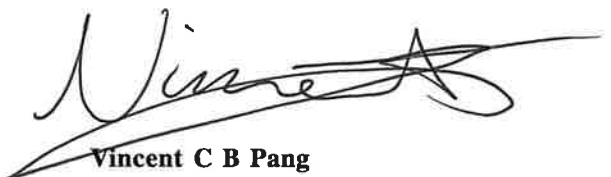
Wherever the content of this report is extracted and translated from the relevant documents supplied in Chinese context and there are discrepancies in wordings, those parts of the original documents will take prevalent.

#### **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 Partner*

*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 valuation of properties including Hong Kong, the PRC, the U.S., and East and Southeast Asia.*

## SUMMARY OF VALUES

### Group I – Property interests held for development by the Company in the PRC

<u>No.</u>	<u>Property</u>	<u>Market value in existing state as at 31 May 2024</u>	<u>Interest Attributable to the Company</u>	<u>Market value Attributable to the Company as at 31 May 2024</u>
		<i>RMB</i>		<i>RMB</i>
1.	The intersection of Changxing Avenue and Baixi Avenue, Changxing County, Huzhou City, Zhejiang Province, the PRC (中國浙江省湖州市長興縣長興大道與白溪大道交匯處)	182,040,000	70%	127,428,000
	<b>Sub-total:</b>	<u>182,040,000</u>		<u>127,428,000</u>

### Group II – Property interests held for sale by the Company in the PRC

<u>No.</u>	<u>Property</u>	<u>Market value in existing state as at 31 May 2024</u>	<u>Interest Attributable to the Company</u>	<u>Market value Attributable to the Company as at 31 May 2024</u>
		<i>RMB</i>		<i>RMB</i>
2.	No. V-53 Songjiang Industrial Zone, Songjiang District, Shanghai City, the PRC (中國上海市松江區工業區V-53號)	27,530,000	100%	27,530,000
	<b>Sub-total:</b>	<u>27,530,000</u>		<u>27,530,000</u>
	<b>Grand-total:</b>	<u>209,570,000</u>		<u>154,958,000</u>

## VALUATION CERTIFICATE

### Group I – Property interests held for development by the Company in PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2024
				<i>RMB</i>
1.	The intersection of Changxing Avenue and Baixi Avenue, Changxing County, Huzhou City, Zhejiang Province, the PRC  (中國浙江省湖州市長興縣長興大道與白溪大道交匯處)	<p>The property comprises a parcel of land with a site area of approximately 46,139.00 sq.m. which is being developed into an industrial development with a total planned gross floor area of approximately 60,143.00 sq.m.</p> <p>As advised by the Group, the total construction cost of the property was estimated to be approximately RMB172,644,660 of which RMB136,775,853 had been paid as at the Valuation Date.</p> <p>As at the Valuation Date, portions of the property were under development and were scheduled to be completed in July 2024 (the “Phase 1 Development”). Upon completion, the Phase 1 Development will have a total planned gross floor area of approximately 39,039.00 sq.m.</p> <p>The remaining portions of the property were a parcel of vacant land held for future development (the “Development Land”). Upon completion, the Development Land will have a total planned gross floor area of approximately 21,104.00 sq.m. As at the Valuation Date, no construction works have been commenced on the Development Land.</p> <p>The property is located in Changxing County, Huzhou City, with approximately 7.1 km to Changxing Railway Station and 39.6 km to Wuxi Dingshu Airport.</p> <p>The land use rights of the property have been granted for a term expiring on 9 September 2071 for industrial use.</p>	<p>As at the Valuation Date, the Phase 1 Development was under construction, and the Development Land was vacant land held for future development.</p>	<p>182,040,000</p> <p>(70% interest attributable to the Company: 127,428,000)</p>

*Notes:*

- Pursuant to a Land Use Rights Grant Contract — No. 3305222021A21113 dated 30 June 2021 between Changxing County Bureau of Natural Resources and Planning (長興縣自然資源和規劃局) and Kangyuan Pharmaceuticals (Changxing) Co., Ltd. (長興康源製藥有限公司, “Changxing Kangyuan”), in which the Company holds a direct ownership stake of 70%, the land use rights of a parcel of land with a site area of approximately 46,139.00 sq.m. have been granted to Changxing Kangyuan for a term of 50 years for industrial use at a total land premium of approximately RMB25,890,000.

As revealed from the aforesaid contract, the property is subject to the following material development conditions:

Permitted Use . . . . .	:	Industrial
Plot Ratio . . . . .	:	≥1.2
Minimum Permitted Accountable Gross Floor Area . . . . .	:	55,366.80 sq.m.
Site Coverage . . . . .	:	≥35%
Greening Rate . . . . .	:	≤50%
Building Covenant . . . . .	:	To commence construction before 30 March 2022 and to complete construction before 29 September 2023

