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If you are in any doubt as to any aspect of this circular or as to what action to take, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Redsun Services Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Redsun Services Group Limited

弘陽服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1971)

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO ACQUISITIONS OF (1) THE TARGET PARKING SPACES; AND (2) EQUITY INTERESTS IN TARGET COMPANIES AND NOTICE OF EGM

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders**



Ignite Capital

Capitalized terms used in this cover shall have the same meanings as those defined in this circular.

A notice convening the EGM of Redsun Services Group Limited to be held at Room 2612, 26/F, China Merchants Tower, Shun Tak Centre, Sheung Wan, Hong Kong on Wednesday, May 21, 2025 at 2:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is also sent to the Shareholders together with this circular. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rsunservice.hk).

Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to Computershare, the branch share registrar of the Company in Hong Kong, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so desire.

April 30, 2025

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	6
Letter from the Independent Board Committee	31
Letter from the Independent Financial Adviser	33
Appendix I – Financial Information of the Group	I-1
Appendix II – Financial Information of the Target Companies	II-1
Appendix III – Unaudited Pro Forma Financial Information of the Enlarged Group	III-1
Appendix IV – Management Discussion and Analysis of the Group	IV-1
Appendix V – Management Discussion and Analysis of the Target Companies	V-1
Appendix VI – Property Valuation Report	VI-1
Appendix VII – General Information	VII-1
Notice of EGM	EGM-1

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisitions”	the acquisitions contemplated under the Parking Spaces Transfer Framework Agreement and the Equity Transfer Agreements
“Agreements”	the Parking Spaces Transfer Framework Agreement and the Equity Transfer Agreements
“Announcement”	the announcement of the Company dated February 17, 2025 in relation to the Acquisitions
“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Chengdu Hong Yang Jin Xing”	Chengdu Hong Yang Jin Xing Real Estate Development Co., Ltd.* (成都弘陽錦興房地產開發有限公司), a company established under the PRC laws with limited liability and an indirect wholly-owned subsidiary of the Seller, which is interested in 70% of equity interest in Target Company A as of the date of this circular and immediately before the completion of the Equity Transfer
“China” or “the PRC”	the People’s Republic of China
“Company”	Redsun Services Group Limited (弘陽服務集團有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on December 12, 2019
“Computershare”	Computershare Hong Kong Investor Services Limited, the branch share registrar of the Company in Hong Kong
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto in the Listing Rules and, unless the context otherwise requires, refers to Mr. Zeng Huansha (曾煥沙), Redsun Services Group (Holdings) Limited, Hong Yang Group (Holdings) Limited, Hong Yang International Limited and Hong Yang Group Company Limited

DEFINITIONS

“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at Room 2612, 26/F, China Merchants Tower, Shun Tak Centre, Sheung Wan, Hong Kong on Wednesday, May 21, 2025 at 2:00 p.m. for the Shareholders to consider and, if thought fit, to approve the Agreements and the transactions contemplated thereunder
“Enlarged Group”	the Group as enlarged by the Acquisitions
“Equity Transfer”	the equity transfer of the Target Companies contemplated under the Equity Transfer Agreements
“Equity Transfer Agreements”	the Equity Transfer Agreements entered by Nanjing Hong Life and each of Chengdu Hong Yang Jin Xing, Xuzhou Hong Qi and Nanjing Hong Tai Pu Yang, after trading hours on February 17, 2025
“Group”	the Company and its subsidiaries
“Independent Board Committee”	a committee of the Board comprising Ms. Wang Fen, Mr. Li Xiaohang and Mr. Zhao Xianbo
“Independent Financial Adviser”	Ignite Capital (Asia Pacific) Limited, an independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreements and the Acquisitions
“Independent Shareholders”	shareholders who do not have any material interest in the transaction under the Agreements, namely the Shareholders other than Mr. Zeng Huansha and his associates
“independent third party(ies)”	an individual(s) or a company(ies) who or which is/are not a connected person(s) of the Company the meaning of the Listing Rules
“Independent Valuer”	Colliers Appraisal and Advisory Services Co., Ltd., an independent professional valuer to appointed to appraise the valuation of the Target Parking Spaces and properties of Target Companies
“Jurong Yifeng”	Jurong Yifeng Real Estate Development Co., Ltd.* (句容億豐房地產開發有限公司), a company established under the PRC laws with limited liability, which is interested in 19% of equity interest in Target Company C as of the date of this circular

DEFINITIONS

“Latest Practicable Date”	April 28, 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Nanjing Hong Life”	Nanjing Hong Life Real Estate Consulting Co., Ltd.* (南京弘生活置業顧問有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Nanjing Hong Tai Pu Yang”	Nanjing Hong Tai Pu Yang Property Co., Ltd.* (南京鴻泰浦陽置業有限公司), a company established under the PRC laws with limited liability and an indirect wholly-owned subsidiary of the Seller, which is interested in 19% of equity interest in Target Company C as of the date of this circular
“Nanjing Jinyao”	Nanjing Jinyao Enterprise Management Co., Ltd.* (南京金瑤企業管理有限公司), a company established under the PRC laws with limited liability, which is interested in 20% of equity interest in Target Company C as of the date of this circular
“Nanjing Qicheng”	Nanjing Qicheng Property Co., Ltd.* (南京齊城置業有限公司), a company established under the PRC laws with limited liability, which is interested in 23% of equity interest in Target Company C as of the date of this circular
“Nanjing Yuyang”	Nanjing Yuyang Real Estate Development Co., Ltd.* (南京煜陽房地產開發有限公司), a company established under the PRC laws with limited liability, which is interested in 19% of equity interest in Target Company C as of the date of this circular
“Outstanding Receivables”	the outstanding receivables due from the Seller to the Group
“Parking Spaces Transfer Framework Agreement”	the parking spaces transfer framework agreement entered into by the Company and the Seller after trading hours on February 17, 2025
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“Seller”	Redsun Properties Group Limited (弘陽地產集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on December 21, 2017, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1996)
“Seller Group”	the Seller and its subsidiaries
“SFO”	Securities and Futures Ordinance
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Sichuan Esheng”	Sichuan Esheng Shuini Group* (四川峨勝水泥集團股份有限公司), a company established under the PRC laws with joint stock limited liability, which is interested in 30% of equity interest in Target Company A as of the date of this circular
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Target Assets”	the assets to be acquired by the Company under the Agreements, including the property right/right of use of the Target Parking Spaces and 70% of the equity interests in Target Company A held by Chengdu Hong Yang Jin Xing, 20% of the equity interests in Target Company B held by Xuzhou Hong Qi, and 19% of the equity interests in Target Company C held by Nanjing Hong Tai Pu Yang, together with all other assets, liabilities and owners’ equity attached to the equity interests abovementioned
“Target Companies”	collectively, Target Company A, Target Company B and Target Company C
“Target Company A”	Chengdu Hong Sheng He Ding Real Estate Development Co., Ltd.* (成都弘勝和鼎房地產開發有限公司), a company established under the PRC laws with limited liability and an indirect non-wholly-owned subsidiary of the Seller
“Target Company B”	Suqian Tong Jin Hong Real Estate Co., Ltd.* (宿遷市通金弘置業有限公司), a company established under the PRC laws with limited liability and an associate of the Seller

DEFINITIONS

“Target Company C”	Jurong Jin Jia Run Real Estate Development Co., Ltd.* (句容金嘉潤房地產開發有限公司), a company established under the PRC laws with limited liability and a joint venture of the Seller
“Target Parking Space(s)”	the parking space(s) to be acquired by the Company under the Parking Spaces Transfer Framework Agreement
“Wuxi Hengyuan”	Wuxi Hengyuan Real Estate Co., Ltd.* (無錫恒遠地產有限公司), a company established under the PRC laws with limited liability, which is interested in 20% of equity interest in Target Company B as of the date of this circular
“Xuzhou Hong Qi”	Xuzhou Hongqi Real Estate Development Co., Ltd.* (徐州弘琪房地產開發有限公司), a company established under the PRC laws with limited liability and an indirect wholly-owned subsidiary of the Seller, which is interested in 20% of equity interest in Target Company B as of the date of this circular and immediately before the completion of the Equity Transfer
“Yancheng Tongjia”	Yancheng Tongjia Enterprise Management Co., Ltd.* (鹽城通佳企業管理有限公司), a company established under the PRC laws with limited liability, which is interested in 60% of equity interest in Target Company B as of the date of this circular
“%”	per cent

* For identification purpose only

LETTER FROM THE BOARD



Redsun Services Group Limited

弘陽服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1971)

Non-Executive Director:

Mr. ZENG Junkai (Chairman)

Executive Director:

Mr. CHEN Yichun

Independent Non-executive Directors:

Ms. WANG Fen

Mr. LI Xiaohang

Mr. ZHAO Xianbo

Registered Office:

Offices of Walkers Corporate Limited

190 Elgin Avenue

George Town

Grand Cayman KY1-9008

Cayman Islands

Principal Place of Business and

Head Office in the PRC:

25th Floor

Hong Yang Building

No. 9 Daqiao North Road

Pukou District, Nanjing

Jiangsu Province

The PRC

Place of Business in Hong Kong registered

under part 16 of the Companies Ordinance:

Room 2612

26/F, China Merchants Tower

Shun Tak Centre

Sheung Wan

Hong Kong

April 30 2025

To the Shareholders

Dear Sir or Madam,

**VERY SUBSTANTIAL ACQUISITION AND
CONNECTED TRANSACTION IN RELATION TO ACQUISITIONS OF
(1) THE TARGET PARKING SPACES; AND
(2) EQUITY INTERESTS IN TARGET COMPANIES
AND
NOTICE OF EGM**

I. INTRODUCTION

Reference is made to the Announcement, whereby the Board announced that on February 17, 2025, the Company and the Seller entered into the Parking Spaces Transfer Framework Agreement and the Equity Transfer Agreements in relation to the Acquisitions.

LETTER FROM THE BOARD

The purposed of this circular is to provide you with, among other things:

- (i) further details of the Parking Spaces Transfer Framework Agreement and the Equity Transfer Agreements and the transactions contemplated thereunder;
- (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Parking Spaces Transfer Framework Agreement and the Equity Transfer Agreements and the transactions contemplated thereunder;
- (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its recommendation in respect of the Parking Spaces Transfer Framework Agreement and the Equity Transfer Agreements and the transactions contemplated thereunder;
- (iv) financial information of the Group;
- (v) financial information of the Target Companies;
- (vi) unaudited pro forma financial information of the Enlarged Group upon completion of the Acquisitions;
- (vii) the property valuation report of the Target Parking Spaces and properties of Target Companies;
- (viii) other information as required under the Listing Rules; and
- (ix) a notice convening the EGM.

At the EGM, ordinary resolutions will be proposed to approve the Parking Spaces Transfer Framework Agreement and the Equity Transfer Agreements and the transactions contemplated thereunder.

LETTER FROM THE BOARD

II. THE PARKING SPACES TRANSFER FRAMEWORK AGREEMENT

Principal terms

Principal terms of the Parking Spaces Transfer Framework Agreement are summarized below:

Date: February 17, 2025

Parties: The Company, as the purchaser; and
The Seller, as the seller

Subject Matter: Pursuant to the Parking Spaces Transfer Framework Agreement, the Company has conditionally agreed to purchase, and Seller has conditionally agreed to sell the property right or the right of use (as the case may be) of the Target Parking Spaces owned by the Seller Group, subject to the terms and conditions of the Parking Spaces Transfer Framework Agreement.

In case where the Seller Group has the real estate right certificate (the “**Certification**”) of the relevant Target Parking Spaces (and in such case the Seller Group has the title of property such as the right of ownership, possession, use, transfer and income), the property right of such Target Parking Spaces will be transferred as contemplated under the Parking Spaces Transfer Framework Agreement.

Where the Certification of the relevant Target Parking Spaces cannot be applied for or obtained, only the right of use (instead of the property right) of such Target Parking Spaces will be transferred as contemplated under the Parking Spaces Transfer Framework Agreement. Such right of use includes, without limitations, right of possession, transfer, lease, operation and management, income, advertising income, etc. The respective term of the right of use of such Target Parking Spaces is up to the expiration date of the term of the right of use of the land on which such Target Parking Spaces are located, so that the entire potential economic benefits of such Target Parking Spaces will be transferred to the Company. As advised by the Company’s PRC legal adviser, this constitutes a valid transfer of the right of use of these Target Parking Spaces to the Group, which is permitted under the applicable PRC law.

LETTER FROM THE BOARD

Separate transfer agreements

The Parking Spaces Transfer Framework Agreement is a framework agreement. Subject to the compliance with the Listing Rules (including but not limited to obtaining the approval from the Independent Shareholders at the EGM for the transaction contemplated under the Parking Spaces Transfer Framework Agreement) and the satisfaction of the conditions precedents as set out below, the Group and the Seller Group shall enter into separate transfer agreements for the transfer of the property right or the right of use (as the case may be) of the Target Parking Spaces.

The Company and the Seller must enter into separate transfer agreements by each project concerning the Target Parking Spaces because each project may involve different counterparties, specifically the respective members of the Group and the Seller's Group responsible for such project. Furthermore, under the applicable PRC law, property title transfer would be subject to registration with the relevant local authorities in the PRC. Considering that the Target Parking Spaces are located at different provinces, having separate transfer agreements is essential for such registration process.

Therefore, the key difference between the Parking Spaces Transfer Framework Agreement and the separate transfer agreements will be the counterparties, as the transfer agreements for each project shall be entered into by different members of the Group and the Seller's Group, in accordance with the existing ownership of the relevant Target Parking Spaces and the intended entities of the Group that will purchase the same. Except for the counterparties, the separate transfer agreements will adhere to the terms and conditions of the Parking Spaces Transfer Framework Agreement, including the price cap, payment terms, and delivery methods for the Target Parking Spaces. Hence, the separate transfer agreements do not constitute new notifiable or connected transactions under the Listing Rules.

LETTER FROM THE BOARD

Consideration:

The total consideration is RMB229.37 million and will be settled by cash.

Such final consideration is adjusted as compared with the consideration disclosed in the Announcement based on the final valuation assessed by the Independent Valuer, as the Company has elected to discard or replace those Target Parking Spaces subject to ownership disputes with comparable parking spaces as agreed upon by the parties. Details of valuation and the considerations of parking spaces by project are set out in Appendix VI to this circular and in the paragraphs headed “Information on the Target Parking Spaces” below.

The Group intends to use its internal resources to settle the cash consideration payable under the Parking Spaces Transfer Framework Agreement.

Payment Schedule:

The consideration for each project will be paid in three installments:

Initial payment: the Company shall pay 50% of the consideration to the Seller within seven (7) business days after the execution of the separate transfer agreements;

Second payment: the Company shall pay an additional 40% of the consideration to the Seller within seven (7) business days following the completion of property right or the right of use (as the case may be) transfer registration and the handover of relevant documentation; and

Final payment: the remaining 10% of the consideration shall be paid to the Seller within twelve (12) months after the execution of the separate transfer agreement.

LETTER FROM THE BOARD

**Basis of the
Consideration:**

The consideration was determined after arm's length negotiations between the parties with reference to:

- (i) the book value of the Target Parking Spaces as at December 31, 2024 of RMB238.07 million;
- (ii) the appraised value of the Target Parking Spaces as at February 28, 2025, with a market value of approximately RMB113.76 million for those with title and an investment value of approximately RMB115.61 million for those without title, based on an independent valuation by the Independent Valuer on Target Parking Spaces as at February 28, 2025. For further information on the valuation of the Target Parking Spaces, please refer to Appendix VI to this circular;
- (iii) the prevailing property market conditions;
- (iv) the expected administrative cost of the Company to realize the acquired assets; and
- (v) the reasons and benefits as particularized in the paragraphs headed "Reasons for and Benefits of the Acquisitions" below.

Conditions Precedent:

Completion is conditional upon fulfillment of the following conditions:

- (i) both parties have obtained the approval of their respective independent shareholders at the general meeting of both parties in respect of the Parking Spaces Transfer Framework Agreement and the transactions contemplated thereunder; and
- (ii) the satisfaction of all the applicable requirements under the Listing Rules.

Completion:

The Parking Spaces Transfer Framework Agreement is a framework agreement. Subject to the compliance with the Listing Rules (including but not limited to obtaining the approval from the Independent Shareholders at the EGM for the transaction contemplated under the Parking Spaces Transfer Framework Agreement) and the satisfaction of the conditions precedents as set out above, the Group and the Seller Group shall enter into separate transfer agreements for the transfer of the property right or the right of use (as the case may be) of the Target Parking Spaces.

LETTER FROM THE BOARD

Details of the transfers, including the final transfer price and the number of parking spaces to be transferred for each project, will be subject to the separate transfer agreements for each project, provided that the clauses in the separate transfer agreements shall be in compliance with the requirements of the Listing Rules and shall not be in conflict with the terms of the Parking Spaces Transfer Framework Agreement.

Long Stop Date:

Unless terminated earlier by either party in accordance with its provisions, this agreement shall remain in effect for a period of 12 months from the date of the Parking Spaces Transfer Framework Agreement.

The Directors consider that the 12-month period is justifiable because both parties will require sufficient time to implement the sale and purchase for each Target Parking Space, including entering into separate transfer agreements and conducting the necessary registration of titles and taking into account the circular and Independent Shareholders' approval requirements applicable to the transactions contemplated under the Parking Spaces Transfer Framework Agreement in accordance with the Listing Rules.

III. THE EQUITY TRANSFER AGREEMENTS

Background

As of December 31, 2024, the Outstanding Receivables due from the Seller mainly consist of three components: (i) approximately RMB90 million for pre-delivery management services for the Seller's unsold units and services provided to property sales venues, such as display units and sales offices; (ii) approximately RMB83 million for commercial property management services; and (iii) approximately RMB286 million for refundable deposits related to parking space sales agency services. These Outstanding Receivables reflect the nature of ongoing operational and contractual relationships between the Seller and the Group.

LETTER FROM THE BOARD

The following table sets forth an aging analysis of the Outstanding Receivables (based on the invoice date) as at the date of this circular:

	Component (i)		Component (ii)		Component (iii)	
	Amount		Amount		Amount	
	(Unaudited)		(Unaudited)		(Unaudited)	
	(RMB		(RMB		(RMB	
	million)	%	million)	%	million)	%
Within 1 year	38	42.2	36	43.4	21	7.3
1-2 years	52	57.8	47	56.6	265	92.7
Total	90	100	83	100	286	100

Given the amount of outstanding balance of each of these receivables due from the Seller to the Group, particularly the refundable deposits related to parking spaces sales agency services that mostly consist of receivables aged at least one year, the Company sought to expedite the recovery of these selected Outstanding Receivables by entering into the Equity Transfer Agreements.

Principal terms

Principal terms of the Equity Transfer Agreements are summarized below:

Date: February 17, 2025

Parties: Nanjing Hong Life, as the purchaser of each of the Equity Transfer Agreements;

Chengdu Hong Yang Jin Xing, as the seller in respect of the Equity Transfer of Target Company A;

Xuzhou Hong Qi, as the seller in respect of the Equity Transfer of Target Company B;

Nanjing Hong Tai Pu Yang, as the seller in respect of the Equity Transfer of Target Company C.

LETTER FROM THE BOARD

Subject Matter:

Nanjing Hong Life has conditionally agreed to purchase, and each of Chengdu Hong Yang Jin Xing, Xuzhou Hong Qi and Nanjing Hong Tai Pu Yang has conditionally agreed to sell (i) 70% of the equity interests in Target Company A held by Chengdu Hong Yang Jin Xing; (ii) 20% of the equity interests in Target Company B held by Xuzhou Hong Qi; and (iii) 19% of the equity interests in Target Company C held by Nanjing Hong Tai Pu Yang, together with all other assets, liabilities and owners' equity attached to the equity interests abovementioned, subject to the terms and conditions of the respective Equity Transfer Agreements. Each of the Equity Transfer Agreements stipulates the terms and conditions of Equity Transfer of each Target Company.

Consideration:

The respective consideration under the Equity Transfer Agreements is RMB109.49 million for Target Company A, RMB68.13 million for Target Company B and RMB41.02 million for Target Company C. Such considerations shall be offset against an equal amount of Outstanding Receivables from refundable deposits related to parking space sales agency services on a dollar-for-dollar basis, with older balances being settled first. No separate cash payment will be made by the Group to the Seller Group.

Such final considerations are adjusted as compared with the considerations disclosed in the Announcement based on the relevant audit of the accounts of the Target Companies, as agreed upon by the parties in writing.

**Basis of the
Consideration:**

Such considerations were determined after arm's length negotiations between the parties with reference to:

- (i) the adjusted gross net asset value¹ of Target Company A, Target Company B and Target Company C as at December 31, 2024, amounted to RMB176.97 million, RMB204.16 million and negative RMB105.53 million, respectively;

¹ The adjusted gross net asset value is calculated based on the net asset value of the Target Companies as at December 31, 2024 in the respective accountants' report plus the market value minus the carrying amounts of properties of the respective Target Companies as at February 28, 2025. The carrying amounts of the relevant properties for Target Company A, Target Company B and Target Company C as at February 28, 2025 were approximately RMB228.0 million, RMB718.3 million and RMB204.0 million, respectively, whereas their market value were approximately RMB253.2 million, RMB852.2 million and RMB204.0 million, respectively, based on an independent valuation by the Independent Valuer as at February 28, 2025. For further information on the valuation of the relevant property interests, please refer to Appendix VI to this circular.

LETTER FROM THE BOARD

- (ii) the outstanding payables due to Target Company A from the Seller Group, as recorded in the management accounts of Target Company A as at December 31, 2024, amounted to RMB14.39 million;
- (iii) the outstanding receivables due from Target Company B and Target Company C to the Seller Group, as recorded in their respective management accounts as at December 31, 2024, amounted to RMB27.29 million and RMB61.07 million, respectively;
- (iv) the expected administrative cost of the Group to realize the acquired assets; and
- (v) the reasons and benefits as particularized in the paragraphs headed “Reasons for and Benefits of the Acquisitions” below.

In particular, the consideration was arrived taking into account of the following:

Target Company A

The adjusted gross net asset value of Target Company A as at December 31, 2024 was RMB176.97 million. With a 70% equity interest being acquired, this amounts to RMB123.88 million. After deducting RMB14.39 million in payables owed to Target Company A by the Seller Group, the obligations of which will be transferred to and assumed by Nanjing Hong Life in their entirety upon completion of the Equity Transfer, the net consideration for the 70% equity interest in Target Company A shall be RMB109.49 million.

LETTER FROM THE BOARD

Target Company B

The adjusted gross net asset value of Target Company B as at December 31, 2024 was RMB204.16 million. With a 20% equity interest being acquired, this amounts to RMB40.83 million. Adding RMB27.29 million in receivables owed to the Seller Group by Target Company B, the rights to which will be transferred to and acquired by Nanjing Hong Life in their entirety upon completion of the Equity Transfer, the net consideration for the 20% equity interest in Target Company B is RMB68.13 million.

Target Company C

The adjusted gross net asset value of Target Company C as at December 31, 2024 was negative RMB105.53 million. With a 19% equity interest being acquired, this amounts to negative RMB20.05 million. Adding RMB61.07 million in receivables owed to the Seller Group by Target Company C, the rights to which will be transferred to and acquired by Nanjing Hong Life in their entirety upon completion of the Equity Transfer, the net consideration for the 19% equity interest in Target Company C is RMB41.02 million.

Conditions Precedent:

Completion is conditional upon fulfillment of the following conditions:

- (i) the transfer of the equity interests of Target Company A, Target Company B and Target Company C contemplated hereunder comply with the articles of association of Target Company A, Target Company B and Target Company C, respectively and having obtained the consent and waiver of the first refusal right from the respective remaining shareholders of Target Company A, Target Company B and Target Company C, respectively;
- (ii) both parties have obtained the approval of their respective independent shareholders at the general meeting of both parties in respect of the agreement and the transactions contemplated thereunder; and
- (iii) the satisfaction of all the applicable requirements under the Listing Rules.

LETTER FROM THE BOARD

Completion:

Upon completion of the Equity Transfer:

- (i) Nanjing Hong Life will be interested in 70% of equity interest in Target Company A. Therefore, Target Company A will become an indirect non-wholly-owned subsidiary of the Company and its financial results will be consolidated into the Company's consolidated financial statements; and
- (ii) Target Company B and Target Company C will be accounted for as an associate and a joint venture of the Company, respectively. Therefore, their financial results will not be consolidated into the Company's consolidated financial statement but both will be accounted for under the equity method.

Long Stop Date:

Unless terminated earlier by either party in accordance with their respective provisions, each of these agreements shall remain in effect for a period of 12 months from the date of the respective Equity Transfer Agreements.

The Directors consider that the 12-month period is reasonable because both parties will require sufficient time to implement the sale and purchase for each of the Target Companies, including completing the industrial and commercial registration for the equity transfer of each Target Company and taking into account the circular and Independent Shareholders' approval requirements applicable to the transactions contemplated under the Equity Transfer Agreements in accordance with the Listing Rules.

IV. REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Company provides a wide range of property management services to property owners, residents and tenants, value-added services to non-property owners, primarily property developers, and other property management companies, and community value-added services to residential property owners and residents. As at June 30, 2024, 33.4% of our projects under management were properties developed by the Seller and 17.7% of our projects under management were properties developed by property developers which are joint ventures and associates of the Seller in which the Seller does not hold a controlling interest. The Company has maintained long track record of business relationship and deep cooperation with the Seller.

LETTER FROM THE BOARD

The Acquisitions allow the Company to (i) enhance of its revenue stream by receiving income generated from parking spaces sales and lease business; and (ii) to recover the Outstanding Receivables from the Seller based on the circumstances as detailed below.

Target Parking Spaces

The Target Parking Spaces have not generated any revenue in previous years, as they have not yet been made available for sale or lease. After the Company acquires them, the Company will offer both leasing and sales services for the Target Parking Spaces. Particularly, the Company will primarily focus on sale, and those unsold ones will be leased. This includes actively identifying potential customers with parking space needs, conducting regular promotional activities, and leveraging the Company's core property management business to facilitate parking space sales. Meanwhile, the temporary parking spaces will generate revenue through short-term parking fees. The Company has extensive experience in managing and leasing parking spaces as part of its community value-added services, which comprise, among others, property brokerage services and assets management services. It has established marketing channels and operational expertise to effectively promote, sell and lease parking spaces to individual users.

In addition to these efforts, the Company may also explore additional revenue opportunities, such as generating advertising income from the Target Parking Spaces. The Company intends to utilize certain parking lot areas, such as walls and ground surfaces, for advertising displays, which may generate additional advertising income for the Company from potential customers with advertising needs.

These strategies will help the Company create a sustainable and diversified income streams from the Target Parking Spaces, both through leasing, sales, and potential advertising revenue.

Target Companies

The Company views the acquisitions of equity interests in Target Companies as strategic equity investments rather than a shift of its business to real estate development.

The Company's primary focus remains on property management services, and the Acquisitions provide an opportunity to enhance its service offerings, recover the Outstanding Receivables, and potentially realize returns from the Target Companies' assets without the intention of becoming directly involved in property development activities. Among other things, even if Target Company A becomes the Company's subsidiary upon completion of the Equity Transfer, the Company will not be involved in any property development activities as its project is in the final phase of sale. The Company's role will thus be limited to selling the remaining inventory units, leveraging its expertise to efficiently manage the final sales process and integrate property management services.

LETTER FROM THE BOARD

Additionally, the Company may eventually sell its equity interests in the Target Companies, should suitable buyers be identified with favorable terms, allowing the Company to realize a return on its equity investment. This strategy aligns with the Company's ongoing commitment to managing its portfolio with a long-term, value-driven approach, focusing on generating sustainable income from its core property management business while maintaining flexibility to divest non-core assets if beneficial.

The Company has considered various methods for recovering the Outstanding Receivables from the Seller. However, due to the Seller's current liquidity position, the likelihood of recovering the receivables in cash could be limited. Alternative assets, including real estate, are subject to high taxes and transaction costs, rendering them less efficient for recovery. By contrast, the Equity Transfer presents a more advantageous solution, offering lower transaction costs and the potential for future returns. The equity interests in the Target Companies are considered to be quality assets which may provide a more effective and strategic means of recovering the Outstanding Receivables.

Acquisitions

The Acquisitions align with the Company's strategic objectives by diversifying its revenue streams without deviating from its asset-light business model. While the Company is focused on property management services, the acquisition of equity interests in the Target Companies represent an easy and reliable opportunity to recover the Outstanding Receivables and the acquisition of the Target Parking Spaces provides additional sources of income from parking space sales, leasing, and advertising. The Acquisitions are designed to enhance cash flow, recover outstanding receivables, and create long-term value, all while maintaining the Company's core focus on delivering quality property management services.

The Target Parking Spaces and the Target Companies have not previously been managed by the Company. Upon completion of the Acquisitions, the Company will integrate these assets into its existing property management operations.

Despite the fact that the Target Parking Spaces have not generated any revenue or profit and Target Company C has nil revenue and profit, and has net liabilities, the Company has considered the Acquisitions fair and reasonable for the following reasons: (i) the Acquisitions provide the Company with strategic assets that are expected to generate future income through parking space sales, leasing, and advertising opportunities, which align with the Company's long-term revenue diversification strategy; (ii) the Acquisitions allow the Company to recover Outstanding Receivables from the Seller, enhancing cash flow and improving the Company's financial position; and (iii) the equity interests in the Target Companies are viewed as quality assets with future growth potential. Therefore, the Company believes the Acquisitions represent a sound investment given the potential for future returns, despite the current financial status of the Target Companies.

LETTER FROM THE BOARD

In view of the above, the Board (including the independent non-executive Directors) is of the view that, for the reasons for and benefits of the Acquisitions and the basis of determination of the consideration for the Acquisitions set out above, despite the Agreements and the Acquisitions were not entered into in the ordinary and usual course of business of the Group, the terms of the Agreements (including the respective considerations) are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

V. FINANCIAL EFFECTS OF THE ACQUISITIONS ON THE EARNINGS, ASSETS AND LIABILITIES OF THE GROUP

Upon completion of the Equity Transfer, Nanjing Hong Life will be interested in 70% of equity interest in Target Company A. Therefore, Target Company A will become an indirect non-wholly-owned subsidiary of the Company and its financial results will be consolidated into the Company's consolidated financial statements. Target Company B and Target Company C will be accounted for as an associate and a joint venture of the Company, respectively. Therefore, their financial results will not be consolidated into the Company's consolidated financial statement but both will be accounted for under the equity method.

Following completion of the Acquisitions, no gain or loss will be recorded.

The unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular illustrates the financial impact of the Acquisitions. Based on the unaudited pro forma financial information of the Enlarged Group, the profit for the year of 2024 would represent a decrease of RMB16.76 million, and the assets and the liabilities as at December 31, 2024 would represent an increase of RMB511.01 million and RMB466.60 million, respectively. As a result, the net assets of the Group as at December 31, 2024 would increase by RMB44.40 million to RMB953.48 million.

VI. INFORMATION ON THE GROUP AND THE PARTIES

The Company

The Company is a well-recognized comprehensive community service provider in Jiangsu province, China, with balanced property management abilities in the management of residential and commercial properties. The Company provides a wide range of property management services to property owners, residents and tenants, value-added services to non-property owners, primarily property developers, and other property management companies, and community value-added services to residential property owners and residents. The Company is indirectly controlled by Mr. Zeng Huansha.

LETTER FROM THE BOARD

Nanjing Hong Life

Nanjing Hong Life is a company established under the PRC laws with limited liability and an indirect wholly-owned subsidiary of the Company. Nanjing Hong Life is principally engaged in the business of real estate consulting, sales and leasing agency services.

The Seller

The Seller is a leading comprehensive property developer established in the Yangtze River Delta region and operating in the PRC, focusing on the development of residential properties and the development, operation and management of commercial and comprehensive properties. As of the date of this circular, the Seller is indirectly held as to 71.88% by Mr. Zeng Huansha, a Controlling Shareholder.

Chengdu Hong Yang Jin Xing

Chengdu Hong Yang Jin Xing is a company established under the PRC laws with limited liability and an indirect wholly-owned subsidiary of the Seller. Chengdu Hong Yang Jin Xing is principally engaged in the business of real estate development, operation and brokerage. As of the date of this circular and immediately before the completion of the Equity Transfer, it is interested in 70% of equity interest in Target Company A.

Xuzhou Hong Qi

Xuzhou Hong Qi is a company established under the PRC laws with limited liability and an indirect wholly-owned subsidiary of the Seller. Xuzhou Hong Qi is principally engaged in the business of real estate development and sales, housing rental and business information consulting services. As of the date of this circular and immediately before the completion of the Equity Transfer, it is interested in 20% of equity interest in Target Company B.

Nanjing Hong Tai Pu Yang

Nanjing Hong Tai Pu Yang is a company established under the PRC laws with limited liability and an indirect wholly-owned subsidiary of the Seller. Nanjing Hong Tai Pu Yang is principally engaged in the business of real estate development, operation and sales and business management services. As of the date of this circular and immediately before the completion of the Equity Transfer, it is interested in 19% of equity interest in Target Company C.

LETTER FROM THE BOARD

Target Company A

Target Company A was established in the PRC in 2020 and an indirect non-wholly-owned subsidiary of the Seller. Target Company A principally engages in property development. As at the date of this circular and immediately before the completion of the Equity Transfer, Target Company A is owned by Chengdu Hong Yang Jin Xing and Sichuan Esheng as to 70% and 30% respectively. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) Chengdu Hong Yang Jin Xing is an indirect wholly-owned subsidiary of the Seller; and (ii) Sichuan Esheng is ultimately controlled by Mr. Xiong Jianhua (熊建華), who is an independent third party of the Company.

Set out below are the financial information of Target Company A for the years ended December 31, 2024 and 2023:

	For the year ended December 31, 2024 RMB'000	For the year ended December 31, 2023 RMB'000
Revenue	486,684	651,128
Net profit/(loss) before taxation and extraordinary items	(1,587)	16,199
Net profit/(loss) after taxation and extraordinary items	(17,371)	(9,586)

The net asset value and the total asset value of Target Company A as at December 31, 2024 were approximately RMB151.71 million and RMB472.35 million respectively.

Details of property projects held by Target Company A

Details of property projects held by Target Company A as at December 31, 2024 are set out as below:

Location	Latest development stage	Land use	Total gross floor areas (sq.m.)
Pengzhou City, Sichuan Province	Final phase of sale	Residential and commercial	213,560.43

LETTER FROM THE BOARD

Target Company B

Target Company B was established in the PRC in 2020 and an associate of the Seller. Target Company B principally engages in property development. As at the date of this circular and immediately before the completion of the Equity Transfer, Target Company B is owned by Yancheng Tongjia, Wuxi Hengyuan and Xuzhou Hong Qi as to 60%, 20% and 20% respectively. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) Yancheng Tongjia is ultimately controlled by Mr. Shi Weiwei (施為偉), who is an independent third party of the Company; (ii) Wuxi Hengyuan is a subsidiary of Jinke Property Group Co., Ltd. (金科地產集團股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: SZ.000656), an independent third party of the Company; and (iii) Xuzhou Hong Qi is an indirect wholly-owned subsidiary of the Seller.

Set out below are the financial information of Target Company B for the years ended December 31, 2024 and 2023 :

	For the year ended December 31, 2024 RMB'000	For the year ended December 31, 2023 RMB'000
Revenue	837,798	1,091,499
Net profit/(loss) before taxation and extraordinary items	(25,347)	210,199
Net profit/(loss) after taxation and extraordinary items	(70,295)	117,495

The net asset value and the total asset value of Target Company B as at December 31, 2024 were approximately RMB70.25 million and RMB1,208.76 million respectively.

LETTER FROM THE BOARD

Details of property project held by Target Company B

Target Company B recorded revenue and net profit in 2023 and 2024 as a result of phased project deliveries. While some properties remain under construction, a portion has been completed and delivered, generating revenue and profit accordingly. As at the date of this circular, Target Company B held one property project with total gross floor areas of 434,029.89 sq.m. Details of this property project held by Target Company B as at date of this circular are set out as below:

Location	Land use	Latest development stage	Total gross floor areas (sq.m.)	Expected completion time
Suqian City, Jiangsu Province	Residential and commercial	Delivered	267,654.99	/
		Under construction	32,084.98	Year end of 2025
			134,289.92	Year end of 2026

Target Company C

Target Company C was established in the PRC in 2018 and a joint venture of the Seller. Target Company C principally engages in property development. As at the date of this circular and immediately before the completion of the Equity Transfer, Target Company C is owned by Nanjing Qicheng, Nanjing Jinyao, Jurong Yifeng, Nanjing Yuyang and Nanjing Hong Tai Pu Yang as to 23%, 20%, 19%, 19% and 19% respectively. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) Nanjing Qicheng is controlled by Shanghai Yinyi Construction Management Co., Ltd.* (上海垠壹建設管理有限公司), which is owned equally by Shanghai Yuantongkai Enterprise Management Service Co., Ltd.* (上海沅通凱企業管理服務有限公司) (ultimately wholly-owned by Shanghai Xiba Enterprise Management Service Co., Ltd.* (上海曦霸企業管理服務有限公司)) and Shanghai Weihai Enterprise Development Co., Ltd.* (上海維哈企業發展有限公司) (ultimately wholly-owned by Nanjing Changshenghe Enterprise Management Co., Ltd.* (南京昌勝和企業管理有限公司)) as to 50% each, and all of these entities are independent third parties of the Company; (ii) Nanjing Jinyao is controlled by Gemdale Corporation (金地(集團)股份有限公司), whose shares are listing on the Shanghai Stock Exchange (stock code:SH.600383), an independent third party of the Company; (iii) Jurong Yifeng is a subsidiary of Jinke Property Group Co., Ltd., an independent third party of the Company; (iv) Nanjing Yuyang is a subsidiary of Yango Group Co., Ltd. (陽光城集團股份有限公司), whose shares were previously listed on the Shenzhen Stock Exchange (previous stock code: 000671) but subsequently delisted in August 2023, which is ultimately controlled by Ms. Wu Jie (吳潔), an independent third party of the Company; and (v) Nanjing Hong Tai Pu Yang is an indirect wholly-owned subsidiary of the Seller.

LETTER FROM THE BOARD

Set out below are the financial information of Target Company C for the years ended December 31, 2024 and 2023:

	For the year ended December 31, 2024 RMB'000	For the year ended December 31, 2023 RMB'000
Revenue	—	—
Net profit/(loss) before taxation and extraordinary items	(1)	(1)
Net profit/(loss) after taxation and extraordinary items	(1)	(1)

The net liabilities and the total assets of Target Company C as at December 31, 2024 were approximately RMB105.53 million and RMB205.52 million respectively.

As at the date of this circular, Target Company C held a land with total areas of 38,731 sq.m. for both residential and commercial use, which was planned for future development in Jurong City, Jiangsu Province. As at the date of this circular, Target Company C has no concrete development plan for this land, and the final decision will depend on the prevailing market conditions and industry trends. Alternatively, the land may be considered for sale when a suitable opportunity arises.

Details of the financial information of each of the Target Companies are set forth in Appendix II to this circular.

INFORMATION ON THE TARGET PARKING SPACES

The Target Parking Spaces are a total of 6,007 parking spaces located in Jiangsu, Anhui, Sichuan, Jiangxi, Henan, Guangdong and Hubei Province in the PRC, subject to entering into of separate transfer agreements for each project upon completion. As at the date of this circular, the Target Parking Spaces are held by the Seller Group. There is no original acquisition cost for the Target Parking Spaces as they form part of the property project developed by the Seller.

As at December 31, 2024, the book value of the Target Parking Spaces is RMB238.07 million. The net profits attributable to the Target Parking Spaces for the years ended December 31, 2023 and 2024 are nil, as the Target Parking Spaces have not yet been put up for sale or lease.

LETTER FROM THE BOARD

Details of the Target Parking Spaces are set out as below:

Property Project	Province	Project nature	Total number of parking spaces	Number of parking spaces with Certifications	Number of parking spaces without Certifications	Total consideration of the project (RMB)	Consideration of parking spaces with Certifications (RMB)	Consideration of parking spaces without Certifications (RMB)
Project A	Anhui	Residential and commercial	247	247	–	17,500,000	17,500,000	–
Project B	Anhui	Residential and commercial	489	354	135	12,510,000	10,000,000	2,510,000
Project C	Anhui	Residential and commercial	607	607	–	14,290,000	14,290,000	–
Project D	Guangdong	Residential and commercial	34	28	6	1,940,000	1,570,000	370,000
Project E	Guangdong	Residential and commercial	159	49	110	8,490,000	2,640,000	5,850,000
Project F	Guangdong	Residential and commercial	26	26	–	2,000,000	2,000,000	–
Project G	Henan	Residential and commercial	21	–	21	8,260,000	–	8,260,000
Project H	Hubei	Residential and commercial	529	–	529	20,030,000	–	20,030,000
Project I	Jiangsu	Residential and commercial	23	–	23	840,000	–	840,000
Project J	Jiangsu	Residential and commercial	382	–	382	14,420,000	–	14,420,000
Project K	Jiangsu	Residential and commercial	397	–	397	13,390,000	–	13,390,000

LETTER FROM THE BOARD

Property Project	Province	Project nature	Total number of parking spaces	Number of parking spaces with Certifications	Number of parking spaces without Certifications	Total consideration of the project (RMB)	Consideration of parking spaces with Certifications (RMB)	Consideration of parking spaces without Certifications (RMB)
Project L	Jiangsu	Residential and commercial	67	67	–	3,080,000	3,080,000	–
Project M	Jiangsu	Residential and commercial	305	305	–	14,030,000	14,030,000	–
Project N	Jiangsu	Residential and commercial	373	373	–	18,710,000	18,710,000	–
Project O	Jiangsu	Residential and commercial	88	88	–	2,970,000	2,970,000	–
Project P	Jiangsu	Residential and commercial	159	–	159	5,010,000	–	5,010,000
Project Q	Jiangsu	Residential and commercial	247	247	–	4,000,000	4,000,000	–
Project R	Jiangsu	Residential and commercial	111	–	111	5,490,000	–	5,490,000
Project S	Jiangsu	Residential and commercial	217	–	217	10,880,000	–	10,880,000
Project T	Jiangxi	Residential and commercial	297	–	297	17,860,000	–	17,860,000
Project U	Jiangxi	Residential and commercial	186	–	186	6,060,000	–	6,060,000
Project V	Sichuan	Residential and commercial	469	469	–	13,830,000	13,830,000	–
Project W	Sichuan	Residential and commercial	574	357	217	13,860,000	9,140,000	4,720,000
Total			<u>6,007</u>	<u>3,217</u>	<u>2,790</u>	<u>229,370,000</u>	<u>113,760,000</u>	<u>115,610,000</u>

LETTER FROM THE BOARD

VII. IMPLICATIONS UNDER THE LISTING RULES

Given that the transactions under the Parking Spaces Transfer Framework Agreement and the Equity Transfer Agreements were entered into between the Group and the Seller Group, among other parties, within 12 months and are of a same nature, the Acquisitions constitute a series of transactions which are required to be aggregated pursuant to the Listing Rules.

As the highest applicable percentage ratio in respect of the Acquisitions exceeds 100%, the Acquisitions constitute a very substantial acquisition for the Company pursuant to Rule 14.06(5) of the Listing Rules and are therefore subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As of the date of this circular, the Seller is indirectly held as to 71.88% by Mr. Zeng Huansha, a Controlling Shareholder. Accordingly, the Seller is an associate of Mr. Zeng Huansha and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Acquisitions also constitute a connected transaction of the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements.

VIII. INTEREST OF DIRECTORS

As Mr. Zeng Junkai, the chairman and non-executive Director of the Company, is the son of Mr. Zeng Huansha, a Controlling Shareholder and a controlling shareholder of the Seller, Mr. Zeng Junkai is regarded as having a material interest in each of the Agreements and the transactions contemplated thereunder. Therefore, Mr. Zeng Junkai has abstained from voting on the respective Board resolutions approving the Agreements and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in, or was required to abstain from voting on the relevant Board resolutions.

IX. INDEPENDENT SHAREHOLDERS' APPROVAL

In view of the above, the Company will seek the approval of the Independent Shareholders in relation to the Agreements and the transactions contemplated thereunder. Ordinary resolutions will be proposed at the EGM to approve by way of poll the Agreements and the transactions contemplated thereunder.

As at the Latest Practicable Date, Redsun Services Group (Holdings) Limited is a controlling Shareholder, directly holding approximately 72.77% of the entire issued share capital of the Company. Redsun Services Group (Holdings) Limited is wholly owned by Hong Yang Group Company Limited, which in turn is wholly owned by Hong Yang International Limited, which in turn is owned as to 50% and 50% by Hong Yang Group (Holdings) Limited (a company wholly owned by Mr. Zeng Huansha) and Mr. Zeng Huansha, respectively. Accordingly, Redsun Services Group (Holdings) Limited and its associates will be required to abstain from voting on the ordinary resolutions to be proposed at the EGM in respect of the Agreements and the transactions contemplated thereunder.

LETTER FROM THE BOARD

X. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Company has established the Independent Board Committee (comprising all the independent non-executive Directors) in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Agreements and the transactions contemplated thereunder.

In this connection, the Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreements and the transactions contemplated thereunder.

XI. CLOSURE OF REGISTER OF MEMBERS

To attend and vote at the EGM

For the purpose of ascertaining the Shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Friday, May 16, 2025 to Wednesday, May 21, 2025, both days inclusive. In order to be eligible to attend and vote at the EGM, all transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged for registration with Computershare at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, May 15, 2025.

XII. EGM AND PROXY ARRANGEMENT

A notice convening the EGM to be held at Room 2612, 26/F, China Merchants Tower, Shun Tak Centre, Sheung Wan, Hong Kong at 2:00 p.m. on Wednesday, May 21, 2025 is set out on pages EGM-1 to EGM-2 of this circular.

Pursuant to Rule 13.39(4) of the Listing Rules and Article 72 of the Articles of Association, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the EGM is sent to the Shareholders together with this circular. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rsunservice.hk). Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to Computershare, the branch share registrar of the Company in Hong Kong, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM if you so desire.

LETTER FROM THE BOARD

As at the Latest Practicable Date, Redsun Services Group (Holdings) Limited is a controlling Shareholder, directly holding approximately 72.77% of the entire issued share capital of the Company. Redsun Services Group (Holdings) Limited is wholly owned by Hong Yang Group Company Limited, which in turn is wholly owned by Hong Yang International Limited, which in turn is owned as to 50% and 50% by Hong Yang Group (Holdings) Limited (a company wholly-owned by Mr. Zeng Huansha) and Mr. Zeng Huansha, respectively. Accordingly, Redsun Services Group (Holdings) Limited and its associates will be required to abstain from voting on the ordinary resolutions to be proposed at the EGM in respect of the Agreements and the transactions contemplated thereunder.

XIII. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 31 to 32 of this circular and the letter from the Independent Financial Adviser containing its recommendations to the Independent Board Committee and Independent Shareholders in connection with the Acquisitions and the Agreements, and the principal factors and reasons considered by them in arriving such recommendations set out on pages 33 to 63 of this circular.

Based on the information set out in this circular, the Directors (including the independent non-executive Directors, having taken into account and based on the recommendation of the Independent Financial Adviser) consider that despite the Agreements and the Acquisitions were not entered into in the ordinary and usual course of business of the Group, the terms of the Agreements (including the respective considerations) are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Shareholders to vote in favor of the resolutions to be proposed at the EGM.

XIV. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendixes to this circular.

By order of the Board
Redsun Services Group Limited
Zeng Junkai
Chairman



Redsun Services Group Limited

弘陽服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1971)

April 30, 2025

To the Independent Shareholders

Dear Sir or Madam,

**VERY SUBSTANTIAL ACQUISITION AND
CONNECTED TRANSACTION IN RELATION TO ACQUISITIONS OF
(1) THE TARGET PARKING SPACES; AND
(2) EQUITY INTERESTS IN TARGET COMPANIES**

We refer to the circular dated April 30, 2025 issued by the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein, unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Parking Spaces Transfer Framework Agreement and the Equity Transfer Agreements and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” in the Circular. Ignite Capital (Asia Pacific) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to (i) the “Letter from the Board” set out on pages 6 to 30 of the Circular; (ii) the “Letter from the Independent Financial Adviser” set out on pages 33 to 63 of the Circular and (iii) the additional information set out in the appendixes to the Circular.

Having taken into account, among other things, the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser, we concur with the view of the Independent Financial Adviser and consider that despite the Parking Spaces Transfer Framework Agreement and the Equity Transfer Agreements and the Acquisitions were not entered into in the ordinary and usual course of business of the Group, the terms of the Agreements (including the respective considerations) are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favor of the relevant resolution to be proposed at the EGM to approve the Parking Spaces Transfer Framework Agreement and the Equity Transfer Agreements and the transactions contemplated thereunder.

Yours faithfully,
for and on behalf of the
Independent Board Committee
Wang Fen, Li Xiaohang, Zhao Xianbo
Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Ignite Capital to the Independent Board Committee and the Independent Shareholders in respect of the Parking Spaces Transfer Framework Agreement and Equity Transfer Agreements, which has been prepared for the purpose of inclusion in this circular.



Unit A, 15th Floor, CMA Building
64-65 Connaught Road Central
Central, Hong Kong

April 30, 2025

To: The Independent Board Committee and the Independent Shareholders of Redsun Services Group Limited

Dear Sirs or Madams,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO ACQUISITIONS OF (1) THE TARGET PARKING SPACES; AND (2) EQUITY INTERESTS IN TARGET COMPANIES

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Parking Spaces Transfer Framework Agreement and Equity Transfer Agreements, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated April 30, 2025 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined or the context requires otherwise.

Parking Spaces Transfer Framework Agreement

On February 17, 2025, the Company and the Seller entered into the Parking Spaces Transfer Framework Agreement, pursuant to which the Company conditionally agreed to purchase and the Seller conditionally agreed to sell the property right or the right of use (as the case may be) of the Target Parking Spaces, subject to the terms and conditions of the Parking Spaces Transfer Framework Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Equity Transfer Agreements

On February 17, 2025, Nanjing Hong Life (an indirect wholly-owned subsidiary of the Company) and each of Chengdu Hong Yang Jin Xing, Xuzhou Hong Qi and Nanjing Hong Tai Pu Yang (all being indirect wholly-owned subsidiaries of the Seller) entered into the respective Equity Transfer Agreements, pursuant to which Nanjing Hong Life conditionally agreed to purchase, and each of Chengdu Hong Yang Jin Xing, Xuzhou Hong Qi and Nanjing Hong Tai Pu Yang conditionally agreed to sell (a) 70% of the equity interests in Target Company A held by Chengdu Hong Yang Jin Xing; (b) 20% of the equity interests in Target Company B held by Xuzhou Hong Qi; and (c) 19% of the equity interests in Target Company C held by Nanjing Hong Tai Pu Yang, together with all other assets, liabilities and owners' equity attached to the equity interests abovementioned, subject to the terms and conditions of the respective Equity Transfer Agreements.

Listing Rules Implications

Given that the transactions under the Parking Spaces Transfer Framework Agreement and the Equity Transfer Agreements were entered into between the Group and the Seller Group, among other parties, within 12 months and are of a same nature, the Acquisitions constitute a series of transactions which are required to be aggregated pursuant to the Listing Rules.

As the highest applicable percentage ratio in respect of the Acquisitions exceeds 100%, the Acquisitions constitute a very substantial acquisition for the Company pursuant to Rule 14.06(5) of the Listing Rules and are therefore subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As of the date of the Circular, the Seller is indirectly held as to 71.88% by Mr. Zeng Huansha, a Controlling Shareholder. Accordingly, the Seller is an associate of Mr. Zeng Huansha and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Acquisitions also constitute a connected transaction of the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements.

As at the Latest Practicable Date, Redsun Services Group (Holdings) Limited is a controlling Shareholder, directly holding approximately 72.77% of the entire issued share capital of the Company. Redsun Services Group (Holdings) Limited is wholly owned by Hong Yang Group Company Limited, which in turn is wholly owned by Hong Yang International Limited, which in turn is owned as to 50% and 50% by Hong Yang Group (Holdings) Limited (a company wholly owned by Mr. Zeng Huansha) and Mr. Zeng Huansha, respectively. Accordingly, Redsun Services Group (Holdings) Limited and its associates will be required to abstain from voting on the ordinary resolutions to be proposed at the EGM in respect of the Agreements and the transactions contemplated thereunder.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Wang Fen, Mr. Li Xiaohang and Mr. Zhao Xianbo, has been established to advise the Independent Shareholders in respect of the Parking Spaces Transfer Framework Agreement, Equity Transfer Agreements and the transactions contemplated thereunder and to make recommendations as to, among others, whether the terms of the Parking Spaces Transfer Framework Agreement, Equity Transfer Agreements and the transactions contemplated thereunder are fair and reasonable, are normal commercial terms and in the interests of the Company and the Independent Shareholders as a whole, and as to voting in respect of the relevant resolution(s) at the EGM. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with, or interest in, the Group, the Seller, the Seller Group or any of their respective connected persons and close associates or other parties that could reasonably be regarded as relevant to our independence. During the past two years immediately prior to this letter, we have not: (i) acted in the capacity as a financial adviser or as an independent financial adviser to the Company; (ii) provide any services to the Company; or (iii) had any relationship with the Company. Apart from normal independent financial advisory fee paid or payable to us in connection with the current appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Group, the Seller, the Seller Group or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider ourselves independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things:

- (i) the Company's annual results announcement for the year ended 31 December ("**FY**") 2024 (the "**2024 Annual Results Announcement**");
- (ii) the Company's annual reports for FY2023 (the "**2023 Annual Report**");
- (iii) the Parking Spaces Transfer Framework Agreement;
- (iv) the Equity Transfer Agreements;
- (v) the property valuation reports prepared by the Independent Valuer (the "**Valuation Reports**") as set out in the Appendix VI to the Circular;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (vi) the financial statements of the Target Companies (the “**Target Companies Financial Statements**”) as set out in the Appendix II to the Circular;
- (vii) the Circular; and
- (viii) other information as set out in the Circular.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Group (collectively, the “**Management**”). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the terms of the Parking Spaces Transfer Framework Agreements and the Equity Transfer Agreement, and the transactions contemplated thereunder, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes without our prior written consent.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Parking Spaces Transfer Framework Agreement, Equity Transfer Agreements and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

1. Information of the Group

The Company is a well-recognized comprehensive community service provider in Jiangsu province, China, with balanced property management abilities in the management of residential and commercial properties. The Company provides a wide range of property management services to property owners, residents and tenants, value-added services to non-property owners, primarily property developers, and other property management companies, and community value-added services to residential property owners and residents. The Company is indirectly controlled by Mr. Zeng Huansha.

Set out in Table 1 below is certain financial information of the Group for three years ended 31 December 2024 as extracted from the 2024 Annual Results Announcement and the 2023 Annual Report.

Table 1: Financial information of the Group

	FY2024	Audited	
	(RMB'000)	FY2023	FY2022
		(RMB'000)	(RMB'000)
Revenue	1,026,678	1,063,634	1,103,122
– Property management services	822,738	840,174	834,730
– Value-added services to non-property owners	42,697	66,857	124,612
– Community value-added services	161,243	156,603	143,780
Profit attributable to equity shareholders of the Company	14,386	10,865	91,990

Source: The 2024 Annual Results Announcement and 2023 Annual Report

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

FY2024 vs FY2023

For FY2024, the Group's revenue amounted to approximately RMB1,026.7 million, representing a slight decrease of approximately 3.6% from approximately RMB1,063.6 million for FY2023. The decrease was mainly attributable to the decrease in the Group's revenue from providing value-added services to non-property owners. From the segment perspective, the Group's revenue from providing property management services amounted to RMB822.8 million, representing a decrease of 2.1% from RMB840.2 million for the corresponding period in 2023. This was mainly attributable to the decrease in revenue from commercial property management services as a result of the Group's withdrawal from certain commercial property management projects. The Group's revenue from value-added services to non-property owners amounted to approximately RMB42.7 million for FY2024, representing a decrease of approximately 36.2% from approximately RMB66.9 million for FY2023. This was mainly attributable to the decrease of sales venue projects caused by the real estate projects being delivered one after another. The Group's revenue from community value-added services achieved substantial growth, amounting to RMB161.2 million, representing an increase of 2.9% from RMB156.6 million for FY2023. During FY2024, the increase in revenue from community value-added services was mainly attributable to the increase in revenue from project common area resource. Overall, the profit attributable to equity shareholders of the Company for FY2024 was approximately RMB14.4 million, representing an increase of approximately 32.1% from approximately RMB10.9 million for FY2023. Such increase in the profit attributable to equity shareholders of the Company for FY2024 was mainly due to the Group's net impairment losses on financial assets significantly narrowed from approximately RMB119.0 million in FY2023 to approximately RMB62.5 million in FY2024, offsetting by the decrease in the gross profit of the Group from approximately RMB252.4 million in FY2023 to approximately RMB199.6 million in FY2024.

FY2023 vs FY2022

During FY2023, the Group's revenue amounted to approximately RMB1,063.6 million, representing a decrease of approximately 3.6% from approximately RMB1,103.1 million for FY 2022. The decrease was mainly attributable to the decrease in the Group's revenue from providing value-added services to non-property owners. From the segment perspective, the Group's revenue from providing property management services amounted to RMB840.2 million for FY2023, representing an increase of approximately 0.7% from approximately RMB834.7 million for FY2022. This was mainly attributable to the rapid increase in total GFA under management in line with the Group's business expansion. The Group's revenue from value-added services to non-property owners amounted to approximately RMB66.9 million for FY2023, representing a decrease of approximately 46.3% from approximately RMB124.6 million for FY2022. Such decrease was mainly attributable to the decrease of sales venue projects caused by the real estate projects being delivered one after another. Meanwhile, the Group's revenue from community value-added services achieved substantial growth, amounting to approximately RMB156.6 million for FY2023, representing an increase of approximately 8.9% from approximately RMB143.8 million for FY2022. During FY2023, the profit attributable to the equity shareholders of the Company amounted to approximately RMB10.9 million, representing a decrease of approximately 88.2% as compared to FY2022, mainly attributable to the increase in impairment allowance for receivables from related parties as affected by the market environment of the real estate industry, as well as the decrease in demand for property development project services and the decrease in revenue from value-added services to non-property owners.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out in Table 2 below is certain financial position information of the Group as at 30 June 2024 and 31 December 2023 which were extracted from the 2024 Annual Results Announcement.

Table 2: Financial positions of the Group

	Audited	
	As at	As at
	31 December	31 December
	2024	2023
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Non-current assets	283,121	287,338
Current assets	1,375,200	1,406,548
Current liabilities	719,008	747,421
Non-current liabilities	30,235	47,893
Equity attributable to equity shareholders of the Company	898,058	883,672

Source: The 2024 Annual Results Announcement

The non-current assets of the Group amounted approximately RMB283.1 million as at 31 December 2024, representing a slight decrease of approximately 1.5% from RMB287.3 million as at 31 December 2023. The current assets of the Group as at 31 December 2024 were approximately RMB1,375.2 million, representing a slight decrease of approximately 2.2% from RMB1406.5 million as at 31 December 2023. The current liabilities of the Group were recorded approximately RMB719.0 million as at 31 December 2024, which shown a decrease of approximately 3.8% from approximately RMB747.4 million as at 31 December 2023. The non-current liabilities recorded an obvious decrease of approximately 36.9% from approximately RMB47.9 million as at 31 December 2023 to approximately RMB30.2 million as at 31 December 2024.

Based on the above, the equity attributable to the equity shareholders of the Company as at 31 December 2024 amounted to approximately RMB898.1 million, representing an increase of approximately 1.6% from approximately RMB883.7 million as at 31 December 2023.

2. Information of the Target Parking Spaces

The Target Parking Spaces are a total of 6,007 parking spaces located in Jiangsu, Anhui, Sichuan, Jiangxi, Henan, Guangdong and Hubei Province in the PRC, subject to entering into of separate transfer agreements for each project upon completion. As at the date of the Circular, the Target Parking Spaces are held by the Seller Group. There is no original acquisition cost for the Target Parking Spaces as they form part of the property project developed by the Seller.

As at December 31, 2024, the book value of the Target Parking Spaces is RMB238.07 million. The net profits attributable to the Target Parking Spaces for the years ended December 31, 2023 and 2024 are nil, as the Target Parking Spaces have not yet been put up for sale or lease.

For further information on the Target Parking Spaces, please refer to the section headed “INFORMATION ON THE TARGET PARKING SPACES” of in the Letter from the Board.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Information of the Target Companies

Target Company A

Target Company A was established in the PRC in 2020 and an indirect non-wholly-owned subsidiary of the Seller. Target Company A principally engages in property development. As at the date of the Circular and immediately before the completion of the Equity Transfer, Target Company A is owned by Chengdu Hong Yang Jin Xing and Sichuan Esheng as to 70% and 30% respectively. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) Chengdu Hong Yang Jin Xing is an indirect wholly-owned subsidiary of the Seller; and (ii) Sichuan Esheng is ultimately controlled by Mr. Xiong Jianhua (熊建華), who is an independent third party of the Company.

Set out below are the financial information of Target Company A for the years ended December 31, 2024 and 2023:

	For the year ended December 31, 2024 RMB'000	For the year ended December 31, 2023 RMB'000
Revenue	486,684	651,128
Net profit/(loss) before taxation and extraordinary items	(1,587)	16,199
Net profit/(loss) after taxation and extraordinary items	(17,371)	(9,586)

The net asset value and the total asset value of Target Company A as at December 31, 2024 were approximately RMB151.71 million and RMB472.35 million respectively.

Details of property projects held by Target Company A (the “**Target Company A Project**”) as at December 31, 2024 are set out as below:

Location	Latest development stage	Land use	Total gross floor areas (sq.m.)
Pengzhou City, Sichuan Province	Final phase of sale	Residential and commercial	213,560.43

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Target Company B

Target Company B was established in the PRC in 2020 and an associate of the Seller. Target Company B principally engages in property development. As at the date of the Circular and immediately before the completion of the Equity Transfer, Target Company B is owned by Yancheng Tongjia, Wuxi Hengyuan and Xuzhou Hong Qi as to 60%, 20% and 20% respectively. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) Yancheng Tongjia is ultimately controlled by Mr. Shi Weiwei (施為偉), who is an independent third party of the Company; (ii) Wuxi Hengyuan is a subsidiary of Jinke Property Group Co., Ltd. (金科地產集團股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: SZ.000656), an independent third party of the Company; and (iii) Xuzhou Hong Qi is an indirect wholly-owned subsidiary of the Seller.

Set out below are the financial information of Target Company B for the years ended December 31, 2024 and 2023:

	For the year ended December 31, 2024 RMB'000	For the year ended December 31, 2023 RMB'000
Revenue	837,798	1,091,499
Net profit/(loss) before taxation and extraordinary items	(25,347)	210,199
Net profit/(loss) after taxation and extraordinary items	(70,295)	117,495

The net asset value and the total asset value of Target Company B as at December 31, 2024 were approximately RMB70.25 million and RMB1,208.76 million respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Target Company B recorded revenue and net profit in 2023 and 2024 as a result of phased project deliveries. While some properties remain under construction, a portion has been completed and delivered, generating revenue and profit accordingly. As at the date of this circular, Target Company B held one property project (the “**Target Company B Project**”) with total gross floor areas of 434,029.89 sq.m. Details of the Target Company B Project as at date of the circular are set out as below:

Location	Land use	Latest development stage	Total gross floor areas (sq.m.)	Expected completion time
Suqian City, Jiangsu Province	Residential and commercial	Delivered	267,654.99	/
		Under construction	32,084.98	Year end of 2025
			134,289.92	Year end of 2026

Target Company C

Target Company C was established in the PRC in 2018 and a joint venture of the Seller. Target Company C principally engages in property development. As at the date of the Circular and immediately before the completion of the Equity Transfer, Target Company C is owned by Nanjing Qicheng, Nanjing Jinyao, Jurong Yifeng, Nanjing Yuyang and Nanjing Hong Tai Pu Yang as to 23%, 20%, 19%, 19% and 19% respectively. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, (i) Nanjing Qicheng is controlled by Shanghai Yinyi Construction Management Co., Ltd.* (上海垠壹建設管理有限公司), which is owned equally by Shanghai Yuantongkai Enterprise Management Service Co., Ltd.* (上海沅通凱企業管理服務有限公司) (ultimately wholly-owned by Shanghai Xiba Enterprise Management Service Co., Ltd.* (上海曦霸企業管理服務有限公司)) and Shanghai Weihaan Enterprise Development Co., Ltd.* (上海維哈企業發展有限公司) (ultimately wholly-owned by Nanjing Changshenghe Enterprise Management Co., Ltd.* (南京昌勝和企業管理有限公司)) as to 50% each, and all of these entities are independent third parties of the Company; (ii) Nanjing Jinyao is controlled by Gemdale Corporation (金地(集團)股份有限公司), whose shares are listing on the Shanghai Stock Exchange (stock code:SH.600383), an independent third party of the Company; (iii) Jurong Yifeng is a subsidiary of Jinke Property Group Co., Ltd., an independent third party of the Company; (iv) Nanjing Yuyang is a subsidiary of Yango Group Co., Ltd. (陽光城集團股份有限公司), whose shares were previously listed on the Shenzhen Stock Exchange (previous stock code: 000671) but subsequently delisted in August 2023, which is ultimately controlled by Ms. Wu Jie (吳潔), an independent third party of the Company; and (v) Nanjing Hong Tai Pu Yang is an indirect wholly-owned subsidiary of the Seller.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below are the financial information of Target Company C for the years ended December 31, 2024 and 2023:

	For the year ended December 31, 2024 RMB'000 (unaudited)	For the year ended December 31, 2023 RMB'000 (unaudited)
Revenue	–	–
Net profit/(loss) before taxation and extraordinary items	(1)	(1)
Net profit/(loss) after taxation and extraordinary items	(1)	(1)

The net liabilities and the total assets of Target Company C as at December 31, 2024 were approximately RMB105.53 million and RMB205.52 million respectively.

As at the date of the circular, Target Company C held a land (the “**Land**”) with total areas of 38,731 sq.m. for both residential and commercial use, which was planned for future development in Jurong City, Jiangsu Province. As disclosed in the Circular, at the date of the Circular, Target Company C has no concrete development plan for the Land, and the final decision will depend on the prevailing market conditions and industry trends. Alternatively, the Land may be considered for sale when a suitable opportunity arises.

For details of the financial information of each of the Target Companies, please refer to the Appendix II to this Circular.

4. Information of the Parties

Nanjing Hong Life

Nanjing Hong Life is a company established under the PRC laws with limited liability and an indirect wholly-owned subsidiary of the Company. Nanjing Hong Life is principally engaged in the business of real estate consulting, sales and leasing agency services.

The Seller

The Seller is a leading comprehensive property developer established in the Yangtze River Delta region and operating in the PRC, focusing on the development of residential properties and the development, operation and management of commercial and comprehensive properties. As of the date of this circular, the Seller is indirectly held as to 71.88% by Mr. Zeng Huansha, a Controlling Shareholder.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Chengdu Hong Yang Jin Xing

Chengdu Hong Yang Jin Xing is a company established under the PRC laws with limited liability and an indirect wholly-owned subsidiary of the Seller. Chengdu Hong Yang Jin Xing is principally engaged in the business of real estate development, operation and brokerage. As of the date of this circular and immediately before the completion of the Equity Transfer, it is interested in 70% of equity interest in Target Company A.

Xuzhou Hong Qi

Xuzhou Hong Qi is a company established under the PRC laws with limited liability and an indirect wholly-owned subsidiary of the Seller. Xuzhou Hong Qi is principally engaged in the business of real estate development and sales, housing rental and business information consulting services. As of the date of this circular and immediately before the completion of the Equity Transfer, it is interested in 20% of equity interest in Target Company B.

Nanjing Hong Tai Pu Yang

Nanjing Hong Tai Pu Yang is a company established under the PRC laws with limited liability and an indirect wholly-owned subsidiary of the Seller. Nanjing Hong Tai Pu Yang is principally engaged in the business of real estate development, operation and sales and business management services. As of the date of this circular and immediately before the completion of the Equity Transfer, it is interested in 19% of equity interest in Target Company C.

5. Reasons for and benefits of the Acquisitions

5.1 Acquisition of the Target Parking Spaces

The PRC Automobile and Parking Space Industry

The Company provides community value added services to residential property owners and residents to improve their living experiences, whereby provision of sales and leasing of parking spaces constitute a major of the services. According to the Management, the Company is of the view that the demand for sales and leasing of parking spaces sales in the PRC will remain positive in the foreseeable future. In conducting our independent analysis, we have primarily focused on assessing the future demand for automobiles in the PRC, which shall in turn drive the future demand for the sales and leasing of car parking spaces in the PRC.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

With reference to the statistics published by the National Bureau of Statistics of the PRC (the “**Statistics Bureau**”) (<http://www.stats.gov.cn/>), the gross domestic product (the “**GDP**”) in the PRC for 2024 exceeded RMB130 billion for the first time and reached approximately RMB134.9 billion, representing an increase of approximately 5.0% over the previous year at constant prices. In addition, the retail sales value of automobiles in the PRC has exhibited year-on-year growths of approximately 3.5% in 2024. Furthermore, the number of automobile ownership for civilian use in the PRC have exhibited year-on-year growths of approximately 6.0% in 2022 and approximately 5.5% in 2023, indicating a stable growth in the number of automobiles ownership for civilian use in the PRC. According to “Economic and Financial Outlook Report 2025” which was published by Bank of China Research Institute in November 2024, the gross domestic product growth rate is expected to be approximately 5% for 2025, while consumption will be the main engine of economic growth, which will benefit the retail sales of social consumer goods. At the same time, as forecasted by the China Association of Automobile Manufacturers (“**中國汽車工業協會**”), the total automobile sales in the PRC are expected to reach 32.9 million units with a year-on-year increase of 4.7% in 2025, which is driven by the favorable factors such as the continued releases of macro supporting and consumer goods upgrade policies, and the continuation of tax exemption policy for the purchases of the new energy vehicles.

