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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Shanghai Industrial Urban Development Group Limited, you should at once hand this circular, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**上海實業城市開發集團有限公司**

**SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 563)**

**MAJOR AND CONNECTED TRANSACTION  
ACQUISITION OF THE TARGET COMPANY HOLDING  
28.5% EQUITY INTEREST  
IN A NON-WHOLLY OWNED SUBSIDIARY**

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Capitalised terms used on this cover page have the same meaning as defined in the section headed “Definitions” in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 5 to 19 of this circular.

The Acquisition has been approved by written shareholders’ approval obtained from a group of closely allied group of Shareholders who holds more than 50% of the voting rights at that general meeting of the Company, pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only.

28 March 2023

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## DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares under the Share Transfer Agreement
“Announcement”	the announcement of the Company dated 30 November 2022 in relation to the Acquisition
“Beijing Zhongzhi”	Zhongzhi (Beijing) Enterprise Management Co., Ltd.* (中置(北京)企業管理有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Benchmark Date”	31 May 2022
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Charged Properties”	The property located at No. 55, 555 Yehui Road, Zhaoxiangzhen, Qingpu District, Shanghai* (上海市青浦區趙巷鎮業輝路555弄55號) owned by Mr. Shi FR and the property located Room 702, no. 3, 1099 Hongsong East Road, Minhang District, Shanghai* (上海市閔行區紅松東路1099弄3號702室) owned by Mr. Shi
“Company”	Shanghai Industrial Urban Development Group Limited (上海實業城市開發集團有限公司), a company incorporated in Bermuda with limited liability whose shares are listed on Main Board of the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms of the Share Transfer Agreement
“Consideration”	the consideration for the Acquisition
“Corporate Guarantor”	Ningbo Baoheng Motors Group Co. Ltd.* (寧波寶恒汽車集團有限公司), a company established in the PRC with limited liability, an affiliate of the Vendor and one of the Guarantors
“Director(s)”	the director(s) of the Company
“Enlarged Group”	the Group as enlarged by the Acquisition upon Completion
“Group”	the Company and its subsidiaries
“Guarantee Documents”	the Pledge Agreements, the Personal Guarantees and the Corporate Guarantee

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## DEFINITIONS

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“Guarantors”	(i) Mr. Shi, (ii) Mrs. Shi, (iii) Mr. Shi FR and (iv) the Corporate Guarantor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Group and not connected persons of the Company
“Latest Practicable Date”	23 March 2023, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Mr. Shi”	Mr. Shi Stone (石德毅), the ultimate beneficial owner of the Vendor
“Mr. Shi FR”	Mr. Shi Feng Rui (石豐瑞), the son of Mr. Shi
“Mrs. Shi”	Ms. Qiao Xiaohui (喬曉輝), the spouse of Mr. Shi
“Payable Creditor”	Shanghai Jiacheng Investment Co. Ltd.* (上海嘉誠投資管理有限公司), a company established in the PRC with limited liability and an affiliate of the Vendor
“percentage ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“PRC”	the People’s Republic of China which, for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Project Company”	Xi’an Chanba Construction Development Co., Ltd.* (西安瀋灞建設開發有限公司), a company incorporated under the laws of PRC with limited liability and owned as to 54.5% by the Purchaser, 17% by Beijing Zhongzhi and 28.5% by the Shanghai Saiyin, respectively before the Acquisition
“Purchaser”	Honest State Limited (誠邦有限公司), a company incorporated under the laws of BVI with limited liability, an indirect wholly-owned subsidiary of the Company and a substantial shareholder of the Project Company

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## DEFINITIONS

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“Receivable Debtors”	Shanghai Yide Industry Co., Ltd.* (上海毅德實業股份有限公司), Shanghai Jinlu International Trading Co., Ltd.* (上海金路國際貿易有限公司) and Shanghai Tianqiong Communication Co. Ltd.* (上海天瓊通信科技有限公司), each a company established in the PRC with limited liability and an affiliate of the Vendor
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	the entire shares of the Target Company
“Second Payment Conditions”	the conditions precedent for the deposit of the second instalment consideration and described in the section headed “The Share Transfer Agreement — Payment of the Consideration” of this circular
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time
“Shanghai Guomu”	Shanghai Guomu Management Co., Ltd.* (上海國睦企業管理有限公司), a company established in the PRC with limited liability and an affiliate of the Vendor
“Shanghai Guomu Loan”	the loan in the amount of RMB205,654,000 owing by Shanghai Saiyin to Shanghai Guomu as at the date of the Share Transfer Agreement
“Shanghai Saiba”	Shanghai Saiba Consultancy Co., Ltd.* (上海賽灞企業顧問有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Target Company
“Shanghai Saiyin”	Shanghai Saiyin Management Co., Ltd.* (上海賽銀企業管理有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Shanghai Saiba
“Share(s)”	the ordinary share(s) with a par value of HK\$0.04 each in the share capital of the Company
“Share Transfer Agreement”	the agreement dated 30 November 2022 entered into between the Vendor, Mr. Shi, the Purchaser, the Target Company, Shanghai Saiba and Shanghai Saiyin in relation to the Acquisition
“Shareholder(s)”	the holder(s) of the Share(s)
“SIHL”	Shanghai Industrial Holdings Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 363). SIHL is a controlling shareholder of the Company

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## DEFINITIONS

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“SIIC”	上海實業(集團)有限公司 (Shanghai Industrial Investment (Holdings) Company Limited), a company incorporated in Hong Kong with limited liability. SIIC is a controlling shareholder of the Company
“sq.m.”	square metres
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Target Company”	Leap Charm Limited (躍成有限公司), a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of the Vendor
“Target Group”	the Target Company and its subsidiaries
“Third Payment Conditions”	the conditions precedent for the deposit of the third instalment consideration and described in the section headed “The Share Transfer Agreement — Payment of the Consideration” of this circular
“Valuation Report”	the valuation report dated 9 October 2022 prepared by the Valuer in relation to the Target Company
“Valuer”	Shanghai Cai Rui Assets Evaluation Co., Ltd.* (上海財瑞資產評估有限公司)
“Vendor”	Renowned Support Holdings Limited, a company incorporated under the laws of BVI with limited liability
“%”	per cent

*In this circular, the terms “associate”, “connected person”, “connected transaction”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.*

*The English names of PRC entities included in this circular are unofficial translations of their Chinese names and are included for identification purposes only.*

*Certain figures set out in this circular have been subject to rounding adjustments. Accordingly, figures shown as the currency conversion or percentage equivalents may not be an arithmetic sum of such figures.*

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## LETTER FROM THE BOARD

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上海實業城市開發集團有限公司

SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 563)

*Executive Directors:*

Mr. Huang Haiping (*Chairman*)  
Mr. Tang Jun (*President*)  
Mr. Lou Jun  
Mr. Ye Weiqi

*Registered Office:*

Clarendon House,  
2 Church Street,  
Hamilton HM 11,  
Bermuda

*Independent Non-executive Directors:*

Mr. Doo Wai-Hoi, William, *B.B.S., J.P.*  
Dr. Fan Ren Da, Anthony  
Mr. Li Ka Fai, David, *M.H.*  
Mr. Qiao Zhigang

*Principal Place of*

*Business in Hong Kong:*

11/F,  
Henley Building,  
No. 5 Queen's Road Central,  
Hong Kong

28 March 2023

*To the Shareholders*

Dear Sir/Madam,

**MAJOR AND CONNECTED TRANSACTION  
ACQUISITION OF THE TARGET COMPANY HOLDING  
28.5% EQUITY INTEREST  
IN A NON-WHOLLY OWNED SUBSIDIARY**

**INTRODUCTION**

Reference is made to the announcements of the Company dated 30 November 2022 and 21 December 2022 in relation to the acquisition of the Target Company holding 28.5% equity interest in a non-wholly-owned subsidiary.

On 30 November 2022, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Share Transfer Agreement with the Vendor, among others, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company at the Consideration of RMB696,000,000.

The entering into of the Share Transfer Agreement and the transactions contemplated thereunder constitute a major transaction of the Company. In accordance with Rule 14.44 of the Listing Rules, the Company has obtained a written approval from a group of closely allied group of Shareholders which are controlled by SIIC holding an aggregate of

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## LETTER FROM THE BOARD

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3,364,049,977 ordinary shares of the Company, representing approximately 70.21% of the issued share capital of the Company as at the Latest Practicable Date, for the Share Transfer Agreement and the Acquisition. As such, the Company will not convene a special general meeting to consider and approve the Share Transfer Agreement and the Acquisition as permitted under Rule 14.44 of the Listing Rules.

All the conditions precedent under the Share Transfer Agreement had been fulfilled and completion of the Acquisition took place on 5 December 2022.

The purposes of this circular are to provide you with: (i) a letter from the Board containing further details of the Share Transfer Agreement and the transactions respectively contemplated thereunder; and (ii) other information as required under the Listing Rules.

### THE SHARE TRANSFER AGREEMENT

The principal terms of the Share Transfer Agreement are summarized as follows.

**Date:** 30 November 2022

**Parties:**

- i. the Vendor;
- ii. Mr. Shi (the ultimate beneficial owner of the Vendor);
- iii. the Purchaser;
- iv. the Target Company;
- v. Shanghai Saiba (a direct wholly-owned subsidiary of the Target Company); and
- vi. Shanghai Saiyin (an indirect wholly-owned subsidiary of the Target Company).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, save for Mr. Shi's and the Vendor's indirect interest in the Project Company through the Target Group immediately prior to Completion, the Vendor, the Target Company, Shanghai Saiba, Shanghai Saiyin are Independent Third Parties.

### Nature of the transaction

Pursuant to the Share Transfer Agreement, the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Shares, representing the entire issued share capital of the Target Company. The Target Company and its wholly-owned subsidiaries, namely Shanghai Saiba and Shanghai Saiyin, are investment holding companies and the principal asset of the Target Group is the 28.5% equity interest in the Project Company.

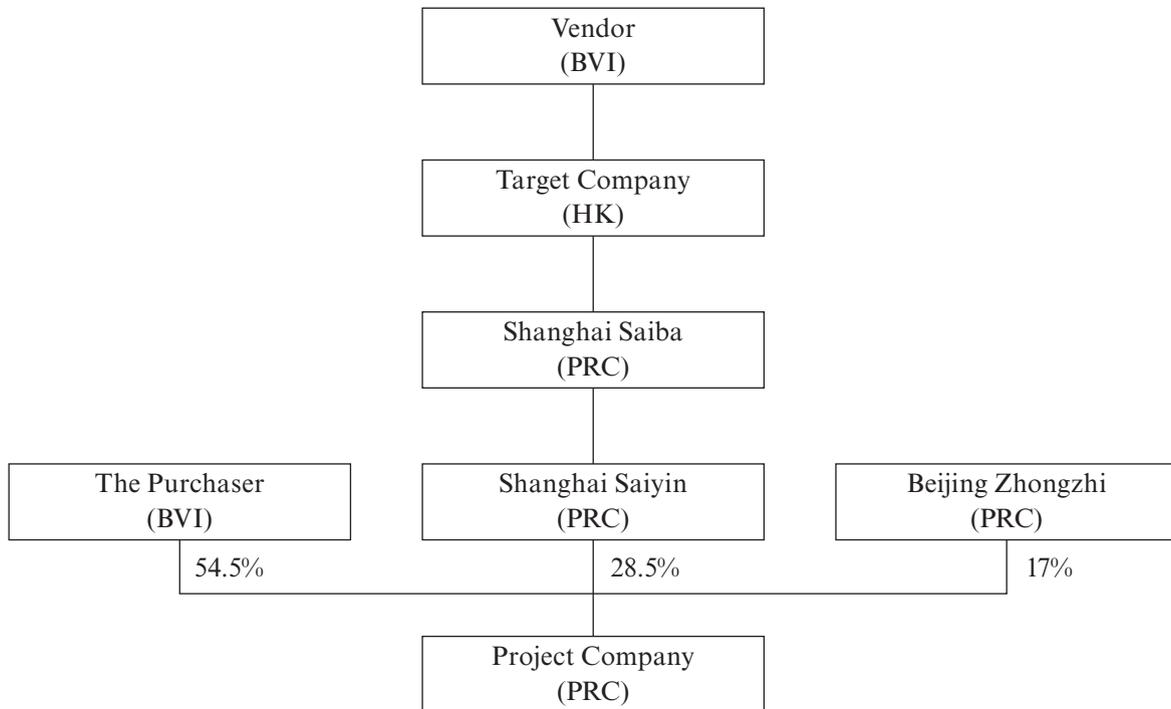
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## LETTER FROM THE BOARD

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Before the Completion, the Project Company is an indirect non-wholly owned subsidiary of the Company and its equity interest is held as to 54.5% by the Purchaser (an indirect wholly-owned subsidiary of the Company), 17% by Beijing Zhongzhi (an indirect wholly-owned subsidiary of the Company) and 28.5% by Shanghai Saiyin. The original acquisition cost incurred by the Target Group for the acquisition of 28.5% equity interest in the Project Company is RMB200,000,000.

The following diagram depicts the shareholding structure of the Target Group and the Project Company immediately prior to Completion (unless otherwise specified, each subsidiary is 100% owned by its holding company):



### Consideration and Payment

The total consideration payable by the Purchaser for the Acquisition is RMB696,000,000 which comprises the followings:

- (a) the purchase price of the Sale Shares in the amount of RMB490,346,000; and
- (b) after Completion, the repayment of the Shanghai Guomu Loan in the amount of RMB205,654,000 owing by Shanghai Saiyin to Shanghai Guomu, an affiliate of the Vendor.

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## LETTER FROM THE BOARD

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### Payment of the Consideration

#### *Purchase Price of the Sale Shares*

The purchase price of the Sale Shares is payable by the Purchaser in cash in three tranches:

- (i) the Purchaser shall deposit RMB100,000,000 in a joint account opened in the name of the Purchaser and under the joint management of the Purchaser and the Vendor within 10 business days after the signing of the Share Transfer Agreement. The said amount shall be released from the joint account to the designated account of the Vendor within 10 business days after the date of Completion;
- (ii) RMB250,000,000 shall be payable within 10 business days after Completion and the satisfaction of the following conditions (the “**Second Payment Conditions**”), and shall be payable no earlier than 15 January 2023:
  - (a) the Accounts Receivable Settlements having been completed;
  - (b) important documents and materials of the Target Group having been handed over to the Purchaser;
  - (c) the Vendor having obtained the Notice of Matters Relating to Settlement and Payment of Enterprise Income Tax on Non-resident Enterprise (非居民企業所得稅稅收繳款通知書) for the transfer of the Sale Shares under the Share Transfer Agreement and provided to the Purchaser the relevant tax payment proof.
- (iii) RMB140,346,000 shall be payable before 31 March 2023, or within 10 business days after Completion and the satisfaction of the following conditions (the “**Third Payment Conditions**”), whichever is later:
  - (a) the fulfillment of the Second Payment Conditions;
  - (b) the Personal Guarantees having been duly signed and remain valid;
  - (c) the fulfillment of either one of (i) the Corporate Guarantee having been duly signed by the Corporate Guarantor with the approval from the shareholder’s meeting of the Corporate Guarantor; or (ii) the pledge on the Charged Properties having been duly registered and the Purchaser having obtained the original real estate registration certificates of the Charged Properties, whichever is earlier; and
  - (d) the fulfillment of either one of (i) the transfer of Sale Shares having been completed for 3 years; or (ii) the pledge on the Charged Properties having been duly registered and the Purchaser having obtained the original real estate registration certificates of the Charged Properties, whichever is earlier.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the Second Payment Conditions has been fulfilled and a total amount of RMB350,000,000 has been paid by the Purchaser. It is expected that the remaining amount of RMB140,346,000 will be paid in accordance with the terms of the Share Transfer Agreement.

### *Repayment of the Shanghai Guomu Loan*

After Completion, the Purchaser shall procure repayment of the Shanghai Guomu Loan by Shanghai Saiyin in the following manners:

- (i) an amount of RMB86,000,000 shall be repaid by Shanghai Saiyin to Shanghai Guomu within 5 business days after Completion (the “**First Loan Repayment**”); and
- (ii) an amount of RMB119,654,000 shall be repaid by Shanghai Saiyin to Shanghai Guomu within 10 business days after the fulfilment of the Second Payment Conditions, but shall be paid no earlier than 15 January 2023.

As at the Latest Practicable Date, the entire outstanding amount of the Shanghai Guomu Loan has been repaid by Shanghai Saiyin.

### *Settlement of accounts receivable and waiver of accounts payable*

In relation to the Project Company, there are certain accounts receivable due from the Receivable Debtors and accounts payable due to the Payable Creditor, each being an affiliate of the Vendor. Pursuant to the Share Transfer Agreement, these accounts payable and receivable shall be settled as follows:

- (i) the Vendor shall ensure that the Receivable Debtors shall settle the accounts receivable in the total amount of RMB86,000,000 due to the Project Company within 2 days from the date of the First Loan Repayment (the “**Accounts Receivable Settlement**”); and
- (ii) the Payable Creditor shall waive the payment obligations of the Project Company in respect of the accounts payable due to the Payable Creditor in the amount of RMB2,550,000 (the “**Accounts Payable Waiver**”).

As at the Latest Practicable Date, the Account Receivable Settlement and the Accounts Payable Waiver have been completed.

### *Security*

Pursuant to the Share Transfer Agreement, the following security shall be provided in favour of the Purchaser:

- (i) Mr. Shi and Mr. Shi FR agree to pledge their respective property rights in relation to the Charged Properties to the Purchaser to guarantee the obligations of the Vendor under the Share Transfer Agreement (the “**Pledge Agreements**”);

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## LETTER FROM THE BOARD

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- (ii) Mr. Shi and Mrs. Shi agree to provide joint and several guarantees for the obligations of the Vendor under the Share Transfer Agreement in favour of the Purchaser (the “**Personal Guarantees**”); and
- (iii) the Corporate Guarantor, being an affiliate of the Vendor, agrees to provide a joint and several guarantee for the obligations of the Vendor under the Share Transfer Agreement in favour of the Purchaser (the “**Corporate Guarantee**”).

### Conditions precedent

Completion is conditional upon the following conditions, among others, having been satisfied within 10 days from the date of the Share Transfer Agreement (or such other date as the Vendor and the Purchaser may agree):

- (1) the Vendor having obtained the approvals and internal documents to approve the Acquisition, including but not limited to board resolution and shareholders’ resolution, in accordance with the relevant laws and internal management rules;
- (2) the Sale Shares, the equity interests of the Target Group and the 28.5% equity interest in the Project Company are free from any mortgage, pledge, lien, seizure, freezing and any encumbrances thereof;
- (3) from the date of the Share Transfer Agreement and until Completion, there has been no breach of the transaction documents (including breach of representations and warranties) by the Vendor or its affiliates, unless such breach has been remedied or resolved by the Vendor and its affiliates before Completion;
- (4) from the date of the Share Transfer Agreement, no event which could have an adverse impact on the Target Group has or could reasonably be expected to have occurred and no event which could have any adverse impact on the Project Company has or could reasonably be expected to have occurred and which is caused by the Vendor or its affiliates;
- (5) the Receivable Debtors and Shanghai Guomu having issued the letters of confirmation for Accounts Receivable Settlement to the Project Company, which shall be in effect at the time of Completion and shall remain in effect after Completion;
- (6) the Payable Creditor having issued a letter of confirmation for the Accounts Payable Waiver to the Project Company, which shall be in effect at the time of Completion and shall remain in effect after Completion; and
- (7) the Guarantee Documents having been signed by the Guarantors and having become effective, and all the Guarantee Documents, will continue to be valid at the time of the Completion, and have satisfied the requirements stated in the Share Transfer Agreement.

