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

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

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Redsun Properties Group Limited

弘陽地產集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1996)

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

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



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

A notice convening the EGM of Redsun Properties Group Limited to be held at Room 2612, 26/F, China Merchants Tower, Shun Tak Centre, Sheung Wan, Hong Kong on Wednesday, May 21, 2025 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is also sent to the Shareholders together with this circular. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rsunproperty.hk).

Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to MUFG, the branch share registrar of the Company in Hong Kong, at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so desire.

April 30, 2025

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	6
Letter from the Independent Board Committee	29
Letter from the Independent Financial Adviser	31
Appendix I – Financial Information of the Group	I-1
Appendix II – Financial Information of the Target Companies	II-1
Appendix III – Unaudited Pro Forma Financial Information of the Remaining Group	III-1
Appendix IV – Management Discussion and Analysis of the Remaining Group	IV-1
Appendix V – Property Valuation Report	V-1
Appendix VI – General Information	VI-1
Notice of EGM	EGM-1

DEFINITIONS

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

“Agreements”	the Parking Spaces Transfer Framework Agreement and the Equity Transfer Agreements
“Announcement”	the announcement of the Company dated February 17, 2025 in relation to the Disposals
“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Chengdu Hong Yang Jin Xing”	Chengdu Hong Yang Jin Xing Real Estate Development Co., Ltd.* (成都弘陽錦興房地產開發有限公司), a company established under the PRC laws with limited liability and an indirect wholly-owned subsidiary of the Company, which is interested in 70% of equity interest in Target Company A as of the date of this circular and immediately before the completion of the Equity Transfer
“China” or “the PRC”	the People’s Republic of China
“Company”	Redsun Properties Group Limited (弘陽地產集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on December 21, 2017
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto in the Listing Rules and, unless the context otherwise requires, refers to Mr. Zeng Huansha (曾煥沙), Redsun Properties Group (Holdings) Limited, Hong Yang Group (Holdings) Limited, Hong Yang International Limited and Hong Yang Group Company Limited
“Director(s)”	director(s) of the Company
“Disposals”	the disposals contemplated under the Parking Spaces Transfer Framework Agreement and the Equity Transfer Agreements
“EGM”	the extraordinary general meeting of the Company to be convened and held at Room 2612, 26/F, China Merchants Tower, Shun Tak Centre, Sheung Wan, Hong Kong on Wednesday, May 21, 2025 at 10 a.m. for the Shareholders to consider and, if thought fit, to approve the Agreements and the transactions contemplated thereunder

DEFINITIONS

“Equity Transfer”	the equity transfer of the Target Companies contemplated under the Equity Transfer Agreements
“Equity Transfer Agreements”	the Equity Transfer Agreements entered by Nanjing Hong Life and each of Chengdu Hong Yang Jin Xing, Xuzhou Hong Qi and Nanjing Hong Tai Pu Yang, after trading hours on February 17, 2025
“Group”	the Company and its subsidiaries
“Independent Board Committee”	a committee of the Board comprising Mr. Lee Kwok Tung Louis, Mr. Leung Yau Wan John and Mr. Au Yeung Po Fung
“Independent Financial Adviser”	Merdeka Corporate Finance Limited, an independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreements and the Disposals
“Independent Shareholders”	shareholders who do not have any material interest in the transaction under the Agreements, namely the Shareholders other than Mr. Zeng Huansha and his associates
“independent third party(ies)”	an individual(s) or a company(ies) who or which is/are not a connected person(s) of a company within the meaning of the Listing Rules
“Independent Valuer”	Colliers Appraisal and Advisory Services Co., Ltd., an independent professional valuer to appointed to appraise the valuation of the Target Parking Spaces and properties of Target Companies
“Jurong Yifeng”	Jurong Yifeng Real Estate Development Co., Ltd.* (句容億豐房地產開發有限公司), a company established under the PRC laws with limited liability, which is interested in 19% of equity interest in Target Company C as of the date of this circular
“Latest Practicable Date”	April 28, 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“MUFG”	MUFG Corporate Markets Pty Limited, the branch share registrar of the Company in Hong Kong