On the policy side, the PRC government has been implementing policies and measures to continuously stimulate the consumption of automobile in the PRC in the recent years. On 20 July 2023, the National Development and Reform Commission (<https://www.ndrc.gov.cn/>) and the relevant departments jointly formulated and released 《關於促進汽車消費的若干措施》 (“**Several Measures of Promoting the Automobile Consumption**”) (the “**Measures**”), which aims to promote automobile consumption, improve and support the sustainable development of the automotive market in the PRC. The Measures, among others, promote the replacement of aging vehicles, reduce the purchase and usage cost of new energy vehicles and encourage local governments to expand the supply of parking spaces. All regions and relevant departments are urged to promptly introduce supporting policies and measures to ensure the effective implementation of the Measures. Meanwhile, we also note from the Official Website of China Government (“**中華人民共和國政府網**”) that the policy for reduction in automobile purchase tax for new energy automobiles would be extended to the end of 2027. In details, automobiles purchase tax will be fully exempted for purchases of new energy automobiles in 2024 and 2025, whilst purchases of new energy automobiles in 2026 and 2027 enjoy 50% reduction in the automobiles purchase tax. This policy is aimed to, among others, extend the policy for reduction in automobiles purchase tax, improve market environment, further stimulate the potential consumption and enhancing the development of new energy automobile industry.

Moreover, we have also conducted independently research on the demand of parking space in PRC. According to《全國停車場分析報告》 (“**The Analysis Report on the National Parking Lots***”) jointly published in January 2022 by AutoNavi Software Co., Ltd. (<http://www.autonavi.com>), a Chinese web mapping, navigation and location-based services provider founded in 2001, and the Transportation Research Institute of Tsinghua University, while more than one million parking lots had been built in the PRC, there was still a shortage of parking spaces with a demand gap of 80 million parking spaces due to the significant increase in the number of automobiles in the PRC.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Taking into consideration of the above statistics and policies, we concur with the Management that the demand for sales and leasing of parking spaces sales in the PRC will remain positive in the foreseeable future.

Extensive experience in parking spaces

As stated in the Letter from the Board, the Company has extensive experience in managing and leasing parking spaces as part of its community value-added services. Based on the discussion with the Management, we understand that asset management team of the Company (the “**Asset Management Team**”) is responsible for the sales, leasing and management of parking spaces of the Group. Based on the information provided by the Company, we note that the Asset Management Team (i) established in 2021 and currently has more than 300 sales and management personnel, with average related experience of more than six years; (ii) operates five subsidiaries of the Group and is managing sales and leasing of parking space projects of the Group in more than 30 cities in the PRC, in particular covering the cities where the Target Parking Spaces are located; (iii) has completed sales and leasing of more than 4,000 parking spaces during the three years ended 31 December 2024; and (iv) has provided management services to more than 36,000 parking spaces during the three years ended 31 December 2024. And we concur with the Management that the Company has extensive experience in sales, leasing and management of parking spaces in the PRC.

Enhancement and diversification of income stream

As mentioned in the Letter from the Board, the Company will offer both leasing and sales services for the Target Parking Spaces. The Target Parking Spaces have not yet been made available for sale or lease and the Company will primarily focus on sales and those unsold ones will be leased. In addition, the Company may explore additional revenue opportunities, such as generating advertising income from the Target Parking Spaces. The Company intends to utilize certain parking lot areas, such as walls and ground surfaces, for advertising displays, which may generate additional advertising income for the Company from potential customers with advertising needs.

Based on our understanding with the Management, we note that, apart from the revenue generated from property management services, income derived from sales, leasing and management of parking space is one of the important sources of revenue of the Group. And we concur with the Management that the acquisition contemplated under the Parking Spaces Transfer Framework Agreement (the “**Parking Space Acquisition**”) could enable the Group to enhance its source of income from packing spaces and further diversify its revenue stream, and is in line with the Group’s long-term revenue diversification strategy.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5.2 Acquisition of the Target Companies

As disclosed in the Letter from the Board, the Company's primary focus remains on property management services, and the Acquisition of the Target Companies (the "**Target Companies Acquisition**") provides an opportunity to enhance its service offerings, recover the Outstanding Receivables, and potentially realize returns from the Target Companies' assets without the intention of becoming directly involved in property development activities.

Realization of potential return without directly involve in property development activities

Based on the discussion with the Management, we understand that, in assessing the potential return on the assets of the Target Companies, the Company has, among other factors, considered (i) the market value of the properties and the Land held by the Target Companies (the "**Target Companies Properties**") as at the Valuation Date as set out in the Valuation Reports (the "**Properties Market Values**"), as compared to the respective carrying amounts of the Target Companies Properties (the "**Properties Carrying Amounts**") as at 28 February 2025; and (ii) whether the Target Companies Properties are in normal operational status. In this regard, we have reviewed the Target Companies Financial Statements and the Valuation Reports and, and noted that (i) the Properties Market Values were above or at the Properties Carrying Amounts as at 31 December 2024 in the Target Companies Financial Statements. In addition, we have checked the operating status of the Target Companies through the National Enterprise Credit Information Publicity System and noted that all the Target Companies were not in the list of enterprise with abnormal operations and untrustworthy enterprises with serious violations.

Moreover, as stated in the Letter from the Board and according to the Management, direct acquisition of property projects or interests will incur higher taxes and transaction costs.

In relation to the intention of no involvement in property development activities by the Group, we have discussed with the Management and understand that (i) the development of the Target Company A Project has been completed; (ii) the first two phases of the Target Company B Project have been delivered, whilst the third phase is still under construction and the Company confirmed that it has not, and will not, involve in the project development of the Target Company B Project; and (iii) as at the date of the Circular, there is no concrete development plan on the Land and the Company confirmed that it will not involve in any of the project development activities of the Land, should there be any, in the future.

In light of the above, we concur with the Management that the Target Companies Acquisition could offer potential return to the Group without direct involvement in property development activities.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Enhancement of income stream

As stated in the Letter from the Board and based on the discussion with the Management, we understand that, after the Target Companies Acquisition, the Group plans to (i) sell the remaining inventory units of the Target Company A Project; (ii) provide property management services to Target Company A Project; (iii) sell the residential and commercial units of the Target Company Project B upon completion of the development; and (iv) consider to dispose of the Land when suitable opportunity arises. It is expected that the Group could generate potential sales proceeds and/or management fee from the Target Companies Properties. As such, we concur with the Management that the Target Companies Acquisition enables the Group to broaden and further diversify its revenue stream, and is in line with the Group's long-term revenue diversification strategy.

Outstanding Receivables

As disclosed in the Letter from the Board, the Outstanding Receivables, particularly the refundable deposits related to parking spaces sales agency services that mostly consist of receivables aged at least one year, the Company sought to expedite the recovery of these selected Outstanding Receivables by entering into the Equity Transfer Agreements. We have discussed with the Management and understand that (i) the Company has been paying close attention to the liquidity position of the Seller and regularly requesting for collection of the Outstanding Receivables, including holding of monthly meetings with the Seller; (ii) due to the Seller's current liquidity position, the likelihood of recovering the Outstanding Receivables in cash could be limited; (iii) the Outstanding Receivables are interest-free; and (iv) the considerations for the Target Companies Acquisition under the Equity Transfer Agreements (the "**Target Companies Considerations**") shall be offset against an equal amount of the Outstanding Receivables on a dollar-for-dollar basis. As discussed in the above section headed "5.2 Acquisition of the Target Companies – Enhancement income stream", it is expected that the Group could generate potential sales proceeds and/or management fee from the Target Companies Properties. Therefore, considering the Outstanding Receivables are interest-free and the likelihood of recovering the Outstanding Receivables in cash could be limited, the Target Companies Acquisition would offer an easy and reliable opportunity for the Group to recover the Outstanding Receivables on a dollar-for-dollar basis and enhance its cash flow position.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5.3 Section conclusion

Having considered the above, in particular (i) the demand for sales and leasing of parking spaces sales in the PRC will remain positive in the foreseeable future; (ii) the Company has extensive experience in sales, leasing and management of parking spaces in the PRC; (iii) both the Parking Space Acquisition and Target Companies Acquisition could enable the Group to enhance and further diversify its revenue stream, and is in line with the Group's long-term revenue diversification strategy; (iv) the Target Companies Acquisition could offer potential return to the Group without direct involvement in property development activities; and (v) considering the Outstanding Receivables are interest-free and the likelihood of recovering the Outstanding Receivables in cash could be limited, the Target Companies Acquisition would offer an easy and reliable opportunity for the Group to recover the Outstanding Receivables on a dollar-for-dollar basis and enhance its cash flow position, we are of the view that the Acquisitions are in the interests of the Company and the Independent Shareholders as a whole.

6. Principal terms of the Parking Spaces Transfer Framework Agreement

Pursuant to the Letter from the Board, the total consideration is expected to be approximately RMB229.37 million and will be settled by cash. The consideration was determined after arm's length negotiations between the parties with reference to:

- (i) the book value of the Target Parking Spaces as at February 28, 2025 of RMB238.07 million;
- (ii) the appraised value of the Target Parking Spaces as at February 28, 2025, with a market value of approximately RMB113.76 million for those with title and an investment value of approximately RMB115.61 million for those without title, based on an independent valuation by the Independent Valuer on Target Parking Spaces as at February 28, 2025. For further information on the valuation of the Target Parking Spaces, please refer to Appendix VI to this circular;
- (iii) the prevailing property market conditions;
- (iv) the expected administrative cost of the Company to realize the acquired assets; and
- (v) the reasons and benefits as particularized in the paragraphs headed "Reasons for and Benefits of the Acquisitions" in the Letter from the Board

For details of the principal terms of the Parking Spaces Transfer Framework Agreement, please refer to the section headed "THE PARKING SPACES TRANSFER FRAMEWORK AGREEMENT" in the Letter from the Board.

In assessing the fairness and reasonableness of the terms of the Parking Spaces Transfer Framework Agreement, we have primarily reviewed the Valuation Reports and conducted interviews with the Independent Valuer in relation to the Valuation Reports, details of our analysis of which are set out below.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

6.1 Expertise and experience of the Independent Valuer

In assessing the fairness and reasonableness of the determination of the market values of the Target Parking Spaces as at the Valuation Date (the “**Target Parking Spaces Market Values**”), we have reviewed the Valuation Reports and conducted interviews with the Independent Valuer regarding, among others, their relevant qualifications and experiences, independence and principal bases and assumptions adopted in the Valuation Reports. According to the relevant information provided by the Independent Valuer and our independent research conducted in the public domain, the Independent Valuer, Colliers International Group Inc. (NASDAQ, TSX: CIGI) is a leading global diversified professional services and investment management firm with more than 23,300 professionals, specializing in commercial real estate, engineering project management and investment management. Its valuation and consulting services division comprises of experts in valuation, market research, financial analysis and other areas and has extensive experience in providing valuation consulting services for its clients. In relation to the experiences of the Independent Valuer, we have interviewed with the Independent Valuer and were given to understand that Mr. James Woo is the person-in-charge of the valuation on the Target Parking Spaces (the “**Target Parking Spaces Valuation**”) and the Target Companies Properties (the “**Target Properties Valuation**”). Mr. Woo is the executive director and co-head of the valuation and advisory services division at Colliers International in China responsible for valuation work for real estate, distressed assets, plant & machinery, intangible asset, intellectual property, stocks, financial instruments and business valuation across mainland China. He is a fellow member of the Royal Institution of Chartered Surveyors (RICS registration number: 0837243) and has more than 27 years experiences in valuation and advisory services for properties and assets. The Independent Valuer confirmed that it was an independent third party to the Group, each of the Sellers and their respective connected persons as at the Latest Practicable Date. Upon review of the engagement letter between the Company and the Independent Valuer in respect of the Target Parking Spaces Valuation and Target Properties Valuation, we noted that the scope of work is appropriate to the opinion required to be given, and we are not aware of any limitation on the scope of work which might have an adverse impact on the degree of assurance given by the Independent Valuer in the Valuation Reports. Further, during the course of our review of the Target Parking Spaces Valuation and Target Properties Valuation and the discussions with the Independent Valuer, we were not aware of any material facts that would cause us to cast doubts on the experience and expertise of the Independent Valuer in conducting the Target Parking Spaces Valuation and Target Properties Valuation.

6.2 Valuation methodology

Market comparison approach

According to the Valuation Reports, the Independent Valuer adopted the market comparison approach in the valuation of the Target Parking Spaces with title ship that can be freely traded or without title ship but has a history of usage rights transactions, and where the land transfer fees have been fully paid (the “**Type I Parking Spaces**”). Such approach assumes sales of each Type I Parking Spaces in its existing state with the benefit of vacant possession by making reference to comparable sales transactions as available in the market, subject to appropriate adjustments including but not limited to conditions, location, time and other relevant factors. As advised by the Independent Valuer, having considered that comparable sales transactions for parking spaces are frequent and information about such sales are readily available, it is a normal market practice to conduct the valuation of the Type I Parking Spaces based on the market comparison approach. Based on the information provided by the Independent Valuer, number of Type I Parking Spaces constituted approximately 53.6% of the total number of the Target Parking Spaces.

Income capitalization approach

According to the Valuation Reports, the Independent Valuer adopted the income capitalization approach in the valuation of the Target Parking Spaces lacking complete ownership and where there has been no sale of usage rights, or if there are issues with the payment of land transfer fees or civil defence project (the “**Type II Packing Spaces**”). This approach capitalizes the existing rental income from all leasehold units over the remaining lease term, while vacant units are assumed to be rented at the market rate as of the valuation date. Upon the expiration of existing leases, each unit is assumed to be rented at the market rate on the valuation date and capitalized based on the remaining use term. The market value of the property or property interests thus equal to the sum of the capitalized value of the income from the leased units during their lease term, the appropriately deferred capitalized value of the income from the leased units (i.e., market rental income) and the capitalized value of the vacant units. As advised by the Independent Valuer, taking into consideration (i) the lack of title ship of the Type II Parking Spaces; (ii) there has been no sales of usage rights use of right or if there are issues with the payment of land transfer fees or civil defence project for the Type II Parking Spaces; and (iii) the capability of the Type II Parking Spaces to generate income, it is a normal market practise to adopt the income capitalization approach in valuation of such kind of parking spaces in the PRC. Based on the information provided by the Independent Valuer, number of Type II Parking Spaces constituted approximately 46.4% of the total number of the Target Parking Spaces.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

6.3 Key assumptions and valuation bases

Key assumptions

During our review, we noted that the Target Parking Spaces Valuation were conducted based on the key assumptions that, among others, as at the Valuation Date, (i) the target property or property interests exclude 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 value available only to a specific owner or purchaser.; (ii) the property is free from contamination and the ground conditions are satisfactory; (iii) the full and proper ownership title of the property have been obtained, and all payable land premium or land-use rights fees have been fully settled; (iv) the Type II Packing Spaces have been granted for a land use term of 20 years since the Valuation Date.; (v) all required approvals and certificates necessary for occupation and use of the property has been duly obtained and are in full force and effect; (vi) the property can be freely transferred, mortgaged, sublet or otherwise disposed of in the market. and (vii) no allowance has been made in our valuations for any charges, mortgages or amounts owing on 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 all properties are free of any encumbrances, restrictions and outgoings of an onerous nature which could affect their values. We have discussed with the Independent Valuer regarding the adoption of the above-mentioned assumptions and were given to understand that these assumptions are in line with the general market practice for valuation based on the market comparison approach.

Valuation bases for the Type I Parking Spaces

As advised by the Independent Valuer, in assessing the market values of the Type I Parking Spaces, the Independent Valuer has adopted market comparison approach by making reference to historical sale and purchase prices of comparable car parking spaces (the “**Type I Parking Spaces Comparables**”). Considering that the Type I Parking Spaces are located at different property developments in various provinces over the PRC, when identifying the corresponding Type I Parking Spaces Comparables, the Independent Valuer has included the criteria of (i) the underlying parking spaces were located in the same development or district to the corresponding Type I Parking Spaces; (ii) the underlying parking spaces were of the same nature as the corresponding Type I Parking Spaces in terms of being either commercial or residential, as the case maybe; (iii) all underlying parking spaces were designated areas for car parking as the corresponding Type I Parking Spaces; and (iv) the relevant transactions which had been completed during the 24 months preceding the Valuation Date and/or the relevant listings which had remained effective as at the Valuation Date. In addition, we noted that when determining the market value of the Type I Parking Spaces, the Independent Valuer has taken into account the adjustment factors (the “**Adjustment Factors**”) including but not limit to amenities, size, building quality for each of the Type I Parking Spaces. Having considered the substantial number of the underlying parking spaces being acquired under the Target Parking Spaces Acquisition, the Independent Valuer has also applied a bulk purchase discount (the “**Bulk Purchase Discount**”) to the historical transaction prices of the Type I Parking Spaces Comparables when appraising the market value of the Type I Parking Spaces. As confirmed by the Independent Valuer, the adoption of the Adjustment Factors and the Bulk Purchase Discount in valuing the Type I Parking Spaces is in line with the industry practice. We have randomly obtained and reviewed 15 Type I Parking Spaces Comparables and note that the historical transaction prices of the Type I Parking Spaces Comparables, after taking into consideration of the Bulk Purchase Discount, are in line with the market values the corresponding Type I Parking Spaces as appraised by the Independent Valuer.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As confirmed by the Independent Valuer, during the course of the valuations on the Type I Parking Spaces, these valuations have been carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Global Valuation Professional Standards, incorporating the International Valuation Standards of the International Valuation Standards Council (IVSC), and the requirements met out in Chapter 5 and Practice Note 12 of the Listing Rules.

Valuation Bases for the Type II Parking Spaces

Based on our discussion with the Independent Valuer, we understand that the market values of the Type II Parking Spaces as at the Valuation Date was derived based on (i) the estimated future rental income attributable to the Type II Parking Spaces (the “**Rental Income**”) for the period from 31 December 2024 up to and including 31 December 2044 (the “**Forecast Period**”); and (ii) the Rental Income to be discounted at corresponding discount rate (the “**Discount Rate**”), which accounts for the time value of money and reflects the rate of return required by a third-party investor for an investment of similar type, to arrive at their respective present values as at 31 December 2024, being the Valuation Date. The Independent Valuer has confirmed that the above calculation methodology for evaluating the market values of the Type II Parking Spaces is in line with the industry practice.

The Rental Income

As advised by the Independent Valuer, the Rental Income of Type II Parking Spaces is estimated with reference to historical rental transactions of comparable car parking spaces (the “**Type II Parking Spaces Comparables**”). When identifying the Type II Parking Spaces Comparables, the Independent Valuer has included the criteria of (i) the underlying parking spaces were located in vicinity or same district to the corresponding Type II Parking Spaces; (ii) the underlying parking spaces were of the same nature as the corresponding Type II Parking Spaces in terms of being either commercial or residential, as the case maybe; (iii) all underlying parking spaces were designated areas for car parking as the corresponding Type II Parking Spaces; (iv) the relevant transactions which had been completed during the 24 months preceding the Valuation Date and/or the relevant listings which had remained effective as at the Valuation Date; and (iv) assume the Type II Parking Spaces have been granted for a land use term of 20 years since the valuation date. It is noted that the Independent Valuer mainly relied on 58同城 (“**58 Tongcheng**”) (<https://about.58.com/>) and 貝殼找房 (“**Ke.com**”) (<https://m.ke.com>) as the source of information for the Reference Transaction Prices and Reference Rental. According to our independent research, 58 Tongcheng established in 2005 and is a well-established life services platform in China. 58 Tongcheng’s real estate platform offers a comprehensive feature designed to streamline the property search process, provides extensive property listings for sales and leasing of both residential and commercial properties and enables users to filter real estate listings or transactions by location, price, size, and other criteria. Additionally, 58.com offers virtual property tours for remote viewing and provides valuable market insights and trends to help users better understand the real estate market. Meanwhile, Ke.com established in 2017 and is a leading integrated online and offline platform for housing transactions and services in the PRC. With the mission to redefine the real estate industry through technology and innovation, Ke.com provides a comprehensive suite of services, including residential property sales, rentals, home renovation, and financial solutions. In light of the foregoing, we are of the view that the sources of information for the Reference Transaction Prices and Reference Rental are reliable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Forecasted Period

According to the Valuation Reports, the Type II Parking Spaces comprise parking spaces lacking complete ownership (the “**Type II-B Parking Spaces**”) and civil air defence parking spaces (the “**Type II-C Parking Spaces**”). We understand from the Independent Valuer that the Forecasted Period of the Type II-B Parking Spaces was derived based on the (i) underground construction land use right of 50 years; minus (ii) the number of dates since the acquisition of the land use right of the property development of which the respective Type II-B Parking Spaces are located. The Independent Valuer advised that having considered the underground construction land use right for parking spaces is generally 50 years in the PRC, they assumed the Type II-B Parking Spaces has been granted a land use term of 50 years from the commencement date of the land use right of the respective property development. For the Type II-C Parking Spaces, we noted that the Forecasted Period is 20 years and is set based on the maximum effective lease term for leasing agreement of 20 years as stipulated under 《中華人民共和國民法典》 (Civil Code of the PRC). We were advised by the Independent Valuer that it is a normal market practice of adopting the above-mentioned assumptions on the Forecasted Period for the valuation of similar parking spaces in the PRC using the income capitalization approach.

The Discount Rates

As advised by the Independent Valuer, the Discount Rates ranged from approximately 4.5% to 5.25% have been adopted for the valuation of the Type II Parking Spaces. In estimating the Discount Rates for each of the Type II Parking Spaces, the Independent Valuer has made reference to the historical transaction prices (the “**Reference Transaction Prices**”) and rentals (the “**Reference Rental**”) of parking spaces of the same nature and in the vicinity to the corresponding Type II Parking Spaces during the 24 months preceding the Valuation Date. It is noted that the Independent Valuer mainly relied on 58 Tongcheng and Ke.com as the source of information for the Reference Transaction Prices and Reference Rental.

The Discount Rates were derived by discounting the Reference Transactions Prices (after applying the Bulk Purchase Discount) with the Reference Rental for 20 years, subject to appropriate adjustments made for factors such as location, grade and size. The Independent Valuer confirmed that it is a normal market practice to derive the Discount Rate for the purpose of valuation of Type II Parking Spaces using the above-mentioned methodology. We have randomly obtained and reviewed 5 samples of calculation of the Discount Rates (the “**Discount Rate Samples**”), and noted that the Discount Rates under the Discount Rate Samples were derived based on the above-mentioned methodology.

As confirmed by the Independent Valuer, during the course of the valuations of the Type II Parking Spaces, these valuations have been carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Global Valuation Professional Standards, incorporating the International Valuation Standards of the International Valuation Standards Council (IVSC), and the requirements set out in Chapter 5 and Practice Note 12 of the Listing Rules.

Taking into account of the above, we consider that the valuation assumptions and bases adopted by the Independent Valuer in the Target Parking Spaces Valuation are fair and reasonable. Nevertheless, the Independent Shareholders should note that the valuation on the Target Parking Spaces involved certain valuation assumptions and therefore their respective market values may not reflect the exact transaction value of the Target Parking Spaces should they be sold in the market.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

6.4 Section conclusion

According to the Valuation Reports, the market value of the Target Packing Spaces as at 31 December 2024 amounted to RMB229.37 million (the “**Target Packing Spaces Market Value**”). Considering that the consideration for the Target Packing Spaces Acquisition was set at the level of the Target Packing Spaces Market Value, we are of the view that the terms of the Parking Spaces Transfer Framework Agreement and the transactions contemplated thereunder are fair and reasonable.

7. Principal terms of the Equity Transfer Agreements

Pursuant to the Letter from the Board, the respective Target Companies Considerations is approximately RMB109.49 million for Target Company A, RMB68.13 million for Target Company B and RMB41.02 million for Target Company C. Such Target Companies Considerations shall be offset against an equal amount of Outstanding Receivables from refundable deposits related to parking space sales agency services on a dollar-for-dollar basis, with older balances being settled first. No separate cash payment will be made by the Group to the Seller Group.

Such final considerations are adjusted as compared with the considerations disclosed in the Letter from the Board based on the relevant audit of the accounts of the Target Companies, as agreed upon by the parties in writing.

Pursuant to the Letter from the Board, the Target Companies Considerations were determined after arm’s length negotiations between the parties with reference to:

- (i) the adjusted gross net asset value¹ of Target Company A, Target Company B and Target Company C as at December 31, 2024, amounted to RMB176.97 million, RMB204.16 million and negative RMB105.53 million, respectively
- (ii) the outstanding payables due to Target Company A from the Seller Group, as recorded in the management accounts of Target Company A as at December 31, 2024, amounted to RMB14.39 million;
- (iii) the outstanding receivables due from Target Company B and Target Company C to the Seller Group, as recorded in their respective management accounts as at December 31, 2024, amounted to RMB27.29 million and RMB61.07 million, respectively;
- (iv) the expected administrative cost of the Group to realize the acquired assets; and
- (v) the reasons and benefits as particularized in the paragraphs headed “Reasons for and Benefits of the Acquisitions” in the Letter from the Board.

¹ The adjusted gross net asset value is calculated based on the net asset value of the Target Companies as at December 31, 2024 in the respective accountants’ report plus the market value minus the carrying amounts of properties of the respective Target Companies as at February 28, 2025. The carrying amounts of the relevant properties for Target Company A, Target Company B and Target Company C as at February 28, 2025 were approximately RMB228.0 million, RMB718.3 million and RMB204.0 million, respectively, whereas their market value were approximately RMB253.2 million, RMB852.2 million and RMB204.0 million, respectively, based on an independent valuation by the Independent Valuer as at February 28, 2025. For further information on the valuation of the relevant property interests, please refer to Appendix VI to the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In particular, the consideration was arrived taking into account of the following:

Target Company A

The adjusted gross net asset value of Target Company A as at December 31, 2024 was RMB176.97 million. With a 70% equity interest being acquired, this amounts to RMB123.88 million. After deducting RMB14.39 million in payables owed to Target Company A by the Seller Group, the obligations of which will be transferred to and assumed by Nanjing Hong Life in their entirety upon completion of the Equity Transfer, the net consideration for the 70% equity interest in Target Company A shall be RMB109.49 million.

Target Company B

The adjusted gross net asset value of Target Company B as at December 31, 2024 was RMB204.16 million. With a 20% equity interest being acquired, this amounts to RMB40.83 million. Adding RMB27.29 million in receivables owed to the Seller Group by Target Company B, the rights to which will be transferred to and acquired by Nanjing Hong Life in their entirety upon completion of the Equity Transfer, the net consideration for the 20% equity interest in Target Company B is RMB68.13 million.

Target Company C

The adjusted gross net asset value of Target Company C as at December 31, 2024 was negative RMB105.53 million. With a 19% equity interest being acquired, this amounts to negative RMB20.05 million. Adding RMB61.07 million in receivables owed to the Seller Group by Target Company C, the rights to which will be transferred to and acquired by Nanjing Hong Life in their entirety upon completion of the Equity Transfer, the net consideration for the 19% equity interest in Target Company C is RMB41.02 million.

For details of the principal terms of the Equity Transfer Agreement, please refer to the section headed “THE EQUITY TRANSFER AGREEMENTS” in the Letter from the Board.

In assessing the fairness and reasonableness of the terms of Equity Transfer Agreements, we have primarily reviewed the Valuation Reports, conducted interviews with the Independent Valuer in relation to the Valuation Reports and assessed the basis and calculation of the Target Companies Considerations, details of our analysis of which are set out below.

7.1 Expertise and experience of the Independent Valuer

For details of the expertise and experience of and our relevant due diligence work and analysis on the Independent Valuer, please refer to the sub-section headed “6.1 Expertise and experience of the Independent Valuer” above of this letter.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

7.2 *Valuation methodology*

According to the Valuation Reports, the Independent Valuer adopted the market comparison approach in the valuation of the Target Company A Project, the completed properties of the Target Company B Project (together “**Completed Properties**”) and the Land (collectively “**Type I Properties**”), for details of the Land, please refer to the above section headed “Information of the Target Companies – Target Company C”. The market comparison approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. By analyzing such sales, which qualify as ‘arms-length’ transactions, between willing buyers and sellers, adjustments are made for size, location, time, amenities and other relevant factors when comparing such sales prices to assess the value of the subject asset. As advised by the Independent Valuer, having considered the availability of reliable sales evidence of similar nature to the Type I Properties, it is a normal market practice to conduct valuation of the Type I Properties based on the market comparison approach.

Meanwhile, in appraising the market values of the properties under development of the Target Company B Project (the “**Type II Properties**”), the Independent Valuer have adopted the market comparison approach by making reference to comparable sales transactions as available in the market and also taken into account the costs that will be expended to complete the developments. As advised by the Independent Valuer, it is a normal market practice to conduct valuation of property under development in the PRC based on the market comparison approach with the above-mentioned cost adjustments. In respect of other valuation approaches such as the income capitalization approach, as advised by the Independent Valuer, given the parameters required under the income capitalization approach including but not limited to the future selling prices of residential and commercial units and discount rate may not be easily verified or reasonably justified for property under construction, income capitalization approach is considered to be inappropriate for the purpose of the valuations of the Type II Properties. Also, given there is lack of sufficient market data for property under development projects which is comparable to the Type II Properties, market comparison approach without the above-mentioned cost adjustments are also considered to be inappropriate. Furthermore, cost approach is considered to be inappropriate as it estimates the value of a property by calculating the cost of reproducing or replacing it, whereas it is less effective to capture the income-generating potential of the Type II Property which contributes significantly to its overall market value.

Furthermore, the Independent Valuer adopted the income capitalization approach in the valuation of parking spaces held by the Target Company A, which lack complete ownership and where there has been no sale of usage rights, or if there are issues with the payment of land transfer fees or civil defence project (the “**Type III Properties**”). As advised by the Independent Valuer, the income capitalization approach adopted for the Type III Properties and for the Type II Packing Spaces are the same. Please refer to the above section headed “6.2 Valuation methodology – Income capitalization approach” for details of the valuation methodology of the income capitalization approach.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

7.3 *Key assumptions and Valuation bases*

Key assumptions

During our review on the Valuation Reports, we noted that the valuations of the Type I Properties, the Type II Properties and the Type III Properties as at the Valuation Date were conducted based on the key assumptions that, among others, (i) the target property or property interests exclude 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 value available only to a specific owner or purchaser.; (ii) the properties are free from contamination and the ground conditions are satisfactory; (iii) the full and proper ownership title of the properties have been obtained, and all payable land premium or land-use rights fees have been fully settled; (iv) all required approvals and certificates necessary for the development and occupation and use of the properties have been duly obtained and are in full force and effect; (v) the properties can be freely transferred, mortgaged, sublet or otherwise disposed of in the market; (vi) no allowances have been made in our valuations for any charges, mortgages or amounts owing on the properties nor any expenses or taxation which may be incurred in effecting a sale; and (vii) the property or property interests are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values. We have discussed with the Independent Valuer regarding the adoption of the above-mentioned assumptions and were given to understand that those assumptions are in line with the general market practice for valuation based on the market comparison approach.

Valuation bases for the Type I Properties

As advised by the Independent Valuers, in assessing the market comparison values of the Completed Properties, the Independent Valuer has adopted market comparison approach by making reference to historical sale and purchase prices of comparable properties of the similar nature and in the same property development or in vicinity to the corresponding Completed Properties during the 24 months preceding the Valuation Date (the “**Completed Properties Comparables**”). Given the Completed Properties comprises residential units, commercial units and parking spaces, we have randomly obtained and reviewed 12, 3, 5 Completed Properties Comparables for residential units, commercial units and parking spaces respectively. We noted that the historical transaction prices of the Completed Properties Comparables are in line with the market values of the corresponding residential unit, commercial units and parking spaces of the Completed Properties. Meanwhile, when assessing the market value of the Land, the Independent Valuer has made reference to historical sale and purchase prices of the comparable land transactions located in vicinity to the Land during 24 months preceding the Valuation Date (the “**Comparables Lands**”). We were further advised that the Independent Valuer has relied on the transaction information from the CREIS 中指數據庫 (<https://www.cih-index.com/product/zhdatabase>) published by China Index Holdings Ltd (“**CIHL**”) as the sources of information for the Comparables Lands. Based on our independent research, CIHL (NASDAQ: CIH) was established in 2007 and is committed to empower the PRC real estate market with big data and innovative technologies. It has around 1,000 data research and development and professional analysts, and has branches in over 30 major cities in the PRC. Whilst, CREIS 中指數據庫 is a professional database on real estate industry and transaction with substantial amount of first-hand market data and has been designated by the National Development and Reform Commission and the National Bureau of Statistics as a reliable source of market data. CREIS 中指數據庫 contains, among others, transaction data and information on more than 2.2 million pieces of land, 400,000 residential projects and 50,000 commercial properties in over 2,000 cities in the PRC. In light of the foregoing, we are of the view that the sources of information on the Comparable Lands are reliable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Valuation bases for the Type II Properties

As advised by the Independent Valuer, the market value of the Type II Properties was assessed by (i) estimating the gross development value of the Type II Properties (the “**Gross Development Value**”); (ii) deducting the outstanding development costs of the Type II Properties (the “**Outstanding Development Costs**”); (iii) adjusting with the potential profit margins of the Type II Properties (the “**Potential Profit Margins**”); and (iv) discount by a discount rate (the “**Discount Rate II**”) to arrive at the present value as at the Valuation Date, of the Type II Properties.

The Gross Development Value

According to the Valuation Reports, the Gross Development Value is being assessed based on market comparison approach by making reference to sales price of comparable properties located in the same district with similar condition, size and tenure, etc and during the 24 months preceding the Valuation Date (the “**Type II Properties Comparables**”). As advised by the Independent Valuer, they have relied on (i) the historical transaction prices of property units sold in the previous development phases of the Type II Properties; and (ii) 58 Tongcheng, as the source of information for the Type II Properties Comparables. We have randomly obtained from the Company and reviewed 9 historical sales and purchase agreements for residential units and 1 historical sales and purchase agreement for commercial unit of the previous development phases of the Type II Properties (the “**Type II Properties Comparable**”). We noted that the historical transaction prices under the Type II Properties Comparable are in line with the corresponding estimated gross development values of the respective property units of the Type II Properties, which form part of the Gross Development Value. For our assessment on the reliability of 58 Tongcheng as the source of information, please refer to the above section headed “5.3 Key assumptions and valuation bases – Valuation bases for the Type I Parking Spaces” for details.

The Outstanding Development Costs

It is noted that the Outstanding Development Cost is computed through subtracting the total budget construction cost (the “**Total Budget Construction Cost**”) by the paid-up construction cost (the “**Paid-Up Construction Cost**”) of the Type II Properties.

The Potential Profit Margins

According to the Independent Valuer, the Potential Profit Margins is derived based on (i) the industry average profit margin level of projects under development of similar nature to the Type II Properties (the “**Average Profit Margin Level**”) pursuant to the market information available to the Independent Valuer; (ii) adjustment on percentage of completion of the Type II Properties, which is calculated by dividing the Total Budget Construction Cost by the Paid-Up Construction Cost; and (iii) appropriate adjustments made for factors such as location, size, grade and other relevant factors to the Type II Properties. The Independent Valuer confirmed that (i) the Average Profit Margin Level being adopted for the valuation of the Type II Properties is in line with market level of average profit margin for valuation of similar properties under construction projects; and (iii) it is a normal market practice to adopted the above-mentioned adjustments.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Discount Rate II

Based on the information provided by the Independent Valuer, the Discount Rate II of approximately 3.1% was being adopted for the valuation of the Type II Properties, which accounts for the time value of money and reflects the rate of return required by a third-party investor for an investment of similar type. We were given the understanding that, having considered that the Type II Properties are expected to be completed by the year end of 2025, the Discount Rate II was set by reference to the one-year loan prime rate published by the People's Bank of China on 20 December 2024.

Valuation bases for the Type III Properties

As advised by the Independent Valuer, the market values of the Type III Properties as at the Valuation Date was derived based on (i) the estimated future rental income attributable to the Type III Properties (the “**Properties Rental Income**”) for the Forecast Period; and (ii) the Properties Rental Income to be discounted at the corresponding Discount Rate.

The Properties Rental Income

We understand from the Independent Valuer that, in assessing the Properties Rental Income, the Independent Valuer has made reference to historical rental transactions of comparable car parking spaces (the “**Type III Properties Comparables**”). When identifying the Type III Properties Comparables, the Independent Valuer has adopted the same selection criteria as the Type II Parking Spaces Comparables and relied on 58 Tongcheng and Ke.com as the source of information. For details of the selection criteria and reliability of 58 Tongcheng and Ke.com as the source of information, which please refer to the above section headed “6.3 Key assumptions and valuation bases – The Rental Income”.

The Forecasted Period

Please refer to the above section headed “6.3 Key assumptions and valuation bases – The Forecasted Period” for basis and details of the Forecasted Period.

The Discount Rate

As advised by the Independent Valuer, the Discount Rates of approximately 5.25% has been adopted for the valuation of the Type III Properties. For the estimation of, sources of information for and our independent assessments on the Discount Rate, please refer to the above section headed “6.3 Key assumptions and valuation bases – The Discount Rate” for details.

As confirmed by the Independent Valuer, the Target Properties Valuation has been carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Global Valuation Professional Standards, incorporating the International Valuation Standards of the International Valuation Standards Council (IVSC), and the requirements met out in Chapter 5 and Practice Note 12 of the Listing Rules. During our review of the Valuation Reports and discussions with the Independent Valuer, we have not identified any major factors that cause us to doubt the fairness and reasonableness of the principal bases and assumptions adopted in arriving at the Target Properties Valuation.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Taking into account of the above, we consider that the valuation assumptions and bases adopted by the Independent Valuer in the Target Properties Valuations are fair and reasonable. Nevertheless, the Independent Shareholders should note that the Target Properties Valuation involved certain valuation assumptions and therefore their respective market values may not reflect the exact transaction value of the Target Companies Properties should they be sold in the market.

7.4 The Target Companies Consideration

We have discussed with the Management and assessed the components of each of the Target Companies Considerations. It is noted the Target Companies Considerations are determined based on the adjusted proportionate NAVs of each of the Target Companies as at 31 December 2024 (the “Adjusted Proportionate NAVs”) minus the Outstanding Amounts. The Adjusted Proportionate NAVs are calculated based on the NAVs of the Target Companies as at 31 December 2024 (the “Target Companies NAVs”) and adjusted for (i) the market values of the Properties Market Values as set out in the Valuation Reports; and (ii) the Corresponding Equity Interests. Set out below is the calculation of the Target Companies Considerations.

Table 3: Calculation of the Target Companies Considerations

	Target Company A RMB million	Target Company B RMB million	Target Company C RMB million
The Target Companies NAVs	151.7	70.2	-105.5
Less: The Properties Carrying Amounts	228.0	718.3	204.0
Add: The Properties Market Values	253.2	852.2	204.0
Adjusted gross NAVs	176.9	204.1	-105.5
The Corresponding Equity Interests	70%	20%	19%
The Adjusted Proportionate NAVs	123.9	40.8	-20.1
Less: The Outstanding Amounts	14.4	-27.3	-61.1
Target Companies Considerations	109.5	68.1	41.0

For our independent due diligence purpose, we have reviewed the Target Companies Financial Statements and, together with the Valuation Reports, have checked against the respective Target Companies NAVs, Properties Carrying Amounts and Outstandings Amounts and recomputed the calculation of the Target Companies Considerations. Given that the Target Companies Considerations are determined based on the Adjusted Proportionate NAVs, which reflect the Properties Market Value, the Corresponding Equity Interests and the Outstanding Amounts, and shall be offset against an equal amount of the Outstanding Receivables on a dollar-for-dollar basis, we are of the view that the basis for determining the Target Companies Considerations is fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

7.5 Section conclusion

Having considered the valuation methodologies of the valuations on the Target Companies Properties, together with the assumptions and bases adopted therein, and the basis for the Target Companies Considerations, we are of the view that the terms of the Equity Transfer Agreements are on normal commercial terms, are fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole.

8. Financial effects of the Acquisitions

When assessing the financial impacts of the Acquisitions, we have primarily taken into account the following aspects:

Upon completion of the Equity Transfer, Nanjing Hong Life will be interested in 70% of equity interest in Target Company A. Therefore, Target Company A will become an indirect non-wholly-owned subsidiary of the Company and its financial results will be consolidated into the Company's consolidated financial statements. Target Company B and Target Company C will be accounted for as an associate and a joint venture of the Company, respectively. Therefore, their financial results will not be consolidated into the Company's consolidated financial statement but both will be accounted for under the equity method.

The Earnings

As disclosed in the Letter from the Board, following completion of the Acquisitions, no gain or loss will be recorded. According to the unaudited pro forma financial information of the enlarged Group as set out in the Appendix III to the Circular (the “**Pro Forma Information**”), assuming the Acquisitions had been completed on 31 December 2024, the profit of the Company for FY2024 would represent a decrease of approximately RMB16.76 million. Based on our discussion with the Management, we understand that such decrease in the pro forma profit attributable to the equity shareholders of the Company was mainly caused by, among other things, the one-off impairment losses recorded by Target Company B and Target Company C. In light of the above and having considered that (i) the Target Companies Acquisition enables the Group to broaden and further diversify its revenue stream, and is in line with the Group's long-term revenue diversification strategy, as discussed in the section headed “5.2 Acquisition of the Target Companies”; and (ii) the demand for parking spaces in the PRC will generally remain positive in the future as analysed in the above section headed “The PRC Automobile and Parking Space Industry” in this letter, such decrease in the pro forma profit attributable to the equity shareholders of the Company for FY2024 is acceptable.

Assets and Liabilities

Assuming the Acquisitions had been completed on December 31, 2024, the assets and the liabilities as at December 31, 2024 would represent an increase of approximately RMB511.01 million and approximately RMB466.60 million, respectively. As a result, the NAV of the enlarged Group as at December 31, 2024 would increase by approximately RMB44.40 million to approximately RMB953.48 million.

Shareholders should note that the above analyses are for illustrative purpose only and do not purport to represent the financial position of the Group upon the Acquisitions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATIONS

Having considered the above-mentioned principal factors and reasons, we are of the view that although the entering into of the Parking Spaces Transfer Framework Agreement and Equity Transfer Agreements are not in the ordinary and usual course of business of the Group, the terms of the Parking Spaces Transfer Framework Agreement and the Equity Transfer Agreements are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolution approving the Parking Spaces Transfer Framework Agreement and Equity Transfer Agreements at the EGM.

Yours faithfully,
For and on behalf of
Ignite Capital (Asia Pacific) Limited
Li Lan **Dicky Tin**
Managing Director *Director*

Mr. Li Lan is a Managing Director of Ignite Capital and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Li has over 18 years of corporate finance experience in Hong Kong and has participated in and completed various financial advisory and independent financial advisory transactions.

Mr. Dicky Tin is a Director of Ignite Capital and is licensed under the SFO as a licensed person to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Tin has over 18 years of investment banking and corporate finance experience in Hong Kong and has participated in and completed various initial public offerings, corporate financial advisory and independent financial advisory transactions.

* For identification purpose only

1. FINANCIAL INFORMATION OF THE GROUP

The Group's financial information for each of the three years ended December 31, 2022, 2023 and 2024, is disclosed in the following documents, which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.rsunservice.hk>), respectively:

- (i) the annual report of the Company for the year ended December 31, 2024, published on April 24, 2025 (pages 116 to 233):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0424/2025042401781.pdf>

- (ii) the annual report of the Company for the year ended December 31, 2023, published on April 18, 2024 (pages 119 to 240):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0418/2024041801031.pdf>

- (iii) the annual report of the Company for the year ended December 31, 2022, published on April 20, 2023 (pages 119 to 244):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0420/2023042001949.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on February 28, 2025, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the date of this circular, the indebtedness of the Group was as follows:

(i) Borrowings

As at February 28, 2025, the Group had outstanding secured bank borrowings of approximately RMB27,603,000 which is secured by mortgages over 80% equity of Wuhan Huidehang Jingying Property Management Co., Ltd. and guaranteed by Nanjing Hong Yang Property Management.

(ii) Lease liabilities

As at February 28, 2025, the Group did not have any lease liabilities.

(iii) Contingent liabilities

As at February 28, 2025, the Group did not have any contingent liabilities.

(iv) Pledge of assets

As at February 28, 2025, the Group did not have any pledge of assets.

Save as aforesaid and apart from intra-group liabilities and normal trade, bills and other payables in the ordinary course of business of the Group, at the close of business on February 28, 2025, the Group had no other outstanding mortgages, charges, debentures or other loan capital or bank overdrafts or loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, debt securities, guarantees or other material contingent liabilities.

The Directors confirmed that there is no material change in the indebtedness and contingent liabilities of the Group since February 28, 2025 up to the Latest Practicable Date.

3. WORKING CAPITAL SUFFICIENCY OF THE ENLARGED GROUP

The Directors are of the opinion that, after due and careful enquiry, taking into account (i) the anticipated cash flows to be generated from the Enlarged Group's operations as well as the effect of Acquisition, (ii) the present internal financial resources to the Enlarged Group, and (iii) the banking facilities presently available, the Enlarged Group will have sufficient working capital to satisfy its requirements for at least the next twelve months following the date of this circular. The Company has obtained the relevant letter as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there was no material adverse change in the financial or trading position of the Group since December 31, 2024, being the date to which the latest published audited financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

Following the completion of the Acquisitions, the Group will actively implement various strategies to unlock the value of the Target Parking Spaces, including sales and leasing, to enhance asset liquidity. Target Company A and Target Company B will primarily generate profitability through property sales and inventory reduction, thereby distributing profits. Target Company C will realize returns mainly through equity sales.

The Acquisitions will not impact the Group's core business operations nor reduce its investment in core activities. From an industry-wide perspective, the property management sector is expected to continue expanding in scale in 2024, maintaining steady growth. However, due to ongoing pressure in the upstream real estate market, competition in the existing property management market is intensifying, and the sector's overall growth rate is projected to be lower than the actual GDP growth rate. Against this backdrop, property management companies are placing greater emphasis on balancing business scale and profitability while optimizing the structure of their managed project portfolios to enhance operational efficiency.

In terms of strategic expansion, in 2024, the Group will continue to reinforce its core strategy of "Deepening Presence in Jiangsu", further increasing its investment in the province. With Nanjing as the central hub, the Group will extend its reach to multiple cities, including Suzhou, Wuxi, Changzhou, Xuzhou, Zhenjiang, Taizhou, and Yangzhou. Concurrently, the Group will implement a regional expansion strategy under the theme of "Strengthening Core Cities", designating Nanjing, Shanghai, Suzhou, Wuxi, Changzhou, Nantong, Xuzhou, Hefei, Wuhan, and Chengdu as key development hubs. While deepening its presence in the Yangtze River Delta region, the Group will also explore new growth opportunities in economically strong second-tier cities in central and western China.

Looking ahead to 2025, the Group remains committed to its mission of "Enhancing Quality of Life with Warmth", actively listening to customer needs, adapting to evolving market conditions, and making timely adjustments to its development strategies. The Group will conduct a thorough evaluation of key performance indicators from previous strategic initiatives, refine its business direction with precision, and continue to deliver high-quality, stable, and customer-centric services. Simultaneously, the Group will further expand into new business avenues, strengthen its competitive advantages, and achieve a well-balanced synergy between business expansion and existing operations. Through a well-structured system and institutional framework, the Group aims to ensure the sustainable and high-quality growth of its business scale and profitability.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION

Introduction

We report on the historical financial information of Chengdu Hong Sheng He Ding Real Estate Development Co., Ltd. (成都弘勝和鼎房地產開發有限公司) (the “**Target Company**”) set out on pages II-4 to II-34, which comprises the statements of financial position of the Target Company as at 31 December 2022, 2023 and 2024 and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the three years ended 31 December 2022, 2023 and 2024 (the “**Relevant Periods**”) and a summary of material accounting policies and other explanatory information (together, the “**Historical Financial Information**”).

The Historical Financial Information forms an integral part of this report, which has been prepared for inclusion in the circular of Redsun Services Group Limited (the “**Company**”) dated 30 April 2025 (the “**Circular**”) in connection with the proposed acquisition 70% equity interest of the Target Company by the Company.

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 1 to the Historical Financial Information, and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants' Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company, as well as evaluating the overall presentation of the Historical Financial Information.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Company's financial position as at 31 December 2022, 2023 and 2024 and of the Target Company's financial performance and cash flows for each of the Relevant Periods in accordance with the basis of preparation set out in note 1 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-3 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid or declared and paid by the Target Company in respect of the Relevant Periods.

No historical financial statements for the Target Company

No historical financial statements have been prepared for the Target Company since its date of incorporation.

CCTH CPA LIMITED

Certified Public Accountants

Shek Man Hei Kimmy

Practising Certificate Number: P07274

Hong Kong

30 April 2025

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Company for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with International Financial Reporting Standards (“**IFRS Accounting Standards**”) issued by International Accounting Standards Board (the “**IASB**”) and were audited by CCTH CPA LIMITED in accordance with Hong Kong Standards on Auditing (the “**HKSAs**”) issued by the HKICPA (the “**Underlying Financial Statements**”).

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Years ended 31 December		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	5	–	651,128	486,684
Cost of sales		–	(602,689)	(469,885)
Gross profit		–	48,439	16,799
Other income	5	455	282	134
Selling and distribution expenses		(10,306)	(23,184)	(10,991)
Administrative expenses		(14,811)	(9,279)	(7,514)
Other expense	5	(222)	–	–
Finance costs	7	(190)	(59)	(15)
(LOSS) PROFIT BEFORE TAX	6	(25,074)	16,199	(1,587)
Income tax credit (expense)	10	6,272	(25,785)	(15,784)
LOSS AND OTHER COMPREHENSIVE LOSS FOR THE YEAR		<u>(18,802)</u>	<u>(9,586)</u>	<u>(17,371)</u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Right-of-use assets	12	1,074	488	–
Deferred tax assets	20	10,449	11,046	7,285
Total non-current assets		11,523	11,534	7,285
CURRENT ASSETS				
Properties under development	13	858,014	444,638	–
Completed properties held for sale	14	–	87,449	227,969
Trade receivables	15	10,627	3,161	2,343
Prepayments, other receivables and other assets	15	60,619	67,854	84,645
Due from fellow subsidiaries	24(b)	20,688	57,211	95,776
Due from related companies	24(b)	247	637	3,570
Tax recoverable		15,493	–	9,453
Cash and bank balances	16	125,226	95,310	41,306
Total current assets		1,090,914	756,260	465,062
CURRENT LIABILITIES				
Trade and bills payables	17	10,972	115,662	169,865
Other payables and accruals	18	188,610	65,604	13,848
Contract liabilities	19	660,439	309,859	29,434
Due to fellow subsidiaries	24(b)	62,554	102,735	84,897
Due to related companies	24(b)	165	60	60
Tax payable		–	4,334	22,531
Lease liabilities	12	571	457	–
Total current liabilities		923,311	598,711	320,635
NET CURRENT ASSETS				
		167,603	157,549	144,427
TOTAL ASSETS LESS CURRENT LIABILITIES				
		179,126	169,083	151,712
NON-CURRENT LIABILITY				
Lease liabilities	12	457	–	–
NET ASSETS				
		178,669	169,083	151,712
EQUITY				
Paid-in capital	21	210,000	210,000	210,000
Reserves		(31,331)	(40,917)	(58,288)
		178,669	169,083	151,712

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2022	210,000	(12,529)	197,471
Total comprehensive loss for the year	<u>–</u>	<u>(18,802)</u>	<u>(18,802)</u>
At 31 December 2022 and 1 January 2023	210,000	(31,331)	178,669
Total comprehensive loss for the year	<u>–</u>	<u>(9,586)</u>	<u>(9,586)</u>
At 31 December 2023 and 1 January 2024	210,000	(40,917)	169,083
Total comprehensive loss for the year	<u>–</u>	<u>(17,371)</u>	<u>(17,371)</u>
At 31 December 2024	<u><u>210,000</u></u>	<u><u>(58,288)</u></u>	<u><u>151,712</u></u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

STATEMENTS OF CASH FLOWS

	Years ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before tax:	(25,074)	16,199	(1,587)
Adjustments for:			
Depreciation of right-of-use assets	1,745	586	488
Losses on lease modification	222	–	–
Impairment losses recognised for completed properties held for sale	–	7,782	17,721
Finance costs	190	59	15
Bank interest income	(455)	(282)	(134)
	<u>(23,372)</u>	<u>24,344</u>	<u>16,503</u>
(Increase) decrease in properties under development and completed properties held for sale	(52,557)	346,401	301,362
(Increase) decrease in prepayments, other receivables and other assets	(42,064)	231	(15,973)
(Increase) decrease in restricted cash	(120,960)	69,150	42,094
(Decrease) increase in trade and bills payables	(48,086)	104,690	54,203
(Decrease) increase in other payables and accruals	(3,881)	9,539	(1,354)
Increase (decrease) in contract liabilities	<u>389,699</u>	<u>(371,617)</u>	<u>(291,673)</u>
Cash generated from operations	98,779	182,738	105,162
Interest received	455	282	134
Tax paid	<u>(10,452)</u>	<u>(6,555)</u>	<u>(3,279)</u>
Net cash flows from operating activities	<u>88,782</u>	<u>176,465</u>	<u>102,017</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Advances to fellow subsidiaries	(12,105)	(36,523)	(38,565)
Repayments from fellow subsidiaries	50,444	–	–
Advances to related companies	<u>(247)</u>	<u>(390)</u>	<u>(2,933)</u>
Net cash flows from (used in) from investing activities	<u>38,092</u>	<u>(36,913)</u>	<u>(41,498)</u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

	Years ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances from fellow subsidiaries	137,993	40,181	1,284
Repayments to fellow subsidiaries	(170,600)	–	(19,122)
Repayments to related companies	(40)	(105)	–
Repayments to non-controlling shareholder	(47,606)	(132,545)	(50,402)
Principal portion of lease payments	(1,875)	(571)	(457)
Repayments of interest-bearing bank borrowing	(145,322)	–	–
Interest portion of lease payments	(190)	(59)	(15)
Interest paid	(5,946)	(7,219)	(3,717)
Net cash used in financing activities	(233,586)	(100,318)	(72,429)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS			
	(106,712)	39,234	(11,910)
Cash and cash equivalents at beginning of year	110,978	4,266	43,500
CASH AND CASH EQUIVALENTS AT END OF YEAR			
	4,266	43,500	31,590
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	125,226	95,310	41,306
Less: Restricted cash	(120,960)	(51,810)	(9,716)
Cash and cash equivalents as stated in the statements of cash flows	4,266	43,500	31,590

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

Chengdu Hong Sheng He Ding Real Estate Development Co., Ltd. (“成都弘勝和鼎房地產開發有限公司”) is a limited liability company incorporated in the People’s Republic of China (the “PRC”) in 2020. In the opinion of the directors of the Target Company (the “Directors”), the ultimate holding company and intermediate holding company of the Target Company are Hong Yang International Limited and Redun Properties Group Limited, which are incorporated in British Virgin Islands and Cayman Islands, respectively. The intermediate holding company is listed on the Main Board of The Stock Exchange of Hong Kong Limited. The address of its registered office and principal place of business is 四川省成都市彭州市天彭街道蟠龍西路38號1棟2單元1樓106號. The Target Company is principally engaged in property development in the PRC.

The Historical Financial Information is presented in RMB, which is also the functional currency of the Target Company.

Statutory financial statements of Target Company for each of the three years ended 31 December 2024 have not been audited.

Basis of preparation of Historical Financial Information

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards which comprise all IFRS Accounting Standards, International Accounting Standards (“IASs”) and Interpretations issued by the IASB. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been early adopted by the Target Company in the preparation of the Historical Financial Information throughout the Relevant Periods. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared under the historical cost convention.

Going concern

As at 31 December 2024, the Target Company had net current liabilities of approximately RMB83,542,000 after excluding the completed properties held for sale of approximately RMB227,969,000. The Historical Financial Information have been prepared on a going concern basis, as subsequent to the end of the reporting period, the fellow subsidiaries have agreed not to demand for any repayment of amounts due to fellow subsidiaries of approximately RMB84,897,000 as at 31 December 2024, for at least the next twelve months, until the Target Company is in a financial position to do so.

The Directors consider that the Target Company will have sufficient working capital to finance its operations in the foreseeable future and accordingly are satisfied that it is appropriate to prepare the Historical Financial Information on a going concern basis.

2. NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARD IN ISSUE BUT NOT YET EFFECTIVE

The Target Company has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

IFRS 18	Presentation and Disclosure in Financial Statements ³
IFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to IAS 21	Lack of Exchangeability ¹
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²

¹ Effective for annual period beginning on or after 1 January 2025

² Effective for annual period beginning on or after 1 January 2026

³ Effective for annual period beginning on or after 1 January 2027

⁴ Effective for annual periods beginning on or after a date to be determined

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The Directors are in the process of assessing the detailed impact of IFRS 18 on the Historical Financial Information of the Target Company.

The Directors anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the Historical Financial Information of the Target Company in the foreseeable future.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Historical cost is generally based on the fair value of the consideration given in exchange for services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.

The material accounting policies are set out below.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Target Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Target Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Target Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than properties under development, completed properties held for sale, deferred tax assets, and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Target Company if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Target Company;
 - (ii) has significant influence over the Target Company; or
 - (iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Target Company are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Target Company are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company or to the parent of the Target Company.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realisable value. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Properties under development are classified as current assets unless those will not be realised in the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated in the statement of financial position at the lower of cost and net realisable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

Leases

The Target Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Target Company as a lessee

The Target Company applies a single recognition and measurement approach for all lease. The Target Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Target Company adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) (e.g., property management services for leases of properties) as a single lease component.

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office buildings	2-3 years
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If ownership of the leased asset transfers to the Target Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Target Company's policy for "properties under development" or "completed properties held for sale".

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Target Company and payments of penalties for termination of a lease, if the lease term reflects the Target Company exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Target Company uses its incremental borrowing rate (“**IBR**”) at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

Financial assets

Initial recognition and measurement

Financial assets are recognised in the statement of financial position when an entity becomes a party to the contractual provisions of the instrument.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Target Company’s business model for managing them. The Target Company initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest (“**SPPI**”) on the principal amount outstanding.

The Target Company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Target Company commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Target Company’s statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Target Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Target Company has transferred substantially all the risks and rewards of the asset, or (b) the Target Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Target Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Target Company continues to recognise the transferred asset to the extent of the Target Company’s continuing involvement. In that case, the Target Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Target Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Target Company could be required to repay.

Impairment of financial assets

The Target Company recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Target Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each of the Relevant Period, the Target Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Target Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

In certain cases, the Target Company may also consider a financial asset to be in default when internal or external information indicates that the Target Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Target Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

Simplified approach

Under the simplified approach, the Target Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at end of each of the Relevant Period. The Target Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of trade and bills payables and other payables and accruals, net of directly attributable transaction costs (if any).

The Target Company's financial liabilities include trade and bills payables, other payables and accruals, and amounts due to fellow subsidiaries and related companies.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

After initial recognition, trade and bills payables, other payables and accruals, and amounts due to fellow subsidiaries and related companies are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Target Company's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

When the Target Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the Relevant Period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Target Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised. In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

Deferred tax assets and deferred tax liabilities are offset if and only if the Target Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Target Company expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Target Company will be entitled in exchange for transferring the goods or services to the customer.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Target Company and the customer at contract inception. When the contract contains a financing component which provides the Target Company with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Sale of properties

Revenues are recognised when or as the control of the asset is transferred to the purchaser.

In determining the transaction price, the Target Company adjusts the promised amount of consideration for the effect of a financing component if it is significant.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received from a customer before the Target Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Target Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as property under development for sale and property held for sale, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Other employee benefits

The employees are required to participate in a central pension scheme operated by the local municipal government (the “**Defined Contribution Schemes**”) in Chinese Mainland. Target Company is required to contribute a certain portion of its payroll costs to the Central Pension Scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Target Company’s Historical Financial Information requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for properties under development and completed properties held for sale

The Target Company’s properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Target Company’s historical experience and the nature of the subject properties, the Target Company makes estimates of the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

PRC land appreciation tax (“LAT”)

The Target Company is subject to LAT in the PRC. The provision for LAT is based on management’s best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Target Company has not finalised its LAT calculation and payments with the tax authorities for all its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realise.

5. REVENUE, OTHER INCOME AND OTHER EXPENSE

During the Relevant Periods, the Target Company’s revenue represents amounts received from the sale of properties from the property development business.

An analysis of revenue is as follows:

	Years ended 31 December		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Revenue from contracts with customers and recognised at a point in time			
Sale of properties	–	651,128	486,684

The following table shows the amount of revenue recognised in the Relevant Periods that was included in the contract liabilities at the beginning of the Relevant Periods:

	Years ended 31 December		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Revenue recognised that was included in contract liabilities at the beginning of the Relevant Periods:			
Sale of properties	–	660,439	309,859

The performance obligation is satisfied upon delivery of the completed properties. Payment in advance from customers is normally required and the remaining balance is settled no later than the delivery date of the property.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Relevant Periods are as follows

	As at 31 December		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Amounts expected to be recognised as revenue			
Within one year	651,128	309,859	29,434
In the second year	9,311	–	–
	660,439	309,859	29,434

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

An analysis of other income is as follows:

	Years ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Other income			
Bank interest income	455	282	134

An analysis of other expense is as follows:

	Years ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Other expense			
Losses on lease modification	222	–	–

6. (LOSS) PROFIT BEFORE TAX

The Target Company's (loss) profit before tax during the Relevant Periods is arrived at after charging/(crediting):

	Years ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cost of inventories sold	–	(594,907)	(452,164)
Depreciation of right-of-use assets	1,745	586	488
Losses on lease modification	222	–	–
Impairment losses recognised for completed properties held for sale	–	7,782	17,721
Auditor's remuneration	–	–	–
Employee benefit expense (including directors' remuneration (note 8)):			
Wages and salaries	19,912	17,136	13,433
Pension scheme contributions and social welfare	2,835	2,264	1,604
Less: Amount capitalised	(10,162)	(8,793)	(5,737)
Total	12,585	10,607	9,300

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Years ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest expense arising from revenue contracts	16,562	21,037	11,248
Interest on bank loan	4,577	–	–
Interest on advance from a non-controlling shareholder	1,369	7,219	3,717
Interest on lease liabilities	190	59	15
Total interest expense on financial liabilities	22,698	28,315	14,980
Less: Interest capitalised	(22,508)	(28,256)	(14,965)
Total	190	59	15

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

8. DIRECTORS' REMUNERATION

The directors and supervisors of the Target Company did not receive any fee or other emoluments in respect of their service provided to the Target Company during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

None of the five highest paid employees during the Relevant Periods were directors or supervisors of the Target Company. Details of the remuneration of the remaining 5, 5 and 5 highest paid employees who are neither a director of the Target Company during the Relevant Periods are as follows:

	Years ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	3,655	3,055	2,675
Pension scheme contributions	383	346	257
Total	4,038	3,401	2,932

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	2022	2023	2024
Nil to HK\$1,000,000	5	5	5

During the Relevant Periods, no emoluments paid or payable by the Target Company were waived and no emoluments were paid by the Target Company to the five highest paid individual as an inducement to join or upon joining the Target Company or as compensation for loss of office during the Relevant Periods.

10. INCOME TAX (CREDIT) EXPENSE

Corporate income tax (the "CIT") is provided on assessable profits of entities incorporated in the PRC at the rate of 25% during the Relevant Periods.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Target Company has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	Years ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current tax:			
CIT	—	—	—
LAT	—	26,382	12,023
Deferred tax (note 20)	(6,272)	(597)	3,761
Total tax (credit) expense for the year	(6,272)	25,785	15,784

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

A reconciliation of income tax expense applicable to (loss) profit before tax at the statutory rate for the jurisdiction in which the Target Company is domiciled to the income tax expense at the effective income tax rate is as follows:

	Years ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
(Loss) profit before tax	(25,074)	16,199	(1,587)
At the statutory income tax rate	(6,272)	4,053	(396)
Unrecognised deductible temporary differences	–	1,946	7,163
Provision for LAT	–	26,382	12,023
Tax effect on LAT	–	(6,596)	(3,006)
Tax (credit) expense	(6,272)	25,785	15,784

11. DIVIDEND

No dividend has been paid or declared by the Target Company during the Relevant Periods.

12. LEASE

The Target Company as a lessee

The Target Company has lease contracts for various items of office buildings used in its operations. Leases of office buildings generally have lease terms between 2 and 3 years.

(a) Right-of-use assets

The carrying amounts of the Target Company's right-of-use assets and the movements during the Relevant Periods are as follows:

	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	5,094	1,074	488
Additions	1,171	–	–
Lease modification	(3,446)	–	–
Depreciation charge	(1,745)	(586)	(488)
Carrying amount at 31 December	1,074	488	–

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

(b) *Lease liabilities*

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Carrying amount at 1 January	4,956	1,028	457
New leases	1,171	–	–
Lease modification	(3,224)	–	–
Accretion of interest recognised during the year	190	59	15
Payments	(2,065)	(630)	(472)
	<u>1,028</u>	<u>457</u>	<u>–</u>
Carrying amount at 31 December	<u>1,028</u>	<u>457</u>	<u>–</u>
Analysed into:			
Current portion	571	457	–
Non-current portion	457	–	–
	<u>1,028</u>	<u>457</u>	<u>–</u>

The maturity analysis of lease liabilities is disclosed in note 27(c) to the Historical Financial Information.

The weighted average incremental borrowing rates applied to lease liabilities ranged from 4.50% to 7.61%, 7.61% and 7.61% per annum for the years ended 31 December 2022, 2023 and 2024 respectively.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Years ended 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Interest on lease liabilities	190	59	15
Depreciation charge of right-of-use assets	1,745	586	488
	<u>1,935</u>	<u>645</u>	<u>503</u>
Total amount recognised in profit or loss	<u>1,935</u>	<u>645</u>	<u>503</u>

(d) The total cash outflow for leases is disclosed in note 22 to the Historical Financial Information, and there are no outflows relating to leases that have not yet commenced.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

13. PROPERTIES UNDER DEVELOPMENT

	2022 RMB'000	2023 RMB'000	2024 RMB'000
At cost:			
Carrying amount at 1 January	782,949	858,014	444,638
Additions	75,065	276,762	165,767
Transferred to completed properties held for sale (<i>Note 14</i>)	—	(690,138)	(610,405)
Carrying amount at 31 December	858,014	444,638	—
Properties under development expected to be completed within normal operating cycle:			
– Within one year	656,501	444,638	—
– After one year	201,513	—	—
	858,014	444,638	—

The Target Company's properties under development are situated on leasehold land in Mainland China.

The value of properties under development is assessed at the end of each of the Relevant Period. An impairment exists when the carrying value exceeds their net realisable value.

No impairment loss provision has been recognised as at the end of the Relevant Periods.

14. COMPLETED PROPERTIES HELD FOR SALE

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Carrying amount at 1 January	—	—	87,449
Transferred from properties under development (<i>Note 13</i>)	—	690,138	610,405
Transferred to cost of sales (<i>Note 6</i>)	—	(594,907)	(452,164)
Impairment losses recognised (<i>Note 6</i>)	—	(7,782)	(17,721)
Carrying amount at 31 December	—	87,449	227,969

The movements in provision for impairment of completed properties held for sale are as follows:

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Carrying amount at 1 January	—	—	7,782
Impairment losses recognised	—	7,782	17,721
Carrying amount at 31 December	—	7,782	25,503

The value of completed properties held for sale is assessed at the end of each of the Relevant Period. An impairment exists when the carrying value exceeds their net realisable value.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

15. TRADE RECEIVABLES AND PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Trade receivables	10,627	3,161	2,343
Other tax recoverable	36,001	31,555	27,167
Other deposits	2,205	2,252	2,252
Property pre-sale proceeds deposited in accounts of local governments and related agencies	9,110	–	–
Prepayments for construction costs of properties	9,878	30,112	51,070
Other receivables	3,425	3,935	4,156
Carrying amount at 31 December	60,619	67,854	84,645

Other receivables are unsecured, non-interest-bearing and repayable on demand as at the end of each of the Relevant Periods.

16. CASH AND BANK BALANCES

	Note	2022 RMB'000	2023 RMB'000	2024 RMB'000
Cash and bank balances		125,226	95,310	41,306
Less: Restricted cash	(a)	(120,960)	(51,810)	(9,716)
Cash and cash equivalents		4,266	43,500	31,590

(a) Pursuant to relevant regulations in the PRC, the Target Company is required to place certain amounts of cash in the designated bank accounts for a specified use.