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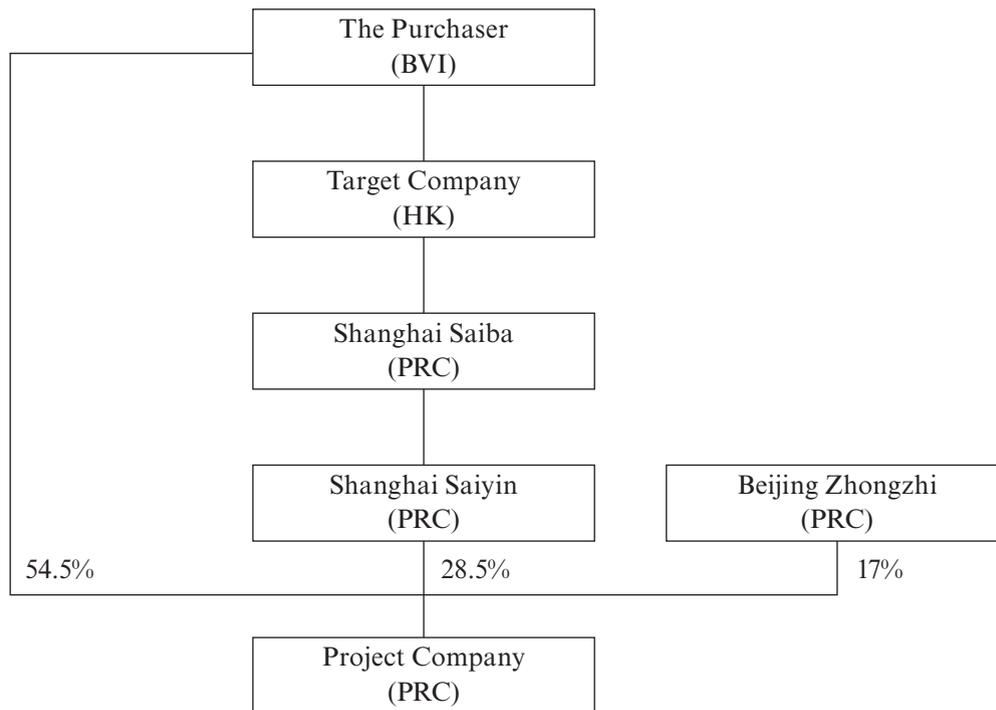
## LETTER FROM THE BOARD

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### Completion

Subject to the satisfaction or waiver by the Purchaser of the conditions precedent set out under the Share Transfer Agreement, Completion shall take place not later than the third day after the deposit of the first tranche payment of RMB100,000,000 in the joint account under the joint management of the Purchaser, and the Vendor (or such other date as the Purchaser may agree).

On 5 December 2022, all conditions precedent under the Share Transfer Agreement were satisfied and Completion took place. Upon Completion, the Target Group and the Project Company have become indirect wholly-owned subsidiaries of the Company. The following diagram depicts the shareholding structure of the Target Group and the Project Company immediately after Completion (unless otherwise specified, each subsidiary is 100% owned by its holding company):



### BASIS OF DETERMINATION OF THE CONSIDERATION

The Consideration was determined after arm's length negotiations among the Purchaser and the Vendor taking into account various factors, including but not limited to (i) the terms of the Share Transfer Agreement, (ii) the valuation of the Target Company as at the Benchmark Date, i.e. 31 May 2022 by the Valuer pursuant to the Valuation Report, (iii) the current situation and prospects of the property market in Xi'an and (iv) the benefits that the Acquisition will bring to the Group. The Consideration is expected to be financed by the Group's internal resources and external financing.

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## LETTER FROM THE BOARD

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The reason for the difference between the Vendor's original acquisition cost and the current consideration of the Acquisition is mainly due to the value appreciation and development activities of the land parcels held by the Project Company and its subsidiaries.

### THE VALUATION REPORT

The Valuation Report was issued by the Valuer in October 2022. As at the Benchmark Date, the appraised value of the entire equity interest of the Target Company is approximately RMB585,811,000.

Taking into account that the Target Group will continue its existing business, the Valuer considered that the adoption of the appraised value of the entire equity interest of the Target Company in the Valuation Report as a basis for determining the Consideration (instead of its net asset value) is appropriate as it better reflects the intrinsic value of the Target Company.

### Valuation methodology

Having considered the factors including the purpose of the valuation, the valuation scope, the type of value and the collection and analysis of the information from on-site inspection and related information, the Valuer adopted the asset-based method as the valuation method. The asset-based method focuses on the valuation of the assets and liabilities of the Target Company as of the Benchmark Date. As the property rights of the assets of the Target Group is clear, the financial information of the Target Group are complete and the assets and liabilities of the Target Group are readily identifiable, the Valuer has appraised the quantity of the assets of the Target Group based on its financial information, the information on the acquisition or construction of such assets and on-site inspections and calculate the value of the assets based on their replacement costs.

The Valuer was of the view that the adoption of the income method and market method would be inappropriate as there is no operating revenue from the Target Group for a reasonable prediction of future income and there is insufficient information available as to the comparables of the Target Group.

### Principal assumptions

#### *(i) Basic assumptions*

##### *1. Transaction assumption.*

All assets to be valued are in the process of transaction, and the Valuer conducted the valuation in a simulated market according to the trading conditions of the assets to be valued.

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## LETTER FROM THE BOARD

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2. *Open market assumption.*

An open market is defined as fully developed and perfect market conditions, a competitive market with willing buyers and sellers, where buyers and sellers are on an equal footing, both have opportunities and time to access adequate market information, and where transactions between buyers and sellers take place under voluntary, rational, non-coercive or unrestricted conditions. The open market assumption is made on the basis that assets can be traded openly in the market.

3. *Going concern assumption.*

The Target Group, given its existing assets and resources, can legitimately continue its production and business operations as it is for the foreseeable future operating period without material adverse change in its operating conditions.

4. *Assumption of use of assets for current purposes.*

It is assumed that the assets within the scope of valuation are currently in use and the assets will continue to be used for the current purpose and mode of use, without taking into account any asset use conversion or optimal utilization conditions.

**(ii) General assumptions**

1. There are no unforeseen significant adverse changes in the external economic environment, including the relevant laws, macroeconomic, financial and industrial policies prevailing in the country after the Benchmark Date, and that there are no significant impacts caused by other force majeure and unforeseen factors.
2. The valuation does not consider the impact of any collateral or guarantee that the Target Group and its assets may assume, or any additional price that may be paid as a result of special transaction methods on the valuation conclusion.
3. There are no significant changes in the socio-economic environment in which the Target Group are located or in the fiscal and taxation policies in place, such as taxes and tax rates, and that the credit policy, interest rate, exchange rate and other financial policies are generally stable.
4. Each asset under the valuation is based on the actual inventory as at the Benchmark Date, and the prevailing market prices of the relevant assets are based on the effective prices in the places where the Target Group are located as at the Benchmark Date.
5. The current and future business operations of the Target Group are and will be legal and compliant, in compliance with the relevant provisions of its business license and articles of association.

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## LETTER FROM THE BOARD

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### The identity and qualification of the Valuer

The Valuer, Shanghai Cai Rui Assets Evaluation Co., Ltd.\* (上海財瑞資產評估有限公司), is independent of the Group and is a member of the China Appraisal Society (中國資產評估協會).

### The Board's view

The Directors have considered the methodology, key assumptions and parameters adopted in the valuation of Target Group as follows:

- (i) the asset-based approach focuses on the valuation of the assets and liabilities of the Target Group as of the Benchmark Date. As the property rights of the assets of the Target Group is clear, the financial information of the Target Group are complete and the assets and liabilities of the Target Group are readily identifiable, the Valuer has appraised the quantity of the assets of the Target Group based on its financial information, the information on the acquisition or construction of such assets and on-site inspections and calculate the value of the assets based on their replacement costs; and
- (ii) the Directors have reviewed the key assumptions adopted in the valuation of Target Company as summarized above and consider them to be fair and reasonable.

In view of the above, the Directors considered that the methodology, key assumptions and parameters adopted in the valuation of Target Company are fair and reasonable.

### FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is a summary of the audited consolidated net profit/(loss) before and after tax of the Target Group for the year ended 31 December 2020 (“FY20”), 31 December 2021 (“FY21”) and 31 December 2022 (“FY22”):

	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Consolidated Net profit/(loss) before and after taxation	86,743	(77,682)	145,080

The consolidated financial information of the Target Group was prepared in accordance with International Financial Reporting Standards.

As at 31 December 2022, the audited consolidated total assets and net asset value of the Target Group were approximately HK\$286,188,000 and HK\$52,683,000, respectively.

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## LETTER FROM THE BOARD

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### FINANCIAL EFFECT OF THE ACQUISITION

Upon Completion, the Target Group and the Project Company have become indirect wholly-owned subsidiaries of the Company. As the Acquisitions were completed on 5 December 2022, the financial information of the Target Group has been fully reflected in the consolidated financial information of the Group set out in the Company's announcement of final results for the year ended 31 December 2022.

The financial effects of the Acquisition on the Group are as follows:

There is increase in the balance of other payables of the Group due to the addition of such item recorded in the Target Group. In addition, the Group will record payable for the remaining Consideration as at 31 December 2022 as the Consideration shall be paid in accordance with the payment term.

The difference between the Consideration paid/payable and the non-controlling interest of the Project Company derecognised are recognised as change in other reserves in the consolidated statement of change in equity of the Group.

Details of the financial effect of the Acquisition are disclosed in note 18 of the "Notes to the financial information" of the Company's announcement of final results for the year ended 31 December 2022 published on 22 March 2023.

### SOURCE OF FUNDING

The Consideration was and is expected to be financed by the Group's internal resources and external financing.

### REASONS FOR AND BENEFITS OF THE TRANSACTION

The Company believes that the Acquisition represents a valuable opportunity to acquire the Project Company as a wholly-owned subsidiary of the Company which enhances the profit, the flexibility of dividend distribution and capital management. The Acquisition will help the Group achieve an independent operation of the Project Company which provides the flexibility in management of the Originally project and subsequent contract sales or leases of the property units, thereby creating a flexible business development environment.

The Directors consider that the transactions contemplated under the Share Transfer Agreement and the Acquisition are on normal commercial terms and the terms of the transactions are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

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## LETTER FROM THE BOARD

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### INFORMATION OF THE GROUP AND THE PARTIES

#### **The Group**

The Company is a company incorporated under the laws of Bermuda with limited liability, and is an investment holding company. The Group is a property developer in the PRC and is principally engaged in the businesses of property development, property investment and hotel operations in the PRC.

The Purchaser is a company incorporated in the BVI and an indirect wholly-owned subsidiary of the Company. Its principal business is investment holding.

#### **The Project Company**

The Project Company is a non-wholly-owned subsidiary of the Company. The Project Company and its subsidiaries are the project companies established to hold and develop the Originally project located in Xi'an, the PRC. As disclosed in the 2022 interim report of the Company, the Originally project is a residential, commercial and hotel project located at the East to Chan River, Chanba Avenue, Chanba Ecotope, Xi'an. The Originally project site area is more than 2 million sq.m. and there are 12 land parcels in the plan to cater to diverse functions and related necessary facilities completed or soon to be completed to meet community business requirements and educational, medical and shopping needs.

#### **The Target Group**

The Target Company is a company incorporated under the laws of Hong Kong with limited liability. Each of Shanghai Saiba and Shanghai Saiyin is a company established under the laws of the PRC with limited liability. Shanghai Saiba is a direct wholly-owned subsidiary of the Target Company and Shanghai Saiyin is a direct wholly-owned subsidiary of Shanghai Saiba. The Target Company, Shanghai Saiba and Shanghai Saiyin are investment holding companies and the principal asset of the Target Group is 28.5% equity interest in the Project Company.

#### **The Vendor and Mr. Shi**

The Vendor is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. Mr. Shi is the ultimate beneficial owner of the Vendor. Mrs. Shi is the spouse of Mr. Shi and Mr. Shi FR is the son of Mr. Shi. To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, based on the information available to the Company, save for Mr. Shi's and the Vendor's indirect interest in the Project Company through the Target Group immediately prior to Completion, the Vendor, Mr. Shi, Mrs. Shi and Mr. Shi FR are Independent Third Parties.

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## LETTER FROM THE BOARD

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### WAIVER FROM STRICT COMPLIANCE WITH RULE 14.67(6)(a)(ii) OF THE LISTING RULES

Rule 14.67(6)(a)(ii) of the Listing Rules provides that on acquisition of any business, company or companies, the Company should include in its circular a pro forma statement of the assets and liabilities of the Group combined with the assets and liabilities of the business, company or companies being acquired on the same accounting basis as that adopted by the accountant's report on the business, company or companies being acquired prepared in accordance with Chapter 4 of the Listing Rules (the "**Pro Forma Statement**").

As set out in the Announcement, the Target Group will become an indirect wholly-owned subsidiary of the Company, and the financial results, assets and liabilities of the Target Company will be consolidated into the financial statements of the Company upon completion of the Acquisition. The Acquisition was completed on 5 December 2022. Accordingly, the financial results, assets and liabilities of the Target Group have been consolidated into the financial statements of the Company following the completion of the Acquisition.

The Company applied for a waiver from the requirement to include the Pro Forma Statement in this circular in strict compliance with the requirement of Rule 14.67(6)(a)(ii) of the Listing Rules for the following reasons:

- (a) the principal asset of the Target Group is 28.5% equity interest in the Project Company, and given the Project Company is already an indirect non-wholly owned subsidiary of the Company and its financial results have already been included in the consolidated financial statements of the Company, therefore save for impact on the non-controlling interests under the statement of financial positions and on the cash reserve of the Group as well as increase in the balances of other payables of the Group, the effect of the Acquisition on the statement of financial positions of the Enlarged Group to be illustrated by the Pro Forma Statement is expected to be immaterial;
- (b) completion of the Acquisition took place on 5 December 2022, and thus the consolidated financial statements of the Company as set out in the annual results announcement of the Company for the year ended 31 December 2022 which was published on 22 March 2023 (the "**Annual Results Announcement**") have included the financial results of the Target Group from the date of Completion up to 31 December 2022;
- (c) the consolidated financial statements of the Group in the Annual Results Announcement will largely cover such financial information as required in the Pro Forma Statement, and the Annual Results Announcement will provide the Shareholders and potential investors of the Company with a true and fair view of the financial position of the Enlarged Group and also illustrates the effect of the Acquisition on the financial results of the Group;

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## LETTER FROM THE BOARD

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- (d) the preparation of the Pro Forma Statement for inclusion in this circular in strict compliance with the requirement of Rule 14.67(6)(a)(ii) of the Listing Rules would be unduly burdensome and would result in unnecessary time, cost and human resources being incurred without adding much value in helping the Shareholders understand the financial position of the Enlarged Group;
- (e) if Rule 14.67(6)(a)(ii) of the Listing Rules is strictly complied with, the publication of the Pro Forma Statement of the Enlarged Group may cause confusion to the Shareholders and potential investors of the Company since historical financial information of the Enlarged Group will already be available in the published Annual Results Announcement; and
- (f) as alternative disclosure to the Pro Forma Statement in this circular, the Company has included in this circular clear references to the Annual Results Announcement for (i) the financial results of the Group as enlarged by the Acquisition, and (ii) specific disclosures regarding business combinations of the Group illustrating the impact of the Acquisition on the financial results of the Group under paragraphs of Appendix I to this circular.

Based on the information provided by the Company, the Stock Exchange granted to the Company the waiver from strict compliance with the requirements under Rule 14.67(6)(a)(ii) of the Listing Rules.

### PROPERTY VALUATION

Cushman & Wakefield Limited, an independent property valuer, has valued the property interests held by the Project Company and its subsidiaries as at 31 December 2022. The property valuation report issued by Cushman & Wakefield Limited included in Appendix IV of this circular.

### LISTING RULES IMPLICATIONS

As the Vendor is a connected person of the Company at the subsidiary level by virtue of being the indirect holding company of Shanghai Saiyin, a substantial shareholder of the Project Company, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (i) the Vendor is a connected person at the subsidiary level, (ii) the Board has approved the Acquisition, and (iii) the Directors (including the independent non-executive Directors) have also confirmed that the terms of the Acquisition are fair and reasonable and the Acquisition is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Acquisition is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

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## LETTER FROM THE BOARD

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As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 25% but is less than 100%, the entering into of the Share Transfer Agreement and the transactions contemplated thereunder constitute a major transaction of the Company and are therefore subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, none of the Shareholders has any material interest in the Acquisition under the Share Transfer Agreement and therefore none of them is required to abstain from voting if a general meeting was to be convened to approve the Share Transfer Agreement and the Acquisition. Pursuant to the Listing Rules, shareholders' approval is required for a major transaction. In accordance with Rule 14.44 of the Listing Rules, the Company has obtained a written approval from a group of closely allied group of Shareholders which are controlled by SIIC holding an aggregate of 3,364,049,977 ordinary shares of the Company, representing approximately 70.21% of the issued share capital of the Company as at the Latest Practicable Date, for the Share Transfer Agreement and the Acquisition in lieu of holding a general meeting of the Company. As such, the Company will not convene a special general meeting to consider and approve the Share Transfer Agreement and the Acquisition as permitted under Rule 14.44 of the Listing Rules.

As none of the Directors is considered to have a material interest in the Acquisition, no Director is required to abstain from voting on the resolution of the Board in respect of the Acquisition.

### ADDITIONAL INFORMATION

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

Yours faithfully,  
By order of the Board of  
**SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED**  
**Huang Haiping**  
*Chairman*

**1. AUDITED FINANCIAL RESULTS OF THE GROUP**

Financial information of the Group for each of the three years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2022 was disclosed in the annual reports of the Company for the years ended 31 December 2019 (pages 106 to 221), 2020 (pages 114 to 224), 2021 (pages 123 to 248) and the interim report of the Company for the six months ended 30 June 2022 (pages 30 to 56) respectively, all of which can be found on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.siud.com>).

Please also see below quick links to the relevant reports:

Annual report of the Company for the year ended 31 December 2019 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0414/2020041400189.pdf>)

Annual report of the Company for the year ended 31 December 2020 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0414/2021041400547.pdf>)

Annual report of the Company for the year ended 31 December 2021 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0414/2022041400844.pdf>)

Interim report of the Company for the six months ended 30 June 2022 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0914/2022091400394.pdf>)

The Annual Results Announcement published on 22 March 2023 contains the consolidated financial information of the Group which include the financial results of the Target Group since the date of the Completion to 31 December 2022. For specific disclosures regarding business combinations of the Group as enlarged by the Acquisition of the Target Group on the financial results of the Group, please refer to note 18 to the financial information of the Company for the year ended 31 December 2022 set out in the Annual Results Announcement.

**2. INDEBTEDNESS STATEMENT**

As at the close of business on 31 January 2023, being the latest practicable date for the sole purpose of determining this statement of indebtedness of the Enlarged Group prior to the date of this circular, same as otherwise disclosed herein, the Enlarged Group had total borrowings of approximately HK\$20,403,340,000 and the details of which are as follows:

	<i>HK\$'000</i>
Bank borrowings	
— Secured and guaranteed	688,775
— Secured and unguaranteed	3,383,470
— Unsecured and unguaranteed	<u>6,387,736</u>
	10,459,981
Other borrowings	
— Unsecured and unguaranteed	9,017,420
Amounts due to related companies	
— Unsecured and unguaranteed	762,624
Amounts due to former shareholders of the Company's former subsidiaries	
— Unsecured and unguaranteed	<u>163,315</u>
Total	<u><u>20,403,340</u></u>

**Mortgage and Charges**

As at 31 January 2023, the Enlarged Group's bank borrowings of approximately HK\$4,072,245,000 were secured by certain properties under development for sale, certain properties held-for-sale, certain investment properties, certain bank deposits and certain trade receivables of the Enlarged Group.

**Lease liabilities**

As at 31 January 2023, the Enlarged Group had lease liabilities of approximately HK\$89,190,000 related to the lease of office premises and commercial units mainly in the PRC and Hong Kong which were unguaranteed and approximately HK\$12,180,000 of which were secured by rental deposits of the Enlarged Group.

**Financial guarantee contracts**

As at 31 January 2023, the Enlarged Group had the following financial guarantee contracts:

*(a) Guarantees given to banks in respect of mortgage facilities of certain property buyers*

The Enlarged Group entered into agreements with certain banks with respect to mortgage loans provided to buyers of the Enlarged Group's property units and made deposits as security to and gave guarantees on mortgage loans provided to the buyers by these banks under the agreements. As at 31 January 2023, the total outstanding guarantees provided by the Enlarged Group to banks in favour of its customers for such mortgage loans were approximately HK\$1,831,247,000.