DEFINITIONS

“Nanjing Hong Life”	Nanjing Hong Life Real Estate Consulting Co., Ltd.* (南京弘生活置業顧問有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Purchaser
“Nanjing Hong Tai Pu Yang”	Nanjing Hong Tai Pu Yang Property Co., Ltd.* (南京鴻泰浦陽置業有限公司), a company established under the PRC laws with limited liability and an indirect wholly-owned subsidiary of the Company, which is interested in 19% of equity interest in Target Company C as of the date of this circular
“Nanjing Jinyao”	Nanjing Jinyao Enterprise Management Co., Ltd.* (南京金瑤企業管理有限公司), a company established under the PRC laws with limited liability, which is interested in 20% of equity interest in Target Company C as of the date of this circular
“Nanjing Qicheng”	Nanjing Qicheng Property Co., Ltd.* (南京齊城置業有限公司), a company established under the PRC laws with limited liability, which is interested in 23% of equity interest in Target Company C as of the date of this circular
“Nanjing Yuyang”	Nanjing Yuyang Real Estate Development Co., Ltd.* (南京煜陽房地產開發有限公司), a company established under the PRC laws with limited liability, which is interested in 19% of equity interest in Target Company C as of the date of this circular
“Outstanding Payables”	the outstanding payables due to the Purchaser from the Group
“Parking Spaces Transfer Framework Agreement”	the parking spaces transfer framework agreement entered into by the Company and the Purchaser after trading hours on February 17, 2025
“Purchaser”	Redsun Services Group Limited (弘陽服務集團有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on December 12, 2019, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1971)
“Purchaser Group”	the Purchaser and its subsidiaries
“Remaining Group”	The remaining Group immediately after the completion of Disposals
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance
“Shareholder(s)”	holder(s) of the share(s) of the Company

DEFINITIONS

“Sichuan Esheng”	Sichuan Esheng Shuini Group* (四川峨勝水泥集團股份有限公司), a company established under the PRC laws with joint stock limited liability, which is interested in 30% of equity interest in Target Company A as of the date of this circular
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Target Assets”	the assets to be disposed by the Company under the Agreements, including the property right/right of use of the Target Parking Spaces and 70% of the equity interests in Target Company A held by Chengdu Hong Yang Jin Xing, 20% of the equity interests in Target Company B held by Xuzhou Hong Qi, and 19% of the equity interests in Target Company C held by Nanjing Hong Tai Pu Yang, together with all other assets, liabilities and owners’ equity attached to the equity interests abovementioned
“Target Companies”	collectively, Target Company A, Target Company B and Target Company C
“Target Company A”	Chengdu Hong Sheng He Ding Real Estate Development Co., Ltd.* (成都弘勝和鼎房地產開發有限公司), a company established under the PRC laws with limited liability and an indirect non-wholly-owned subsidiary of the Company
“Target Company B”	Suqian Tong Jin Hong Real Estate Co., Ltd.* (宿遷市通金弘置業有限公司), a company established under the PRC laws with limited liability and an associate of the Company
“Target Company C”	Jurong Jin Jia Run Real Estate Development Co., Ltd.* (句容金嘉潤房地產開發有限公司), a company established under the PRC laws with limited liability and a joint venture of the Company
“Target Parking Space(s)”	the parking space(s) to be disposed by the Company under the Parking Spaces Transfer Framework Agreement
“Wuxi Hengyuan”	Wuxi Hengyuan Real Estate Co. Ltd.* (無錫恒遠地產有限公司), a company established under the PRC laws with limited liability, which is interested in 20% of equity interest in Target Company B as of the date of this circular

DEFINITIONS

“Xuzhou Hong Qi”

Xuzhou Hongqi Real Estate Development Co. Ltd.* (徐州弘琪房地產開發有限公司), a company established under the PRC laws with limited liability and an indirect wholly-owned subsidiary of the Company, which is interested in 20% of equity interest in Target Company B as of the date of this circular and immediately before the completion of the Equity Transfer

“Yancheng Tongjia”

Yancheng Tongjia Enterprise Management Co. Ltd.* (鹽城通佳企業管理有限公司), a company established under the PRC laws with limited liability, which is interested in 60% of equity interest in Target Company B as of the date of this circular

“%”

per cent

* *For identification purpose only*

LETTER FROM THE BOARD



Redsun Properties Group Limited

弘陽地產集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1996)