As at the end of each of the Relevant Periods, the cash and bank balances are dominated in RMB.

The RMB is not freely convertible into other currencies, however, under Mainland China Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Target Company is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Target Company, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

As at the end of each of the Relevant Periods, the internal credit ratings of restricted cash and cash and cash equivalents were performing. The Target Company has assessed that the credit risk of the restricted cash and cash and cash equivalents has not increased significantly since initial recognition and measured the impairment based on 12-month expected credit losses, and has assessed that the expected credit losses are immaterial.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

17. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Period, based on the invoice date, is as follows:

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Within 1 year	10,947	114,033	74,894
Over 1 year	25	1,629	94,971
	<u>10,972</u>	<u>115,662</u>	<u>169,865</u>
Total	<u>10,972</u>	<u>115,662</u>	<u>169,865</u>

The trade payables and bills payables are unsecured and interest-free and are normally settled based on the progress of construction.

18. OTHER PAYABLES AND ACCRUALS

		2022 RMB'000	2023 RMB'000	2024 RMB'000
	<i>Note</i>			
Advances from a non-controlling shareholder	(a)	183,765	51,220	818
Other deposits		1,372	341	458
Payroll and welfare payable		2,878	–	–
Others		595	14,043	12,572
		<u>188,610</u>	<u>65,604</u>	<u>13,848</u>
Total		<u>188,610</u>	<u>65,604</u>	<u>13,848</u>

(a) As at the end of the Relevant Periods, the balance of approximately RMB167,400,000, RMB26,400,000 and nil are unsecured and interest bearing at fixed rate of 10% and repayable on request of the non-controlling shareholder.

Included in the balance of approximately RMB16,365,000, RMB24,820,000 and RMB818,000 are unsecured and interest-free and repayable on demand as at the end of each of the Relevant Periods.

19. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Contract liabilities	<u>660,439</u>	<u>309,859</u>	<u>29,434</u>

The Target Company receives payments from customers based on billing schedules as established in the property sales. Payments are usually received in advance of the performance under the contracts which are property development.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

Movements of contract liabilities are as follows:

	2022 RMB'000	2023 RMB'000	2024 RMB'000
At beginning of the year	254,178	660,439	309,859
Increase in advance from customers during the year	406,449	370,679	245,397
Interest expense arising from revenue contracts	16,562	21,037	11,248
Revenue recognised that was included in the contract liabilities balance at beginning of the year	–	(660,439)	(309,859)
Revenue recognised from performance obligations satisfied during the year	–	(46,263)	(219,071)
Refund to customers	(16,750)	(35,594)	(8,140)
At end of the year	660,439	309,859	29,434

Contract liabilities include advances received to deliver properties, and significant financing components for the contract where the period between the advance received from customers and the transfer of the promised property or service exceeds one year.

20. DEFERRED TAX

The movements in deferred tax assets and (liabilities) during the Relevant Periods are as follows:

	Unrealised revenue received in contract liabilities RMB'000	Tax losses RMB'000	LAT RMB'000	Lease liabilities RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022	4,278	1,699	(795)	1,239	(1,274)	(970)	4,177
Deferred tax credited (charged) to profit or loss during the year	6,616	2,411	(1,093)	(982)	1,005	(1,685)	6,272
At 31 December 2022 and 1 January 2023	10,894	4,110	(1,888)	257	(269)	(2,655)	10,449
Deferred tax (charged) credited to profit or loss during the year	(5,737)	(872)	5,337	(143)	147	1,865	597
At 31 December 2023 and 1 January 2024	5,157	3,238	3,449	114	(122)	(790)	11,046
Deferred tax (charged) credited to profit or loss during the year	(4,657)	(1,500)	2,184	(114)	122	204	(3,761)
At 31 December 2024	500	1,738	5,633	–	–	(586)	7,285

For the presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of the financial position of the Target Company.

At the end of each of the Relevant Periods, the Target Company has deductible temporary differences of approximately RMB61,044,000, RMB55,614,000 and RMB56,987,000. No deferred tax asset has been recognised in respect of the deductible temporary differences of approximately nil, RMB7,782,000 and RMB25,503,000 due to the unpredictability of future profit streams at the end of each of the Relevant Periods.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

21. PAID-IN CAPITAL

RMB'000

Registered:

As at 1 January 2022, 31 December 2022, 2023 and 2024 210,000

Paid up:

As at 1 January 2022, 31 December 2022, 2023 and 2024 210,000

22. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Major non-cash transaction

During the year ended 31 December 2022, the Target Company had non-cash additions to right-of-use assets and lease liabilities of RMB1,171,000 and RMB1,171,000, respectively, in respect of lease arrangements for office buildings.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings*	Other payables**	Due to related companies	Due to fellow subsidiaries	Lease liabilities
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	145,322	231,371	205	95,161	4,956
Cash flows from financing activities	(149,899)	(48,975)	(40)	(32,607)	(2,065)
New leases	–	–	–	–	1,171
Lease modification	–	–	–	–	(3,224)
Interest expense	4,577	1,369	–	–	190
At 31 December 2022 and 1 January 2023	–	183,765	165	62,554	1,028
Cash flows from financing activities	–	(139,764)	(105)	40,181	(630)
Interest expense	–	7,219	–	–	59
At 31 December 2023 and 1 January 2024	–	51,220	60	102,735	457
Cash flows from financing activities	–	(54,119)	–	(17,838)	(472)
Interest expense	–	3,717	–	–	15
At 31 December 2024	–	818	60	84,897	–

* Interest-bearing bank borrowing was secured by 重慶柏景銘廈置業有限公司 and the Company's properties under development, during the year ended 31 December 2022, the Company has repaid the outstanding balance and the pledged assets are released.

** Other payables represented borrowing from the shareholder 四川峨勝水泥集團股份有限公司. The loan was disbursed in three installments. The first installment of RMB192,000,000 was paid on 28 December 2020. The second installment of RMB77,000,000 was paid on 10 March 2021. The third installment of RMB115,000,000 was paid on 16 June 2021. The loan is repayable on request of the non-controlling shareholder. The annual interest rate is 10% per annum. For overdue loans and interest, an additional penalty of 0.5% per day will be charged.

During the Relevant Periods, the Target Company did not default the principal repayment and interest expense and the borrowing has been fully settled.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

(c) Total cash outflow for leases

The total cash outflow for leases included in the statements of cash flows is as follows:

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Within financing activities	<u>2,065</u>	<u>630</u>	<u>472</u>

23. COMMITMENTS

The Target Company had the following capital commitments at the end of each of the Relevant Period:

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Contracted, but not provided for:			
Property development activities	<u>305,702</u>	<u>138,966</u>	<u>–</u>

24. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in the Historical Financial Information, the Target Company had the following transactions with related party during the Relevant Periods:

	Note	2022 RMB'000	2023 RMB'000	2024 RMB'000
Non-controlling shareholder:				
Interest expense	(a)	<u>1,369</u>	<u>7,219</u>	<u>3,717</u>

- (a) The interest expense was charged based on the fixed interest rate of 10% per annum.

A fellow subsidiary of the Target Company provided an office to use at nil consideration.

- (b) Outstanding balances with fellow subsidiaries and related companies:

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Due from fellow subsidiaries			
– Non-trade related	<u>20,688</u>	<u>57,211</u>	<u>95,776</u>
Due from related companies			
– Non-trade related	<u>247</u>	<u>637</u>	<u>3,570</u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

As at the end of each of the Relevant Periods, the Target Company performs impairment assessment under expected credit loss (“ECL”) model on due from fellow subsidiaries and related companies, which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at the ended of the Relevant Periods to reflect changes in credit risk since initial recognition. No impairment provision has been made as at the end of each of the Relevant Periods.

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Due to fellow subsidiaries			
– Non-trade related	62,554	102,735	84,897
Due to related companies			
– Non-trade related	165	60	60

The balances due from (to) fellow subsidiaries/related companies are unsecured, interest-free and repayable on demand.

(c) Compensation of key management personnel of the Target Company:

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	–	–	–
Pension scheme contributions and social welfare	–	–	–
Total compensation paid to key management personal	–	–	–

25. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Period are as follows:

Financial assets

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Financial assets included in prepayments, other receivables and other assets	14,740	6,187	6,408
Due from fellow subsidiaries	20,688	57,211	95,776
Due from related companies	247	637	3,570
Cash and bank balances	125,226	95,310	41,306
Financial assets at amortised cost	160,901	159,345	147,060

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

Financial liabilities

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Trade and bills payables	10,972	115,662	169,865
Financial liabilities included in other payables and accruals	188,610	65,604	13,848
Due to fellow subsidiaries	62,554	102,735	84,897
Due to related companies	165	60	60
Lease liabilities	1,028	457	–
	<u>263,329</u>	<u>284,518</u>	<u>268,670</u>
Financial liabilities at amortised cost	<u>263,329</u>	<u>284,518</u>	<u>268,670</u>

26. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, amounts due from (to) fellow subsidiaries and related companies, trade and bills payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Company's principal financial instruments comprise amounts with fellow subsidiaries and related companies and advance from a non-controlling shareholder. The main purpose of these financial instruments is to raise finance for the Target Company's operations. The Target Company has various other financial assets and liabilities such as bank balances, financial assets included in prepayments, other receivables and other assets, trade and bills payables and financial liabilities included in other payables and accruals, which arise directly from its operations.

The main risks arising from the Target Company's financial instruments are interest rate risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarized below.

(a) Interest rate risk

The Target Company was exposed to fair value interest rate risk in relation to interest-free deposit and fixed rate advance from a non-controlling shareholder.

The Target Company's exposure to cash flow interest rate risk in relation to bank balances is minimal as these balances have a short maturity period.

(b) Credit risk

The Target Company trades only with recognised and creditworthy third parties. It is the Target Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Target Company's exposure to bad debts is not significant.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Target Company's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets.

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Financial assets included in prepayments, other receivables and other assets*	14,740	6,187	6,408
Due from fellow subsidiaries*	20,688	57,211	95,776
Due from related companies*	247	637	3,570
Cash and bank balances	125,226	95,310	41,306
Financial assets subject to the 12-month ECLs	160,901	159,345	147,060

* The credit quality of the financial assets is considered to be "normal" when they are not past due, there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

(c) Liquidity risk

The Target Company's objective is to maintain a balance between continuity of funding and flexibility through the use of trade and bills payables, lease liabilities, amounts due to fellow subsidiaries and related companies and financial liabilities included in other payables and accruals. Cash flows are being closely monitored on an ongoing basis.

The maturity profile of the Target Company's financial liabilities and lease liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	Over 1 years RMB'000	Total RMB'000
31 December 2022					
Trade and bills payables	10,972	–	–	–	10,972
Financial liabilities included in other payables and accruals	188,610	–	–	–	188,610
Due to fellow subsidiaries	62,554	–	–	–	62,554
Due to related companies	165	–	–	–	165
Lease liabilities	–	157	473	472	1,102
Total	262,301	157	473	472	263,403

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

	On demand <i>RMB'000</i>	Less than 3 months <i>RMB'000</i>	3 to 12 months <i>RMB'000</i>	Over 1 years <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2023					
Trade and bills payables	115,662	–	–	–	115,662
Financial liabilities included in other payables and accruals	65,604	–	–	–	65,604
Due to fellow subsidiaries	102,735	–	–	–	102,735
Due to related companies	60	–	–	–	60
Lease liabilities	–	157	315	–	472
Total	<u>284,061</u>	<u>157</u>	<u>315</u>	<u>–</u>	<u>284,533</u>

	On demand <i>RMB'000</i>	Less than 3 months <i>RMB'000</i>	3 to 12 months <i>RMB'000</i>	Over 1 years <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2024					
Trade and bills payables	169,865	–	–	–	169,865
Financial liabilities included in other payables and accruals	13,848	–	–	–	13,848
Due to fellow subsidiaries	84,897	–	–	–	84,897
Due to related companies	60	–	–	–	60
Total	<u>268,670</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>268,670</u>

Capital management

The primary objectives of the Target Company's capital management are to safeguard the Target Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Target Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Target Company may adjust the return capital to shareholders or issue new shares. The Target Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

The Target Company monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. Net debt includes, trade and bills payables, other payables and accruals, lease liabilities and amounts due to fellow subsidiaries and related companies less cash and cash equivalents. Capital includes equity attributable to owners of the parent. The gearing ratios as at the end of the Relevant Periods were as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade and bills payables	10,972	115,662	169,865
Other payables and accruals	188,610	65,604	13,848
Lease liabilities	1,028	457	–
Due to fellow subsidiaries	62,554	102,735	84,897
Due to related companies	165	60	60
Less: Cash and cash equivalents	(125,226)	(95,310)	(41,306)
Net debt	138,103	189,208	227,364
Equity attributable to owners	178,669	169,083	151,712
Capital and net debt	316,772	358,291	379,076
Gearing ratio	43.6%	52.8%	60.0%

28. RETIREMENT BENEFIT SCHEMES

The employees of the Target Company's entities established in the PRC are members of a central pension scheme operated by the local municipal government. These entities are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these entities. The only obligation of these entities with respect to the central pension scheme is to meet the required contributions under the scheme.

29. CONTINGENT LIABILITIES

The Target Company provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Target Company's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Target Company is responsible for repaying the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks.

Under the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, and upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction.

The Target Company's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The fair value of the guarantees at initial recognition and the ECL allowance is not significant as the Directors consider that in the event of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principal together with the accrued interest and penalties.

30. EVENT AFTER RELEVANT PERIOD

There was no material subsequent events undertaken by the Target Company at 31 December 2024.

31. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company in respect of any period subsequent to 31 December 2024.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION

Introduction

We report on the historical financial information of Suqian Tong JinHong Real Estate Co., Ltd.* (宿遷市通金弘置業有限公司) (the “**Target Company**”) set out on pages II-38 to II-65, which comprises the statements of financial position of the Target Company as at 31 December 2022, 2023 and 2024, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the three years ended 31 December 2022, 2023 and 2024 (the “**Relevant Periods**”) and a summary of material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”).

The Historical Financial Information forms an integral part of this report, which has been prepared for inclusion in the circular of Redsun Services Group Limited (the “**Company**”) dated 30 April 2025 (the “**Circular**”) in connection with the proposed acquisition of 20% equity interest of the Target Company by the Company.

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 1 to the Historical Financial Information, and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants' Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company, as well as evaluating the overall presentation of the Historical Financial Information.

*: English name is for identification purpose only

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Company's financial position as at 31 December 2022, 2023 and 2024 and of the Target Company's financial performance and cash flows for each of the Relevant Periods in accordance with the basis of preparation set out in Note 1 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-37 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid or declared and paid by the Target Company in respect of the Relevant Periods.

No historical financial statements for the Target Company

No historical financial statements have been prepared for the Target Company since its date of incorporation.

CCTH CPA LIMITED

Certified Public Accountants

Shek Man Hei Kimmy

Practising Certificate Number: P07274

Hong Kong

30 April 2025

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Target Company for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with International Financial Reporting Standards (“**IFRS Accounting Standards**”) issued by International Accounting Standards Board (the “**IASB**”) and were audited by CCTH CPA LIMITED in accordance with Hong Kong Standards on Auditing (the “**HKSAs**”) issued by the HKICPA (the “**Underlying Financial Statements**”).

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Years ended 31 December		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	5	–	1,091,499	837,798
Cost of sales		–	(865,925)	(760,395)
Gross profit		–	225,574	77,403
Other income	5	1,420	705	262
Impairment loss on properties under development	13	–	–	(68,288)
Impairment loss on completed properties held for sale	14	–	–	(15,918)
Selling and distribution expenses		(11,972)	(11,270)	(14,815)
Administrative expenses		(3,103)	(4,810)	(3,991)
Finance costs	6	–	–	–
(LOSS) PROFIT BEFORE TAX	7	(13,655)	210,199	(25,347)
Income tax credit (expense)	10	3,416	(92,704)	(44,948)
(LOSS) PROFIT AND OTHER COMPREHENSIVE (LOSS) INCOME FOR THE YEAR		<u>(10,239)</u>	<u>117,495</u>	<u>(70,295)</u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

STATEMENTS OF FINANCIAL POSITION

	<i>Notes</i>	As at 31 December		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS				
Equipment	12	79	14	9
Deferred tax assets	21	31,907	23,335	19,149
Total non-current assets		31,986	23,349	19,158
CURRENT ASSETS				
Properties under development	13	1,729,661	1,024,326	487,289
Completed properties held for sale	14	–	73,530	204,158
Prepayments, other receivables and other assets	15	108,863	89,107	81,654
Due from a shareholder	25(b)	298,210	310,330	310,330
Due from related companies	25(b)	–	400	1,176
Tax recoverable		35,772	–	–
Cash and bank balances	16	429,096	183,731	104,997
Total current assets		2,601,602	1,681,424	1,189,604
CURRENT LIABILITIES				
Trade payables	17	9,679	26,773	278,978
Other payables and accruals	18	14,660	21,060	24,115
Contract liabilities	19	1,958,108	1,020,686	334,023
Interest-bearing bank borrowings	20	157,500	–	–
Due to shareholders	25(b)	87,180	71,430	71,430
Due to related companies	25(b)	375,666	375,866	375,748
Tax payable		7,747	48,415	54,220
Total current liabilities		2,610,540	1,564,230	1,138,514
NET CURRENT (LIABILITIES) ASSETS		(8,938)	117,194	51,090
NET ASSETS		23,048	140,543	70,248
EQUITY				
Paid-in capital	22	50,000	50,000	50,000
Reserves		(26,952)	90,543	20,248
		23,048	140,543	70,248

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital <i>RMB'000</i>	Statutory surplus reserve <i>RMB'000</i> <i>(Note)</i>	(Accumulated losses) Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2022	–	–	(16,713)	(16,713)
Capital contribution from shareholders	50,000	–	–	50,000
Total comprehensive loss for the year	–	–	(10,239)	(10,239)
At 31 December 2022 and 1 January 2023	50,000	–	(26,952)	23,048
Total comprehensive income for the year	–	–	117,495	117,495
Appropriations to statutory surplus reserve	–	11,750	(11,750)	–
At 31 December 2023 and 1 January 2024	50,000	11,750	78,793	140,543
Total comprehensive loss for the year	–	–	(70,295)	(70,295)
At 31 December 2024	50,000	11,750	8,498	70,248

Note: Under the People's Republic of China (the “PRC”) Law, the Target Company established in the PRC are required to transfer 10% of their net profit determined under the generally accepted accounting principles in the PRC to a non-distributable statutory reserve. Statutory surplus reserve can be used to make up for previous year's losses or converted into additional capital. When the balance of such reserve reaches 50% of the capital, any further appropriation is optional.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

STATEMENTS OF CASH FLOWS

	Years ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before tax:	(13,655)	210,199	(25,347)
Adjustments for:			
Depreciation of equipment	75	65	5
Bank interest income	(1,420)	(705)	(262)
Impairment loss on properties under development	–	–	68,288
Impairment loss on completed properties held for sale	–	–	15,918
	(15,000)	209,559	58,602
(Increase) decrease in properties under development and completed properties held for sale	(263,487)	703,701	357,007
Decrease in prepayments, other receivables and other assets	9,470	19,756	7,453
(Increase) decrease in restricted cash	(40,219)	148,459	81,919
Increase in trade payables	9,679	17,094	252,205
(Decrease) increase in other payables and accruals	(584)	6,400	3,055
Increase (decrease) in contract liabilities	493,716	(1,005,701)	(721,467)
Cash generated from operations	193,575	99,268	38,774
Interest received	1,420	705	262
Tax paid	(18,341)	(7,692)	(34,957)
Net cash flows from operating activities	176,654	92,281	4,079
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of equipment	(15)	–	–
Advance to a shareholder	(31,080)	(12,120)	–
Repayments from related companies	–	–	1,105
Advances to related companies	–	(400)	(1,881)
Net cash flows used in investing activities	(31,095)	(12,520)	(776)

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

	Years ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments to shareholders	(49,050)	(15,750)	–
Advances from related companies	–	200	–
Repayments to related companies	(149)	–	(118)
Proceeds from capital contribution from shareholder	50,000	–	–
Repayments of interest-bearing bank borrowing	(87,100)	(157,500)	–
Interest paid	(10,977)	(3,617)	–
Net cash used in financing activities	<u>(97,276)</u>	<u>(176,667)</u>	<u>(118)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	48,283	(96,906)	3,185
Cash and cash equivalents at beginning of year	<u>57,597</u>	<u>105,880</u>	<u>8,974</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>105,880</u></u>	<u><u>8,974</u></u>	<u><u>12,159</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	429,096	183,731	104,997
Less: Restricted cash	<u>(323,216)</u>	<u>(174,757)</u>	<u>(92,838)</u>
Cash and cash equivalents as stated in the statements of cash flows	<u><u>105,880</u></u>	<u><u>8,974</u></u>	<u><u>12,159</u></u>

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

Suqian Tong JinHong Real Estate Co., Ltd. is a limited liability company incorporated in the PRC in 2020. In the opinion of the directors of the Target Company (the “**Directors**”), the immediate holding company and ultimate controlling party of the Target Company are Yancheng Tongjia Enterprise Management Co., Ltd.* (鹽城通佳企業管理有限公司) which is incorporated in the PRC and Mr. Shi Weiwei (施為偉) who is an independent third party of the Company. The address of its registered office and principal place of business is 宿遷市宿豫區錦華名園一區商鋪17B-20B. The Target Company is principally engaged in property development in the PRC.

The Historical Financial Information is presented in RMB, which is also the functional currency of the Target Company.

Statutory financial statements of Target Company for each of the three years ended 31 December 2024 have not been audited.

Basis of preparation of Historical Financial Information

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards which comprise all IFRS Accounting Standards, International Accounting Standards (“**IASs**”) and Interpretations issued by the IASB. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been early adopted by the Target Company in the preparation of the Historical Financial Information throughout the Relevant Periods. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared under the historical cost convention.

Going concern

As at 31 December 2024, the Target Company had net current liabilities of approximately RMB640,357,000 after excluding the properties under development and completed properties held for sale of approximately RMB487,289,000 and RMB204,158,000 respectively. The Historical Financial Information have been prepared on a going concern basis as the related companies have agreed not to demand for any repayment of amounts due to related companies of approximately RMB375,748,000 as at 31 December 2024 until the Target Company is in a financial position to do so. In additions, the current liabilities consisted of contract liabilities from customers of approximately RMB334,023,000, which will be settled by transferred of completed properties from the Target Company rather than settled by cash.

The Directors consider that the Target Company will have sufficient working capital to finance its operations in the foreseeable future and accordingly are satisfied that it is appropriate to prepare the Historical Financial Information on a going concern basis.

2. NEW AND AMENDMENTS TO IFRSs IN ISSUE BUT NOT YET EFFECTIVE

The Target Company has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 18	Presentation and Disclosure in Financial Statements ³
IFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to IAS 21	Lack of Exchangeability ¹
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²

¹ Effective for annual period beginning on or after 1 January 2025

² Effective for annual period beginning on or after 1 January 2026

³ Effective for annual period beginning on or after 1 January 2027

⁴ Effective for annual periods beginning on or after a date to be determined

The Directors anticipate that the application of all other new and amendments to IFRSs will have no material impact on the Historical Financial Information of the Target Company in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The Directors are in the process of assessing the detailed impact of IFRS 18 on the Historical Financial Information of the Target Company.

The Directors anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the Historical Financial Information of the Target Company in the foreseeable future.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.

The material accounting policies are set out below.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Target Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Target Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Target Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each the reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than properties under development, completed properties held for sale, deferred tax assets, and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Target Company if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Target Company;
 - (ii) has significant influence over the Target Company; or
 - (iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Target Company are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Target Company are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company or to the parent of the Target Company.

Equipment

Equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of equipment are required to be replaced at intervals, the Target Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write-off the cost of each item of equipment to its residual value over its estimated useful life.

An item of equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realisable value.

Properties under development are classified as current assets unless those will not be realised in the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated in the statement of financial position at the lower of cost and net realisable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

Financial assets***Initial recognition and measurement***

Financial assets are recognised in the statement of financial position when an entity becomes a party to the contractual provisions of the instrument.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Target Company's business model for managing them. The Target Company initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Target Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Target Company commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Target Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Target Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Target Company has transferred substantially all the risks and rewards of the asset, or (b) the Target Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Target Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Target Company continues to recognise the transferred asset to the extent of the Target Company's continuing involvement. In that case, the Target Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Target Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Target Company could be required to repay.

Impairment of financial assets

The Target Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Target Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each of the Relevant Periods, the Target Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Target Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

In certain cases, the Target Company may also consider a financial asset to be in default when internal or external information indicates that the Target Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Target Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of interest-bearing bank borrowings, trade payables, other payables and accruals, net of directly attributable transaction costs.

The Target Company's financial liabilities include interest-bearing bank borrowings, trade payables, other payables and accruals, and amounts due to shareholders and related companies.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

After initial recognition, interest-bearing bank borrowings, trade payables, other payables and accruals, and amounts due to shareholders and related companies are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Target Company's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Target Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Target Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Target Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Target Company expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Target Company will be entitled in exchange for transferring the goods or services to the customer.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Target Company and the customer at contract inception.

When the contract contains a financing component which provides the Target Company with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Sale of properties

Revenues are recognised when or as the control of the asset is transferred to the purchaser.

In determining the transaction price, the Target Company adjusts the promised amount of consideration for the effect of a financing component if it is significant.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received from a customer before the Target Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Target Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as property under development for sale and property held for sale, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Other employee benefits

The employees are required to participate in a central pension scheme operated by the local municipal government (the “**Defined Contribution Schemes**”) in Mainland China. Target Company is required to contribute a certain portion of its payroll costs to the Central Pension Scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Target Company’s Historical Financial Information requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for properties under development and completed properties held for sale

The Target Company’s properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Target Company’s historical experience and the nature of the subject properties, the Target Company makes estimates of the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

PRC land appreciation tax (“LAT”)

The Target Company is subject to LAT in the PRC. The provision for LAT is based on management’s best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Target Company has not finalised its LAT calculation and payments with the tax authorities for all its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realise.

5. REVENUE AND OTHER INCOME

During the Relevant Periods, the Target Company’s revenue represents amounts received from the sale of properties from the property development business.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

An analysis of revenue is as follows:

	Years ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers and recognised at a point in time			
Sale of properties	–	1,091,499	837,798

The following table shows the amount of revenue recognised in the Relevant Periods that was included in the contract liabilities at the beginning of the Relevant Periods:

	Years ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the Relevant Periods:			
Sale of properties	–	1,091,499	837,798

The performance obligation is satisfied upon delivery of the completed properties. Payment in advance from customers is normally required and the remaining balance is settled no later than the delivery date of the property.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Relevant Periods are as follows:

	Years ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Amounts expected to be recognised as revenue:			
Within one year	1,091,499	936,409	306,443
In the second year	704,930	–	–
	<u>1,796,429</u>	<u>936,409</u>	<u>306,443</u>

An analysis of other income is as follows:

	Years ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Other income			
Bank interest income	1,420	705	262

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Years ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest expense arising from revenue contracts	67,667	68,279	34,804
Interest on bank borrowings	10,583	3,617	–
Total interest expense on financial liabilities	78,250	71,896	34,804
Less: Interest capitalised	(78,250)	(71,896)	(34,804)
Total	–	–	–

7. (LOSS) PROFIT BEFORE TAX

The Target Company's (loss) profit before tax during the Relevant Periods is arrived at after charging/(crediting):

	Years ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cost of inventories sold	–	865,925	760,395
Depreciation of equipment	75	65	5
Impairment loss on properties under development	–	–	68,288
Impairment loss on completed properties held for sale	–	–	15,918
Auditor's remuneration	–	–	–
Employee benefit expense (including directors' remuneration (Note 8)):			
Wages and salaries	5,702	5,282	4,703
Pension scheme contributions and social welfare	777	1,008	357
Less: Amount capitalised	(721)	(2,478)	(2,548)
Total	5,758	3,812	2,512

8. DIRECTORS' REMUNERATION

The directors and supervisor of the Target Company did not receive any fee or other emoluments in respect of their services provided to the Target Company during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

None of the five highest paid employees during the Relevant Periods were directors or supervisors of the Target Company. Details of the remuneration of the remaining 5, 5 and 5 highest paid employees who are neither a director of the Target Company during the Relevant Periods are as follows:

	Years ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	–	–	–
Pension scheme contributions	–	–	–
Total	–	–	–

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2022	2023	2024
Nil to HK\$1,000,000	–	–	–

10. INCOME TAX (CREDIT) EXPENSE

Corporate Income Tax (the “CIT”) is provided on assessable profits of entities incorporated in the PRC at the rate of 25% during the Relevant Periods.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Target Company has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	Years ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current tax:			
CIT	4,114	30,592	451
LAT	–	53,540	40,311
Deferred tax (credit) expense (<i>Note 21</i>)	(7,530)	8,572	4,186
Total tax (credit) expense for the year	(3,416)	92,704	44,948

A reconciliation of income tax expense applicable to (loss) profit before tax at the statutory rate for the jurisdiction in which the Target Company is domiciled to the income tax (credit) expense at the effective income tax rate is as follows:

	Years ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
(Loss) profit before tax	(13,655)	210,199	(25,347)
At the statutory income tax rate	(3,416)	52,549	(6,337)
Unrecognised deductible temporary differences	–	–	21,052
Provision for LAT	–	53,540	40,311
Tax effect on LAT	–	(13,385)	(10,078)
Tax (credit) expense	(3,416)	92,704	44,948

11. DIVIDEND

No dividend has been paid or declared by the Target Company during the Relevant Periods.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

12. EQUIPMENT

	2022 RMB'000	2023 RMB'000	2024 RMB'000
At cost:			
As at 1 January	222	237	237
Additions	15	–	–
As at 31 December	237	237	237
Accumulated depreciation:			
As at 1 January	83	158	223
Charged for the year	75	65	5
As at 31 December	158	223	228
Carrying amount:			
As at 31 December	79	14	9

13. PROPERTIES UNDER DEVELOPMENT

	2022 RMB'000	2023 RMB'000	2024 RMB'000
At cost:			
Carrying amount at 1 January	1,387,924	1,729,661	1,024,326
Additions	341,737	234,120	438,192
Transferred to completed properties held for sale (<i>Note 14</i>)	–	(939,455)	(906,941)
Impairment loss recognised	–	–	(68,288)
Carrying amount at 31 December	1,729,661	1,024,326	487,289
Properties under development expected to be completed within normal operating cycle:			
– Within one year	939,455	906,941	487,289
– After one year	790,206	117,385	–
	1,729,661	1,024,326	487,289

The Target Company's properties under development are situated on leasehold land in Mainland China.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

The movements in provision for properties under development are as follows:

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Carrying amount at 1 January	–	–	–
Impairment losses recognised	–	–	68,288
Carrying amount at 31 December	–	–	68,288

The value of properties under development is assessed at the end of each of the Relevant Periods. An impairment exists when the carrying value exceeds their net realisable value.

14. COMPLETED PROPERTIES HELD FOR SALE

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Carrying amount at 1 January	–	–	73,530
Transferred from properties under development (Note 13)	–	939,455	906,941
Transferred to cost of sales (Note 7)	–	(865,925)	(760,395)
Impairment losses recognised	–	–	(15,918)
Carrying amount at 31 December	–	73,530	204,158

The movements in provision for impairment of completed properties held for sale are as follows:

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Carrying amount at 1 January	–	–	–
Impairment losses recognised	–	–	15,918
Carrying amount at 31 December	–	–	15,918

The value of completed properties held for sale is assessed at the end of each of the Relevant Periods. An impairment exists when the carrying value exceeds their net realisable value.

15. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Other tax recoverable	61,704	17,227	10,523
Other deposits	370	867	1,391
Maintenance fund	19,144	30,476	27,200
Prepayments for construction costs of properties	14,750	15,397	12,064
Cost of obtaining contracts	6,257	8,787	7,447
Expenses paid on behalf of constructor	2,371	14,185	14,038
Other receivables	4,267	2,168	8,991
Carrying amount at 31 December	108,863	89,107	81,654

Other receivables are unsecured, non-interest-bearing and repayable on demand as at the end of each of the Relevant Periods.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

16. CASH AND BANK BALANCES

		2022	2023	2024
	Note	RMB'000	RMB'000	RMB'000
Cash and bank balances		429,096	183,731	104,997
Less: Restricted cash	(a)	(323,216)	(174,757)	(92,838)
Cash and cash equivalents		105,880	8,974	12,159

(a) Pursuant to relevant regulations in the PRC, the Target Company is required to place certain amounts of cash in the designated bank accounts for a specified use and these cash are restricted in use.

At the end of each of the Relevant Periods, the cash and bank balances are dominated in RMB.

The RMB is not freely convertible into other currencies, however, under Mainland China Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Target Company is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Target Company, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

At the end of each of the Relevant Period, the internal credit ratings of restricted cash and cash and cash equivalents were performing. The Target Company has assessed that the credit risk of the restricted cash and cash and cash equivalents has not increased significantly since initial recognition and measured the impairment based on 12-month expected credit losses, and has assessed that the expected credit losses are immaterial.

17. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year	9,679	26,773	278,978

The trade payables are unsecured and interest-free and are normally settled based on the progress of construction.

18. OTHER PAYABLES AND ACCRUALS

	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Other deposits	5,283	4,863	3,721
Others	9,377	16,197	20,394
Total	14,660	21,060	24,115

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

19. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Contract liabilities	1,958,108	1,020,686	334,023

The Target Company receives payments from customers based on billing schedules as established in the property sales. Payments are usually received in advance of the performance under the contracts which are property development.

Movements of contract liabilities are as follows:

	2022 RMB'000	2023 RMB'000	2024 RMB'000
At beginning of the year	1,396,725	1,958,108	1,020,686
Increase in advance from customers during the year	512,529	102,297	137,666
Interest expense arising from revenue contracts	67,667	68,279	34,804
Revenue recognised that was included in the contract liabilities balance at beginning of the year	–	(1,091,499)	(837,798)
Revenue recognised from the performance obligation satisfied during the year	–	(4,592)	(21,282)
Refund to customers	(18,813)	(11,907)	(53)
At end of the year	1,958,108	1,020,686	334,023

Contract liabilities include advances received to deliver information properties, and significant financing components for the contract where the period between the advance received from customers and the transfer of the promised property or service exceeds one year.

20. INTEREST-BEARING BANK BORROWINGS

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Analysed into:			
Bank loan repayable at fixed interest rate:			
Within one year	157,500	–	–

As at 31 December 2022, the Target Company's interest-bearing bank borrowing is secured by the Group's properties under development. During the year ended 31 December 2023, the Target Company has repaid the outstanding balance and the pledged assets are released.

The effective interest rate of the bank loan is 2.3% per annum during the year ended 31 December 2022.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

21. DEFERRED TAX

The movements in deferred tax assets and (liabilities) during the Relevant Periods are as follows:

	Unrealised revenue received in contract liabilities RMB'000	Accrual for LAT RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022	31,087	(6,174)	(536)	24,377
Deferred tax credited (charged) to profit or loss during the year	11,326	(2,768)	(1,028)	7,530
At 31 December 2022 and 1 January 2023	42,413	(8,942)	(1,564)	31,907
Deferred tax (charged) credited to profit or loss during the year	(20,462)	12,523	(633)	(8,572)
At 31 December 2023 and 1 January 2024	21,951	3,581	(2,197)	23,335
Deferred tax (charged) credited to profit or loss during the year	(14,599)	10,078	335	(4,186)
At 31 December 2024	7,352	13,659	(1,862)	19,149

For the presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of the financial position of the Target Company.

At the end of each of the Relevant Periods, the Target Company has deductible temporary differences of approximately RMB169,652,000, RMB102,128,000 and RMB168,250,000. No deferred tax asset has been recognised in respect of the deductible temporary differences of nil, nil and approximately RMB84,206,000 due to the unpredictability of future profit streams at the end of each of the Relevant Periods.

22. PAID-IN CAPITAL

	RMB'000
Registered:	
As at 1 January 2022, 31 December 2022, 2023 and 2024	50,000
Paid up:	
As at 1 January 2022	—
Shares issue	50,000
As at 31 December 2022, 2023 and 2024	50,000

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

23. NOTES TO THE STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings RMB'000	Due to shareholders RMB'000	Due to related companies RMB'000
At 1 January 2022	244,600	136,230	375,815
Cash flows from financing activities	(97,683)	(49,050)	(149)
Interest expense	10,583	–	–
At 31 December 2022 and 1 January 2023	157,500	87,180	375,666
Cash flows from financing activities	(161,117)	(15,750)	200
Interest expense	3,617	–	–
At 31 December 2023 and 1 January 2024	–	71,430	375,866
Cash flows from financing activities	–	–	(118)
At 31 December 2024	–	71,430	375,748

24. COMMITMENTS

The Target Company had the following capital commitments at the end of each of the Relevant Periods:

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Contracted, but not provided for:			
Property development activities	–	–	–

25. RELATED PARTY TRANSACTIONS

(a) Transactions with a related party

The related company controlled by a shareholder provided certain portion of office for the Target Company to use at nil consideration during the Relevant Periods.

(b) Outstanding balances with shareholders and related companies:

	2022 RMB'000	As at 31 December 2023 RMB'000	2024 RMB'000
Due from a shareholder			
– Non-trade related	298,210	310,330	310,330
Due from related companies controlled by shareholders			
– Non-trade related	–	400	1,176

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

As at 31 December 2022, 2023 and 2024, the Target Company performs impairment assessment under expected credit loss (“ECL”) model on due from a shareholder and related companies, which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at the end of each of the Relevant Periods to reflect changes in credit risk since initial recognition. No impairment provision has been made as at 31 December 2022, 2023 and 2024.

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Due to shareholders			
– Non-trade related	87,180	71,430	71,430
Due to related companies controlled by shareholders			
– Non-trade related	375,666	375,866	375,748

The balances due from (to) shareholders and related companies are unsecured, interest-free and repayable on demand.

(c) Compensation of key management personnel of the Target Company:

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	–	–	–
Pension scheme contributions and social welfare	–	–	–
Total compensation paid to key management personal	–	–	–

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

26. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Financial assets

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Financial assets included in prepayments, other receivables and other assets	26,152	47,696	51,620
Due from shareholder	298,210	310,330	310,330
Due from related companies	–	400	1,176
Cash and bank balances	429,096	183,731	104,997
	<u>753,458</u>	<u>542,157</u>	<u>468,123</u>
Financial assets at amortised cost	<u>753,458</u>	<u>542,157</u>	<u>468,123</u>

Financial liabilities

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Trade payables	9,679	26,773	278,978
Financial liabilities included in other payables and accruals	14,660	21,060	24,115
Interest-bearing bank borrowings	157,500	–	–
Due to shareholders	87,180	71,430	71,430
Due to related companies	375,666	375,866	375,748
	<u>644,685</u>	<u>495,129</u>	<u>750,271</u>
Financial liabilities at amortised cost	<u>644,685</u>	<u>495,129</u>	<u>750,271</u>

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, due from (to) shareholders and related companies, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Company's principal financial instruments comprise amounts with shareholders and related companies and interest-bearing bank borrowings. The main purpose of these financial instruments is to raise finance for the Target Company's operations. The Target Company has various other financial assets and liabilities such as bank balances, financial assets included in prepayments, other receivables and other assets, trade payables and financial liabilities included in other payables and accruals which arise directly from its operations.

The main risks arising from the Target Company's financial instruments are interest rate risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarized below.

(a) Interest rate risk

The Target Company was exposed to fair value interest rate risk in relation to interest-free deposit and fixed rate interest-bear by bank.

The Target Company's exposure to cash flow borrowings interest rate risk in related to bank balances is minimal as the balance have a short maturity period. The Target Company manages its interest rate exposures by assessing the potential impact arising from any interest rates movement based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

(b) Credit risk

The Target Company trades only with recognised and creditworthy third parties. It is the Target Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Target Company's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Target Company's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets.

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Financial assets included in prepayments, other receivables and other assets*	26,152	47,696	51,620
Due from a shareholder*	298,210	310,330	310,330
Due from related companies*	–	400	1,176
Cash and bank balances	429,096	183,731	104,997
	<u> </u>	<u> </u>	<u> </u>
Financial assets subject to the 12-month ECLs	753,458	542,157	468,123
	<u> </u>	<u> </u>	<u> </u>

* The credit quality of the financial assets is considered to be "normal" when they are not past due, there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

(c) Liquidity risk

The Target Company's objective is to maintain a balance between continuity of funding and flexibility through the use of trade payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowing and amounts due to shareholders and related companies. Cash flows are being closely monitored on an ongoing basis.

The maturity profile of the Target Company's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	Total RMB'000
31 December 2022				
Trade payables	9,679	–	–	9,679
Financial liabilities included in other payables and accruals	14,660	–	–	14,660
Interest-bearing bank borrowings	–	83,100	81,634	164,734
Due to shareholders	87,180	–	–	87,180
Due to related companies	375,666	–	–	375,666
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	487,185	83,100	81,634	651,919
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

	On demand <i>RMB'000</i>	Less than 3 months <i>RMB'000</i>	3 to 12 months <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2023				
Trade payables	26,773	–	–	26,773
Financial liabilities included in other payables and accruals	21,060	–	–	21,060
Due to shareholders	71,430	–	–	71,430
Due to related companies	375,866	–	–	375,866
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	495,129	–	–	495,129
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

	On demand <i>RMB'000</i>	Less than 3 months <i>RMB'000</i>	3 to 12 months <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2024				
Trade payables	278,978	–	–	278,978
Financial liabilities included in other payables and accruals	24,115	–	–	24,115
Due to shareholders	71,430	–	–	71,430
Due to related companies	375,748	–	–	375,748
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	750,271	–	–	750,271
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Capital management

The primary objectives of the Target Company's capital management are to safeguard the Target Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Target Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Target Company may adjust the return capital to shareholders or issue new shares. The Target Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

The Target Company monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. Net debt includes, trade payables, other payables and accruals, interest-bearing bank borrowing and amounts due to shareholders and related companies less cash and cash equivalents. Capital includes equity attributable to owners of the parent. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade payables	9,679	26,773	278,978
Other payables and accruals	14,660	21,060	24,115
Interest-bearing bank borrowings	157,500	–	–
Due to shareholders	87,180	71,430	71,430
Due to related companies	375,666	375,866	375,748
Less: Cash and cash equivalents	(429,096)	(183,731)	(104,997)
Net debt	215,589	311,398	645,274
Equity attributable to owners	23,048	140,543	70,248
Capital and net debt	238,637	451,941	715,522
Gearing ratio	90%	69%	90%

29. RETIREMENT BENEFIT SCHEMES

The employees of the Target Company's entities established in the PRC are members of a central pension scheme operated by the local municipal government. These entities are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these entities. The only obligation of these entities with respect to the central pension scheme is to meet the required contributions under the scheme.

30. CONTINGENT LIABILITIES

The Target Company provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Target Company's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Target Company is responsible for repaying the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks.

Under the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, and upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction.

The Target Company's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The fair value of the guarantees at initial recognition and the ECL allowance is not significant as the Directors consider that in the event of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principal together with the accrued interest and penalties.

31. EVENT AFTER RELEVANT PERIOD

There was no material subsequent events undertaken by the Target Company at 31 December 2024.

32. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company in respect of any period subsequent to 31 December 2024.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION

Introduction

We report on the historical financial information of Jurong Jin Jia Run Real Estate Development Co., Ltd.* (句容市金嘉潤房地產開發有限公司) (the “**Target Company**”) set out on pages II-69 to II-85, which comprises the statements of financial position of the Target Company as at 31 December 2022, 2023 and 2024, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the three years ended 31 December 2022, 2023 and 2024 (the “**Relevant Periods**”) and a summary of material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”).

The Historical Financial Information forms an integral part of this report, which has been prepared for inclusion in the circular of Redsun Services Group Limited (the “**Company**”) dated 30 April 2025 (the “**Circular**”) in connection with the proposed acquisition of 19% equity interest of the Target Company by the Company.

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 1 to the Historical Financial Information, and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants' Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company, as well as evaluating the overall presentation of the Historical Financial Information.

* English name is for identification purpose only

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Company's financial position as at 31 December 2022, 2023 and 2024 and of the Target Company's financial performance and cash flows for each of the Relevant Periods in accordance with the basis of preparation set out in note 1 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-68 have been made.

Dividends

We refer to note 10 to the Historical Financial Information which states that no dividend has been paid or declared by the Target Company in respect of the Relevant Periods.

No historical financial statements for the Target Company

No historical financial statements have been prepared for the Target Company since its date of incorporation.

CCTH CPA LIMITED

Certified Public Accountants

Shek Man Hei Kimmy

Practising Certificate Number: P07274

Hong Kong

30 April 2025

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Company for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with International Financial Reporting Standards (“**IFRS Accounting Standards**”) issued by International Accounting Standards Board (the “**IASB**”) and were audited by CCTH CPA LIMITED in accordance with Hong Kong Standards on Auditing (the “**HKSAs**”) issued by the HKICPA (the “**Underlying Financial Statements**”).

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Years ended 31 December		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	5	–	–	–
Administrative expenses		<u>(70)</u>	<u>(1)</u>	<u>(1)</u>
LOSS BEFORE TAX	6	(70)	(1)	(1)
Income tax expense	9	<u>–</u>	<u>–</u>	<u>–</u>
LOSS AND OTHER COMPREHENSIVE LOSS FOR THE YEAR		<u><u>(70)</u></u>	<u><u>(1)</u></u>	<u><u>(1)</u></u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

STATEMENTS OF FINANCIAL POSITION

	<i>Notes</i>	As at 31 December		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CURRENT ASSETS				
Properties under development	11	204,000	204,000	204,000
Other receivables	12	1,491	1,491	1,491
Cash and bank balances	13	35	34	33
		<u> </u>	<u> </u>	<u> </u>
Total current assets		205,526	205,525	205,524
		<u> </u>	<u> </u>	<u> </u>
CURRENT LIABILITIES				
Other payables and accruals	14	1,334	1,334	1,334
Due to shareholders	16(b)	204,793	204,793	204,793
Due to related companies	16(b)	104,926	104,926	104,926
		<u> </u>	<u> </u>	<u> </u>
Total current liabilities		311,053	311,053	311,053
		<u> </u>	<u> </u>	<u> </u>
NET CURRENT LIABILITIES		(105,527)	(105,528)	(105,529)
		<u> </u>	<u> </u>	<u> </u>
NET LIABILITIES		(105,527)	(105,528)	(105,529)
		<u> </u>	<u> </u>	<u> </u>
EQUITY				
Paid-in capital	15	–	–	–
Accumulated losses		(105,527)	(105,528)	(105,529)
		<u> </u>	<u> </u>	<u> </u>
		(105,527)	(105,528)	(105,529)
		<u> </u>	<u> </u>	<u> </u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2022	–	(105,457)	(105,457)
Total comprehensive loss for the year	<u>–</u>	<u>(70)</u>	<u>(70)</u>
At 31 December 2022 and 1 January 2023	–	(105,527)	(105,527)
Total comprehensive loss for the year	<u>–</u>	<u>(1)</u>	<u>(1)</u>
At 31 December 2023 and 1 January 2024	–	(105,528)	(105,528)
Total comprehensive loss for the year	<u>–</u>	<u>(1)</u>	<u>(1)</u>
At 31 December 2024	<u><u>–</u></u>	<u><u>(105,529)</u></u>	<u><u>(105,529)</u></u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

STATEMENTS OF CASH FLOWS

	Years ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax	(70)	(1)	(1)
Decrease in other receivables	101	—	—
Net cash flows from (used in) operating activities	31	(1)	(1)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	31	(1)	(1)
Cash and cash equivalents at beginning of year	4	35	34
CASH AND CASH EQUIVALENTS AT END OF YEAR	35	34	33

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

Jurong Jin Jia Run Real Estate Development Co., Ltd. is a limited liability company incorporated in the People's Republic of China (the "PRC") in 2018. In the opinion of the directors of the Target Company (the "Directors"), there was no immediate holding company and ultimate holding company of the Target Company. The address of its registered office and principal place of business is 句容市開發區甯杭北路118號正陽汽配商城S-2幢. The Target Company is principally engaged in property development in the PRC.

The Historical Financial Information is presented in RMB, which is also the functional currency of the Target Company.

Statutory financial statements of Target Company for each of the three years ended 31 December 2024 have not been audited.

Basis of preparation of Historical Financial Information

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards which comprise all IFRS Accounting Standards, International Accounting Standards ("IASs") and Interpretations issued by the IASB. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been early adopted by the Target Company in the preparation of the Historical Financial Information throughout the Relevant Periods. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared under the historical cost convention.

Going concern

As at 31 December 2024, the Target Company had net current liabilities and net liabilities of approximately RMB105,529,000. The Historical Financial Information have been prepared on a going concern basis, as subsequent to the end of the reporting period, the shareholders and related companies have agreed not to demand for any repayment of amounts due to shareholders and related companies of approximately RMB204,793,000 and RMB104,926,000, respectively as at 31 December 2024, for at least the next twelve months, until the Target Company is in a financial position to do so.

The Directors consider that the Target Company will have sufficient working capital to finance its operations in the foreseeable future and accordingly are satisfied that it is appropriate to prepare the Historical Financial Information on a going concern basis.

2. NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

The Target Company has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

IFRS 18	Presentation and Disclosure in Financial Statements ³
IFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to IAS 21	Lack of Exchangeability ¹
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²

¹ Effective for annual period beginning on or after 1 January 2025

² Effective for annual period beginning on or after 1 January 2026

³ Effective for annual period beginning on or after 1 January 2027

⁴ Effective for annual periods beginning on or after a date to be determined

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in further financial statements. The Directors are in the process of assessing the detailed impact of IFRS 18 on the Historical Financial Information of the Target Company.

The Directors anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the Historical Financial Information of the Target Company in the foreseeable future.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Historical cost is generally based on the fair value of the consideration given in exchange for services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.

The material accounting policies are set out below.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Target Company if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Target Company;
 - (ii) has significant influence over the Target Company; or
 - (iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company;

or

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Target Company are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Target Company are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company or to the parent of the Target Company.

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realisable value. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Properties under development are classified as current assets unless those will not be realised in the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Financial assets

Initial recognition and measurement

Financial assets are recognised in the statement of financial position when an entity becomes a party to the contractual provisions of the instrument.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Target Company's business model for managing them. The Target Company initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Target Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Target Company commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statements of profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Target Company's statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Target Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Target Company has transferred substantially all the risks and rewards of the asset, or (b) the Target Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Target Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Target Company continues to recognise the transferred asset to the extent of the Target Company's continuing involvement. In that case, the Target Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Target Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Target Company could be required to repay.

Impairment of financial assets

The Target Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Target Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each of the Relevant Periods, the Target Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Target Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

In certain cases, the Target Company may also consider a financial asset to be in default when internal or external information indicates that the Target Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Target Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of payables and accruals, net of directly attributable transaction costs.

The Target Company's financial liabilities include other payables and accruals, and amounts due to shareholders and related companies.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (other payables and accruals)

After initial recognition, other payables and accruals are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statements of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statements of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statements of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Target Company's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Target Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statements of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statements of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Target Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Target Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

4. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Target Company's Historical Financial Information requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for properties under development

The Target Company's properties under development are stated at the lower of cost and net realisable value. Based on the Target Company's historical experience and the nature of the subject properties, the Target Company makes estimates of the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties, based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

5. REVENUE

During the Relevant Periods, the Target Company did not generate revenue.

6. LOSS BEFORE TAX

The Target Company's loss before tax during the Relevant Periods is arrived at after charging:

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Auditor's remuneration	—	—	—

7. DIRECTORS' REMUNERATION

The directors and supervisors of the Target Company did not receive any fee or other emoluments in respect of their service provided to the Target Company during the Relevant Periods.

8. FIVE HIGHEST PAID EMPLOYEES

During the Relevant Periods, the Target Company did not have the employees and incur the staff costs to the five highest paid employees.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

9. INCOME TAX EXPENSE

Corporate Income Tax (the “CIT”) is provided on assessable profits of entities incorporated in the PRC at the rate of 25% during the Relevant Periods.

	Years ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current tax:			
CIT	—	—	—
Deferred tax credit (<i>note 15</i>)	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>	<u>—</u>

A reconciliation of income tax expense applicable to loss before tax at the statutory rate for the jurisdiction in which the Target Company is domiciled to the income tax expense at the effective income tax rate is as follows:

	Years ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Loss before tax	(70)	(1)	(1)
At the statutory income tax rate	(18)	(—)*	(—)*
Tax effect of tax loss not recognised	18	—*	—*
	<u>—</u>	<u>—</u>	<u>—</u>
Tax expense	<u>—</u>	<u>—</u>	<u>—</u>

* less than RMB1,000

At the end of each of the Relevant Periods, the Target Company has unused tax losses expired in the next five years of approximately RMB1,532,000, RMB1,533,000 and RMB1,534,000 available for offset against future profits and deductible temporary differences of approximately RMB103,995,000, RMB103,995,000 and RMB103,995,000. No deferred tax asset has been recognised in respect of the unused tax losses and deductible temporary differences due to the unpredictability of future profit streams.

10. DIVIDEND

No dividend has been paid or declared by the Target Company during the Relevant Periods.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

11. PROPERTIES UNDER DEVELOPMENT

	2022 RMB'000	2023 RMB'000	2024 RMB'000
At cost:			
Carrying amount at 1 January and 31 December	204,000	204,000	204,000
Properties under development expected to be completed within normal operating cycle:			
– After one year	204,000	204,000	204,000

The movements in provision for impairment of properties under development are as follows:

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Carrying amount at 1 January and 31 December	103,995	103,995	103,995

The Target Company's properties under development are situated on leasehold land in Mainland China.

The value of properties under development is assessed at the end of each of the Relevant Periods. An impairment exists when the carrying value exceeds their net realisable value.

12. OTHER RECEIVABLES

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Other tax recoverable	968	968	968
Other deposits	523	523	523
Total	1,491	1,491	1,491

13. CASH AND BANK BALANCES

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Cash and bank balances	35	34	33

At the end of each of the Relevant Periods, the cash and bank balances are dominated in RMB.

The RMB is not freely convertible into other currencies, however, under Mainland China Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Target Company is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Target Company, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

At the end of each of the Relevant Periods, the internal credit ratings of cash and cash equivalents were performing. The Target Company has assessed that the credit risk of the restricted cash and cash and cash equivalents has not increased significantly since initial recognition and measured the impairment based on 12-month expected credit losses, and has assessed that the expected credit losses are immaterial.

14. OTHER PAYABLES AND ACCRUALS

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Other deposits	1,270	1,270	1,270
Others	64	64	64
Total	<u>1,334</u>	<u>1,334</u>	<u>1,334</u>

15. PAID-IN CAPITAL

RMB'000

Registered:

As at 1 January 2022, 31 December 2022, 2023 and 2024 110,000

Paid up:

As at 1 January 2022, 31 December 2022, 2023 and 2024 –

During the Relevant Periods, the shareholders of the Target Company did not make capital injection.

16. RELATED PARTY TRANSACTIONS

(a) Transactions with a related party

The related company controlled by a shareholder provided certain portion of office for the Target Company to use at nil consideration during the Relevant Periods.

(b) Outstanding balances with shareholders and related companies controlled by shareholders:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Due to shareholders			
– Non-trade related	<u>204,793</u>	<u>204,793</u>	<u>204,793</u>
Due to related companies controlled by shareholders			
– Non-trade related	<u>104,926</u>	<u>104,926</u>	<u>104,926</u>

The balances are unsecured, interest-free and have no fixed terms of repayment.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

(c) Compensation of key management personnel of the Target Company:

During the Relevant Periods, the Target Company did not made compensation to the key management personnel of the Target Company.

17. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Financial assets

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Financial assets included in other receivables	523	523	523
Cash and bank balances	35	34	33
	<u>558</u>	<u>557</u>	<u>556</u>
Financial assets at amortised cost	<u>558</u>	<u>557</u>	<u>556</u>

Financial liabilities

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Financial liabilities included in other payables and accruals	1,334	1,334	1,334
Due to shareholders	204,793	204,793	204,793
Due to related companies	104,926	104,926	104,926
	<u>311,053</u>	<u>311,053</u>	<u>311,053</u>
Financial liabilities at amortised cost	<u>311,053</u>	<u>311,053</u>	<u>311,053</u>

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair value of cash and bank balances, financial assets included in other receivables, financial liabilities included in other payables and accruals and due to shareholders and related companies approximate to their carrying amounts largely due to the short-term maturities of these instruments.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Company's principal financial instruments comprise amounts with shareholders and related companies. The main purpose of these financial instruments is to raise finance for the Target Company's operations. The Target Company has various other financial assets and liabilities such as bank balances, other receivables and other payables and accruals which arise directly from its operations.

The main risks arising from the Target Company's financial instruments are interest rate risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

(a) Interest rate risk

As at 31 December 2022, 2023 and 2024, the Target Company was exposed to fair value interest rate risk in relation to interest-free deposit. The Target Company's exposure to cash flow interest rate risk in relation to bank balances is minimal as these balance have a short maturity period. The Target Company manages its interest rate exposures by assessing the potential impact arising from any interest rates movement based on interest rate level and outlook.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

(b) Credit risk

The Target Company trades only with recognised and creditworthy third parties. It is the Target Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Target Company's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Target Company's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets.

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Financial assets included in other receivables*	523	523	523
Cash and bank balances	35	34	33
Financial assets subject to the 12-month ECLs	558	557	556

* The credit quality of the financial assets is considered to be "normal" when they are not past due, there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

(c) Liquidity risk

The Target Company's objective is to maintain a balance between continuity of funding and flexibility through the use of other payables and accruals, amounts due to shareholders and related companies. Cash flows are being closely monitored on an ongoing basis.

The Target Company is exposed to liquidity risk as at 31 December 2024 as the Company had net current liabilities and capital deficiency of approximately RMB105,529,000. As detailed in Note 1, the Directors are of the opinion that the Target Company will be able to finance its future working capital and to fulfill its financial obligation when they fall due.

The Target Company's contractual maturity for all its non-derivative financial liabilities and the undiscounted cash flows of financial liabilities are within one year or on demand as at the end of each of the Relevant Periods.

Capital management

The primary objectives of the Target Company's capital management are to safeguard the Target Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Target Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Target Company may adjust the return capital to shareholders or issue new shares. The Target Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

The Target Company monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. Net debt includes, other payables and accruals and amounts due to shareholders and related companies less cash and cash equivalents. Capital includes equity attributable to owners of the parent. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Other payables and accruals	1,334	1,334	1,334
Due to shareholders	204,793	204,793	204,793
Due to related companies	104,926	104,926	104,926
Less: Cash and cash equivalents	(35)	(34)	(33)
Net debt	311,018	311,019	311,020
Equity attributable to owners	(105,557)	(105,528)	(105,529)
Capital and net debt	205,491	205,491	205,491
Gearing ratio	151.4%	151.4%	151.4%

20. EVENT AFTER RELEVANT PERIODS

There was no material subsequent events undertaken by the Target Company at 31 December 2024.

21. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company in respect of any period subsequent to 31 December 2024.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION**Introduction**

The following unaudited pro forma financial information has been prepared by Redsun Services Group Limited (the “**Company**”) in accordance with Paragraph 4.29 of the Listing Rules and is a summary of illustrative unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated statement of profit or loss and other comprehensive income, and the unaudited pro forma consolidated statement of cash flows and the related notes (collectively referred to as the “**Unaudited Pro Forma Financial Information**”), in connection with the (i) proposed acquisition of 70% equity interests in Chengdu Hong Yang Jin Xing Real Estate Development Co., Ltd (the “**Target Company A**”) (“**Proposed Acquisition A**”) (ii) proposed acquisition of 20% equity interests in Suqian Tong Jin Hong Real Estate Co., Ltd (the “**Target Company B**”) (“**Proposed Acquisition B**”) (iii) proposed acquisition of 19% of equity interests in Jurong Jin Jia Run Real Estate Development Co., Ltd (the “**Target Company C**”) (“**Proposed Acquisition C**”) and (iv) acquisition of parking spaces (the “**Target Parking Spaces**”) (“**Proposed Acquisition of Parking Spaces**”) (the Company and its subsidiaries together with the Target Company A, Target Company B and Target Company C, hereinafter collectively referred to as the “**Enlarged Group**”).

The Unaudited Pro Forma Financial Information is for illustrating the financial position as at 31 December 2024 of the Enlarged Group as if the Proposed Acquisition A, B, C and the Target Parking Spaces had been completed on 31 December 2024; and the financial performance and cash flows of the Enlarged Group for the year ended 31 December 2024 as if the Proposed Acquisition A, B and C and the Target Parking Spaces had been completed on 1 January 2024.

The Unaudited Pro Forma Financial Information is prepared based upon (i) the Group’s audited consolidated statement of financial position as at 31 December 2024, the audited consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 December 2024; as extracted from the Group’s published annual report for the year ended 31 December 2024; (ii) the Target Company A’s audited statements of financial position as at 31 December 2024, the audited statements of profit or loss and other comprehensive income and statements of cash flows of the Target Company A for the year ended 31 December 2024 as extracted from the accountants’ report set out in Appendix II to this Circular; (iii) the Target Company B’s audited statements of financial position as at 31 December 2024, the audited statements of profit or loss and other comprehensive income and statements of cash flows of the Group for the year ended 31 December 2024 as extracted from the accountants’ report set out in Appendix II to this Circular; and (iv) the Target Company C’s audited statements of financial position as at 31 December 2024, the audited statements of profit or loss and other comprehensive income and statements of cash flows of the Group for the year ended 31 December 2024 as extracted from the accountants’ report set out in Appendix II to this Circular and adjusted on a pro forma basis to reflect the effects of Proposed Acquisition of A, B, C, and Parking Spaces.

The Unaudited Pro Forma Financial Information is based on a number of assumptions, estimates and currently available information. Because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Proposed Acquisition A, B, C and the Target Parking Spaces been completed as at 31 December 2024 to or at any future dates, and it may not give a true picture of the financial performance or cash flows of the Enlarged Group had the Acquisition A,B and C and the Target Parking Spaces been completed as at 1 January 2024 or for any future periods, whichever are applicable.

The Unaudited Pro Forma Financial Information should be read in conjunction with the consolidated financial statements of the Group as set out in the published annual report of the Company for the year ended 31 December 2024, the accountants report of consolidated financial information of Target Company A, B and C as set forth in the Appendix II to this Circular respectively and other information included elsewhere in this Circular.

**Unaudited Pro Forma consolidated statement of financial position of the Enlarged Group
As at 31 December 2024**

	The Group	The Target Company	Unaudited Pro Forma adjustments					The Enlarged Group
	(audited)	(audited)						(unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 1)	(Note 2)	(Note 3)	(Note 5)	(Note 6)	(Note 7)	(Note 8)	
NON-CURRENT ASSETS								
Property, plant and equipment	25,333	–						25,333
Goodwill	175,050	–						175,050
Other intangible assets	57,725	–						57,725
Investment in an associate	–	–		14,050				14,050
Investment in a joint venture	–	–						–
Deferred tax assets	25,013	7,285						32,298
	<u>283,121</u>	<u>7,285</u>						<u>304,456</u>
Total non-current assets	<u>283,121</u>	<u>7,285</u>						<u>304,456</u>
CURRENT ASSETS								
Properties held for sale	–	227,969						227,969
Inventories	268	–				230,925		231,193
Trade receivables	289,936	2,343						292,279
Prepayments, other receivables and other assets	133,010	84,645						217,655
Amounts due from fellow subsidiaries	–	95,776	(95,776)					–
Amounts due from related companies – The Group	391,412	–	(91,809)	(41,340)	(41,019)			217,244
Amounts due from related companies – Target Company								
A	–	3,570	(3,570)					–
Amounts due from an associate	–	–		27,290				27,290
Amounts due from Joint Venture	–	–			41,019			41,019
Tax recoverable	–	9,453						9,453
Cash and bank balances	560,574	41,306					(1,110)	600,770
	<u>1,375,200</u>	<u>465,062</u>						<u>1,864,872</u>
Total current assets	<u>1,375,200</u>	<u>465,062</u>						<u>1,864,872</u>
CURRENT LIABILITIES								
Trade payables	183,776	169,865						353,641
Other payables and accruals	177,671	13,848				207,833		399,352
Contract liabilities	258,594	29,434						288,028
Amounts due to fellow subsidiaries	–	84,897	(84,897)					–
Amounts due to related companies	–	60	(60)					–
Interest-bearing bank borrowing	13,831	–						13,831
Tax payable	85,136	22,531						107,667
	<u>719,008</u>	<u>320,635</u>						<u>1,162,519</u>
Total current liabilities	<u>719,008</u>	<u>320,635</u>						<u>1,162,519</u>

APPENDIX III

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

	The Group	The Target Company	Unaudited Pro Forma adjustments					The Enlarged Group
	(audited)	(audited)						(unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 1)	(Note 2)	(Note 3)	(Note 5)	(Note 6)	(Note 7)	(Note 8)	
NET CURRENT ASSETS	<u>656,192</u>	<u>144,427</u>						<u>702,353</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>939,313</u>	<u>151,712</u>						<u>1,006,809</u>
NON-CURRENT LIABILITIES								
Interest-bearing bank borrowing	17,235	–						17,235
Other payables	–	–				23,092		23,092
Deferred tax liabilities	<u>13,000</u>	<u>–</u>						<u>13,000</u>
Total non-current liabilities	<u>30,235</u>	<u>–</u>						<u>53,327</u>
Net assets	<u>909,078</u>	<u>151,712</u>						<u>953,482</u>
Equity								
Equity attributable to owners of the parent								
Share capital	3,764	210,000	(210,000)					3,764
Reserves	<u>894,294</u>	<u>(58,288)</u>	<u>58,288</u>		<u>20,051</u>		<u>(1,110)</u>	<u>893,184</u>
	898,058	151,712						896,948
Non-controlling interests	<u>11,020</u>	<u>–</u>	<u>45,514</u>					<u>56,534</u>
Total equity	<u>909,078</u>	<u>151,712</u>						<u>953,482</u>

Unaudited Pro Forma consolidated statement of profit or loss and other comprehensive income of the Enlarged Group
For the year ended 31 December 2024

	The Group	The Target Company	Unaudited Pro Forma adjustments		The Enlarged Group
	(audited)	(audited)			(unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 5)</i>	<i>(Note 8)</i>	
Revenue	1,026,678	486,684			1,513,362
Cost of sales	<u>(827,118)</u>	<u>(469,885)</u>			<u>(1,297,003)</u>
Gross profit	199,560	16,799			216,359
Other income and gains					
and losses	7,174	134			7,308
Selling and distribution expenses	(869)	(10,991)			(11,860)
Administrative expenses	(104,313)	(7,514)		(1,110)	(112,937)
Impairment losses on financial					
assets, net	(62,495)	–			(62,495)
Other expenses	(915)	–			(915)
Finance costs	(1,649)	(15)			(1,664)
Share of loss of:					
Associate	<u>–</u>	<u>–</u>	(14,059)		<u>(14,059)</u>
PROFIT (LOSS) BEFORE TAX	36,493	(1,587)			19,737
Income tax expense	<u>(21,362)</u>	<u>(15,784)</u>			<u>(37,146)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>15,131</u>	<u>(17,371)</u>			<u>(17,409)</u>
Attributable to:					
Owners of the parent	14,386	(17,371)			(17,409)
Non-controlling interests	<u>745</u>	<u>–</u>			<u>–</u>
	<u>15,131</u>	<u>(17,371)</u>			<u>(17,409)</u>

**Unaudited Pro Forma consolidated statement of cash flows of the Enlarged Group
For the year ended 31 December 2024**

	The Group	The Target Company	Unaudited Pro Forma adjustments				The Enlarged Group
	(audited)	(audited)					(unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 1)	(Note 2)	(Note 4)	(Note 5)	(Note 7)	(Note 8)	
CASH FLOWS FROM OPERATING ACTIVITIES							
Profit (loss) before tax	36,493	(1,587)		(14,059)		(1,110)	19,737
Adjustments for:							
Depreciation of property, plant and equipment	7,314	–					7,314
Depreciation of right-of-use assets	1,258	488					1,746
Amortisation of other intangible assets	16,039	–					16,039
Loss on disposal of property, plant and equipment	242	–					242
Loss on disposal of a subsidiary	48	–					48
Impairment losses on financial assets, net	62,495	–					62,495
Impairment losses recognised in property held for sales	–	17,721					17,721
Write-down of inventories	5,200	–					5,200
Net foreign exchange gain	110	–					110
Gain on lease modification	(1,390)	–					(1,390)
Finance costs	1,649	15					1,664
Interest income	(2,311)	(134)					(2,445)
Share of loss of:							
Associate	–	–		14,059			14,059
	<u>127,147</u>	<u>16,503</u>					<u>142,540</u>
Decrease in properties under development and completed properties held for sale	–	301,362					301,362
Increase in inventories	(109)	–			(230,925)		(231,034)
Increase in trade receivables	(41,425)	–					(41,425)
Increase in prepayments, other receivables and other assets	(7,838)	(15,973)					(23,811)
(Decrease) increase in trade payables	(12,090)	54,203			230,925		273,038
Decrease in other payables and accruals	(24,959)	(1,354)					(26,313)
Increase (decrease) in contract liabilities	6,531	(291,673)					(285,142)
Increase in amounts due from related companies	(65,823)	(2,933)	(56,403)				(125,159)
Increase in amounts due from fellow subsidiaries	–	(38,565)	38,565				–
Decrease in amounts due to fellow subsidiaries	–	(17,838)	17,838				–
(Increase) decrease in restricted cash	(1,132)	42,094					40,962
Cash (used in) generated from operations	<u>(19,698)</u>	<u>45,826</u>					<u>25,018</u>
Interest income received	2,311	134					2,445
Tax paid	<u>(24,395)</u>	<u>(3,279)</u>					<u>(27,674)</u>
Net cash flows (used in) generated from operating activities	<u>(41,782)</u>	<u>42,681</u>					<u>(211)</u>

APPENDIX III

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

	The Group	The Target Company	Unaudited Pro Forma adjustments				The Enlarged Group
	(audited)	(audited)					(unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 1)	(Note 2)	(Note 4)	(Note 5)	(Note 7)	(Note 8)	
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of property, plant and equipment	(14,002)	–					(14,002)
Proceeds from disposal of property, plant and equipment	396	–					396
Purchase of other intangible assets	(218)	–					(218)
Disposal of a subsidiary	(4,583)	–					(4,583)
Net cash flows used in investing activities	(18,407)	–					(18,407)
CASH FLOWS FROM FINANCING ACTIVITIES							
Transactions with non-control shareholder	–	(50,402)					(50,402)
Repayments of interest-bearing bank borrowings	(13,788)	–					(13,788)
Payments of lease liabilities	(969)	(457)					(1,426)
Dividends paid to non-controlling shareholders	(2,000)	–					(2,000)
Interest paid	(1,649)	(3,732)					(5,381)
Net cash flows used in financing activities	(18,406)	(54,591)					(72,997)
NET DECREASE IN CASH AND CASH EQUIVALENTS							
	(78,595)	(11,910)					(91,615)
Cash and cash equivalents at the beginning of the year	637,775	43,500					681,275
Effect of foreign exchange rate changes, net	(110)	–					(110)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	559,070	31,590					589,550
Cash and bank balances	560,574	41,306					600,770
Cash and bank balances as stated in the statement of financial position	560,574	41,306				(1,110)	600,770
Less: Restricted cash	(1,504)	(9,716)					(11,220)
Cash and cash equivalents as stated in the statement of cash flows	559,070	31,590					589,550

Notes to the Pro Forma Unaudited Financial Information

1. The amounts have been extracted from the audited consolidated statement of financial position of the Group as at 31 December 2024, the audited consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 December 2024, which are included in the published annual report of the Company for the year ended 31 December 2024.
2. The amounts have been extracted from the audited statements of financial position for the Target Company A, B and C as at 31 December 2024, and the audited statements of profit or loss and other comprehensive income and statements of cash flows for the Target Company A, B and C for the year ended 31 December 2024 in Appendix II to this Circular.
3. Pursuant to equity transfer agreement dated on 17 February 2025 (the “**Equity Transfer Agreement**”), the Group will acquire 70% equity interests in the Target Company A at a total consideration of RMB91,809,000, which are based on the net asset value of the Target Company A after deducting RMB14,389,000 in payables owed to the Target Company A by the Redsun Properties Group Limited and its subsidiaries (the “**Seller Group**”), as at 31 December 2024. The final consideration are subject to adjustment based on the Completion Accounts. The considerations shall be offset against to the outstanding receivables due from the Seller Group to the Group (the “**Outstanding Receivables**”) and the refundable deposits related to parking spaces sales agency services on a dollar-for-dollar basis, with older balances being settled first. No separate cash payment will be made by the Group to Seller Group.
4. The adjustment represents the reclassification of the cash transaction amounting RMB56,403,000 from fellow subsidiaries to related companies.
5. Pursuant to the Equity Transfer Agreement, the Group will acquire 20% equity interest in Target Company B at a consideration of RMB41,340,000 which are based on the net asset value of the Target Company B after adding RMB27,290,000 in receivables owed to the Seller Group by Target Company B, as at 31 December 2024. The final consideration are subject to adjustment based on the Completion Accounts. The considerations shall be offset against to the Outstanding Receivables.
 - (a) The adjustment approximately of RMB14,050,000 represents the recognised as interests in associate of the Group’s 20% equity interest in the Target Company B as if the Proposed Acquisition B had been completed as at 31 December 2024.
 - (b) The adjustment approximately of RMB14,059,000 represents the share result of associate of the Group’s 20% equity interest in the Target Company B as if the Proposed Acquisition B had been completed as at 1 January 2024.
6. Pursuant to the Equity Transfer Agreement, the Group will acquire 19% equity interest in Target Company C at a consideration of RMB41,019,000 which are based on the net asset value of the Target Company C after adding RMB61,070,000 in receivables owed to the Seller Group by Target Company C, as at 31 December 2024. The final consideration are subject to adjustment based on the Completion Accounts. The considerations shall be offset against to the Outstanding Receivables.