*(b) Guarantee given to a bank in respect of banking facilities utilised by a joint venture of the Enlarged Group*

The Enlarged Group entered into an agreement with a bank to provide a corporate guarantee with respect to the bank borrowing granted to a joint venture of the Enlarged Group. As at 31 January 2023, the maximum liability of the Enlarged Group under such guarantee was the Enlarged Group's portion on the outstanding amount of the bank borrowing to the joint venture of HK\$127,796,000.

**General**

Except as disclosed above and apart from intra-group liabilities, the Enlarged Group did not have, as at 31 January 2023, any other debt securities issued or outstanding, and authorised or otherwise created but unissued, terms loans, other borrowings and indebtedness, bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchases commitments, mortgages, charges, guarantees or other material contingent liabilities.

**3. WORKING CAPITAL**

Taking into account of present financial resources available to the Enlarged Group including internally generated funds, available credit facilities and the effect of the Acquisition, and in absence of unforeseen circumstances, the Directors are of the opinion that the Enlarged Group will have sufficient funds to meet its working capital requirements for at least the next 12 months from the date of this circular.

#### 4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the Group's latest published audited consolidated financial statements were made up.

#### 5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In 2022, the Group succeeded in overcoming challenges brought by the macroeconomic environment and pandemic and maintained steady business development by virtue of its excellent capability of getting things done, flexibility and strong resilience. The outstanding sales performance of flagship projects, including West Diaoyutai • Emperor Seal in Beijing, Originally in Xi'an, and Shangtou Xinhong, Shangtou Baoxu and Urban Cradle in Shanghai, brought in stable revenue for the Group. During the year, the Group sought progress while maintaining stability by focusing in Shanghai and expanding to first- and second-tier core cities. The Group prudently increased its high-quality land reserve, diversified its business development and continued to develop the investment property business. The Group obtained the land use rights to six land parcels in Lingang New Area in the Shanghai Pilot Free Trade Zone in June 2022, and acquired the remaining 28.5% interests in the residential, commercial and hotel development project at Originally, Xi'an at a consideration of RMB696,000,000 in November 2022.

During the year ended 31 December 2022, the Group's revenue increased by 0.1% year-on-year to HK\$11,022,496,000 (2021: HK\$11,015,088,000), primarily due to strong sales performance recorded by the Group under economic downturn thanks to the timely delivery of competitive flagship projects. During the year, property sales remained as the Group's main source of revenue and amounted to HK\$10,275,286,000 (2021: HK\$9,937,996,000), accounting for 93.2% (2021: 90.2%) of the Group's total revenue. The revenue contribution from West Diaoyutai • Emperor Seal in Beijing, Originally in Xi'an, and Shangtou Xinhong, Shangtou Baoxu and Urban Cradle in Shanghai accounted for 29.8%, 23.3%, 20.4%, 12.2% and 10.0% of property sales, respectively.

Revenue from leasing, property management and services, and hotel operations continued to provide stable revenue sources for the Group, contributing HK\$541,497,000, HK\$2,441,000 and HK\$203,272,000 (2021: HK\$829,307,000, HK\$836,000 and HK\$246,949,000) respectively and accounting for 4.9%, 0.0% and 1.9% (2021: 7.5%, 0.1% and 2.2%) of the total revenue, respectively.

During the year ended 31 December 2022, the Group's gross profit amounted to HK\$2,970,470,000, representing a decrease of 16.4% compared with that of the same period in 2021. Gross profit margin was 26.9%, down by 5.4 percentage points as compared to that of the last year. This was mainly attributable to lower gross profit margin of the affordable housing projects delivered during the year. After netting off the effect of the Group's revenue from delivery of affordable housing (whose margin is fixed at 3% of its direct costs according to the relevant policy requirements) during the year, the gross profit margin of the revenue from commodity housing was 39.3%.

Looking ahead to 2023, from the macroeconomic perspective, the Central Economic Work Conference emphasised the need to “stabilise growth” and gave priority to expanding domestic demand and supporting consumption, such as home improvement. As for real estates, the conference reiterated the position of “the real estate sector as a pillar of the national economy” and urged for the need to guarantee project delivery, livelihood and stability. The conference also instructed local governments to implement a “city-based policy”, support rigid and upgrading housing demand, and explore the long-term rental housing market. The principle that “houses are built to be inhabited, not for speculation” was reiterated to press ahead with the stable transition of the property industry to a new development model. With the full relaxation of anti-epidemic measures in the first half of the year, coupled with a series of economic stimulus measures, the macroeconomy will gradually recover, which will help restore home buyers’ confidence. We believe that the property industry will stabilise by mid-2023.

In future, upholding the principle that housing is a fundamental livelihood issue, the Group will support rigid and upgrading housing demand and explore the long-term rental housing market with a focus on Shanghai while expanding to the Yangtze River Delta and other first- and second-tier core cities. Meanwhile, the Group will fully leverage on its sound financial and operational capability to continue to implement a robust diversified development strategy and facilitate different business operations, such as city-industry integration and placing dual focus on leasing and sale. The Group will increase its premium land reserve in a steadily progressive manner to open up its scope and opportunities for development so as to create more fruitful investment returns for the shareholders at large.

*The following is the text of a report received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.*

# Deloitte.

# 德勤

## ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF LEAP CHARM LIMITED AND ITS SUBSIDIARIES TO THE DIRECTORS OF SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED

### Introduction

We report on the historical financial information of Leap Charm Limited (the “**Target Company**”) and its subsidiaries (together, the “**Target Group**”) set out on pages II-4 to II-27, which comprises the consolidated statements of financial position of the Target Group as at 31 December 2020, 2021 and 2022, the statements of financial position of the Target Company as at 31 December 2020, 2021 and 2022, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for each of the three years ended 31 December 2022 (the “**Relevant Periods**”) and a summary of significant accounting policies and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages II-4 to II-27 forms an integral part of this report, which has been prepared for inclusion in the circular of Shanghai Industrial Urban Development Group Limited (the “**Company**”) dated 28 March 2023 (the “**Circular**”) in connection with the major and connected transaction — acquisition of 28.5% interest in a non-wholly owned subsidiary.

### 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 and presentation set out in Note 2 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.

The directors of the Company are responsible for the contents of this Circular in which the Historical Financial Information of the Target Group is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

### 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 and presentation set out in Note 2 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.

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 Group’s financial position as at 31 December 2020, 2021 and 2022, of the Target Company’s financial position as at 31 December 2020, 2021 and 2022 and of the Target Group’s financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

### **Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange 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-4 have been made.

#### ***Dividends***

We refer to Note 8 to the Historical Financial Information which states that no dividend was declared or paid by the Target Company or its subsidiaries in respect of the Relevant Periods.

*No historical financial statements for the Target Company*

No financial statements have been prepared for the Target Company for any period of three years ended on a date three months before the issue of the Circular.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
28 March 2023

**HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP****Preparation of Historical Financial Information**

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

The consolidated financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (“**Underlying Financial Statements**”).

The Historical Financial Information is presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

	NOTES	Year ended 31 December		
		2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank interest income		2	2	1
Administrative expenses		(722)	(240)	(2,851)
Share of result of an associate	10	<u>87,463</u>	<u>(77,444)</u>	<u>147,930</u>
Profit (loss) before tax	5	86,743	(77,682)	145,080
Income tax	6	<u>—</u>	<u>—</u>	<u>—</u>
<b>Profit (loss) for the year</b>		<u>86,743</u>	<u>(77,682)</u>	<u>145,080</u>
<b>Other comprehensive (expense) income for the year</b>				
<i>Item that will not be reclassified to profit or loss:</i>				
Exchange differences on translation from functional currency to presentation currency		<u>(6,446)</u>	<u>(1,293)</u>	<u>7,516</u>
Total comprehensive income (expense) for the year		<u><u>80,297</u></u>	<u><u>(78,975)</u></u>	<u><u>152,596</u></u>

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	As at 31 December		
		2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Non-current asset</b>				
Interest in an associate	10	<u>221,069</u>	<u>150,259</u>	<u>285,947</u>
<b>Current asset</b>				
Bank balances and cash	11	<u>3,388</u>	<u>3,876</u>	<u>241</u>
<b>Current liabilities</b>				
Other payables	12	1,686	1,713	136,319
Amounts due to a related company	13	<u>243,709</u>	<u>252,335</u>	<u>97,186</u>
		<u>245,395</u>	<u>254,048</u>	<u>233,505</u>
Net current liabilities		<u>(242,007)</u>	<u>(250,172)</u>	<u>(233,264)</u>
<b>Total assets less current liabilities</b>		<u>(20,938)</u>	<u>(99,913)</u>	<u>52,683</u>
<b>Capital and reserves</b>				
Share capital	14	10	10	10
Reserves		<u>(20,948)</u>	<u>(99,923)</u>	<u>52,673</u>
<b>Total equity</b>		<u>(20,938)</u>	<u>(99,913)</u>	<u>52,683</u>

## STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY

		As at 31 December		
	NOTES	2020	2021	2022
		HK\$'000	HK\$'000	HK\$'000
<b>Non-current asset</b>				
Interest in a subsidiary	19	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
<b>Current liability</b>				
Other payables		<u>1,090</u>	<u>1,095</u>	<u>1,100</u>
<b>Total assets less current liabilities</b>		<u><u>(90)</u></u>	<u><u>(95)</u></u>	<u><u>(100)</u></u>
<b>Capital and reserve</b>				
Share capital	14	10	10	10
Accumulated losses		<u>(100)</u>	<u>(105)</u>	<u>(110)</u>
<b>Total equity</b>		<u><u>(90)</u></u>	<u><u>(95)</u></u>	<u><u>(100)</u></u>

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Target Company			
	Share capital	Exchange reserve	Accumulated losses/ retained profit	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 1 January 2020</b>	10	1,432	(102,677)	(101,235)
Profit for the year	—	—	86,743	86,743
Exchange differences on translation from functional currency to presentation currency	—	(6,446)	—	(6,446)
<b>At 31 December 2020</b>	<u>10</u>	<u>(5,014)</u>	<u>(15,934)</u>	<u>(20,938)</u>
Loss for the year	—	—	(77,682)	(77,682)
Exchange differences on translation from functional currency to presentation currency	—	(1,293)	—	(1,293)
<b>At 31 December 2021</b>	<u>10</u>	<u>(6,307)</u>	<u>(93,616)</u>	<u>(99,913)</u>
Profit for the year	—	—	145,080	145,080
Exchange differences on translation from functional currency to presentation currency	—	7,516	—	7,516
<b>At 31 December 2022</b>	<u><u>10</u></u>	<u><u>1,209</u></u>	<u><u>51,464</u></u>	<u><u>52,683</u></u>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
<b>OPERATING ACTIVITIES</b>			
Profit (loss) before tax	86,743	(77,682)	145,080
Adjustments for:			
Share of result of an associate	(87,463)	77,444	(147,930)
Bank interest income	(2)	(2)	(1)
Operating cash flow before movements in working capital	(722)	(240)	(2,851)
Increase (decrease) in other payables	8	5	(580)
Cash used in operations	(714)	(235)	(3,431)
Income tax paid	—	—	—
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(714)</b>	<b>(235)</b>	<b>(3,431)</b>
<b>CASH FROM INVESTING ACTIVITY</b>			
Interest received	2	2	1
<b>FINANCING ACTIVITIES</b>			
Advance from a related company	787	602	97,186
Repayment to a former related company	—	—	(97,186)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>787</b>	<b>602</b>	<b>—</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>75</b>	<b>369</b>	<b>(3,430)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>3,118</b>	<b>3,388</b>	<b>3,876</b>
Effect of foreign exchange rate changes	195	119	(205)
<b>CASH AND CASH EQUIVALENTS REPRESENTED BY BANK BALANCES AND CASH AT END OF THE YEAR</b>	<b>3,388</b>	<b>3,876</b>	<b>241</b>

## NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1. GENERAL INFORMATION

Leap Charm Limited (the “**Target Company**”) was incorporated in Hong Kong with limited liability on 15 July 2008. Its registered office and principal place of business is located at 11/F, Henley Building No. 5, Queen’s Road Central, Hong Kong. The Target Company and its subsidiaries (collectively referred to as the “**Target Group**”) are investment holding companies which ultimately hold 28.5% equity interest in an entity which operates a property development project in Xi’an, the People’s Republic of China (the “**PRC**”).

Its immediate holding company is Honest State Limited (a private limited company incorporated in the British Virgin Islands (“**BVI**”)), its intermediate holding company is Shanghai Industrial Urban Development Group Limited (“**SIUD**”) (incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and its ultimate holding company is Shanghai Industrial Investment (Holdings) Company Limited (a private limited company incorporated in Hong Kong).

The Historical Financial Information of the Target Group is presented in Hong Kong dollars (“**HK\$**”), which is different from the Target Company’s functional currency of Renminbi (“**RMB**”). The directors of the Target Company adopted HK\$ as presentation currency of the Historical Financial Information of the Target Group for the convenience of the financial statements users because shares of SIUD are listed on the Stock Exchange.

### 2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The Historical Financial Information contained in this Circular does not constitute the Target Company’s statutory annual consolidated financial statements for any of the financial years ended 31 December 2020, 2021 and 2022 but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows.

As the Target Company is a private company, the Target Company is not required to deliver its financial statements to the Registrar of Companies, and has not done so.

The Target Company’s auditor has reported on these financial statements for the years ended 31 March 2020, 2021 and 2022. The independent auditor’s report was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis; and did not contain a statement under either sections 406(2), 407(2) or (3) of the Companies Ordinance.

In preparation of the Historical Financial Information, the directors of the Target Company have given due and careful consideration to the liquidity of the Target Group in light of the Target Group’s net current liabilities of HK\$242,007,000, HK\$250,172,000 and HK\$233,264,000 as at 31 December 2020, 2021 and 2022 respectively. In the opinion of the directors of the Target Company, the Historical Financial Information has been prepared on a going concern basis as the Target Company’s intermediate holding company, SIUD, has agreed to provide adequate funds to enable the Target Group to meet in full its financial obligations as they fall due in the foreseeable future.

### 3. ADOPTION OF NEW AND AMENDMENTS TO HKFRSS

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Periods, the Target Group has consistently applied the accounting policies which conform with HKFRSSs, which are effective for the accounting period beginning on 1 January 2022 throughout the Relevant Periods.

#### New and revised HKFRSSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>3</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2024

The directors of the Target Company anticipate that the application of all the new and amendments to HKFRSSs will have no material impact on the Target Group's financial position and financial performance in the foreseeable future.

### 4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with HKFRSSs issued by the HKICPA. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

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 goods and 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. In estimating the fair value of an asset or a liability, the Target Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this Historical Financial Information is determined on such a basis, except for value in use in HKAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

#### **Basis of consolidation**

The Historical Financial Information incorporate the financial statements of the Target Company and entities controlled by the Target Company and its subsidiaries. Control is achieved when the Target Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Target Group's accounting policies.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

#### **Interest in a subsidiary**

Interest in a subsidiary is stated at cost less any identified impairment loss.

#### **Interest in an associate**

An associate is an entity over which the Target Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of the associate are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of the associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Target Group for like transactions and events in similar circumstances. Under the equity method, an interest in an associate is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Target Group's share of the profit or loss and other comprehensive income of the associate. Change in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in ownership interest held by the Target Group. When the Target Group's share of losses of an associate exceeds the Target Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Target Group's net interest in the associate), the Target Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Target Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An interest in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the interest in an associate, any excess of the cost of the investment over the Target Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Target Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Target Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Target Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Target Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9 "Financial Instruments" ("HKFRS 9"), the Target Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Target Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Target Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When a group entity transacts with an associate of the Target Group, profits and losses resulting from the transactions with the associate are recognised in the Target Group's consolidated financial statements only to the extent of interest in the associate that are not related to the Target Group.

#### **Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary

items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Target Group's entities are translated into the presentation currency of the Target Group (i.e. HK\$) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

Exchange differences relating to the retranslation of the Target Group's net assets in RMB to the Target Group's presentation currency (i.e. HK\$) are recognised directly in other comprehensive income and accumulated in exchange reserve. Such exchange differences accumulated in the exchange reserve are not reclassified to profit or loss subsequently.

### **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit (loss) before tax" because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with interests in subsidiaries and associate, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

### **Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

### ***Financial assets***

#### *Classification and subsequent measurement of financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss (“FVTPL”).

#### Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

#### *Impairment of financial assets subject to impairment assessment under HKFRS 9*

The Target Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12 month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Target Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For all instruments, the Target Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Target Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Group 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. In making this assessment, the Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Group has reasonable and supportable information that demonstrates otherwise.

The Target Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Target Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Group, in full (without taking into account any collaterals held by the Target Group).

Irrespective of the above, the Target Group considers that default has occurred when a financial asset is more than 90 days past due unless the Target Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Target Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Target Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and the cash flows that the Target Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Target Group recognises an impairment loss in profit or loss for all financial instruments by adjusting their carrying amount.

*Derecognition of financial assets*

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

***Financial liabilities and equity***

*Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Target Company are recognised at the proceeds received, net of direct issue costs.

*Financial liabilities at amortised cost*

Financial liabilities, including other payables and amounts due to a related company, are subsequently measured at amortised cost using the effective interest method.

*Derecognition of financial liabilities*

The Target Group derecognises financial liabilities when, and only when, the Target Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**5. PROFIT (LOSS) BEFORE TAX**

	Year ended 31 December		
	2020	2021	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (loss) before tax has been arrived at after charging:			
Auditor's remuneration ( <i>note</i> )	5	5	—
Staff costs (including directors' remuneration)	<u>—</u>	<u>—</u>	<u>—</u>

*Note:* The auditor's remuneration during the year ended 31 December 2022 was borne directly by SIUD.

**6. INCOME TAX**

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the Relevant Periods. No provision for Hong Kong Profits Tax has been made as the Target Company had no assessable profits arising in or derived from Hong Kong for the Relevant Periods.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the entities operating in the PRC is 25% for the Relevant Periods. No provision for the PRC's Enterprise Income Tax ("EIT") has been made as the Target Group's entities operating in the PRC had no assessable profits arising in or derived from the PRC for the Relevant Periods.

The income tax for the Relevant Periods can be reconciled to the profit (loss) before tax as follows:

	Year ended 31 December		
	2020	2021	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (loss) before tax	<u>86,743</u>	<u>(77,682)</u>	<u>145,080</u>
Tax at PRC EIT rate of 25%	21,685	(19,421)	36,270
Tax effect of share of result of an associate	(21,866)	19,361	(36,983)
Tax effect of tax losses not recognised	<u>181</u>	<u>60</u>	<u>713</u>
Income tax	<u>—</u>	<u>—</u>	<u>—</u>

As at 31 December 2020, 2021 and 2022, the Target Group has unused tax losses of HK\$3,561,000, HK\$3,759,000 and HK\$5,289,000 respectively available for offset against future profits, which are subject to the confirmation from Hong Kong Inland Revenue Department and the respective PRC tax authorities. No deferred tax asset was recognised in respect of such losses due to the unpredictability of future profit streams of respective group entities. During the years ended 31 December 2020, 2021 and 2022, tax losses of HK\$34,000, HK\$42,000 and HK\$1,322,000 respectively were expired. Included in unrecognised tax losses, there are losses of HK\$3,528,000, HK\$3,726,000 and HK\$400,000 as at 31 December 2020, 2021 and 2022 respectively that will expire in various dates in the next five years. Other losses may be carried forward indefinitely.

**7. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS****(a) Directors' and chief executive's emoluments**

No emoluments paid or payable to the executive directors of the Target Company for the years ended 31 December 2020, 2021 and 2022.

**(b) Employees' emoluments**

No emoluments paid or payable to the staff of the Target Group for the years ended 31 December 2020, 2021 and 2022.

During the Relevant Periods, no emoluments were paid by the Target Group to directors of the Target Company, chief executive and the staff as an inducement to join or upon joining the Target Group or as compensation for loss of office.

**8. DIVIDENDS**

No dividend was paid or declared by the Target Company or its subsidiaries in respect of the Relevant Periods.

**9. EARNINGS/LOSS PER SHARE**

No earnings/loss per share information is presented for the purpose of this report as its inclusion is not considered meaningful.