Executive Director:

Mr. Zeng Huansha (*Chairman*)

Mr. Chen Bin

Ms. Hu Fang

Independent Non-executive Directors:

Mr. Lee Kwok Tung Louis

Mr. Leung Yau Wan John

Mr. Au Yeung Po Fung

Registered Office:

Offices of Walkers Corporate Limited

190 Elgin Avenue

George Town

Grand Cayman KY1-9008

Cayman Islands

Principal Place of Business and

Head Office in the PRC:

26th Floor

Hong Yang Building

No. 9 Daqiao North Road

Pukou District, Nanjing

Jiangsu Province

The PRC

*Place of Business in Hong Kong registered
under part 16 of the Companies Ordinance:*

Room 2612

26/F China Merchants Tower

Shun Tak Centre

Sheung Wan

Hong Kong

April 30, 2025

To the Shareholders

Dear Sir or Madam,

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

I. INTRODUCTION

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

LETTER FROM THE BOARD

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

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

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

LETTER FROM THE BOARD

II. THE PARKING SPACES TRANSFER FRAMEWORK AGREEMENT

Principal terms

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

Date:	February 17, 2025
Parties:	The Company, as the seller; and The Purchaser, as the purchaser
Subject Matter:	Pursuant to the Parking Spaces Transfer Framework Agreement, the Company has conditionally agreed to sell, and Purchaser has conditionally agreed to purchase the property right or the right of use (as the case may be) of the Target Parking Spaces owned by the Group, subject to the terms and conditions of the Parking Spaces Transfer Framework Agreement.

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

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

LETTER FROM THE BOARD

Separate transfer agreements

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

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

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

LETTER FROM THE BOARD

Consideration:

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

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

Payment Schedule:

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

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

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

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

LETTER FROM THE BOARD

- Basis of the Consideration:** The consideration was determined after arm's length negotiations between the parties with reference to:
- (i) the book value of the Target Parking Spaces as at December 31, 2024 of RMB238.07 million;
 - (ii) the appraised value of the Target Parking Spaces as at February 28, 2025, with a market value of approximately RMB113.76 million for those with title and an investment value of approximately RMB115.61 million for those without title, based on an independent valuation by the Independent Valuer on Target Parking Spaces as at February 28, 2025. For further information on the valuation of the Target Parking Spaces, please refer to Appendix V to this circular;
 - (iii) the prevailing property market conditions;
 - (iv) the expected administrative cost of the Purchaser to realize the disposed assets; and
 - (v) the reasons and benefits as particularized in the paragraphs headed "Reasons for and Benefits of the Disposals" below.
- Conditions Precedent:** Completion is conditional upon fulfillment of the following conditions:
- (i) both parties have obtained the approval of their respective independent shareholders at the general meeting of both parties in respect of the Parking Spaces Transfer Framework Agreement and the transactions contemplated thereunder; and
 - (ii) the satisfaction of all the applicable requirements under the Listing Rules.
- Completion:** The Parking Spaces Transfer Framework Agreement is a framework agreement. Subject to the compliance with the Listing Rules (including but not limited to obtaining the approval from the Independent Shareholders at the EGM for the transaction contemplated under the Parking Spaces Transfer Framework Agreement) and the satisfaction of the conditions precedents as set out above, the Group and the Purchaser Group shall enter into separate transfer agreements for the transfer of the property right or the right of use (as the case may be) of the Target Parking Spaces.

LETTER FROM THE BOARD

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

Long Stop Date:

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

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

LETTER FROM THE BOARD

III. THE EQUITY TRANSFER AGREEMENTS

Background

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

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

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

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

Principal terms

Principal terms of the Equity Transfer Agreements are summarized below:

Date: February 17, 2025

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

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

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

LETTER FROM THE BOARD

Nanjing Hong Life, as the purchaser of each of the Equity Transfer Agreements.