As per the contractual agreement signed among the shareholders of Target Company C, each shareholder possesses the right to alter ownership while maintaining the terms of the agreement unchanged. Following the Proposed Acquisition C’s completion, for the Unaudited Pro Forma Financial Information preparation, Target Company C will be regarded as a joint venture of the Group upon the conclusion of the Proposed Acquisition C.

7. Pursuant to the parking transfer framework agreement date on 17 February 2025, the Group and the Seller Group shall enter into separate transfer agreement (the “**Separate Transerv Agreement**”) for transfer the Target Parking Spaces at a total consideration amounted to approximately RMB230,925,000 (subject to the valuation at completion date). The consideration will be paid in the follow manner:
- (i) Initial payment: the Group shall pay 50% of the consideration of RMB115,463,000 to the Seller Group within seven business days after the execution of the separate transfer agreements;
 - (ii) Second payment: the Group shall pay an additional 40% of the consideration of RMB92,370,000 to the Seller Group within seven business days following the completion for transfer registration and the handover of relevant documentation related the Target Parking Spaces; and
 - (iii) Final payment: the remaining 10% of the consideration of RMB23,092,000 shall be paid to the Seller Group within twelve months after the execution of the separate transfer agreement.

For the purpose of preparation of Unaudited Pro Forma Financial information, the Target Parking Spaces is recognised as inventory of the Group for trading of parking spaces.

8. The adjustment represent the estimated professional fees and transaction costs of approximately RMB1,110,000 payable by the Company in connection with the Proposed Acquisition A,B,C and Parking Spaces, which are subject to change and assumed to be due upon completion.
9. The above adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of the Enlarged Group.

The following is the text of a report received from the reporting accountants of the Company, CCTH CPA Limited, Certified Public Accountants, Hong Kong, prepare for the purpose of incorporation in this circular, in respect of the unaudited pro forma financial information of the Enlarged Group.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

To the Directors of Redsun Services Group Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Redsun Services Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated statement of financial position as at 31 December 2024, the pro forma statement of profit or loss and other comprehensive income for the year ended 31 December 2024, the pro forma statement of cash flows for the year ended 31 December 2024 and related notes as set out on pages III-1 to III-9 of the circular dated 30 April 2025 (the “**Circular**”) issued by the Company (the “**Unaudited Pro Forma Financial Information**”) in connection with the proposed mandate in relation to the proposed very substantial acquisitions (the “**Proposed Acquisitions**”). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on Appendix III of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Proposed Acquisitions on the Group's financial position as at 31 December 2024 as if the Proposed Acquisitions had taken place on 31 December 2024 and the Group's financial performance and cash flows for the year ended 31 December 2024 as if the Proposed Acquisitions had taken place at 1 January 2024. As part of this process, information about the Group's financial position as at 31 December 2024, Group's financial performance and cash flows for the year ended 31 December 2024 has been extracted by the Directors from the Group's 2024 annual report has been published, which included the financial statements for the year ended 31 December 2024.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Proposed Acquisitions on unadjusted financial information of the Group as if the Proposed Acquisitions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Acquisitions would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Proposed Acquisitions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the Proposed Acquisitions in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

CCTH CPA Limited

Certified Public Accountants

Hong Kong, 30 April 2025

Set out below is the management discussion and analysis of the Group for each of the three years ended December 31, 2022, 2023 and 2024 as extracted from the Company's annual reports for each of the three years ended December 31, 2022, 2023 and 2024. Unless otherwise defined in this circular or the context otherwise requires, capitalized terms used in this section shall have the same meanings as those ascribed in the abovementioned annual reports and interim report of the Company, as the case may be.

For the year ended December 31, 2022

BUSINESS REVIEW

Our Business Model

Upholding the layout strategy of “penetrating the Greater Jiangsu Region, strengthening foothold in the Yangtze River Delta Region and expanding into core cities (做透大江蘇、深耕長三角、做強中心城市)” and surrounding the “customer-centered” service philosophy, we continue to enhance the Redsun Mode and are committed to providing owners with warm quality services across the whole country. We provide a wide range of property management services to property owners, residents and tenants, value-added services to non-property owners, primarily property developers, and other property management companies, and community value-added services to residential property owners and residents.

- 1) Property management services: We provide property owners, residents and tenants with a wide range of property management services, including, among others, public order, cleaning, greening, facility management, customer services and repairs and maintenance services. Our portfolio of managed properties comprises of residential, commercial and other properties. In addition to residential properties, we are expanding our service scopes for non-residential markets. Not only do we provide property management services to a variety of commercial properties, such as shopping malls, home improvement and furnishings malls, hotels and theme parks, but we also provide property management services to properties such as office buildings, industrial parks and schools.
- 2) Value-added services to non-property owners: We also provide value-added services to non-property owners, including (i) consulting services to other property management companies; (ii) preliminary planning and design consultancy services to property developers for property development projects; (iii) sales assistance services to property developers to assist with their sales and marketing activities at property sales venues and display units, including visitor reception, cleaning, security inspection and maintenance; and (iv) other value-added services to property developers, such as inspection services.
- 3) Community value-added services: We provide community value-added services to residential property owners and residents to improve their living experiences with an aim to preserve and increase the value of their properties. Our community value-added services for residential properties primarily include, among others, (i) property brokerage services, (ii) property decoration services, (iii) community convenience services, (iv) common area value-added services and (v) assets management services.

The table below sets forth a breakdown of the Group's total revenue by business lines during the Reporting Period and the corresponding period of 2021:

	As at 31 December 2022		As at 31 December 2021	
	Revenue (RMB'000)	Percentage (%)	Revenue (RMB'000)	Percentage (%)
Property management services	834,730	75.7	753,590	66.6
Value-added services to non-property owners	124,612	11.3	180,289	16.0
Community value-added services	143,780	13.0	196,095	17.4
Total	<u>1,103,122</u>	<u>100.0</u>	<u>1,129,974</u>	<u>100.0</u>

By types of developers:

The table below sets forth the Group's total revenue from property management services, GFA under management and number of projects during the Reporting Period and the corresponding period of 2021:

	As at 31 December 2022			As at 31 December 2021		
	Revenue (RMB'000)	Number of Projects	GFA under management ('000 sq.m.)	Revenue (RMB'000)	Number of Projects	GFA under management ('000 sq.m.)
Redsun Properties Group ⁽¹⁾	373,720	100	16,435.1	320,330	83	13,902.0
Third-party property developers	392,360	183	27,396.9	334,303	148	21,207.7
Third party developers ⁽²⁾	319,141	141	21,406.7	301,035	125	18,044.7
Joint ventures and associates of Redsun Properties Group ⁽³⁾	73,219	42	5,990.2	33,268	23	3,163.0
Other associates of our Controlling Shareholders ⁽⁴⁾	68,650	2	1,031.6	98,957	3	1,282.9
Total	<u>834,730</u>	<u>285</u>	<u>44,863.6</u>	<u>753,590</u>	<u>234</u>	<u>36,392.6</u>

Notes:

- (1) Includes projects solely developed by Redsun Properties Group Limited (the shares of which are listed on the Stock Exchange (Stock Code: 1996)) and its subsidiaries (collectively, "Redsun Properties Group") and properties that Redsun Properties Group jointly developed with other property developers for which properties Redsun Properties Group holds a controlling interest.
- (2) Includes properties developed by third-party property developers independent from Redsun Properties Group.
- (3) Includes properties developed by property developers which are joint ventures and associates of Redsun Properties Group in which Redsun Properties Group does not hold a controlling interest.

- (4) Includes properties owned by Jiangsu Redsun Industrial Raw Materials City Co., Ltd. (“**Redsun Materials City**”) together with its subsidiaries and Nanjing Redsun Business World Co., Ltd. (“**Redsun Business World**”), which are associates of our Controlling Shareholders. Redsun Materials City is owned as to 100% by Mr. Zeng Huansha, the founder and Controlling Shareholder of the Group (“**Mr. Zeng**”). Redsun Business World is held as to 100% by Hong Yang Group Company Limited, which is owned as to 100% by Ms. Zeng Suqing (曾素清), the sister of Mr. Zeng.

By types of properties we manage:

The table below sets forth the Group’s total revenue from property management services, GFA under management and number of projects during the Reporting Period and the corresponding period of 2021:

We manage residential and non-residential properties. Our non- residential properties under management include office buildings, malls and schools, etc. Although the revenue from residential properties still accounts for a substantial proportion of our revenue, we endeavor to diversify our service offerings, so as to cover other types of properties.

	As at 31 December 2022			As at 31 December 2021		
	Revenue	Number of Projects	GFA under management	Revenue	Number of Projects	GFA under management
	(RMB'000)		('000 sq.m.)	(RMB'000)		('000 sq.m.)
Residential	526,493	208	35,864.0	434,681	162	28,706.0
Commercial	212,137	26	3,763.4	236,796	31	4,759.6
Public construction and others	96,100	51	5,236.2	82,113	41	2,927.0
Total	<u>834,730</u>	<u>285</u>	<u>44,863.6</u>	<u>753,590</u>	<u>234</u>	<u>36,392.6</u>

By types of geographic presence:

The table below sets forth the Group’s total revenue from property management services, GFA under management and number of projects during the Reporting Period and the corresponding period of 2021:

Since the inception of the Group, we have expanded our geographic presence from Nanjing to 55 cities in China as of 31 December 2022.

	As at 31 December 2022			As at 31 December 2021		
	Revenue	Number of	GFA under	Revenue	Number of	GFA under
	(RMB'000)	Projects	management	(RMB'000)	Projects	management
			('000 sq.m.)			('000 sq.m.)
Nanjing	349,277	100	14,502.1	370,831	93	13,099.0
Jiangsu (excluding Nanjing)	169,410	58	9,934.3	149,494	52	8,920.2
Shanghai	7,473	2	808.1	7,532	1	207.1
Anhui	81,369	40	7,654.1	67,493	30	6,014.7
Shandong	8,522	2	164.0	8,451	2	282.9
Hunan	15,991	8	1,226.2	12,385	4	625.7
Hebei	4,935	1	51.9	5,797	1	76.9
Henan	7,530	2	312.5	4,126	2	316.9
Zhejiang	16,603	11	1,179.7	6,793	5	702.2
Hubei	116,049	36	5,173.3	88,314	27	3,987.2
Chongqing	17,115	7	1,006.2	10,646	6	736.1
Jiangxi	14,192	5	769.7	4,628	3	394.5
Guangdong	8,446	6	685.3	4,433	2	338.4
Sichuan	10,434	6	1,309.9	4,741	3	316.5
Jilin	5,950	–	–	7,926	2	288.0
Shaanxi	1,434	1	86.3	–	1	86.3
Total	834,730	285	44,863.6	753,590	234	36,392.6

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group's revenue amounted to RMB1,103.1 million, representing a decrease of 2.4% from RMB1,130.0 million for the corresponding period in 2021. The decrease was mainly attributable to the decrease in the Group's revenue from providing value-added services to non-property owners and community value-added services.

Property management services

During the Reporting Period, the Group's revenue from providing property management services amounted to RMB834.7 million, representing an increase of 10.8% from RMB753.6 million for the corresponding period in 2021. This was mainly attributable to the rapid increase in total GFA under management in line with the Group's business expansion.

Value-added services to non-property owners

During the Reporting Period, the Group's revenue from value-added services to non-property owners amounted to RMB124.6 million, representing a decrease of 30.9% from RMB180.3 million for the corresponding period in 2021. The decrease in revenue from value-added services to non-property owners was mainly attributable to the decrease of sales venue projects served by the Group.

Community value-added services

During the Reporting Period, the Group's revenue from community value-added services amounted to RMB143.8 million, representing a decrease of 26.7% from RMB196.1 million for the corresponding period in 2021. During the Reporting Period, the decrease in revenue from community value-added services was mainly attributable to the decrease in revenue from sales of parking spaces.

Cost of sales and services

During the Reporting Period, the Group's cost of sales and services amounted to RMB846.8 million, representing an increase of approximately 4.6% from RMB809.6 million for the corresponding period in 2021. This was mainly attributable to the increase in sub- contracting cost as a result of the expansion of operation scale.

Gross profit

As a result of the aforementioned key factors, the Group's gross profit decreased by approximately 20.0% from RMB320.4 million for the year ended 31 December 2021 to RMB256.4 million for the year ended 31 December 2022. The decrease was mainly attributable to a decrease in revenue from providing value-added services to non- property owners and community value-added services.

The Group's gross profit margin by business lines is set forth below:

	For the year ended 31 December	
	2022	2021
Property management services	22.2%	25.6%
Value-added services to non-property owners	16.6%	20.4%
Community value-added services	35.0%	46.4%
	<hr/>	<hr/>
Total	23.2%	28.4%
	<hr/>	<hr/>

During the Reporting Period, the Group's gross profit margin was 23.2%, representing a decrease of 5.2 percentage points from 28.4% for the corresponding period in 2021. This was mainly attributable to the decrease in the gross profit margin of value-added services to non-property owners and community value-added services.

The gross profit margin of property management services was 22.2%, representing a decrease of 3.4 percentage points from 25.6% for the corresponding period in 2021. The number of projects under management by the Group continued to increase, and the gross profit margin of the period decreased due to the large investment in the costs of the new projects in the early stage of taking over.

The gross profit margin of value-added services to non-property owners was 16.6%, representing a decrease of 3.8 percentage points from 20.4% for the corresponding period in 2021. This was mainly attributable to the decrease in the gross profit margin of sales assistance services provided to property developers due to the impact of the real estate industry.

The gross profit margin of community value-added services was 35.0%, representing a decrease of 11.4 percentage points from 46.4% for the corresponding period in 2021. This was mainly attributable to the decrease in revenue from sales of parking spaces, which was a business with relatively higher gross profit margin, during the Reporting Period.

Other income and other net income

During the Reporting Period, the Group's other income and other net income amounted to RMB16.8 million, compared to RMB11.2 million for the corresponding period in 2021, mainly attributable to the increase in government grants received in the period.

Administrative expenses

During the Reporting Period, the Group's administrative expenses amounted to RMB132.7 million, representing a decrease of approximately 1.6% from RMB134.9 million for the corresponding period in 2021. This was mainly attributable to the upgrade of management system and reinforcement of cost control by the Group.

Net impairment losses on financial assets

The Group's net impairment losses on financial assets primarily included the impairment allowance for trade receivables and other receivables in accordance with the accounting policy. During the Reporting Period, the Group's net impairment losses on financial assets amounted to RMB7.9 million, as compared to RMB2.9 million for the corresponding period in 2021, which was mainly due to the increased trade receivables as a result of the increase in business scale.

Profit before income tax expense

During the Reporting Period, the Group's profit before income tax expense amounted to RMB127.9 million, representing a decrease of approximately 31.6% from RMB186.9 million for the corresponding period in 2021.

Income tax expenses

During the Reporting Period, the Group's income tax expense amounted to RMB34.1 million, representing a decrease of approximately 29.9% from RMB48.6 million for the corresponding period in 2021, which was mainly due to the decrease in profit before tax.

Liquidity, reserves and capital structure

The Group maintained a solid financial position during the Reporting Period. As at 31 December 2022, the current assets amounted to RMB1,295.3 million, representing an increase as compared to RMB975.5 million as at 31 December 2021. The Group's cash and cash equivalents were mainly denominated in RMB and amounted to RMB545.3 million, representing a decrease of 21.8% from RMB697.6 million as at 31 December 2021.

As at 31 December 2022, the Group's total equity amounted to RMB890.2 million, representing an increase of 9.6% from RMB812.3 million as at 31 December 2021, which was mainly due to the growth resulting from operating profit.

The Group actively reviews and manages its capital structure on a regular basis to maintain a balance between the relatively high returns to the owners of the Group and possible high level of borrowings and maintains the advantages and security of a sound capital position. The Group also makes adjustments to the capital structure in light of changes in economic conditions.

Trade receivables

The Group's trade receivables primarily include receivables from customers for property management services and community value-added services. As at 31 December 2022, the Group's trade receivables amounted to RMB191.0 million, representing an increase of approximately 56.3% from RMB122.2 million as at 31 December 2021, which was mainly due to increase in the number of projects under management by the Group and the lower overall collection rate of newly taken-over projects.

Prepayments, other receivables and other assets

The Group's prepayments, other receivables and other assets primarily consist of prepayments on behalf of customers to utility suppliers, consideration receivables from disposal of subsidiaries, other deposits, amounts due from third parties and other tax recoverable. As at 31 December 2022, the Group's prepayments, deposits and other receivables amounted to RMB110.1 million, representing an increase of approximately 97.0% from RMB55.9 million as at 31 December 2021, primarily due to the increase of RMB30.18 million in consideration receivables resulting from the disposals of Gaoli Property and Jiangsu Gaoli Meijia Property and the increase in prepayments on behalf of customers to utility suppliers resulting from the increase in the number of projects under management.

Trade payables

The Group's trade payables mainly comprise amounts due to subcontractors of property management services. As at 31 December 2022, the Group's trade payables amounted to RMB151.1 million, representing an increase of approximately 101.5% from RMB75.0 million as at 31 December 2021, which was mainly due to the increase in the number of projects under management by the Group, resulting in an expansion of the corresponding outsourcing scale, and the increased credit periods of suppliers.

Contract liabilities

The Group's contract liabilities mainly represent the advance payments made by customers while our underlying services are yet to be provided. As at 31 December 2022, the Group's contract liabilities amounted to RMB227.5 million, representing an increase of approximately 25.8% from RMB180.9 million as at 31 December 2021, which was mainly due to the continuous growth in the number of property projects under management as a result of the Group's business expansion.

Other payables and accruals

The Group's other payables and accruals primarily comprise payroll and welfare payable to our employees, receipts on behalf of community residents for utilities, business tax and surcharges, and other payables. As at 31 December 2022, the Group's other payables and accruals amounted to RMB179.3 million, representing a decrease of approximately 10.3% from RMB200.0 million as at 31 December 2021, which was mainly due to the adoption of a series of cost reduction and efficiency enhancement measures as well as continuous improvement in management efficiency per capita by the Group.

Contingent liabilities

As at 31 December 2022, the Group did not have material contingent liabilities or guarantees.

Exposure to Foreign Exchange Risk

The Group primarily operates in the PRC and the majority of transactions were denominated and settled in RMB. The Group will continue to monitor foreign exchange activities and safeguard the cash value of the Group with its best efforts.

Material Investments, Acquisitions and Disposals

On 25 July 2022, Hong Life Property Services Management Co., Ltd. ("**Hong Life Property Management**", an indirect wholly-owned subsidiary of the Company), Gaoli Holdings Group Co., Ltd. ("**Gaoli Holdings**") and Nanjing Gaoli Property Management Co., Ltd. ("**Gaoli Property**") and Jiangsu Gaoli Meijia Property Co., Ltd. ("**Jiangsu Gaoli Meijia**") entered into an equity transfer agreement, pursuant to which Gaoli Holdings agreed to acquire, and Hong Life Property Management agreed to dispose of, 80% of the equity interest in each of Gaoli Property and Jiangsu Gaoli Meijia for a consideration of RMB73,536,000. Please refer to the announcement of the Company dated 25 July 2022 for further details.

Save as the aforementioned, there was no other material investment, acquisition and disposal of subsidiaries, associates or joint ventures by the Group during the Reporting Period.

Employment and Remuneration Policies

As of 31 December 2022, the Group had 3,446 employees in total, of which 2,796 employees were engaged in property management and related services for residential properties, 328 employees were engaged in property management and related services for commercial properties and 322 employees were engaged in property management and related services for public construction properties. The emolument of the employees of the Group is mainly determined based on their duties, performance and the prevailing market level in the respective regions. The Group has formulated a systematic and market-competitive employee incentive plan and a comprehensive talent cultivation scheme based on its business to attract and retain talents through offering competitive salary packages, comprehensive talent training strategies, internal promotion system and a caring corporate culture.

In addition, focusing on the entire process of talent cultivation and development, the Group has also formulated the systematic “five-talent scheme”, for enhancing the quality of talents and broadening its pool of talents. The Group has designed the “leadership scheme”, “brigadier scheme”, “new manager”, “excellent manager” and “management trainee programme” for the key talents, as well as established “service capability nurturing center” to cultivate “Hong Elite”, “Redsun Housekeeper” and “Hong Master” for enhancing capabilities of the Company’s customer services, in which systematic arrangements are implemented to provide the employees of the Group with clear development path and secure the demand for talents in different business segments and levels.

The Group believes that talent cultivation scheme of the Group will enhance team building, improve team capability, and provide talent pipelines for the business development of the Group.

For the year ended December 31, 2023

BUSINESS REVIEW

Our Business Model

Upholding the layout strategy of “penetrating the Greater Jiangsu Region, strengthening foothold in the Yangtze River Delta Region and expanding into core cities (做透大江蘇、深耕長三角、做強中心城)” and surrounding the “customer-centered” service philosophy, we continue to enhance the Redsun Mode and are committed to providing customers with warm quality services across the whole country. We provide a wide range of property management services to property owners, residents and tenants, value-added services to non-property owners, primarily property developers, and other property management companies, and community value-added services to residential property owners and residents.

1. Property management services: We provide property owners, residents and tenants with a wide range of property management services, including, among others, public order, cleaning, greening, facility management, customer services and repairs and maintenance services. Our portfolio of managed properties comprises of residential, commercial and other properties. In addition to residential properties, we are expanding our service scopes for non-residential markets. Not only do we provide property management services to a variety of commercial properties, such as shopping malls, home improvement and furnishings malls, hotels and theme parks, but we also provide property management services to properties such as office buildings, industrial parks and schools.
2. Value-added services to non-property owners: We also provide value-added services to non-property owners, including (1) consulting services to other property management companies; (2) preliminary planning and design consultancy services to property developers for property development projects; (3) sales assistance services to property developers to assist with their sales and marketing activities at property sales venues and display units, including visitor reception, cleaning, security inspection and maintenance; and (4) other value-added services to property developers, such as inspection services.

3. Community value-added services: We provide community value-added services to residential property owners and residents to improve their living experiences with an aim to preserve and increase the value of their properties. Our community value-added services for residential properties primarily include, among others, (1) property brokerage services, (2) property decoration services, (3) community convenience services, (4) common area value-added services, (5) intelligent services, (6) retail services, (7) assets management services and (8) home decoration services.

The table below sets forth a breakdown of the Group's total revenue by business lines during the Reporting Period and the corresponding period of 2022:

	As at 31 December 2023		As at 31 December 2022	
	Revenue (RMB'000)	Percentage (%)	Revenue (RMB'000)	Percentage (%)
Property management services	840,174	79.0	834,730	75.7
Value-added services to non-property owners	66,857	6.3	124,612	11.3
Community value-added services	156,603	14.7	143,780	13.0
Total	1,063,634	100.0	1,103,122	100.0

By types of developers:

The table below sets forth the Group's total revenue from property management services, GFA under management and number of projects during the Reporting Period and the corresponding period of 2022:

	As at 31 December 2023			As at 31 December 2022		
	Revenue (RMB'000)	Number of Projects	GFA under management ('000 sq.m.)	Revenue (RMB'000)	Number of Projects	GFA under management ('000 sq.m.)
Redsun Properties Group ⁽¹⁾	420,470	111	18,403.7	373,720	100	16,435.1
Third-party property developers	350,867	185	28,025.0	392,360	183	27,396.9
Third party developers ⁽²⁾	269,379	134	20,951.5	319,141	141	21,406.7
Joint ventures and associates of Redsun Properties Group ⁽³⁾	81,488	51	7,073.5	73,219	42	5,990.2
Other associates of our Controlling Shareholders ⁽⁴⁾	68,837	2	1,031.6	68,650	2	1,031.6
Total	840,174	298	47,460.3	834,730	285	44,863.6

Notes:

- (1) Includes projects solely developed by Redsun Properties Group Limited (the shares of which are listed on the Stock Exchange (Stock Code: 1996)) and its subsidiaries (collectively, “**Redsun Properties Group**”) and properties that Redsun Properties Group jointly developed with other property developers for which properties Redsun Properties Group holds a controlling interest.
- (2) Includes properties developed by third-party property developers independent from Redsun Properties Group.
- (3) Includes properties developed by property developers which are joint ventures and associates of Redsun Properties Group in which Redsun Properties Group does not hold a controlling interest.
- (4) Includes properties owned by Jiangsu Redsun Industrial Raw Materials City Co., Ltd. (“**Redsun Materials City**”) together with its subsidiaries and Nanjing Redsun Business World Co., Ltd. (“**Redsun Business World**”), which are associates of our Controlling Shareholders. Redsun Materials City is owned as to 100% by Mr. Zeng Huansha, the founder and Controlling Shareholder of the Group (“**Mr. Zeng**”). Redsun Business World is held as to 100% by Hong Yang Group Company Limited, which is owned as to 100% by Ms. Zeng Suqing (曾素清), the sister of Mr. Zeng.

By types of properties we manage:

The table below sets forth the Group’s total revenue from property management services, GFA under management and number of projects during the Reporting Period and the corresponding period of 2022:

We manage residential and non-residential properties. Our non- residential properties under management include office buildings, malls and schools, etc. Although the revenue from residential properties still accounts for a substantial proportion of our revenue, we endeavor to diversify our service offerings, so as to cover other types of properties.

	As at 31 December 2023			As at 31 December 2022		
	Revenue	Number of Projects	GFA under management	Revenue	Number of Projects	GFA under management
	(RMB'000)		('000 sq.m.)	(RMB'000)		('000 sq.m.)
Residential	597,291	232	40,309.6	526,493	208	35,864.0
Commercial	148,981	24	3,295.7	212,137	26	3,763.4
Public construction and others	93,902	42	3,855.0	96,100	51	5,236.2
Total	<u>840,174</u>	<u>298</u>	<u>47,460.3</u>	<u>834,730</u>	<u>285</u>	<u>44,863.6</u>

By types of geographic presence:

The table below sets forth the Group’s total revenue from property management services, GFA under management and number of projects during the Reporting Period and the corresponding period of 2022:

Since the inception of the Group, we have expanded our geographic presence from Nanjing to 56 cities in China as at 31 December 2023.

	As at 31 December 2023			As at 31 December 2022		
	Revenue	Number of Projects	GFA under management	Revenue	Number of Projects	GFA under management
	(RMB'000)		('000 sq.m.)	(RMB'000)		('000 sq.m.)
Nanjing	297,825	96	14,428.2	349,277	100	14,502.1
Jiangsu (excluding Nanjing)	189,064	71	12,379.4	169,410	58	9,934.3
Shanghai	12,199	2	808.1	7,473	2	808.1
Anhui	93,844	41	8,244.6	81,369	40	7,654.1
Shandong	8,738	2	164.0	8,522	2	164.0
Hunan	18,096	8	1,147.5	15,991	8	1,226.2
Hebei	4,484	1	51.9	4,935	1	51.9
Henan	6,933	2	312.5	7,530	2	312.5
Zhejiang	34,634	15	1,745.5	16,603	11	1,179.7
Hubei	112,494	34	4,409.5	116,049	36	5,173.3
Chongqing	21,806	8	1,101.5	17,115	7	1,006.2
Jiangxi	12,797	4	601.1	14,192	5	769.7
Guangdong	10,150	5	454.5	8,446	6	685.3
Sichuan	14,993	8	1,525.6	10,434	6	1,309.9
Jilin	–	–	–	5,950	–	–
Shaanxi	2,116	1	86.3	1,434	1	86.3
Total	840,174	298	47,460.2	834,730	285	44,863.6

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group's revenue amounted to RMB1,063.6 million, representing a decrease of 3.6% from RMB1,103.1 million for the corresponding period in 2022. The decrease was mainly attributable to the decrease in the Group's revenue from providing value-added services to non-property owners.

Property management services

During the Reporting Period, the Group's revenue from providing property management services amounted to RMB840.2 million, representing an increase of 0.7% from RMB834.7 million for the corresponding period in 2022. This was mainly attributable to the rapid increase in total GFA under management in line with the Group's business expansion.

Value-added services to non-property owners

During the Reporting Period, the Group's revenue from value-added services to non-property owners amounted to RMB66.9 million, representing a decrease of 46.3% from RMB124.6 million for the corresponding period in 2022. The decrease in revenue from value-added services to non-property owners was mainly attributable to the decrease of sales venue projects caused by the real estate projects being delivered one after another.

Community value-added services

During the Reporting Period, the Group's revenue from community value-added services achieved substantial growth, amounting to RMB156.6 million, representing an increase of 8.9% from RMB143.8 million for the corresponding period in 2022. During the Reporting Period, the increase in revenue from community value-added services was mainly attributable to the increase in revenue from project common area resource.

Cost of sales and services

During the Reporting Period, the Group's cost of sales and services amounted to RMB811.2 million, representing a decrease of approximately 4.2% from RMB846.8 million for the corresponding period in 2022. This was mainly attributable to the decrease in staff cost and sub-contracting cost.

Gross profit

As a result of the aforementioned key factors, the Group's gross profit decreased by approximately 1.6% from RMB256.4 million for the year ended 31 December 2022 to RMB252.4 million for the year ended 31 December 2023. The decrease was mainly attributable to a decrease in revenue from providing value-added services to non-property owners.

The Group's gross profit margin by business lines is set forth below:

	For the year ended 31 December	
	2023	2022
Property management services	22.3%	22.2%
Value-added services to non-property owners	15.8%	16.6%
Community value-added services	35.1%	35.0%
	<hr/>	<hr/>
Total	23.7%	23.2%
	<hr/>	<hr/>

During the Reporting Period, the Group's gross profit margin was 23.7%, representing an increase of 0.5 percentage point from 23.2% for the corresponding period in 2022. This was mainly attributable to the increase in the gross profit margin of property management services and community value-added services.

The gross profit margin of property management services was 22.3%, representing an increase of 0.1 percentage point from 22.2% for the corresponding period in 2022. This was mainly attributable to the gross profit margin of the period increased due to the decrease in costs of project outsourcing and energy consumption during the Reporting Period.

The gross profit margin of value-added services to non-property owners was 15.8%, representing a decrease of 0.8 percentage point from 16.6% for the corresponding period in 2022. This was mainly attributable to the decrease in the gross profit margin of sales assistance services provided to property developers by the Group due to the impact of the real estate industry.

The gross profit margin of community value-added services was 35.1%, representing an increase of 0.1 percentage point from 35.0% for the corresponding period in 2022. This was mainly attributable to the increase in the gross profit margin due to the decrease of costs in parking spaces sales business of the Group during the Reporting Period.

Other income and other net income

During the Reporting Period, the Group's other income and other net income amounted to RMB9.7 million, compared to RMB16.8 million for the corresponding period in 2022, mainly attributable to the decrease in government grants received in the Reporting Period.

Administrative expenses

During the Reporting Period, the Group's administrative expenses amounted to RMB99.9 million, representing a decrease of approximately 24.7% from RMB132.7 million for the corresponding period in 2022. This was mainly attributable to the upgrade of management system and reinforcement of cost control by the Group.

Net impairment losses on financial assets

The Group's net impairment losses on financial assets primarily included the impairment allowance for trade receivables and other receivables in accordance with the accounting policy. During the Reporting Period, the Group's net impairment losses on financial assets amounted to RMB119.0 million, as compared to RMB7.9 million for the corresponding period in 2022, which was mainly due to the increase in impairment allowance for receivables from related parties during the period.

Profit before income tax expense

During the Reporting Period, the Group's profit before income tax expense amounted to RMB38.9 million, representing a decrease of approximately 69.6% from RMB127.9 million for the corresponding period in 2022.

Income tax expenses

During the Reporting Period, the Group's income tax expense amounted to RMB24.7 million, representing a decrease of approximately 27.6% from RMB34.1 million for the corresponding period in 2022, which was mainly due to the decrease in profit before tax.

Liquidity, reserves and capital structure

The Group maintained a solid financial position during the Reporting Period. As at 31 December 2023, the current assets amounted to RMB1,406.5 million, representing an increase as compared to RMB1,295.3 million as at 31 December 2022. The Group's cash and cash equivalents were mainly denominated in RMB and amounted to RMB637.8 million as at 31 December 2023, representing an increase of 16.9% from RMB545.3 million as at 31 December 2022. The current ratio (current assets divided by current liabilities) of the Group as at 31 December 2023 was 1.88, representing a slight decrease from 2.07 as at 31 December 2022. The gearing ratio (total liabilities divided by total assets) as at 31 December 2023 was 47.0%, representing an increase of 3.3 percentage points from 43.7% as at 31 December 2022.

As at 31 December 2023, the Group's total equity amounted to RMB898.6 million, representing an increase of 0.9% from RMB890.2 million as at 31 December 2022, which was mainly due to the growth in operating profit.

As at 31 December 2023, the Group's interest-bearing bank borrowings amounted to RMB44.9 million, representing a decrease of 23.4% as compared to RMB58.6 million as at 31 December 2022.

The Group's total borrowings were repayable as follows:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Bank loans repayable:		
Within one year or on demand	13,791	13,822
In the second year	13,822	13,820
In the third to fifth years, inclusive	17,241	30,915
	<u>44,854</u>	<u>58,557</u>
Total	<u><u>44,854</u></u>	<u><u>58,557</u></u>

The Group's bank loans are secured by mortgages over 80% equity of Wuhan Huidehang Jingying Property Management Co., Ltd (an indirectly non-wholly owned subsidiary of the Company) and guaranteed by Nanjing Hong Yang Property Management Co., Ltd (an indirectly wholly-owned subsidiary of the Company).

As at 31 December 2023, all of the Group's bank borrowings bear interest at fixed interest rates.

The Group actively reviews and manages its capital structure on a regular basis to maintain a balance between the relatively high returns to the owners of the Group and possible high level of borrowings and maintains the advantages and security of a sound capital position. The Group also makes adjustments to the capital structure in light of changes in economic conditions.

Trade receivables

The Group's trade receivables primarily include receivables from customers for property management services and community value-added services. As at 31 December 2023, the Group's trade receivables amounted to RMB254.6 million, representing an increase of approximately 33.3% from RMB191.0 million as at 31 December 2022, which was mainly due to increase in the number of projects under management by the Group and the lower overall collection rate of newly taken-over projects.

Prepayments, other receivables and other assets

The Group's prepayments, other receivables and other assets primarily consist of prepayments on behalf of customers to utility suppliers, other deposits, amounts due from third parties and other tax recoverable. As at 31 December 2023, the Group's prepayments, deposits and other receivables amounted to RMB123.4 million, representing an increase of 12.0% from RMB110.1 million as at 31 December 2022, primarily due to the increase in prepayments on behalf of customers to utility suppliers resulting from the increase in the number of projects under management.

Trade payables

The Group's trade payables mainly comprise amounts due to subcontractors of property management services. As at 31 December 2023, the Group's trade payables amounted to RMB195.9 million, representing an increase of approximately 29.6% from RMB151.1 million as at 31 December 2022, which was mainly due to the increase in the number of projects under management by the Group, resulting in an expansion of the corresponding outsourcing scale.

Contract liabilities

The Group's contract liabilities mainly represent the advance payments made by customers while our underlying services are yet to be provided. As at 31 December 2023, the Group's contract liabilities amounted to RMB252.6 million, representing an increase of approximately 11.0% from RMB227.5 million as at 31 December 2022, which was mainly due to the continuous growth in the number of property projects under management as a result of the Group's business expansion.

Other payables and accruals

The Group's other payables and accruals primarily comprise payroll and welfare payable to our employees, receipts on behalf of community residents for utilities, business tax and surcharges, and other payables. As at 31 December 2023, the Group's other payables and accruals amounted to RMB204.7 million, representing an increase of approximately 14.2% from RMB179.3 million as at 31 December 2022, which was mainly due to the increase in receipts in advance on behalf of utility suppliers from customers resulting from the increase in the number of projects under management.

Contingent liabilities

As at 31 December 2023, the Group did not have material contingent liabilities or guarantees.

Exposure to Foreign Exchange Risk

The Group primarily operates in the PRC and the majority of transactions were denominated and settled in RMB. As at the date of this announcement, the Group has not entered into any hedging transactions to mitigate the exposure to foreign exchange risk. The Group will continue to monitor foreign exchange activities and safeguard the cash value of the Group with its best efforts.

Material Investments, Acquisitions and Disposals

There was no other material investment, acquisition and disposal of subsidiaries, associates or joint ventures by the Group during the Reporting Period.

Employment and Remuneration Policies

As at 31 December 2023, the Group had 3,203 employees in total, of which 2,515 employees were engaged in property management and related services for residential properties, 307 employees were engaged in property management and related services for commercial properties and 381 employees were engaged in property management and related services for public construction properties.

The emolument of the employees of the Group is mainly determined based on their duties, performance and the prevailing market level in the respective regions. The Group has formulated a systematic and market-competitive employee incentive plan and a comprehensive talent cultivation scheme based on its business to attract and retain talents through offering competitive salary packages, comprehensive talent training strategies, internal promotion system and a caring corporate culture. In addition, focusing on the entire process of talent cultivation and development, the Group has also formulated the systematic talent cultivation scheme, for enhancing the quality of talents and broadening its pool of talents. The Group has designed the “Hong Elite Scheme (弘精英計劃)”, “Management Trainee programme”, and “Hong Yao Scheme (弘耀計劃)” for the key talents, as well as cultivated city companies “Hong Elite”, “Redsun Housekeeper” and “Hong Master” for enhancing capabilities of the Company’s customer services, in which systematic arrangements are implemented to provide the employees of the Group with clear development path and secure the demand for talents in different business segments and levels.

The Group believes that talent cultivation scheme of the Group will enhance team building, improve team capability, and provide talent pipelines for the business development of the Group.

For the year ended December 31, 2024

BUSINESS REVIEW

Our Business Model

Upholding the layout strategy of “penetrating the Greater Jiangsu Region, strengthening foothold in the Yangtze River Delta Region and expanding into core cities (做透大江蘇，深耕長三角，做強中心城市)” and focusing on the “customer-centered” service philosophy, we continue to enhance the Redsun Mode and are committed to providing customers with warm quality services across the whole country. We provide a wide range of property management services to property owners, residents and tenants, value-added services to non-property owners, primarily property developers, and other property management companies, and community value-added services to residential property owners and residents.

1. Property management services: We provide property owners, residents and tenants with a wide range of property management services, including, among others, public order, cleaning, greening, facility management, customer services and repairs and maintenance services. Our portfolio of managed properties comprises of residential, commercial and other properties. In addition to residential properties, we are expanding our service scopes for non-residential markets. Not only do we provide property management services to a variety of commercial properties, such as shopping malls, operators’ business halls, home improvement and furnishings malls, hotels and theme parks, but we also provide property management services to properties such as office buildings, industrial parks and schools.
2. Value-added services to non-property owners: We also provide value-added services to non-property owners, including (1) consulting services to other property management companies; (2) preliminary planning and design consultancy services to property developers for property development projects; (3) sales assistance services to property developers to assist with their sales and marketing activities at property sales venues and display units, including visitor reception, cleaning, security inspection and maintenance; and (4) other value-added services to property developers, such as inspection services.
3. Community value-added services: We provide community value-added services to residential property owners and residents to improve their living experiences with an aim to preserve and increase the value of their properties. Our community value-added services for residential properties primarily include, among others, (1) property brokerage services, (2) property decoration services, (3) community convenience services, (4) common area value-added services, (5) intelligent services, (6) retail services, (7) assets management services and (8) home decoration services.

The table below sets forth a breakdown of the Group's total revenue by business lines during the Reporting Period and the corresponding period in 2023:

	As of 31 December 2024		As of 31 December 2023	
	Revenue (RMB'000)	Percentage (%)	Revenue (RMB'000)	Percentage (%)
Property management services	822,738	80.1	840,174	79.0
Value-added services to non-property owners	42,697	4.2	66,857	6.3
Community value-added service	161,243	15.7	156,603	14.7
Total	<u>1,026,678</u>	<u>100.0</u>	<u>1,063,634</u>	<u>100.0</u>

By types of developers:

The table below sets forth the Group's total revenue from property management services, GFA under management and number of projects during the Reporting Period and the corresponding period in 2023:

	As of 31 December 2024			As of 31 December 2023		
	Revenue (RMB'000)	Number of projects management	GFA under ('000 sq.m.)	Revenue (RMB'000)	Number of projects management	GFA under ('000 sq.m.)
Redsun Properties Group ⁽¹⁾	438,324	117	19,234.6	420,470	111	18,403.7
Third-party property developers	358,052	203	28,994.2	350,867	185	28,025.0
Third party developers ⁽²⁾	296,943	151	21,248.6	269,379	134	20,951.5
Joint ventures and associates of Redsun Properties Group ⁽³⁾	61,109	52	7,745.6	81,488	51	7,073.5
Other associates of our Controlling Shareholders ⁽⁴⁾	<u>26,362</u>	<u>2</u>	<u>1,031.6</u>	<u>68,837</u>	<u>2</u>	<u>1,031.6</u>
Total	<u>822,738</u>	<u>322</u>	<u>49,260.4</u>	<u>840,174</u>	<u>298</u>	<u>47,460.3</u>

Notes:

- (1) Includes projects solely developed by Redsun Properties Group Limited (the shares of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (Stock Code: 1996)) and its subsidiaries (collectively, "Redsun Properties Group") and properties that Redsun Properties Group jointly developed with other property developers for which properties Redsun Properties Group holds a controlling interest.
- (2) Includes properties developed by third-party property developers independent from Redsun Properties Group.

- (3) Includes properties developed by property developers which are joint ventures and associates of Redsun Properties Group in which Redsun Properties Group does not hold a controlling interest.
- (4) Includes properties owned by Jiangsu Redsun Industrial Raw Materials City Co., Ltd. (“**Redsun Materials City**”) together with its subsidiaries, which are associates of our controlling shareholders. Redsun Materials City is owned as to 99% by Mr. Zeng Huansha, the founder and controlling shareholder of the Group (“**Mr. Zeng**”).

By types of properties we manage:

The table below sets forth the Group’s total revenue from property management services, GFA under management and number of projects during the Reporting Period and the corresponding period in 2023:

We manage residential and non-residential properties. Our non-residential properties under management include office buildings, malls and schools, etc. Although the revenue from residential properties still accounts for a substantial proportion of our revenue, we endeavor to diversify our service offerings, so as to cover other types of properties.

	As of 31 December 2024			As of 31 December 2023		
	Revenue	Number of	GFA	Revenue	Number of	GFA
	(RMB’000)	projects	under	(RMB’000)	projects	under
		management	(’000 sq.m.)		management	(’000 sq.m.)
Residential properties	729,633	258	44,165.5	597,291	232	40,309.6
Non-residential properties	93,105	64	5,094.9	242,883	66	7,150.7
Total	<u>822,738</u>	<u>322</u>	<u>49,260.4</u>	<u>840,174</u>	<u>298</u>	<u>47,460.3</u>

By types of geographic presence:

The table below sets forth the Group’s total revenue from property management services, GFA under management and number of projects during the Reporting Period and the corresponding period in 2023:

Since the inception of the Group, we have expanded our geographic presence from Nanjing to 58 cities in China as of 31 December 2024.

	As of 31 December 2024			As of 31 December 2023		
	Revenue (RMB'000)	Number of projects	GF A under management ('000 sq.m.)	Revenue (RMB'000)	Number of projects	GFA under management ('000 sq.m.)
Nanjing	289,496	96	14,429.0	297,825	96	14,428.2
Jiangsu (excluding Nanjing)	181,969	79	15,525.0	189,064	71	12,379.4
Shanghai	15,849	1	601.0	12,199	2	808.1
Anhui	98,935	42	7,224.5	93,844	41	8,244.6
Shandong	5,329	3	264.0	8,738	2	164.0
Hunan	12,493	8	1,147.5	18,096	8	1,147.5
Hebei	861	1	51.9	4,484	1	51.9
Henan	5,996	2	312.5	6,933	2	312.5
Zhejiang	25,748	13	1,635.0	34,634	15	1,745.5
Hubei	118,890	35	4,409.5	112,494	34	4,409.5
Chongqing	21,989	8	1,101.5	21,806	8	1,101.5
Jiangxi	5,966	4	601.1	12,797	4	601.1
Guangdong	11,924	5	454.5	10,150	5	454.5
Sichuan	24,617	17	1,777.1	14,993	8	1,525.6
Shaanxi	2,676	8	86.3	2,116	1	86.3
Total	822,738	322	49,260.4	840,174	298	47,460.2

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group's revenue amounted to RMB1,026.7 million, representing a decrease of 3.6% from RMB1,063.6 million for the corresponding period in 2023. The decrease was mainly attributable to the decrease in the Group's revenue from providing value-added services to non-property owners.

Property management services

During the Reporting Period, the Group's revenue from providing property management services amounted to RMB822.7 million, representing a decrease of 2.1% from RMB840.2 million for the corresponding period in 2023. This was mainly attributable to the decrease in revenue from commercial property management services as a result of the Group's withdrawal from certain commercial property management projects.

Value-added services to non-property owners

During the Reporting Period, the Group's revenue from value-added services to non-property owners amounted to RMB42.7 million, representing a decrease of 36.2% from RMB66.9 million for the corresponding period in 2023. The decrease in revenue from value-added services to non-property owners was mainly attributable to the decrease of sales venue projects caused by the real estate projects being delivered one after another.

Community value-added services

During the Reporting Period, the Group's revenue from community value-added services achieved substantial growth, amounting to RMB161.2 million, representing an increase of 2.9% from RMB156.6 million for the corresponding period in 2023. During the Reporting Period, the increase in revenue from community value-added services was mainly attributable to the increase in revenue from project common area resource.

Cost of sales and services

During the Reporting Period, the Group's cost of sales and services amounted to RMB827.1 million, representing an increase of approximately 2.0% from RMB811.2 million for the corresponding period in 2023. This was mainly attributable to the increase in the number of projects under management of the Group and the increase in staff cost and sub-contracting cost.

Gross profit

As a result of the aforementioned key factors, the Group's gross profit decreased by approximately 20.9% from RMB252.4 million for the year ended 31 December 2023 to RMB199.6 million for the year ended 31 December 2024. The decrease was mainly attributable to a decrease in revenue from providing value-added services to non-property owners and the increase in the cost of property management services.

The Group's gross profit margin by business lines is set forth below:

	For the year ended 31 December	
	2024	2023
Property management services	17.8%	22.3%
Value-added services to non-property owners	10.9%	15.8%
Community value-added services	30.3%	35.1%
Total	19.4%	23.7%

During the Reporting Period, the Group's gross profit margin was 19.4%, representing a decrease of 4.3% from 23.7% for the corresponding period in 2023. This was mainly attributable to the withdrawal from certain commercial property management projects and the increase in staff cost and sub-contracting cost.

The gross profit margin of property management services was 17.8%, representing a decrease of 4.5% from 22.3% for the corresponding period in 2023. This was mainly attributable to the withdrawal from certain commercial property management projects and the increase in staff cost and sub-contracting cost during the Reporting Period.

The gross profit margin of value-added services to non-property owners was 10.9%, representing a decrease of 4.9% from 15.8% for the corresponding period in 2023. This was mainly attributable to the decrease in the gross profit margin of sales assistance services provided to property developers by the Group due to the impact of the real estate industry.

The gross profit margin of community value-added services was 30.3%, representing a decrease of 4.8% from 35.1% for the corresponding period in 2023. This was mainly attributable to the decrease in the gross profit margin due to the increase of costs in parking spaces sales business of the Group during the Reporting Period.

Other income and gains and losses

During the Reporting Period, the Group's other income and other net income amounted to RMB7.2 million, as compared to RMB9.7 million for the corresponding period in 2023, mainly attributable to the decrease in government grants received in the Reporting Period.

Administrative expenses

During the Reporting Period, the Group's administrative expenses amounted to RMB104.3 million, representing an increase of approximately 4.4% from RMB99.9 million for the corresponding period in 2023. This was mainly attributable to the increase of property management projects of the Group.

Net impairment losses on financial assets

The Group's net impairment losses on financial assets primarily include the impairment allowance for trade receivables and other receivables in accordance with the accounting policy. During the Reporting Period, the Group's net impairment losses on financial assets amounted to RMB62.5 million, as compared to RMB119.0 million for the corresponding period in 2023, which was mainly due to the decrease in impairment allowance for receivables from related parties during the period.

Profit before income tax expense

During the Reporting Period, the Group's profit before income tax expense amounted to RMB36.5 million, representing a decrease of approximately 6.2% from RMB38.9 million for the corresponding period in 2023.

Income tax expenses

During the Reporting Period, the Group's income tax expense amounted to RMB21.4 million, representing a decrease of approximately 13.4% from RMB24.7 million for the corresponding period in 2023, which was mainly due to the decrease in profit before tax.

Liquidity, reserves and capital structure

The Group maintained a solid financial position during the Reporting Period. As at 31 December 2024, the current assets amounted to RMB1,375.2 million, representing a decrease of 2.3% as compared to RMB1,406.5 million as at 31 December 2023. The Group's cash and cash equivalents were mainly denominated in RMB and amounted to RMB559.1 million as at 31 December 2024, representing a decrease of 12.3% from RMB637.8 million as at 31 December 2023. The current ratio (current assets divided by current liabilities) of the Group as at 31 December 2024 was 1.91, representing an increase from 1.88 as at 31 December 2023. The gearing ratio (total liabilities divided by total assets) as at 31 December 2024 was 45.2%, representing a decrease of 1.8% from 47.0% as at 31 December 2023.

As at 31 December 2024, the Group's total equity amounted to RMB909.1 million, representing an increase of 1.2% from RMB898.6 million as at 31 December 2023, which was mainly due to the growth in operating profit.

As at 31 December 2024, the Group's interest-bearing bank borrowings amounted to RMB31.1 million, representing a decrease of 30.7% as compared to RMB44.9 million as at 31 December 2023.

The Group's total borrowings were repayable as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Bank loans repayable:		
Within one year or on demand	13,831	13,791
In the second year	17,235	13,822
In the third to fifth years, inclusive	—	17,241
	<hr/>	<hr/>
Total	<u>31,066</u>	<u>44,854</u>

The Group's bank loans are secured by mortgages over 80% equity of Wuhan Huidehang Jingying Property Management Co., Ltd. (an indirectly non-wholly owned subsidiary of the Company) and guaranteed by Nanjing Hong Yang Property Management Co., Ltd. (an indirectly wholly-owned subsidiary of the Company).

As at 31 December 2024, all of the Group's bank borrowings bear interest at fixed interest rates.

The Group actively reviews and manages its capital structure on a regular basis to maintain a balance between the relatively high returns to the owners of the Group and possible high level of borrowings and maintains the advantages and security of a sound capital position. The Group also makes adjustments to the capital structure in light of changes in economic conditions.

Trade receivables

The Group's trade receivables primarily include receivables from customers for property management services and community value-added services. As at 31 December 2024, the Group's trade receivables amounted to RMB289.9 million, representing an increase of approximately 13.9% from RMB254.6 million as at 31 December 2023, which was mainly due to the increase in the number of projects under management of the Group and the lower overall collection rate of newly taken-over projects.

Prepayments, other receivables and other assets

The Group's prepayments, other receivables and other assets primarily consist of prepayments on behalf of customers to utility suppliers, other deposits, amounts due from third parties and other tax recoverable. As at 31 December 2024, the Group's prepayments, deposits and other receivables amounted to RMB133.0 million, representing an increase of 7.8% from RMB123.4 million as at 31 December 2023, primarily due to the increase in prepayments on behalf of customers to utility suppliers resulting from the increase in the number of projects under management.

Trade payables

The Group's trade payables mainly comprise amounts due to subcontractors of property management services. As at 31 December 2024, the Group's trade payables amounted to RMB183.8 million, representing a decrease of approximately 6.2% from RMB195.9 million as at 31 December 2023, which was mainly due to the Group has shortened the account period of the contracted payables to improve the service quality of the project.

Contract liabilities

The Group's contract liabilities mainly represent the advance payments made by customers while our underlying services are yet to be provided. As at 31 December 2024, the Group's contract liabilities amounted to RMB258.6 million, representing an increase of approximately 2.4% from RMB252.6 million as at 31 December 2023, which was mainly due to the continuous growth in the number of property projects under management as a result of the Group's business expansion.

Other payables and accruals

The Group's other payables and accruals primarily comprise payroll and welfare payable to our employees, receipts on behalf of community residents for utilities, business tax and surcharges, and other payables. As at 31 December 2024, the Group's other payables and accruals amounted to RMB177.7 million, representing a decrease of approximately 13.2% from RMB204.7 million as at 31 December 2023, which was mainly due to the decrease in the number of employees and the balance of the payroll payable as a result of the Group upgrading the management system.

Contingent liabilities

As at 31 December 2024, the Group did not have material contingent liabilities or guarantees.

Exposure to Foreign Exchange Risk

The Group primarily operates in the PRC and the majority of transactions were denominated and settled in RMB. As at the date of this report, the Group has not entered into any hedging transactions to mitigate the exposure to foreign exchange risk. The Group will continue to monitor foreign exchange activities and safeguard the cash value of the Group with its best efforts.

Material Investments, Acquisitions and Disposals

There was no material investment, acquisition and disposal of subsidiaries, associates or joint ventures by the Group during the Reporting Period.

Employment and Remuneration Policies

As at 31 December 2024, the Group had 2,878 employees in total, of which 2,264 employees were engaged in property management and related services for residential properties, 251 employees were engaged in property management and related services for commercial properties and 363 employees were engaged in property management and related services for public construction properties.

The emolument of the employees of the Group is mainly determined based on their duties, performance and the prevailing market level in the respective regions. The Group has formulated a systematic and market-competitive employee incentive plan and a comprehensive talent cultivation scheme based on its business to attract and retain talents through offering competitive salary packages, comprehensive talent training strategies, internal promotion system and a caring corporate culture. In addition, focusing on the entire process of talent cultivation and development, the Group has also formulated the systematic talent cultivation scheme, for enhancing the quality of talents and broadening its pool of talents. The Group has designed three-tier talent team training projects, namely the “Brigadier Scheme (準將計劃)”, “Hong Elite Scheme (弘精英計劃)”, and “Hong Yao Scheme (弘耀計劃)” for the key talents which focused on individual development and practical courses, and assisted individuals in formulating development plans, and were conducted in conjunction with the “offline training + classes for the front line (線下集訓+送課去一線)” in an orderly manner. At the same time, we cultivated city companies “Hong Elite”, “Redsun Housekeeper” and “Hong Master” for enhancing capabilities of the Company’s customer services, in which systematic arrangements are implemented to provide the employees of the Group with clear development path and secure the demand for talents in different business segments and levels.

The Group believes that talent cultivation scheme of the Group will enhance team building, improve team capability, and provide talent pipelines for the business development of the Group.

The following sets forth the management discussion and analysis of Target Companies for the three years ended 2022, 2023 and 2024 (the “**Track Record Period**”) based on the financial information of the Target Companies contained in Appendix II to this circular.

Target Company A – Chengdu Hong Sheng He Ding Real Estate Development Co., Ltd.* (成都弘勝和鼎房地產開發有限公司)

BUSINESS AND FINANCIAL REVIEW

Target Company A is primarily engaged in real estate development and operation business in Pengzhou City, Sichuan Province, China. The names of the construction projects of Target Company A are Shangcheng Phase I and Shangcheng Phase II. The construction scale of the Shangcheng Phase I project is approximately 113,257 sq.m., mainly constructing 11 buildings of 4-18 floors of foreign-style houses and high-rise commodity housing and one level of basement. The construction scale of the Shangcheng Phase II project is approximately 101,682 sq.m., mainly constructing approximately 10 buildings of 4-18 floors of commodity housing and one level of basement. The final acceptance of Phase I was completed in September 2023, and a large number of houses were delivered in the same year, thus revenue from property sales was recognized starting in 2023. The final acceptance of Phase II was completed in October 2024, and the sold portion of the houses was delivered in the same year. As of 31 December 2024, Target Company A’s inventory of properties held for sale includes approximately 12,613 sq.m. of residential properties and 1,215 parking spaces, with a total appraised value of approximately RMB263 million, of which the appraised value of residential properties is approximately RMB186 million.

During the Track Record Period, Target Company A’s revenue primarily originated from proceeds of property sales. In 2022, 2023 and 2024, Target Company A’s revenue was RMB0, RMB651,128,000 and RMB486,684,000, respectively. Due to the delivery of a large number of houses in the Phase I in 2023, revenue recognition has begun. In 2024, due to the overall downturn in the real estate market, the area of transferred sales houses decreased, leading to a decline in revenue 25.3%.

Target Company A recorded net losses of RMB18,802,000, RMB9,586,000 and RMB17,371,000 in 2022, 2023 and 2024, respectively. The continuous loss was primarily due to the combined impact of the following factors:

- (i) Due to the overall downturn in the real estate market, the revenue from property sales was lower, resulting in less gross profit. The gross profits in 2022, 2023 and 2024 were RMB0, RMB56,221,000 and RMB34,520,000, respectively.
- (ii) The marketing expenses incurred to enhance property sales revenue were relatively high, amounting to RMB10,306,000, RMB23,184,000 and RMB10,991,000 in 2022, 2023 and 2024, respectively.
- (iii) The management expenses were relatively high, amounting to RMB14,812,000, RMB9,279,000 and RMB7,514,000 in 2022, 2023 and 2024, respectively; and

- (iv) Due to market influences, continuous impairment provisions on inventory reduced the profit amounts for 2022, 2023 and 2024 by RMB0, RMB7,782,000 and RMB17,721,000, respectively; and
- (v) The tax expenses were relatively high, amounting to RMB25,785,000 and RMB15,784,000 for 2023 and 2024, respectively.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Target Company A's principal financial instruments comprise amounts with fellow subsidiaries and related companies and advance from a non-controlling shareholder. The main purpose of these financial instruments is to raise finance for Target Company A's operations. Target Company A has various other financial assets and liabilities such as bank balances, financial assets included in prepayments, other receivables and other assets, trade and bills payables and financial liabilities included in other payables and accruals, which arise directly from its operations. As at 31 December 2022, 2023 and 2024, Target Company A recorded net current assets of approximately RMB167,603,000, RMB157,549,000 and RMB144,427,000, respectively. The decrease in net current assets was primarily due to a reduction in inventory.

The primary objectives of Target Company A's capital management are to safeguard its ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. Target Company A monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. Net debt includes, trade and bills payables, other payables and accruals, lease liabilities and amounts due to fellow subsidiaries and related companies less cash and cash equivalents. Capital includes equity attributable to owners of the parent. The gearing ratios as at the end of the Relevant Periods were as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade and bills payables	10,972	115,662	169,865
Other payables and accruals	188,610	65,604	13,848
Lease liabilities	1,028	457	-
Due to fellow subsidiaries	62,554	102,735	84,897
Due to related companies	165	60	60
Less: Cash and cash equivalents	(125,226)	(95,310)	(41,306)
Net debt	138,103	189,208	227,364
Equity attributable to owners	178,669	169,083	151,712
Capital and net debt	316,772	358,291	379,076
Gearing ratio	43.6%	52.8%	60.0%

CONTINGENT LIABILITIES

Target Company A provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of Target Company A's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, Target Company A is responsible for repaying the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks.

Under the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, and upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction.

Target Company A's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The fair value of the guarantees at initial recognition and the ECL allowance is not significant as the directors consider that in the event of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principal together with the accrued interest and penalties.

PLEDGE OF ASSETS

Interest-bearing bank borrowing was secured by Chongqing Bojing Mingxia Property Co., Ltd. (重慶柏景銘廈置業有限公司) and Target Company A's properties under development, during the year ended 31 December 2022, Target Company A has repaid the outstanding balance and the pledged assets are released.

As of 31 December 2024, Target Company A has no assets pledged.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

Target Company A primarily operates in China, therefore most of its revenue and expenses are denominated in Renminbi. The exchange of foreign currency for Renminbi is subject to the foreign exchange control rules and regulations promulgated by the Chinese government. Target Company A faces minimal exchange rate fluctuation risk. No financial instruments were used for hedging purposes.

MATERIAL INVESTMENT, ACQUISITION AND DISPOSAL

During the Track Record Period, Target Company A had no material investment, acquisition or disposal.

COMMITMENTS

	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:			
Property development activities	305,702	138,966	—

EMPLOYEES

Target Company A pays its employees a level of compensation comparable to that of local peers.

In 2022, 2023 and 2024, the total remuneration paid by Target Company A, including contributions to mandatory retirement schemes, wages and salaries and other employee benefits, was approximately RMB22,747,000, RMB19,400,000 and RMB15,037,000, respectively.

Target Company B – Suqian Tong Jin Hong Real Estate Co., Ltd.* (宿遷市通金弘置業有限公司)

BUSINESS AND FINANCIAL REVIEW

Target Company B is primarily engaged in real estate development and operation in Suqian City, Jiangsu Province, China. The name of Target Company B's construction project is Heyue Garden (和樾花園), with a total construction area of 461,441.7 sq.m., primarily constructing residential, commercial, and public building facilities, including a residential area of 344,503 square meters and a commercial building area of 2,500 sq.m. The project is developed in three phases, with construction areas of approximately 151,489 sq.m., 143,076 sq.m. and 163,938 sq.m., respectively. The final acceptance of Phase I and Phase II of the project were completed in July 2023 and July 2024, respectively. The Phase III of the project is currently under ongoing development. As of 31 December 2024, Target Company B held properties for sale including approximately 4,664 sq.m. of residential and commercial space and 906 parking spaces, with a total appraised value of approximately RMB85.17 million, of which the residential and commercial appraised value is approximately RMB39.60 million. Target Company B held properties under development with an appraised value of approximately RMB747 million.

During the Track Record Period, Target Company B's revenue primarily originated from proceeds of property sales. In 2022, 2023 and 2024, Target Company B's revenue was RMB0, RMB1,091,499,000 and RMB837,798,000, respectively. Due to the delivery of a large number of houses in Phase I of the project in 2023, revenue recognition has begun. In 2024, due to the overall downturn of the real estate market, the area of transferred sales housing decreased, leading to a decline in revenue 23.2%.

Target Company B's net profit in the financial statements in 2022, 2023 and 2024 were RMB-10,239,000, RMB117,495,000 and RMB-70,295,000, respectively. The change in net profit was primarily due to the combined impact of the following factors:

- (i) In 2022, the marketing expenses incurred to enhance property sales proceeds were relatively high, amounting to RMB10,972,000, resulting in a loss for the year.

- (ii) In 2023, due to the delivery of a large number of houses in Phase I, a substantial amount of revenue was recognized for the year, resulting in a high gross profit amounting to RMB167,564,000. After deducting tax expenses, the net profit in the financial statements increased significantly.
- (iii) In 2024, affected by the market, Target Company B's gross profit margin on property sales decreased significantly, achieving a gross profit of only RMB33,396,000. At the same time, an impairment provision for inventories amounting to RMB84,206,000 was made, resulting in a loss for the year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Target Company B's principal financial instruments comprise amounts with shareholders and related companies and internal bearing bank borrowings. The main purpose of these financial instruments is to raise finance for Target Company B's operations. Target Company B has various other financial assets and liabilities such as bank balances, financial assets included in prepayments, other receivables and other assets, trade payables and financial liabilities included in other payables and accruals which arise directly from its operations. As at 31 December 2022, 2023 and 2024, Target Company B recorded net current assets of approximately RMB-8,938,000, RMB117,194,000 and RMB51,090,000, respectively. The decrease in net current assets was primarily due to the reduction in inventory and bank deposits.

The primary objectives of Target Company B's capital management are to safeguard Target Company B's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. Target Company B monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. Net debt includes, trade and bills payables, other payables and accruals, lease liabilities and amounts due to fellow subsidiaries and related companies less cash and cash equivalents. Capital includes equity attributable to owners of the parent. The gearing ratios as at the end of the Relevant Periods were as follows:

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade a payables	9,679	26,773	278,978
Other payables and accruals	14,660	21,060	24,115
Interest-bearing bank borrowing	157,500	-	-
Due to fellow subsidiaries	87,180	71,430	71,430
Due to related companies	375,666	375,866	375,748
Less: Cash and cash equivalents	<u>(429,096)</u>	<u>(183,731)</u>	<u>(104,997)</u>
Net debt	321,469	311,398	645,274
Equity attributable to owners	<u>23,048</u>	<u>140,543</u>	<u>70,248</u>
Capital and net debt	<u>344,517</u>	<u>451,941</u>	<u>715,522</u>
Gearing ratio	<u>93%</u>	<u>69%</u>	<u>90%</u>

CONTINGENT LIABILITIES

Target Company B provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of Target Company B's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, Target Company B is responsible for repaying the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks.

Under the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, and upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction.