2. Pursuant to a Real Estate Ownership Certificate (for land) — Zhe (2021) Chang Xing Xian Bu Dong Chan Quan Di No. 0034452 issued by the Changxing County Bureau of Natural Resources and Planning, the land use rights of the property with a total site area of approximately 46,139.00 sq.m. have been granted to Changxing Kangyuan, for a term expiring on 9 September 2071 for industrial use.
3. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 330522202204002, permission for the planning of a land parcel with a total site area of approximately 46,139.00 sq.m. has been granted to Changxing Kangyuan.
4. Pursuant to a Construction Works Planning Permit — Jian Zi Di No. 330522202204008 in favour of Changxing Kangyuan, the construction work of the Phase 1 Development with a total gross floor area of approximately 39,039.00 sq.m. has been approved for construction.
5. Pursuant to a Construction Work Commencement Permit — No. 330522202204110201, in favour of Changxing Kangyuan, permission has been given by the relevant local authority to commence the construction work of the Phase 1 Development with a total gross floor area of approximately 39,039.00 sq.m.
6. We have been provided with the PRC Legal Opinion, which contains, inter alia, the following:
  - a. Changxing Kangyuan has fully settled all land premium and legally and validly obtained the land use rights of the property under the terms of the Real Estate Ownership Certificate;
  - b. The land use rights of the property has not been pledged, mortgaged or seized;
  - c. According to a confirmation letter issued by Changxing County Bureau of Natural Resources and Planning, the building covenant regarding the commencement and completion dates of construction has been extended by one year. Changxing Kangyuan has been approved to complete construction before 29 September 2024; and
  - d. According to a certificate issued by Changxing County Housing and Urban-rural Development Bureau (長興縣住房和城鄉建設局), no violations of relevant laws and regulations regarding construction management were discovered for Changxing Kangyuan, and therefore no administrative penalties were imposed on Changxing Kangyuan.
7. Our valuation has been made on the following basis and analysis:

In our valuation of the land use rights, we have considered and analyzed 4 land sale comparables in the vicinity. The site values of the land sales range from RMB516 to RMB627 per sq.m. for industrial use. The unit rate adopted in the valuation is consistent with the unit rates of the relevant comparables after due adjustments in terms of location, time and size, etc.

Regarding the building portion, the current replacement cost of the building is assessed by determining the construction cost of a modern substitute building with the same service capacity as the building which is being valued. The replacement costs range from RMB3,600 per sq.m. to RMB3,900 per sq.m. for multi-storey industrial buildings, RMB2,200 per sq.m. to RMB3,800 per sq.m. for single-storey industrial buildings and RMB4,900 per sq.m. to RMB5,900 per sq.m. for basements. The replacement cost adopted in the valuation is consistent with the findings of our research.

## VALUATION CERTIFICATE

### Group II – Property interests held for sale by the Company in PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2024 RMB
2.	No. V-53 Songjiang Industrial Zone, Songjiang District, Shanghai City, the PRC  (中國上海市松江區 工業區V-53號)	<p>The property comprises a parcel of land with a site area of approximately 31,982.30 sq.m.</p> <p>The property can be utilized for the construction of an industrial development with a maximum accountable gross floor area of approximately 63,959.30 sq.m. As of the Valuation Date, no construction works have been commenced on the property.</p> <p>The property is located in Songjiang District, Shanghai City, with approximately 9 km to Songjiang Nan Railway Station and 39.1 km to Shanghai Hongqiao International Airport.</p> <p>The land use rights of the property have been granted for a term expiring on 29 December 2042 for industrial use.</p>	<p>The property was vacant as at the Valuation Date.</p>	<p>27,530,000</p> <p>(100% Interest attributable to the Company: 27,530,000)</p>

**Notes:**

- Pursuant to 3 Land Use Rights Grant Contracts — Hu Song Guo You Jian She Yong Di Shi Yong He Tong (2022) No. 74 dated 10 November 2022, Hu Song Guo You Jian She Yong Di Shi Yong He Tong Bu (2024) No. 21 dated 12 March 2024, and Hu Song Guo You Jian She Yong Di Shi Yong He Tong Bu (2024) No. 59 dated 12 June 2024 between Shanghai Songjiang District Bureau of Planning and Natural Resources (上海市松江區規劃和自然資源局) and Yabao Biotechnology (Shanghai) Co., Ltd. (上海雅葆生物科技股份有限公司, “Shanghai Yabao”), in which the Company holds a direct ownership stake of 100%, the land use rights of a parcel of land with a site area of approximately 31,982.30 sq.m. have been granted to Shanghai Yabao for a term of 20 years for industrial use at a total land premium of approximately RMB29,200,000.

As revealed from the aforesaid contract, the property is subject to the following material development conditions:

Permitted Use	:	Industrial
Plot Ratio	:	2.0
Maximum Permitted Accountable Gross Floor Area	:	63,959.30 sq.m.
Site Coverage	:	37.91%
Height Restriction	:	≤30m
Greening Rate	:	20%
Building Covenant	:	To commence construction before 2 July 2024 and to complete construction before 2 July 2027



2. Pursuant to a Real Estate Ownership Certificate (for land) — Hu (2023) Song Zi Bu Dong Chan Quan Di No. 002542 issued by the Shanghai Municipal Bureau of Natural Resources Registration (上海市自然資源確權登記局), the land use rights of the property with a total site area of approximately 31,982.30 sq.m. have been granted to Shanghai Yabao, for a term expiring on 29 December 2042 for industrial use.
3. We have been provided with the PRC Legal Opinion, which contains, inter alia, the following:
  - a. Shanghai Yabao has fully settled all land premium and legally and validly obtained the land use rights of the property under the terms of the Real Estate Ownership Certificate; and
  - b. The land use rights of the property has not been pledged, mortgaged or seized.
4. Our valuation has been made on the following basis and analysis:

In our valuation of the land use rights, we have considered and analyzed 3 land sale comparables in the vicinity. The site value of the land sale ranges from RMB900 to RMB907 per sq.m. for industrial use. The unit rate adopted in the valuation is consistent with the unit rates of the relevant comparables after due adjustments in terms of location, time and size, etc.