Subject Matter:

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

Consideration and Payment:

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

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

LETTER FROM THE BOARD

**Basis of the
Consideration:**

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

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

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

Target Company A

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

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

LETTER FROM THE BOARD

Target Company B

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

Target Company C

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

Conditions Precedent:

Completion is conditional upon fulfillment of the following conditions:

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

LETTER FROM THE BOARD

- Completion:** Upon completion of the Equity Transfer:
- (i) the Company will cease to have any interest in Target Company A and the financial results of Target Company A will cease to be consolidated into the financial statements of the Group; and
 - (ii) the Company will cease to have any interest in either Target Company B or Target Company C and their performance will no longer be reflected in the share of results of joint ventures and associates of the Group.

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

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

IV. REASONS FOR AND BENEFITS OF THE DISPOSALS

During the past few years, a number of real estate enterprises had faced challenges in business operations owing to a combination of factors including downward pressure on the real estate industry, obstruction in financing channels, decline in sales performance and delay in payment collection due to late delivery resulting from delay in construction progress. Construction suspension and late delivery becomes increasingly common in the real estate industry. These challenges have adversely affected the Group's financial performance and increased the difficulties in sustaining the property construction and payment to suppliers.

To fulfill the Group's obligations of timely delivery of presold properties, after continuous negotiation between the Company and the Purchaser, given the long track record of cooperation and mutual trust between the Company and the Purchaser, both parties agreed to enter into the Agreements to offset part of the Outstanding Payables and provide extra cash for the Company. Upon completion of the Disposals, the cashflow and liquidity of the Company can be strengthened.

LETTER FROM THE BOARD

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

V. INFORMATION ON THE GROUP AND THE PARTIES

The Company

The Company is a leading comprehensive property developer established in the Yangtze River Delta region and operating in the PRC, focusing on the development of residential properties and the development, operation and management of commercial and comprehensive properties. The Company is indirectly controlled by Mr. Zeng Huansha.

Chengdu Hong Yang Jin Xing

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

Xuzhou Hong Qi

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

Nanjing Hong Tai Pu Yang

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

LETTER FROM THE BOARD

The Purchaser

The Purchaser is a well-recognized comprehensive community service provider in Jiangsu province, China, with balanced property management abilities in the management of residential and commercial properties. The Purchaser provides a wide range of property management services to property owners, residents and tenants, value-added services to non-property owners, primarily property developers, and other property management companies, and community value-added services to residential property owners and residents. As of the date of this circular, the Purchaser is indirectly held as to 72.77% by Mr. Zeng Huansha, a Controlling Shareholder, an executive Director and the chairman of the Company.

Nanjing Hong Life

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

Target Company A

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

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

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

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

LETTER FROM THE BOARD

Details of property projects held by Target Company A

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

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

Target Company B

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

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

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

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

LETTER FROM THE BOARD

Details of property projects held by Target Company B

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

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

Target Company C

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

LETTER FROM THE BOARD

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

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

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

As at the date of this circular, Target Company C held a land with total areas of 38,731 sq.m. for both residential and commercial use, which was planned for future development in Jurong City, Jiangsu Province.

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

INFORMATION ON THE TARGET PARKING SPACES

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

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

LETTER FROM THE BOARD

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

Property Project	Province	Project nature	Total number of parking spaces	Number of parking spaces with Certifications	Number of parking spaces without Certifications	Total consideration of the project (RMB)	Consideration of parking spaces with Certifications (RMB)	Consideration of parking spaces without Certifications (RMB)
Project A	Anhui	Residential and commercial	247	247	–	17,500,000	17,500,000	–
Project B	Anhui	Residential and commercial	489	354	135	12,510,000	10,000,000	2,510,000
Project C	Anhui	Residential and commercial	607	607	–	14,290,000	14,290,000	–
Project D	Guangdong	Residential and commercial	34	28	6	1,940,000	1,570,000	370,000
Project E	Guangdong	Residential and commercial	159	49	110	8,490,000	2,640,000	5,850,000
Project F	Guangdong	Residential and commercial	26	26	–	2,000,000	2,000,000	–
Project G	Henan	Residential and commercial	21	–	21	8,260,000	–	8,260,000
Project H	Hubei	Residential and commercial	529	–	529	20,030,000	–	20,030,000
Project I	Jiangsu	Residential and commercial	23	–	23	840,000	–	840,000
Project J	Jiangsu	Residential and commercial	382	–	382	14,420,000	–	14,420,000
Project K	Jiangsu	Residential and commercial	397	–	397	13,390,000	–	13,390,000
Project L	Jiangsu	Residential and commercial	67	67	–	3,080,000	3,080,000	–
Project M	Jiangsu	Residential and commercial	305	305	–	14,030,000	14,030,000	–