Target Company B's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The fair value of the guarantees at initial recognition and the ECL allowance is not significant as the Directors consider that in the event of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principal together with the accrued interest and penalties.

PLEDGE OF ASSETS

As at 31 December 2022, Target Company B's interest-bearing bank borrowing is secured by the Group's properties under development. During the year ended 31 December 2023, Target Company B has repaid the outstanding balance and the pledged assets are released.

As of 31 December 2024, Target Company B has no assets pledged.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

Target Company B primarily operates in China, therefore most of its revenue and expenses are denominated in Renminbi. The exchange of foreign currency for Renminbi is subject to the foreign exchange control rules and regulations promulgated by the Chinese government. Target Company B faces minimal exchange rate fluctuation risk. No financial instruments were used for hedging purposes.

MATERIAL INVESTMENT, ACQUISITION AND DISPOSAL

During the Track Record Period, Target Company B had no material investment, acquisition or disposal.

COMMITMENTS

	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:			
Property development activities	<u>–</u>	<u>–</u>	<u>–</u>

EMPLOYEES

Target Company B pays its employees a level of compensation comparable to that of local peers.

In 2022, 2023 and 2024, the total remuneration paid by Target Company B, including contributions to mandatory retirement schemes, wages and salaries and other employee benefits, was approximately RMB6,479,000, RMB6,290,000 and RMB5,060,000, respectively.

Target Company C – Jurong Jin Jia Run Real Estate Development Co., Ltd.* (句容市金嘉潤房地產開發有限公司)

BUSINESS AND FINANCIAL REVIEW

Target Company C is primarily engaged in real estate development and operation business in Jurong City, Jiangsu Province, China. Target Company C signed the State-owned Construction Land Use Right Transfer Contract (國有建設用地使用權出讓合同) in 2018, and has obtained the real estate ownership certificate. The land parcel area is 38,731 sq.m., and the land transfer price was RMB284.88 million stipulated by the contract. Due to the continued impact of the downturn in the local real estate market environment, the project has remained undeveloped for many years. As of 31 December 2024, the appraised value of the land is approximately RMB204 million.

During the Track Record Period, Target Company C did not generate any revenue. In 2022, 2023 and 2024, Target Company C's revenue was RMB0.

(iv) Due to the project not being developed, only administrative expenses were incurred in 2022 and 2023, with the net profit in the financial statements being RMB-70,468 and RMB-600, respectively. In 2024, an impairment provision was made based on the land appraisal value RMB101,251,212, resulting in a net profit loss in the financial statements for the year RMB101,251,812.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Target Company C's principal financial instruments comprise amounts with shareholders and related companies and internal bearing bank borrowings. The main purpose of these financial instruments is to raise finance for Target Company C's operations. Target Company C has various other financial assets and liabilities such as bank balances, financial assets included in prepayments, other receivables and other assets, trade payables and financial liabilities included in other payables and

accruals which arise directly from its operations. As at 31 December 2022, 2023 and 2024, Target Company C recorded net current assets of approximately RMB-1,530,796, RMB-1,531,397 and RMB-102,783,209, respectively.

The primary objectives of Target Company C's capital management are to safeguard Target Company C's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. Target Company C monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. Net debt includes, trade and bills payables, other payables and accruals, lease liabilities and amounts due to fellow subsidiaries and related companies less cash and cash equivalents. Capital includes equity attributable to owners of the parent. The gearing ratios as at the end of the Relevant Periods were as follows:

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other payables and accruals	1,333	1,333	1,333
Due to shareholders	204,767	204,767	204,767
Due to related companies	102,209	102,209	102,209
Less: Cash and cash equivalents	(35)	(34)	(33)
Net debt	308,274	308,275	308,276
Equity attributable to owners	(1,532)	(1,533)	(102,785)
Capital and net debt	306,742	306,742	205,491
Gearing ratio	100.5%	100.5%	150.0%

CONTINGENT LIABILITIES

During the Track Record Period, Target Company C had no contingent liabilities.

PLEDGE OF ASSETS

During the Track Record Period, Target Company C has no assets pledged.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

Target Company C primarily operates in China, therefore most of its revenue and expenses are denominated in Renminbi. The exchange of foreign currency for Renminbi is subject to the foreign exchange control rules and regulations promulgated by the Chinese government. Target Company C faces minimal exchange rate fluctuation risk. No financial instruments were used for hedging purposes.

MATERIAL INVESTMENT, ACQUISITION AND DISPOSAL

During the Track Record Period, Target Company C had no material investment, acquisition or disposal.

COMMITMENTS

During the Track Record Period, Target Company C had no commitments.

EMPLOYEES

Target Company C has remained undeveloped and has not employed any staff during the Track Record Period, therefore no remuneration was paid.

The following is the text of a letter, a summary of values and summary reports prepared for the purpose of incorporation in this circular received from Colliers Appraisal and Advisory Services Co., Ltd., an independent valuer, in connection with its valuation as at 28 February 2025 of the property interests held by the Group.

Colliers Appraisal and Advisory Services Co., Ltd.

Suite 507, Block A, Gemdale Plaza
No. 91 Jianguo Road, Chaoyang District,
Beijing China

The Board of Directors
REDSUN PROPERTIES GROUP LIMITED
REDSUN SERVICES GROUP LIMITED



30 APRIL 2025

Dear Sir or Madam,

RE: VALUATION OF VARIOUS CAR PARKING SPACES (“CPS”) HELD BY REDSUN PROPERTIES GROUP LIMITED AND ITS SUBSIDIARIES, LOCATED IN THE PEOPLE’S REPUBLIC OF CHINA (THE “PROPERTY”)

INSTRUCTIONS

We refer to your instructions for us to value the property/property interests located in the People’s Republic of China (the “**PRC**”) to be held by REDSUN PROPERTIES GROUP LIMITED (the “**Company**”) and its subsidiaries (hereafter together referred to as the “**Group**”). We confirm that we have carried out inspections, made relevant enquires 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 28 February 2025 (the “**Valuation Date**”), for the purpose of incorporating in the document.

BASIS OF VALUATIONS

Our valuations are provided on the basis of market value and investment value.

Market value we would define 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”.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value.

Investment value is understood as the value of an asset to a particular owner or prospective owner for individual investment or operational objectives. The investment value is a value specially designed for individual entities, reflecting the benefits obtained by the entity from holding assets (such as rental income), and therefore may not involve hypothetical transactions.

VALUATION STANDARDS

In valuing the property/property interests, we have fully complied with the latest edition of the Royal Institution of Chartered Surveyors (RICS) Global Valuation Professional Standards, incorporating the International Valuation Standards of the International Valuation Standards Council (IVSC), and the requirements met out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

QUALIFICATIONS OF THE VALUER

This valuation has been prepared by Kin Ming Woo James (James Woo) (RICS Registration No.: 0837243). James Woo is a Fellow member of the Royal Institution of Chartered Surveyors. James is an Executive Director of Valuation and Advisory Services, China at Colliers. He is suitably qualified to carry out the valuation and has over 26 years' experience in the valuation of properties of this magnitude and nature in China.

James Woo is acting as an independent valuer as defined in the latest "RICS Global Valuation Standards" published by the RICS, which incorporates with the IVS.

Neither the valuer nor Colliers are aware of any pecuniary interest or conflict that could reasonably be regarded as being capable of affecting the ability to give an unbiased and objective, opinion of the value of the property interests.

VALUATION APPROACHES

When valuing the property/property interests, we have valued by select appropriate methods based on the asset type, current conditions, ownership specifics outlined in PRC legal opinions.

In valuing the Property, we have categorized the CPS into three types according to their title ship described in the PRC legal opinion. CPS-A, CPS-B and CPS-C. CPS-A is defined as parking spaces with title ship that can be freely traded, CPS-B is defined as parking spaces lacking complete ownership, CPS-C is defined as Civil air defense parking spaces.

For CPS-A which with title ship that can be freely traded, the preferred valuation method is the market comparison approach assuming sale of each of these property/property interests in its existing state with the benefit of vacant possession by making reference to comparable sales transactions as available in the relevant market, subject to appropriate adjustments including but not limited to conditions, location, time and other relevant factors. Given that the property/property interests are carpark spaces, comparable sales transactions are frequent and information about such sale is readily available. We are therefore used Market Comparison Method which is in line with the market practice.

In cases where the parking space does not have title ship but has a history of usage rights transactions, and where the land transfer fees have been fully paid, the market comparison method is also applicable.

For parking spaces lacking complete ownership and where there has been no sale of usage rights, or if there are issues with the payment of land transfer fees or civil defense project, the income capitalization approach is utilized. This method capitalizes the existing rental income from all leasehold units over the remaining lease term, while vacant units are assumed to be rented at the market rate as of the valuation date. Upon the expiration of existing leases, each unit is assumed to be rented at the market rate on the valuation date and capitalized based on the remaining use term. The market value of the property/property interests thus equal to the sum of the capitalized value of the income from the leased units during their lease term, the appropriately deferred capitalized value of the income from the leased units (i.e., market rental income), and the capitalized value of the vacant units.

SOURCES OF INFORMATION

Although we have made independent enquires as much as possible, we have relied to a very considerable extent on the information provided by the Company and its legal advisor in respect of the titles of the property interests in the PRC. We also have accepted such information given to us as being true and correct for valuation purposes. This has included such matters as ownership title, gross floor areas, statutory notices, easements, tenure, joint leasing agreements, the identification of the property interests and all other relevant matters.

We have also been advised by the Company that no material factors or information have been omitted or withheld from the information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable and have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation.

TITLE DOCUMENTS

We have been provided with copies or extracts of some title documents relating to the property/property interests and have made relevant enquires where possible. Due to the nature of the land registration system in the PRC, however, we have not examined the original documents to verify the existing titles to the property/property interests in the PRC or any material encumbrances that might be attached to the property/property interests or any lease amendments. We have made assumptions that the full and proper ownership title of the Property has been obtained and all payable land premium or land-use rights fees have been fully settled.

We have relied on the advice given by the Company's legal adviser, Sichuan Puyi Law Firm (四川朴易律師事務所), regarding the titles of the property/property interests in the PRC. We do not accept liability for any interpretation that we have placed on such information, which is more properly placed within the sphere of the legal adviser.

All legal documents disclosed in this letter, the summary of values and the summary reports are for reference only. No responsibility is assumed for any legal matters concerning the legal title to the property interests set out in this letter, the summary of values and the valuation summary reports.

ASSUMPTIONS AND CAVEATS

Our valuations of the target property/property interests exclude 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 value available only to a specific owner or purchaser.

We have conducted the valuation assuming:

- the information as set out in the section headed "Sources of Information" above about the titles of the Property provided by the Company and the Company's legal advisor, Sichuan Puyi Law Firm (四川朴易律師事務所) is true and correct;
- the Property is free from contamination and the ground conditions are satisfactory;
- the full and proper ownership title of the Property have been obtained, and all payable land premium or land-use rights fees have been fully settled;
- For portion of CPS-A, the information, that area of each CPS is approximately 13.5 sqm, provided by the Company or Group is true and correct.
- For CPS-B, the information, that area of each CPS is approximately 13.5 sqm, provided by the Company or Group is true and correct. Since the grant term for underground construction land use rights is generally 50 years, we have assumed that CPS-B has been granted a land use term of 50 years from the commencement date of the land use right;
- For CPS-C we have assume they have been granted for a land use term of 20 years since valuation date; For portion of CPS-C, the information, that area of each CPS is approximately 13.5 sqm, provided by the Company or Group is true and correct.
- all required approvals and certificates necessary for occupation and use of the Property has been duly obtained and are in full force and effect; and
- the Property can be freely transferred, mortgaged, sublet or otherwise disposed of in the market.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on 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 all Properties are free of any encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

SITE MEASUREMENT

We have not carried out on-site measurements to verify the correctness of the site and gross floor areas in respect of the Property but have assumed that the areas provided by the Company to us are true and correct in all respects. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

SITE INSPECTION

We have inspected the Property exterior and, where possible, the interior of the Property upon the instruction received. No structural surveys or environmental assessments have been made, but in the course of our inspections, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services. We have assumed such are in good order for the purpose of valuation.

Please be advised we have not carried out investigations to determine the suitability of the ground conditions and the services etc. for any future development. Our valuation has been prepared on the assumption that these aspects are satisfactory.

Site inspections of the Properties were *carried out by James Woo between 3 March 2025 to 7 March 2025.*

ESG CONSIDERATION

Where our advice is based on International Valuation Standards (IVS), we have had regard to i) those significant environmental, social and governance (ESG) factors which were readily apparent to us from our inspection of the property and ii) which we consider significantly impact our advice. This is a requirement of the IVS. In our advice we have endeavoured to analyse whether any significant ESG factors affect the value assessed. For your acknowledge, currently, we do not explicitly adjust valuations for ESG factors.

CURRENCY

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

We hereby certify that we have neither present nor a prospective interest in the properties or the values reported.

Our summary of values and valuation summary reports are attached hereto.

Yours faithfully,

For and on behalf of

Colliers Appraisal and Advisory Services Co., Ltd. (“Colliers”)

Kin Ming Woo James

FRICS AICFC

Executive Director

Valuation and Advisory Services I China

Note: Mr. James Woo is a registered valuer with over 26 years' experience in real estate industry and assets valuation sector. His experience on valuation covers Mainland China. Mr. Woo is a fellow member of the Royal Institution of Chartered Surveyors.

SUMMARY OF VALUES

NO	PROPERTY	MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025 (RMB)	INVESTMENT VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025 (RMB)
1	Portion of Basement Carports of Benevolence Lake No.1 (博愛湖一號), intersection of Xingye Road and Dongboai Road South, Nanhai District, Foshan City, Guangdong Province, PRC	1,570,000	370,000
2	Portion of Basement Carports of Hongyang Shan Xin Garden (弘陽山馨花園), at the North of Qiaoyun Road and East of Qiaohe Road, Tingyin Lake Area, Xiqiao Town, Nanhai District, Foshan City, Guangdong Province, PRC	2,640,000	5,850,000
3	Portion of Basement Carports of Longzi Lake Times (龍子湖湖語時光), Northwest corner of the intersection of Longzihu Road and Zhangheng Road in Xinzhan District, Hefei City, Anhui Province, PRC	17,500,000	NO
4	Portion of Basement Carports of Renshou In Times (仁壽時光里), Beside Jianan Avenue in the southern area of Wenlin Town, Renshou County, Meishan City, Sichuan Province, PRC	13,830,000	NO
5	Portion of Basement Carports of Nanchang Hong Yang Residence (南昌弘陽府), intersection of Shanghai Road and Beijing Road at Qingshan Lake, Qingshanhu District, Nanchang City, Jiangxi Province, PRC	NO COMMERCIAL VALUE	17,860,000
6	Portion of Basement Carports of Dujiang Residence (都江府), Binhe Community, Kuiguanta Street, Dujiangyan City, Chengdu City, Sichuan Province, PRC	9,140,000	4,720,000
7	Portion of Basement Carports of Xiangzhou Park 1873 (襄州公園1873), intersection of Diamond Avenue and Traffic Road in Xiangzhou District, , Xiangyang city, Hubei Province, PRC	NO COMMERCIAL VALUE	20,030,000

APPENDIX VI

PROPERTY VALUATION REPORT

NO	PROPERTY	MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025 (RMB)	INVESTMENT VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025 (RMB)
8	Portion of Basement Carparks and underground warehouses of Zhong Yi Hu Yan Lan Residence (中意湖燕瀾府), West of Sixth Street, North of Anshun Road, Longting District, Kaifeng City, Henan Province, PRC	NO COMMERCIAL VALUE	8,260,000
9	Portion of Basement Carparks of Hefeng Architecture in Xinhua Road (新華路和風名築), South of Shenzhen Road and East of Xinhua Road, Changfu Street, Changshu City, Suzhou City, Jiangsu Province, PRC	NO COMMERCIAL VALUE	840,000
10	Portion of Basement Carparks of Foshan Zhangcha Sunrise Joy Residence (佛山張槎昕悅府), South of Zhangcha San Road and West of Dongpo San Road in Shancheng District, Foshan City, Guangdong Province, PRC	2,000,000	NO
11	Portion of Basement Carparks of Times Centre Phase I (時代中心一期), Liuzhou Road, Taishan Street, Pukou District, Nanjing City, Jiangsu Province, PRC	3,080,000	NO
12	Portion of Basement Carparks of Times Centre Phase II (時代中心二期), Liuzhou Road, Taishan Street, Pukou District, intersection of Xingxian Road and Wenchang Road, Nanjing City, Jiangsu Province, PRC	14,030,000	NO
13	Portion of Basement Carparks of Yanjiang Residence (燕江府), intersection of Taixin Road and Songshan Road, Nanjing City, Jiangsu Province, PRC	18,710,000	NO
14	Portion of Basement Carparks of Sunrise Academy (旭日學府), West of Jiangbei Avenue, Pukou District, Nanjing City, Jiangsu Province, PRC	2,970,000	NO
15	Portion of Basement Carparks of Sunrise Love City 6 (旭日愛上城6區), Liuzhou Road, Taishan Street, Pukou District, Nanjing City, Jiangsu Province, PRC	NO COMMERCIAL VALUE	5,010,000
16	Portion of Basement Carparks of Chunshang Xijiang (春上西江), Jin Dong Phase II, Fengjin Road and the Academy of International Relations of the PLA, Yuhuatai District Economic Development Zone, Nanjing City, Jiangsu Province, PRC	4,000,000	NO
17	Portion of Basement Carparks of Shangshui Garden of Elegance (上水雅苑), intersection of Xingxian Road and Wenchang Road, High tech Zone Hushuguan Development Zone, Suzhou city, Jiangsu Province, PRC	NO COMMERCIAL VALUE	5,490,000
18	Portion of Basement Carparks of Upper Sunny Master piece Garden (上熙名苑), intersection of Gaoxin Xushuguan Avenue and Minglan Street, High tech Zone, Suzhou city, Jiangsu Province, PRC	NO COMMERCIAL VALUE	10,800,000
19	Portion of Basement Carparks of Wanli In Times (灣里時光里), North of Qingsong Street (Planning 1st Road), east of Xiaze Road, and west of Haorenjia in Yuzhang District (Control Plan E-7-03 plot), Zhaoxian Town, Nanchang City, Jiangxi Province, PRC	NO COMMERCIAL VALUE	6,060,000

APPENDIX VI

PROPERTY VALUATION REPORT

NO	PROPERTY	MARKET	INVESTMENT
		VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025 (RMB)	VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025 (RMB)
20	Portion of Basement Carparks of Changfeng In Times (長豐時光里), intersection of Fuyang North Road and Jinchuan Road, Changfeng County, Hefei City, Anhui Province, PRC	10,000,000	2,510,000
21	Portion of Basement Carparks of Shangcheng District 3 (上城三區), East of Daqiao North Road, Pukou District, Nanjing City, Jiangsu Province, PRC	NO COMMERCIAL VALUE	14,420,000
22	Portion of Basement Carparks of Shangcheng District 2 (上城二區), East of Daqiao North Road, Pukou District, Nanjing City, Jiangsu Province, PRC	NO COMMERCIAL VALUE	13,390,000
23	Portion of Basement Carparks of Mengxi Road Shiguang Lane (夢溪路時光里), intersection of Mengxi Road and Weiyi First Road, Wanchun Street, Wuhu Economic and Technological Development Zone, Wuhu City, Anhui Province, PRC	14,290,000	NO
Grand total:		113,760,000	115,610,000

VALUATION PARTICULARS

				MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025								
NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY									
1.	Portion of Basement Carparks of Benevolence Lake No.1 (博愛湖一號), Intersection of Xingye Road and Dongboai Road South, Nanhai District, Foshan City, Guangdong Province, PRC	<p>Benevolence Lake No.1 is a large-scale residential development with a total site area of 44,155.52 sq m (the “Development”).</p> <p>As advised, the subject property comprises 28 CPS-A (including 17 tandem parking space) and 6 CPS-C (including 1 tandem parking space) of the Development (the “Property”). Detailed GFA of the CPS is listed below:</p> <table><tr><th>Portions</th><th>GFA (sq m)</th></tr><tr><td>CPS-A</td><td>1,377.59</td></tr><tr><td>CPS-C</td><td>76.32</td></tr><tr><td>Total</td><td>1,453.91</td></tr></table>	Portions	GFA (sq m)	CPS-A	1,377.59	CPS-C	76.32	Total	1,453.91	At the date of our inspection, the Property was vacant.	RMB1,570,000 (RENMINBI ONE MILLION FIVE HUNDRED SEVENTY THOUSAND) Note i
Portions	GFA (sq m)											
CPS-A	1,377.59											
CPS-C	76.32											
Total	1,453.91											

Pursuant to the Realty Title Certificate provided, the land-use rights of the CPS-A have been granted for a term expiring on 31 March 2089 for Urban residential land/31 March 2059 for retail commercial land/31 March 2059 for business and financial land/31 March 2059 for catering land/hotel land/31 March 2059 for other commercial and service land/11 March 2069 urban village road land uses.

Notes:

- i) The value represents the market value of CPS-A. Due to the absence of valid property ownership documents for CPS-C, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-C in the valuation report for the company’s internal reference. As of the valuation date, the investment value of the CPS-C is RMB370,000.

- ii) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 27 February 2019 and 22 March 2019, the land-use rights of the Property have been granted to FoShan Hongsheng Real Estate Development Co., Ltd. 佛山市弘升房地產開發有限公司 (“FoShan Hongsheng”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	440605-2019-000041	27 February 2019	Urban residential land/retail commercial land/business and financial land/catering land/hotel land/other commercial and service land/urban village road land	44,153.00
Total:				44,153.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to FoShan Hongsheng, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Yue(2021)Fo Nan Bu Dong Chan Quan Di No. 0123120	12 August 2021	Urban residential land/retail commercial land/business and financial land/catering land/hotel land/other commercial and service land/urban village road land	39,470.74
2	Yue(2021)Fo Nan Bu Dong Chan Quan Di No. 0007677	10 January 2020	Land for roads in towns, villages and rural areas	4,684.78
Total:				44,155.52

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to FoShan Hongsheng, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No.440605201900171	30 April 2019	Class II residential land with commercial land, business land and road land.	44,153.00
Total:				44,153.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to FoShan Hongsheng. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 44060520191115	Hongyang Hubin Shangyuan Building 1	12 October 2019	8,010.56
2	Jian Zi Di No. 44060520191116	Hongyang Hubin Shangyuan Building 2	12 October 2019	11,537.19
3	Jian Zi Di No. 44060520191117	Hongyang Hubin Shangyuan Building 3, 4	12 October 2019	22,347.64
4	Jian Zi Di No. 440605201901082	Hongyang Hubin Shangyuan Building 5, 6	24 September 2019	21,415.04
5	Jian Zi Di No. 440605201901083	Hongyang Hubin Shangyuan Building 7	24 September 2019	11,035.03
6	Jian Zi Di No. 440605201900956	Hongyang Hubin Shangyuan Building 8	12 August 2019	7,289.33
7	Jian Zi Di No. 440605201900957	Hongyang Hubin Shangyuan Building 9	12 August 2019	6,193.17
8	Jian Zi Di No. 440605201900958	Hongyang Hubin Shangyuan Building 10	12 August 2019	10,339.50
9	Jian Zi Di No. 440605201900913	Hongyang Hubin Shangyuan Building 11	2 August 2019	2,654.97
10	Jian Zi Di No. 440605201900914	Hongyang Hubin Shangyuan Building 12	2 August 2019	3,155.13
11	Jian Zi Di No. 440605201900915	Hongyang Hubin Shangyuan Building 13	2 August 2019	4,975.99
12	Jian Zi Di No. 440605201900851	Hongyang Hubin Shangyuan Building 14	17 July 2019	3,405.71
Total:				112,359.26

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by FoShan Hongsheng. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No.44060520190150701-00	Hongyang Hubin Shangyuan Building 1	15 October 2019	8,010.56
2	No.44060520190150801-00	Hongyang Hubin Shangyuan Building 2	15 October 2019	11,537.19
3	No.44060520190150901-00	Hongyang Hubin Shangyuan Building 3, 4	15 October 2019	22,347.64
4	No.44060520190929701-00	Hongyang Hubin Shangyuan Building 5, 6	29 September 2019	21,415.04
5	No.44060520190929801-00	Hongyang Hubin Shangyuan Building 7	29 September 2019	11,035.03
6	No.440605201908230401-00	Hongyang Hubin Shangyuan Building 8	23 August 2019	7,289.33
7	No.440605201908230501-00	Hongyang Hubin Shangyuan Building 9	23 August 2019	6,193.17
8	No.440605201908230601-00	Hongyang Hubin Shangyuan Building 10	23 August 2019	10,339.50
9	No.440605201908210301-00	Hongyang Hubin Shangyuan Building 11	21 August 2019	2,654.97
10	No.440605201908210401-00	Hongyang Hubin Shangyuan Building 12	21 August 2019	3,155.13
11	No.440605201908210501-00	Hongyang Hubin Shangyuan Building 13	21 August 2019	4,975.99
Total:				108,953.89

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to FoShan Hongsheng. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Nan Fang Yu Zi Di No.2020008602	Hongyang Hubin Shangyuan Building 2	14 April 2020	7,440.48
2	Nan Fang Yu Zi Di No.2020010502	Hongyang Hubin Shangyuan Building 3, 4	24 April 2020	15,444.16
3	Nan Fang Yu Zi Di No.2020001102	Hongyang Hubin Shangyuan Building 5, 6	5 January 2010	15,435.00
4	Nan Fang Yu Zi Di No.2020017992	Hongyang Hubin Shangyuan Building 7	18 June 2020	7,937.10
5	Nan Fang Yu Zi Di No.2020001202	Hongyang Hubin Shangyuan Building 8	15 January 2010	4,631.16
6	Nan Fang Yu Zi Di No.2020000902	Hongyang Hubin Shangyuan Building 9,10	15 January 2010	10,030.50
7	Nan Fang Yu Zi Di No.2020001302	Hongyang Hubin Shangyuan Building 11-13	15 January 2010	7,280.97
Total:				68,199.37

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to FoShan Hongsheng. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	GD-E1-916001	Hongyang Hubin Shangyuan Building 1	22 September 2021	8,010.56
2	GD-E1-916001	Hongyang Hubin Shangyuan Building 2	17 June 2021	11,537.19
3	GD-E1-916001	Hongyang Hubin Shangyuan Building 3, 4	17 June 2021	22,347.64
4	GD-E1-916001	Hongyang Hubin Shangyuan Building 5, 6	17 June 2021	21,415.04
5	GD-E1-916001	Hongyang Hubin Shangyuan Building 7	17 June 2021	11,035.03
6	GD-E1-916001	Hongyang Hubin Shangyuan Building 8	31 December 2020	7,289.33
7	GD-E1-916001	Hongyang Hubin Shangyuan Building 9	31 December 2020	6,193.17
8	GD-E1-916001	Hongyang Hubin Shangyuan Building 10	31 December 2020	10,339.50
9	GD-E1-916001	Hongyang Hubin Shangyuan Building 11	31 December 2020	2,654.97
10	GD-E1-916001	Hongyang Hubin Shangyuan Building 12	31 December 2020	3,155.13
11	GD-E1-916001	Hongyang Hubin Shangyuan Building 13	31 December 2020	4,975.99
12	GD-E1-916001	Hongyang Hubin Shangyuan Building 14	29 June, 2021	3,405.71
Total:				112,359.26

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- ix) Pursuant to the Business License – No. 91440605MA530MTK7L dated 18 March 2019, FoShan Hongsheng has been registered.
- x) The general description and market information of the Property are summarized below:

Location	The Property is located at Intersection of Xingye Road and Dongboai Road South, Nanhai District, Foshan City, Guangdong Province, PRC
Transportation	Foshan Shadi Airport is located approximately 10 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- xi) In assessing the market value of CPS-A and investment value of CPS-C, we have made reference to sales prices of similar CPS in the vicinity. Comparable are located in the same development with similar conditions, size and tenure, etc.

In the course of our valuation, we have considered the relevant adjustment factors such as the building quality, bulk discount to determine the unit price of the Property.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Foshan Boai Lake No.1	Foshan Boai Lake No.1	Foshan Boai Lake No.1
District/County	Fo Shan City	Fo Shan City	Fo Shan City
Detail Address	Intersection of Xingye Road and Dongboai Road South, Nanhai District, Foshan City, Guangdong Province	Intersection of Xingye Road and Dongboai Road South, Nanhai District, Foshan City, Guangdong Province	Intersection of Xingye Road and Dongboai Road South, Nanhai District, Foshan City, Guangdong Province
Total GFA (sq. m.)	30.90	30.54	30.67
Type Mix	CPS	CPS	CPS
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	68,807	68,807	68,807

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 2	Comparable 3
Building Quality Factor	downward	downward	downward
Bulk discount	downward	downward	downward
Total adjustment	-45.00%	-45.00%	-45.00%
Adjusted unit price (RMB/lot)	37,844	37,844	37,844
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/lot)		37,800	

For tandem parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 1.8.

Rental transactions that had been selected include the CPS-C ranges from RMB360 to RMB370 per lot per month. According to our market research, the yield of comparable parking spaces in the vicinity ranges from 4.5% to 5.5%. As the CPS-C was vacant on the valuation date, we have capitalized the estimated rent that will be generated during the remaining period. In our valuation, we have adopted an average market rent of RMB367 per parking space and a capitalization rate of 5.0%. For tandem parking lots, the market rent mentioned above require an additional adjustment for the parking space size, which is 1.8.

- xii) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xiii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from FoShan Hongsheng, the external promotional name of the Development is Benevolence Lake No.1 (博愛湖一號);
2. FoShan Hongsheng has obtained the Realty Title Certificate related to the land of the Benevolence Lake No.1 (博愛湖一號) project;
3. FoShan Hongsheng has obtained the necessary construction permits in accordance with the actual progress of development Benevolence Lake No.1 (博愛湖一號);
4. FoShan Hongsheng is entitled to pre-sell the in-progress buildings of Benevolence Lake No.1 (博愛湖一號) within the pre-sale scope specified in the "Pre-sale Permit".
5. According to the confirmation from FoShan Hongsheng, based on the current progress of the Benevolence Lake No.1 (博愛湖一號) project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
6. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, FoShan Hongsheng will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
7. Regarding the CPS, as part of the Development, the titleship of CPS-A is clear, and no sealing or mortgage has been found. Foshan Hongsheng has the right to dispose of the parking space but should conform to the legal regulation that "community parking spaces should first meet the needs of owners" when disposing based on Article 276 of the Civil Code of the People's Republic of China and Article 54 of the Property Management Regulations of Guangdong Province.
8. Civil air defense parking spaces: As the project developer and investor, Foshan Hongsheng can obtain the usufructuary right to use civil air defense parking spaces. However, when disposing of such parking space usage rights, attention should be paid to completing the corresponding procedures.

VALUATION REPORT

			MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025								
NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY								
2	Portion of Basement Carparks of Hongyang Shan Xin Garden (弘陽山馨花園), at the North of Qiaoyun Road and East of Qiaohe Road, Tingyin Lake Area, Xiqiao Town, Nanhai District, Foshan City, Guangdong Province, PRC	<p>Hongyang Shan Xin Garden is a large-scale residential development with a total site area of 63,131.80 sq m (the “Development”).</p> <p>As advised, the subject property comprises 49 CPS-A (including 1 tandem parking space, 40 normal parking spaces located on B2, 3 tandem parking space located on B2) and 110 CPS-C (including 95 normal parking spaces located on B2, 15 tandem parking space located on B2) of the Development (the “Property”). Detailed GFA of the various portion of the Property is listed below:</p> <table><tr><th>Portions</th><th>GFA (sq m)</th></tr><tr><td>CPS-A</td><td>1,474.17</td></tr><tr><td>CPS-C</td><td>1,577.28</td></tr><tr><td>Total</td><td>3,051.45</td></tr></table> <p>Pursuant to the Realty Title Certificate certificates provided, the land-use rights of the CPS-A have been granted for a term expiring on 7 August 2088 for Urban residential land (urban residential land), 7 August 2058 for retail commercial land (retail commercial land), catering land (catering land), commercial and financial land (commercial and financial land), entertainment land (entertainment land), other commercial and commercial land (other commercial and commercial land) uses.</p>	Portions	GFA (sq m)	CPS-A	1,474.17	CPS-C	1,577.28	Total	3,051.45	<p>At the date of our inspection, the property was vacant.</p> <p>RMB2,640,000 (RENMINBI TWO MILLION SIX HUNDRED FORTY THOUSAND) Note i</p>
Portions	GFA (sq m)										
CPS-A	1,474.17										
CPS-C	1,577.28										
Total	3,051.45										

Notes:

- i) The value represents the market value of CPS-A. Due to the absence of valid property ownership documents for CPS-C, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-C in the valuation report for the company’s internal reference. As of the valuation date, the investment value of the CPS-C is RMB5,850,000.

- ii) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 8 August 2018 and 13 August 2018, the land use rights of the Property have been granted to Foshan Hongjian Real Estate Development Co., Ltd. 佛山市弘堅房地產開發有限公司 (“**Foshan Hongjian**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	440605-2018-000082 440605-2018-000082-bu No.01	13 August 2018	Urban residential land, retail commercial land, catering land, commercial and financial land, entertainment land, and other commercial and residential land	63,131.80
Total:				63,131.80

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Foshan Hongjian, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	YUE (2019) Fo Nan Bu Dong Chan Quan Di No,0012690	18 January 2019	Urban residential land (urban residential land), retail commercial land (retail commercial land), catering land (catering land), commercial and financial land (commercial and financial land), entertainment land (entertainment land), other commercial and commercial land (other commercial and commercial land)	36,039.60
2	YUE (2019) Fo Nan Bu Dong Chan Quan Di No,0012690	18 January 2019	Urban residential land (urban residential land), retail commercial land (retail commercial land), catering land (catering land), commercial and financial land (commercial and financial land), entertainment land (entertainment land), other commercial and commercial land (other commercial and commercial land)	27,092.20
Total:				63,131.80

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Foshan Hongjian, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No.440605201800573	13 September 2018	Urban residential land is compatible with wholesale and retail land, catering land, commercial and financial land, entertainment land, and other commercial and residential land	63,131.80
Total:				63,131.80

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

APPENDIX VI**PROPERTY VALUATION REPORT**

- v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Foshan Hongjian. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 440605201900822	Building 1, Hongyang Shanxin Garden	9 July 2019	29,617.82
2	Jian Zi Di No. 440605201900424	Building 2, Hongyang Shanxin Garden	30 March 2019	23,328.52
3	Jian Zi Di No. 440605201900422	Building 3, Hongyang Shanxin Garden	30 March 2019	9,055.41
4	Jian Zi Di No.440605201900425	Building 4, Hongyang Shanxin Garden	30 March 2019	25,742.31
5	Jian Zi Di No.440605201900426	Building 5, Hongyang Shanxin Garden	30 March 2019	23,189.26
6	Jian Zi Di No.440605201900423	Building 6, Hongyang Shanxin Garden	30 March 2019	70,41.63
7	Jian Zi Di No.440605201900427	Building 7, Hongyang Shanxin Garden	30 March 2019	18,040.40
8	Jian Zi Di No.440605201900247	Building 8, Hongyang Shanxin Garden	25 February 2019	19,220.51
9	Jian Zi Di No.440605201900250	Building 9, Hongyang Shanxin Garden	25 February 2019	19,239.34
10	Jian Zi Di No.440605201900251	Building 10, Hongyang Shanxin Garden	25 February 2019	19,567.77
11	Jian Zi Di No.440605201900428	Building 11, Hongyang Shanxin Garden	30 March 2019	6,989.05
12	Jian Zi Di No.440605201900429	Building 12, Hongyang Shanxin Garden	30 March 2019	5,069.89
13	Jian Zi Di No.440605201900430	Building 13, Hongyang Shanxin Garden	30 March 2019	5,050.93
14	Jian Zi Di No.440605201900431	Building 14, Hongyang Shanxin Garden	30 March 2019	5,041.65
15	Jian Zi Di No.440605201900432	Building 15, Hongyang Shanxin Garden	30 March 2019	6,274.89
16	Jian Zi Di No.440605201900433	Building 16, Hongyang Shanxin Garden	30 March 2019	6,215.63
17	Jian Zi Di No.440605201900408	Building 17, Hongyang Shanxin Garden & Kindergarten	27 March 2019	4,425.20
18	Jian Zi Di No.440605201900434	Building 18, Hongyang Shanxin Garden	30 March 2019	331.50
19	Jian Zi Di No.440605201900435	Building 19, Hongyang Shanxin Garden	30 March 2019	65.69
Total:				233,507.40

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

APPENDIX VI

PROPERTY VALUATION REPORT

vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Foshan Hongjian. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	440605201908010101-00	Building 1, Hongyang Shanxin Garden	1 August 2019	29,617.82
2	4406052019050101-00	Building 2, Hongyang Shanxin Garden	5 June 2019	23,328.52
3	440605201906050201-00	Building 3, Hongyang Shanxin Garden	5 June 2019	9,055.41
4	440605201906050301-00	Building 4, Hongyang Shanxin Garden	5 June 2019	25,742.31
5	440605201906050401-00	Building 5, Hongyang Shanxin Garden	5 June 2019	23,189.26
6	440605201906050501-00	Building 6, Hongyang Shanxin Garden	5 June 2019	7,041.63
7	440605201906050601-00	Building 7, Hongyang Shanxin Garden	5 June 2019	18,040.40
8	440605201904160101-00	Building 8, Hongyang Shanxin Garden	17 April 2019	19,220.51
9	440605201904180401-00	Building 9, Hongyang Shanxin Garden	18 April 2019	19,239.34
10	440605201904180501-00	Building 10, Hongyang Shanxin Garden	18 April 2019	19,567.77
11	440605201904180601-00	Building 11, Hongyang Shanxin Garden	18 April 2019	6,989.05
12	440605201904180701-00	Building 12, Hongyang Shanxin Garden	18 April 2019	5,069.89
13	440605201904180801-00	Building 13, Hongyang Shanxin Garden	18 April 2019	5,050.93
14	440605201904180901-00	Building 14, Hongyang Shanxin Garden	18 April 2019	5,041.65
15	440605201904181001-00	Building 15, Hongyang Shanxin Garden	18 April 2019	6,274.89
16	440605201904181101-00	Building 16, Hongyang Shanxin Garden	18 April 2019	6,215.63
17	440605201904181201-00	Building 17, Hongyang Shanxin Garden & Kindergarten	18 April 2019	4,425.20
18	440605201906050701-00	Building 18, Hongyang Shanxin Garden	5 June 2019	331.50
19	440605201906050801-00	Building 19, Hongyang Shanxin Garden	5 June 2019	65.69
Total:				233,507.40

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Foshan Hongjian. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Nan Fang Yu Ci Di No. 2020040502	Building 1, Hongyang Shanxin Garden	27 November 2020	15,176.58
2	Nan Fang Yu Ci Di No.2020015902	Building 2, Hongyang Shanxin Garden	28 May 2020	15,946.66
3	Nan Fang Yu Ci Di No.2020010902	Building 3, Hongyang Shanxin Garden	28 April 2020	4,874.58
4	Nan Fang Yu Ci Di No.2019055302	Building 4, Hongyang Shanxin Garden	15 November 2019	15,457.33
5	Nan Fang Yu Ci Di No.2020006102	Building 5, Hongyang Shanxin Garden	14 March 2020	15,644.15
6	Nan Fang Yu Ci Di No.2019057202	Building 6, Hongyang Shanxin Garden	19 November 2019	4,888.52
7	Nan Fang Yu Ci Di No.2019035302	Building 7, Hongyang Shanxin Garden	30 August 2019	15,909.82
8	Nan Fang Yu Ci Di No.2019020202	Building 8, Hongyang Shanxin Garden	29 May 2019	15,661.65
9	Nan Fang Yu Ci Di No.2019020302	Building 9, Hongyang Shanxin Garden	29 May 2019	15,999.25
10	Nan Fang Yu Ci Di No.2019051802	Building 10, Hongyang Shanxin Garden	29 October 2019	15,351.82
11	Nan Fang Yu Ci Di No.2019046502	Building 11, Hongyang Shanxin Garden	29 September 2019	4,509.52
12	Nan Fang Yu Ci Di No.2019059002	Building 12, Hongyang Shanxin Garden	11 December 2019	3,387.72
13	Nan Fang Yu Ci Di No.2019045902	Building 13, Hongyang Shanxin Garden	29 September 2019	3,392.61
14	Nan Fang Yu Ci Di No.2019025202	Building 14, Hongyang Shanxin Garden	28 June 2019	3,385.11
15	Nan Fang Yu Ci Di No.2019021702	Building 15, Hongyang Shanxin Garden	20 June 2019	4,520.15
16	Nan Fang Yu Ci Di No.2019021902	Building 16, Hongyang Shanxin Garden	20 June 2019	4,517.52
Total:				158,622.99

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Foshan Hongjian. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	GD-E1-916/1	Building 1, Hongyang Shanxin Garden	28 October 2021	29,617.82
2	GD-E1-916/1	Building 2, Hongyang Shanxin Garden	25 June 2021	23,328.52
3	GD-E1-916/1	Building 3, Hongyang Shanxin Garden	25 June 2021	9,114.91
4	GD-E1-916/1	Building 4, Hongyang Shanxin Garden	25 June 2021	25,742.31
5	GD-E1-916/1	Building 5, Hongyang Shanxin Garden	25 June 2021	23,189.26
6	GD-E1-916/1	Building 6, Hongyang Shanxin Garden	25 June 2021	7,101.13
7	GD-E1-916/1	Building 7, Hongyang Shanxin Garden	25 June 2021	18,040.40
8	GD-E1-916/1	Building 8, Hongyang Shanxin Garden	4 December 2020	19,220.51
9	GD-E1-916/1	Building 9, Hongyang Shanxin Garden	4 December 2020	19,239.34
10	GD-E1-916/1	Building 10, Hongyang Shanxin Garden	4 December 2020	19,567.77
11	GD-E1-916/1	Building 11, Hongyang Shanxin Garden	4 December 2020	6,989.05
12	GD-E1-916/1	Building 12, Hongyang Shanxin Garden	4 December 2020	5,069.89
13	GD-E1-916/1	Building 13, Hongyang Shanxin Garden	4 December 2020	5,050.93
14	GD-E1-916/1	Building 14, Hongyang Shanxin Garden	4 December 2020	5,041.65
15	GD-E1-916/1	Building 15, Hongyang Shanxin Garden	4 December 2020	6,274.89
16	GD-E1-916/1	Building 16, Hongyang Shanxin Garden	4 December 2020	6,215.63
Total:				228,804.01

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

viii) Pursuant to the Business License – No. 91440605MA52439X5J dated 8 August 2018, Foshan Hongjian has been registered.

ix) The general description and market information of the property are summarized below:

Location	The Property is located at the North of Qiaoyun Road and East of Qiaohe Road, Tingyin Lake Area, Xiqiao Town, Nanhai District, Foshan City, Guangdong Province, PRC
Transportation	Foshan Shadi Airport is located approximately 20 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

x) In assessing the market value of CPS-A and investment value of CPS-C, we have made reference to sales prices of similar CPS in the vicinity. Comparable are located in the same development with similar conditions, size and tenure, etc.

In the course of our valuation, we have considered the relevant adjustment factors such as bulk discount to determine the unit price of the Property.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Hongyang Shan Xin Garden	Hongyang Shan Xin Garden	Hongyang Shan Xin Garden
District/County	Fo Shan City	Fo Shan City	Fo Shan City
Detail Address	at the North of Qiaoyun Road and East of Qiaohe Road, Tingyin Lake Area, Xiqiao Town, Nanhai District, Foshan City, Guangdong Province	at the North of Qiaoyun Road and East of Qiaohe Road, Tingyin Lake Area, Xiqiao Town, Nanhai District, Foshan City, Guangdong Province	at the North of Qiaoyun Road and East of Qiaohe Road, Tingyin Lake Area, Xiqiao Town, Nanhai District, Foshan City, Guangdong Province
Total GFA (sq. m.)	27.97	27.97	27.97
Type Mix	CPS	CPS	CPS
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	73,394	73,394	73,394

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 2	Comparable 3
Bulk discount	downward	downward	downward
Total adjustment	-30.00%	-30.00%	-30.00%
Adjusted unit price (RMB/lot)	51,376	51,376	51,376
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/lot)		51,400	

For tandem parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 1.8 and for parking lots located on B2, the prices mentioned above require an additional adjustment for the parking space location, which is 0.98.

Rental transactions that had been selected include the CPS-C ranges from RMB320 to RMB340 per lot per month. According to our market research, the yield of comparable parking spaces in the vicinity ranges from 4.5% to 5.5%. As the CPS-C was vacant on the valuation date, we have capitalized the estimated rent that will be generated during the remaining period. In our valuation, we have adopted an average market rent of RMB321 per parking space and a capitalization rate of 5.0%. For tandem parking lots, the market rent mentioned above require an additional adjustment for the parking space size, which is 1.8 and for parking lots located on B2, the market rent mentioned above require an additional adjustment for the parking space location, which is 0.98.

- xi) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Foshan Hongjian, the external promotional name of the Development is Hongyang Shan Xin Garden (弘陽山馨花園);
2. Foshan Hongjian has obtained the Realty Title Certificate related to the land of the Hongyang Shan Xin Garden (弘陽山馨花園) project;
3. Foshan Hongjian has obtained the necessary construction permits in accordance with the actual progress of development Hongyang Shan Xin Garden (弘陽山馨花園);
4. Foshan Hongjian is entitled to pre-sell the in-progress buildings of Hongyang Shan Xin Garden (弘陽山馨花園) within the pre-sale scope specified in the "Pre-sale Permit".
5. According to the confirmation from Foshan Hongjian based on the current progress of the Hongyang Shan Xin Garden (弘陽山馨花園) project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
6. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Foshan Hongjian will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
7. Regarding the CPS, as part of the Development, the titleship of CPS-A is clear, and no sealing or mortgage has been found. Foshan Hongjian has the right to dispose the parking space, but should conform to the legal regulation that "community parking spaces first meet the needs of owners" when disposing.
8. CPS-C: As the project developer and investor, Foshan Hongjian can obtain the right to use civil air defense parking spaces based on the nature of usufructuary rights. However, when disposing of such parking space use rights, attention should be paid to completing the corresponding procedures.

VALUATION REPORT

				MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025						
NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY							
3	Portion of Basement Carparks of Longzi Lake Times (龍子湖語時光), Northwest corner of the intersection of Longzihu Road and Zhangheng Road in Xinzhan District, Hefei City, Anhui Province, PRC	<p>Longzi Lake Times is a large-scale residential development which is on one piece of land, with a total site area of 68,460.66 sq m (the “Development”).</p> <p>As advised, the Property comprises 247 CPS-A (including 80 EV charging parking space) of the Development (the “Property”). Detailed GFA of the CPS is listed below:</p> <table><tr><th>Portions</th><th>GFA (sq m)</th></tr><tr><td>CPS-A</td><td>3,074.67</td></tr><tr><td>Total</td><td>3,074.67</td></tr></table> <p>Pursuant to Realty Title Certificate provided, the land-use rights of the CPS-A have been granted for a term expiring on 9 June 2089 for Urban Residential Land.</p>	Portions	GFA (sq m)	CPS-A	3,074.67	Total	3,074.67	At the date of our inspection, the property was vacant.	RMB17,500,000 (RENMINBI SEVENTEEN MILLION FIVE HUNDRED THOUSAND)
Portions	GFA (sq m)									
CPS-A	3,074.67									
Total	3,074.67									

Notes:

- i) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 10 May 2019 and 6 June 2019, the land-use rights of the Property have been granted to Anhui Lihong Real Estate Development Co., Ltd 安徽力弘房地產開發有限公司 (“Anhui Lihong”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	He Di Xin Zhan Qu Jing Guan [2019] No.46 & supplementary agreement	6 June 2019	Urban Residential Land	68,460.66
Total:				68,460.66

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned contract.

- ii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Anhui Lihong. Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Wan(2019)He Fei Shi Bu Dong Chan Quan Di No.1100096	24 July 2019	Urban Residential Land	68,460.66
Total:				68,460.66

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iii) Pursuant to the following Construction Land Planning Permit, Property has been approved to Anhui Lihong. Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No. 340101201950021	6 June 2019	Class II residential land (R2), park green space (G1)	68,460.66
Total:				68,460.66

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Anhui Lihong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No.34101201940378	Xin Zhan QuXZQTD242 Di Kuai Project 15#	9 September 2019	6,859.67
2	Jian Zi Di No.34101201949336	Xin Zhan QuXZQTD242 Di Kuai Project 16#	13 August 2019	9,241.95
3	Jian Zi Di No.34101201940379	Xin Zhan QuXZQTD242 Di Kuai Project 17#	9 September 2019	7,739.98
4	Jian Zi Di No.34101201940380	Xin Zhan QuXZQTD242 Di Kuai Project 18#	9 September 2019	8,853.13
5	Jian Zi Di No.34101201940381	Xin Zhan QuXZQTD242 Di Kuai Project 19#	9 September 2019	8,281.41
6	Jian Zi Di No.34101201940382	Xin Zhan QuXZQTD24 Di Kuai Project 20#	9 September 2019	8,850.43
7	Jian Zi Di No.34101201940337	Xin Zhan QuXZQTD242 Di Kuai Project 21#	13 August 2019	8,871.54
8	Jian Zi Di No.34101201940338	Xin Zhan QuXZQTD242 Di Kuai Project 22#	13 August 2019	7,784.89
9	Jian Zi Di No.34101201940429	Xin Zhan QuXZQTD242 Di Kuai Project 1#	22 October 2019	3,874.36
10	Jian Zi Di No.34101201940430	Xin Zhan QuXZQTD242 Di Kuai Project 2#	22 October 2019	1,946.48
11	Jian Zi Di No.34101201940431	Xin Zhan QuXZQTD242 Di Kuai Project 3#	22 October 2019	3,874.36
12	Jian Zi Di No.34101201940432	Xin Zhan QuXZQTD242 Di Kuai Project 5#	22 October 2019	6,993.62
13	Jian Zi Di No.34101201940433	Xin Zhan QuXZQTD242 Di Kuai Project 6#	22 October 2019	5,801.18
14	Jian Zi Di No.34101201940434	Xin Zhan QuXZQTD242 Di Kuai Project 7#	22 October 2019	5,802.27
15	Jian Zi Di No.34101201940435	Xin Zhan QuXZQTD242 Di Kuai Project 8#	22 October 2019	6,898.99
16	Jian Zi Di No.34101201940436	Xin Zhan QuXZQTD242 Di Kuai Project 9#	22 October 2019	8,892.22
17	Jian Zi Di No.34101201940437	Xin Zhan QuXZQTD242 Di Kuai Project 10#	22 October 2019	5,045.70
18	Jian Zi Di No.34101201940438	Xin Zhan QuXZQTD242 Di Kuai Project 11#	22 October 2019	6,537.96

APPENDIX VI**PROPERTY VALUATION REPORT**

No.	Certificate No.	Project Name	Date	GFA
19	Jian Zi Di No.34101201940439	Xin Zhan QuXZQTD242 Di Kuai Project 12#	22 October 2019	6,523.05
20	Jian Zi Di No.34101201940376	Xin Zhan QuXZQTD242 Di Kuai Project S1#	22 October 2019	1,898.77
21	Jian Zi Di No.34101201940377	Xin Zhan QuXZQTD242 Di Kuai Project 13#	22 October 2019	8,824.79
22	Jian Zi Di No.34101201940440	Xin Zhan QuXZQTD242Di Kuai Project S-2#	22 October 2019	318.33
23	Jian Zi Di No.34101201940441	Xin Zhan QuXZQTD242Di Kuai Project S-3#	22 October 2019	618.96
24	Jian Zi Di No.34101201940442	Xin Zhan QuXZQTD242Di Kuai Project Non civil defense underground garage(Phase One)	22 October 2019	16,025.10
25	Jian Zi Di No.34101201940443	Xin Zhan QuXZQTD242Di Kuai Project Non civil defense underground garage(Phase Two)	22 October 2019	8,315.73
26	Jian Zi Di No.34101201940444	Xin Zhan QuXZQTD242 Di Kuai Project civil defense underground garage	22 October 2019	8,916.00
Total:				173,590.87

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Anhui Lihong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	340173202111050000.00	Xin Zhan Qu XZQTD242 Di Kuai Project1#-3#, 5#-12#, 15#, S-2#, civil defense underground garage, Non civil defense underground garage (Phase Two)	5 November 2019	86,606.59
2	340135201912020000.00	Xin Zhan Qu XZQTD242 Di Kuai Project13#, 17#, S-3#, Non civil defense underground garage (Phase One)	2 December 2019	33,208.83
3	340135201910210000.00	Xin Zhan Qu XZQTD242 Di Kuai ProjectS1#	21 October 2019	1,898.77
4	3401351907290001-SX-001	Xin Zhan Qu XZQTD242 Di Kuai Project16#, 21#, 22#	19 August 2019	25,898.38
5	3401351907290001-SX-003	Xin Zhan Qu XZQTD242 Di Kuai Project18#, 19#, 20#	29 September 2019	25,984.97
Total:				173,597.54

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

vi) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Anhui Lihong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	He Fang Yu Shou Zheng Di No.20210350	Xin Hong Garden No.1	26 April 2021	4,019.14
2	He Fang Yu Shou Zheng Di No.20210351	Xin Hong Garden No.2	26 April 2021	2,011.39
3	He Fang Yu Shou Zheng Di No.20210847	Xin Hong Garden No.3	24 August 2021	4,019.31
4	He Fang Yu Shou Zheng Di No.20210848	Xin Hong Garden No.5	1 February 2021	6,883.80
5	He Fang Yu Shou Zheng Di No.20210595	Xin Hong Garden No.6	24 June 2021	6,008.53
6	He Fang Yu Shou Zheng Di No.20210352	Xin Hong Garden No.7	26 April 2021	6,010.55
7	He Fang Yu Shou Zheng Di No.20210681	Xin Hong Garden No.8	20 July 2021	6,888.42
8	He Fang Yu Shou Zheng Di No.20201382	Xin Hong Garden No.9	17 December 2020	9,078.72
9	He Fang Yu Shou Zheng Di No.20210848	Xin Hong Garden No.10	24 August 2021	5,271.36
10	He Fang Yu Shou Zheng Di No.20210044	Xin Hong Garden No.11	15 January 2021	6,895.18
11	He Fang Yu Shou Zheng Di No.20210245	Xin Hong Garden No.12	19 March 2021	6,894.46
12	He Fang Yu Shou Zheng Di No.20201180	Xin Hong Garden No.13	30 October 2020	9,070.28
13	He Fang Yu Shou Zheng Di No.20210492	Xin Hong Garden No.15	21 May 2021	6,865.22
14	He Fang Yu Shou Zheng Di No.20190965	Xin Hong Garden No.16	29 September 2019	9,063.28
15	He Fang Yu Shou Zheng Di No.20201181	Xin Hong Garden No.17	30 October 2021	7,903.20
16	He Fang Yu Shou Zheng Di No.20200556	Xin Hong Garden No.18	29 June 2020	9,079.94
17	He Fang Yu Shou Zheng Di No.20191365	Xin Hong Garden No.19	25 December 2019	7,888.00
18	He Fang Yu Shou Zheng Di No.20191366	Xin Hong Garden No.20	25 December 2019	9,069.82

APPENDIX VI**PROPERTY VALUATION REPORT**

No.	Certificate No.	Project Name	Date	GFA
19	He Fang Yu Shou Zheng Di No.20190966	Xin Hong Garden No.21	29 September 2019	9,079.02
20	He Fang Yu Shou Zheng Di No.20190967	Xin Hong Garden No.22	29 September 2019	7,912.40
21	He Fang Yu Shou Zheng Di No.20210372	Xin Hong Garden Non civil defense underground garage(Phase One)	27 April 2021	7,327.08
22	He Fang Yu Shou Zheng Di No.20220656	Xin Hong Garden Non civil defense underground garage(Phase Two)	18 July 2022	2,062.98
Total:				149,302.08

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

vii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Anhui Lihong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	340135201910080102-DW002(JG)	Xin Zhan Qu XZQTD242 Plot 1#	18 May 2023	N/A
2	340135201910080102-DW003(JG)	Xin Zhan Qu XZQTD242 Plot 2#	18 May 2023	N/A
3	340135201910080102-DW004(JG)	Xin Zhan Qu XZQTD242 Plot 3#	18 May 2023	N/A
4	340135201910080102-DW005(JG)	Xin Zhan Qu XZQTD242 Plot 5#	18 May 2023	N/A
5	340135201910080102-DW006(JG)	Xin Zhan Qu XZQTD242 Plot 6#	18 May 2023	N/A
6	340135201910080102-DW007(JG)	Xin Zhan Qu XZQTD242 Plot 7#	18 May 2023	N/A
7	340135201910080102-DW008(JG)	Xin Zhan Qu XZQTD242 Plot 8#	18 May 2023	N/A
8	340135201910080102-DW009(JG)	Xin Zhan Qu XZQTD242 Plot 9#	29 June 2023	N/A
9	340135201910080102-DW010(JG)	Xin Zhan Qu XZQTD242 Plot 10#	18 May 2023	N/A
10	340135201910080102-DW011(JG)	Xin Zhan Qu XZQTD242 Plot 11#	18 May 2023	N/A
11	340135201910080102-DW012(JG)	Xin Zhan Qu XZQTD242 Plot 12#	18 May 2023	N/A
12	340135201910080102-DW015(JG)	Xin Zhan Qu XZQTD242 Plot 13#	21 December 2022	N/A
13	340135201910080102-DW014(JG)	Xin Zhan Qu XZQTD242 Plot 15#	18 May 2023	N/A
14	3401351907290001-DW001(JG)	Xin Zhan Qu XZQTD242 Plot 16#	12 October 2022	N/A
15	340135201910080102-DW013(JG)	Xin Zhan Qu XZQTD242 Plot 17#	21 December 2022	N/A
16	340135201910080102-DW005(JG)	Xin Zhan Qu XZQTD242 Plot 18#	30 September 2022	N/A
17	3401351907290001-DW004(JG)	Xin Zhan Qu XZQTD242 Plot 19#	12 April 2022	N/A
18	3401351907290001-DW009(JG)	Xin Zhan Qu XZQTD242 Plot 20#	12 April 2022	N/A

APPENDIX VI**PROPERTY VALUATION REPORT**

No.	Certificate No.	Project Name	Date	GFA
19	3401351907290001-DW008(JG)	Xin Zhan Qu XZQTD242 Plot 21#	12 April 2022	N/A
20	3401351907290001-DW007(JG)	Xin Zhan Qu XZQTD242 Plot 22#	12 April 2022	N/A
21	340135201910080102-DW001(JG)	Xin Zhan Qu XZQTD242 Plot S1#	29 June 2023	N/A
22	340135201910080102-DW016(JG)	Xin Zhan Qu XZQTD242 Plot S-2#	29 June 2023	N/A
23	340135201910080102-DW018(JG)	Xin Zhan Qu XZQTD242 Plot Non civil defense underground garage(Phase 1)	29 June 2023	N/A
24	340135201910080102-DW019(JG)	Xin Zhan Qu XZQTD242 Plot Non civil defense underground garage(Phase 2)	29 June 2023	N/A
25	340135201910080102-DW002(JG)	Xin Zhan Qu XZQTD242 Plot 1#	18 May 2023	N/A
26	340135201910080102-DW003(JG)	Xin Zhan Qu XZQTD242 Plot 2#	18 May 2023	N/A

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

viii) Pursuant to the Business License – No. 91340100MA2TPNC53K dated 14 May 2019, Anhui Lihong has been registered.

ix) The general description and market information of the property are summarized below:

Location	The Property is located at Northwest corner of the intersection of Longzihu Road and Zhangheng Road in Xinzhan District, Hefei City, Anhui Province, PRC
Transportation	Hefei Xinqiao Airport is located approximately 35 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- x) In assessing the market value of CPS-A, we have made reference to sales prices of similar CPS in the vicinity. Comparable are located in the same development with similar conditions, size and tenure, etc.

In the course of our valuation, we have considered the relevant adjustment factors such as bulk discount to determine the unit price of the Property.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Longzi Lake Times	Longzi Lake Times	Longzi Lake Times
District/County	He Fei City	He Fei City	He Fei City
Detail Address	Northwest corner of the intersection of Longzihu Road and Zhangheng Road in Xinzhan District, Hefei City, Anhui Province	Northwest corner of the intersection of Longzihu Road and Zhangheng Road in Xinzhan District, Hefei City, Anhui Province	Northwest corner of the intersection of Longzihu Road and Zhangheng Road in Xinzhan District, Hefei City, Anhui Province
Total GFA (sq. m.)	12.76	12.76	12.76
Type Mix	CPS	CPS	CPS
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	97,900	97,900	97,900

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 2	Comparable 3
Bulk discount	downward	downward	downward
Total adjustment	-30.00%	-30.00%	-30.00%
Adjusted unit price (RMB/lot)	68,530	68,530	68,530
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/lot)		68,500	

For EV charging parking space lots, the prices mentioned above require an additional adjustment for the parking space type, which is 1.1.

- xi) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Anhui Lihong, the external promotional name of the Property is Longzi Lake Times (龍子湖湖語時光);
2. Anhui Lihong has obtained the real estate ownership certificate related to the land of the Longzi Lake Times (龍子湖湖語時光) project;.
3. Anhui Lihong has obtained the necessary construction permits in accordance with the actual progress of development Longzi Lake Times (龍子湖湖語時光);
4. Anhui Lihong is entitled to pre-sell the in-progress buildings of Longzi Lake Times (龍子湖湖語時光) within the pre-sale scope specified in the "Pre-sale Permit".
5. According to the confirmation from Anhui Lihong, based on the current progress of the Longzi Lake Times (龍子湖湖語時光) project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
6. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Anhui Lihong will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
7. Regarding the CPS, as part of the Development, the titleship of CPS-A is clear, and no sealing or mortgage has been found. Anhui Lihong has the right to dispose of the parking space but should conform to the legal regulation that "community parking spaces should first meet the needs of owners" when disposing.

VALUATION REPORT

				MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025						
NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY							
4.	Portion of Basement Carparks of Renshou In Times (仁壽時光 里), Beside Jianan Avenue in the southern area of Wenlin Town, Renshou County, Meishan City, Sichuan Province, PRC	<p>Renshou In Times is a large-scale residential development with a total site area of 68,106.95 sq m(the “Development”).</p> <p>As advised, the subject property comprises 469 CPS-A (including 6 tandem parking space units) of the Development (the “Property”). Detailed GFA of the CPS is listed below:</p> <table><tr><td>Portions</td><td>GFA (sq m)</td></tr><tr><td>CPS-A</td><td>15,154.91</td></tr><tr><td>Total</td><td>15,154.91</td></tr></table> <p>Pursuant to the Realty Title Certificate provided, the land-use rights of the CPS-A have been granted for a term expiring on 14 April 2088 for Urban residential land, wholesale and retail land uses.</p>	Portions	GFA (sq m)	CPS-A	15,154.91	Total	15,154.91	At the date of our inspection, the property was vacant.	RMB13,830,000 (RENMINBI THIRTEEN MILLION EIGHT HUNDRED THIRTY THOUSAND)
Portions	GFA (sq m)									
CPS-A	15,154.91									
Total	15,154.91									

Notes:

- i) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 18 April 2018 and 1 August 2018, the land-use rights of the Property have been granted to Sichuan Renshou Sanyu Real Estate Development Co., Ltd. 四川仁壽三字置業有限公司 (“**Sichuan Renshou**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	511201-2018-P-10	18 April 2018	Commercial and residential land	68,106.95
Total:				68,106.95

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- ii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Sichuan Renshou, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Chuan(2019)Ren Shou Xian Bu Dong Chan Quan Di No.0022659	3 December 2019	Urban residential land, wholesale and retail land	68,106.95
Total:				68,106.95

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

APPENDIX VI

PROPERTY VALUATION REPORT

- iii) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Sichuan Renshou, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No. 511421201810110021	11 October 2018	Residential and commercial land	68,106.95
Total:				68,106.95

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Sichuan Renshou. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 511421201810110021	Renshou In Times	11 October 2018	202,861.85
Total:				202,861.85

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Sichuan Renshou. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No.511421201905180301	Building 13 and Building 14 of Renshou In Times	18 May 2019	30,877.00
2	No.511421201912040101	Renshou In Times (1#, 8#, 9#, 12#, 15#, 16#buildings and basement)	4 December 2019	62,273.06
3	No.51142202005080201	“Buildings 17-20# and the Basement of Renshou In Times	8 May 2020	70,420.06
4	No.511421202208180301	2 #, 4 #, 7 #, and 11 # buildings of Renshou In Times (Phase II), Phase II Basement	18 August 2022	19,466.77
5	No.511421202208180201	5 #, 6 #, 10# buildings of Renshou In Times (Phase III), Phase III Basement	18 August 2022	15,321.78
Total:				198,358.67

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Sichuan Renshou. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ren Fang Yu Zi Di No. 20191211	Renshou In Times Building 1, 8, 9, 12	17 December 2019	106,65.52
2	Ren Fang Yu Zi Di No. 20230601	Renshou In Times Building 2	29 June 2023	3,976.08
3	Ren Fang Yu Zi Di No. 20230803	Renshou In Times Building 5	30 August 2023	2,856.08
4	Ren Fang Yu Zi Di No. 20230912	Renshou In Times Building 6	28 September 2023	2,856.08
5	Ren Fang Yu Zi Di No. 20240406	Renshou In Times Building 7	30 April 2024	2,530.28
6	Ren Fang Yu Zi Di No. 20221202	Renshou In Times Building 10, 11	7 December 2022	6,554.40
7	Ren Fang Yu Zi Di No. 20191212	Renshou In Times Building 13	17 December 2019	14,453.60
8	Ren Fang Yu Zi Di No. 20191213	Renshou In Times Building 14, 15, 16	17 December 2019	41,125.22
9	Ren Fang Yu Zi Di No. 20201234	Renshou In Times Building 17	24 December 2020	13,131.60
10	Ren Fang Yu Zi Di No. 20200631	Renshou In Times Building 18	24 June 2020	12,807.03
11	Ren Fang Yu Zi Di No. 20200632	Renshou In Times Building 19	24 June 2020	15,737.46
12	Ren Fang Yu Zi Di No. 20200638	Renshou In Times Building 20	24 June 2020	15,737.46
Total:				131,765.29

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Sichuan Renshou: Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Bei [2021]209	Renshou In Times Building 1#	27 December 2021	2,331.64
2	Bei [2021]210	Renshou In Times Building 8#	27 December 2021	2,856.04
3	Bei [2021]211	Renshou In Times Building 9#	27 December 2021	2,856.04
4	Bei [2021]212	Renshou In Times Building 12#	27 December 2021	2,621.68
5	Bei [2021]213	Renshou In Times Building 13#	27 December 2021	14,942.91
6	Bei [2021]214	Renshou In Times Building 14#	27 December 2021	15,928.38
7	Bei [2021]215	Renshou In Times Building 15#	27 December 2021	12,942.16
8	Bei [2021]216	Renshou In Times Building 16#	27 December 2021	13,547.93
9	Bei [2021]217	Renshou In Times Basement	27 December 2021	25,114.62
10	N/A	Renshou In Times Building 17#	13 December 2022	13,529.38
11	N/A	Renshou In Times Building 18#	13 December 2022	13,193.08
12	N/A	Renshou In Times Building 19#	13 December 2022	16,264.30
13	N/A	Renshou In Times Building 20#	13 December 2022	16,264.30
14	N/A	Renshou In Times (Phase II)Basement	13 December 2022	11,162.96
Total:				163,555.42

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the Business License – No. 91511421MA66U04K6D dated 27 July 2018, Sichuan Renshou has been registered.

- ix) The general description and market information of the Property are summarized below:

Location	The Property is located at Beside Jianan Avenue in the southern area of Wenlin Town, Renshou County, Meishan City, Sichuan Province, PRC
Transportation	Chengdu Tianfu International Airport is located approximately 46.3 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- x) In assessing the market value of CPS-A, we have made reference to sales prices of similar CPS in the vicinity. Comparable are located in the same development with similar conditions, size and tenure, etc.

Transactions that had been selected include CPS-A ranges from RMB34,000 to RMB46,000 per lot; In the course of our valuation, we have considered the relevant adjustment factors such as the bulk discount to determine the unit price of the Property.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Renshou In Times	Renshou In Times	Renshou In Times
District/County	Renshou County	Renshou County	Renshou County
Detail Address	beside Jianan Avenue in the southern area of Wenlin Town, Renshou County, Meishan City, Sichuan Province	beside Jianan Avenue in the southern area of Wenlin Town, Renshou County, Meishan City, Sichuan Province	beside Jianan Avenue in the southern area of Wenlin Town, Renshou County, Meishan City, Sichuan Province
Total GFA (sq. m.)	31.82	26.42	31.82
Type Mix	CPS	CPS	CPS
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	45,815	34,117	45,815

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 2	Comparable 3
Bulk discount	downward	downward	downward
Total adjustment	-30.00%	-30.00%	-30.00%
Adjusted unit price (RMB/lot)	32,070	23,882	32,070
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/lot)		29,300	

For tandem parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 1.5.