**10. INTEREST IN AN ASSOCIATE**

	<b>Year ended 31 December</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted investment, at cost	237,586	245,399	226,014
Share of post-acquisition results	<u>(16,517)</u>	<u>(95,140)</u>	<u>59,933</u>
	<u>221,069</u>	<u>150,259</u>	<u>285,947</u>

As at 31 December 2020, 2021 and 2022, the Target Group has interest in the following associate:

Name of associate	Form of entity	Place of registration and operation	Issued and fully paid registered capital	Proportion of ownership interest						Principal activities
				Target Group's effective interest			Held by a subsidiary			
				2020	2021	2022	2020	2021	2022	
西安滄瀾建設開發有限公司 (“西安滄瀾”)	Sino-foreign equity joint venture	The PRC	United States Dollars 86,880,000	28.5%	28.5%	28.5%	28.5%	28.5%	28.5%	Investment holding and property development

#### Summarised financial information of the associate

Summarised financial information in respect of the Target Group's associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

The Target Group's associate is accounted for using the equity method in the consolidated financial statements:

#### 西安滄瀾

	As at 31 December		
	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000
Non-current assets (note (a))	1,444,375	3,671,230	4,488,220
Current assets (note (b))	2,888,541	5,079,896	3,792,423
Non-current liabilities	(352,478)	(342,172)	(282,370)
Current liabilities	(3,204,758)	(7,881,730)	(6,994,950)
Net assets	<u>775,680</u>	<u>527,224</u>	<u>1,003,323</u>
Revenue	<u>1,165,199</u>	<u>195,439</u>	<u>2,524,299</u>
Profit (loss) for the year	<u>306,887</u>	<u>(271,734)</u>	<u>519,055</u>
Other comprehensive income (expense) for the year	<u>26,741</u>	<u>23,278</u>	<u>(42,956)</u>
Total comprehensive income (expense) for the year	<u>333,628</u>	<u>(248,456)</u>	<u>476,099</u>

#### Notes:

- The non-current assets mainly represent property, plant and equipment and investment properties.
- The current assets mainly represent properties under development for sale and properties held-for-sale.

Reconciliation of the above summarised financial information to the carrying amount of the interest in an associate recognised in the consolidated financial statements:

	As at 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Net assets of 西安滄瀾	775,680	527,224	1,003,323
Proportion of the Target Group's ownership interest in 西安滄瀾	<u>28.5%</u>	<u>28.5%</u>	<u>28.5%</u>
Carrying amount of the Target Group's interest in 西安滄瀾	<u>221,069</u>	<u>150,259</u>	<u>285,947</u>

#### 11. BANK BALANCES AND CASH

Bank balances carried interest at market rates which range from 0.25% to 0.30% per annum as at 31 December 2020, 2021 and 2022, respectively.

The Target Group's bank balances and cash are denominated in the functional currency of the relevant group entities.

#### 12. OTHER PAYABLES

Included in other payables as at 31 December 2022, an amount of HK\$135,218,000 was reclassified from the amounts due to a related company because the counterparty is no longer related to the Target Group after completion of the Acquisition (as defined in the Circular) on 5 December 2022.

#### 13. AMOUNTS DUE TO A RELATED COMPANY

The amounts due to a related company of the Target Group are non-trade in nature, unsecured, interest free and repayable on demand. As at 31 December 2020 and 2021, the related company is the affiliate of the Vendor (as defined in Circular). As at 31 December 2022, the related company is a subsidiary of the Company.

#### 14. SHARE CAPITAL

The share capital as at 1 January 2020 and 31 December 2020, 2021 and 2022 represented the share capital of the Target Company.

Details of the Target Company's shares are disclosed as follows:

	Number of shares	Share capital HK\$'000
<b>Issued and fully paid</b>		
At 1 January 2020 and 31 December 2020, 2021 and 2022		
— Ordinary shares with no par value	<u>10,000</u>	<u>10</u>
<b>Reserve of the Target Company</b>		

There is no material movement of reserves of the Target Company since its date of incorporation. The reserve of the Target Company is comprised of accumulated losses.

**15. CAPITAL RISK MANAGEMENT**

The Target Group manages its capital to ensure that entities in the Target Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debts and equity balance. The Target Group's overall strategy remains unchanged during the Relevant Periods.

The capital structure of the Target Group consists of debts, which include amounts due to a related company disclosed in Note 13, and equity comprising issued capital and reserves.

The management of the Target Group reviews the capital structure periodically. As part of this review, the management of the Target Group assesses the annual budget which incorporates the planned construction projects and takes into account of the provision of funding. Based on the proposed annual budget, the management of the Target Group considers the cost of capital and the risks associated with the capital. The management of the Target Group also balances its overall capital structure through the payment of dividends, the issue of new shares as well as new debts or the redemption of existing debts.

**16. FINANCIAL INSTRUMENTS****(a) Categories of financial instruments***The Group*

	As at 31 December		
	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<i>Financial asset</i>			
Financial asset at amortised cost	3,388	3,876	241
<i>Financial liabilities</i>			
Financial liabilities at amortised cost	245,395	254,048	233,505

*The Company*

The Company had no material financial assets and financial liabilities as at 31 December 2020, 2021 and 2022 and the Company had financial liabilities at amortised cost of HK\$1,090,000, HK\$1,095,000 and HK\$1,100,000 as at 31 December 2020, 2021 and 2022 respectively.

**(b) Financial risk management objectives and policies**

The Target Group's financial instruments include bank balances and cash, other payables and amounts due to a related company. The Target Company's financial instruments include other payables and amounts due to a related company. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Target Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Target Group actively and regularly reviews and manages its capital structure to strictly control the debt level.

***Market risk******Currency risk***

The Target Group currently does not have foreign currency risk. As the entities comprising the Target Group have transactions mainly within the PRC and the translation of assets and liabilities of entities comprising the Target Group to HK\$ is for presentation purpose only. The management of the Target Group monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

***Credit risk and impairment management***

With respect to the credit risk of the Target Group's treasury operations, management of the Target Group has established internal procedures to monitor the Target Group's bank balances to be placed and entered into with financial institution of good reputation.

The credit risk on bank balances is limited because the counterparties are banks with good reputation and having high credit ratings assigned by international credit rating agencies. There has been no recent history of default in relation to these banks and thus the risk of default is regard as low.

***Liquidity risk management***

In preparation of the Historical Financial Information, the directors of the Target Company have given due and careful consideration to the liquidity of the Target Group in light of the Target Group's net current liabilities of HK\$242,007,000, HK\$250,172,000 and HK\$233,264,000 as at 31 December 2020, 2021 and 2022, respectively. In the opinion of the directors of the Target Company, the Historical Financial Information has prepared on a going concern basis as the Target Company's intermediate holding company, SIUD, agreed to provide adequate funds to enable the Target Group to meet in full its financial obligations as they fall due in the foreseeable future.

In the management of the liquidity risk, the Target Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Target Group to finance the Target Group's operations and mitigate the effects of fluctuations in cash flows.

Ultimate responsibility for liquidity risk management rests with the management of the Target Group who has built an appropriate liquidity risk management framework for the management of the Target Group's short, medium and long-term funding and liquidity management requirements. The Target Group manages liquidity risk by maintaining adequate working capital and continuously monitors the forecast and actual cash flows.

*Liquidity and interest risk tables*

The following table details the Target Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Group can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates.

	<b>Weighted average effective interest rate</b> %	<b>On demand or less than 1 year</b> <i>HK\$'000</i>	<b>Total undiscounted cash flows</b> <i>HK\$'000</i>	<b>Carrying amount</b> <i>HK\$'000</i>
At 31 December 2020				
Other payables	N/A	1,686	1,686	1,686
Amounts due to a related company	N/A	<u>243,709</u>	<u>243,709</u>	<u>243,709</u>
		<u>245,395</u>	<u>245,395</u>	<u>245,395</u>
At 31 December 2021				
Other payables	N/A	1,713	1,713	1,713
Amounts due to a related company	N/A	<u>252,335</u>	<u>252,335</u>	<u>252,335</u>
		<u>254,048</u>	<u>254,048</u>	<u>254,048</u>
At 31 December 2022				
Other payables	N/A	136,319	136,319	136,319
Amount due to a related company	N/A	<u>97,186</u>	<u>97,186</u>	<u>97,186</u>
		<u>233,505</u>	<u>233,505</u>	<u>233,505</u>

**17. RECONCILIATION OF LIABILITY ARISING FROM FINANCING ACTIVITY**

The table below details changes in the Target Group's liability arising from financing activity, including both cash and non-cash changes. Liability arising from financing activity are those for which cash flows were or future cash flows will be, classified in the Target Group's consolidated statements of cash flows as cash flows from financing activity.

	<b>Other payables (note) HK\$'000</b>	<b>Amounts due to a related company HK\$'000</b>	<b>Total HK\$'000</b>
At 1 January 2020	—	228,696	228,696
Financing cash flows	—	787	787
Exchange adjustment	—	14,226	14,226
At 31 December 2020	—	243,709	243,709
Financing cash flows	—	602	602
Exchange adjustment	—	8,024	8,024
At 31 December 2021	—	252,335	252,335
Transfer	135,218	(135,218)	—
Exchange adjustment	—	(19,931)	(19,931)
At 31 December 2022	135,218	97,186	232,404

*Note:* For the purpose of this note, it includes the other payables which are non-trade in nature only.

**18. RELATED PARTY TRANSACTIONS**

The Target Group had the following balance with the related party during the Relevant Periods:

<b>Relationship</b>	<b>Nature</b>	<b>As at 31 December</b>		
		<b>2020 HK\$'000</b>	<b>2021 HK\$'000</b>	<b>2022 HK\$'000</b>
An affiliate of the Vendor (as defined in the Circular)	Amounts due to a related company	243,709	252,335	—
A subsidiary of the Company	Amount due to a related company	—	—	97,186

**Compensation of key management personnel**

No remuneration was paid to the directors of the Target Company and key management personnel for the Relevant Periods.

## 19. INTEREST IN A SUBSIDIARY AND PARTICULARS OF SUBSIDIARIES OF THE TARGET COMPANY

### The Company

	As at 31 December		
	2020	2021	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted investment, at cost	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

At the date of this report, the Target Company has direct and indirect shareholding/equity interests in the following subsidiaries:

Name of subsidiaries	Place and the date of registration/ establishment	Issued and paid-up registered capital	Shareholding/equity interest attributable to the Target Company as at			The date of this report	Principal activities
			31 December 2020	31 December 2021	31 December 2022		
<i>Directly held:</i>							
上海賽滿企業顧問有限公司 (formerly known as “青島市順展投資顧問 有限公司”)	The PRC 13 February 2009	HK\$1,000,000	100%	100%	100%	100%	Inactive
<i>Indirectly held:</i>							
上海賽銀企業管理有限公司	The PRC 16 October 2008	RMB500,000	100%	100%	100%	100%	Inactive

All subsidiaries now comprising the Target Group are limited liability companies and have adopted financial year end date of the Target Company as their financial year end date.

No audited financial statements have been prepared for all subsidiaries of the Target Group since their date of establishment as they are established in the jurisdictions where there are no statutory audit requirements under the relevant rules and regulations.

## 20. SUBSEQUENT EVENTS

In March 2023, the amounts due to an affiliate of the Vendor (as defined in the Circular) of HK\$135,218,000, which is included in other payables as at 31 December 2022, have been settled in full.

## 21. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Group, the Target Company or any of its subsidiaries have been prepared in respect of any period after the end of the Relevant Periods.

*Set out below is the management discussion and analysis of the Target Group for the three financial years ended 31 December 2020, 2021 and 2022 which is prepared based on the financial information of the Target Group as set out in Appendix II to this circular.*

## **OVERVIEW**

The Target Company is an investment holding company. The principal asset of the Target Group is 28.5% equity interest in the Project Company which, together with its subsidiaries, are established to hold and develop the Originally project located in Xi'an, the PRC.

### **Financial review**

#### ***Share of result of an associate***

The Target Group accounts for the result of the Project Company using the equity method, which mainly represent the share of profits or losses related to the projects of the Project Company and its subsidiaries during the relevant period.

Share of result of an associate recorded a net loss of approximately HK\$77.7 million for 2021 as compared to the net profit of approximately HK\$86.7 million for 2020, which was mainly attributable to the decrease in revenue from sales of properties in the Originally project in 2021 as compared to 2020.

Share of result of an associate recorded a net gain of approximately HK\$145.1 million for 2022 as compared to the net loss of approximately HK\$77.7 million for 2021, which was mainly attributable to the delivery of properties in the Originally project.

#### ***Administrative expenses***

Administrative expenses of the Target Group mainly consist of the legal fee incurred in connection with the Acquisition in 2022. Administrative expenses for 2020, 2021 and 2022 remained stable at approximately HK\$0.7 million, HK\$0.2 million and HK\$2.9 million, respectively, as the principal activity of the Target Group is investment holding.

#### ***Bank interest income***

Bank interest income of the Target Group for 2020, 2021 and 2022 remained stable at approximately HK\$2,000, HK\$2,000 and HK\$1,000, respectively.

#### ***Profit (loss) before tax***

As a result of the foregoing, profit before tax of the Target Group decreased from a profit of approximately HK\$86.7 million in 2020 to a loss of approximately HK\$77.7 million in 2021, and increased to a profit of HK\$145.1 million in 2022.

***Income tax***

For 2020, 2021 and 2022, the Target Group did not incur any income tax expense.

***Profit (loss) for the year***

As the result of the foregoing, for 2020, the Target Group recorded net profit of approximately HK\$86.7 million; for 2021, the Target Group recorded net loss of approximately HK\$77.7 million and for 2022, the Target Group recorded net profit of approximately HK\$145.1 million.

**Liquidity, financial resources and capital structure**

As at 31 December 2020, 2021 and 2022, the current assets of the Target Group, being bank balances and cash, were approximately HK\$3.4 million, HK\$3.9 million, and HK\$0.2 million, respectively, and the current liabilities of the Target Group were approximately HK\$245.4 million, HK\$254.0 million, and HK\$233.5 million, respectively.

As at 31 December 2020, 2021 and 2022, the Target Group recorded net current liabilities in the amount of approximately HK\$242.0 million, HK\$250.2 million, and HK\$233.3 million, respectively.

For 2020, 2021 and 2022, net cash used in operating activities amounted to approximately HK\$0.7 million, HK\$0.2 million, and HK\$3.4 million, respectively.

The Target Group's borrowing consists of amounts due to Shanghai Guomu, an affiliate of the Vendor as at 31 December 2020 and 2021 and a subsidiary of the Company as at 31 December 2022. As at 31 December 2020, 2021 and 2022, the amounts of approximately HK\$243.7 million, HK\$252.3 million, and HK\$135.2 million were due to Shanghai Guomu, an affiliate of the Vendor, which were non-trade in nature, unsecured, interest free and repayable on demand. Such amounts as at 31 December 2020 and 2021 were classified as amounts due to a related company and an amount of approximately HK\$135.2 million for the year ended 31 December 2022 was reclassified to other payables because Shanghai Guomu was no longer related to the Target Group after completion of the Acquisition (as defined in the Circular) on 5 December 2022. As at 31 December 2022, the amount of approximately HK\$97.2 million was due to a subsidiary of the Company.

Debt Asset ratio of the Target Group, which was calculated as total liabilities divided by total assets, was 109.3%, 164.8% and 81.6% as at 31 December 2020, 2021 and 2022, respectively.

**Material acquisitions and disposals**

The Target Group did not have any material acquisitions of subsidiaries and associated companies in 2020, 2021 and 2022.

**Foreign currency exposure**

The Target Group currently does not have foreign currency risk. As the entities comprising the Target Group have transactions mainly within the PRC. Accordingly, during the reporting period, the Target Group did not have any formal hedging policies and no financial instrument was used for hedging purposes.

**Contingent liabilities and capital commitments**

As at 31 December 2020, 2021 and 2022, the Target Group had no capital commitments.

As at 31 December 2020, 2021 and 2022, the Target Group did not have any material contingent liabilities.

**Pledge of assets**

As at 31 December 2020, 2021 and 2022, none of the Target Group's investment properties were pledged to secure any bank or third party borrowings.

**Employees and remuneration policies**

The Target Group are investment holding companies, as such, as at 31 December 2020, 2021 and 2022, the Target Group had no employees and no emoluments were paid or payable to the staff of the Target Group for 2020, 2021 and 2022.

*The following is the text of a letter, summary of valuations and valuation reports prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of market values in existing state of the Properties held by the project companies in the PRC as at 31 December 2022.*



27/F, One Island East  
Taikoo Place  
18 Westlands Road  
Quarry Bay  
Hong Kong

28 March 2023

The Directors  
**Shanghai Industrial Urban Development Group Limited**  
11/F, Henley Building  
No. 5 Queen's Road Central  
Hong Kong

Dear Sirs,

**Re: The Properties of the project companies located at East to Chan River, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the People's Republic of China**

#### **Instructions, Purpose & Valuation Date**

In accordance with the instructions from Shanghai Industrial Urban Development Group Limited (the “**Company**”) for us to carry out the valuations of the market values of the properties (the “**Properties**”) held by Xi'an Chanba Construction Development Co., Ltd.\* (西安滄灞建設開發有限公司) (the “**Project Company**”) and its subsidiaries (together the “**project companies**”), in the People's Republic of China (the “**PRC**”), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of the market values of the Properties in existing state as at 31 December 2022 (the “**Valuation Date**”).

#### **Definition of Market Value**

Our valuations of the Properties represent their Market Values which in accordance with the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors (“**HKIS**”) is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

\* For identification purposes only.

**Valuation Basis & Assumptions**

Our valuations of the Properties exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In the course of our valuations of the Properties held in the PRC, with reference to the PRC Legal opinion of the Company's legal adviser, Zhong Lun Law Firm (中倫律師事務所), we have prepared our valuations on the basis that transferable land use rights in respect of the Properties for their specific term at nominal annual land use fee have been granted and that any premium payable have already been fully paid. We have relied on the information and advice given by the Company and the PRC legal opinion, dated 23 March 2023, regarding the title to the Properties and the interests in the Properties. In valuing the Properties, we have prepared our valuations on the basis that the owners have enforceable title to the Properties and have free and uninterrupted rights to use, occupy or assign the Properties for the whole of the unexpired terms as granted.

No allowance has been made in our valuations for any charges, pledges or amounts owing on the Properties nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is valued on the basis that the Properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

**Method of Valuation**

We have valued the whole interest in the Properties.

In valuing the Properties in Group I, II & III, which are held by the project companies for sale, investment and owner-occupation in the PRC respectively, we have adopted the Market Comparison Approach by making reference to comparable sales evidence as available in the relevant market, and where appropriate, we have also valued the Properties by Income Approach by capitalizing the rental income derived from the existing tenancies with due provision for the reversionary income potential of the Properties.

In valuing the Properties in Group IV, which are held by the project companies under or future development in the PRC, we have valued them on the basis that they will be developed and completed in accordance with the latest development proposal provided to us. In arriving at our opinion of value of the land, we have adopted the Market Comparison Approach by making reference to comparable sales evidence as available in the relevant market and where appropriate, we have also taken into account the estimated total and expanded construction costs.

In valuing the Properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2020.

**Source of Information**

We have relied to a very considerable extent on the information given by the Company and the opinion of the PRC legal adviser as to PRC laws. We have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of Properties, completion dates of building, development scheme, particulars of occupancy, tenancy details, construction cost, construction detail, site and floor areas and all other relevant matters.

Dimension, measurements and areas included in this valuation report are based on the information provided to us and are therefore only approximation. We have no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuations. We were also advised that no material facts have been omitted from the information supplied.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

**Title Investigation**

We have been provided by the Company with copies or extracts of documents. However, we have not searched the original documents to verify ownership or to ascertain any amendments. We are also unable to ascertain the title of the Properties in the PRC and we have therefore relied on the advice given by the Company and the PRC Legal Opinion. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

**Site Inspection**

Our valuer of Xi'an Office, Ms. Karlie Sui (a China Real Estate Appraiser with 3 years' of property valuation), have inspected the exterior of the Properties in November 2022. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the Properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Moreover, we have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period.

Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor area of the Properties and we have assumed that the areas shown on the copies of documents handed to us are correct.

**Currency**

Unless otherwise stated, all sums stated in our valuations is in Renminbi, the official currency of the PRC.