LETTER FROM THE BOARD

Property Project	Province	Project nature	Total	Number of	Number of	Total	Consideration	Consideration
			number of parking spaces	parking spaces with Certifications	parking spaces without Certifications	consideration of the project (RMB)	of parking spaces with Certifications (RMB)	of parking spaces without Certifications (RMB)
Project N	Jiangsu	Residential and commercial	373	373	-	18,710,000	18,710,000	-
Project O	Jiangsu	Residential and commercial	88	88	-	2,970,000	2,970,000	-
Project P	Jiangsu	Residential and commercial	159	-	159	5,020,000	-	5,020,000
Project Q	Jiangsu	Residential and commercial	247	247	-	4,000,000	4,000,000	-
Project R	Jiangsu	Residential and commercial	111	-	111	5,530,000	-	5,530,000
Project S	Jiangsu	Residential and commercial	217	-	217	10,880,000	-	10,880,000
Project T	Jiangxi	Residential and commercial	297	-	297	17,880,000	-	17,880,000
Project U	Jiangxi	Residential and commercial	186	-	186	6,080,000	-	6,080,000
Project V	Sichuan	Residential and commercial	469	469	-	13,970,000	13,970,000	-
Project W	Sichuan	Residential and commercial	574	357	217	13,860,000	9,140,000	4,720,000
Total			6,007	3,217	2,790	229,950,000	113,900,000	116,050,000

LETTER FROM THE BOARD

VI. FINANCIAL EFFECT OF THE DISPOSALS ON THE EARNINGS, ASSETS AND LIABILITIES OF THE GROUP

Earnings

Upon completion, the Company will cease to have any interest in the Target Parking Spaces. The Company will record a net loss before tax of approximately RMB7.14 million with respect to the disposal of Target Parking Spaces.

Upon completion, the Company will cease to have any interest in Target Company A and the financial results of Target Company A will cease to be consolidated into the financial statements of the Group. The Company will cease to have any interest in either Target Company B or Target Company C and their performance will no longer be reflected in the share of results of joint ventures and associates of the Group.

Given the consideration of Equity Transfer and the amount of Outstanding Payables to offset will be on a dollar-for-dollar basis, assuming the consideration to be fully offset by Outstanding Payables, the Group will not record any gain or loss in the Group's financial statement as a result of the Equity Transfer Agreements and the transactions contemplated thereunder.

Assets and liabilities

The unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular illustrates the financial impact of the Disposals. Based on the unaudited pro forma financial information of the Remaining Group, the loss for the year of 2024 would represent an increase of RMB26.22 million, and the assets and the liabilities as at December 31, 2024 would represent decrease of RMB455.45 million and RMB409.85 million, respectively. As a result, the net assets of the Group as at December 31, 2024 would decrease by RMB45.6 million to RMB7,128.11 million.

The Directors are of the view that the Disposals, whether separately or in aggregate, will not result in any material adverse impact on the operation of the core business of the Group.

The Company intends to apply the net proceeds from the Disposals as a general working capital of the Group for property construction in order to ensure timely deliveries of presold properties.

VII. IMPLICATIONS UNDER THE LISTING RULES

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

As the highest applicable percentage ratio in respect of the Disposals exceeds 75%, the Disposals constitute a very substantial disposal for the Company pursuant to Rule 14.06(4) of the Listing Rules and are therefore subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

As of the date of this circular, the Purchaser is indirectly held as to 72.77% by Mr. Zeng Huansha, a Controlling Shareholder, an executive Director and the chairman of the Company. Accordingly, the Purchaser is an associate of Mr. Zeng Huansha and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Disposals also constitute a connected transaction of the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements.