- xi) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Sichuan Renshou, the external promotional name of the Development is Renshou In Times (仁壽時光里);
2. Sichuan Renshou has obtained the Realty Title Certificate related to the land of the Renshou In Times (仁壽時光里) project;
3. Sichuan Renshou has obtained the necessary construction permits in accordance with the actual progress of development Renshou In Times (仁壽時光里);
4. According to the confirmation from Sichuan Renshou, based on the current progress of the Renshou In Times (仁壽時光里) project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
5. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Sichuan Renshou will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
6. Based on the information disclosed by Sichuan Renshou to this firm and set forth in this legal opinion, with respect to the parking spaces: As the property rights of these parking spaces cannot be ascertained through inquiries with the real estate registration center, Sichuan Renshou has confirmed that they are within the planned scope and are not subject to any restrictions on transfer such as seizure or mortgage. On the premise that Sichuan Renshou's confirmation is true, Sichuan Renshou has the right to dispose of CPS-A. However, when disposing of them, attention should be paid to the legal requirement that "parking spaces in residential areas should first meet the needs of the property owners."

VALUATION REPORT

				MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025								
NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY									
5.	Portion of Basement Carparks of Nanchang Hong Yang Residence (南昌弘陽府), intersection of Shanghai Road and Beijing Road at Qingshan Lake, Qingshanhu District, Nanchang City, Jiangxi Province, PRC	<p>Nanchang Hong Yang Residence is a large-scale residential development, with a total site area of 43,409.55 sq m (the “Development”).</p> <p>As advised, the subject property comprises 217 CPS-B (including 2 mini parking space units, 7 tandem parking space units and 1 accessible parking space units)and 80 CPS-C units (including 4 mini parking space units and 2 accessible parking space units) of the Development (the “Property”). Detailed GFA of the CPS is listed below:</p> <table><tr><td>Portions</td><td>GFA (sq m)</td></tr><tr><td>CPS-B</td><td>2,850.00</td></tr><tr><td>CPS-C</td><td>1,019.04</td></tr><tr><td>Total</td><td>3,869.04</td></tr></table> <p>Pursuant to the Realty Title Certificate provided, the land-use rights of the CPS-B have been granted for a term expiring on 13 February 2089 for Urban residential land uses.</p>	Portions	GFA (sq m)	CPS-B	2,850.00	CPS-C	1,019.04	Total	3,869.04	At the date of our inspection, the property was vacant.	NO COMMERCIAL VALUE
Portions	GFA (sq m)											
CPS-B	2,850.00											
CPS-C	1,019.04											
Total	3,869.04											

Notes:

- i) The value represents the market value of CPS-A. Due to the absence of valid property ownership documents for CPS-B and CPS-C, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-B and CPS-C in the valuation report for the company’s internal reference. As of the valuation date, the investment value of the CPS-B is RMB14,260,000 and the investment value of the CPS-C is RMB3,600,000.
- ii) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 14 February 2019, the land-use rights of the Property have been granted to Jiangxi Xinyue Honglan Real Estate Development Co., Ltd. 江西新越弘嵐房地產開發有限公司 (“**Jiangxi Xinyue**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	36201901300001	14 February 2019	Class II residential land	43,409.55
Total:				43,409.55

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Jiangxi Xinyue, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Gan(2019)Nan Chang Shi Bu Dong Chan Quan Di No. 0070096	4 April 2019	Urban residential land	43,409.55
Total:				43,409.55

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Jiangxi Xinyue, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No. 360100201900016	4 March 2019	Class II residential land with commercial land, business land and road land.	65.00(mu)
Total:				65.00(mu)

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Jiangxi Xinyue. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No.360100201900461	Xinli Hongyang Mansion Residential Building 1#	15 April 2019	4,556.93
2	Jian Zi Di No.360100201900462	Xinli Hongyang Mansion Residential Building 2#	15 April 2019	4,399.64
3	Jian Zi Di No.360100201900463	Xinli Hongyang Mansion Residential and Commercial Building 3#	15 April 2019	12,016.14
4	Jian Zi Di No.360100201900464	Xinli Hongyang Mansion Residential and Commercial Building 5#	15 April 2019	13,970.88
5	Jian Zi Di No.360100201900465	Xinli Hongyang Mansion Residential Building 7#	15 April 2019	13,755.82
6	Jian Zi Di No.360100201900466	Xinli Hongyang Mansion Residential Building 9#	15 April 2019	13,755.82
7	Jian Zi Di No.360100201900467	Xinli Hongyang Mansion Residential Building 10#	15 April 2019	4,556.93

APPENDIX VI**PROPERTY VALUATION REPORT**

No.	Certificate No.	Project Name	Date	GFA
8	Jian Zi Di No.360100201900468	Xinli Hongyang Mansion Supporting Facilities 11#	15 April 2019	1,915.64
9	Jian Zi Di No.360100201900469	Xinli Hongyang Mansion Basement Carports	15 April 2019	24,238.14
10	Jian Zi Di No.360100201900725	Xinli Hongyang Mansion Commercial building 5A#	6 June 2019	1,116.08
11	Jian Zi Di No.360100201900726	Xinli Hongyang Mansion Residential and Commercial Building 6#	6 June 2019	13,989.48
12	Jian Zi Di No.360100201900727	Xinli Hongyang Mansion Residential Building 8#	6 June 2019	13,755.82
Total:				122,027.32

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Jiangxi Xinyue. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No.360111201904240101	Xinli Hongyang Mansion	24 April 2019	93,581.29
2	No.360111201906170101	Xinli Hongyang Mansion Commercial building 5A#, Residential and Commercial Building 6#, Residential Building 8#	17 June 2019	28,861.38
Total:				122,442.67

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Jiangxi Xinyue. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	(2019) Hong Xing Shen Fang Yu Shou Zheng Di No.0321	Oak Manor Residential Building 1#	28 June 2019	4,065.60
2	(2019) Hong Xing Shen Fang Yu Shou Zheng Di No.0322	Oak Manor Residential and Commercial Building 3#	28 June 2019	11,440.16
3	(2019) Hong Xing Shen Fang Yu Shou Zheng Di No.0358	Oak Manor Residential and Commercial Building 5#	4 July 2019	13,428.46
4	(2019) Hong Xing Shen Fang Yu Shou Zheng Di No. 0359	Oak Manor Residential Building 9#	4 July 2019	13,380.22
5	(2019) Hong Xing Shen Fang Yu Shou Zheng Di No.0504	Oak Manor Residential Building 7#	11 September 2019	13,380.22
6	(2019) Hong Xing Shen Fang Yu Shou Zheng Di No. 0591	Oak Manor Residential Building 2#	25 October 2019	4,202.56
7	(2020) Hong Xing Shen Fang Yu Shou Zheng Di No.0113	Oak Manor Residential Building 8#	23 April 2020	13,380.22
8	(2020) Hong Xing Shen Fang Yu Shou Zheng Di No.0114	Oak Manor Residential and Commercial Building 6#	23 April 2020	13,301.66
9	(2020) Hong Xing Shen Fang Yu Shou Zheng Di No. 0208	Oak Manor Residential Building 10#	22 May 2020	4,026.56
10	(2020) Hong Xing Shen Fang Yu Shou Zheng Di No.0601	Oak Manor Supporting Facilities 11#	27 November 2020	29.82
11	(2020) Hong Xing Shen Fang Yu Shou Zheng Di No. 0544	Oak Manor Commercial Building 5A#	13 December 2021	1,113.57
Total:				91,749.05

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Jiangxi Xinyue. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No.21477	Xinli Hongyang Mansion Residential Building 1#	17 August 2021	4,542.16
2	No.21478	Xinli Hongyang Mansion Residential Building 2#	17 August 2021	4,202.56
3	No.21479	Xinli Hongyang Mansion Residential and Commercial Building 3#	17 August 2021	12,012.07
4	No.21480	Xinli Hongyang Mansion Residential and Commercial Building 5#	17 August 2021	13,966.77
5	No.21481	Xinli Hongyang Mansion Residential Building 9#	17 August 2021	13,368.44
6	No.21482	Xinli Hongyang Mansion Supporting Facilities 11#	17 August 2021	1,915.64
7	No.21640	Xinli Hongyang Mansion Residential Building 7#	3 December 2021	13,757.32
8	No.2022056	Xinli Hongyang Mansion Commercial building 5A#	13 April 2022	1,113.57
9	No.2022058	Xinli Hongyang Mansion Residential Building 8#	13 April 2022	13,757.32
10	No.2022059	Xinli Hongyang Mansion Residential Building 10#	13 April 2022	4,542.16
11	No.2022063	Xinli Hongyang Mansion Basement Carparks	13 April 2022	24,194.61
Total:				107,372.62

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- ix) Pursuant to the Business License – No. 91360111MA38CNHJ10 dated 13 February 2019, Jiangxi Xinyue has been registered.

- x) The general description and market information of the property are summarized below:

Location	The Property is located at East to Planning Road, south to Xi'an Road, west to Shanghai Road, north to Jiangxi Investment and Development Company, Qingshanhu District, Nanchang City, Jiangxi Province, PRC
Transportation	Nanchang Changbei International Airport is located approximately 21.1 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- xi) Rental transactions that had been selected include the CPS-B ranges from RMB270 to RMB330 per lot per month and the CPS-C ranges from RMB270 to RMB330 per lot per month. According to our market research, the yield of comparable parking spaces in the vicinity ranges from 4.5% to 5.5%, as the CPS was vacant on the valuation date. For CPS-B, we have capitalized the estimated future rental income to be generated over the remaining period, which has an approximate duration of 43.99 years and terminates on 13 February 2069. In our valuation, we have adopted an average market rent of RMB296 per parking space and a capitalization rate of 4.75%. For mini parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 0.85. For tandem parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 1.35. For accessible parking lots, the prices mentioned above require an additional adjustment for the parking space size is 1.05.
- xii) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xiii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:
1. According to the confirmation from Jiangxi Xinyue, the external promotional name of the Property is Nanchang Hong Yang Residence (南昌弘陽府);
 2. Jiangxi Xinyue has obtained the real estate ownership certificate related to the land of the Nanchang Hong Yang Residence (南昌弘陽府) project;.
 3. Jiangxi Xinyue has obtained the necessary construction permits in accordance with the actual progress of development Nanchang Hong Yang Residence (南昌弘陽府);
 4. According to the confirmation from Jiangxi Xinyue, based on the current progress of the Nanchang Hong Yang Residence (南昌弘陽府) project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
 5. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Jiangxi Xinyue will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
 6. Based on the information disclosed by Jiangxi Xin Hong to our firm and all the information disclosed in this legal opinion, regarding the parking spaces: (1) CPS-B: In judicial practice, the ownership of non-civil air defense underground parking spaces is generally recognized as belonging to the developer. (2) CPS-C: As the project developer and investor, Jiangxi Xin Hong may obtain the usufruct of civil air defense parking spaces. However, when disposing of the usufruct of such parking spaces, it is necessary to ensure that the relevant procedures are properly completed.

VALUATION REPORT

				MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025								
NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY									
6.	Portion of Basement Carparks of Dujiang Residence (都江堰府), Binhe Community, Kuiguanta Street, Dujiangyan City, Chengdu City, Sichuan Province, PRC	<p>Dujiang Residence is a large-scale residential development with a total site area of 65,456.68 sq m (the “Development”).</p> <p>As advised, the subject property comprises 357 CPS-A (including 22 mini parking space units and 3 tandem parking space units) and 217 CPS-C units (including 49 mini parking space units and 7 accessible parking space units) of the Development (the “Property”). Detailed GFA of the CPS is listed below:</p> <table><tr><td>Portions</td><td>GFA (sq m)</td></tr><tr><td>CPS-A</td><td>11,174.37</td></tr><tr><td>CPS-C</td><td>6,607.17</td></tr><tr><td>Total</td><td>17,781.54</td></tr></table> <p>Pursuant to Realty Title Certificate certificates provided, the land-use rights of the CPS-A have been granted for a term expiring on 28 September 2088 for Residential Land, commercial land uses.</p>	Portions	GFA (sq m)	CPS-A	11,174.37	CPS-C	6,607.17	Total	17,781.54	At the date of our inspection, the property was vacant.	RMB9,140,000 (RENMINBI NINE MILLION ONE HUNDRED FORTY THOUSAND) Note i
Portions	GFA (sq m)											
CPS-A	11,174.37											
CPS-C	6,607.17											
Total	17,781.54											

Notes:

- i) The value represents the market value of CPS-A. Due to the absence of valid property ownership documents for CPS-C, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-C in the valuation report for the company’s internal reference. As of the valuation date, the investment value of the CPS-C is RMB4,720,000.
- ii) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 20 June 2018 and 24 July 2018, the land-use rights of the Property have been granted to Chengdu Hongyang Shuxing Real Estate Development Co., Ltd. 成都市弘陽蜀興房地產開發有限公司 (“**Chengdu Hongyang**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	510181-2018-B-017	20 June 2018	Urban Mixed-Residential Land	39,064.00
2	510181-2018-B-018	20 June 2018	Urban Mixed-Residential Land	26,392.68
Total:				65,456.68

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Chengdu Hongyang, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Chuang(2028)Du Jiang Yan Shi Bu Dong Chan Quan Di No. 0034080	28 September 2018	Residential Land, commercial land	39,064.00
2	Chuang(2028)Du Jiang Yan Shi Bu Dong Chan Quan Di No. 0034081	28 September 2018	commercial land, Residential Land	26,392.68
Total:				65,456.68

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Chengdu Hongyang, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No. 51081201821021	10 August 2018	Class II Residential Land (compatible with commercial use, where the commercial building area shall not exceed 30% of the total building area accounted for in the Floor Area Ratio (FAR) of the plot)	26,392.68
2	Di Zi Di No. 51081201821022	10 August 2018	Class II Residential Land (compatible with commercial use, where the commercial building area shall not exceed 30% of the total building area accounted for in the Floor Area Ratio (FAR) of the plot)	39,064.00
Total:				65,456.68

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Chengdu Hongyang. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 51081201831040	Time Garden Phase I	10 October 2018	72,464.12
2	Jian Zi Di No. 51081201831041	Time Garden Phase II Buildings 1#-10#, Security Room, Garbage Facility, and Basement	10 October 2018	109,125.89
Total:				181,590.01

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Chengdu Hongyang. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 51081201810230101	Time Garden Phase I	23 October 2018	72,464.12
2	No. 51081201810230201	Time Garden Phase II Buildings 1#-10#, Security Room, Garbage Facility, and Basement	23 October 2018	109,125.89
Total:				181,590.01

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Chengdu Hongyang. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Rong Yu Shou Zi Di No.51018120192525	Time Garden Phase II Building 1	14 May 2019	6,269.96
2	Rong Yu Shou Zi Di No.51018120192428	Time Garden Phase II Building 2, 3	13 June 2019	12,033.81
3	Rong Yu Shou Zi Di No.51018120195592	Time Garden Phase II Building 4, 5, 6	29 September 2019	16,912.71
4	Rong Yu Shou Zi Di No.51018120194141	Time Garden Phase II Building 7	8 August 2019	13,776.62
5	Cheng Fang Yu Shou Du Jiang Yan Zi Di No.1556	Time Garden Phase II Building 8, 9	6 December 2018	26,958.44
6	Rong Yu Shou Zi Di No.51018120208589	Time Garden Phase II Building 11	13 January 2020	17,740.12
7	Cheng Fang Yu Shou Du Jiang Yan Zi Di No.1555	Time Garden Phase I Building 1, 5, 6, 7	6 December 2018	27,346.48
8	Rong Yu Shou Zi Di No.51018120195481	Time Garden Phase I Building 2	20 September 2019	5,500.08
9	Rong Yu Shou Zi Di No.51018120192231	Time Garden Phase I Building 3	5 July 2019	15,483.44
10	Rong Yu Shou Zi Di No.5101812019424	Time Garden Phase I Building 4	10 May 2019	4,184.36
11	Rong Yu Shou Zi Di No.51018120208587	Time Garden Phase I Building 8	13 January 2020	11,687.90
Total:				157,893.92

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Chengdu Hongyang. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Yan 2020-006	Time Garden Phase I	23 November 2020	72,242.09
2	Yan 2020-012	Time Garden Phase II	29 December 2020	108,657.76
Total:				180,899.85

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

ix) Pursuant to the Business License – No. 91510181MA6CH2H720 dated 19 June 2018, Chengdu Hongyang has been registered.

x) The general description and market information of the property are summarized below:

Location	The Property is located at Binhe Community, Kuiguanta Street, Dujiangyan City, Chengdu City, Sichuan Province, PRC
Transportation	Dujiangyan Station is located approximately 0.1 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

xi) In assessing the market value of CPS-A and investment value of CPS-C, we have made reference to sales prices of similar CPS in the vicinity. Comparable are located in the same development with similar conditions, size and tenure, etc.

Transactions that had been selected include CPS-A ranges from RMB36,000 to RMB43,000 per lot; In the course of our valuation, we have considered the relevant adjustment factors such as the amenities, bulk discount to determine the unit price of the Property.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Dujiang Residence	Tianyi Hongyu Garden Yuyuan	Huayi Sunshine Lane
District/County	Dujiangyan City	Pidu District	Pidu District
Detail Address	Binhe Community, Kuiguanta Street, Dujiangyan City, Chengdu City, Sichuan Province	No. 9 Xuefu South Road, Pidun District, Chengdu City, Sichuan Province	No. 188, East Campus Road, Chengdu City, Sichuan Province
Total GFA (sq. m.)	31.45	33.21	32.87
Type Mix	CPS	CPS	CPS
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	42,202	36,697	36,697

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 2	Comparable 3
Amenities Factor	no adjustments	downward	downward
Bulk discount	downward	downward	downward
Total adjustment	-30.00%	-33.75%	-33.75%
Adjusted unit price (RMB/lot)	29,541	24,312	24,312
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/lot)		26.100	

For mini parking space lots, the prices mentioned above require an additional adjustment for the parking space size, which is 0.65. For tandem parking space lots, the prices mentioned above require an additional adjustment for the parking space size, which is 1.3.

Rental transactions that had been selected include the CPS-C ranges from RMB140 to RMB180 per lot per month. According to our market research, the yield of comparable parking spaces in the vicinity ranges from 4.0% to 5.0%. As the CPS was vacant on the valuation date, we have capitalized the estimated rent that will be generated during the remaining period. In our valuation, we have adopted an average market rent of RMB151 per parking space and a capitalization rate of 4.5%. For mini parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 0.65. For tandem parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 1.3.

- xii) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xiii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Chengdu Hongyang, the external promotional name of the Property is Dujiang Residence (都江堰府);
2. Chengdu Hongyang has obtained the real estate ownership certificate related to the land of the Dujiang Residence (都江堰府) project;.
3. Chengdu Hongyang has obtained the necessary construction permits in accordance with the actual progress of development Dujiang Residence (都江堰府);
4. According to the confirmation from Chengdu Hongyang, based on the current progress of the Dujiang Residence (都江堰府) project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
5. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Chengdu Hongyang will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
6. Based on the information disclosed by Hongyang Shuxing to our firm and all the information disclosed in this legal opinion, regarding the parking spaces:(1)CPS-A: As part of the immovable property of the project, the ownership of these parking spaces is clear. Some parking spaces are subject to judicial seizure. Hongyang Shuxing is entitled to dispose of the unencumbered ownership parking spaces. However, when disposing of them, it should comply with the legal requirement that "parking spaces in residential areas should primarily meet the needs of the property owners."(2)CPS-C: As the project developer and investor, Hongyang Shuxing may obtain the usufruct of civil air defense parking spaces. However, when disposing of the usufruct of such parking spaces, it is necessary to ensure that the relevant procedures are properly completed.

VALUATION REPORT

			MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025							
NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY							
7	Portion of Basement Carparks of Xiangzhou Park 1873 (襄州公園 1873), intersection of Diamond Avenue and Traffic Road in Xiangzhou District (襄州區), Xiangyang city, Hubei Province(湖北省), PRC	<p>Xiangzhou Park 1873 is a large-scale residential development with a total site area of 93,845.99 sq m (the “Development”).</p> <p>As advised, the Property comprises 529 CPS-B of the Development (the “Property”). Detailed GFA of the CPS is listed below:</p> <table><tr><th>Portions</th><th>GFA (sq m)</th></tr><tr><td>CPS-B</td><td>7,141.50</td></tr><tr><td>Total</td><td>7,141.50</td></tr></table> <p>Pursuant to the Realty Title Certificate provided, the land-use rights have been granted for a term expiring on 20 June 2089 for Urban residential land.</p>	Portions	GFA (sq m)	CPS-B	7,141.50	Total	7,141.50	At the date of our inspection, the property was vacant.	NO COMMERCIAL VALUE
Portions	GFA (sq m)									
CPS-B	7,141.50									
Total	7,141.50									

Notes:

- i) Due to The value represents the market value of CPS-A. Due to the absence of valid property ownership documents for CPS-B, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-B in the valuation report for the company’s internal reference. As of the valuation date, the investment value of the CPS-B is RMB20,030,000.
- ii) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 6 June 2019, the land-use rights of the Property have been granted to Xiang Yang Xin Cheng Yue Long Real Estate Development Co., Ltd 襄陽新城悅隆房地產開發有限公司 (“**Xiang Yang Yue Long**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	E XY(XZ)-2019-038	6 June 2019	Urban residential land	46,292.92
2	E XY(XZ)-2019-039	6 June 2019	Urban residential land	47,553.07
Total:				93,845.99

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Xiang Yang Yue Long, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	E (2019) Xiang Zhou Qu Bu Dong Chan Quan Di No.0009906	14 August 2019	Urban residential land	47,553.07
2	E (2019) Xiang Zhou Qu Bu Dong Chan Quan Di No.0009910	14 August 2019	Urban residential land	46,292.92
Total:				93,845.99

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Xiang Yang Yue Long, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi DI No.,JSYD2019060038	8 July 2019	Class II residential land(R2)	46,292.92
2	Di Zi DI No.,JSYD2019060037	8 July 2019	Class II residential land(R2)	47,553.07
Total:				93,845.99

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Xiang Yang Yue Long. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. JSGCX2019110097	PARK 1873 (No.31 plot)	13 November 2019	159,239.00
2	Jian Zi Di No. Xiang Yang [2020] 1002	PARK 1873 (No.32 plot)	1 December 2020	172,032.00
Total:				331,271.00

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Xiang Yang Yue Long. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	4206071911210001-SX-001	PARK 1873(No.31 plot)	2 November 2019	159,239.00
2	420607202012040000	PARK 1873(No.2 plot)	4 December 2020	172,031.33
Total:				331,270.33

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Xiang Yang Yue Long. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	E Xiang Fang Yu Shou Zi (2021)8	PARK 1873 No. 3	26 March 2021	42,782.00
2	E Xiang Fang Yu Shou Zi (2021)12	PARK 1873 No. 2	1 June 2021	23,347.00
3	E Xiang Fang Yu Shou Zi (2019)028	PARK 1873 No. 4	31 December 2019	44,495.00
4	E Xiang Fang Yu Shou Zi (2022)3	PARK 1873 (No.32 Plot) No. 3	21 January 2022	32,699.00
Total:				143,323.00

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Xiang Yang Yue Long. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	340135201910080102-DW002(JG)	PARK 1873(31 Plot) Project B-1#	12 July 2022	14,924.20
2	340135201910080102-DW003(JG)	PARK 1873(31 Plot) Project B-2#	12 July 2022	14,020.65
3	340135201910080102-DW004(JG)	PARK 1873(31 Plot) Project B-3#	12 July 2022	13,871.09
4	340135201910080102-DW005(JG)	PARK 1873(31 Plot) Project B-4#	12 July 2022	13,861.60
5	340135201910080102-DW006(JG)	PARK 1873(31 Plot) Project B-5#	12 July 2022	11,327.98
6	340135201910080102-DW007(JG)	PARK 1873(31 Plot) Project B-6#	12 July 2022	9,416.62
7	340135201910080102-DW008(JG)	PARK 1873(31 Plot) Project B-7#	12 July 2022	12,528.56
8	340135201910080102-DW009(JG)	PARK 1873(31 Plot) Project B-8#	12 July 2022	10,429.67
9	340135201910080102-DW010(JG)	PARK 1873(31 Plot) Project B-9#	12 July 2022	10,427.53
10	340135201910080102-DW011(JG)	PARK 1873(31 Plot) Project B-10#	12 July 2022	4,566.61
11	340135201910080102-DW012(JG)	PARK 1873(31 Plot) Project Basement	12 July 2022	41,957.12
Total:				157,331.63

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- ix) Pursuant to the Business License – No. 91420607MA499D592D dated 3 June 2019, Xiang Yang Yue Long has been registered.
- x) The general description and market information of the property are summarized below:

Location	The Property is located at the east of Jiaotong Road and south of Diamond Avenue in Xiangzhou District, Xiangyang city, Hubei Province, PRC
Transportation	Xiangyang LIuji Airport is located approximately 10 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- xi) In assessing the investment value of CPS-B, we have made reference to rental prices of similar CPS in the vicinity. Comparable are located in the same district with similar conditions, size and tenure, etc.

Rental transactions that had been selected include the CPS-B ranges from RMB180 to RMB200 per lot per month. According to our market research, the yield of comparable parking spaces in the vicinity ranges from 4.5% to 5.5%. As the CPS-B was vacant on the valuation date. We have capitalized the estimated future rental income to be generated over the remaining period, which has an approximate duration of 44.34 years and terminates on 20 June 2069. In our valuation, we have adopted an average market rent of RMB178 per parking space and a capitalization rate of 5.0%.

- xii) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xiii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Xiang Yang Yue Long, the external promotional name of the Property is Xiangzhou Park 1873 (襄州公園1873);
2. Xiang Yang Yue Long has obtained the real estate ownership certificate related to the land of the Xiangzhou Park 1873 (襄州公園1873) project;
3. Xiang Yang Yue Long has obtained the necessary construction permits in accordance with the actual progress of development Xiangzhou Park 1873 (襄州公園1873);
4. Xiang Yang Yue Long is entitled to pre-sell the in-progress buildings of Xiangzhou Park 1873 (襄州公園1873) within the pre-sale scope specified in the "Pre-sale Permit".
5. According to the confirmation from Xiang Yang Yue Long, based on the current progress of the Xiangzhou Park 1873 (襄州公園1873) project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
6. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Xiang Yang Yue Long will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
7. Based on all the information disclosed by Xiangyang Yuelong to our firm and our firm's disclosure in this legal opinion, regarding the underground parking spaces that have not been registered for property rights: According to Xiangyang Yuelong's statement and confirmation, the target parking space has been completed and relevant sales licenses have been obtained. Based on local policies, there is currently no way to register real estate rights, nor is there any situation of sealing or mortgaging. Based on the premise that Xiangyang Yuelong confirms the authenticity, Xiangyang Yuelong has the right to dispose of the target parking space. However, it is recommended to make hints and statements about the nature, purpose, and rights restrictions of the parking space during the disposal process. At the same time, attention should be paid to the legal regulation that "residential parking spaces first meet the needs of owners".

VALUATION REPORT

				MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025										
NO	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY											
8	Portion of Basement Carparks and underground warehouses of Zhong Yi Hu Yan Lan Residence (中意湖燕 瀾府), West of Sixth Street, North of Anshun Road, Longting District, Kaifeng City, Henan Province, PRC	<p>Zhong Yi Hu Yan Lan Residence is a large-scale residential development with a total site area of 63,532.75 sq m (the “Development”).</p> <p>As advised, the subject property comprises 20 CPS-B and 1 CPS-C and underground warehouse of the Development (the “Property”). Detailed GFA of the various CPS is listed below:</p> <table><tr><th>Portions</th><th>GFA (sq m)</th></tr><tr><td>CPS-B</td><td>270.00</td></tr><tr><td>CPS-C</td><td>13.50</td></tr><tr><td>Underground warehouse</td><td>2,946.12</td></tr><tr><td>Total</td><td>3,229.62</td></tr></table>	Portions	GFA (sq m)	CPS-B	270.00	CPS-C	13.50	Underground warehouse	2,946.12	Total	3,229.62	At the date of our inspection, the Property was vacant.	NO COMMERCIAL VALUE
Portions	GFA (sq m)													
CPS-B	270.00													
CPS-C	13.50													
Underground warehouse	2,946.12													
Total	3,229.62													

Pursuant to the Reality Title Certificate provided, the land-use rights of the Property have been granted for two concurrent terms expiring on 18 May 2057 and 18 May 2087 for commercial and residential uses respectively.

Notes:

- i) The value represents the market value of CPS-A. Due to the absence of valid property ownership documents for CPS- B&C and Underground warehouse, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-B&C and Underground warehouse in the valuation report for the company’s internal reference. As of the valuation date, the investment value of the CPS-B is RMB590,000, the investment value of the CPS-C is RMB20,000, the investment value of the Underground warehouse is RMB7,650,000.
- ii) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated 29 March 2017 and 11 April 2017, the land-use rights of the Property have been granted to Kaifeng Baolong Real Estate Development Co., Ltd. (開封市寶隆房地產開發有限公司) (“Kaifeng Baolong”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Yu(Bian)Chu Rang(2017)Di No. 0721	29 March 2017	Residential land and Commercial land	63,530.75
Total:				63,530.75

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Kaifeng Baolong, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Yu (2017) Kai Feng Shi Bu Dong Chan Quan Di No.2000004	1 June 2017	Residential land and Commercial land	63,532.75
Total:				63,532.75

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Kaifeng Baolong, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Bian Di Zi Di No. 2017016	25 April 2017	Residential land and Commercial land	63,532.75
Total:				63,532.75

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Kaifeng Baolong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	(2017)Di No.477	Commercial and residential building No.1	8 August 2017	34,222.140
2	(2017)Di No.478	Residential Building No.2	8 August 2017	26,983.420
3	(2017)Di No.479	Residential Building No.3	8 August 2017	25,598.370
4	(2017)Di No.480	Residential Building No.5	8 August 2017	27,275.490
5	(2017)Di No.481	Residential Building No.6	8 August 2017	25,483.070
6	(2017)Di No.482	Commercial and Residential Building No.7	8 August 2017	15,683.570
7	(2017)Di No.483	Commercial and Residential Building No.8	8 August 2017	29,110.080
8	(2017)Di No.484	Commercial and Residential Building No.9	8 August 2017	18,263.117
9	(2017)Di No.485	Electricity Distribution Room	8 August 2017	297.000
10	(2017)Di No.486	Guard room No.1	8 August 2017	40.000
11	(2017)Di No.487	Guard room No.2	8 August 2017	40.000
12	(2017)Di No.488	Basement CPS	8 August 2017	40,082.451
Total:				243,033.708

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Kaifeng Baolong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 410204201712190000	Shengshi Baolong 1#-3#, 5#-9#, Doorman 1, 2, Power Distribution Room and Basement	19 December 2017	243,033.00
Total:				243,033.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Kaifeng Baolong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Bian Zhu Jian Yu (Xiao) Shou Zheng Zi(2018)No.110	No.1 commercial and residential building	31 October 2018	28,153.75
2	Bian Zhu Jian Yu (Xiao) Shou Zheng Zi(2018)No.111	No.2 Residential Building	28 September 2018	23,814.34
3	Bian Zhu Jian Yu (Xiao) Shou Zheng Zi(2018)No.090	No.3 Residential Building	29 August 2018	22,056.80
4	Bian Zhu Jian Yu (Xiao) Shou Zheng Zi(2018)No.161	No.5 Residential Building	12 December 2018	23,873.75
5	Bian Zhu Jian Yu (Xiao) Shou Zheng Zi(2019)No.11	No.6 Residential Building	7 March 2019	22,120.04
6	Bian Zhu Jian Yu (Xiao) Shou Zheng Zi(2019)No.39	No.7 Commercial and Residential Building	19 April 2019	14,213.30
7	Bian Zhu Jian Yu (Xiao) Shou Zheng Zi(2019)No.40	No.8 Commercial and Residential Building	19 April 2019	25,333.47
8	Bian Zhu Jian Yu (Xiao) Shou Zheng Zi(2019)No.41	No.9 Commercial and Residential Building	19 April 2019	14,754.07
Total:				174,319.52

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Kaifeng Baolong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Yu Kai Feng J202101-0031	No.1 Commercial and Residential Building	22 March 2021	34,319.37
2	Yu Kai Feng 202101-0032	No.2 Residential Building	22 March 2021	26,983.42
3	Yu Kai Feng 202101-0033	No.3 Residential Building	22 March 2021	25,598.37
4	Yu Kai Feng 202101-0034	No.5 Residential Building	22 March 2021	27,275.49
5	Yu Kai Feng 202101-0035	No.6 Residential Building	22 March 2021	25,483.07
6	Yu Kai Feng 202101-0036	No.7 Residential Building	22 March 2021	15,638.57
7	Yu Kai Feng 202101-0037	No.8 Residential and Commercial Building	22 March 2021	29,110.08
8	Yu Kai Feng 202101-0038	No.9 Residential and Commercial Building	22 March 2021	18,263.12
9	Yu Kai Feng 202101-0039	Basement CPS	22 March 2021	25,367.23
Total:				228,038.72

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- ix) Pursuant to the Business License – No. 91410200MA40PDC29T dated 9 November 2022, Kaifeng Baolong has been registered.

The general description and market information of the property are summarized below:

Location	The Property is located at No. B103, Shengshi Baolong shop, Northwest corner of the intersection of Anshun Road and Sixth Street, Kaifeng City, Henan Province, PRC
Transportation	Zheng Zhou Xin Zheng international Airport is located approximately 68 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- x) In assessing the investment value of CPS-B, CPS-C and Underground warehouse, we have made reference to rental prices of similar CPS and Underground warehouses in the vicinity. Comparable are located in the same district with similar conditions, size and tenure, etc.

Rental transactions that had been selected include the CPS-B and CPS-C ranges from RMB150 to RMB200 per lot per month, Rental transactions that had been selected include the underground warehouse ranges from RMB13 to RMB15 per sq m per month. According to our market research, the yield of comparable parking spaces and underground warehouses in the vicinity ranges from 5.2% to 5.7%. As CPS-B, CPS-C and Underground warehouses were vacant on the valuation date, for CPS-B and underground warehouse, we have capitalized the estimated future rental income to be generated over the remaining period, which has an approximate duration of 42.24 years and terminates on 18 May 2067. In our valuation, we have adopted an average market rent of RMB147 per parking space and a capitalization rate of 5.25%, an average market rent of RMB13.

- xii) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xiii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Kaifeng Baolong, the external promotional name of the Development is Yi Hu Yan Lan Residence (中意湖燕瀾府);
2. Kaifeng Baolong has obtained the Realty Title Certificate related to the land of the Yi Hu Yan Lan Residence (中意湖燕瀾府) project;.
3. Kaifeng Baolong has obtained the necessary construction permits in accordance with the actual progress of development Yi Hu Yan Lan Residence (中意湖燕瀾府);
4. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Kaifeng Baolong will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates;
5. CPS-B: In judicial practice, it is mostly recognized that it belongs to the developer;
6. CPS-C: As the project developer and investor, Kaifeng Baolong can obtain the right to use civil air defense parking spaces based on the nature of usufructuary rights. However, when disposing of such parking space use rights, attention should be paid to completing the corresponding procedures.
7. Underground Warehouse: Based on Kaifeng Baolong about the storage room statement, the practice is presumed to be the investor that the developer.

VALUATION REPORT

				MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025						
NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY							
9.	Portion of Basement Carparks of Hefeng Architecture in Xinhua Road (新華路和風名築), South of Shenzhen Road and East of Xinhua Road, Changfu Street, Changshu City, Suzhou City, Jiangsu Province, PRC	<p>Hefeng Architecture in Xinhua Road is a large-scale residential development which is on one piece of land, with a total site area of 45,742.00 sq m (the “Development”).</p> <p>As advised, the subject property comprises 23 CPS-B of the Development (the “Property”). Detailed GFA of CPS-B of the Property is listed below:</p> <table><tr><th>Portions</th><th>GFA (sq m)</th></tr><tr><td>CPS-B</td><td>121.00</td></tr><tr><td>Total</td><td>121.00</td></tr></table> <p>Pursuant to the Realty Title Certificate certificates provided, the land-use rights of the CPS-A Property have been granted for a term expiring on 7 August 2089 for Urban residential land uses.</p>	Portions	GFA (sq m)	CPS-B	121.00	Total	121.00	At the date of our inspection, the property was vacant.	NO COMMERCIAL VALUE
Portions	GFA (sq m)									
CPS-B	121.00									
Total	121.00									

Notes:

- i) The value represents the market value of CPS-A. Due to the absence of valid property ownership documents for CPS-B, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-B in the valuation report for the company’s internal reference. As of the valuation date, the investment value of the GPS-B is RMB840,000.
- ii) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 5 May 2019, the land-use rights of the Property have been granted to Changshu Hongrun Real Estate Development Co., Ltd. 常熟弘潤房地產開發有限公司 (“**Changshu Hongrun**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	3205812019CR0031	5 May 2019	Urban residential land	45,742.00
Total:				45,742.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Changshu Hongrun, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Su (2019) Chang Shu Shi Bu Dong Chan Quan Di No. 8114118	8 July 2019	Urban residential land	45,742.00
Total:				45,742.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Changshu Hongrun, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No. 320581201900058	30 May 2019	Residential land (R).	45,742.00
Total:				45,742.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Changshu Hongrun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 320581201900242	Changshu City Plot 2019A-007	10 July 2019	130,514.36
Total:				130,514.36

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Changshu Hongrun Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 320581201908090501	New Residential Housing Project on Plot 2019A-007 in Changshu City	9 August 2019	130,514.36
Total:				130,514.36

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Changshu Hongrun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Chang Fang Yu Shou Zi (2019) Di No.123	Hefeng Architecture	16 December 2019	28,681.38
2	Chang Fang Yu Shou Zi (2020) Di No.003	Hefeng Architecture	24 March 2020	29,694.38
3	Chang Fang Yu Shou Zi (2019) Di No.104	Hefeng Architecture	15 October 2019	30,105.16
Total:				88,480.92

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Changshu Hongrun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	3205811906100103-JX-002	New Residential Housing Project on Changshu City Plot 2019A-007 – 1#-3# Buildings, 4# Property Management Facilities, 5#-10# Buildings, 11# Distribution Room 1, 12#Water Pump Room, 13#Switchgear Station, 14#Resource Recycling Facilities and Garbage Room, 15# Distribution Room 2, 16# Security Booth 1 and Security Booth 2, Underground Garage (including Civil Air Defense Facilities), Project(Including the decoration works for Buildings 1#-3#,5#-10#)	12 November 2021	130,147.06
Total				130,147.06

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

ix) Pursuant to the Business License – No. 91320581MA1YBJRL54 dated 6 May 2019, Changshu Hongrun has been registered.

x) The general description and market information of the property are summarized below:

Location	The Property is located at South of Shenzhen Road and East of Xinhua Road, Changfu Street, Changshu City, Suzhou City, Jiangsu Province, PRC
Transportation	Changshu High speed Railway Station is located approximately 3.8 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

xi) Rental transactions that had been selected include the CPS-B ranges from RMB130 to RMB190 per lot per month. According to our market research, the yield of comparable parking spaces in the vicinity ranges from 4.0% to 5.0%. As the CPS was vacant on the valuation date. We have capitalized the estimated future rental income to be generated over the remaining period, which has an approximate duration of 44.47 years and terminates on August 7, 2069. In our valuation, we have adopted an average market rent of RMB160 per parking space and a capitalization rate of 4.5%.

xii) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

xiii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Changshu Hongrun, the external promotional name of the Property is Hefeng Architecture in Xinhua Road (新華路和風名築);
2. Changshu Hongrun has obtained the real estate ownership certificate related to the land of the Hefeng Architecture in Xinhua Road (新華路和風名築) project;.
3. Changshu Hongrun has obtained the necessary construction permits in accordance with the actual progress of development Hefeng Architecture in Xinhua Road (新華路和風名築);
4. According to the confirmation from Changshu Hongrun, based on the current progress of the Hefeng Architecture in Xinhua Road (新華路和風名築) project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
5. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Changshu Hongrun will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
6. Based on the information disclosed to our firm by Changshu Hongrun and as set forth in this legal opinion, regarding CPS-B spaces that have not been registered for property rights: According to the local policies of Suzhou City and the statements and confirmations provided by Changshu Hongrun, the target CPS-B spaces are classified as non-certifiable spaces within the planning (not shared by all property owners), and these spaces have not been included in the communal area, nor have their construction costs been apportioned or agreed to be attributed to the property owners. There are no encumbrances such as seizures or mortgages on these spaces. Since the property rights of these parking spaces cannot be ascertained through the real estate registration center, and based on the premise that the aforementioned confirmations by Changshu Hongrun are true, the original ownership of these CPS-B spaces should belong to Changshu Hongrun, which has the right to dispose of the target parking spaces. However, when disposing of them, attention must be paid to the legal stipulation that "parking spaces within the residential community must first satisfy the needs of the property owners."

VALUATION REPORT

				MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025						
NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY							
10	Portion of Basement Carparks of Foshan Zhangcha Sunrise Joy Residence (佛山張槎昕悅府), South of Zhangcha San Road and West of Dongpo San Road in Shancheng District, Foshan City, Guangdong Province, PRC	<p>Foshan Zhangcha Sunrise Joy Residence (佛山張槎昕悅府) is a large-scale residential development with a total site area of 17,058.87 sq m (the “Development”).</p> <p>As advised, the Property comprises 26 CPS-A (including 6 tandem parking space) of the Development (the “Property”). Detailed GFA of the CPS is listed below:</p> <table><tr><th>Portions</th><th>GFA (sq m)</th></tr><tr><td>CPS-A</td><td>963.00</td></tr><tr><td>Total</td><td>963.00</td></tr></table> <p>Pursuant to the Realty Title Certificate provided, the land-use rights of the CPS-A have been granted for a term expiring on 17 November 2090 for Urban residential land/17 November 2060 for retail commercial land, wholesale market land, catering and hotel land, commercial and financial land.</p>	Portions	GFA (sq m)	CPS-A	963.00	Total	963.00	At the date of our inspection, the property was vacant.	RMB2,000,000 (RENMINBI TWO MILLION)
Portions	GFA (sq m)									
CPS-A	963.00									
Total	963.00									

Notes:

- i) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 9 September 2020 and 21 September 2020, the land-use rights of the Property have been granted to Foshan Honghai Real Estate Development Co., Ltd 佛山市弘海房地產開發有限公司 (“**FoShan Honghai**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	400601-2020-100042 400601-2020-100042-BU 01	9 September 2020	Urban residential land, compatible with commercial use (retail, wholesale markets, catering, hotels, business and finance)	17,058.87
Total:				17,058.87

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned contract.

- ii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Foshan Honghai, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Yue(2020)Fo Chan Bu Dong Chan Quan Di No.0090319	24 November 2020	Urban residential land, retail commercial land, wholesale market land, catering and hotel land, commercial and financial land	17,058.87
Total:				17,058.87

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iii) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Foshan Honghai, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No.440604202000048	22 October 2020	Class II residential land(R2)	17,058.87
Total:				17,058.87

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Foshan Honghai. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No.440604202000482	Lingnan Jinyuan	30 December 2021	58,699.40
Total:				58,699.40

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Foshan Honghai. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 440604202101130000	Lingnan Jinyuan	13 January 2021	58,699.40
Total:				58,699.40

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Foshan Honghai. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Shan Fang Yu Zi No.2021012801	Lingnan Jinyuan No.1	27 August 2021	7,106.28
2	Shan Fang Yu Zi No.2021011401	Lingnan Jinyuan No.2	6 August 2021	7,618.82
3	Shan Fang Yu Zi No.2021008201	Lingnan Jinyuan No.3	11 June 2021	6,868.90
4	Shan Fang Yu Zi No.2021003301	Lingnan Jinyuan No.4	30 May 2021	6,691.20
5	Shan Fang Yu Zi No.2022004801	Lingnan Jinyuan No.5	9 August 2022	7,237.79
6	Shan Fang Yu Zi No.2023002001	Lingnan Jinyuan No.6	10 April 2023	7,136.49
Total:				42,659.48

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the Business License – No. 91440604MA559C7Y59 dated 10 September 2020, Foshan Honghai has been registered.

viii) The general description and market information of the property are summarized below:

Location	The Property is located at the South of Zhangcha San Road and West of Dongpo San Road in Shancheng District, Foshan City, Guangdong Province, PRC
Transportation	Foshan Shadi Airport is located approximately 5 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

ix) In assessing the market value of CPS-A, we have made reference to sales prices of similar CPS in the vicinity. Comparable are located in the same development with similar conditions, size and tenure, etc.

In the course of our valuation, we have considered the relevant adjustment factors such as bulk discount to determine the unit price of the Property.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Foshan Zhangcha Sunrise Joy Residence	Foshan Zhangcha Sunrise Joy Residence	Foshan Zhangcha Sunrise Joy Residence
District/County	Foshan Ciry	Foshan Ciry	Foshan Ciry
Detail Address	South of Zhangcha San Road and West of Dongpo San Road in Shan cheng District, Foshan City, Guangdong Province	South of Zhangcha San Road and West of Dongpo San Road in Shan cheng District, Foshan City, Guangdong Province	South of Zhangcha San Road and West of Dongpo San Road in Shan cheng District, Foshan City, Guangdong Province
Total GFA (sq. m.)	30.23	29.37	29.37
Type Mix	CPS	CPS	CPS
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	91,743	91,743	91,743

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 1	Comparable 3
Bulk discount	downward	downward	downward
Total adjustment	-30.00%	-30.00%	-30.00%
Adjusted unit price (RMB/lot)	64,220	64,220	64,220
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/lot)		64,200	

For tandem parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 1.8.

- x) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xi) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Foshan Honghai, the external promotional name of the Property is Foshan Zhangcha Sunrise Joy Residence (佛山張槎昕悅府);
2. Foshan Honghai has obtained the real estate ownership certificate related to the land of the Foshan Zhangcha Sunrise Joy Residence (佛山張槎昕悅府) project;
3. Foshan Honghai has obtained the necessary construction permits in accordance with the actual progress of development Foshan Zhangcha Sunrise Joy Residence (佛山張槎昕悅府);
4. Foshan Honghai is entitled to pre-sell the in-progress buildings of Foshan Zhangcha Sunrise Joy Residence (佛山張槎昕悅府) within the pre-sale scope specified in the "Pre-sale Permit".
5. According to the confirmation from Foshan Honghai, based on the current progress of the Foshan Zhangcha Sunrise Joy Residence (佛山張槎昕悅府) project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
6. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Foshan Honghai will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
7. Regarding the CPS: As the part of the development project, the ownership of CPS-A is clear, and no sealing or mortgage has been found. Foshan Honghai has the right to dispose of the parking space but should conform to the legal regulation that "residential parking spaces should first meet the needs of owners" when disposing based on Article 276 of the Civil Code of the People's Republic of China and Article 54 of the Property Management Regulations of Guangdong Province.
8. Civil air defense parking spaces: As the project developer and investor, Foshan Honghai can obtain the usufructuary right to use civil air defense parking spaces. However, when disposing of such parking space usage rights, attention should be paid to completing the corresponding procedures.

VALUATION REPORT

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025
11	Portion of Basement Carpark of Times Centre Phase I (時代中心一期), Liuzhou Road, Taishan Street, Pukou District, Nanjing City, Jiangsu Province PRC	Times Centre Phase I is a large-scale commercial development with a total site area of 12,998.70 sq m (the “ Development ”). As advised, the subject property comprises 67 CPS-A of the Development (the “ Property ”). Detailed GFA of the CPS is listed below:	At the date of our inspection, the Property was vacant.	RMB3,080,000 (RENMINBI THREE MILLION EIGHTY THOUSAND)
		Portions	GFA (sq m)	
		CPS-A	911.68	
		Total	911.68	
		Pursuant to the Realty Title Certificate provided, the land-use rights of the CPS-A have been granted for a term expiring on 21 April 2050 for commercial and finance use.		

Notes:

- i) Pursuant to the following State-owned Land-use Rights Grant Contract dated 30 March 2017, the land-use rights of the Property have been granted to Nanjing Red Sun Real Estate Development Co., Ltd. (南京紅太陽房地產開發有限公司) (“**Nanjing Red Sun**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Guo Tu Zi Pu Fen Rang He [2007] Di No. 2	30 March 2017	Plot 1: Social parking garage, Plot 2: Commercial and financial land, Plot 3: Mixed residential land, Plot 4: Commercial and financial land, Plot 5: Cultural and recreational land (reserved), Plot 6: Sports land (reserved), Plot 7: Residential land of the second category, Plot 8: Residential community centre, Plot 9: Early childhood care land, Plot 10: Residential land of the second category, Plot 11: Residential land of the second category, Plot 12: Residential II, Plot 13: Residential II, Plot 14: School site, Plot 15: Residential II, Plot 16: Residential II, Plot 17: Mixed residential site	423,052.10
			Total:	423,052.10

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned contract.

- ii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Nanjing Red Sun, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Pu Guo Yong (2010)Di No. 10328P	23 April 2010	Commercial and finance land	12,998.70
Total:				12,998.70

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- (iii) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Nanjing Red Sun, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Gui Pu Kou Yong Di [2007] No. 0050	24 September 2007	Commercial and finance land	672,447.00
Total:				672,447.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 320111201390035	Solaris Loving City Section 4	10 September 2013	73,753.30
Total:				73,753.30

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 320100120140022	Solaris Loving City Section 4 District 1 and3 Commercial Office Complex, 2# Facade Shop, 4Commercial Office Building, Basement Civil Engineering and Utilities Installation Project	11 June 2014	73,753.30
2	No. 320100120140009	Basement pit support works in Zone 4 of Solaris Loving City Section	15 March 2014	N/A
Total:				73,753.30

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ning Fang Xiao Di No. 2015300126	Solaris Loving City Section 7 (Blocks 01, 02, 03 and 04)	22 October 2015	N/A
Total:				N/A

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ning Pu Bei Zi No. 2017207	Office building	19 May 2017	16,677.10
2	Ning Pu Bei Zi No.2017208	Retail building	19May 2017	801.40
3	Ning Pu Bei Zi No.2017209	Office building	19 May 2017	17,618.10
4	Ning Pu Bei Zi No.2017210	Office building	19 May 2017	17,625.90
5	Ning Pu Bei Zi No.2017211	Basement	19 May 2017	21,030.80
Total:				73,753.30

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the following Construction Work Completion Certified Report on Civil air defense, the construction work of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 2017-05	Basement of civil air defense	23 February 2017	3,538.00
Total:				3,538.00

- ix) Pursuant to the Business License – No. 913201007217014139 dated 19 April 2024, Hongyang Land (Group) Co., Ltd. (弘陽置地(集團)有限公司) (“**Hongyang Land**”) has been registered.

The general description and market information of the property are summarized below:

Location	The Property is located at No.48, Daqiao North Road, Pukou District, Nanjing City, Jiangsu Province, PRC
Transportation	Nanjing Lukou international Airport is located approximately 56 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- x) In assessing the market value of CPS-A, we have made reference to sales prices of similar CPS in the vicinity. Comparable are located in the same district with similar conditions, size and tenure, etc.

Transactions that had been selected include CPS-A ranges from RMB59,000 to RMB69,000 per lot; In the course of our valuation, we have considered the relevant adjustment factors such as bulk discount to determine the unit price of the Property.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Times Centre Phase II	Times Centre Phase II	Times Centre Phase II
District/County	Nanjing City	Nanjing City	Nanjing City
Detail Address	Times Centre Phase II, Liuzhou Road, Taishan Street, Pukou District Nanjing City, Jiangsu Province	Times Centre Phase II, Liuzhou Road, Taishan Street, Pukou District Nanjing City, Jiangsu Province	Times Centre Phase II, Liuzhou Road, Taishan Street, Pukou District Nanjing City, Jiangsu Province
Total GFA (sq. m.)	9.21	13.31	13.31
Type Mix	CPS	CPS	CPS
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	59,633	68,807	68,807

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 1	Comparable 3
Bulk discount	downward	downward	downward
Total adjustment	-30.00%	-30.00%	-30.00%
Adjusted unit price (RMB/per lot)	41,743	48,165	48,165
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/per lot)		46,000	

- xi) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Construction Work Completion Certified Report on Civil air defense	Yes
Business License	Yes

- xii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Hongyang Land, the external promotional name of the Property is Times Centre Phase I (時代中心一期);
2. Hongyang Land has obtained the Realty Title Certificate related to the land of the Times Centre Phase I (時代中心一期) project;
3. Hongyang Land has obtained the necessary construction permits and construction work completion certificates in accordance with the actual progress of development Times Centre Phase I (時代中心一期);
4. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Hongyang Land will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
5. Regarding the CPS: As the part of the development project, the ownership of CPS is clear, and no sealing or mortgage has been found. Hongyang Land has the right to dispose of the parking space but should conform to the legal regulation that "community parking spaces should first meet the needs of owners" when disposing based on Article 276 of the Civil Code of the People's Republic of China and Article 63 of the Property Management Regulations of Jiangsu Province.

VALUATION REPORT

				MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025						
NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY							
12	Portion of Basement Carparks of Times Centre Phase II (時代中心二期), Liuzhou Road, Taishan Street, Pukou District, Nanjing City, Jiangsu Province, PRC	<p>Times Centre Phase II is a large-scale commercial development with a total site area of 40,551.60 sq m (the “Development”).</p> <p>As advised, the subject property comprises 305 CPS-A of the Development (the “Property”). Detailed GFA of the CPS is listed below:</p> <table><thead><tr><th>Portions</th><th>GFA (sq m)</th></tr></thead><tbody><tr><td>CPS-A</td><td>3,972.44</td></tr><tr><td>Total</td><td>3,972.44</td></tr></tbody></table>	Portions	GFA (sq m)	CPS-A	3,972.44	Total	3,972.44	At the date of our inspection, the Property was vacant.	RMB14,030,000 (RENMINBI FOURTEEN MILLION THIRTY THOUSAND)
Portions	GFA (sq m)									
CPS-A	3,972.44									
Total	3,972.44									

Pursuant to the Realty Title Certificate provided, the land-use rights of the CPS-A have been granted for a term expiring on 21 April 2050 for commercial and finance use.

Notes:

- i) Pursuant to the following State-owned Land-use Rights Grant Contract dated 30 March 2017, the land-use rights of the Property have been granted to Nanjing Red Sun Real Estate Development Co., Ltd. (南京紅太陽房地產開發有限公司) (“**Nanjing Red Sun**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Guo Tu Zi Pu Fen Rang He [2007] Di No. 2	30 March 2017	Plot 1: Social parking garage, Plot 2: Commercial and financial land, Plot 3: Mixed residential land, Plot 4: Commercial and financial land, Plot 5: Cultural and recreational land (reserved), Plot 6: Sports land (reserved), Plot 7: Residential land of the second category, Plot 8: Residential community centre, Plot 9: Early childhood care land, Plot 10: Residential land of the second category, Plot 11: Residential land of the second category, Plot 12: Residential II, Plot 13: Residential II, Plot 14: School site, Plot 15: Residential II, Plot 16: Residential II, Plot 17: Mixed residential site	423,052.10
Total:				423,052.10

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- ii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Nanjing Red Sun, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Pu Guo Yong (2010)Di No. 10322P	23 April 2010	Commercial and finance land	40,551.60
Total:				40,551.60

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iii) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Nanjing Red Sun, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Gui Pu Kou Yong Di [2007] No. 0050	24 September 2007	Commercial and finance land	672,447.00
Total:				672,447.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 320111201690055	Solaris Loving City Section 2	18 August 2016	234,020.20
Total:				234,020.20

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 320111201609270000	Building 1#-10#, Basement 1 (including human defence), Basement 2 (including human defence), Zone 2, Solaris Loving City Section	27 September 2016	233,999.20
Total:				233,999.20

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ning Fang Xiao Di No. 2018700011	Block 01	8 April 2018	N/A
2	Ning Fang Xiao Di No. 2017300062	Block 02	10 August 2017	N/A
3	Ning Fang Xiao Di No. 2017300082	Block 03	27 October 2017	N/A
4	Ning Fang Xiao Di No. 2017300045	Block 04	16 June 2017	N/A
5	Ning Fang Xiao Di No. 2018700052	Blocks 05 & 07	20 August 2018	N/A
6	Ning Fang Xiao Di No. 2018700078	Block 06	22 November 2018	N/A
7	Ning Fang Xiao Di No. 2018700028	Blocks 08 & 09	29 May 2018	N/A
8	Ning Fang Xiao Di No. 2018700024	Block 10	29 May 2018	N/A
Total:				N/A

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ning Pu Bei Zi No. 2019557	Block 1	25 December 2019	60,024.10
2	Ning Pu Bei Zi No. 2019282	Block 2	25 July 2019	22,180.20
3	Ning Pu Bei Zi No. 2019283	Block 3	25 July 2019	31,797.20
4	Ning Pu Bei Zi No. 2019284	Block 4	25 July 2019	30,425.40
5	Ning Pu Bei Zi No. 2019558	Block 5	25 December 2019	3,617.00
6	Ning Pu Bei Zi No. 2019559	Block 6	25 December 2019	6,167.80
7	Ning Pu Bei Zi No. 2019560	Block 7	25 December 2019	3,520.80
8	Ning Pu Bei Zi No. 2019561	Block 8	25 December 2019	2,008.20
9	Ning Pu Bei Zi No. 2019562	Block 9	25 December 2019	1,779.20
10	Ning Pu Bei Zi No. 2020056	Block 10	20 April 2020	664.80
11	Ning Pu Bei Zi No. 2020057	Block 11	20 April 2020	35,235.60
12	Ning Pu Bei Zi No. 2020058	Basement No.1 (including Civil air defense)	20 April 2020	36,578.90
13	Ning Pu Bei Zi No. 2019282	Basement No.2 ((including Civil air defense)	25 December 2019	60,024.10
Total:				233,999.20

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the Business License – No. 913201007217014139 dated 19 April 2024, Hongyang Land (Group) Co., Ltd. (弘陽置地(集團)有限公司) (“**Hongyang Land**”) has been registered.

The general description and market information of the property are summarized below:

Location	The Property is located at No.48, Daqiao North Road, Pukou District, Nanjing City, Jiangsu Province, PRC
Transportation	Nanjing Lukou international Airport is located approximately 56 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- ix) In assessing the market value of CPS-A, we have made reference to sales prices of similar CPS in the vicinity. Comparable are located in the same district with similar conditions, size and tenure, etc.

Transactions that had been selected include CPS-A ranges from RMB59,000 to RMB69,000 per lot; In the course of our valuation, we have considered the relevant adjustment factors such as bulk discount to determine the unit price of the Property.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Times Centre Phase II	Times Centre Phase II	Times Centre Phase II
District/County	Nanjing City	Nanjing City	Nanjing City
Detail Address	Times Centre Phase II, Liuzhou Road, Taishan Street, Pukou District Nanjing City, Jiangsu Province	Times Centre Phase II, Liuzhou Road, Taishan Street, Pukou District Nanjing City, Jiangsu Province	Times Centre Phase II, Liuzhou Road, Taishan Street, Pukou District Nanjing City, Jiangsu Province
Total GFA (sq. m.)	9.21	13.31	13.31
Type Mix	CPS	CPS	CPS
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	59,633	68,807	68,807

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 1	Comparable 3
Bulk discount	downward	downward	downward
Total adjustment	-30.00%	-30.00%	-30.00%
Adjusted unit price (RMB/per lot)	41,743	48,165	48,165
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/per lot)		46,000	

- x) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xi) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Hongyang Land the external promotional name of the Property is Times Centre Phase II (時代中心二期);
2. Hongyang Land has obtained the real estate ownership certificate related to the land of the Times Centre Phase II (時代中心二期) project;.
3. Hongyang Land has obtained the necessary construction permits and construction work completion certificates in accordance with the actual progress of development Times Centre Phase II (時代中心二期);
4. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Hongyang Land will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
5. Regarding the CPS: As the part of the development project, the ownership of CPS is clear, and no sealing or mortgage has been found. Hongyang Land has the right to dispose of the parking space but should conform to the legal regulation that "community parking spaces should first meet the needs of owners" when disposing based on Article 276 of the Civil Code of the People's Republic of China and Article 63 of the Property Management Regulations of Jiangsu Province.

VALUATION REPORT

				MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025						
NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY							
13	Portion of Basement Carparks of Yanjiang Residence (燕江府), intersection of Taixin Road and Songshan Road, Qixia District, Nanjing City, Jiangsu Province, PRC	<p>Yanjiang Residence is a large-scale residential development with a total site area of 28,051.78 sq m (the “Development”).</p> <p>As advised, the subject property comprises 373 CPS-A (including 165 B1 parking space units and 208 B2 parking space units) of the Development (the “Property”). Detailed GFA of the CPS is listed below:</p> <table><tr><th>Portions</th><th>GFA (sq m)</th></tr><tr><td>CPS-A</td><td>4,853.82</td></tr><tr><td>Total</td><td>4,853.82</td></tr></table> <p>Pursuant to the Realty Title Certificate provided, the land-use rights of the CPS-A have been granted for a term expiring on 25 October 2085 for urban mixed residential Land use.</p>	Portions	GFA (sq m)	CPS-A	4,853.82	Total	4,853.82	At the date of our inspection, the Property was Vacant	RMB18,710,000 (RENMINBI EIGHTEEN MILLION SEVEN HUNDRED TEN THOUSAND)
Portions	GFA (sq m)									
CPS-A	4,853.82									
Total	4,853.82									

Notes:

- i) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated 14 July 2015 and 9 October 2015, the land-use rights of the Property have been granted to Nanjing Zhaoyang Real Estate Development Co., Ltd. (南京招陽房地產開發有限公司) (“**Nanjing Zhaoyang**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	No. 3201012015CR0061	24 July 2015	Urban residential land (mixed)	52,065.44
Total:				52,065.44

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- ii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Nanjing Zhaoyang, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Pu Guo Yong (2015)Di No. 25467	24 November 2015	Urban Mixed Residential Land	28,051.78
Total:				28,051.78

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iii) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Nanjing Zhaoyang, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No. 32011320151038	26 October 2015	Residential	28,051.78
Total:				28,051.78

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Nanjing Zhaoyang. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 320113201610078	Lot A, Zaolin Village, South of Taixin Road (NO.2015G17)	13 February 2016	114,457.00
Total:				114,457.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Nanjing Zhaoyang. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 320113201604060000	A-1 building construction work	6 April 2016	13,344.00
2	No. 320113201603210101	A-2 to A-9 buildings and underground garage pile foundation construction	21 March 2016	101,113.00
Total:				114,457.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Nanjing Zhaoyang. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ning Fang Xiao Di No. 2016100093	Block 01 and 02	21 June 2016	N/A
2	Ning Fang Xiao Di No. 2016100160	Block 03 and 04	30 September 2016	N/A
3	Ning Fang Xiao Di No. 2016100207	Block 05 and 06	28 December 2016	N/A
4	Ning Fang Xiao Di No.2017100055	Block 8 and basement CPS	9 May 2017	N/A
Total:				N/A

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Nanjing Zhaoyang. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 3201131510150102-JX-001	Block 1	15 June 2018	13,344.00
2	No. 3201131510150102-JX-002	Block 2	15 June 2018	12,881.10
3	No. 3201131510150102-JX-003	Block 3	15 June 2018	14,288.80
4	No. 3201131510150102-JX-004	Block 4	15 June 2018	13,730.50
5	No. 3201131510150102-JX-005	Block 5	15 June 2018	13,806.40
6	No. 3201131510150102-JX-006	Block 6	15 June 2018	14,308.40
7	No. 3201131510150102-JX-007	Block 8	15 June 2018	1,609.00
8	No. 3201131510150102-JX-008	Basement CPS	15 June 2018	30,301.80
Total:				114,270.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the Business License – No. 91320113353281709W dated 4 April 2022, Nanjing Zhaoyang has been registered.

The general description and market information of the property are summarized below:

Location	The Property is located at Room 2016, Building 1, Xiaozhuang International Plaza, No. 408 Heyan Road, Yanziji Street, Qixia District, Nanjing City, Jiangsu Province, PRC
Transportation	Nanjing Lukou international Airport is located approximately 52 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- ix) In assessing the market value of CPS-A, we have made reference to sales prices of similar CPS in the vicinity. Comparable are located in the same development with similar conditions, size and tenure, etc.

Transactions that had been selected include CPS-A ranges from RMB73,000 to RMB81,000 per lot; In the course of our valuation, we have considered the relevant adjustment factors such as accessibility, marketability, building quality and bulk discount to determine the unit price of the Property.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Yanjiang Residence	Yanjiang Residence	Yanjiang Residence
District/County	Nanjing City	Nanjing City	Nanjing City
Detail Address	intersection of Taixin Road and Songshan Road., Qixia Distric, Nanjing City, Jiangsu Province	intersection of Taixin Road and Songshan Road., Qixia Distric, Nanjing City, Jiangsu Province	intersection of Taixin Road and Songshan Road., Qixia Distric, Nanjing City, Jiangsu Province
Total GFA (sq. m.)	13.24	13.24	13.24
Type Mix	CPS	CPS	CPS
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	73,394	80,734	76,881

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 1	Comparable 3
Bulk discount	downward	downward	downward
Total adjustment	-30.00%	-30.00%	-30.00%
Adjusted unit price (RMB/per lot)	51,376	56,514	53,817
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/per lot)		53,900	

For parking lots located on B2, the prices mentioned above require an additional adjustment for the parking space size, which is 0.88.

- x) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xi) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:
1. According to the confirmation from Nanjing Zhaoyang, the external promotional name of the Property is Yanjiang Residence (燕江府);
 2. Nanjing Zhaoyang has obtained the Realty Title Certificate related to the land of the Yanjiang Residence (燕江府) project;
 3. Nanjing Zhaoyang has obtained the necessary construction permits and construction work completion certificates in accordance with the actual progress of development Yanjiang Residence (燕江府);
 4. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Nanjing Zhaoyang will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
 5. Regarding the CPS: As the part of the development project, the ownership of CPS is clear, and no sealing or mortgage has been found. Nanjing Zhaoyang has the right to dispose of the parking space but should conform to the legal regulation that "community parking spaces should first meet the needs of owners" when disposing based on Article 276 of the Civil Code of the People's Republic of China and Article 63 of the Property Management Regulations of Jiangsu Province.

VALUATION REPORT

				MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025						
NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY							
14	Portion of Basement Carparks of Sunrise Academy (旭日學 府), West of Jiangbei Avenue, Pukou District, Nanjing City, Jiangsu Province, PRC	<p>Sunrise Academy is a large-scale residential development with a total site area of 38,974.71 sqm (the “Development”).</p> <p>As advised, the subject property comprises 88 CPS-A of the Development (the “Property”). Detailed GFA of the CPS is listed below:</p> <table><tr><td>Portions</td><td>GFA (sq m)</td></tr><tr><td>CPS-A</td><td>1,134.73</td></tr><tr><td>Total</td><td>1,134.73</td></tr></table> <p>Pursuant to the Realty Title Certificate provided, the land-use rights of the CPS-A have been granted for two concurrent terms expiring on 20 August 2048 and 20 August 2078 for commercial and residential uses respectively.</p>	Portions	GFA (sq m)	CPS-A	1,134.73	Total	1,134.73	At the date of our inspection, the Property was Vacant.	RMB2,970,000 (RENMINBI TWO MILLION NINE HUNDRED SEVENTY THOUSAND)
Portions	GFA (sq m)									
CPS-A	1,134.73									
Total	1,134.73									

Notes:

- i) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated 9 May 2008 and 3 March 2010, the land-use rights of the Property have been granted to Nanjing Hongyang Real Estate Development Co., Ltd. (南京弘陽房地產開發有限公司) (“**Nanjing Hongyang**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Guo Tu Zi Pu Rang He [2008] No. 004	9 May 2008	Urban residential land (mixed)	38,974.71
Total:				38,974.71

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- ii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Nanjing Hongyang, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Pu Guo Yong (2020)Di No. 10317P	21 July 2010	Urban Mixed Residential Land	38,975.50
Total:				38,975.50

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iii) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Nanjing Hongyang, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No. 320111201011323	21 July 2010	Residential and commercial	38,974.71
Total:				38,974.71

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Nanjing Hongyang, Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 320111201081103	Blocks 1to14 and Basement CPS	30 September 2010	94,618.92
Total:				94,618.92

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Nanjing Hongyang, Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 3201112010122900001A	Blocks 2-14 (including piling)	30 December 2010	66,981.90
2	No. 3201112011072800002A	Block 1, Basement CPS (including piling)	29 July 2011	27,637.02
Total:				94,618.92

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Nanjing Hongyang. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ning Fang Xiao Di No. 2012300070	Block 01	31 August 2012	N/A
2	Ning Fang Xiao Di No. 2012300027	Block 02	27 April 2012	N/A
3	Ning Fang Xiao Di No. 2012300009	Block 03	2 March 2012	N/A
4	Ning Fang Xiao Di No. 2012300018	Block 04 and 05	6 April 2012	N/A
5	Ning Fang Xiao Di No. 2012300023	Block 06and 08	13 April 2012	N/A
6	Ning Fang Xiao Di No. 2012300012	Block 07	9 March 2012	N/A
7	Ning Fang Xiao Di No. 201130117	Block 09	30 December 2011	N/A
8	Ning Fang Xiao Di No. 201130110	Block 10	16 December 2011	N/A
Total:				N/A

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Nanjing Hongyang. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ning Pu Bei Zi No. 2013336	Block 1	30 October 2013	8,529.02
2	Ning Pu Bei Zi No. 2013337	Block 2	30 October 2013	6,935.80
3	Ning Pu Bei Zi No. 2013338	Block 3	30 October 2013	6,683.90
4	Ning Pu Bei Zi No. 2013339	Block 4	30 October 2013	6,829.80
5	Ning Pu Bei Zi No. 2013340	Block 5	30 October 2013	7,160.50
6	Ning Pu Bei Zi No. 2013341	Block 6	30 October 2013	7,084.80
7	Ning Pu Bei Zi No. 2013342	Block 7	30 October 2013	6,683.90
8	Ning Pu Bei Zi No. 2013343	Block 8	30 October 2013	8,904.20
9	Ning Pu Bei Zi No. 2013344	Block9	30 October 2013	8,858.20
10	Ning Pu Bei Zi No. 2013345	Block 10	30 October 2013	6,616.20
11	Ning Pu Bei Zi No. 2013346	Block 11	30 October 2013	262.40
12	Ning Pu Bei Zi No. 2013347	Block 12	30 October 2013	417.80
13	Ning Pu Bei Zi No. 2013348	Block 6	30 October 2013	156.70
14	Ning Pu Bei Zi No. 2013349	Block 14	30 October 2013	387.70
15	Ning Pu Bei Zi No. 2013350	Basement CPS	30 October 2013	19,108.00
Total:				94,618.92

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the Business License –No. 913201116946127215 dated 28 May 2024, Nanjing Hongyang has been registered.