**Remark**

Please note that we have been appointed by the Company to prepare valuations of the Properties as at 31 December 2022 for accounting reference purpose.

**Other Disclosures**

We hereby confirm that Cushman & Wakefield Limited and the valuers conducting the valuations have no pecuniary or other interests that could conflict with the proper valuations of the Properties or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion. We confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We attach herewith a summary of valuations and valuation reports.

Yours faithfully,  
For and on behalf of  
**Cushman & Wakefield Limited**  
**Philip C Y Tsang**

*Registered Professional Surveyor (General Practice)*  
*MSc, MHKIS*  
*Director*

*Note:* Mr. Philip C Y Tsang is Registered Professional Surveyor who has over 30 years' experience in the valuation of properties in the PRC.

## SUMMARY OF VALUATIONS

Property	Market value in existing state as at 31 December 2022 <i>RMB</i>
<b>Group I — Properties held for sales by the project companies in the PRC</b>	
1. The unsold portion of parking spaces of Lot No. A4 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	61,700,000
2. The unsold portion of retail and parking spaces of Lot No. A6 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	62,300,000
3. The unsold portion of parking spaces of Lot No. A10 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	98,600,000
4. The unsold portion of parking spaces of Lot No. A13 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	3,100,000
5. The unsold portion of residential and parking spaces of Lot Nos. A3-1 and A3-2 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	52,600,000
6. The unsold portion of parking spaces of Lot No. A3-3 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	12,600,000
7. The unsold portion of residential and parking spaces of Lot Nos. A3-5 and A3-6 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	69,700,000
8. The unsold portion of parking spaces of Lot No. A3-10 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	102,800,000
<b>Sub-total:</b>	<b><u>463,400,000</u></b>

## SUMMARY OF VALUATIONS

Property	Market value in existing state as at 31 December 2022 <i>RMB</i>
<b>Group II — Properties held for investment by the project companies in the PRC</b>	
9. Uplaza, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	322,000,000
10. The unsold portion of retail of Lot No. A4 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	2,700,000
11. The unsold portion of residential and retail of Lot No. A10 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	28,700,000
12. The unsold portion of residential and retail of Lot No. A11 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	35,000,000
13. The unsold portion of retail of Lot No. A13 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	53,500,000
14. The unsold portion of retail and parking spaces of Lot No. A14 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	28,500,000
<b>Sub-total:</b>	<b><u>470,400,000</u></b>

## SUMMARY OF VALUATIONS

Property	Market value in existing state as at 31 December 2022 <i>RMB</i>
<b>Group III — Properties held for owner-occupation by the project companies in the PRC</b>	
15. 5-storey hotel, six villas and a convention centre of Lot No. A1 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	630,000,000
16. Phase III of hotel portion of Lot No. A1 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shannxi Province, the PRC	480,000,000
<b>Sub-total:</b>	<b><u>1,110,000,000</u></b>

## SUMMARY OF VALUATIONS

Property	Market value in existing state as at 31 December 2022 <i>RMB</i>
<b>Group IV — Properties held for under/future development by the project companies in the PRC</b>	
17. Lot No. A2 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	1,389,000,000
18. Lot Nos. A3-4 and A3-7 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	1,552,000,000
19. Lot Nos. A3-8 and A3-9 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	3,208,000,000
<b>Sub-total:</b>	<u>6,149,000,000</u>
<b>Grand Total:</b>	<u><u>8,192,800,000</u></u>

## VALUATION REPORT

## Group I — Properties held for sales by the project companies in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
1. The unsold portion of parking spaces of Lot No. A4 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	<p>Lot No. A4 of Neo Water City is a residential/retail development erected upon a parcel of land with a site area of approximately 113,551.70 sq m which was completed in 2013.</p> <p>According to the information provided by the Company, the Property comprises 441 unsold parking spaces.</p> <p>The Property is located in the core area of Xi'an Chanba Ecotope, at the intersection of the Chan and Ba Rivers. Developments nearby are mainly residential in nature.</p> <p>The land use rights of the Property have been granted for a term due to expire on 30 March 2076 for residential use.</p>	As at the Valuation Date, the Property was vacant.	RMB61,700,000 (RENMINBI SIXTY ONE MILLION SEVEN HUNDRED THOUSAND)

*Notes:*

- (1) According to Land Use Rights Certificate No. (2007)009 dated 28 August 2007, the land use rights of the Property, comprising a site area of approximately 113,551.70 sq m, have been granted to Xi'an Zhongxin Liuyu Real Estate Development Co., Ltd. (西安中新柳域房地產開發有限公司) for a term due to expire on 30 March 2076 for residential use.
- (2) According to Grant Contract for State-owned Land Use Rights Nos. (CB)0601 and (CB)0602 and its Supplement Contract Nos. (CB)0705, (CB)0706 and (CB)0710:

Lot No.	A4
Grantee	Xi'an Zhongxin Liuyu Real Estate Development Co., Ltd. (西安中新柳域房地產開發有限公司)
Supplement Contract No.	(CB)0710
Site Area	57 mu (38,000 sq m)
Land Use	Residential
Plot Ratio	1.62

According to the information provided by the Company, the land premium was approximately RMB60,900,000.

- (3) According to Notification of Approval of Deregistration Certificate No. (2018)000379 dated 1 September 2018, Xi'an Zhongxin Liuyu Real Estate Development Co., Ltd. (西安中新柳域房地產開發有限公司) has been deregistered and merged with Xi'an Zhongxin Yongjia Real Estate Development Co., Ltd. (西安中新永佳房地產開發有限公司) on 31 March 2018.
- (4) According to Business License No. 91610136663170406F dated 30 November 2020, Xi'an Zhongxin Yongjia Real Estate Development Co., Ltd. (西安中新永佳房地產開發有限公司) was established as a limited liability company on 8 August 2007 with a registered capital of RMB50,000,000 for a valid operation period from 8 August 2007 to 7 August 2037.
- (5) According to the PRC legal opinion: Xi'an Zhongxin Yongjia Real Estate Development Co., Ltd. (西安中新永佳房地產開發有限公司) held the Property which have passed the acceptance. As advised by Xi'an Zhongxin Yongjia Real Estate Development Co., Ltd. (西安中新永佳房地產開發有限公司), the Property is the civil air defense parking spaces, those can be used but cannot obtain Real Estate Title Certificate and for trading.
- (6) The status of title and grant of major certificates, approvals and licenses in accordance with the information provided by the Company are as follows:

Land Use Rights Certificate	Yes
Grant Contract for State-owned Land Use Rights and its Supplement Contract	Yes
Business License	Yes

## VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
2. The unsold portion of retail and parking spaces of Lot No. A6 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	<p>The Property comprises a residential/retail development erected upon portion of Lot No. A6 of Neo Water City with a site area of approximately 153,404.50 sq m which was completed between 2008 and 2009.</p> <p>According to the information provided by the Company, the Property comprises the unsold retail portion with a total gross floor area of 2,157.58 sq m and 209 unsold parking spaces.</p> <p>The Property is located in the core area of Xi'an Chanba Ecotope, at the intersection of the Chan and Ba Rivers. Developments nearby are mainly residential in nature.</p> <p>The land use rights of the Property have been granted for a term due to expiry on 30 March 2076 for residential, 30 March 2056 for commercial, 30 March 2056 for public facilities, green area and water facilities uses.</p>	<p>As at the Valuation Date, the Property with a total gross floor area of 1,080.81 sq m, was subject to various tenancies with the latest expiry date in July 2026, at a total monthly rent of approximately RMB39,000, exclusive of management fee.</p> <p>The remaining portion of the Property was vacant.</p>	<p>RMB62,300,000 (RENMINBI SIXTY TWO MILLION THREE HUNDRED THOUSAND)</p>

## Notes:

- (1) According to 7 Real Estate Title Certificates, a total gross floor area of approximately 2,157.58 sq m of the Property is held by Xi'an Chanba Jianshe Development Co., Ltd. (西安滻灞建設開發有限公司):

Certificate No.	Block	Unit	Uses	Gross Floor Area (sq m)
1200114011-1-0-21-10102~0	Block 21, Donghu Road, Weiyang District	10102	Commercial service	59.11
1200114011-1-0-21-10201~0	Block 21, Donghu Road, Weiyang District	10201	Commercial service	538.15
1200114011-1-0-21-10301~0	Block 21, Donghu Road, Weiyang District	10301	Commercial service	481.60
1200114011-1-0-23-10102~0	Block 23, Donghu Road, Weiyang District	10102	Commercial service	55.55
1200114011-1-0-23-10301~0	Block 23, Donghu Road, Weiyang District	10301	Commercial service	483.55
1200114011-1-0-23-10201~0	Block 23, Donghu Road, Weiyang District	10201	Commercial service	224.78
1200114011-1-0-23-10202~0	Block 23, Donghu Road, Weiyang District	10202	Commercial service	314.84
<b>Total:</b>				<b><u>2,157.58</u></b>

- (2) According to Land Use Rights Certificate No. (2007)012 dated 21 September 2007, the land use rights of the Property, comprising a site area of 153,404.50 sq m, have been granted to Xi'an Chanba Jianshe Development Co., Ltd. (西安滻灞建設開發有限公司) for a term due to expire on 30 March 2076 for residential, 30 March 2056 for commercial, 30 March 2056 for public facilities, green area and water facilities uses.
- (3) According to Grant Contract for State-owned Land Use Rights Nos. (CB)0601 and (CB)0602 and its Supplement Contract Nos. (CB)0705, (CB)0706 and (CB)0718:

Lot No.	A6
Grantee	Xi'an Chanba Jianshe Development Co., Ltd. (西安滻灞建設開發有限公司)
Supplement Contract No.	(CB)0718
Site Area	230 mu (153,333.33 sq m)
Land Use	Residential and composite
Plot Ratio	1.41

- (4) According to Business License No. 916101147669595816 dated 25 August 2021, Xi'an Chanba Construction Development Co., Ltd. (西安滻灞建設開發有限公司) was established on 24 November 2004 with a registered capital of USD86,880,000 for a valid operation period from 24 November 2004 to 24 November 2024.

- (5) According to the PRC legal opinion:
- (i) Xi'an Chanba Jianshe Development Co., Ltd. (西安滻灞建設開發有限公司) has legally obtained the building ownership of the unsold retail portion of the Property. The unsold retail portion of the Property has no mortgaged, seized or opposition registration restriction; and
  - (ii) Xi'an Chanba Jianshe Development Co., Ltd. (西安滻灞建設開發有限公司) held the unsold portion of parking spaces of the Property which have passed the acceptance. As advised by Xi'an Chanba Jianshe Development Co., Ltd. (西安滻灞建設開發有限公司), the unsold portion of parking spaces of the Property is the civil air defense parking spaces, those can be used but cannot obtain Real Estate Title Certificate and for trading.
- (6) The status of title and grant of major certificates, approvals and licenses in accordance with the information provided by the Company are as follows:

Real Estate Title Certificate	Yes (partly)
Land Use Rights Certificate	Yes
Grant Contract for State-owned Land Use Rights and its Supplement Contract	Yes
Business License	Yes

## VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
3. The unsold portion of parking spaces of Lot No. A10 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	<p>Lot No. A10 of Neo Water City is a residential/retail development erected upon a parcel of land with a total site area of approximately 106,940.60 sq m which was completed in 2012.</p> <p>According to the information provided by the Company, the Property comprises 704 unsold parking spaces.</p> <p>The Property is located in the core area of Xi'an Chanba Ecotope, at the intersection of the Chan and Ba Rivers. Developments nearby are mainly residential in nature.</p> <p>The land use rights of the Property have been granted for a term due to expiry on 30 March 2076 for residential, 30 March 2046 for commercial public facilities, 30 March 2056 for green area and water facilities uses.</p>	As at the Valuation Date, the Property was vacant.	RMB98,600,000 (RENMINBI NINETY EIGHT MILLION SIX HUNDRED THOUSAND)

## Notes:

- (1) According to 2 Land Use Rights Certificates No. (2007)017 dated 25 September 2007 and No. (2008)009 dated 8 December 2008, the land use rights of the Property, comprising a total site area of 106,940.60 sq m, have been granted to Xi'an Zhongxin Yongrong Real Estate Development Co., Ltd. (西安中新永榮房地產開發有限公司):

Certificate No.	Lot No.	Site Area (sq m)	Uses	Expiry Date
(2007)017	CB1-(1)-12	89,427.70	Residential (Residential, commercial public facilities, green area, water facilities)	Residential: 30 March 2076 Commercial public facilities: 30 March 2046 Green area and water facilities: 30 March 2056
(2008)009	CB1-(1)-18	17,512.90	Composite	Residential: 30 March 2076 Commercial public facilities: 30 March 2046 Green area and water facilities: 30 March 2056
<b>Total:</b>		<b><u>106,940.60</u></b>		

- (2) According to Grant Contract for State-owned Land Use Rights Nos. (CB)0601 and (CB)0602 and its Supplement Contract Nos. (CB)0705, (CB)0706 and (CB) 0711:

Lot No.	A10
Grantee	Xi'an Zhongxin Yongrong Real Estate Development Co., Ltd. (西安中新永榮房地產開發有限公司)
Supplement Contract No.	(CB)0711
Site Area	160 mu (106,666.67 sq m)
Land Use	Residential and composite
Plot Ratio	2.65

According to the information provided by the Company, the land premium was approximately RMB38,200,000.

- (3) According to Notification of Approval of Deregistration Certificate No. (2018)000379 dated 1 September 2018, Xi'an Zhongxin Yongrong Real Estate Development Co., Ltd. (西安中新永榮房地產開發有限公司) has been deregistered and merged with Xi'an Zhongxin Yongjia Real Estate Development Co., Ltd. (西安中新永佳房地產開發有限公司) on 31 March 2018.

- (4) According to Business License No. 91610136663170406F dated 30 November 2020, Xi'an Zhongxin Yongjia Real Estate Development Co., Ltd. (西安中新永佳房地產開發有限公司) was established as a limited liability company on 8 August 2007 with a registered capital of RMB50,000,000 for a valid operation period from 8 August 2007 to 7 August 2037.
- (5) According to the PRC legal opinion: Xi'an Zhongxin Yongjia Real Estate Development Co., Ltd. (西安中新永佳房地產開發有限公司) held the Property which have passed the acceptance. As advised by Xi'an Zhongxin Yongjia Real Estate Development Co., Ltd. (西安中新永佳房地產開發有限公司), the Property is the civil air defense parking spaces, those can be used but cannot obtain Real Estate Title Certificate and for trading.
- (6) The status of title and grant of major certificates, approvals and licenses in accordance with the information provided by the Company are as follows:

Land Use Rights Certificate	Yes
Grant Contract for State-owned Land Use Rights and its Supplement Contract	Yes
Business License	Yes

## VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
4. The unsold portion of parking spaces of Lot No. A13 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	<p>Lot No. A13 of Neo Water City is a residential/retail development erected upon a parcel of land with a total site area of approximately 118,077.40 sq m which was completed in 2013.</p> <p>According to the information provided by the Company, the Property comprises 22 unsold parking spaces.</p> <p>The Property is located in the core area of Xi'an Chanba Ecotope, at the intersection of the Chan and Ba Rivers. Developments nearby are mainly residential in nature.</p> <p>The land use rights of the Property have been granted for a term due to expire on 30 March 2076 for residential use.</p>	As at the Valuation Date, the Property was vacant.	RMB3,100,000 (RENMINBI THREE MILLION ONE HUNDRED THOUSAND)

*Notes:*

- (1) According to Land Use Rights Certificate No. (2007)005 dated 28 August 2007, the land use rights of the Property, comprising a site area of 118,077.40 sq m, have been granted to Xi'an Zhongxin Binhe Real Estate Development Co., Ltd. (西安中新濱河房地產開發有限公司) for a term due to expire on 30 March 2076 for residential use.
- (2) According to Grant Contract for State-owned Land Use Rights Nos. (CB)0601 and (CB)0602 and its Supplement Contract Nos. (CB)0705, (CB)0706 and (CB)0714:

Lot No.	A13
Grantee	Xi'an Zhongxin Binhe Real Estate Development Co., Ltd. (西安中新濱河房地產開發有限公司)
Supplement Contract No.	(CB)0714
Site Area	177 mu (118,000 sq m)
Land Use	Residential
Plot Ratio	1.77

According to the information provided by the Company, the land premium was approximately RMB42,000,000.

- (3) According to Notification of Approval of Deregistration Certificate No. (2018)000379 dated 1 September 2018, Xi'an Zhongxin Binhe Real Estate Development Co., Ltd. (西安中新濱河房地產開發有限公司) has been deregistered and merged with Xi'an Zhongxin Yongjia Real Estate Development Co., Ltd. (西安中新永佳房地產開發有限公司) on 31 March 2018.
- (4) According to Business License No. 91610136663170406F dated 30 November 2020, Xi'an Zhongxin Yongjia Real Estate Development Co., Ltd. (西安中新永佳房地產開發有限公司) was established as a limited liability company on 8 August 2007 with a registered capital of RMB50,000,000 for a valid operation period from 8 August 2007 to 7 August 2037.
- (5) According to the PRC legal opinion: Xi'an Zhongxin Yongjia Real Estate Development Co., Ltd. (西安中新永佳房地產開發有限公司) held the Property which have passed the acceptance. As advised by Xi'an Zhongxin Yongjia Real Estate Development Co., Ltd. (西安中新永佳房地產開發有限公司), the Property is the civil air defense parking spaces, those can be used but cannot obtain Real Estate Title Certificate and for trading.
- (6) The status of title and grant of major certificates, approvals and licenses in accordance with the information provided by the Company are as follows:

Land Use Rights Certificate	Yes
Grant Contract for State-owned Land Use Rights and its Supplement Contract	Yes
Business License	Yes

## VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
5. The unsold portion of residential and parking spaces of Lot Nos. A3-1 and A3-2 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	<p>The Property comprises a residential/commercial development erected upon portion of Lot Nos. A3-1 and A3-2 of Neo Water City with a site area of approximately 113,507.57 sq m which was completed in 2019.</p> <p>According to the information provided by the Company, the Property comprises the unsold portion of residential with a total gross floor area of approximately 379.09 sq m and 341 unsold parking spaces.</p> <p>The Property is located in the core area of Xi'an Chanba Ecotope, at the intersection of the Chan and Ba Rivers. Developments nearby are mainly residential in nature.</p> <p>The land use rights of the Property have been granted for a term due to expire on 30 March 2076 for residential and 30 March 2056 for ancillary public facilities, green area and water facilities uses.</p>	As at the Valuation Date, the Property was vacant.	RMB52,600,000 (RENMINBI FIFTY TWO MILLION SIX HUNDRED THOUSAND)

## Notes:

- (1) According to 3 Real Estate Title Certificates, a total gross floor area of approximately 379.09 sq m of the Property is held by Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司):

Certificate No.	Block	Unit	Uses	Gross Floor Area (sq m)
(2020)0131667	Block 3, No. 1228 Chanba Avenue	12501	Residential	131.69
(2020)0131742	Block 4, No. 1228 Chanba Avenue	11004	Residential	123.70
(2020)0131726	Block 4, No. 1228 Chanba Avenue	10604	Residential	123.70
<b>Total:</b>				<b><u>379.09</u></b>

- (2) According to Land Use Rights Certificate No. (2013)066 dated 28 October 2013, the land use rights of the Property, comprising a site area of 113,507.57 sq m, have been granted to Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司) for a term due to expire on 30 March 2076 for residential and 30 March 2056 for ancillary public facilities, green area and water facilities uses.

- (3) According to Grant Contract for State-owned Land Use Rights Nos. (CB)0601 and (CB)0602 and its Supplement Contract Nos. (CB)0705, (CB)0706 and (CB)0709;

Lot No.	A3
Grantee	Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司)
Supplement Contract No.	(CB)0709
Site Area	724 mu (482,666.67 sq m)
Land Use	Composite and residential
Plot Ratio	1.19

- (4) According to Business License No. 91610136663154940T dated 30 November 2020, Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司) was established as a limited liability company on 2 July 2007 with a registered capital of RMB10,000,000 for a valid operation period from 2 July 2007 to 1 July 2037.

- (5) According to the PRC legal opinion: Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司) has legally obtained the Property. The unsold portion of residential of the Property has no mortgaged, seized or opposition registration restriction.