VIII. INTEREST OF DIRECTORS

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

IX. INDEPENDENT SHAREHOLDERS' APPROVAL

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

As at the Latest Practicable Date, Redsun Properties Group (Holdings) Limited is a controlling Shareholder, directly holding approximately 71.88% of the entire issued share capital of the Company. Redsun Properties Group (Holdings) Limited is wholly owned by Hong Yang Group Company Limited, which in turn is wholly owned by Hong Yang International Limited, which in turn is owned as to 50% and 50% by Hong Yang Group (Holdings) Limited (a company wholly owned by Mr. Zeng Huansha) and Mr. Zeng Huansha, respectively. Accordingly, Redsun Properties Group (Holdings) Limited and its associates will be required to abstain from voting on the ordinary resolutions to be proposed at the EGM in respect of the Agreements and the transactions contemplated thereunder.

X. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

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

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

LETTER FROM THE BOARD

XI. CLOSURE OF REGISTER OF MEMBERS

To attend and vote at the EGM

For the purpose of ascertaining the Shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Friday, May 16, 2025 to Wednesday, May 21, 2025, both days inclusive. for the purpose of ascertaining Shareholders' entitlement to attend and vote at the EGM. In order to be eligible to attend and vote at the EGM, all transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged for registration with MUFG at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong not later than 4:30 p.m. on Thursday, May 15, 2025.

XII. EGM AND PROXY ARRANGEMENT

A notice convening the EGM be held at Room 2612, 26/F, China Merchants Tower, Shun Tak Centre, Sheung Wan, Hong Kong at 10:00 a.m. on Wednesday, May 21, 2025 is set out on pages EGM-1 to EGM-2 of this circular.

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

A form of proxy for use at the EGM is sent to the Shareholders together with this circular. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rsunproperty.hk). Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to MUFG, the branch share registrar of the Company in Hong Kong, at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM if you so desire.

As at the Latest Practicable Date, Redsun Properties Group (Holdings) Limited is a controlling Shareholder, directly holding approximately 71.88% of the entire issued share capital of the Company. Redsun Properties Group (Holdings) Limited is wholly owned by Hong Yang Group Company Limited, which in turn is wholly owned by Hong Yang International Limited, which in turn is owned as to 50% and 50% by Hong Yang Group (Holdings) Limited (a company wholly-owned by Mr. Zeng Huansha) and Mr. Zeng Huansha, respectively. Accordingly, Redsun Properties Group (Holdings) Limited and its associates will be required to abstain from voting on the ordinary resolutions to be proposed at the EGM in respect of the non-exempt continuing connected transactions and their respective annual caps.

LETTER FROM THE BOARD

XIII. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 29 to 30 of this circular and the letter from the Independent Financial Adviser containing its recommendations to the Independent Board Committee and Independent Shareholders in connection with the Disposals and the Agreements, and the principal factors and reasons considered by them in arriving such recommendations set out on pages 31 to 56 of this circular

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

XIV. ADDITIONAL INFORMATION

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

By order of the Board
Redsun Properties Group Limited
Zeng Huansha
Chairman



Redsun Properties Group Limited

弘陽地產集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1996)

April 30, 2025

To the Independent Shareholders

Dear Sir or Madam,

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

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

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

We wish to draw your attention to (i) the “Letter from the Board” set out on pages 6 to 28 of the Circular; (ii) the “Letter from the Independent Financial Adviser” set out on pages 31 to 56 of the Circular and (iii) the additional information set out in the appendixes to the Circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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

Yours faithfully,
for and on behalf of the
Independent Board Committee
Mr. Lee Kwok Tung Louis,
Mr. Leung Yau Wan John
and
Mr. Au Yeung Po Fung
Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Merdeka Corporate Finance Limited setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Agreements and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in the Circular.



Room 1108-1110, 11/F.
Wing On Centre
111 Connaught Road Central
Hong Kong

30 April 2025

*To: Independent Board Committee and the Independent Shareholders of
Redsun Properties Group Limited*