The general description and market information of the property are summarized below:

Location	The Property is located at No.48, Daqiao North Road, Pukou District, Nanjing City, Jiangsu Province, PRC
Transportation	Nanjing Lukou international Airport is located approximately 56 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- ix) In assessing the market value of CPS-A, we have made reference to sales prices of similar CPS in the vicinity. Comparable are located in the same development with similar conditions, size and tenure, etc.

Transactions that had been selected include CPS-A ranges from RMB45,000 to RMB51,000 per lot; In the course of our valuation, we have considered the relevant adjustment factors such as bulk discount to determine the unit price of the Property.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Sunrise Academy	Sunrise Academy	Sunrise Academy
District/County	Nanjing City	Nanjing City	Nanjing City
Detail Address	West of Jiangbei Avenue, Pukou District, Nanjing City, Jiangsu Province	West of Jiangbei Avenue, Pukou District, Nanjing City, Jiangsu Province	West of Jiangbei Avenue, Pukou District, Nanjing City, Jiangsu Province
Total GFA (sq. m.)	12.94	12.94	12.94
Type Mix	CPS	CPS	CPS
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	45,872	48,624	50,550

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 1	Comparable 3
Bulk discount	downward	downward	downward
Total adjustment	-30.00%	-30.00%	-30.00%
Adjusted unit price (RMB/per lot)	32,110	34,037	35,385
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/per lot)		33,800	

- x) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xi) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Nanjing Hongyang, the external promotional name of the Property is Sunrise Academy (旭日學府).
2. Nanjing Hongyang has obtained the Realty Title Certificate related to the land of the Sunrise Academy (旭日學府) project;
3. Nanjing Hongyang has obtained the necessary construction permits and construction work completion certificates in accordance with the actual progress of development Sunrise Academy (旭日學府).
4. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Nanjing Hongyang will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
5. Regarding the CPS: As the part of the development project, the ownership of CPS is clear, and no sealing or mortgage has been found. Nanjing Hongyang has the right to dispose of the parking space but should conform to the legal regulation that "community parking spaces should first meet the needs of owners" when disposing based on Article 276 of the Civil Code of the People's Republic of China and Article 63 of the Property Management Regulations of Jiangsu Province.

VALUATION REPORT

				MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025						
NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY							
15	Portion of Basement Carparks of Sunrise Love City 6 (旭日愛上城6區), Liuzhou Road, Taishan Street, Pukou District, Nanjing City, Jiangsu Province, PRC	<p>Sunrise Love City 6 is a large-scale residential development with a total site area of 75,237.30 sqm (the “Development”).</p> <p>As advised, the subject property comprises 159 CPS-B of the Development (the “Property”). Detailed GFA of the CPS is listed below:</p> <table><tr><th>Portions</th><th>GFA (sq m)</th></tr><tr><td>CPS-B</td><td>2,146.50</td></tr><tr><td>Total</td><td>2,146.50</td></tr></table> <p>Pursuant to the real estate ownership certificates provided, the land-use rights of the property have been granted for four concurrent terms expiring on 30 September 2077 for residential use, 21 April 2060 for science and education, 21 April 2050 for commercial and 21 April 2080 for residential use respectively.</p>	Portions	GFA (sq m)	CPS-B	2,146.50	Total	2,146.50	At the date of our inspection, the Property was vacant.	NO COMMERCIAL VALUE
Portions	GFA (sq m)									
CPS-B	2,146.50									
Total	2,146.50									

Notes:

- i) Due to the absence of valid property ownership documents for CPS-B, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-B in the valuation report for the company’s internal reference. As of the valuation date, the investment value of the CPS-B is RMB5,010,000.

- ii) Pursuant to the following State-owned Land-use Rights Grant Contract dated 30 March 2017, the land-use rights of the Property have been granted to Nanjing Red Sun Real Estate Development Co., Ltd. (南京紅太陽房地產開發有限公司) (“Nanjing Red Sun”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Guo Tu Zi Pu Fen Rang He [2007] Di No. 2	30 March 2017	Plot 1: Social parking garage, Plot 2: Commercial and financial land, Plot 3: Mixed residential land, Plot 4: Commercial and financial land, Plot 5: Cultural and recreational land (reserved), Plot 6: Sports land (reserved), Plot 7: Residential land of the second category, Plot 8: Residential community centre, Plot 9: Early childhood care land, Plot 10: Residential land of the second category, Plot 11: Residential land of the second category, Plot 12: Residential II, Plot 13: Residential II, Plot 14: School site, Plot 15: Residential II, Plot 16: Residential II, Plot 17: Mixed residential site	423,052.10
Total:				423,052.10

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Nanjing Red Sun, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Pu Guo Yong (2007)Di No. 08516P	27 November 2007	residential	29,356.40
2	Ning Pu Guo Yong (2007)Di No. 08515P	27 November 2007	residential	10,987.30
3	Ning Pu Guo Yong (2010)Di No. 10325P	23 April 2010	science and education	4,207.90
4	Ning Pu Guo Yong (2010)Di No. 10326P	23 April 2010	Mixed residential	30,685.70
Total:				75,237.30

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Nanjing Red Sun, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Gui Pu Kou Yong Di [2007] No. 0050	24 September 2007	Commercial and finance land	672,447.00
Total:				672,447.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 320111201280113	Block 01-07 and Basement D7 of Zone 7	31December 2012	111,339.84
2	Jian Zi Di No. 320111201390014	Zone 8	22 April 2013	32,604.5
3	Jian Zi Di No. 320111201390012	Zone 8	22 April 2013	11,802.8
4	Jian Zi Di No. 320111201280114	Kindergarten (9 classes) in Zone 9	31December 2012	3,112.76
5	Jian Zi Di No. 320111201280115	Zone 10, Buildings 01-09 and Basement D10	31December 2012	95,747.7
Total:				254,607.60

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No.320111020130039	Zone 7 Buildings 01-07 and D7 underground garage	16 April 2013	111,339.84
2	No.320111020130087	Block 01 of Zone 8 including underground garage	14 August 2013	44,407.03
3	No.320111020140056	Kindergarten civil construction and utilities installation in District 9	4 December 2014	3,112.76
4	No.320111020130008	Piling works for Block 01-06 and D10 underground garage in Zone 10	6 February 2013	N/A
Total:				158,859.63

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ning Fang Xiao Di No.2013300121	Block 01	30 September 2013	N/A
2	Ning Fang Xiao Di No.2013300142	Block 02	12 October 2013	N/A
3	Ning Fang Xiao Di No.2013300155	Block 03	13 November 2013	N/A
4	Ning Fang Xiao Di No.2013300173	Block 04	20 December 2013	N/A
5	Ning Fang Xiao Di No.2014300004	Block 05	16 January 2014	N/A
6	Ning Fang Xiao Di No.2014300013	Block 06	28 February 2014	N/A
7	Ning Fang Xiao Di No.2014300049	Block 08	29 May 2014	N/A
8	Ning Fang Xiao Di No.2014300003	Block 09	16 January 2014	N/A
9	Ning Fang Xiao Di No.2014300014	Block 10	28 February 2014	N/A
10	Ning Fang Xiao Di No.2013300169	Block 11	10 December 2013	N/A
11	Ning Fang Xiao Di No.2013300156	Block 12	20 November 2013	N/A
12	Ning Fang Xiao Di No.2013300145	Block 13	17 October 2013	N/A
13	Ning Fang Xiao Di No.2013300132	Block 14	26 September 2013	N/A
Total:				<u>N/A</u>

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ning Pu Bei Zi No. 2015390	Zone 7 Block 1	30 September 2013	18,286.69
2	Ning Pu Bei Zi No. 2015391	Zone 7 Block 2	12 October 2013	12,682.81
3	Ning Pu Bei Zi No. 2015392	Zone 7 Block 3	13 November 2013	12,834.42
4	Ning Pu Bei Zi No. 2015393	Zone 7 Block 4	20 December 2013	13,028.00
5	Ning Pu Bei Zi No. 2015394	Zone 7 Block 5	16 January 2014	12,477.42
6	Ning Pu Bei Zi No. 2015395	Zone 7 Block 6	28 February 2014	20,879.10
7	Ning Pu Bei Zi No. 2015420	Zone 8 Block 1	29 May 2014	44,407.30
8	Ning Pu Bei Zi No. 2015410	Kindergarten in Zone 9	16 January 2014	3,112.76
9	Ning Pu Bei Zi No. 2015398	Zone 10 Block 1	28 February 2014	24,638.05
10	Ning Pu Bei Zi No. 2015399	Zone 10 Block 2	10 December 2013	11,572.35
11	Ning Pu Bei Zi No. 2015400	Zone 10 Block 3	20 November 2013	11,807.03
12	Ning Pu Bei Zi No. 2015401	Zone 10 Block 4	17 October 2013	11,883.79
13	Ning Pu Bei Zi No. 2015402	Zone 10 Block 5	26 September 2013	8,416.28
Total:				216,979.71

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- ix) Pursuant to the Business License – No. 913201007217014139 dated 19 April 2024, Hongyang Land (Group) Co., Ltd. (弘陽置地(集團)有限公司) (“**Hongyang Land**”) has been registered.

The general description and market information of the property are summarized below:

Location	The Property is located at No.48, Daqiao North Road, Pukou District, Nanjing City, Jiangsu Province, PRC
Transportation	Nanjing Lukou international Airport is located approximately 56 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- x) In assessing the investment value of CPS-B, we have made reference to rental prices of similar CPS in the vicinity. Comparable are located in the same district with similar conditions, size and tenure, etc.

Rental transactions that had been selected include the CPS-B ranges from RMB130 to RMB190 per lot per month. According to our market research, the yield of comparable parking spaces in the vicinity ranges from 4.0% to 5.0%, As the CPS-B was vacant on the valuation date. We have capitalized the estimated future rental income to be generated over the remaining period, which has an approximate duration of 35.17 years and terminates on 21 April 2060. In our valuation, we have adopted an average market rent of RMB150 per parking space and a capitalization rate of 4.5%.

- xi) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Hongyang Land, the external promotional name of the Property is Sunrise Love City 6 (旭日愛上城6區);
2. Hongyang Land has obtained the Realty Title Certificate related to the land of the Sunrise Love City 6 (旭日愛上城6區) project;
3. Hongyang Land has obtained the necessary construction permits and construction work completion certificates in accordance with the actual progress of development Sunrise Love City 6 (旭日愛上城6區);
4. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Hongyang Land will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
5. Regarding the CPS-B: for which title registration has not been made: as the title of such part of the parking spaces cannot be found out through the Real Estate Registration Center, Hongyang Land confirmed that CPS-B belong to the non-licensable parking spaces in the planning (not the parking spaces for the common use of all the owners), and that the said part of the parking spaces have not been counted in the common shared area, and that the cost of construction has not been shared or has been agreed to be vested in the owners. This part of the parking space is not included in the apportioned area, and the construction cost has not been apportioned or agreed to be attributed to the owners, and there is no restriction of rights such as seizure or mortgage. Based on the premise that the confirmation of Honyang Land, Hongyang Land has the right to dispose of the parking space but should conform to the legal regulation that "community parking spaces should first meet the needs of owners" when disposing based on Article 276 of the Civil Code of the People's Republic of China and Article 63 of the Property Management Regulations of Jiangsu Province.

VALUATION REPORT

				MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025						
NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY							
16	Portion of Basement Carports of Chunshang Xijiang (春上西江), Jin Dong Phase II Fengjin Road and the Academy of International Relations of the PLA, Yuhuatai District Economic Development Zone, Nanjing City, Jiangsu Province, PRC	<p>Chunshang Xijiang is a large-scale residential development with a total site area of 27,961.83 sq m (the “Development”).</p> <p>As advised, the subject property comprises 247 CPS-A of the Development (the “Property”). Detailed GFA of the CPS is listed below:</p> <table><thead><tr><th>Portions</th><th>GFA (sq m)</th></tr></thead><tbody><tr><td>CPS-A</td><td>3,300.78</td></tr><tr><td>Total</td><td>3,300.78</td></tr></tbody></table>	Portions	GFA (sq m)	CPS-A	3,300.78	Total	3,300.78	At the date of our inspection, the Property was Vacant.	RMB4,000,000 (RENMINBI FOUR MILLION)
Portions	GFA (sq m)									
CPS-A	3,300.78									
Total	3,300.78									

Pursuant to the Realty Title Certificate provided, the land-use rights of the CPS-A have been granted for a concurrent term expiring on 27 January 2086 for residential use.

Notes:

- i) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated 10 September 2015 and 22 October 2015, the land-use rights of the Property have been granted to Nanjing Hongyang Zhongrui Real Estate Development Co., Ltd. (南京弘陽中瑞房地產開發有限公司) (“**Nanjing Hongyang Zhongrui**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	No. 3201012015CR0081	10 September 2015	Urban residential land (mixed)	27,961.83
Total:				27,961.83

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- ii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Nanjing Hongyang Zhongrui, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Yu Guo Yong (2016)Di No. 03220	26 February 2015	Urban Mixed Residential Land	27,961.83
Total:				27,961.83

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iii) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Nanjing Hongyang Zhongrui, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No. 320114201590033	25 November 2015	Residential	27,961.83
Total:				27,961.83

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Nanjing Hongyang Zhongrui. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 320114201690031	Plot: No.2015G27	14 March 2016	75,969.00
Total:				75,969.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Nanjing Hongyang Zhongrui. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 320114201604070101	Blocks 1-8 and basement CPS	7 April 2016	75,728.40
Total:				75,728.40

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Nanjing Hongyang Zhongrui. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ning Fang Xiao Di No. 2016100180	Block 01,03 and 04	25 November 2016	N/A
2	Ning Fang Xiao Di No. 2016100101	Block 02,05 and 07	24 June 2016	N/A
3	Ning Fang Xiao Di No. 2017100056	Block 06,08 and basement CPS	20 May 2017	N/A
Total:				N/A

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Nanjing Hongyang Zhongrui. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 3201141510280101-JX-001	Block 1	20 June 2018	14,789.50
2	No. 3201141510280101-JX-002	Block 2	20 June 2018	7,168.90
3	No. 3201141510280101-JX-003	Block 3	20 June 2018	7,340.60
4	No. 3201141510280101-JX-004	Block 4	20 June 2018	5,616.70
5	No. 3201141510280101-JX-005	Block 5	20 June 2018	7,717.10
6	No. 3201141510280101-JX-006	Block 6	20 June 2018	414.10
7	No. 3201141510280101-JX-007	Block 7	20 June 2018	14,780.40
8	No. 3201141510280101-JX-008	Block 8	20 June 2018	1,516.40
9	No. 3201141510280101-JX-009	Basement CPS	20 June 2018	16,483.80
10	No. 2018040	Basement Civil air defense	30 January 2018	4,101.52
Total:				79,929.02

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the Business License –No. 91320114MA1M9EGD4D dated 7 September 2023, Nanjing Hongyang Zhongrui has been registered.

The general description and market information of the property are summarized below:

Location	The Property is located at D3-704, No.12 Longzang Avenue, Yuhua Economic Development Zone, Nanjing City, Jiangsu Province, PRC
Transportation	Nanjing Lukou international Airport is located approximately 45 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- ix) In assessing the market value of CPS-A, we have made reference to sales prices of similar CPS in the vicinity. Comparable are located in the same development with similar conditions, size and tenure, etc.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Chunshang Xijiang	Chunshang Xijiang	Chunshang Xijiang
District/County	Nanjing City	Nanjing City	Nanjing City
Detail Address	Jin Dong Phase II Fengjin Road and the Academy of International Relations of the PLA, Yuhuatai District Economic Development Zone, Nanjing City, Jiangsu Province	Jin Dong Phase II Fengjin Road and the Academy of International Relations of the PLA, Yuhuatai District Economic Development Zone, Nanjing City, Jiangsu Province	Jin Dong Phase II Fengjin Road and the Academy of International Relations of the PLA, Yuhuatai District Economic Development Zone, Nanjing City, Jiangsu Province

	Comparable 1	Comparable 2	Comparable 3
Total GFA (sq. m.)	9.36	9.36	9.36
Type Mix	CPS	CPS	CPS
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	23,119	23,119	23,119

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 1	Comparable 3
Bulk discount	downward	downward	downward
Total adjustment	-30.00%	-30.00%	-30.00%
Adjusted unit price (RMB/per lot)	16,183	16,183	16,183
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/per lot)		16,200	

- x) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xi) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Nanjing Hongyang Zhongrui, the external promotional name of the Property is Chunshang Xijiang (春上西江);
2. Nanjing Hongyang Zhongrui has obtained the Realty Title Certificate related to the land of the Chunshang Xijiang (春上西江) project;
3. Nanjing Hongyang Zhongrui has obtained the necessary construction permits and construction work completion certificates in accordance with the actual progress of development Chunshang Xijiang (春上西江);
4. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Nanjing Hongyang Zhongrui will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
5. Regarding the CPS-A: As the part of the development project, the ownership of CPS is clear, and no sealing or mortgage has been found. Nanjing Hongyang Zhongrui has the right to dispose of the parking space but should conform to the legal regulation that "community parking spaces should first meet the needs of owners" when disposing based on Article 276 of the Civil Code of the People's Republic of China and Article 63 of the Property Management Regulations of Jiangsu Province.

VALUATION REPORT

				MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025						
NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY							
17	Portion of Basement Carparks of Shangshui Garden of Elegance (上水雅 苑), intersection of Xingxian Road and Wenchang Road, High tech Zone Hushuguan Development Zone, Suzhou city, Jiangsu Province, PRC	<p>Shangshui Garden of Elegance is a large-scale residential development with a total site area of 69,325.4 sq m (the “Development”).</p> <p>As advised, the Property comprises 111 CPS-B of the Development(the “Property”). Detailed GFA of the CPS is listed below:</p> <table><tr><th>Portions</th><th>GFA (sq m)</th></tr><tr><td>CPS-B</td><td>1,498.50</td></tr><tr><td>Total</td><td>1,498.50</td></tr></table> <p>Pursuant to the Realty Title Certificate provided, the land-use rights have been granted for a term expiring on 23 March 2086 for residential land uses</p>	Portions	GFA (sq m)	CPS-B	1,498.50	Total	1,498.50	At the date of our inspection, the property was vacant.	NO COMMERCIAL VALUE
Portions	GFA (sq m)									
CPS-B	1,498.50									
Total	1,498.50									

Notes:

- i) The value represents the market value of CPS-A. Due to the absence of valid property ownership documents for CPS-B, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-B in the valuation report for the company’s internal reference. As of the valuation date, the investment value of the CPS-B is RMB5,490,000.
- ii) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 12 January 2016 and 18 February 2016, the land-use rights of the Property have been granted to Suzhou Hongyang Real Estate Co., Ltd 蘇州弘陽置業有限公司 (“**Hongyang Zhiye**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	3205012016CR0007 3205012016CR0007-Bu	18 February 2016	Urban residential land	69,325.40
Total:				69,325.40

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Hongyang Zhiye, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Su(2016)Su Zhou Shi Bu Dong Chan Quan Di No. 5009813	15 April 2016	Urban residential land	18,595.20
2	Su(2016)Su Zhou Shi Bu Dong Chan Quan Di No. 5009815	15 April 2016	Urban residential land	50,730.20
Total:				69,325.40

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Hongyang Zhiye, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No.32050520160001	17 March 2016	residential land	69,325.40
Total:				69,325.40

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Hongyang Zhiye. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 320505201600048	Su Di 20015-WG-47 Plot	1 April 2016	56,386.97
2	Jian Zi Di No.320505201600092	Su Di 20015-WG-47 Plot	31 May 2016	141,551.10
Total:				197,938.07

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Hongyang Zhiye. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	320591201604280000	Su Di 20015-WG-47 Plot 15#, 16#, 17#, 18#, Supporting facilities for public buildings 1# & Underground garage construction project	28 April 2016	56,386.97
2	320591201607250000	Su Di 20015-WG-47 Plot 1#, 2#, 6#, 7#, 10#, 11#, 12#, Supporting facilities for public buildings 2#3#, Guard house 1# 4# & Public substation room 1#3#	25 July 2016	62,174.10
3	320591201607250000	Su Di 20015-WG-47 Plot 3#, 4#, 5#, 8#, 9#, 13#, 14# & Underground garage construction project	25 July 2016	79,377.00
Total:				197,938.07

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Hongyang Zhiye. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Su Fang Yu Gao Xin [2016] 244	Phase I of Shangshui Yayuan	26 August 2016	43,863.99
2	Su Fang Yu Gao Xin [2016] 316	Phase II of Shangshui Yayuan	9 December 2016	33,043.14
3	Su Fang Yu Gao Xin [2017] 046	Phase III of Shangshui Yayuan	19 April 2017	36,161.38
4	Su Fang Yu Gao Xin [2017] 118	Phase IV of Shangshui Yayuan	16 June 2017	36,123.96
Total:				149,192.47

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Hongyang Zhiye. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	3205011603120102-JX-001	Su Di 20015-WG-47 Plot 15#, 16#, 17#, 18#, Supporting facilities for public buildings 1# & Underground garage construction project	27 December 2018	45,316.18
2	3205011603120102-JX-002	Su Di 20015-WG-47 Plot 1#, 2#, 6#, 7#, 10#, 11#, 12#, Supporting facilities for public buildings 2#3#, Guard house 1# 4# & Public substation room 1#3#	27 December 2018	79,291.87
3	3205011603120102-JX-002	Su Di 20015-WG-47 Plot 3#, 4#, 5#, 8#, 9#, 13#, 14# & Underground garage construction project	27 December 2018	60,700.47
Total:				185,308.52

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- ix) Pursuant to the Business License – No. 91320505MA1MD2G58D dated 18 December 2015, Hongyang Zhiye has been registered.
- x) The general description and market information of the property are summarized below:

Location	The Property is located at the North to Xingxian Road Greenfield, East to Wenchang Road, High tech Zone Hushuguan Development Zone, Suzhou city, Jiangsu Province, PRC
Transportation	Suzhou West Railway Station is located approximately 5 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- xi) In assessing the investment value of CPS-B, we have made reference to rental prices of similar CPS in the vicinity. Comparable are located in the same district with similar conditions, size and tenure, etc.

Rental transactions that had been selected include the CPS-B ranges from RMB220 to RMB230 per lot per month. According to our market research, the yield of comparable parking spaces in the vicinity ranges from 4.0% to 5.0%. As the CPS-B was vacant on the valuation date. We have capitalized the estimated future rental income to be generated over the remaining period, which has an approximate duration of 41.09 years and terminates on 23 March 2066. In our valuation, we have adopted an average market rent of RMB222 per parking space and a capitalization rate of 4.5%.

- xii) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xiii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Hongyang Zhiye, the external promotional name of the Property is Shangshui Garden of Elegance (上水雅苑).
2. Hongyang Zhiye has obtained the real estate ownership certificate related to the land of the Shangshui Garden of Elegance (上水雅苑) project.
3. Hongyang Zhiye has obtained the necessary construction permits in accordance with the actual progress of development Shangshui Garden of Elegance (上水雅苑).
4. Hongyang Zhiye is entitled to pre-sell the in-progress buildings of Shangshui Garden of Elegance (上水雅苑) within the pre-sale scope specified in the "Pre-sale Permit".
5. According to the confirmation from Hongyang Zhiye, based on the current progress of the Hongyang Zhiye project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
6. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Hongyang Zhiye will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
7. Based on all the information disclosed by Hongyang Zhiye to this office and in this legal opinion, regarding the underground parking spaces that have not been registered for property rights: according to local policies in Suzhou and Hongyang Zhiye's statements and confirmations, the target parking space belongs to the planned non certified parking space (not shared by all owners), and this part of the parking space is not included in the shared area, nor has the construction cost been shared or agreed to belong to the owners. There is no situation of sealing, mortgage or other rights restrictions. Due to the inability to inquire about the ownership of the parking spaces through the real estate registration center, based on the confirmation of Hongyang Zhiye's authenticity, the original ownership of these parking spaces should belong to Hongyang Zhiye. Hongyang Zhiye has the right to dispose of the target parking spaces, but should pay attention to the legal regulation that "residential parking spaces first meet the needs of owners" when disposing of them.

VALUATION REPORT

			MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025							
NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY							
18	Portion of Basement Carparks of Upper Sunny Master piece Garden (上熙名苑), intersection of Gaoxin Xushuguan Avenue and Minglan Street, High tech Zone, Suzhou city, Jiangsu Province, PRC	<p>Upper Sunny Master piece Garden (上熙名苑) is a large-scale residential development with a total site area of 44,700.50 sq m (the “Development”).</p> <p>As advised, the Property comprises 217 CPS-B of the Development (the “Property”). Detailed GFA of the CPS is listed below:</p> <table><tr><td>Portions</td><td>GFA (sq m)</td></tr><tr><td>CPS-B</td><td>2,929.50</td></tr><tr><td>Total</td><td>2,929.50</td></tr></table> <p>Pursuant to the Realty Title Certificate provided, the land-use rights have been granted for a term expiring on 12 December 2086 for residential land uses.</p>	Portions	GFA (sq m)	CPS-B	2,929.50	Total	2,929.50	At the date of our inspection, the property was vacant.	NO COMMERCIAL VALUE
Portions	GFA (sq m)									
CPS-B	2,929.50									
Total	2,929.50									

Notes:

- i) The value represents the market value of CPS-A. Due to the absence of valid property ownership documents for CPS-B, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-B in the valuation report for the company’s internal reference. As of the valuation date, the investment value of the CPS-B is RMB10,800,000.
- ii) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 18 October 2016 and 14 November 2016, the land-use rights of the Property have been granted to Suzhou Hongyang Investment Co., Ltd 蘇州弘陽投資有限公司 (“Hongyang Touzi”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	3205012016CR110 3205012016CR110 -Bu	14 November 2016	Urban residential land	44,700.50
			Total:	44,700.50

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Hongyang Touzi, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Su (2017) Su Zhou Shi Bu Dong Chan Quan Di No.5046595	23 February 2017	Urban residential land	17,508.70
2	Su (2017) Su Zhou Shi Bu Dong Chan Quan Di No.5046594	23 February 2017	Urban residential land	27,191.80
Total:				44,700.50

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Hongyang Touzi, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No. 320505201700007	18 January 2017	residential land	44,700.50
Total:				44,700.50

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Hongyang Touzi. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 320505201700015	Su Di 2016-WG-64 Plot	25 January 2017	95,339.18
Total:				95,339.18

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Hongyang Touzi Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	320591201703100000	Su Di 2016-WG-64 Plot (1#-18#, Guard room 1, Guard room 2, gas pressure regulating station, Underground garage in Zone 1, Underground garage in Zone 2)	28 April 2016	95,339.18
Total:				95,339.18

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Hongyang Touzi. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Su Fang Yu Gao Xin (2019) 055	Shangxi Mingyuan	25 April 2019	69,757.45
Total:				69,757.45

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Hongyang Touzi. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	3205011703010112-JX-001	Su Di 2016-WG-64 Plot (5#-8#, 12#, 16#-18#, Guard Room 2, Block 1 Underground Garage)	27 December 2018	28,586.21
2	3205011703010112-JX-002	Su Di 2016-WG-64 Plot (1-4#, 9-11#, 13-15#, Guard Room 1, gas pressure regulating station, Block 2 Underground Garage)	27 December 2018	66,958.11
Total:				95,544.32

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- ix) Pursuant to the Business License – No. 91320505MA1MWGMB76 dated 8 October 2016, Hongyang Touzi has been registered.

- x) The general description and market information of the property are summarized below:

Location	The Property is located at the Sangyuan Road East and Planning Section Road South in Hushuguan Town, High tech Zone, Suzhou city, Jiangsu Province, PRC
Transportation	Suzhou West Railway Station is located approximately 5 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- xi) In assessing the investment value of CPS-B, we have made reference to rental prices of similar CPS in the vicinity. Comparable are located in the same district with similar conditions, size and tenure, etc.

Rental transactions that had been selected include the CPS-B ranges from RMB220 to RMB230 per lot per month. According to our market research, the yield of comparable parking spaces in the vicinity ranges from 4.0% to 5.0%. As the CPS-B was vacant on the valuation date. We have capitalized the estimated future rental income to be generated over the remaining period, which has an approximate duration of 41.81 years and terminates on 12 December 2066. In our valuation, we have adopted an average market rent of RMB222 per parking space and a capitalization rate of 4.5%.

- xii) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xiii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Hongyang Touzi, the external promotional name of the Property is Upper Sunny Master piece Garden (上熙名苑);
2. Hongyang Touzi has obtained the real estate ownership certificate related to the land of the Upper Sunny Master piece Garden (上熙名苑) project;.
3. Hongyang Touzi has obtained the necessary construction permits in accordance with the actual progress of development Upper Sunny Master piece Garden (上熙名苑).
4. Hongyang Touzi is entitled to pre-sell the in-progress buildings of Upper Sunny Master piece Garden (上熙名苑) within the pre-sale scope specified in the "Pre-sale Permit".
5. According to the confirmation from Hongyang Touzi, based on the current progress of the Upper Sunny Master piece Garden (上熙名苑) project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
6. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Hongyang Touzi will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
7. Based on all the information disclosed by Hongyang Touzi to this firm and in this legal opinion, regarding the underground parking spaces that have not been registered for property rights: According to local policies in Suzhou and Hongyang Touzi 's statements and confirmations, the target parking space belongs to the planned non certified parking space (not shared by all owners), and this part of the parking space is not included in the shared area, nor has the construction cost been shared or agreed to belong to the owners. There are no restrictions on the rights such as sealing or mortgaging. Due to the inability to inquire about the ownership of the parking spaces through the real estate registration center, based on the confirmation of Hongyang Touzi 's authenticity, the original ownership of these parking spaces should belong to Hongyang Touzi. Hongyang Touzi has the right to dispose of the target parking spaces, but should pay attention to the legal regulation that "residential parking spaces first meet the needs of owners" when disposing of them.

VALUATION REPORT

				MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025								
NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY									
19.	Portion of Basement Carparks of Wanli In Times (灣里時光里), North of Qingsong Street (Planning 1st Road), east of Xiaze Road, and west of Haorenjia in Yuzhang District (Control Plan E-7-03 plot), Zhaoxian Town, Nanchang City, Jiangxi Province, PRC	<p>Wanli In Times is a large-scale residential development, with a total site area of 13,717.33 sq m (the “Development”).</p> <p>As advised, the subject property comprises 138 CPS-B (including 4 mini parking space units and 3 tandem parking space units) and 48 CPS-C units (including 1 mini parking space units and 2 tandem parking space units) of the Development (the “Property”). Detailed GFA of the CPS is listed below:</p> <table><tr><th>Portions</th><th>GFA (sq m)</th></tr><tr><td>CPS-B</td><td>1,863.00</td></tr><tr><td>CPS-C</td><td>648.00</td></tr><tr><td>Total</td><td>2,511.00</td></tr></table> <p>Pursuant to the Realty Title certificates provided, the land-use rights of the CPS-A have been granted for a term expiring on 15 October 2088 for Other Commercial and Service Land/Urban Residential Land uses.</p>	Portions	GFA (sq m)	CPS-B	1,863.00	CPS-C	648.00	Total	2,511.00	At the date of our inspection, the property was vacant.	NO COMMERCIAL VALUE
Portions	GFA (sq m)											
CPS-B	1,863.00											
CPS-C	648.00											
Total	2,511.00											

Notes:

- i) The value represents the market value of CPS-A. Due to the absence of valid property ownership documents for CPS-B and CPS-C, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-B and CPS-C in the valuation report for the company’s internal reference. As of the valuation date, the investment value of the CPS-B is RMB4,870,000 and CPS-C as of the valuation date is RMB1,190,000.
- ii) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 16 October 2018 and 15 November 2018, the land-use rights of the Property have been granted to Nanchang Hongyang Real Estate Development Co., Ltd. 南昌弘陽房地產開發有限公司 (“**Nanchang Hongyang**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	3620180107008	16 October 2018	Residential and Commercial Land	13,717.33
Total:				13,717.33

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Nanchang Hongyang. Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Gan(2018)Nan Chang Shi Bu Dong Chan Quan Di No. 0240006	18 November 2018	Other Commercial and Service Land/Urban Residential Land	13,717.33
Total:				13,717.33

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Nanchang Hongyang. Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No. 360105201800031	8 November 2018	Residential and Commercial Land	20.58(mu)
Total:				20.58(mu)

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Nanchang Hongyang. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 360105201900001	Hongyang In Times Building 1#	14 January 2019	5,406.98
2	Jian Zi Di No.360105201900002	Hongyang In Times Building 2#	14 January 2019	5,337.79
3	Jian Zi Di No.360105201900003	Hongyang In Times Building 3#	14 January 2019	9,660.71
4	Jian Zi Di No.360105201900004	Hongyang In Times Building 4#	14 January 2019	6,225.14
5	Jian Zi Di No.360105201900005	Hongyang In Times Building 5#	14 January 2019	1,221.55
6	Jian Zi Di No.360105201900006	Hongyang In Times Basement	14 January 2019	8,107.14
Total:				35,959.31

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Nanchang Hongyang. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 360105201901180101	Hongyang In Times Building 1#-5# and Basement	18 January 2019	35,959.31
Total:				35,959.31

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Nanchang Hongyang. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	(2019) Hong Xing Shen Fang Yu Shou Zheng Di No.0215	Shiguang Hui Zhu Building 1#	24 May 2019	5,131.90
2	(2019) Hong Xing Shen Fang Yu Shou Zheng Di No.0216	Shiguang Hui Zhu Building 2#	24 May 2019	5,031.83
3	(2019) Hong Xing Shen Fang Yu Shou Zheng Di No.0217	Shiguang Hui Zhu Building 3#	24 May 2019	9,528.95
4	(2019) Hong Xing Shen Fang Yu Shou Zheng Di No.0417	Shiguang Hui Zhu Building 4#	9 August 2019	5,892.82
5	(2020) Hong Xing Shen Fang Yu Shou Zheng Di No.0335	Shiguang Hui Zhu Building 5#	20 March 2010	1,193.34
Total:				26,778.84

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Nanchang Hongyang. Details are listed below

No.	Certificate No.	Project Name	Date	GFA
1	No. 2020-208	Hongyang In Times Building 1#	3 November 2020	5,406.98
2	No.2020-209	Hongyang In Times Building 2#	3 November 2020	5,337.79
3	No.2020-210	Hongyang In Times Building 3#	3 November 2020	9,660.71
4	No.2020-211	Hongyang In Times Building 4#	3 November 2020	6,225.14
5	No.2020-212	Hongyang In Times Building 5#	3 November 2020	1,221.55
6	No.2020-213	Hongyang In Times Basement	12 November 2020	8,170.14
Total:				36,022.31

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- ix) Pursuant to the Business License – No. 91360105MA385UD44C dated 8 October 2018, Nanchang Hongyang has been registered.
- x) The general description and market information of the property are summarized below:

Location	The Property is located at North of Qingsong Street (Planning 1st Road), east of Xiaze Road, and west of Haorenjia in Yuzhang District (Control Plan E-7-03 plot), Zhaoxian Town, Nanchang City, Jiangxi Province, PRC
Transportation	Nanchang Changbei International Airport is located approximately 25 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- xi) Rental transactions that had been selected include the CPS-B ranges from RMB140 to RMB180 per lot per month and the CPS-C ranges from RMB140 to RMB180 per lot per month. According to our market research, the yield of comparable parking spaces in the vicinity ranges from 4.0% to 5.0%, As the CPS was vacant on the valuation date. We have capitalized the estimated future rental income to be generated over the remaining period, which has an approximate duration of 43.66 years and terminates on 15 October 2068. In our valuation, we have adopted an average market rent of RMB160 per parking space and a capitalization rate of 4.75%. For mini parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 0.8. For tandem parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 1.5.

- xii) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xiii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Nanchang Hongyang, the external promotional name of the Property is Wanli In Times (灣里時光里);
2. Nanchang Hongyang has obtained the real estate ownership certificate related to the land of the Wanli In Times (灣里時光里) project;
3. Nanchang Hongyang has obtained the necessary construction permits in accordance with the actual progress of development Wanli In Times (灣里時光里);
4. According to the confirmation from Nanchang Hongyang, based on the current progress of the Wanli In Times (灣里時光里) project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
5. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Nanchang Hongyang will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
6. Based on the information disclosed by Nanchang Hongyang to our firm and all the information disclosed in this legal opinion, regarding the parking spaces: (1)CPS-B: The ownership of non-civil air defense underground parking spaces is generally recognized as belonging to the developer in judicial practice; (2)CPS-C: As the project developer and investor, Nanchang Hongyang can obtain the usufruct of civil air defense parking spaces. However, when disposing of the usufruct of such parking spaces, it is necessary to ensure that the relevant procedures are properly completed. This is in line with the provisions of the People's Air Defense Law and local policies, which allow developers to manage and benefit from the use of civil air defense facilities under certain conditions.

VALUATION REPORT

			MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025									
NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY									
20	Portion of Basement Carparks of Changfeng In Times (長豐時光里) Intersection of Fuyang North Road and Jinchuan Road, Changfeng County, Hefei City, Anhui Province, PRC	<p>Changfeng In Times is a large-scale residential development with a total site area of 42,621.00 sq m (the “Development”).</p> <p>As advised, the Property comprises 354 CPS-A and 135 CPS-C of the Development (the “Property”). Detailed GFA of the CPS of the Property is listed below:</p> <table><thead><tr><th>Portions</th><th>GFA (sq m)</th></tr></thead><tbody><tr><td>CPS-A</td><td>4,779.00</td></tr><tr><td>CPS-C</td><td>1,822.50</td></tr><tr><td>Total</td><td>6,601.50</td></tr></tbody></table> <p>Pursuant to the Realty Title Certificate provided, the land-use rights of the CPS-A have been granted for a term expiring on 7 November 2086 for Urban residential land.</p>	Portions	GFA (sq m)	CPS-A	4,779.00	CPS-C	1,822.50	Total	6,601.50	At the date of our inspection, the property was vacant.	RMB10,000,000 (RENMINBI TEN MILLION) Note i
Portions	GFA (sq m)											
CPS-A	4,779.00											
CPS-C	1,822.50											
Total	6,601.50											

Notes:

- i) The value represents the market value of CPS-A. Due to the absence of valid property ownership documents for CPS-C, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-C in the valuation report for the company’s internal reference. As of the valuation date, the investment value of the CPS-C is RMB2,510,000.
- ii) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 8 November 2016 and 25 November 2016 the land-use rights of the Property have been granted to Anhui Honglan Real Estate Development Co., Ltd 安徽弘嵐房地產開發有限公司 (“**Anhui Honglan**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	340121 Chu Rang [2016] 100 340121 Chu Rang [2016] 100 Bu	25 November 2016	Other residential land	42,621.00
Total:				42,621.00

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Anhui Honglan. Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Wan(2017)Chang Feng Bu Dong Chan Quan Di No.0008610	24 March 2017	Residential Land	42,621.00
Total:				42,621.00

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Land Planning Permit, Property has been approved to Anhui Honglan. Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No.340121201720005	7 February 2017	Residential land	42,621.00
Total:				42,621.00

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Anhui Honglan. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Chang Jian Nan Xu (2017)149	Shi Guang Li No. 1#	12 May 2017	6,115.14
2	Chang Jian Nan Xu (2017)150	Shi Guang Li No. 2#	12 May 2017	4,031.35
3	Chang Jian Nan Xu (2017)151	Shi Guang Li No. 3#	12 May 2017	5,203.21
4	Chang Jian Nan Xu (2017)152	Shi Guang Li No. 5#	12 May 2017	4,031.35
5	Chang Jian Nan Xu (2017)153	Shi Guang Li No. 6#	12 May 2017	5,177.88
6	Chang Jian Nan Min Xu (2017)201	Shi Guang Li No. 7#	7 July 2017	4,469.39
7	Chang Jian Nan Xu (2017)154	Shi Guang Li No. 8#	12 May 2017	5,202.81
8	Chang Jian Nan Min Xu (2017)133	Shi Guang Li No. 9#	8 May 2017	9,598.77
9	Chang Jian Nan Min Xu (2017)134	Shi Guang Li No. 10#	8 May 2017	11,078.98
10	Chang Jian Nan Min Xu (2017)094	Shi Guang Li No. 11#	19 April 2017	10,061.27
11	Chang Jian Nan Min Xu (2017)135	Shi Guang Li No. 12#	8 May 2017	11,002.15
12	Chang Jian Nan Min Xu (2017)095	Shi Guang Li No. 13#	19 April 2017	10,431.68
13	Chang Jian Nan Min Xu (2017)136	Shi Guang Li No. 15#	08 May 2017	10,978.37

APPENDIX VI**PROPERTY VALUATION REPORT**

No.	Certificate No.	Project Name	Date	GFA
14	Chang Jian Nan Xu (2017)155	Shi Guang Li No. 16#	12 May 2017	2,055.23
15	Chang Jian Nan Min Xu (2017)157	underground garage	16 May 2017	26,510.78
16	Chang Jian Nan Min Xu (2017)202	Shi Guang Li No. F1# Power distribution room	19 July 2017	175.74
17	Chang Jian Nan Min Xu (2017)203	Shi Guang Li No. F2# Power distribution room	19 July 2017	221.02
Total:				126,345.12

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Anhui Honglan. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	3401211703150101-SX-001	Shi Guang Li No. 11#, 13#	3 May 2017	20,492.95
2	3401211703150101-SX-002	Shi Guang Li No. 16#	1 June 2017	2,055.03
3	3401211703150101-SX-003	Shi Guang Li No. 1#2#3#5#6#8#9#10#12 #15#underground garage	1 June 2017	98,930.79
4	3401211703150101-SX-004	Shi Guang Li No. 7#, F1# Power distribution room, F2# Power distribution room	16 August 2017	4,866.15
Total:				126,344.92

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Anhui Honglan. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Chang Fang Yu Shou Zheng Di No. 20177120	Shi Guang Li 1	1 August 2017	6,063.79
2	Chang Fang Yu Shou Zheng Di No. 20177121	Shi Guang Li 2	1 August 2017	4,006.63
3	Chang Fang Yu Shou Zheng Di No. 20187044	Shi Guang Li 3	21 March 2018	5,220.06
4	Chang Fang Yu Shou Zheng Di No. 20177077	Shi Guang Li 5	4 May 2018	3,697.72
5	Chang Fang Yu Shou Zheng Di No. 20187134	Shi Guang Li 6	29 June 2018	5,194.51
6	Chang Fang Yu Shou Zheng Di No. 20187135	Shi Guang Li 7	29 June 2018	4,543.50
7	Chang Fang Yu Shou Zheng Di No. 20187083	Shi Guang Li 8	22 May 2018	4,834.59
8	Chang Fang Yu Shou Zheng Di No. 20187052	Shi Guang Li 9	13 April 2018	9,486.06
9	Chang Fang Yu Shou Zheng Di No. 20187080	Shi Guang Li 10	16 May 2017	10,990.02
10	Chang Fang Yu Shou Zheng Di No. 20177122	Shi Guang Li 11	13 July 2017	10,347.11
11	Chang Fang Yu Shou Zheng Di No. 20177203	Shi Guang Li 12	16 November 2017	11,230.16
12	Chang Fang Yu Shou Zheng Di No. 20177123	Shi Guang Li 13	13 July 2017	10,739.92
13	Chang Fang Yu Shou Zheng Di No. 20177204	Shi Guang Li 15	16 November 2017	11,242.19
Total:				97,596.26

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

xiii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Anhui Honglan. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	3401211703150101-JX-001	He Fei Chang Feng CF201609 Plot 1#	28 June 2019	6,115.14
2	3401211703150101-JX-002	He Fei Chang Feng CF201609 Plot 2#	28 June 2019	4,031.35
3	3401211703150101-JX-003	He Fei Chang Feng CF201609 Plot 3#	28 June 2019	5,203.21
4	3401211703150101-JX-004	He Fei Chang Feng CF201609 Plot 5#	28 June 2019	4,031.35
5	3401211703150101-JX-005	He Fei Chang Feng CF201609 Plot 6#	28 June 2019	5,177.88
6	3401211703150101-JX-006	He Fei Chang Feng CF201609 Plot 7#	28 June 2019	4,469.39
7	3401211703150101-JX-007	He Fei Chang Feng CF201609 Plot 8#	28 June 2019	5,202.81
8	3401211703150101-JX-008	He Fei Chang Feng CF201609 Plot 9#	28 June 2019	9,598.77
9	3401211703150101-JX-009	He Fei Chang Feng CF201609 Plot 10#	28 June 2019	11,078.98
10	3401211703150101-JX-010	He Fei Chang Feng CF201609 Plot 11#	28 June 2019	10,061.27
11	3401211703150101-JX-011	He Fei Chang Feng CF201609 Plot 12#	28 June 2019	11,002.15
12	3401211703150101-JX-012	He Fei Chang Feng CF201609 Plot 13#	28 June 2019	10,431.68
13	3401211703150101-JX-013	He Fei Chang Feng CF201609 Plot 15#	28 June 2019	10,978.37
14	3401211703150101-JX-014	He Fei Chang Feng CF201609 Plot 16#	24 July 2019	2,055.23
15	3401211703150101-JX-015	He Fei Chang Feng CF201609 Plot -underground garage	1 July 2019	26,510.78
16	3401211703150101-JX-020	He Fei Chang Feng CF201609 Plot F1#	2 August 2019	175.74
17	3401211703150101-JX-021	He Fei Chang Feng CF201609 Plot F2#	2 August 2019	221.02
Total:				126,345.12

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

xiv) Pursuant to the Business License – No. 91340121MA2N2L1Y44 dated 9 November 2016, Anhui Honglan has been registered.

xv) The general description and market information of the property are summarized below:

Location	The Property is located at the Intersection of Fuyang North Road and Jinchuan Road, Changfeng County, Hefei City, Anhui Province, PRC
Transportation	Hefei Xinqiao Airport is located approximately 25 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

xvi) In assessing the market value of CPS-A and investment value of CPS-C, we have made reference to sales prices of similar CPS in the vicinity. Comparable are located in the same development with similar conditions, size and tenure, etc.

In the course of our valuation, we have considered the relevant adjustment factors such as the building quality, bulk discount to determine the unit price of the Property.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Changfeng In Times	Changfeng In Times	Changfeng In Times
District/County	Hefei City	Hefei City	Hefei City
Detail Address	Intersection of Fuyang North Road and Jinchuan Road, Changfeng County, Hefei City, Anhui Province	Intersection of Fuyang North Road and Jinchuan Road, Changfeng County, Hefei City, Anhui Province	Intersection of Fuyang North Road and Jinchuan Road, Changfeng County, Hefei City, Anhui Province
Total GFA (sq. m.)	13.50	13.50	13.50
Type Mix	CPS	CPS	CPS
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	40,275	40,275	40,275

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 1	Comparable 3
Bulk discount	downward	downward	downward
Total adjustment	-30.00%	-30.00%	-30.00%
Adjusted unit price (RMB/lot)	28,193	28,193	28,193
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/lot)		28,200	

Rental transactions that had been selected include the CPS-C ranges from RMB120 to RMB140 per lot per month. According to our market research, the yield of comparable parking spaces in the vicinity ranges from 4.0% to 5.0%, As the CPS-C was vacant on the valuation date, we have capitalized the estimated rent that will be generated during the remaining period. In our valuation, we have adopted an average market rent of RMB119 per parking space and a capitalization rate of 4.5%.

xvii) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

xviii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Anhui Honglan, the external promotional name of the Property is Changfeng In Times (長豐時光里);
2. Anhui Honglan has obtained the real estate ownership certificate related to the land of the Changfeng In Times (長豐時光里) project;
3. Anhui Honglan has obtained the necessary construction permits in accordance with the actual progress of development Changfeng In Times (長豐時光里);
4. Anhui Honglan is entitled to pre-sell the in-progress buildings of Changfeng In Times (長豐時光里) within the pre-sale scope specified in the "Pre-sale Permit".
5. According to the confirmation from Anhui Honglan, based on the current progress of the Changfeng In Times (長豐時光里) project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
6. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Anhui Honglan will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
7. Regarding the CPS, as part of the Development, the titleship of CPS-A is clear, and no sealing or mortgage has been found. Anhui Honglan has the right to dispose of the parking space but should conform to the legal regulation that "community parking spaces should first meet the needs of owners" when disposing
8. Civil air defense parking spaces: As the project developer and investor, Anhui Honglan can obtain the usufructuary right to use civil air defense parking spaces. However, when disposing of such parking space usage rights, attention should be paid to completing the corresponding procedures.

VALUATION REPORT

				MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025									
NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY										
21	Portion of Basement Carparks of Shangcheng District 3 (上城三區), East of Daqiao North Road, Pukou District, Nanjing City, Jiangsu Province, PRC	<p>Shangcheng District 3 is a large-scale residential development with a total site area of 189,011.70 sq m (the “Development”).</p> <p>As advised, the subject property comprises 382 CPS-B (including 223 Mechanical parking space units and 159 Non-civil defense flat parking space units) of the Development (the “Property”). Detailed GFA of the CPS is listed below:</p> <table><tr><td></td><td>Portions</td><td>GFA (sq m)</td></tr><tr><td></td><td>CPS-B</td><td>5,157.00</td></tr><tr><td></td><td>Total</td><td>5,157.00</td></tr></table> <p>Pursuant to the Realty Title Certificate provided, the land-use rights of the CPS-B have been granted for two concurrent terms expiring on 19 August 2043 for residential use, 19 August 2073 for commercial use respectively.</p>		Portions	GFA (sq m)		CPS-B	5,157.00		Total	5,157.00	At the date of our inspection, the Property was vacant.	NO COMMERCIAL VALUE
	Portions	GFA (sq m)											
	CPS-B	5,157.00											
	Total	5,157.00											

Notes:

- i) Due to the absence of valid property ownership documents for CPS-B, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-B in the valuation report for the company’s internal reference. As of the valuation date, the investment value of the CPS-B is RMB14,420,000.
- ii) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreements dated 27 December 2003 and 30 June 2008, the land-use rights of the Property have been granted to Nanjing Red Sun Real Estate Development Co., Ltd. (南京紅太陽房地產開發有限公司) (“**Nanjing Red Sun**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Pu Shi Chu Zi (2003) Di No. 037	27 December 2003	Class II Residential Land, Public Facilities Land (Commercial Land)	800,299.00
Total:				800,299.00

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Nanjing Red Sun, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Pu Guo Yong (2007)Di No. 00203P	9 January 2012	Urban Mixed Residential Land	99,919.00
2	Ning Pu Guo Yong (2007)Di No. 16328P	8 December 2011	Urban Mixed Residential Land	47,184.70
3	Ning Pu Guo Yong (2010)Di No. 16616P	15 December 2011	Urban Mixed Residential Land	41,908.00
Total:				189,011.70

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Nanjing Red Sun, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	No. (2003)098	11 December 2003	N/A	787,069.00
Total:				787,069.00

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 320111201081129	Residential buildings 01-06, 1 underground garage	17 December 2010	139,227.83
2	Jian Zi Di No. 320111201280025	Blocks 07 to 09, 11, 12, 15, 16 and 2 to 4 basement CPS (Cluster B)	25 April 2012	152,650.32
3	Jian Zi Di No. 320111201280031	Blocks 10, 13, 24, 25 and 07 basement CPS (Cluster C)	9 May 2012	138,339.88
4	Jian Zi Di No. 320111201280026	Blocks 17 to 23, kindergarten, basement of buildings 5 and 6 (Cluster D)	25 April 2012	170,498.46
Total:				600,716.49

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 3201112011012700002A	Block 01-06, basement CPS No.1	27 January 2011	139,227.83
2	No. 32011120110022	07 to 09, 11, 12, 15, 16 blocks, 02-04 basement CPS	4 November 2011	138,736.26
3	No. 32011120120050	Blocks 17to 23, 06, 06 and basement CPS	5 June 2012	166,552.46
4	No. 32011120120099	Blocks 10, 13, 24, 25, Basement 07	12 December 2012	138,339.88
5	No. 3201112010122700002A	Pile foundation of Block 01 to 06, No.1 basement CPS	29 December 2020	N/A
6	No. 3201112011062900001A	07-09, 11, 12, 15, 16, 02 to 04 basement CPS piles	30 June 2011	N/A
7	No. 320111020120037	Pile foundation for basement CPS, Block 10, 13, 24, 25, 07	17 May 2012	N/A
8	No. 320111020120036	Basement CPS Piling for Blocks 17 to 23, 06, 06	17 May 2012	N/A
Total:				582,856.43

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ning Fang Xiao Di No. 201130077	Block 01 and 04	28 September 2011	N/A
2	Ning Fang Xiao Di No.201230007	Block 02 and 05	9 February 2012	N/A
3	Ning Fang Xiao Di No.201130065	Block 03 and 06	25 August 2011	N/A
4	Ning Fang Xiao Di No.201230068	Block 07	30 August 2012/	N/A
5	Ning Fang Xiao Di No.201230085	Block 08	21 September 2012	N/A
6	Ning Fang Xiao Di No.201330022	Block 09	21 March 2013	N/A
7	Ning Fang Xiao Di No.201330096	Block 10	25 July 2013	N/A
8	Ning Fang Xiao Di No.201230047	Block 11	29 June 2012	N/A
9	Ning Fang Xiao Di No.201230064	Block 12	17 August 2012	N/A
10	Ning Fang Xiao Di No.201330036	Block 13	3 April 2013	N/A
11	Ning Fang Xiao Di No.201230051	Block 15	13 July 2012	N/A
12	Ning Fang Xiao Di No.201230117	Block 16	28 December 2012	N/A
13	Ning Fang Xiao Di No.201330008	Block 17	21 February 2013	N/A
14	Ning Fang Xiao Di No.201230095	Block 18	29 September 2012	N/A
15	Ning Fang Xiao Di No.201230094	Block 19	29 September 2012	N/A
16	Ning Fang Xiao Di No.201230104	Block 20	9 November 2012	N/A
17	Ning Fang Xiao Di No.201330013	Block 21	8 March 2013	N/A
18	Ning Fang Xiao Di No.201230106	Block 22	22 November 2012	N/A
19	Ning Fang Xiao Di No.201330007	Block 23	24 January 2013	N/A
20	Ning Fang Xiao Di No.201330044	Block 24	18 April 2013	N/A
21	Ning Fang Xiao Di No.201330071	Block 25	21 June 2013	N/A
Total:				N/A

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

viii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ning Pu Bei Zi No. 2013273	Block 1	3 September 2013	19,124.70
2	Ning Pu Bei Zi No.2013274	Block 2	3 September 2013	27,138.40
3	Ning Pu Bei Zi No.2013275	Block 3	3 September 2013	22,399.40
4	Ning Pu Bei Zi No.2013276	Block 4	3 September 2013	15,253.90
5	Ning Pu Bei Zi No.2013277	Block 5	3 September 2013	26,901.40
6	Ning Pu Bei Zi No.2013278	Block 6	3 September 2013	19,096.80
7	Ning Pu Bei Zi No.2013279	Basement CPS No. 1	3 September 2013	9,122.00
8	Ning Pu Bei Zi No.2014324	Block 7	4 September 2014	22,517.50
9	Ning Pu Bei Zi No.2014325	Block 8	4 September 2014	14,528.54
10	Ning Pu Bei Zi No.2014326	Block 9	4 September 2014	22,668.40
11	Ning Pu Bei Zi No.2014327	Block 11	4 September 2014	10,703.58
12	Ning Pu Bei Zi No.2014328	Block 12	4 September 2014	20,646.70
13	Ning Pu Bei Zi No.2014329	Block 15	4 September 2014	16,604.40
14	Ning Pu Bei Zi No.2014330	Block 16	4 September 2014	21,190.20
15	Ning Pu Bei Zi No.2014331	Basement CPS No.2	4 September 2014	15,051.00
16	Ning Pu Bei Zi No.2014332	Basement CPS No. 3	4 September 2014	4,161.00
17	Ning Pu Bei Zi No.2014333	Basement CPS No.4	4 September 2014	4,578.00
18	Ning Pu Bei Zi No.2015133	Block 13	7 May 2015	22,398.40
19	Ning Pu Bei Zi No.2015134	Block 24	7 May 2015	26,772.64
20	Ning Pu Bei Zi No.2015135	Block 25	7 May 2015	33,973.67
21	Ning Pu Bei Zi No.2015136	Basement CPS No.7	7 May 2015	25,169.00
22	Ning Pu Bei Zi No.2015132	Block 10	7 May 2015	30,027.17
23	Ning Pu Bei Zi No.2014493	Block 17	25 November 2014	12,848.00
24	Ning Pu Bei Zi No.2014494	Block 18	25 November 2014	15,969.80
25	Ning Pu Bei Zi No.2014495	Block 19	25 November 2014	16,181.10
26	Ning Pu Bei Zi No.2014496	Block 20	25 November 2014	14,781.68
27	Ning Pu Bei Zi No.2014497	Block 21	25 November 2014	N/A
28	Ning Pu Bei Zi No.2014498	Block 22	25 November 2014	26,070.58

No.	Certificate No.	Project Name	Date	GFA
29	Ning Pu Bei Zi No.2014499	Block 23	25 November 2014	26,407.35
30	Ning Pu Bei Zi No.2014450	Basement CPS No.5	25 November 2014	N/A
31	Ning Pu Bei Zi No.2014493	Basement CPS No.6	25 November 2014	N/A
32	Ning Pu Bei Zi No.2015066	kindergarten	25 March 2015	3,946.00
Total:				546,231.31

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- ix) Pursuant to the Business License – No. 913201007217014139 dated 19 April 2024, Hongyang Land (Group) Co., Ltd. (弘陽置地(集團)有限公司) (“**Hongyang Land**”) has been registered.

- x) The general description and market information of the property are summarized below:

Location The Property is located at No.48, Daqiao North Road, Pukou District, Nanjing City, Jiangsu Province, PRC

Transportation Nanjing Lukou international Airport is located approximately 56 kilometres away from the Property. Also, taxi and bus are readily available in the locality.

Nature of Surrounding Area The subject area is a predominately residential area.

- xi) In assessing the investment value of CPS-B, we have made reference to rental prices of similar CPS in the vicinity. Comparable are located in the same district with similar conditions, size and tenure, etc.

Rental transactions that had been selected include the CPS-B ranges from RMB250 to RMB270 per lot per month. According to our market research, the yield of comparable parking spaces in the vicinity ranges from 4.25% to 5.25%. As the CPS-B was vacant on the valuation date. We have capitalized the estimated future rental income to be generated over the remaining period, which has an approximate duration of 28.49 years and terminates on 19 August 2053. In our valuation, we have adopted an average market rent of RMB239 per parking space and a capitalization rate of 4.75%. For Mechanical parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 0.75.

- xii) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

xiii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Hongyang Land, the external promotional name of the Property is Shangcheng District 3 (上城三區);
2. Hongyang Land has obtained the real estate ownership certificate related to the land of the Shangcheng District 3 (上城三區) project;
3. Hongyang Land has obtained the necessary construction permits and construction work completion certificates in accordance with the actual progress of development Shangcheng District 3 (上城三區);
4. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Hongyang Land will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
5. Regarding the CPS-B: Hongyang Land cannot register the real estate right and has not been transferred, and there is no situation of seizure and mortgage. Hongyang Land has the right to dispose of the parking space but should conform to the legal regulation that "community parking spaces should first meet the needs of owners" when disposing based on Article 276 of the Civil Code of the People's Republic of China and Article 63 of the Property Management Regulations of Jiangsu Province.

VALUATION REPORT

			MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025							
NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY							
22	Portion of Basement Carparks of Shangcheng District 2 (上城二區), East of Daqiao North Road, Pukou District, Nanjing City, Jiangsu Province, PRC	<p>Shangcheng District 2 is a large-scale residential development with a total site area of 163,340.80 sq m (the “Development”).</p> <p>As advised, the subject property comprises 397 CPS-B (including 376 Mechanical parking space units and 21 Non-civil air defense flat parking space units) of the Development (the “Property”). Detailed GFA of the CPS is listed below:</p> <table><tr><td>Portions</td><td>GFA (sq m)</td></tr><tr><td>CPS-B</td><td>5,359.50</td></tr><tr><td>Total</td><td>5,359.50</td></tr></table> <p>Pursuant to the Realty Title Certificate provided, the land-use rights of the property have been granted for two concurrent terms expiring on 19 August 2043 for residential use, 19 August 2073 for commercial use respectively.</p>	Portions	GFA (sq m)	CPS-B	5,359.50	Total	5,359.50	At the date of our inspection, the Property was vacant.	NO COMMERCIAL VALUE
Portions	GFA (sq m)									
CPS-B	5,359.50									
Total	5,359.50									

Notes:

- i) Due to the absence of valid property ownership documents for CPS-B, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-B in the valuation report for the company's internal reference. As of the valuation date, the investment value of CPS-B is RMB13,390,000.
- ii) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreements dated 27 December 2003 and 30 June 2008, the land-use rights of the Property have been granted to Nanjing Red Sun Real Estate Development Co., Ltd. (南京紅太陽房地產開發有限公司) (“**Nanjing Red Sun**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Pu Shi Chu Zi (2003) Di No. 037	27 December 2003	Class II Residential Land, Public Facilities Land (Commercial Land)	800,299.00
Total:				800,299.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Nanjing Red Sun, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Pu Guo Yong (2011)Di No. 06669P	19 May 2011	Urban Mixed Residential Land	40,065.8
2	Ning Pu Guo Yong (2011)Di No. 09394P	12 July 2011	Urban Mixed Residential Land	79,293.2
3	Ning Pu Guo Yong (2011)Di No. 15317P	17 November 2011	Urban Mixed Residential Land	43,981.8
Total:				163,340.80

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Nanjing Red Sun, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	No. (2003)098	11 December 2003	\	787,069.00
Total:				787,069.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 320111201390009	Cluster A	10 April 2013	107,804.10
2	Jian Zi Di No. 320111201390008	Cluster B	10 April 2013	151,710.40
3	Jian Zi Di No. 320111201390007	Cluster C	10 April 2013	30,789.80
4	Jian Zi Di No. 320111201390053	Cluster D	11 December 2013	88,220.50
5	Jian Zi Di No. 320111201390054	Cluster E	11 December 2013	112,491.80
6	Jian Zi Di No. 320111201390055	Cluster F	11 December 2013	76,180.00
Total:				567,196.70

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 320190020130017	Cluster A Project 4, 7, 9, 11 and 1 basement (including piling)	27 July 2013	107,618.50
2	No. 320190020130018	Cluster B Project 1, 5, 8, 12 and 2 basement (including piling)	30 July 2013	151,524.80
3	No. 320190020130019	Cluster C Project 2, 3, 6 commercial, 10, 10 commercial, 13 and 13 basement (including piling)	30 July 2013	170,402.80
4	No. 320100120140003	Cluster D Project 14, 17, 20 and 4 basement CPS piling Cluster	28 January 2014	N/A
5	No. 320100120140004	Cluster E Project 15, 16, 21 and 5 basement CPS piling	28 January 2014	N/A
6	No. 320100120140005	Cluster F Project 16, 16 Commercial, 19 and 6 basement CPS Piling	28 January 2014	N/A
Total:				429,546.10

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ning Fang Xiao Di No. 2014300083	Block 01	6 August 2014	N/A
2	Ning Fang Xiao Di No. 2014300091	Block 02	26 August 2014	N/A
3	Ning Fang Xiao Di No. 2014300070	Block 03	16 July 2014	N/A
4	Ning Fang Xiao Di No. 2014300110	Block 04 and 07	15 October 2014	N/A
5	Ning Fang Xiao Di No. 2015300029	Block 05	24 April 2025	N/A
6	Ning Fang Xiao Di No. 2014300102	Block 06	25 September 2014	N/A
7	Ning Fang Xiao Di No. 2014300139	Block 08	18 December 2014	N/A
8	Ning Fang Xiao Di No. 2014300135	Block 09	4 December 2014	N/A
9	Ning Fang Xiao Di No. 2014300060	Block 10	13 June 2014	N/A
10	Ning Fang Xiao Di No. 2014300031	Block 11	17 April 2014	N/A
11	Ning Fang Xiao Di No. 2014300125	Block 12	14 November 2014	N/A
12	Ning Fang Xiao Di No. 2014300026	Block 13	17 April 2014	N/A
13	Ning Fang Xiao Di No. 2015300007	Block 14	29 January 2015	N/A
14	Ning Fang Xiao Di No. 2015300058	Block 15	9 July 2015	N/A
15	Ning Fang Xiao Di No. 2014300140	Block 16	18 December 2014	N/A
16	Ning Fang Xiao Di No. 2015300059	Block 17	24 July 2015	N/A
17	Ning Fang Xiao Di No. 2015300046	Block 18 and 21	28 May 2025	N/A
18	Ning Fang Xiao Di No. 2015300110	Block 19	24 September 2015	N/A
19	Ning Fang Xiao Di No. 2015300019	Block 20	2 April 2015	N/A
Total:				<u>N/A</u>

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

viii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ning Pu Bei Zi No. 2016117	Block 1 basement	7 June 2016	9,901.10
2	Ning Pu Bei Zi No. 2016113	Block 4	7 June 2016	23,948.70
3	Ning Pu Bei Zi No. 2016114	Block 7	7 June 2016	24,561.90
4	Ning Pu Bei Zi No. 2016115	Block 9	7 June 2016	24,448.50
5	Ning Pu Bei Zi No. 2016108	Block 1	7 June 2016	24,758.30
6	Ning Pu Bei Zi No. 2016112	Block 2 basement (including civil air defense)	7 June 2016	29,233.00
7	Ning Pu Bei Zi No. 2016116	Block 11	7 June 2016	39,113.70
8	Ning Pu Bei Zi No. 2016109	Block 5	7 June 2016	24,446.50
9	Ning Pu Bei Zi No. 2016110	Block 8	7 June 2016	26,989.00
10	Ning Pu Bei Zi No. 2016111	Block 12	7 June 2016	31,742.60
11	Ning Pu Bei Zi No. 2016118	Block 2	7 June 2016	20,025.30
12	Ning Pu Bei Zi No. 2016119	Block 3	7 June 2016	29,985.50
13	Ning Pu Bei Zi No. 2016125	Block 3 basement (including civil air defense)	7 June 2016	25,042.90
14	Ning Pu Bei Zi No. 2016120	Block 7	7 June 2016	31,397.50
15	Ning Pu Bei Zi No. 2016123	Block 6 commercial building	7 June 2016	988.80
16	Ning Pu Bei Zi No. 2016121	Block 10 commercial building	7 June 2016	30,395.90
17	Ning Pu Bei Zi No. 2016124	Block 10 residential building	7 June 2016	1,777.10
18	Ning Pu Bei Zi No. 2016122	Block 13	7 June 2016	30,789.80
19	Ning Pu Bei Zi No. 2017212	Block 14	19 May 2017	23,948.70
20	Ning Pu Bei Zi No. 2017218	Block 15	19 May 2017	31,631.60
21	Ning Pu Bei Zi No. 2017220	Block 16	19 May 2017	30,500.20
22	Ning Pu Bei Zi No. 2017213	Block 17	19 May 2017	24,758.30
23	Ning Pu Bei Zi No. 2017219	Block 18	19 May 2017	23,895.60
24	Ning Pu Bei Zi No. 2017216	Block 19	19 May 2017	31,234.40

No.	Certificate No.	Project Name	Date	GFA
25	Ning Pu Bei Zi No. 2017214	Block 20	19 May 2017	24,758.30
26	Ning Pu Bei Zi No. 2017222	Block 21	19 May 2017	30,499.30
27	Ning Pu Bei Zi No. 2017215	Block 16 commercial building	19 May 2017	1,504.90
28	Ning Pu Bei Zi No. 2017217	kindergarten	19 May 2017	4,364.60
29	Ning Pu Bei Zi No. 2017221	Basement	19 May 2017	43,166.60
Total:				699,808.60

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- ix) Pursuant to the Business License – No. 913201007217014139 dated 19 April 2024, Hongyang Land (Group) Co., Ltd. (弘陽置地(集團)有限公司) (“**Hongyang Land**”) has been registered.