- (6) The status of title and grant of major certificates, approvals and licenses in accordance with the information provided by the Company are as follows:

Real Estate Title Certificate	Yes
Land Use Rights Certificate	Yes
Grant Contract for State-owned Land Use Rights and its Supplement Contract	Yes
Business License	Yes

## VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
6. The unsold portion of parking spaces of Lot No. A3-3 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	As advised by the Company, the Property comprises a residential/retail development erected upon portion of Lot No. A3-3 of Neo Water City with a site area of approximately 42,718.88 sq m which was completed in 2016.	As at the Valuation Date, the Property was vacant.	RMB12,600,000 (RENMINBI TWELVE MILLION SIX HUNDRED THOUSAND)
	According to the information provided by the Company, the Property comprises 90 unsold parking spaces.		
	The Property is located in the core area of Xi'an Chanba Ecotope, at the intersection of the Chan and Ba Rivers. Developments nearby are mainly residential in nature.		
	The land use rights of the Property have been granted for a term due to expire on 30 March 2076 for residential and 30 March 2056 for ancillary public facilities, green area and water facilities uses.		

*Notes:*

- (1) According to Land Use Rights Certificate No. (2013)067, the land use rights of Lot Nos. A3-3, A3-5, A3-6, A3-4 and A3-7 of Neo Water City, comprising a site area of 273,411.08 sq m, have been granted to Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中華勝房地產開發有限公司) for a term due to expire on 30 March 2076 for residential and 30 March 2056 for ancillary public facilities, green area and water facilities uses.

The Property is part of the said site area.

- (2) According to Grant Contract for State-owned Land Use Rights Nos. (CB)0601 and (CB)0602 and its Supplement Contract Nos. (CB)0705, (CB)0706 and (CB)0709:

Lot No.	A3
Grantee	Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司)
Supplement Contract No.	(CB)0709
Site Area	724 mu (482,666.67 sq m)
Land Use	Composite and residential
Plot Ratio	1.19

- (3) According to Business License No. 91610136663154940T dated 30 November 2020, Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司) was established as a limited liability company on 2 July 2007 with a registered capital of RMB10,000,000 for a valid operation period from 2 July 2007 to 1 July 2037.

- (4) According to the PRC legal opinion: Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司) has legally obtained the Property.

- (5) The status of title and grant of major certificates, approvals and licenses in accordance with the information provided by the Company are as follows:

Land Use Rights Certificate	Yes
Grant Contract for State-owned Land Use Rights and its Supplement Contract	Yes
Business License	Yes

## VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
7. The unsold portion of residential and parking spaces of Lot Nos. A3-5 and A3-6 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	<p>As advised by the Company, the Property comprises a residential/retail development erected upon portion of Lot Nos. A3-5 and A3-6 of Neo Water City with a site area of approximately 90,549.20 sq m which was completed in 2018.</p> <p>According to the information provided by the Company, the Property comprises the unsold portion of Garden House with a total gross floor area of approximately 158.21 sq m and 481 unsold parking spaces.</p> <p>The Property is located in the core area of Xi'an Chanba Ecotope, at the intersection of the Chan and Ba Rivers. Developments nearby are mainly residential in nature.</p> <p>The land use rights of the Property have been granted for a term due to expire on 30 March 2076 for residential and 30 March 2056 for ancillary public facilities, green area and water facilities uses.</p>	As at the Valuation Date, the Property was vacant.	RMB69,700,000 (RENMINBI SIXTY NINE MILLION SEVEN HUNDRED THOUSAND)

*Notes:*

- (1) According to Real Estate Title Certificate, a total gross floor area of approximately 158.21 sq m of the Property is held by Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司):

<b>Certificate No.</b>	<b>Block</b>	<b>Unit</b>	<b>Uses</b>	<b>Gross Floor Area</b> (sq m)
(2019)0114927	Block 24, No. 1228 Chanba Avenue	10502	Residential	158.21

- (2) According to Land Use Rights Certificate Nos. (2013)067 dated 28 October 2013, the land use rights of Lot Nos. A3-3, A3-5, A3-6, A3-4 and A3-7 of Neo Water City, comprising a site area of 273,411.08 sq m, have been granted to Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司) for a term due to expire on 30 March 2076 for residential and 30 March 2056 for ancillary public facilities, green area and water facilities uses.

The Property is part of the said site area.

- (3) According to Grant Contract for State-owned Land Use Rights Nos. (CB)0601 and (CB)0602 and its Supplement Contract Nos. (CB)0705, (CB)0706 and (CB)0709:

Lot No.	A3
Grantee	Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司)
Supplement Contract No.	(CB)0709
Site Area	724 mu (482,666.67 sq m)
Land Use	Composite and residential
Plot Ratio	1.19

- (4) According to Business License No. 91610136663154940T dated 30 November 2020, Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司) was established as a limited liability company on 2 July 2007 with a registered capital of RMB10,000,000 for a valid operation period from 2 July 2007 to 1 July 2037.

- (5) According to the PRC legal opinion: Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司) has legally obtained the Property. The unsold portion of residential of the Property has no mortgaged, seized or opposition registration restriction.

- (6) The status of title and grant of major certificates, approvals and licenses in accordance with the information provided by the Company are as follows:

Real Estate Title Certificate	Yes
Land Use Rights Certificate	Yes
Grant Contract for State-owned Land Use Rights and its Supplement Contract	Yes
Business License	Yes

## VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
8. The unsold portion of parking spaces of Lot No. A3-10 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	<p>As advised by the Company, the Property comprises a residential/retail development erected upon portion of Lot No. A3-10 of Neo Water City with a site area of approximately 67,851.90 sq m which was completed in 2016.</p> <p>According to the information provided by the Company, the Property comprises 734 unsold parking spaces.</p> <p>The Property is located in the core area of Xi'an Chanba Ecotope, at the intersection of the Chan and Ba Rivers. Developments nearby are mainly residential in nature.</p> <p>The land use rights of the Property have been granted for a term due to expire on 30 March 2076 for residential and 30 March 2056 for ancillary public facilities, green area and water facilities uses.</p>	As at the Valuation Date, the Property was vacant.	RMB102,800,000 (RENMINBI ONE HUNDRED TWO MILLION EIGHT HUNDRED THOUSAND)

*Notes:*

- (1) According to Land Use Rights Certificate No. (2013)068 dated 28 October 2013, the land use rights of Lot Nos. A3-8, A3-9, A3-10 and A3-11 of Neo Water City, comprising a site area of 255,821.90 sq m, have been granted to Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司) for a term due to expire on 30 March 2076 for residential and 30 March 2056 for ancillary public facilities, green area and water facilities uses.

The Property is part of the said site area.

- (2) According to Grant Contract for State-owned Land Use Rights Nos. (CB)0601 and (CB)0602 and its Supplement Contract Nos. (CB)0705, (CB)0706 and (CB)0709:

Lot No.	A3
Grantee	Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司)
Supplement Contract No.	(CB)0709
Site Area	724 mu (482,666.67 sq m)
Land Use	Composite and residential
Plot Ratio	1.19

- (3) According to Business License No. 91610136663154940T dated 30 November 2020, Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司) was established as a limited liability company on 2 July 2007 with a registered capital of RMB10,000,000 for a valid operation period from 2 July 2007 to 1 July 2037.

- (4) According to the PRC legal opinion: Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司) has legally obtained the Property.

- (5) The status of title and grant of major certificates, approvals and licenses in accordance with the information provided by the Company are as follows:

Real Estate Title Certificate	Yes
Land Use Rights Certificate	Yes
Grant Contract for State-owned Land Use Rights and its Supplement Contract	Yes
Business License	Yes

## VALUATION REPORT

## Group II — Properties held for investment by the project companies in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
9. Uplaza, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	<p>The Property comprises commercial building with basement parking spaces erected upon a parcel of land with a site area of approximately 31,512.65 sq m which was completed in 2020.</p> <p>According to the information provided by the Company, the Property has a total gross floor area of approximately 45,844.29 sq m.</p> <p>The Property is located in the core area of Xi'an Chanba Ecotope, at the intersection of the Chan and Ba Rivers. Developments nearby are mainly residential in nature.</p> <p>The land use rights of the Property have been granted for a term due to expire on 30 March 2076 for residential use.</p>	<p>As at the Valuation Date, the Property with a total gross floor area of 15,165.85 sq m, was subject to various tenancies with the latest expiry date in December 2039, at a total monthly rent of approximately RMB1,080,000, exclusive of management fee.</p> <p>The remaining portion of the Property was vacant.</p>	RMB322,000,000 (RENMINBI THREE HUNDRED TWENTY TWO MILLION)

*Notes:*

- (1) According to Completion and Acceptance Certificate for Construction Work No. 2022FW(006) dated 16 January 2020, a total gross floor area of 45,844.29 sq m of above ground commercial and below ground car parking, have been granted to Xi'an Zhongxin Yongjing Real Estate Development Co., Ltd. (西安中新永景房地產開發有限公司).
- (2) According to Land Use Rights Certificate No. (2007)006 dated 28 August 2007 the land use rights of the Property, comprising a site area of 47,857.00 sq m, have been granted to Xi'an Zhongxin Yongjing Real Estate Development Co., Ltd. (西安中新永景房地產開發有限公司) for a term due to expire on 30 March 2076 for residential use.

The Property is part of the said site area.

- (3) According to Grant Contract for State-owned Land Use Rights Nos. (CB)0601 and (CB)0602 and its Supplement Contract Nos. (CB)0705, (CB)0706 and (CB)0713:

Lot No.	A12
Grantee	Xi'an Zhongxin Yongjing Real Estate Development Co., Ltd. (西安中新永景房地產開發有限公司)
Supplement Contract No.	(CB)0713
Site Area	71mu (47,333.33 sq m)
Land Use	Residential
Plot Ratio	1.66

- (4) According to Business License No. 91610136663170393R dated 25 September 2020, Xi'an Zhongxin Yongjing Real Estate Development Co., Ltd. (西安中新永景房地產開發有限公司) was established as a limited liability company on 8 August 2007 with a registered capital of RMB10,000,000 for a valid operation period from 8 August 2007 to 7 August 2037.
- (5) According to the PRC legal opinion: Xi'an Zhongxin Yongjing Real Estate Development Co., Ltd. (西安中新永景房地產開發有限公司) has obtained Construction Land Planning Permit, Construction Works Planning Permit and Construction Works Commencement Permit. Revoke, revise or withdraw the aforementioned permits was not noticed. Xi'an Zhongxin Yongjing Real Estate Development Co., Ltd. (西安中新永景房地產開發有限公司) has legal rights to develop and operate the Property and has the right to start construction in accordance with the relevant permits.
- (6) The status of title and grant of major certificates, approvals and licenses in accordance with the information provided by the Company are as follows:

Completion and Acceptance Certificate for Construction Work	Yes
Land Use Rights Certificate	Yes
Grant Contract for State-owned Land Use Rights and its Supplement Contract	Yes
Business License	Yes

## VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
10. The unsold portion of retail of Lot No. A4 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	<p>Lot No. A4 of Neo Water City is a residential/retail development erected upon a parcel of land with a site area of approximately 113,551.70 sq m which was completed in 2013.</p> <p>According to the information provided by the Company, the Property comprises the unsold portion of retail with a total gross floor area of approximately 182.81 sq m.</p> <p>The Property is located in the core area of Xi'an Chanba Ecotope, at the intersection of the Chan and Ba Rivers. Developments nearby are mainly residential in nature.</p> <p>The land use rights of the Property have been granted for a term due to expire on 30 March 2076 for residential use.</p>	As at the Valuation Date, the Property was subject to a tenancy with the expiry date in October 2024, at a total monthly rent of approximately RMB11,300, exclusive of management fee.	RMB2,700,000 (RENMINBI TWO MILLION SEVEN HUNDRED THOUSAND)

*Notes:*

- (1) According to Real Estate Title Certificate, a total gross floor area of approximately 182.81 sq m of the Property is held by Xi'an Zhongxin Liuyu Real Estate Development Co., Ltd. (西安中新柳域房地產開發有限公司):

Certificate No.	Block	Unit	Uses	Gross Floor Area (sq m)
20171233025	Block 10, Chanba Avenue North	20101	Commercial service	182.81

- (2) According to Land Use Rights Certificate No. (2007)009 dated 28 August 2007, the land use rights of the Property, comprising a site area of approximately 113,551.70 sq m, have been granted to Xi'an Zhongxin Liuyu Real Estate Development Co., Ltd. (西安中新柳域房地產開發有限公司) for a term due to expire on 30 March 2076 for residential use.

- (3) According to Grant Contract for State-owned Land Use Rights Nos. (CB)0601 and (CB)0602 and its Supplement Contract Nos. (CB)0705, (CB)0706 and (CB)0710:

Lot No.	A4
Grantee	Xi'an Zhongxin Liuyu Real Estate Development Co., Ltd. (西安中新柳域房地產開發有限公司)
Supplement Contract No.	(CB)0710
Site Area	57 mu (38,000 sq m)
Land Use	Residential
Plot Ratio	1.62

According to the information provided by the Company, the land premium was approximately RMB60,900,000.

- (4) According to Notification of Approval Deregistration Certificate No. (2018)000379 dated 1 September 2018, Xi'an Zhongxin Liuyu Real Estate Development Co., Ltd. (西安中新柳域房地產開發有限公司) has been deregistered and merged with Xi'an Zhongxin Yongjia Real Estate Development Co., Ltd. (西安中新永佳房地產開發有限公司) on 31 March 2018.
- (5) According to Business License No. 91610136663170406F dated 30 November 2020, Xi'an Zhongxin Yongjia Real Estate Development Co., Ltd. (西安中新永佳房地產開發有限公司) was established as a limited liability company on 8 August 2007 with a registered capital of RMB50,000,000 for a valid operation period from 8 August 2007 to 7 August 2037.
- (6) According to the PRC legal opinion: Xi'an Zhongxin Yongjia Real Estate Development Co., Ltd. (西安中新永佳房地產開發有限公司) has legally obtained the building ownership of the Property. The Property has no mortgaged, seized or opposition registration restriction.
- (7) The status of title and grant of major certificates, approvals and licenses in accordance with the information provided by the Company are as follows:

Real Estate Title Certificate	Yes
Land Use Rights Certificate	Yes
Grant Contract for State-owned Land Use Rights and its Supplement Contract	Yes
Business License	Yes

## VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
11. The unsold portion of residential and retail of Lot No. A10 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	<p>Lot No. A10 of Neo Water City is a residential/retail development erected upon a parcel of land with a total site area of approximately 106,940.60 sq m which was completed in 2012.</p> <p>According to the information provided by the Company, the Property comprises the unsold portion of residential with a total gross floor area of approximately 125.14 sq m and unsold retail with a total gross floor area of approximately 2,137.80 sq m.</p> <p>The Property is located in the core area of Xi'an Chanba Ecotope, at the intersection of the Chan and Ba Rivers. Developments nearby are mainly residential in nature.</p> <p>The land use rights of the Property have been granted for a term due to expiry on 30 March 2076 for residential, 30 March 2046 for commercial public facilities, 30 March 2056 for green area and water facilities uses.</p>	<p>As at the Valuation Date, the Property with a total gross floor area of 2,137.80 sq m, was subject to various tenancies with the latest expiry date in August 2025, at a total monthly rent of approximately RMB113,000, exclusive of management fee.</p> <p>The remaining portion of the Property was vacant.</p>	<p>RMB28,700,000 (RENMINBI TWENTY EIGHT MILLION SEVEN HUNDRED THOUSAND)</p>

## Notes:

- (1) According to 7 Real Estate Title Certificates, a total gross floor area of approximately 2,262.94 sq m of the Property is held by Xi'an Zhongxin Yongrong Real Estate Development Co., Ltd. (西安中新永榮房地產開發有限公司):

Certificate No.	Block	Unit	Uses	Gross Floor Area (sq m)
1200114011-2-0-2-10304~0	Block 2, Donghu Road	10304	Residential	125.14
1200114011-2-0-15-10101~0	Block 15, Chanba Avenue North	10101	Commercial service	456.84
1200114011-2-0-16-10101~0	Block 16, Chanba Avenue North	10101	Commercial service	53.66
1200114011-2-0-16-10102~0	Block 16, Chanba Avenue North	10102	Commercial service	702.26
1200114011-2-0-16-10103~0	Block 16, Chanba Avenue North	10103	Commercial service	169.27
1200114011-2-0-16-10104~0	Block 16, Chanba Avenue North	10104	Commercial service	721.56
1200114011-2-0-16-10105~0	Block 16, Chanba Avenue North	10105	Commercial service	34.21
<b>Total:</b>				<b><u>2,262.94</u></b>

- (2) According to 2 Land Use Rights Certificates No. (2007) 017 dated 25 September 2007 and No. (2008) 009 dated 8 December 2008, the land use rights of the Property, comprising a total site area of 106,940.60 sq m, have been granted to Xi'an Zhongxin Yongrong Real Estate Development Co., Ltd. (西安中新永榮房地產開發有限公司):

Certificate No.	Lot No.	Site Area (sq m)	Uses	Expiry Date
(2007)017	CB1-(1)-12	89,427.70	Residential (Residential, commercial public facilities, green area, water facilities)	Residential: 30 March 2076 Commercial public facilities: 30 March 2046 Green area and water facilities: 30 March 2056
(2008)009	CB1-(1)-18	17,512.90	Composite	Residential: 30 March 2076 Commercial public facilities: 30 March 2046 Green area and water facilities: 30 March 2056
<b>Total:</b>		<b><u>106,940.60</u></b>		

- (3) According to Grant Contract for State-owned Land Use Rights Nos. (CB)0601 and (CB)0602 and its Supplement Contract Nos. (CB)0705, (CB)0706 and (CB)0711:

Lot No.	A10
Grantee	Xi'an Zhongxin Yongrong Real Estate Development Co., Ltd. (西安中新永榮房地產開發有限公司)
Supplement Contract No.	(CB)0711
Site Area	160 mu (106,666.67 sq m)
Land Use	Residential and composite
Plot Ratio	2.65

According to the information provided by the Company, the land premium was approximately RMB38,200,000.

- (4) According to Notification of Approval of Deregistration Certificate No. (2018) 000379 dated 1 September 2018, Xi'an Zhongxin Yongrong Real Estate Development Co., Ltd. (西安中新永榮房地產開發有限公司) has been deregistered and merged with Xi'an Zhongxin Yongjia Real Estate Development Co., Ltd. (西安中新永佳房地產開發有限公司) on 31 March 2018.
- (5) According to Business License No. 91610136663170406F dated 30 November 2020, Xi'an Zhongxin Yongjia Real Estate Development Co., Ltd. (西安中新永佳房地產開發有限公司) was established as a limited liability company on 8 August 2007 with a registered capital of RMB50,000,000 for a valid operation period from 8 August 2007 to 7 August 2037.
- (6) According to the PRC legal opinion: Xi'an Zhongxin Yongjia Real Estate Development Co., Ltd. (西安中新永佳房地產開發有限公司) has legally obtained the building ownership of the Property. The Property has no mortgaged, seized or opposition registration restriction.
- (7) The status of title and grant of major certificates, approvals and licenses in accordance with the information provided by the Company are as follows:

Real Estate Title Certificate	Yes
Land Use Rights Certificate	Yes
Grant Contract for State-owned Land Use Rights and its Supplement Contract	Yes
Business License	Yes

## VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
12. The unsold portion of residential and retail of Lot No. A11 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	<p>Lot No. A11 of Neo Water City is a residential/retail development erected upon a parcel of land with a total site area of 234,132.90 sq m which was completed in 2014.</p> <p>According to the information provided by the Company, the Property comprises the unsold portion of residential a total gross floor area of approximately 124.04 sq m and unsold retail with a total gross floor area of approximately 2,682.18 sq m.</p> <p>The Property is located in the core area of Xi'an Chanba Ecotope, at the intersection of the Chan and Ba Rivers. Developments nearby are mainly residential in nature.</p> <p>The land use rights of the Property have been granted for a term due to expire on 30 March 2076 for residential uses.</p>	<p>As at the Valuation Date, the Property with a total gross floor area of 2,248.70 sq m, was subject to various tenancies with the latest expiry date in August 2027, at a total monthly rent of approximately RMB111,600, exclusive of management fee.</p> <p>The remaining portion of the Property was vacant.</p>	RMB35,000,000 (RENMINBI THIRTY FIVE MILLION)

## Notes:

- (1) According to 6 Real Estate Title Certificates, a total gross floor area of approximately 2,806.22 sq m of the Property is held by Xi'an Zhongxin Rongjing Real Estate Development Co., Ltd. (西安中新榮景房地產開發有限公司):

Certificate No.	Block	Unit	Uses	Gross Floor Area (sq m)
1200114021-2-0-9-11703~0	Block 9, Chanba Avenue North	11703	Residential	124.04
1200114021-2-0-6-10201~0	Block 6, Chanba Avenue North	10201	Commercial service	818.52
1200114021-2-0-6-10202~0	Block 6, Chanba Avenue North	10202	Commercial service	763.36
1200114021-2-0-6-10203~0	Block 6, Chanba Avenue North	10203	Commercial service	314.86
20171018330	Block 6, Chanba Avenue North	10204	Commercial service	666.82
1200114021-2-0-16-10102~0	Block 16, Chanba Avenue North	10102	Commercial service	118.62
<b>Total:</b>				<b><u>2,806.22</u></b>

- (2) According to Land Use Rights Certificate No. (2007)011, the land use rights of the Property, comprising a site area of 234,132.90 sq m, have been granted to Xi'an Zhongxin Rongjing Real Estate Development Co., Ltd. (西安中新榮景房地產開發有限公司) for a term due to expire on 30 March 2076 for residential uses.
- (3) According to Grant Contract for State-owned Land Use Rights Nos. (CB)0601 and (CB)0602 and its Supplement Contract Nos. (CB)0705, (CB)0706 and (CB)0712:

Lot No.	A11
Grantee	Xi'an Zhongxin Rongjing Real Estate Development Co., Ltd. (西安中新榮景房地產開發有限公司)
Supplement Contract No.	(CB)0712
Site Area	352 mu (234,666.67 sq m)
Land Use	Residential and composite
Plot Ratio	1.21

According to the information provided by the Company, the land premium was approximately RMB83,313,000.