Dear Sirs/Madams,

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

INTRODUCTION

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

Reference is made to the Board Letter. On 17 February 2025 (after trading hours), the Company and the Purchaser entered into the Parking Spaces Transfer Framework Agreement, pursuant to which the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase the property right or the right of use (as the case may be) of the Target Parking Spaces at a total consideration of RMB229.37 million (the “**Parking Spaces Consideration**”), subject to the terms and conditions of the Parking Spaces Transfer Framework Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On the same day (after trading hours), each of Chengdu Hong Yang Jin Xing, Xuzhou Hong Qi and Nanjing Hong Tai Pu Yang (all being indirect wholly-owned subsidiaries of the Company, as seller) and Nanjing Hong Life (as the Purchaser) entered into the Equity Transfer Agreements, pursuant to which each of Chengdu Hong Yang Jin Xing, Xuzhou Hong Qi and Nanjing Hong Tai Pu Yang conditionally agreed to sell, and Nanjing Hong Life conditionally agreed to purchase (a) 70% of the equity interests in Target Company A held by Chengdu Hong Yang Jin Xing; (b) 20% of the equity interests in Target Company B held by Xuzhou Hong Qi; and (c) 19% of the equity interests in Target Company C held by Nanjing Hong Tai Pu Yang, together with all other assets, liabilities and owners' equity attached to the equity interests abovementioned at a consideration of RMB109.49 million, RMB68.13 million and RMB41.02 million, respectively.

IMPLICATIONS UNDER THE LISTING RULES

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

As the highest applicable percentage ratio in respect of the Disposals exceeds 75%, the Disposals constitute a very substantial disposal for the Company pursuant to Rule 14.06(4) of the Listing Rules and are therefore subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As of the Latest Practicable Date, the Purchaser is indirectly held as to 72.77% by Mr. Zeng Huansha, a Controlling Shareholder, an executive Director and the chairman of the Company. Accordingly, the Purchaser is an associate of Mr. Zeng Huansha and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Disposals also constitute a connected transaction of the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all being independent non-executive Directors, namely Mr. Lee Kwok Tung Louis, Mr. Leung Yau Wan John and Mr. Au Yeung Po Fung, has been established to advise the Independent Shareholders on the terms under each of the Parking Spaces Transfer Framework Agreement and the Equity Transfer Agreements. We, Merdeka Corporate Finance Limited ("**Merdeka**"), have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

As at the Latest Practicable Date, we are not connected with the Directors, chief executive and substantial shareholders of the Company or any of their respective subsidiaries or their respective associates and do not have any shareholding, directly or indirectly, in any member of the Group or any right to subscribe for or to nominate persons to subscribe for securities in any member of the Group. During the last two years, we were appointed by the Company as an independent financial adviser to the then independent board committee and independent shareholders of the Company in relation to continuing connected transactions, details of which were set out in the circular of the Company dated 29 April 2024 (the “**Previous Engagement**”). The professional fees in connection with the Previous Engagement have been fully settled and we are not aware of the existence of or change in any circumstances that could affect our independence. Accordingly, we do not consider the past appointment gives rise to any conflict of interest for Merdeka in respect of the Parking Spaces Transfer Framework Agreement and the Equity Transfer Agreements. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to the Rule 13.84 of the Listing Rules.

BASIS OF OUR ADVICE

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinion and representations contained or referred to in the Circular and the statements, information, opinion and representations provided to us by the Directors, the management of the Company (the “**Management**”) and the representatives of the Company (the “**Representatives**”). We have assumed that all information and representations contained or referred to in the Circular and all information and representations which have been provided by the Management, the Representatives and the Directors, for which they are solely and wholly responsible, were true, accurate and complete at the time when they were made and continue to be so as at the date of the EGM, and the Shareholders will be informed of any material change of information in the Circular. We have also assumed that all statements of belief, opinion, expectation and intention made by the Management, the Representatives and the Directors as set out in the Circular were reasonably made after due and careful inquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and representations contained in the Circular.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the 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 in the Circular or the Circular as a whole misleading.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, or its subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Parking Spaces Transfer Framework Agreement and the Equity Transfer Agreements and the transactions contemplated thereunder. Our opinion is necessarily based on the financial, economic, market, and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing and arriving at our advice and recommendation with regard to the Parking Spaces Transfer Framework Agreement and the Equity Transfer Agreements, we have taken into account the principal factors and reasons set out below.

I. Background information of the relevant parties

a. *Information on the Company and the Group*

The Company

The Company is a leading comprehensive property developer established in the Yangtze River Delta region and operating in the PRC, focusing on the development of residential properties and the development, operation and management of commercial and comprehensive properties. The Company is indirectly controlled by Mr. Zeng Huansha.