- x) The general description and market information of the property are summarized below:

Location	The Property is located at No.48, Daqiao North Road, Pukou District, Nanjing City, Jiangsu Province, PRC
Transportation	Nanjing Lukou international Airport is located approximately 56 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- xi) In assessing the investment value of CPS-B, we have made reference to rental prices of similar CPS in the vicinity. Comparable are located in the same district with similar conditions, size and tenure, etc.

Rental transactions that had been selected include the CPS-B ranges from RMB250 to RMB270 per lot per month. According to our market research, the yield of comparable parking spaces in the vicinity ranges from 4.25% to 5.25%. As the CPS-B was vacant on the valuation date. We have capitalized the estimated future rental income to be generated over the remaining period, which has an approximate duration of 28.49 years and terminates on 19 August 2053. In our valuation, we have adopted an average market rent of RMB239 per parking space and a capitalization rate of 4.75%. For Mechanical parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 0.75.

- xii) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

xiii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Hongyang Land, the external promotional name of the Property is Shangcheng District 2 (上城二區);
2. Hongyang Land has obtained the Realty Title Certificate related to the land of the Shangcheng District 2 (上城二區) project;
3. Hongyang Land has obtained the necessary construction permits and construction work completion certificates in accordance with the actual progress of development Shangcheng District 2 (上城二區);
4. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, FoShan Hongsheng will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
5. Regarding the CPS-B: Hongyang Land cannot register the real estate right and has not been transferred, and there is no situation of seizure and mortgage. Hongyang Land has the right to dispose of the parking space but should conform to the legal regulation that "community parking spaces should first meet the needs of owners" when disposing based on Article 276 of the Civil Code of the People's Republic of China and Article 63 of the Property Management Regulations of Jiangsu Province.

VALUATION REPORT

				MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025						
NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY							
23	Portion of Basement Carparks of Mengxi Road Shiguang Lane (夢溪路時光里) intersection of Mengxi Road and Weiyi First Road, Wanchun Street, Wuhu Economic and Technological Development Zone, Wuhu City, Anhui Province (安徽省), PRC	<p>Mengxi Road Shiguang Lane is a large-scale residential development with a total site area of 74,134.00 sq m (the “Development”).</p> <p>As advised, the Property comprises 607 CPS-A (including 5 accessible parking space) of the Development (the “Property”). Detailed GFA of the CPS is listed below:</p> <table><tr><th>Portions</th><th>GFA (sq m)</th></tr><tr><td>CPS-A</td><td>7,765.44</td></tr><tr><td>Total</td><td>7,765.44</td></tr></table> <p>Pursuant to the Realty Title Certificate provided, the land-use rights of the CPS-A have been granted for a term expiring on 22 April 2090 for Urban residential land/22 April 2060 for Retail commercial land</p>	Portions	GFA (sq m)	CPS-A	7,765.44	Total	7,765.44	At the date of our inspection, the property was vacant.	RMB14,290,000 (RENMINBI FOURTEEN MILLION TWO HUNDRED NINETY THOUSAND)
Portions	GFA (sq m)									
CPS-A	7,765.44									
Total	7,765.44									

Notes:

- i) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 13 April 2020 and 27 December 2020 the land-use rights of the Property have been granted to Wuhu Tuohong Real Estate Co., Ltd 蕪湖拓弘房地產有限責任公司 (“**Wuhu Tuohong**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	340200 Chu Rang [2020] 03	27 December 2020	Urban residential land, retail commercial land	74,134.00
Total:				74,134.00

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned contract.

- ii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Wuhu Tuohong. Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	(Wan)2020 Wu Hu Shi Bu Dong Chan Quan Di NO.0879734	24 July 2020	Urban residential land, retail commercial land	74,134.00
Total:				74,134.00

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iii) Pursuant to the following Construction Land Planning Permit, Property has been approved to Wuhu Tuohong, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di NO. 340201202000040	16 June 2020	Residential	74,134.00
Total:				74,134.00

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Wuhu Tuohong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 340201202000485	Tuo Hong Shi Guang LI 1#, 5#-8#, 10#, 11#, 15#, 17#	1 September 2020	74,363.95
2	Jian Zi Di No. 340201202000483	Tuo Hong Shi Guang LI 2#, 3#, 9#, 12#, 13#, 16#	28 August 2020	48,638.77
3	Jian Zi Di No. 340201202000486	Tuo Hong Shi Guang LI P2#, P3#, S1#	2 September 2020	4,312.35
4	Jian Zi Di No. 340201202000488	Tuo Hong Shi Guang LI underground garage	1 September 2020	36,063.66
5	Jian Zi Di No. 340201202000487	Tuo Hong Shi Guang LI kindergarten	1 September 2020	4,321.18
Total:				167,699.91

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Wuhu Tuohong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	3402002006190030-SX-001	Tuo Hong Shi Guang LI 2#, 3#, 9#, 12#, 13#, 16#	1 September 2020	48,638.77
2	3402002006190030-SX-002	Tuo Hong Shi Guang LI 1#, 5#-8#, 10#, 11#, 15#, 17#, P2#, P3#, S1#, Kindergarten, underground garage (Non Civil defense)	9 September 2020	109,680.14
3	340553000626	Air Defense Basement	31 August 2020	9,381.00
Total:				167,699.91

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Wuhu Tuohong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	(Wu) Fang Yu Shou Zheng Di No.(2020)188	Tuo Hong Shi Guang LI 1#, 7#, 8#, 10#	25 November 2020	21,713.14
2	(Wu) Fang Yu Shou Zheng Di No.(2020)137	Tuo Hong Shi Guang LI 2#, 3#, 9#, 12#, 13#	24 September 2020	33,653.97
3	(Wu) Fang Yu Shou Zheng Di No.(2021)117	Tuo Hong Shi Guang LI 15#, 16#, 17#	21 May 2021	43,556.87
4	(Wu) Fang Yu Shou Zheng Di No.(2020)192	Tuo Hong Shi Guang LI S1#	10 December 2020	755.26
5	(Wu) Fang Yu Shou Zheng Di No.(2021)061	Tuo Hong Shi Guang LI 5#, 6#, 11#	6 April 2020	23,446.23
Total:				123,125.47

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Wuhu Tuohong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Di No.2022011	Tuo Ba Shi Guang Li 1#, 2#, 3#, 5#, 6#, 7#, 8#, 9#, 10#, 11#, 12#, 13#	28 December 2022	78,813.24
2	Di No 2022012	Tuo Ba Shi Guang Li S1#	23 December 2022	978.47
3	Di No 2023001	Tuo Ba Shi Guang Li 15#, 16#, 17#, underground garage	13 March 2023	80,255.33
Total:				160,047.04

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the Business License – No. 91340200MA2UPY648H dated 29 April 2020, Wuhu Tuohong has been registered.

- ix) The general description and market information of the property are summarized below:

Location	The Property is located at Wanchun Street, Wuhu Economic and Technological Development Zone, north to Planning Branch Second Road, south to Wanchun Xinyuan Leyuan, west to Kongdi, east to Mengxi Road, Wuhu City, Anhui Province, PRC
Transportation	Wuhu railway station is located approximately 10 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- x) In assessing the market value of CPS-A, we have made reference to sales prices of similar CPS in the vicinity. Comparable are located in the same development with similar conditions, size and tenure, etc.

Transactions that had been selected include CPS-A ranges from RMB33,000 to RMB35,000 per lot; In the course of our valuation, we have considered the relevant adjustment factors such as bulk discount to determine the unit price of the Property.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Mengxi Road Shiguang Lane	Mengxi Road Shiguang Lane	Mengxi Road Shiguang Lane
District/County	Wuhu City	Wuhu City	Wuhu City
Detail Address	intersection of Mengxi Road and Weiyi First Road, Wuhu Economic and Technological Development Zone, WuhuCity, Anhui Province	intersection of Mengxi Road and Weiyi First Road, Wuhu Economic and Technological Development Zone, WuhuCity, Anhui Province	intersection of Mengxi Road and Weiyi First Road, Wuhu Economic and Technological Development Zone, WuhuCity, Anhui Province
Total GFA (sq. m.)	12.72	12.72	12.72
Type Mix	CPS	CPS	CPS
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	34,404	33,257	33,028

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 1	Comparable 3
Bulk discount	downward	downward	downward
Total adjustment	-30.00%	-30.00%	-30.00%
Adjusted unit price (RMB/lot)	24,083	23,280	23,119
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/lot)		23,500	

For accessible parking space lots, the prices mentioned above require an additional adjustment for the parking space type, which is 1.2.

- xi) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

xii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Wuhu Tuohong, the external promotional name of the Property is Mengxi Road Shiguang Lane (夢溪路時光里);
2. Wuhu Tuohong has obtained the real estate ownership certificate related to the land of the Mengxi Road Shiguang Lane (夢溪路時光里) project;
3. Wuhu Tuohong has obtained the necessary construction permits in accordance with the actual progress of development Tuohong Time (拓弘時光里);
4. Wuhu Tuohong is entitled to pre-sell the in-progress buildings of Mengxi Road Shiguang Lane (夢溪路時光里) within the pre-sale scope specified in the "Pre-sale Permit".
5. According to the confirmation from Wuhu Tuohong, based on the current progress of the Mengxi Road Shiguang Lane (夢溪路時光里) project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
6. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Wuhu Tuohong will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
7. Based on all the information disclosed by Wuhu Tuohong to our firm and our firm's disclosure in this legal opinion, regarding the parking space part: as the part of the property project, its ownership is clear, and no sealing or mortgage has been found. Wuhu Tuohong has the right to dispose of the target parking space, but should pay attention to the legal regulation that "residential parking spaces should first meet the needs of owners" when disposing.

The following is the text of a letter, a summary of values and summary reports prepared for the purpose of incorporation in this circular received from Colliers Appraisal and Advisory Services Co., Ltd., an independent valuer, in connection with its valuation as at 28 February 2025 of the property interests held by the Group.

Colliers Appraisal and Advisory Services Co., Ltd.

Suite 507, Block A, Gemdale Plaza
No. 91 Jianguo Road, Chaoyang District,
Beijing China

The Board of Directors
REDSUN PROPERTIES GROUP LIMITED
REDSUN SERVICES GROUP LIMITED



30 APRIL 2025

Dear Sir or Madam,

**RE: VALUATION OF PROPERTIES HELD BY REDSUN PROPERTIES GROUP LIMITED
AND ITS SUBSIDIARIES, LOCATED IN CHINA (THE “PROPERTY”)**

INSTRUCTIONS

We refer to your instructions for us to value the property interests, located in the People’s Republic of China (the “**PRC**”) to be held by REDSUN PROPERTIES GROUP LIMITED (the “**Company**”) and its subsidiaries (hereafter together referred to as the “**Group**”). We confirm that we have carried out inspections, made relevant enquires 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 28 February 2025 (the “**Valuation Date**”), for the purpose of incorporating in the document.

BASIS OF VALUATIONS

Our valuations are provided on the basis of market value.

The market value we would define 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”.

market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value.

Investment Value is understood as the value of an asset to a particular owner or prospective owner for individual investment or operational objectives. The investment value is a value specially designed for individual entities, reflecting the benefits obtained by the entity from holding assets (such as rental income), and therefore may not involve hypothetical transactions.

VALUATION STANDARDS

These valuations have been carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Global Valuation Professional Standards, incorporating the International Valuation Standards of the International Valuation Standards Council (IVSC), and the requirements met out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

QUALIFICATIONS OF THE VALUER

These valuations have been prepared by Kin Ming Woo (James Woo) (RICS Registration No.: 0837243), who is a Fellow member of the Royal Institution of Chartered Surveyors. James is co-head of China Valuation and Advisory Services team at Colliers. He is suitably qualified to carry out the valuation and has over 26 years' experience in the valuation of properties of this magnitude and nature in China.

James Woo is acting as an independent valuer as defined in the latest "RICS Global Valuation Standards" published by the RICS, which incorporates with the IVS.

Neither the valuer nor Colliers are aware of any pecuniary interest or conflict that could reasonably be regarded as being capable of affecting the ability to give an unbiased and objective, opinion of the value of the property interests.

VALUATION APPROACHES

In valuing the property interests in Group I which are held by the Group for sale, we have valued the property by direct comparison approach with reference to comparable transactions in the open market and on the basis of vacant possession.

In valuing the carparking space ("CPS") in Group I property, we have categorized the CPS into two types according to their title ship described in the PRC legal opinion. CPS-A and CPS-C. CPS-A is defined as parking spaces with title ship that can be freely traded. CPS-C is defined as Civil air defense parking spaces.

For CPS-A which with title ship that can be freely traded, the preferred valuation method is the market comparison approach assuming sale of each of these property/property interests in its existing state with the benefit of vacant possession by making reference to comparable sales transactions as available in the relevant market, subject to appropriate adjustments including but not limited to conditions, location, time and other relevant factors. Given that the property/property interests are carpark spaces, comparable sales transactions are frequent and information about such sale is readily available. We are therefore used Market Comparison Method which is in line with the market practice.

For parking spaces lacking complete ownership and where there has been no sale of usage rights, or if there are issues with the payment of land transfer fees or civil defense project, the income capitalization approach is utilized. This method capitalizes the existing rental income from all leasehold units over the remaining lease term, while vacant units are assumed to be rented at the market rate as of the valuation date. Upon the expiration of existing leases, each unit is assumed to be rented at the market rate on the valuation date and capitalized based on the remaining use term. The market value of the property/property interests thus equal to the sum of the capitalized value of the income from the leased units during their lease term, the appropriately deferred capitalized value of the income from the leased units (i.e., market rental income), and the capitalized value of the vacant units.

In valuing the property interests in Group II which are held by the Group under development, we have valued the property on the basis that they will be developed and completed in accordance with the latest development proposal provided to us by the Group. We have assumed that all consents, approvals and licenses from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. In arriving at our opinion of values, we have adopted the direct comparison approach by making reference to comparable sales transactions as available in the market and also taken into account the costs that will be expended to complete the developments. The “market value as if completed” represents our opinion of the aggregate selling prices of the property interests assuming that it would be completed as at the Valuation Date.

In valuing the property interests in Group III which are held by the Group for future development, we have valued such property by direct comparison approach the comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market.

Our valuations have been made on the assumption that the owner sells the property interests on the open market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the values of the property interests. In addition, no forced sale situation in any manner is assumed in our valuations.

SOURCES OF INFORMATION

Although we have made independent enquires as much as possible, we have relied to a very considerable extent on the information provided by the Company and its legal advisor in respect of the titles of the property interests in the PRC. We also have accepted such information given to us as being true and correct for valuation purposes. This has included such matters as ownership title, site and floor areas, planning approvals, statutory notices, easements, tenure, the identification of the property interests and all other relevant matters.

We have also been advised by the Company that no material factors or information have been omitted or withheld from the information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable and have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation.

TITLE DOCUMENTS

We have been provided with copies or extracts of some title documents relating to the property interests and have made relevant enquires where possible. Due to the nature of the land registration system in the PRC, however, we have not examined the original documents to verify the existing titles to the property interests in the PRC or any material encumbrances that might be attached to the property interests or any lease amendments. We have made assumptions that the full and proper ownership title of the Properties has been obtained and all payable land premium or land-use rights fees have been fully settled.

We have relied on the advice given by the Company's legal adviser, Sichuan Puyi Law Firm (四川朴易律師事務所), regarding the titles of the property interests in the PRC. We do not accept liability for any interpretation that we have placed on such information, which is more properly placed within the sphere of the legal adviser.

All legal documents disclosed in this letter, the summary of values and the summary reports are for reference only. No responsibility is assumed for any legal matters concerning the legal title to the property interests set out in this letter, the summary of values and the valuation summary reports.

ASSUMPTIONS AND CAVEATS

Our valuations of the target property/property interests exclude 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 value available only to a specific owner or purchaser.

We have conducted the valuation assuming:

- the information as set out in the section headed “Sources of Information” above about the titles of the Property provided by the Company and the Company’s legal advisor, Sichuan Puyi Law Firm (四川朴易律師事務所) is true and correct;
- the Properties are free from contamination and the ground conditions are satisfactory;
- the full and proper ownership title of the Properties have been obtained, and all payable land premium or land-use rights fees have been fully settled;
- For CPS-C we have assume they have been granted for a land use term of 20 years since valuation date;
- all required approvals and certificates necessary for the development and occupation and use of the Properties have been duly obtained and are in full force and effect;
- the Properties can be freely transferred, mortgaged, sublet or otherwise disposed of in the market.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on 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 all Properties are free of any encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

SITE MEASUREMENT

We have not carried out on-site measurements to verify the correctness of the site areas in respect of the Properties but have assumed that the areas shown on the documents and plans provided to us are true and correct in all respects. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

SITE INSPECTION

We have inspected the Properties exterior and, where possible, the interior of the properties upon the instruction received. No structural surveys or environmental assessments have been made, but in the course of our inspections, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services. We have assumed such are in good order for the purpose of valuation.

Please be advised we have not carried out investigations to determine the suitability of the ground conditions and the services etc. for any future development. Our valuation has been prepared on the assumption that these aspects are satisfactory.

Site inspections of the Properties were carried out by James Woo between 3 March 2025 to 7 March 2025.

ESG CONSIDERATION

Where our advice is based on International Valuation Standards (IVS), we have had regard to i) those significant environmental, social and governance (ESG) factors which were readily apparent to us from our inspection of the property and ii) which we consider significantly impact our advice. This is a requirement of the IVS. In our advice we have endeavoured to analyse whether any significant ESG factors affect the value assessed. For your acknowledge, Currently, we do not explicitly adjust valuations for ESG factors.

CURRENCY

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

We hereby certify that we have neither present nor a prospective interest in the properties or the values reported.

Our summary of values and valuation summary reports are attached hereto.

Yours faithfully,

For and on behalf of

Colliers Appraisal and Advisory Services Co., Ltd. (“Colliers”)

Kin Ming Woo James

FRICS AICFC

Executive Director

Valuation and Advisory Services I China

Note: Mr. James Woo is a registered valuer with over 26 years’ experience in real estate industry and assets valuation sector. His experience on valuation covers Mainland China. Mr. Woo is a fellow member of the Royal Institution of Chartered Surveyors.

SUMMARY OF VALUES

Group I – Property interests held by the Group for Sale in the PRC

Group II – Property interests held by the Group under development in the PRC

Group III – Property interests held by the Group for future development in the PRC

No.	Property	market value in existing state as at 28 February 2025	Interest attributable to the Group	Market value attributable to the Group as at 28 February 2025
Group I – Property interests held by the Group for Sale in the PRC				
1	Portion of Chinoiserie Mansion (彭州玖峰) East of Administrative Middle Road, South of Third Ring Road/North of Jinggang North Road, Tianpeng Street, Pengzhou City, Chengdu City, Sichuan Province ,PRC	RMB246,470,000	70.00%	RMB172,530,000
2	Portion of Wutaishan Heyue Garden (五台山和樾花園), West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province, PRC	RMB85,170,000	20.00%	RMB17,030,000
Group I Sub-total		<u>RMB331,640,000</u>		<u>RMB189,560,000</u>
Group II – Property interests held by the Group under development in the PRC				
1	Portion of Wutaishan Heyue Garden (五台山和樾花園), West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province, PRC	RMB767,000,000	20.00%	RMB153,400,000
Group II Sub-total		<u>RMB767,000,000</u>		<u>RMB153,400,000</u>
Group III – Property interests held by the Group for future development in the PRC				
1	Development of Jurong B Project (句容B項目), Partial plot B on the west side of Chigang Road and the south side of Zhongxing Road in Jurong City, Zhenjiang City, Jiangsu Province, PRC	RMB204,000,000	19.00%	RMB38,760,000
Group III Sub-total		<u>RMB204,000,000</u>		<u>RMB38,760,000</u>
Grand total		<u>RMB1,302,640,000</u>		<u>RMB381,720,000</u>

VALUATION PARTICULARS

				MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025																								
NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY																									
1	Portion of Chinoiserie Mansion (彭州玖峯), East of Administrative Middle Road, South of Third Ring Road/ North of Jingkang North Road, Tianpeng Street, Pengzhou City , Chengdu City, Sichuan Province, PRC	<p>Chinoiserie Mansion is a large-scale residential and commercial development which is on one piece of land, with a total site area of 70,603.35 sq m (the “Development”).</p> <p>As advised, the Property comprises the unsold portion of the Development including upper duplex villa, lower duplex villa, mid-rise residential building, 801 CPS-A (including 64 mini parking space units and 7 tandem parking space units) and 309 CPS-C units (including 39 mini parking space units and 4 accessible parking space units) of the Development. Detailed GFA of the various portion of the Property is listed below:</p> <table><thead><tr><th>Complete Portion</th><th>GFA (sq m)</th></tr></thead><tbody><tr><td>Upper Duplex Villa</td><td>2,553.42</td></tr><tr><td>Lower Duplex Villa</td><td>5,559.12</td></tr><tr><td>Mid-Rise Residential Building</td><td>265.56</td></tr><tr><td>CPS-A</td><td>24,546.08</td></tr><tr><td>CPS-C</td><td>9,346.83</td></tr><tr><td>Pre-sold Upper Duplex Villa</td><td>2,103.97</td></tr><tr><td>Pre-sold Lower Duplex Villa</td><td>1,202.20</td></tr><tr><td>Pre-sold Mid-Rise Residential Building</td><td>929.29</td></tr><tr><td>Pre-sold CPS-A</td><td>401.89</td></tr><tr><td>Pre-sold CPS-C</td><td>2,860.45</td></tr><tr><td>Total</td><td>49,768.81</td></tr></tbody></table>	Complete Portion	GFA (sq m)	Upper Duplex Villa	2,553.42	Lower Duplex Villa	5,559.12	Mid-Rise Residential Building	265.56	CPS-A	24,546.08	CPS-C	9,346.83	Pre-sold Upper Duplex Villa	2,103.97	Pre-sold Lower Duplex Villa	1,202.20	Pre-sold Mid-Rise Residential Building	929.29	Pre-sold CPS-A	401.89	Pre-sold CPS-C	2,860.45	Total	49,768.81	At the date of our inspection, the property was Vacant.	RMB246,470,000 (RENMINBI TWO HUNDRED FORTY-SIX MILLION FOUR HUNDRED SEVENTY THOUSAND) Notes i (70% Interest attributable to the Group: RMB172,530,000 (RENMINBI ONE HUNDRED SEVENTY-TWO MILLION FIVE HUNDRED THIRTY THOUSAND))
Complete Portion	GFA (sq m)																											
Upper Duplex Villa	2,553.42																											
Lower Duplex Villa	5,559.12																											
Mid-Rise Residential Building	265.56																											
CPS-A	24,546.08																											
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Pre-sold CPS-A	401.89																											
Pre-sold CPS-C	2,860.45																											
Total	49,768.81																											
Pursuant to the Realty Title Certificate provided, the land-use rights of the Property have been granted for a concurrent term expiring on 22 December 2090 for Residential land (permitting a maximum of 10% commercial use) use.																												

Notes:

- i) The market value of Property represents our opinion of the aggregate selling prices of the property interests. Due to the absence of valid property ownership documents for CPS-C, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-C in the valuation report for the company's internal reference. As of the valuation date, the investment value of the CPS-C is RMB6,760,000.

- ii) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 11 December 2020, the land-use rights of the Property have been granted to Chengdu Hongsheng Heding Real Estate Development Co., Ltd. 成都弘勝和鼎房地產開發有限公司 (“**Chengdu Hongsheng**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	No. 510104-2020-0020	11 December 2020	Class II residential land (compatible with no more than 10% of commercial land)	37,251.40
2	No.510104-2020-0021	11 December 2020	Class II residential land (compatible with no more than 10% of commercial land)	33,351.95
Total:				70,603.35

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Chengdu Hongsheng Heding, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Chuan (2021) Peng Zhou Shi Bu Dong Chan Quan Di No. 0013327	17 June 2021	Residential land (permitting a maximum of 10% commercial use)	37,251.40
2	Chuan (2021) Peng Zhou Shi Bu Dong Chan Quan Di No. 0013328	17 June 2021	Residential land (permitting a maximum of 10% commercial use)	33,351.95
Total:				70,603.35

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Chengdu Hongsheng Heding, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No. 510182202120393	11 May 2021	Class II residential land (compatible with no more than 10% of commercial land)	37,251.40
2	Di Zi Di No. 510182202120394	11 May 2021	Class II residential land (compatible with no more than 10% of commercial land)	33,351.95
Total:				70,603.35

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Chengdu Hongsheng. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 510182202131158	Shangcheng Phase I	14 May 2021	113,257.06
2	Jian Zi Di No. 510182202131159	Shangcheng Phase II	14 May 2021	101,682.62
Total:				214,939.68

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Chengdu Hongsheng Heding Real Estate Development Co., Ltd. (成都弘勝和鼎房地產開發有限公司). Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No.510182202105260801	Shangcheng Phase I (Buildings 5-12, Basement, and Master Plan)	26 May 2021	74,738.39
2	No.510182202204150501	Shangcheng Phase II (Buildings 1-5, 7-16, Guard House No. 2, Guard House No. 3, Basement, and Site Plan)	15 April 2022	100,503.32
3	No.510182202106041201	Shangcheng Phase II (Building 6)	4 June 2021	1,179.30
4	No.510182202107091501	Shangcheng Phase I (Buildings 1-4, 13-18, and Guard House No. 1)	9 July 2021	38,518.67
Total:				214,939.68

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Chengdu Hongsheng Heding. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Rong Yu Shou Zi Di No.510182202263614	Jiufeng Shangcheng (North) Community Buildings 1, 13	11 October 2022	1,297.87
2	Rong Yu Shou Zi Di No.510182202258121	Jiufeng Shangcheng (North) Community Building 3	30 May 2022	6,187.50
3	Rong Yu Shou Zi Di No.510182202150111	Jiufeng Shangcheng (North) Community Building 4	29 December 2021	7,207.32
4	Rong Yu Shou Zi Di No.510182202144113	Jiufeng Shangcheng (North) Community Building 5	28 October 2021	7,207.66
5	Rong Yu Shou Zi Di No.510182202134417	Jiufeng Shangcheng (North) Community Buildings 6, 7, 8	21 July 2021	18,667.23

APPENDIX VI**PROPERTY VALUATION REPORT**

No.	Certificate No.	Project Name	Date	GFA
6	Rong Yu Shou Zi Di No.510182202134416	Jiufeng Shangcheng (North) Community Buildings 9, 10, 11, 12	21 July 2021	11,168.92
7	Rong Yu Shou Zi Di No.510182202150211	Jiufeng Shangcheng (North) Community Building 14	29 December 2021	2,403.52
8	Rong Yu Shou Zi Di No.510182202257812	Jiufeng Shangcheng (North) Community Building 15	22 May 2022	2,403.52
9	Rong Yu Shou Zi Di No.510182202259812	Jiufeng Shangcheng (North) Community Building 16	4 July 2022	3,633.92
10	Rong Yu Shou Zi Di No.510182202148520	Jiufeng Shangcheng (North) Community Buildings 17, 18	14 December 2021	5,455.92
11	Rong Yu Shou Zi Di No.510182202367365	Jiufeng Shangcheng (South) Community Building 1	31 March 2023	9,291.80
12	Rong Yu Shou Zi Di No.510182202263416	Jiufeng Shangcheng (South) Community Building 2	30 September 2022	9,291.10
13	Rong Xian Shou Zi Di No.510182202475748	Jiufeng Shangcheng (South) Community Building 5	27 December 2024	1,804.32
14	Rong Yu Shou Zi Di No.510182202259813	Jiufeng Shangcheng (South) Community Building 3	4 July 2022	6,625.00
15	Rong Yu Shou Zi Di No.510182202369770	Jiufeng Shangcheng (South) Community Building 8	14 September 2023	9,290.40
16	Rong Yu Shou Zi Di No.510182202369926	Jiufeng Shangcheng (South) Community Building 9	15 September 2023	2,727.96
17	Rong Yu Shou Zi Di No.510182202371055	Jiufeng Shangcheng (South) Community Building 10	8 December 2023	1,804.32
18	Rong Xian Shou Zi Di No.510182202475542	Jiufeng Shangcheng (South) Community Building 13	29 November 2024	1,804.32

APPENDIX VI

PROPERTY VALUATION REPORT

No.	Certificate No.	Project Name	Date	GFA
19	Rong Yu Shou Zi Di No.510182202263417	Jiufeng Shangcheng (South) Community Buildings 14, 15	30 September 2022	4,807.04
20	Rong Yu Shou Zi Di No.510182202472777	Jiufeng Shangcheng (South) Community Building 16	30 May 2024	3,633.92
21	Rong Yu Shou Zi Di No.510182202473636	Jiufeng Shangcheng (South) Community Basement	15 July 2024	17,755.05
Total:				134,468.61

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Chengdu Hongsheng Heding. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	PZ 2023-37	Shangcheng (Phase I)Buildings 5-12, Basement, and Site Plan	28 September 2023	74,768.84
2	PZ 2023-38	Shangcheng Phase I (Buildings 1-4, 13-18, and Guard House 1#)	28 September 2023	38,457.73
3	PZ 2023-39	Shangcheng Phase II (Buildings 1-5, 7-16, Guard House 2#, Guard House No. 3, Basement, and Site Plan)	30 October 2024	100,423.86
Total:				213,650.43

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- ix) According to the information provided, as at the valuation date, portion of the Property with a total GFA of 7,497.80 sq m have been pre-sold with a total sales amount of approximately RMB61,000,000 and we have taken it into account in our valuation.
- x) Pursuant to the Business License –No. 91510182MA69KE7N60 dated 7 December 2020, Chengdu Hongsheng Heding has been registered. The general description and market information of the property are summarized below:

Location	The Property is located at East of Administrative Middle Road, South of Third Ring Road/North of Jingkang North Road, Tianpeng Street, Pengzhou City, Chengdu, Sichuan Province, PRC
Transportation	Pengzhou Station is located approximately 5 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- xi) In assessing the market value of upper duplex villa, lower duplex villa, mid-rise residential building and CPS-A and investment value of CPS-C, we have made reference to sales prices of similar upper duplex villa, lower duplex villa, mid-rise residential building and CPS in the vicinity. Comparable are located in the same development with similar conditions, size and tenure, etc.

Transactions that had been selected include Upper Duplex Villa ranges from RMB11,000 to RMB15,000 per sqm; In the course of our valuation, we have considered the no adjustment of relevant factors.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Chinoiserie Mansion	Chinoiserie Mansion	Chinoiserie Mansion
District/County	Pengzhou City	Pengzhou City	Pengzhou City
Detail Address	East of Administrative Middle Road, South of Third Ring Road/North of Jingkang North Road, Tianpeng Street, Pengzhou City Chengdu City, Sichuan Province	East of Administrative Middle Road, South of Third Ring Road/North of Jingkang North Road, Tianpeng Street, Pengzhou City Chengdu City, Sichuan Province	East of Administrative Middle Road, South of Third Ring Road/North of Jingkang North Road, Tianpeng Street, Pengzhou City Chengdu City, Sichuan Province
Total GFA (sq. m.)	150.36	150.36	150.22
Type Mix	Residential	Residential	Residential
Handover Condition	blank	blank	blank
Transacted Price (RMB)	11,942	12,429	14,051
Total adjustment	0.00%	0.00%	0.00%
Adjusted unit price (RMB/sq m)	11,942	12,429	14,051
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/sq m)		12,800	

Transactions that had been selected include Lower Duplex Villa ranges from RMB15,000 to RMB19,000 per sqm; In the course of our valuation, we have considered the no adjustment of relevant factors.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Chinoiserie Mansion	Chinoiserie Mansion	Chinoiserie Mansion
District/County	Pengzhou City	Pengzhou City	Pengzhou City
Detail Address	East of Administrative Middle Road, South of Third Ring Road/North of Jingkang North Road, Tianpeng Street, Pengzhou City Chengdu City, Sichuan Province	East of Administrative Middle Road, South of Third Ring Road/North of Jingkang North Road, Tianpeng Street, Pengzhou City Chengdu City, Sichuan Province	East of Administrative Middle Road, South of Third Ring Road/North of Jingkang North Road, Tianpeng Street, Pengzhou City Chengdu City, Sichuan Province
Total GFA (sq. m.)	150.09	150.22	150.09
Type Mix	Residential	Residential	Residential
Handover Condition	blank	blank	blank
Transacted Price (RMB)	15,918	18,172	16,888
Total adjustment	0.00%	0.00%	0.00%
Adjusted unit price (RMB/sq m)	15,918	18,172	16,888
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/sq m)		17,000	

Transactions that had been selected include Mid-Rise Residential Building ranges from RMB7,600 to RMB8,900 per sqm; In the course of our valuation, we have considered the no adjustment of relevant factors.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Chinoiserie Mansion	Chinoiserie Mansion	Chinoiserie Mansion
District/County	Pengzhou City	Pengzhou City	Pengzhou City
Detail Address	East of Administrative Middle Road, South of Third Ring Road/North of Jingkang North Road, Tianpeng Street, Pengzhou City Chengdu City, Sichuan Province	East of Administrative Middle Road, South of Third Ring Road/North of Jingkang North Road, Tianpeng Street, Pengzhou City Chengdu City, Sichuan Province	East of Administrative Middle Road, South of Third Ring Road/North of Jingkang North Road, Tianpeng Street, Pengzhou City Chengdu City, Sichuan Province
Total GFA (sq. m.)	132.78	132.57	132.80
Type Mix	Residential	Residential	Residential
Handover Condition	blank	blank	blank
Transacted Price (RMB)	8,809	7,686	8,359
Total adjustment	0.00%	0.00%	0.00%
Adjusted unit price (RMB/sq m)	8,809	7,686	8,359
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/sq m)		8,300	

Transactions that had been selected include CPS-A ranges from RMB67,000 to RMB77,000 per lot; In the course of our valuation, we have considered the no adjustment of relevant factors.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Dujiang Residence	Tianyi Hongyu Garden Yuyuan	Huayi Sunshine Lane
District/County	Dujiangyan City	Pidu District	Pidu District
Detail Address	Binhe Community, Kuiguanta Street, Dujiangyan City, Chengdu City, Sichuan Province	No. 9 Xuefu South Road, Pidu District, Chengdu City, Sichuan Province	No. 188, East Campus Road, Chengdu City, Sichuan Province
Total GFA (sq. m.)	31.21	31.21	30.03
Type Mix	CPS	CPS	CPS
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	67,183	76,358	67,183
Total adjustment	0.00%	0.00%	0.00%
Adjusted unit price (RMB/lot)	67,183	76,358	67,183
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/lot)		70,200	

For mini parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 0.9. For tandem parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 1.6.

Rental transactions that had been selected include the CPS-C ranges from RMB140 to RMB180 per lot per month. According to our market research, the yield of comparable parking spaces in the vicinity ranges from 5.0% to 6.0%. As the CPS was vacant on the valuation date, we have capitalized the estimated rent that will be generated during the remaining period. In our valuation, we have adopted an average market rent of RMB151 per parking space and a capitalization rate of 5.25%. For mini parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 0.9. For tandem parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 1.6.

- xii) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

xiii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Chengdu Hongsheng Heding, the external promotional name of the Property is Chinoiserie Mansion (彭州玖峯);
2. Chengdu Hongsheng Heding has obtained the Realty Title Certificate related to the land of the Chinoiserie Mansion (彭州玖峯) project;
3. According to the confirmation from Chengdu Hongsheng Heding, the construction of the Chinoiserie Mansion (彭州玖峯) project is completed;
4. Based on the information disclosed by Chengdu Hongsheng to our firm and all the information disclosed in this legal opinion, regarding the housing portion: Chengdu Hongsheng has obtained the pre-sale permit documents listed in this legal opinion, and except for the houses that have been seized or mortgaged, Chengdu Hongsheng has the right to dispose of other unsold houses. Regarding the parking space portion: (1) CPS-A: Since the property rights of this portion of CPS-A cannot be inquired about through the real estate registration center, Chengdu Hongsheng confirms that it belongs to the planned parking spaces and there are no restrictions on transfer such as seizure or mortgage. On the premise that Chengdu Hongsheng's confirmation is true, Chengdu Hongsheng has the right to dispose of the target property parking spaces, but when disposing of them, attention should be paid to the legal regulation that "community parking spaces should first meet the needs of the owners"; (2) CPS-C: As the project developer, that is, the investor, Chengdu Hongsheng can obtain the usufructuary right to use the civil air defense parking spaces, but when disposing of the use rights of such CPS-C, attention should be paid to perfecting the corresponding procedures.

VALUATION REPORT

				MARKET VALUE IN EXISTING STATE AS AT 28 February 2025																																						
NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY																																							
2.	Portion of Wutaishan Heyue Garden (五台山和樾花園), West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province, PRC	<p>Wutaishan Heyue Garden is a large-scale residential and commercial development which is on one piece of land, with a total site area of 139,947.00 sq m (the “Development”).</p> <p>As advised, the Property comprises construction in progress (“CIP”) and 906 carparking, residential and commercial buildings of the Development. Detailed GFA of the various portion of the Property is listed below:</p> <table><tr><th>Portion (CIP)</th><th>GFA (sq m)</th></tr><tr><td>Underground warehouse</td><td>672.17</td></tr><tr><td>Pre-sold high-rise residential</td><td>23,615.58</td></tr><tr><td>Pre-sold low-rise residential</td><td>1,970.54</td></tr><tr><td>Pre-sold garden house</td><td>268.59</td></tr><tr><td>Un-sold high-rise residential</td><td>63,141.14</td></tr><tr><td>Un-sold low-rise residential</td><td>28,247.86</td></tr><tr><td>Un-sold garden house</td><td>12,873.66</td></tr><tr><td>Commercial</td><td>1,401.40</td></tr><tr><td></td><td></td></tr><tr><td>Total</td><td>132,190.94</td></tr><tr><td></td><td></td></tr><tr><th>Complete Portion</th><th>GFA (sq m)</th></tr><tr><td>CPS-A</td><td>12,231.00</td></tr><tr><td>Un-sold low-rise residential</td><td>1455.62</td></tr><tr><td>Un-sold garden house</td><td>1776.84</td></tr><tr><td>Commercial</td><td>1,431.99</td></tr><tr><td></td><td></td></tr><tr><td>Total</td><td>16,895.45</td></tr></table>	Portion (CIP)	GFA (sq m)	Underground warehouse	672.17	Pre-sold high-rise residential	23,615.58	Pre-sold low-rise residential	1,970.54	Pre-sold garden house	268.59	Un-sold high-rise residential	63,141.14	Un-sold low-rise residential	28,247.86	Un-sold garden house	12,873.66	Commercial	1,401.40			Total	132,190.94			Complete Portion	GFA (sq m)	CPS-A	12,231.00	Un-sold low-rise residential	1455.62	Un-sold garden house	1776.84	Commercial	1,431.99			Total	16,895.45	<p>At the date of our inspection, the completed portion of the Property was Vacant and the CIP portion of the Property is under construction and schedule to be completed in 2026.</p>	<p>RMB852,170,000 (RENMINBI EIGHT HUNDRED FIFTY-TWO MILLION ONE HUNDRED SEVENTY THOUSAND) (20% Interest attributable to the Group: RMB170,430,000 (RENMINBI ONE HUNDRED SEVENTY MILLION FOUR HUNDRED THIRTY THOUSAND))</p>
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Total	16,895.45																																									
<p>Pursuant to the Realty Title Certificate provided, the land-use rights of the Property have been granted for a concurrent term expiring on 19 May 2090 for residential use.</p>																																										

Notes:

- i) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated March 2020, the land-use rights of the Property have been granted to Suqian Tongjinhong Real Estate Co., Ltd. 宿遷市通金弘置業有限公司 (“**Suqian Tongjinhong**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	No. 3213012020CR0011	March 2020	Residential	139,947.00
Total:				139,947.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- ii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Suqian Tongjinhong, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Su (2020) Su Qian Shi Bu Dong Chan Quan Di No. 002650	19 May 2020	Residential	139,947.00
Total:				139,947.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iii) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Suqian Tongjinhong, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No. 321300202010003	26 July 2020	Residential	139,947.00
Total:				139,947.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Suqian Tongjinhong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 3213002020100038	Blocks 4 to 6, 11 to 13, 19-21, 24, 25 and non-civil air defense CPS phase I	6 June 2020	151,489.17
2	Jian Zi Di No. 3213002020100039	Civil air defense CPS	12 June 2020	29,522.00
3	Jian Zi Di No. 3213002020100087	Blocks 1 to 3, 7 to 10, 15 to 18, 22 and 23, Basement CPS	28 September 2020	163,938.53
4	Jian Zi Di No. 3213002020100051	Blocks 26 to 37	10 July 2020	113,553.74
5	Jian Zi Di No. 3213112021000076	Block 14	6 August 2021	1,316.41
6	Jian Zi Di No. 3213112023000003	PD-1, PD-2, PD-3, PD-4, guard room 1 and 2	28 September 2020	1,880.96
Total:				461,700.81

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Suqian Tongjinhong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 321321202006150000	Blocks 4 to 6, 11 to 14, 19 to 21, 24, 25 and basement civil air defense	15 June 2020	151,489.17
2	No. 321321202010300000	Blocks 26 to 37	30 October 2020	143,076.14
3	No. 321311202106010000	Blocks 1 to 3, 7 to 10, 15 to 18, 22, 23 and basement CPS of phase III	1 June 2021	163,938.53
Total:				458,503.84

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

vi) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Suqian Tongjinhong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	(Su Yu) Nei Xiao Zhun Zi Di No. 202039	Blocks 4 and 20	7 September 2020	14,467.66
2	(Su Yu) Nei Xiao Zhun Zi Di No. 202025	Blocks 5, 6 and 7	29 June 2020	42,343.94
3	(Su Yu) Nei Xiao Zhun Zi Di No. 02101	Blocks 11,19, 30 and 31	12 January 2021	42,124.47
4	(Su Yu) Nei Xiao Zhun Zi Di No. 02131	Blocks 12 and 21	20 August 2020	23,717.97
5	(Su Yu) Nei Xiao Zhun Zi Di No. 02231	Block 16	14 October 2020	18,859.62
6	(Su Yu) Nei Xiao Zhun Zi Di No. 202049	Blocks 24 and 25	9 November 2020	23,709.60
7	(Su Yu) Nei Xiao Zhun Zi Di No. 202148	Blocks 26 and 33	26 August 2021	25,192.47
8	(Su Yu) Nei Xiao Zhun Zi Di No. 202133	Blocks 29 and 35	29 June 2021	17,509.43
9	(Su Yu) Nei Xiao Zhun Zi Di No. 202125	Blocks 36 and 37	10 May 2021	23,354.96
10	(Su Yu) Nei Xiao Zhun Zi Di No. 202334	Block 34	13 December 2023	7,961.88
11	(Su Yu) Nei Xiao Zhun Zi Di No. 202408	Block 32	25 March 2024	1,433.41
12	(Su Yu) Nei Xiao Zhun Zi Di No. 202152	Blocks 27 and 28	15 October 2021	14,938.51
13	(Su Yu) Nei Xiao Zhun Zi Di No. 202459	Block 18	22 August 2024	9,547.63
14	(Su Yu) Nei Xiao Zhun Zi Di No. 202410	Block 15	7 April 2024	946.44
15	(Su Yu) Nei Xiao Zhun Zi Di No. 202202	Blocks 22, 23 and basement CPS of phase I	5 January 2022	60,701.45
Total:				326,809.44

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Suqian Tongjinhong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 32132120040202101-JX-001	Blocks 4 to6, 11 to 13, 19 to 21, 24, 25, 20,12 and Non-civil air defense CPS of phase I	27 July 2023	153,128.48
2	No. 32132120040202101-JX-002	Blocks 26 to 37	22 July 2024	114,526.51
Total:				267,654.99

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) The market value as if completed of the CIP portion of Property as at the Valuation Date is assessed at approximately RMB995,000,000. The “market value as if completed” represents our opinion of the aggregate selling prices of the Property assuming that it would be completed as at the Valuation Date.
- ix) As advised, the total budget construction cost of the Property is approximately RMB602,000,000 and upon the valuation date, the paid-up construction cost is approximately RMB448,000,000, which has been taken into account in our valuation.
- x) According to the information provided, as at the valuation date, CIP portion of the Property with a total GFA of 25,854.71 sq m have been pre-sold with a total sales amount of approximately RMB188,660,000 and we have taken it into account in our valuation.
- xi) Pursuant to the Business License –No. 91321311MA20XQY40M dated 15 November 2022, Suqian Tongjinhong has been registered.

The general description and market information of the property are summarized below:

Location	The Property is located at Shop 17B-20B, Jinhua Mingyuan, Suqian City, Suyu District, Suqian City, Jiangsu Province, PRC
Transportation	Suqian Railway Station is located approximately 15 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- xii) In assessing the market value of CPS-A, residential, retail and underground warehouse, we have made reference to sales prices of similar CPS, residential, retail and underground warehouse in the vicinity. Comparable are located in the same development and same district development with similar conditions, size and tenure, etc.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Wutaishan Heyue Garden	Wutaishan Heyue Garden	Wutaishan Heyue Garden
District/County	Suqian City	Suqian City	Suqian City
Detail Address	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province
Total GFA (sq. m.)	13.50	13.50	13.50
Type Mix	CPS	CPS	CPS
Handover Condition	blank	blank	blank
Transacted Price (RMB)	50,311	50,311	50,311
Total adjustment	0%	0%	0%
Adjusted unit price (RMB/per lot)	50,311	50,311	50,311
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/per lot)		50,300	

Transactions that had been selected include high-rise residential ranges from RMB6,400 to RMB7,026 per sm; In the course of our valuation, we have considered the no adjustment of relevant factors.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Wutaishan Heyue Garden	Wutaishan Heyue Garden	Wutaishan Heyue Garden
District/County	Suqian City	Suqian City	Suqian City
Detail Address	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province
Total GFA (sq. m.)	118	125	108
Type Mix	Residential	Residential	Residential
Handover Condition	blank	blank	blank
Asking Price (RMB)	6,468	6,672	7,026
Total adjustment	0%	0%	0%
Adjusted unit price (RMB/sq m)	6,468	6,672	7,026
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/sq m)		6,700	

Transactions that had been selected include low-rise residential ranges from RMB7,711 to RMB7,846 per sm; In the course of our valuation, we have considered the no adjustment of relevant factors.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Wutaishan Heyue Garden	Wutaishan Heyue Garden	Wutaishan Heyue Garden
District/County	Suqian City	Suqian City	Suqian City
Detail Address	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province
Total GFA (sq. m.)	129	129	129
Type Mix	Residential	Residential	Residential
Handover Condition	blank	blank	blank
Asking Price (RMB)	7,711	7,868	7,846
Total adjustment	0%	0%	0%
Adjusted unit price (RMB/sq m)	7,711	7,868	7,846
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/sq m)		7,800	

APPENDIX VI

PROPERTY VALUATION REPORT

Transactions that had been selected include garden house ranges from RMB7,712 to RMB7,870 per sm; In the course of our valuation, we have considered the no adjustment of relevant factors.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Wutaishan Heyue Garden	Wutaishan Heyue Garden	Wutaishan Heyue Garden
District/County	Suqian City	Suqian City	Suqian City
Detail Address	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province
Total GFA (sq. m.)	128	129	129
Type Mix	Residential	Residential	Residential
Handover Condition	blank	blank	blank
Asking Price (RMB)	7,918	8,000	7,861
Total adjustment	0%	0%	0%
Adjusted unit price (RMB/sq m)	7,918	8,000	7,861
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/sq m)		7,900	

Transactions that had been selected include retail (level 1) ranges from RMB12,600 to RMB15,800 per sm; In the course of our valuation, we have considered the relevant adjustment factors such as the Amenities, Transaction and Marketability factor to determine the unit price of the Property.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Xiangti Riverside	Jinwaitan International Garden	Zongda Shanghai City
District/County	Suqian City	Suqian City	Suqian City
Detail Address	No. 81 Jinshajiang Road, Suyu District, Suqian City, Jiangsu Province	No. 83 Jinshajiang Road, Suyu District, Suqian City, Jiangsu Province	No.1011 Changjiang Road, Suyu District, Suqian City, Jiangsu Province
Total GFA (sq. m.)	89	73	80
Type Mix	Retail	Retail	Retail
Handover Condition	Decorated	Decorated	Decorated
Asking Price (RMB)	13,916	12,640	15,826

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 2	Comparable 3
Amenities Factor	no adjustment	no adjustment	downward
Transaction factor	downward	downward	downward
Marketability factor	downward	downward	downward
Total adjustment	-2.84%	-2.84%	-5.34%
Adjusted unit price (RMB/sq m)	13,522	12,281	14,981
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/sq m)(Level 1)		13,600	
Weighted unit rate (RMB/sq m)(Level 2)		6,800	

Transactions that had been selected include underground warehouse ranges from RMB1,190 to RMB1,370 per sm; In the course of our valuation, we have considered the no adjustment of relevant factors.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Wutaishan Heyue Garden	Wutaishan Heyue Garden	Wutaishan Heyue Garden
District/County	Suqian City	Suqian City	Suqian City
Detail Address	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province
Total GFA (sq. m.)	12	12	25
Type Mix	Underground warehouse	Underground warehouse	Underground warehouse
Handover Condition	blank	blank	blank
Transacted Price (RMB)	1,376	1,376	1,192
Total adjustment	-2.00%	-2.00%	-2.00%
Adjusted unit price (RMB/sq m)	1,349	1,349	1,169
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/sq m)		1,300	

- xiii) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xiv) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Suqian Tongjinhong, the external promotional name of the Property is Wutaishan Heyue Garden (五台山和樾花園);
2. Suqian Tongjinhong has obtained the Realty Title Certificate related to the land of the Wutaishan Heyue Garden (五台山和樾花園) project;
3. Suqian Tongjinhong has obtained the necessary construction permits in accordance with the actual progress of development Wutaishan Heyue Garden (五台山和樾花園);
4. Suqian Tongjinhong is entitled to pre-sell the in-progress buildings of Wutaishan Heyue Garden (五台山和樾花園) within the pre-sale scope specified in the "Pre-sale Permit".
5. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Suqian Tongjinhong Real Estate Co., Ltd. (宿遷市通金弘置業有限公司) will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.

VALUATION REPORT

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025
3.	Jurong B Project (句容B項目), Partial plot B on the west side of Chigang Road and the south side of Zhongxing Road in Jurong City, Zhenjiang City, Jiangsu Province, PRC	<p>Jurong B Project is a large-scale residential development which is on one piece of land, with a total site area of 38,731.00 sq m (the Property”).</p> <p>As advised, the property has a total planned gross floor area of approximately 69,716.00 sq.m.</p> <p>Pursuant to the Realty Title Certificate provided, the land-use rights of the Property have been granted for a concurrent term expiring on 13 September 2088 for Urban Residential Land use.</p>	At the date of our inspection, the Property was a vacant site.	<p>MARKET VALUE RMB204,000,000 (RENMINBI TWO HUNDRED AND FOUR MILLION) (19% Interest attributable to the Group: RMB38,760,000 (RENMINBI THIRTY-EIGHT MILLION SEVEN HUNDRED SIXTY THOUSAND))</p>

Notes:

- i) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 25 May 2018, the land-use rights of the Property have been granted to Jurong Jinjairun Real Estate Development Co., Ltd. 句容市金嘉潤房地產開發有限公司 (“**Jurong Jinjairun**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	No. 3211832018CR0081	25 May 2018	Land designated for the development of mid-to-low-priced, medium-to-small-sized ordinary residential housing	38,731.00
Total:				38,731.00

- ii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Jurong Jinjairun, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Su (2018) Ju Rong Shi Bu Dong Chan Quan Di No. 0053857	29 October 2018	Urban Residential Land	38,731.00
Total:				38,731.00

- iii) Pursuant to the Business License –No. 91321183MA1WPBPN18 dated on 12 June 2018, Jurong Jinjairun has been registered.

The general description and market information of the property are summarized below:

Location

The Property is located at Partial plot B on the west side of Chigang Road and the south side of Zhongxing Road in Jurong City, Zhenjiang City, Jiangsu Province, PRC

Transportation Jurong Railway Station is located approximately 6.7 kilometres away from the Property. Also, taxi and bus are readily available in the locality.

Nature of Surrounding Area The subject area is a predominately residential area.

- iv) In assessing the market value of land, we have made reference to sales prices of similar land in the vicinity. Comparable are located in the same development with similar conditions, size and tenure, etc.

Transactions that had been selected include land ranges from RMB2,800 to RMB3,500 per sqm; In the course of our valuation, we have considered the relevant adjustment factors such as Shape of site, abutting roads and plot ratio to determine the unit price of the Property.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Partial plots on the west side of Tingzi Road and the north side of Longchang Road in the development zone	Partial plots on the west side of Ninghang North Road and the south side of Yangshan Road in the development zone	Partial plots on the west side of Baijiashan Road and the south side of Yangshan Road in the development zone
District/County	Jurong City,	Jurong City,	Jurong City,
Detail Address	Partial plots on the west side of Tingzi Road and the north side of Longchang Road in the development zone Jurong City, Zhenjiang City, Jiangsu Province	Partial plots on the west side of Ninghang North Road and the south side of Yangshan Road in the development zone Jurong City, Zhenjiang City, Jiangsu Province	Partial plots on the west side of Baijiashan Road and the south side of Yangshan Road in the development zone Jurong City, Zhenjiang City, Jiangsu Province
Total GFA (sq. m.)	22,622.00	42,648.00	99,230.00
Type Mix	Land	Land	Land
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	2,800	3,000	3,500

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 1	Comparable 3
Shape of site	downward	no adjustments	no adjustments
Abutting roads	no adjustments	upward	upward
Plot ratio	upward	upward	upward
Adjusted Unit Price (RMB/sq m)	2,688.00	2,820.00	3,290.00
Weight	33.33%	33.33%	33.33%
Weighted value (RMB/sq m)	896.00	940.00	1,096.67
Adopted weighted Unit Price (RMB/sq m)		2,933.00	

- v) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	no
Construction Work Planning Permit	no
Construction Work Commencement Permit	no
Commodity Housing Pre-sale Permit	no
Construction Work Completion Certified Report	no
Business License	Yes

- vi) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. Based on the information disclosed by Jurong Jinjiarun to our firm and all the information disclosed in this legal opinion, regarding the target land parcel: as of the date of this opinion, we have not been able to verify any seizure, mortgage, or related ownership information of the target land parcel through the real estate registration center. According to the statement of Jurong Jinjiarun, the target land parcel has not been used for investment, financing, or external guarantees, and there are no restrictions on transfer such as seizure or mortgage. If the aforementioned statement of Jurong Jinjiarun is true, and considering the fact that it has obtained the Real Property Ownership Certificate Su (2018) Ju Rong Shi Bu Dong Chan Quan Di No. 0053857, Jiangsu Province, the ownership of the target land parcel is clear. However, it is recommended to further verify relevant information when disposing of the land.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at the Latest Practicable Date, to the best of the Directors' knowledge, none of the Directors or chief executives of the Company or their respective associates had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) to be recorded in the register required to be kept by the Company under section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES OF THE COMPANY

As at the Latest Practicable Date, so far as was known to the Directors, the following persons, other than the Directors and chief executive of the Company, had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Long position

Name of Shareholder	Nature of interest	Number of Shares Held	Percentage of issued Shares (%)^(Note 6)
Redsun Services Group (Holdings) Limited ^(Note 1)	Beneficial owner	301,994,000	72.77
Hong Yang Group Company Limited ^(Note 1)	Interest in controlled corporation	301,994,000	72.77

Name of Shareholder	Nature of interest	Number of Shares Held	Percentage of issued Shares (%) ^(Note 6)
Hong Yang Group Company Limited ^(Note 1)	Interest in controlled corporation	301,994,000	72.77
Hong Yang International Limited ^(Note 1)	Interest in controlled corporation	301,994,000	72.77
Hong Yang Group (Holdings) Limited ^(Note 1)	Interest in controlled corporation	301,994,000	72.77
Mr. Zeng Huansha ^(Note 1)	Interest in controlled corporation	301,994,000	72.77
Ms. Chen Sihong ^(Note 2)	Interest of spouse	301,994,000	72.77
Serica Agency Limited ^(Note 3)	Person having a security interest in shares	301,994,000	72.77
Ares Holdings L.P. ^(Note 4)	Person having a security interest in shares	75,649,496	18.23
Ares Management Asia Holdings, L.P. ^(Note 4)	Person having a security interest in shares	75,649,496	18.23
Ares Management Corporation ^(Note 4)	Person having a security interest in shares	75,649,496	18.23
Ares Management GP LLC ^(Note 4)	Person having a security interest in shares	75,649,496	18.23
Ares Owners Holdings L.P. ^(Note 4)	Person having a security interest in shares	75,649,496	18.23
Ares Partners Holdco LLC ^(Note 4)	Person having a security interest in shares	75,649,496	18.23
AS Holdings GP LLC ^(Note 4)	Person having a security interest in shares	75,649,496	18.23

Name of Shareholder	Nature of interest	Number of Shares Held	Percentage of issued Shares (%) ^(Note 6)
AS Holdings LP Ltd. ^(Note 4)	Person having a security interest in shares	75,649,496	18.23
CP5 Hold Co 2 Limited ^(Note 4)	Person having a security interest in shares	75,649,496	18.23
Ressler Antony Peter ^(Note 4)	Person having a security interest in shares	75,649,496	18.23
SSG Capital Partners V GP, Ltd. ^(Note 4)	Person having a security interest in shares	75,649,496	18.23
SSG Capital Partners V, L.P. ^(Note 4)	Person having a security interest in shares	75,649,496	18.23
TJ Capital Investors, LLC ^(Note 4)	Person having a security interest in shares	75,649,496	18.23
BFAM Partners (Cayman) Limited ^(Note 5)	Person having a security interest in shares	65,895,091	15.88
Fuchs Benjamin Aaron ^(Note 5)	Person having a security interest in shares	65,895,091	15.88
Investment Opportunities V Pte. Limited ^(Note 4)	Person having a security interest in shares	43,366,338	10.45
Ares SSG Capital Partners VI GP, Ltd. ^(Note 4)	Person having a security interest in shares	32,283,158	7.78
Ares SSG Capital Partners VI, L.P. ^(Note 4)	Person having a security interest in shares	32,283,158	7.78
CP6 Hold Co 2 Limited ^(Note 4)	Person having a security interest in shares	32,283,158	7.78
Union Lead Capital Limited ^(Note 4)	Person having a security interest in shares	32,283,158	7.78

Notes:

1. Redsun Services Group (Holdings) Limited is wholly owned by Hong Yang Group Company, which in turn is wholly owned by Hong Yang International Limited, which in turn is owned as to 50% and 50% by Hong Yang Group (Holdings) Limited (a company wholly owned by Mr. Zeng Huansha) and Mr. Zeng Huansha, respectively. Accordingly, each of Hong Yang Group Company Limited, Hong Yang International Limited, Hong Yang Group (Holdings) Limited and Mr. Zeng Huansha is deemed to be interested in the Shares held by Redsun Services Group (Holdings) Limited by virtue of the SFO.
2. Ms. Chen Sihong is the spouse of Mr. Zeng Huansha and is therefore deemed to be interested in the Shares in which Mr. Zeng Huansha is interested by virtue of the SFO.
3. Pursuant to security agreements dated 19 August 2024, Redsun Services Group (Holdings) Limited, the direct controlling shareholder (as defined in the Listing Rules) of the Company, granted a security over 100% of its shares of the Company, representing approximately 72.77% of the total issued share capital of the Company as at the date of this report, in favour of Serica Agency Limited, acting as common security trustee as credit support for the senior secured notes issued by Hong Seng Limited, wholly owned by Hong Yang Group Company.
4. Referring to a disclosure of interests notifications filed by a noteholder, the Company had been informed that Investment Opportunities V Pte. Limited and Union Lead Capital Limited, as noteholders of the senior secured notes issued by Hong Seng Limited, are deemed to have a relevant interest (being security interest) over 75,649,496 Shares in total. Investment Opportunities V Pte. Limited is wholly owned by CP5 Hold Co 2 Limited. Union Lead Capital Limited is owned as to 33.33% and 66.67% by CP5 Hold Co 2 Limited and CP6 Hold Co 2 Limited respectively. CP5 Hold Co 2 Limited is wholly owned by SSG Capital Partners V, L.P. (which is wholly owned by SSG Capital Partners V GP, Ltd.). CP6 Hold Co 2 Limited is wholly owned by Ares SSG Capital Partners VI, L.P. (which is wholly owned by Ares SSG Capital Partners VI GP, Ltd.). SSG Capital Partners V GP, Ltd. and Ares SSG Capital Partners VI GP, Ltd. are wholly owned by Ares Management Asia Holdings, L.P. (owned as to 100% and 0% by AS Holdings LP Ltd. and AS Holdings GP LLC, and AS Holdings GP LLC is wholly owned by AS Holdings LP Ltd.). AS Holdings LP Ltd is wholly owned by Ares Holdings L.P. (owned as to 36.26% and 45.51% by Ares Owners Holdings L.P. and TJ Capital Investors, LLC respectively). TJ Capital Investors, LLC is wholly owned by Ressler Antony Peter.
5. Referring to a disclosure of interests notifications filed by a noteholder, the Company had been informed that BFAM Partners (Cayman) Limited, as noteholders of the senior secured notes issued by Hong Seng Limited, are deemed to have a relevant interest (being security interest) over 65,895,091 Shares in total. BFAM Partners (Cayman) Limited is wholly owned by Fuchs Benjamin Aaron.
6. The shareholding percentage was calculated based on 415,000,000 Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other persons (other than the Directors and chief executive of the Company) who had interests or short positions in the Shares and underlying shares of the Company, which were required to be notified to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

4. DIRECTORS' INTERESTS IN ASSETS OF THE ENLARGED GROUP

As at the Latest Practicable Date, save for Mr. ZENG Junkai, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Enlarged Group since December 31, 2024, being the date to which the latest published audited accounts of the Group were made up.

5. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, save for (i) as discussed in the section headed “Interest of Directors” in the “Letter from the Board” of this circular, (ii) those transactions disclosed in note 32 to the consolidated financial statements of the Group and in the paragraphs headed “Directors’ Interests in Competing Business” and “Continuing Connected Transactions” in the “Directors’ Report” in the 2023 annual report of the Company, so far as the Directors were aware, none of the Directors was materially interested in any contracts or arrangements subsisting as at the Latest Practicable Date which was significant in relation to the business of the Enlarged Group.

6. SERVICE CONTRACTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group in which a more than one year’s notice or payment of compensation (other than statutory compensation) shall be given by the latter.

7. INTERESTS OF DIRECTORS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

8. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries were engaged in any litigation or arbitration proceedings of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) had been entered into by the Company or any members of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (i) the Parking Spaces Transfer Framework Agreement, details of which were set out in the announcement and this circular; and
- (ii) the Equity Transfer Agreements, details of which were set out in the announcement and this circular.

Save as disclosed above, there is no material contract (not being entered into in the ordinary course of business) entered into by any member of the Enlarged Group within the two years immediately preceding the Latest Practicable Date.

10. EXPERTS' QUALIFICATION AND CONSENTS

The following is the qualification of the expert who has given opinions or advice which are contained in this circular:

Name	Qualification
CCTH CPA Limited	Certified Public Accountants
Colliers Appraisal and Advisory Services Co., Ltd.	Independent valuer
Ignite Capital (Asia Pacific) Limited	A corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, each of the experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its respective letter or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and had no direct or indirect interests in any assets which had been or proposed to be acquired or disposed of by or leased to any member of the Group since December 31, 2024 (the date to which the latest published audited consolidated financial statements of the Company were made up).

11. MISCELLANEOUS

- (i) The registered office of the Company is situated at the Offices of Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.
- (ii) The principal place of business and head office of the Company in the PRC is at 25th Floor, Hong Yang Building, No. 9 Daqiao North Road, Nanjing, Jiangsu Province, the PRC.
- (iii) The principal place of business of the Company in Hong Kong is at Room 2612, 26th Floor, China Merchants Tower, Shun Tak Centre, Sheung Wan, Hong Kong.
- (iv) The branch share registrar and transfer office of the Company in Hong Kong is Computershare, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (v) The joint company secretaries of the Company are Mr. Jia Hongbo and Ms. Chan Charmayne. Mr. Jia Hongbo has been a senior member of the listing office of Hong Yang Group Company Limited since 2016, and has internally assisted in handling the listing compliance matters, company secretarial matters and disclosure of information of the Company after its listing. Ms. Chan Charmayne has been a Chartered Governance Professional awarded by the Chartered Governance Institute and the Hong Kong Chartered Governance Institute since March 2019, an associate member of the Hong Kong Chartered Governance Institute since January 2014 and an elected associate of the Chartered Governance Institute since January 2014.
- (vi) This circular is in both English and Chinese. If there is any inconsistency, the English text shall prevail.

12. DOCUMENTS ON DISPLAY

Copies of the following documents are on display and are published on the website of the Stock Exchange at <https://www.hkexnews.hk> and the website of the Company at <https://www.rsunservice.hk> for a period of 14 days from the date of this circular:

- (i) the Parking Spaces Transfer Framework Agreement and the Equity Transfer Agreements;
- (ii) the report from CCTH CPA Limited in respect of the financial information of the Target Companies, the text of which is set out in Appendix II to this circular;

- (iii) the report from CCTH CPA Limited in respect of the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III to this circular;
- (iv) the property valuation report issued by the Independent Valuer, the text of which is set out in Appendix VI to this circular;
- (v) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 33 to 63 of this circular; and
- (vi) the written consents referred to in the paragraph headed “Experts’ Qualification and Consents” in this Appendix.

NOTICE OF EGM

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.



Redsun Services Group Limited

弘陽服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1971)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Redsun Services Group Limited (the “Company”) will be held at Room 2612, 26/F, China Merchants Tower, Shun Tak Centre, Sheung Wan, Hong Kong, on Wednesday, May 21, 2025 at 2:00 p.m. (or at any adjournment thereof) for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution. Unless otherwise defined, capitalized terms used in this notice shall have the same meanings as those defined in the circular of the Company dated April 30, 2025.

ORDINARY RESOLUTIONS

1. **“THAT** the Parking Spaces Transfer Framework Agreement and the transactions contemplated thereunder be and are hereby approved and confirmed, and any one Director or the company secretary of the Company be and is hereby authorized for and on behalf of the Company to do all such acts and things and execute all such documents which he/she considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Parking Spaces Transfer Framework Agreement and the transactions and matters contemplated thereunder.”
2. **“THAT** the Equity Transfer Agreements and the transactions contemplated thereunder be and are hereby approved and confirmed, and any one Director or the company secretary of the Company be and is hereby authorized for and on behalf of the Company to do all such acts and things and execute all such documents which he/she considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Equity Transfer Agreements and the transactions and matters contemplated thereunder.”

By order of the Board of
Redsun Services Group Limited
Zeng Junkai
Chairman

Hong Kong, April 30, 2025

NOTICE OF EGM

Notes:

1. For more information relating to the abovementioned resolution, please refer to announcement of the Company dated February 17, 2025 and the circular of the Company dated April 30, 2025.
2. An eligible shareholder is entitled to appoint one or more proxies to attend, speak and vote in his/her/its stead at the EGM (or at any adjournment of it) provided that each proxy is appointed to represent the respective number of shares held by the shareholder as specified in the relevant proxy forms. The proxy does not need to be a shareholder of the Company.
3. Where there are joint registered holders of any shares, any one of such persons may vote at the EGM (or at any adjournment of it), either personally or by proxy, in respect of such shares as if he/she/it were solely entitled thereto but the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
4. A proxy form for use at the EGM is enclosed.
5. In order to be valid, the completed proxy form must be received by the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong at least 48 hours before the time appointed for holding the EGM or adjourned meeting (as the case may be). If a proxy form is signed by an attorney of a shareholder who is not a corporation, the power of attorney or other authority under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practice in Hong Kong) must be delivered to the Company's Hong Kong branch share registrar and transfer office together with the proxy form. In the case of a corporation, the proxy form must either be executed under its common seal or be signed by an officer or agent duly authorized in writing.
6. For the purpose of determining shareholders' eligibility to attend and vote at the EGM (or at any adjournment of it), the register of members of the Company will be closed from Friday, May 16, 2025 to Wednesday, May 21, 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the EGM, all share transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office at the address stated in note 5 above no later than 4:30 p.m. on Thursday, May 15, 2025.
7. As set out in the Letter from the Board included in the circular, each of the resolutions set out in this notice should be voted on by poll.
8. If a typhoon signal No. 8 or above is hoisted or a "black" rainstorm warning signal is in force at any time at or before 11:00 a.m. on the date of the EGM, the EGM will be adjourned. The Company will post an announcement on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rsunservice.hk) to notify shareholders of the date, time and place of the adjourned meeting. The EGM will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the EGM under bad weather conditions bearing in mind their own situations.

As at the date of this notice, Mr. Zeng Junkai is the non-executive Director; Mr. Chen Yichun is the executive Director; and Ms. Wang Fen, Mr. Li Xiaohang and Mr. Zhao Xianbo are the independent non-executive Directors.