- (4) According to Business License No. 91610136663154959P dated 30 November 2020, Xi'an Zhongxin Rongjing Real Estate Development Co., Ltd. (西安中新榮景房地產開發有限公司) was established as a limited liability company on 2 July 2007 with a registered capital of RMB10,000,000 for a valid operation period from 2 July 2007 to 1 July 2037.

- (5) According to the PRC legal opinion: Xi'an Zhongxin Rongjing Real Estate Development Co., Ltd. (西安中新榮景房地產開發有限公司) has legally obtained the building ownership of the Property. The Property has no mortgaged, seized or opposition registration restriction.
- (6) The status of title and grant of major certificates, approvals and licenses in accordance with the information provided by the Company are as follows:

Real Estate Title Certificate	Yes
Land Use Rights Certificate	Yes
Grant Contract for State-owned Land Use Rights and its Supplement Contract	Yes
Business License	Yes

## VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
13. The unsold portion of retail of Lot No. A13 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	<p>Lot No. A13 of Neo Water City is a residential/retail development erected upon a parcel of land with a total site area of approximately 118,077.40 sq m which was completed in 2013.</p> <p>According to the information provided by the Company, the Property comprises the unsold portion of retail with a total gross floor area of approximately 3,239.46 sq m.</p> <p>The Property is located in the core area of Xi'an Chanba Ecotope, at the intersection of the Chan and Ba Rivers. Developments nearby are mainly residential in nature.</p> <p>The land use rights of the Property have been granted for a term due to expire on 30 March 2076 for residential use.</p>	<p>As at the Valuation Date, the Property with a total gross floor area of 2,403.13 sq m, was subject to various tenancies with the latest expiry date in September 2026, at a total monthly rent of approximately RMB71,300, exclusive of management fee.</p> <p>The remaining portion of the Property was vacant.</p>	<p>RMB53,500,000 (RENMINBI FIFTY THREE MILLION FIVE HUNDRED THOUSAND)</p>

## Notes:

- (1) According to 33 Real Estate Title Certificates, a total gross floor area of approximately 3,239.46 sq m of the Property is held by Xi'an Zhongxin Binhe Real Estate Development Co., Ltd (西安中新濱河房地產開發有限公司):

Certificate No.	Block	Unit	Uses	Gross Floor Area (sq m)
1200114021-1-0-1-10101~0	Block 1, Chanba Avenue North	10101	Commercial service	224.50
1200114021-1-0-1-10104~0	Block 1, Chanba Avenue North	10104	Commercial service	296.99
1200114021-1-0-1-10107~0	Block 1, Chanba Avenue North	10107	Commercial service	167.67
1200114021-1-0-1-10108~0	Block 1, Chanba Avenue North	10108	Commercial service	212.13
1200114021-1-0-1-10112~0	Block 1, Chanba Avenue North	10112	Commercial service	129.41
1200114021-1-0-1-10116~0	Block 1, Chanba Avenue North	10116	Commercial service	83.18
1200114021-1-0-1-10201~0	Block 1, Chanba Avenue North	10201	Commercial service	48.13
1200114021-1-0-1-10205~0	Block 1, Chanba Avenue North	10205	Commercial service	23.28
1200114021-1-0-1-10206~0	Block 1, Chanba Avenue North	10206	Commercial service	20.12
1200114021-1-0-1-10207~0	Block 1, Chanba Avenue North	10207	Commercial service	101.21
1200114021-1-0-1-10208~0	Block 1, Chanba Avenue North	10208	Commercial service	205.37
1200114021-1-0-1-10209~0	Block 1, Chanba Avenue North	10209	Commercial service	15.40
1200114021-1-0-1-10210~0	Block 1, Chanba Avenue North	10210	Commercial service	88.66
1200114021-1-0-1-10211~0	Block 1, Chanba Avenue North	10211	Commercial service	212.97
1200114021-1-0-1-10212~0	Block 1, Chanba Avenue North	10212	Commercial service	23.28
1200114021-1-0-1-10213~0	Block 1, Chanba Avenue North	10213	Commercial service	67.06
1200114021-1-0-1-10216~0	Block 1, Chanba Avenue North	10216	Commercial service	48.13
1200114021-1-0-1-10218~0	Block 1, Chanba Avenue North	10218	Commercial service	102.85
1200114021-1-0-1-10219~0	Block 1, Chanba Avenue North	10219	Commercial service	69.17
1200114021-1-0-1-10220~0	Block 1, Chanba Avenue North	10220	Commercial service	69.17
1200114021-1-0-1-10221~0	Block 1, Chanba Avenue North	10221	Commercial service	102.85
1200114021-1-0-1-10222~0	Block 1, Chanba Avenue North	10222	Commercial service	87.32
1200114021-1-0-33-10119~0	Block 33, Chanba Avenue North	10119	Commercial service	77.48
1200114021-1-0-33-10120~0	Block 33, Chanba Avenue North	10120	Commercial service	104.26
1200114021-1-0-33-10204~0	Block 33, Chanba Avenue North	10204	Commercial service	50.39
1200114021-1-0-33-10205~0	Block 33, Chanba Avenue North	10205	Commercial service	50.39
1200114021-1-0-33-10206~0	Block 33, Chanba Avenue North	10206	Commercial service	50.39
1200114021-1-0-33-10209~0	Block 33, Chanba Avenue North	10209	Commercial service	50.39
1200114021-1-0-33-10210~0	Block 33, Chanba Avenue North	10210	Commercial service	58.21
1200114021-1-0-33-10213~0	Block 33, Chanba Avenue North	10213	Commercial service	77.21
1200114021-1-0-33-10215~0	Block 33, Chanba Avenue North	10215	Commercial service	132.60
1200114021-1-0-33-10217~0	Block 33, Chanba Avenue North	10217	Commercial service	106.96
1200114021-1-0-33-10219~0	Block 33, Chanba Avenue North	10219	Commercial service	82.33
<b>Total:</b>				<b><u>3,239.46</u></b>

- (2) According to Land Use Rights Certificate No. (2007)005 dated 28 August 2007, the land use rights of the Property, comprising a site area of 118,077.40 sq m, have been granted to Xi'an Zhongxin Binhe Real Estate Development Co., Ltd. (西安中新濱河房地產開發有限公司) for a term due to expire on 30 March 2076 for residential use.

- (3) According to Grant Contract for State-owned Land Use Rights Nos. (CB)0601 and (CB)0602 and its Supplement Contract Nos. (CB)0705, (CB)0706 and (CB)0714:

Lot No.	A13
Grantee	Xi'an Zhongxin Binhe Real Estate Development Co., Ltd. (西安中新濱河房地產開發有限公司)
Supplement Contract No.	(CB)0714
Site Area	177 mu (118,000 sq m)
Land Use	Residential
Plot Ratio	1.77

According to the information provided by the Company, the land premium was approximately RMB42,000,000.

- (4) According to Notification of Approval of Deregistration Certificate No. (2018) 000379 dated 1 September 2018, Xi'an Zhongxin Binhe Real Estate Development Co., Ltd. (西安中新濱河房地產開發有限公司) has been deregistered and merged with Xi'an Zhongxin Yongjia Real Estate Development Co., Ltd. (西安中新永佳房地產開發有限公司) on 31 March 2018.
- (5) According to Business License No. 91610136663170406F dated 30 November 2020, Xi'an Zhongxin Yongjia Real Estate Development Co., Ltd. (西安中新永佳房地產開發有限公司) was established as a limited liability company on 8 August 2007 with a registered capital of RMB50,000,000 for a valid operation period from 8 August 2007 to 7 August 2037.
- (6) According to the PRC legal opinion, Xi'an Zhongxin Yongjia Real Estate Development Co., Ltd. (西安中新永佳房地產開發有限公司) has legally obtained the building ownership of the Property. The Property has no mortgaged, seized or opposition registration restriction.
- (7) The status of title and grant of major certificates, approvals and licenses in accordance with the information provided by the Company are as follows:

Real Estate Title Certificate	Yes
Land Use Rights Certificate	Yes
Grant Contract for State-owned Land Use Rights and its Supplement Contract	Yes
Business License	Yes

## VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
14. The unsold portion of retail and parking spaces of Lot No. A14 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	<p>The Property comprises a residential/retail development erected upon portion of Lot No. A14 of Neo Water City with a site area of approximately 103,834.90 sq m which was completed in 2012.</p> <p>According to the information provided by the Company, the Property comprises the unsold retail portion with a total gross floor area of 758.53 sq m and 120 unsold parking spaces.</p> <p>The Property is located in the core area of Xi'an Chanba Ecotope, at the intersection of the Chan and Ba Rivers. Developments nearby are mainly residential in nature.</p> <p>The land use rights of the Property have been granted for a term due to expiry on 30 March 2076 for residential and 30 March 2056 for green area and water facilities; 30 March 2046 for commercial public facilities uses.</p>	<p>As at the Valuation Date, the Property with a total gross floor area of 758.53 sq m, was subject to a tenancy with the expiry date in July 2024, at a total monthly rent of approximately RMB36,000, exclusive of management fee.</p> <p>The remaining portion of the Property was vacant.</p>	<p>RMB28,500,000 (RENMINBI TWENTY EIGHT MILLION FIVE HUNDRED THOUSAND)</p>

*Notes:*

- (1) According to 2 Real Estate Title Certificates, a total gross floor area of approximately 758.53 sq m of the Property is held by Xi'an Zhongxin Yongjia Real Estate Development Co., Ltd. (西安中新永佳房地產開發有限公司):

Certificate No.	Block	Unit	Uses	Gross Floor Area (sq m)
1200114017-1-0-21-10201~0	Block 21, Chanba Avenue North	10201	Commercial service	380.98
1200114017-1-0-21-10202~0	Block 21, Chanba Avenue North	10202	Commercial service	377.55
<b>Total:</b>				<b><u>758.53</u></b>

- (2) According to 2 Land Use Rights Certificate No. (2007)018 dated 25 September 2007 and No. (2008)005 dated 9 September 2008, the land use rights of the Property, comprising a total site area of 103,834.90 sq m, have been granted to Xi'an Zhongxin Yongjia Real Estate Development Co., Ltd. (西安中新永佳房地產開發有限公司):

Certificate No.	Lot No.	Site Area (sq m)	Uses	Expiry Date
(2007)018	CB1-(1)-14	63,214.60	Residential (Residential, green area)	Residential: 30 March 2076 Green area and water facilities: 30 March 2056
(2008)005	CB1-(1)-17	40,620.30	Composite	Residential: 30 March 2076 Commercial public facilities: 30 March 2046
<b>Total:</b>		<b><u>103,834.90</u></b>		

- (3) According to Grant Contract for State-owned Land Use Rights Nos. (CB)0601 and (CB)0602 and its Supplementary Contract Nos. (CB)0705, (CB)0706 and (CB)0715:

Lot No.	A14
Grantee	Xi'an Zhongxin Yongjia Real Estate Development Co., Ltd. (西安中新永佳房地產開發有限公司)
Supplement Contract No.	(CB)0715
Site Area	157 mu (104,666.83 sq m)
Land Use	Residential and composite
Plot Ratio	2.17

- (4) According to Business License No. 91610136663170406F dated 30 November 2020, Xi'an Zhongxin Yongjia Real Estate Development Co., Ltd. (西安中新永佳房地產開發有限公司) was established as a limited liability company on 8 August 2007 with a registered capital of RMB50,000,000 for a valid operation period from 8 August 2007 to 7 August 2037.
- (5) According to the PRC legal opinion:
- (i) Xi'an Zhongxin Yongjia Real Estate Development Co., Ltd. (西安中新永佳房地產開發有限公司) has legally obtained the building ownership of the unsold retail portion of the Property. The unsold retail portion of the Property has no mortgaged, seized or opposition registration restriction; and
- (ii) Xi'an Zhongxin Yongjia Real Estate Development Co., Ltd. (西安中新永佳房地產開發有限公司) held the unsold portion of parking spaces of the property which have passed the acceptance. As advised by Xi'an Zhongxin Yongjia Real Estate Development Co., Ltd. (西安中新永佳房地產開發有限公司), the unsold portion of parking spaces of the Property is the civil air defense parking spaces, those can be used but cannot obtain Real Estate Title Certificate and for trading.
- (6) The status of title and grant of major certificates, approvals and licenses in accordance with the information provided by the Company are as follows:

Real Estate Title Certificate	Yes (partly)
Land Use Rights Certificate	Yes
Grant Contract for State-owned Land Use Rights and its Supplement Contract	Yes
Business License	Yes

## VALUATION REPORT

## Group III — Properties held for owner-occupation by the project companies in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
15. 5-storey hotel, six villas and a convention centre of Lot No. A1 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	<p>The Property comprises a hotel, six villas and convention centre development erected upon a parcel of land with a site area of approximately 209,177.3 sq m which was completed in between 2008 and 2013.</p> <p>According to the information provided by the Company, the Property comprises 2 phases. Phase 1 is a 5-storey plus basement hotel, Phase 2 are six villas and a convention centre with a total gross floor area of approximately 68,745.82 sq m and 15,545 sq m respectively.</p> <p>The Property is located in the core area of Xi'an Chanba Ecotope, at the intersection of the Chan and Ba Rivers. Developments nearby are mainly residential in nature.</p> <p>The land use rights of the Property have been granted for a term due to expire on 30 March 2056 for composite use.</p>	As at the Valuation Date, the hotel portion is currently in operation and six villas and convention centre were vacant.	RMB630,000,000 (RENMINBI SIX HUNDRED THIRTY MILLION)

*Notes:*

- (1) According to Building Ownership Certificate No. 1175116018-1-1~1 dated 20 December 2007, the building ownership of Phase 1 (5-storey plus basement hotel) of the Property, with a total gross floor area of 68,745.82 sq m is held by Xi'an Zhongxin Chanba Ouya Hotel Development Co., Ltd. (西安中新灑灑歐亞酒店發展有限公司).
- (2) According to Land Use Rights Certificate No. (2007)010 dated 28 August 2007, the land use rights of the Property, comprising a site area of 209,177.3 sq m, have been granted to Xi'an Zhongxin Chanba Ouya Hotel Development Co., Ltd. (西安中新灑灑歐亞酒店發展有限公司) for a term due to expire on 30 March 2056 for composite use.

- (3) According to Grant Contract for State-owned Land Use Rights Nos. (CB)0601 and (CB)0602 and its Supplement Contract Nos. (CB)0705, (CB)0706 and (CB)0707:

Lot No.	A1
Grantee	Xi'an Zhongxin Chanba Ouya Hotel Development Co., Ltd. (西安中新滻灞歐亞酒店發展有限公司)
Supplement Contract No.	(CB)0707
Site Area	313 mu (208,666.67 sq m)
Land Use	Composite
Plot Ratio	0.39

- (4) According to Construction Works Commencement Permit No. (2009)008 dated 13 March 2009, the construction works of Phase 2 of the Property, comprising six villas and a convention centre, was in compliance with the requirement of works commencement and was permitted to be developed with a total gross floor area of approximately 15,545 sq m.
- (5) According to Business License No. 9161013666317970XQ dated 13 June 2019, Xi'an Zhongxin Chanba Ouya Hotel Development Co., Ltd. (西安中新滻灞歐亞酒店發展有限公司) was established as a limited liability company on 31 August 2007 with a registered capital of RMB50,000,000 for a valid operation period from 31 August 2007 to 28 December 2024.
- (6) According to the PRC legal opinion:
- (i) Xi'an Zhongxin Chanba Ouya Hotel Development Co., Ltd. (西安中新滻灞歐亞酒店發展有限公司) has legally obtained the building ownership for Phase 1 of the Property. Phase 1 of the Property has no mortgaged, seized or opposition registration restriction; and
- (ii) Xi'an Zhongxin Chanba Ouya Hotel Development Co., Ltd. (西安中新滻灞歐亞酒店發展有限公司) has obtained Construction Land Planning Permit, Construction Works Planning Permit and Construction Works Commencement Permit for Phase 2 of the Property. Revoke, revise or withdraw the aforementioned permits was not noticed. Xi'an Zhongxin Chanba Ouya Hotel Development Co., Ltd. (西安中新滻灞歐亞酒店發展有限公司) has legal rights to develop and operate the Property and has the right to start construction in accordance with the relevant permits.
- (7) The status of title and grant of major certificates, approvals and licenses in accordance with the information provided by the Company are as follows:

Building Ownership Certificate	Yes (partly)
Land Use Rights Certificate	Yes
Grant Contract for State-owned Land Use Rights and its Supplement Contract	Yes
Construction Works Commencement Permit	Yes
Business License	Yes

## VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
16. Phase III of hotel portion of Lot No. A1 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	<p>The Property comprises a hotel development erected upon a parcel of land with a site area of approximately 30,480.43 sq m. which was completed in 2018.</p> <p>According to the information provided by the Company, the Property comprises a 31-storey plus 2 basement floors hotel with a total gross floor area of approximately 55,690.47 sq m.</p> <p>The Property is located in the core area of Xi'an Chanba Ecotope, at the intersection of the Chan and Ba Rivers. Developments nearby are mainly residential in nature.</p> <p>The land use rights of the Property have been granted for a term due to expire on 1 September 2053 for accommodation and food and beverage uses.</p>	The Property is currently in operation.	RMB480,000,000 (RENMINBI FOUR HUNDRED EIGHTY MILLION)

*Notes:*

- (1) According to Real Estate Title Certificate No. (2018)1438951, the land use rights of the Property, comprising a total gross floor area of approximately 55,690.47 sq m, is held by Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司) for an unspecified term for hotel use.
- (2) According to Land Use Rights Certificate No. (2013)065 dated 21 October 2013, the land use rights of the Property, comprising a site area of 30,480.43 sq m, have been granted to Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司) for a term due to expire on 1 September 2053 for accommodation and food and beverage uses.

- (3) According to Grant Contract for State-owned Land Use Rights Nos. (CB)0601 and (CB)0602 and its Supplement Contract Nos. (CB)0705, (CB)0706 and (CB)0721:

Lot No.	A3
Grantee	Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司)
Supplement Contract No.	(CB)0721
Site Area	45.719 mu (30,479.33 sq m)
Land Use	Composite
Plot Ratio	0.19

- (4) According to Business License No. 91610136663154940T dated 30 November 2020, Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司) was established as a limited liability company on 2 July 2007 with a registered capital of RMB10,000,000 for a valid operation period from 2 July 2007 to 1 July 2037.
- (5) According to the PRC legal opinion: Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司) has legally obtained the building ownership of the Property and the Property is pledged to a bank.
- (6) The status of title and grant of major certificates, approvals and licenses in accordance with the information provided by the Company are as follows:

Real Estate Title Certificate	Yes
Land Use Rights Certificate	Yes
Grant Contract for State-owned Land Use Rights and its Supplement Contract	Yes
Business License	Yes

## VALUATION REPORT

## Group IV — Properties held for under/future development by the project companies in the PRC

Property	Description and tenure	Particulars of Occupancy	Market value in existing state as at 31 December 2022
17. Lot No. A2 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	<p>The Property comprises a residential development erected upon a parcel of land with a site area of approximately 163,106.10 sq m.</p> <p>According to the information provided by the Company, the Property comprises a 31-storey plus basement hotel/apartment with a total planned gross floor area of approximately 355,571.30 sq m.</p> <p>The Property is located in the core area of Xi'an Chanba Ecotope, at the intersection of the Chan and Ba Rivers. Developments nearby are mainly residential in nature.</p> <p>The land use rights of the Property have been granted for a term due to expire on 30 March 2076 for residential use.</p>	As at the Valuation Date, the Property was a vacant land.	RMB1,389,000,000 (RENMINBI ONE BILLION THREE HUNDRED EIGHTY NINE MILLION)

*Notes:*

- (1) According to Land Use Rights Certificate No. (2007)007 dated 28 August 2007, the land use rights of the Property comprising a site area of 163,106.10 sq m, have been granted to Xi'an Zhongxin Qinyuan Real Estate Development Co., Ltd. for a term due to expire on 30 March 2076 for residential use.
- (2) According to Grant Contract for State-owned Land Use Rights Nos. (CB)0601 and (CB)0602 and its Supplement Contract Nos. (CB)0705, (CB)0706 and (CB)0708:

Lot No.	A2
Grantee	Xi'an Zhongxin Qinyuan Real Estate Development Co., Ltd.
Supplement Contract No.	(CB)0708
Site Area	245 mu (163,333.33 sq m)
Land Use	Residential
Plot Ratio	2.18

- (3) According to Construction Land Planning Permit No. (2007)10 dated 10 September 2007, the construction site of a parcel of land with a total site area of 279.494 mu is in compliance with urban planning requirements.
- (4) According to Business License No. 916101366631503927 dated 30 November 2020, Xi'an Zhongxin Qiyuan Real Estate Development Co., Ltd. was established as a limited liability company on 15 June 2007 with a registered capital of RMB10,000,000 for a valid operation period from 15 June 2007 to 14 June 2037.
- (5) According to the PRC legal opinion: Xi'an Zhongxin Qiyuan Real Estate Development Co., Ltd. has obtained Construction Land Planning Permit. Revoke, revise or withdraw the aforementioned permits was not noticed. Xi'an Zhongxin Qiyuan Real Estate Development Co., Ltd. has legal rights to develop and operate the Property and has the right to start construction in accordance with the relevant permits.
- (6) The status of title and grant of major certificates, approvals and licenses in accordance with the information provided by the Company are as follows:

Land Use Rights Certificate	Yes
Grant Contract for State-owned Land Use Rights and its Supplement Contract	Yes
Construction Land Planning Permit	Yes
Business License	Yes

## VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
18. Lot Nos. A3-4 and A3-7 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	<p>As advised by the Company, the Property comprises a residential development erected upon a parcel of land with a site area of approximately 140,143 sq m.</p> <p>According to the information provided by the Company, the Property comprises a residential, retail and parking spaces development with planned total gross floor area of approximately 246,737.65 sq m.</p> <p>The Property is located in the core area of Xi'an Chanba Ecotope, at the intersection of the Chan and Ba Rivers. Developments nearby are mainly residential in nature.</p> <p>The land use rights of the Property have been granted for a term due to expire on 30 March 2076 for residential and 30 March 2056 for ancillary public facilities, green area and water facilities uses.</p>	As at the Valuation Date, the Property was under construction and scheduled to be completed in 2024.	RMB1,552,000,000 (RENMINBI ONE BILLION FIVE HUNDRED FIFTY TWO MILLION)

*Notes:*

- (1) According to Land Use Rights Certificate No. (2013)067 dated 28 October 2013, the land use rights of Lot Nos. A3-3, A3-5, A3-6, A3-4 and A3-7 of Neo Water City, comprising a site area of 273,411.08 sq m, have been granted to Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中華勝房地產開發有限公司) for a term due to expire on 30 March 2076 for residential and 30 March 2056 for ancillary public facilities, green area and water facilities uses.

The Property is part of the said site area.

- (2) According to Grant Contract for State-owned Land Use Rights Nos. (CB)0601 and (CB)0602 and its Supplement Contract Nos. (CB)0705, (CB)0706 and (CB)0709:

Lot No.	A3
Grantee	Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司)
Supplement Contract No.	(CB)0709
Site Area	724 mu (482,666.67 sq m)
Land Use	Composite and residential
Plot Ratio	1.19

- (3) According to Construction Land Planning Permit No. (2007)11 dated 10 September 2007, the construction site of a parcel of land with a total site area of 1,064.079 mu is in compliance with urban planning requirements.
- (4) According to Construction Works Planning Permit No. 610111202130098CB dated 27 February 2021, the construction works of the Property with a total gross floor area of 246,737.65 sq m was in compliance with the requirement of urban planning and was permitted to be developed.
- (5) According to Construction Works Commencement Permit No. 610141202107030101 dated 3 July 2021, the construction works of the Property was in compliance with the requirement of works commencement and was permitted to be developed with a total gross floor area of approximately 246,737.65 sq m.
- (6) According to the information provided by the Company, 30,617.34 sq m of residential portion has been pre-sold at a total consideration of RMB979,630,093 as at Valuation Date. In the course of our valuation, we have taken into account the said pre-sold consideration.
- (7) According to the information provided by the Company, the estimated total construction cost to complete the development is approximately RMB2,662,000,000, a construction cost of approximately RMB854,880,000 has been expended for the development of the Property as at Valuation Date. In the course of our valuation, we have taken into account the above construction cost.
- (8) The estimated market value as if completed of the proposed development as at the Valuation Date was approximately RMB4,964,000,000.
- (9) According to Business License No. 91610136663154940T dated 30 November 2020, Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司) was established as a limited liability company on 2 July 2007 with a registered capital of RMB10,000,000 for a valid operation period from 2 July 2007 to 1 July 2037.
- (10) According to the PRC legal opinion: Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司) has not obtained Completion and Acceptance Certificate for Construction Work. Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司) has obtained Construction Land Planning Permit, Construction Works Planning Permit and Construction Works Commencement Permit. Revoke, revise or withdraw the aforementioned permits was not noticed. Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司) has legal rights to develop and operate the Property and has the right to start construction in accordance with the relevant permits.

(11) The status of title and grant of major certificates, approvals and licenses in accordance with the information provided by the Company are as follows:

Land Use Rights Certificate	Yes
Grant Contract for State-owned Land Use Rights and its Supplement Contract	Yes
Construction Land Planning Permit	Yes
Construction Works Planning Permit	Yes
Construction Works Commencement Permit	Yes
Business License	Yes

## VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2022
19. Lot Nos. A3-8 and A3-9 of Neo Water City, Chanba Avenue, Chanba Ecotope, Xi'an, Shaanxi Province, the PRC	As advised by the Company, the Property comprises a residential development erected upon a portion of parcel of land with a site area of approximately 127,382.10 sq m which Phase 1 was completed in November 2022.	As at the Valuation Date, Phase 1 of the Property was vacant. Phases 2 and 3 were under construction which are scheduled to be completed in 2024.	RMB3,208,000,000 (RENMINBI THREE BILLION TWO HUNDRED EIGHT MILLION)
	According to the information provided by the Company, the Property comprises 3 phases. Phase 1 was completed, Phase 1 of the Property comprises 6 unsold residential units with a total gross floor area of 1,902.73 sq m. Phases 2 and 3 of the Property were under construction with a total planned gross floor area of approximately 90,170.70 sq m and 145,117.03 sq m respectively.		
	The Property is located in the core area of Xi'an Chanba Ecotope, at the intersection of the Chan and Ba Rivers. Developments nearby are mainly residential in nature.		
	The land use rights of the Property have been granted for a term due to expire on 30 March 2076 for residential use.		

*Notes:*

- (1) For Phase 1 of the Property, we noted that only 2 out of 6 Real Estate Title Certificates with a total gross floor area of approximately 732.24 sq m have been obtained, we are on the assumption that all relevant Real Estate Title Certificates will be issued in due course and the related fees incurred have been fully paid and settled.

- (2) According to 2 Real Estate Title Certificates, a total gross floor area of approximately 732.24 sq m of Phase 1 of the Property is held by Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司):

Certificate No.	Block	Unit	Uses	Gross Floor Area (sq m)
(2023)0029889	Block 23, Chanba Avenue West	10302	Residential	245.10
(2023)0029940	Block 23, Chanba Avenue West	12901	Residential	487.14
<b>Total:</b>				<b><u>732.24</u></b>

- (3) According to Land Use Rights Certificate No. (2013)068 dated 28 October 2013, the land use rights of Lot Nos. A3-8, A3-9, A3-10 and A3-11 of Now Water City, comprising a site area of 255,821.90 sq m, have been granted to Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司) for a term due to expire on 30 March 2076 for residential use.

The Property is part of the said site area.

- (4) According to Grant Contact for State-owned Land Use Rights Nos. (CB)0601 and (CB)0602 and its Supplement Contract Nos. (CB)0705, (CB)0706 and (CB)0709:

Lot No.	A3
Grantee	Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司)
Supplement Contract No.	(CB)0709
Site Area	724 mu (482,666.67 sq m)
Land Use	Composite and residential
Plot Ratio	1.19

- (5) According to Construction Land Planning Permit No. (2007)11 dated 10 September 2007, the construction site of a parcel of land with a total site area of 1,064.079 mu is in compliance with urban planning requirements.
- (6) According to 2 Construction Works Planning Permits Nos. (2019)008 and (2019)009, the construction works of Phase 2 and Phase 3 of the Property were in compliance with the requirement of urban planning and were permitted to be developed with a total gross floor area of approximately 90,170.70 sq m and 145,117.03 sq m respectively.
- (7) According to 2 Construction Works Commencement Permits Nos. 610141201907230201 and 610141201906270101, the construction works of Phase 2 and Phase 3 of the Property were in compliance with the requirement of works commencement and were permitted to be developed with a total gross floor area of approximately 90,170.70 sq m and 145,117.03 sq m respectively.
- (8) According to the information provided by the Company, 223,786.14 sq m of residential portion has been pre-sold at a total consideration of RMB6,004,845,055 as at Valuation Date. In the course of our valuation, we have taken into account the said pre-sold consideration.
- (9) According to the information provided by the Company, the estimated total construction cost to complete the development is approximately RMB3,149,000,000, a construction cost of approximately RMB1,913,000,000 has been expended for the development of the Property as at Valuation Date. In the course of our valuation, we have taken into account the above construction cost.

- (10) The estimated market value as if completed of the proposed development as at the Valuation Date was approximately RMB6,574,000,000.
- (11) According to Business License No. 91610136663154940T dated 30 November 2020, Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司) was established as a limited liability company on 2 July 2007 with a registered capital of RMB10,000,000 for a valid operation period from 2 July 2007 to 1 July 2037.
- (12) According to the PRC legal opinion: Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司) has obtained Construction Land Planning Permit, Construction Works Planning Permit and Construction Works Commencement Permit for Phase 2 and 3 of the Property. Revoke, revise or withdraw the aforementioned permits was not noticed. Xi'an Zhongxin Huasheng Real Estate Development Co., Ltd. (西安中新華勝房地產開發有限公司) has legal rights to develop and operate Phase 2 and 3 of the Property and has the right to start construction in accordance with the relevant permits. There were 6 residential units with a total gross floor area of approximately 1,902.73 sq m pending to be sold, which 4 of 6 residential units have not yet been registered.
- (13) The status of title and grant of major certificates, approvals and licenses in accordance with the information provided by the Company are as follows:

Real Estate Title Certificate	Yes (Partly)
Land Use Rights Certificate	Yes
Grant Contract for State-owned Land Use Rights and its Supplement Contract	Yes
Construction Land Planning Permit	Yes
Construction Works Planning Permit	Yes
Construction Works Commencement Permit	Yes
Business License	Yes

## 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 Group. 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 circular misleading.

## 2. DISCLOSURE OF INTERESTS

### Interests and Short Positions of the Directors and Chief Executive in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As of the Latest Practicable Date, the interests and short positions of the Directors, including the chief executive of the Company, in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or pursuant to the Model Code, were as set out below.

#### Long positions in Shares and Underlying Shares

Name of Director	Capacity	Number of shares held	Approximate % of the issued share capital of the Company
Tang Jun	Beneficial owner	178,000 (L) <sup>(1)</sup>	0.00%

*Note:*

(1) L denotes long positions.

#### Long positions in the Shares and Underlying Shares of associated corporation of the Company

Name of Director	Name of associated corporations	Capacity	Number of shares held	Approximate % of interest in the corporation
Tang Jun	SIHL	Beneficial owner	65,000 (L) <sup>(1)</sup>	0.00%

*Note:*

- (1) L denotes long positions.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or pursuant to the Model Code.

### 3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, persons (other than the Directors and the chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange, were as set out below.

Name of substantial shareholders	Capacity	Number of shares held	Approximate % of the issued share capital of the Company
SIHL	Held by controlled corporation	2,111,229,080 (L) <sup>(1)(2)(3)</sup>	44.06%
SIIC	Held by controlled corporation	3,364,049,977 (L) <sup>(1)(2)(3)(4)</sup>	70.21%

*Notes:*

- (1) L denotes long positions.
- (2) These include 2,061,229,080 shares of the Company held by S.I. Smart Charmer Limited and 50,000,000 shares of the Company that are deemed to be held by Novel Good Limited under the pledge described in note 3 below. As S.I. Smart Charmer Limited and Novel Good Limited are both wholly-owned subsidiaries of SIHL, which is in turn controlled by SIIC, SIHL and SIIC are deemed or taken to be interested in the interests in the shares of the Company held by S.I. Smart Charmer Limited and Novel Good Limited.
- (3) These interests include 50,000,000 shares of the Company (short positions) held by Invest Gain Limited (a company beneficially and wholly owned by Mr. Li Song Xiao who ceased to be a substantial shareholder of the Company during the year ended 31 December 2011) which are pledged to Novel Good Limited. Therefore, SIHL and SIIC are deemed or taken to be interested in these 50,000,000 shares of the Company.

- (4) SIIC, through Shanghai Investment Holdings Limited (a subsidiary of SIIC) held approximately 55.13% of the shares of SIHL. Therefore, SIIC is deemed or taken to be interested in the 2,111,229,080 shares of the Company held by SHIL for the purpose of the SFO. On the other hand, SIIC is also deemed or taken to be interested in the 1,252,820,897 shares of the Company held by its subsidiaries, namely SIIC Trading Company Limited, Shanghai Industrial Financial Holdings (Hong Kong) Company Limited, SIIC CM Development Limited, SIIC Capital (B.V.I.) Limited and Shanghai Investment Holdings Limited.

Save as disclosed herein, as at the Latest Practicable Date, the Company had not been notified by any persons (other than the Directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

#### **4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS**

As at the Latest Practicable Date:

- (a) none of the Directors had any direct or indirect interest in any assets which have been acquired, disposed of by or leased to or which are proposed to be acquired, disposed of by or leased to any member of the Enlarged Group since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up; and
- (b) none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Enlarged Group.

#### **5. DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective close associates were considered to have any interest in business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

#### **6. LITIGATION**

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group that would have a material adverse effect on the results of operations or financial conditions of the Group.

## 7. SERVICES CONTRACTS

As at the Latest Practicable Date, none of the Directors had or was proposed to have a service contract with any member of the Group other than contracts expiring or determinable by the employer within one year without the payment of compensation other than the statutory compensation.

## 8. QUALIFICATION AND CONSENT OF EXPERTS

The following are the qualifications of the experts who have provided their opinions or advices contained in this circular:

<b>Name</b>	<b>Qualifications</b>
Deloitte Touche Tohmatsu	Certified Public Accountants
Cushman & Wakefield Limited	Independent property valuer

As at the Latest Practicable Date, each of the experts above did not have any shareholding in any member of the Group, nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the experts above had given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its reports and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, none of experts above had any direct or indirect interest in any assets which had been, since 31 December 2022 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to (or are proposed to be acquired or disposed of by or leased to) any member of the Group.

## 9. MISCELLANEOUS

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda, and the principal place of business in Hong Kong is at 11/F, Henley Building, No. 5 Queen's Road Central, Hong Kong.
- (b) The company secretary of the Company is Mr. Chan Kin Chu, Harry, who is a solicitor of the High Court of Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) The English text of this circular shall prevail over its Chinese text in case of inconsistency.

## 10. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Enlarged Group within two years immediately preceding the date of this circular and up to the Latest Practicable Date and are or may be material:

- (a) the equity transfer agreement dated 15 October 2021 entered into between 上海城開(上海)大健康管理有限公司 (Shanghai Industrial Urban Development (Shanghai) Healthcare Management Co., Ltd.) (“**SIUD Healthcare Management**”), a subsidiary of the Company, 上海上實創業投資有限公司 (SIIC Shanghai Venture Capital Co., Ltd.), 上海華氏資產經營有限公司 (Shanghai Huashi Asset Management Co., Ltd.), 上海實業東灘投資開發(集團)有限公司 (SIIC Dongtan Investment & Development (Holdings) Co., Ltd.) (“**SIIC Dongtan Investment**”), and 上海東頤置業有限公司 (Shanghai Dongyi Property Co., Ltd.) (“**Shanghai Dongyi Property**”), pursuant to which, among other things, SIIC Dongtan Investment has conditionally agreed to transfer 40% equity interests in Shanghai Dongyi Property to SIUD Healthcare Management for a cash consideration of approximately RMB48,296,090;
- (b) the subscription agreement dated 31 August 2021 entered into between Chelsea Securities Limited (昭海金融證券有限公司) (“**Chelsea Securities**”), a non-wholly owned subsidiary of the Company, 天津信託有限責任公司 (Tianjin Trust Co., Ltd.) (“**Tianjin Trust**”) and Mr. Wang Weixian, pursuant to which each of Tianjin Trust and Mr. Wang Weixian conditionally agreed to pay HK\$94,529,097 and HK\$23,632,097, respectively for the subscription of 133,333 and 33,333 shares in the capital of Chelsea Securities, representing 50.00% and 12.50% of the enlarged issued share capital of Chelsea Securities, respectively;
- (c) the equity transfer agreement dated 20 October 2021 entered into between 上海城開(集團)有限公司 (Shanghai Urban Development (Holdings) Co., Ltd.) (“**SUD**”), a subsidiary of the Company, and 上海徐匯資本投資有限公司 (Shanghai Xuhui Capital Investment Co., Ltd.) (“**Xuhui Capital**”), pursuant to the which, SUD has conditionally agreed to sell and Xuhui Capital has agreed to buy, 60% equity interest in 上海寰宇城市投資發展有限公司 (Shanghai Huanyu Urban Investment and Development Co., Ltd.) for a consideration of RMB3,576 million; and
- (d) the Share Transfer Agreement.

**11. DOCUMENT AVAILABLE FOR INSPECTION**

Copies of the following documents are published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<http://www.siud.com>) for a period of 14 days from the date of this circular:

- (a) The memorandum of association and the bye-laws of the Company;
- (b) the accountant's report of the Target Group set out in Appendix II to this circular;
- (c) the valuation report prepared by Cushman & Wakefield Limited, the text of which is set out in Appendix IV to this circular;
- (d) the annual reports of the Company for the three years ended 31 December 2019, 31 December 2020 and 31 December 2021 and the interim report of the Company for the six months ended 30 June 2022;
- (e) the material contracts referred to in the section headed "Material Contracts" of this appendix;
- (f) the written consents of the experts as referred to in the section headed "Qualification and Consent of Experts" of this appendix; and
- (g) this circular.