Chengdu Hong Yang Jin Xing

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

Xuzhou Hong Qi

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Nanjing Hong Tai Pu Yan

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

b. Financial performance of the Group

We set out below a summary of the key financial information of the Group (i) for the years ended 31 December 2023 (the “FY2023”) and 2022 (the “FY2022”) as extracted from the annual report of the Company for FY2023 (the “2023 Annual Report”) and (ii) for six months ended 30 June 2024 (the “HY2024”) and 2023 (the “HY2023”) as extracted from the interim report of the Company for HY2024 (the “2024 Interim Report”), respectively.

	For the six months ended		For the year ended	
	30 June		31 December	
	2024	2023	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue	6,006,436	6,098,745	19,794,695	20,013,430
– Property sales	5,723,157	5,733,676	19,198,937	19,337,943
– Commercial operations	270,104	347,542	560,068	647,780
– Hotel operations	13,175	17,527	35,690	27,707
Gross profit/(loss)	532,026	86,299	(669,717)	1,665,564
(Loss)/Profit before tax for the period/year	(1,584,868)	(2,631,714)	(6,942,880)	(3,335,627)
(Loss)/Profit for the period/year	(1,710,314)	(2,843,630)	(7,739,675)	(3,937,807)

HY2024 and HY2023

The Group’s revenue for HY2024 amounted to approximately RMB6,006.44 million, representing a slight decrease of approximately 1.51% from approximately RMB6,098.75 million for HY2023. The revenue mainly included income generated from property sales, commercial operations and hotel operations, of which income generated from: (i) property sales slightly decreased by approximately 0.18% to approximately RMB5,723.16 million as compared to HY2023, accounting for approximately 95.28% of the total recognised revenue; (ii) commercial operations decreased by 22.28% to approximately RMB270.10 million as compared to HY2023; and (iii) hotel operations decreased by approximately 24.83% to approximately RMB13.18 million as compared to HY2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group's gross profit for HY2024 was approximately RMB532.03 million, representing a significant increase of approximately 6.16 times from approximately RMB86.30 million for HY2023, and the gross profit margin for HY2024 was approximately 8.9% as compared to approximately 1.4% for HY2023. As advised by the Company, the increase in gross profit and gross profit margin was mainly due to the decrease in impairment recognised for properties under development and completed properties held for sale as compared with the corresponding period last year.

The Group's loss before tax was decreased by 39.78% to approximately RMB1,584.87 million for HY2024 compared with the profit before tax of approximately RMB2,631.71 million for HY2023.

FY2023 and FY2022

The Group's revenue amounted to approximately RMB19,794.70 million for FY2023, representing a decrease of 1.09% from approximately RMB20,013.43 million for FY2022. The revenue mainly included income generated from property sales, commercial operations and hotel operations, of which income generated from: (i) property sales slight decreased by approximately 0.72% to approximately RMB19,198.94 million as compared to FY2022, accounting for approximately 97% of the total recognised revenue; (ii) commercial operations decreased by approximately 13.54% to approximately RMB560.07 million as compared to FY2022; and (iii) hotel operations increased by approximately 28.81% to approximately RMB35.69 million as compared to FY2022.

The Group recorded a gross loss for FY2023 of approximately RMB669.72 million, as compared to a gross profit of approximately RMB1,665.56 million for FY2022. Such turnaround was primarily attributable to the decreased number of projects delivered during the year. The gross loss margin was approximately 3.4% for FY2023, as compared to a gross profit margin of 8.3% for FY2022. As disclosed in the 2023 Annual Report, the gross loss margin was mainly due to the decrease in the percentage of revenue recognised for products with a higher gross profit margin as compared with the corresponding period last year, and the increase in impairment recognised for properties under development and completed properties held for sale as compared with the corresponding period last year.

The Group's loss before tax was increased by 108.14% to approximately RMB6,942.88 million for FY2023 compared with a loss before tax of approximately RMB3,335.63 million for FY2022.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

c. Financial position of the Group

Set out below is a summary of the financial position of the Group as at 30 June 2024 and as at 31 December 2023 as extracted from the 2024 Interim Report:

	As at 30 June 2024	As at 31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Total assets	67,190,997	74,906,438
Total liabilities	54,864,859	60,082,607
Net asset	12,326,138	14,823,831

As illustrated above, the total assets of the Group amounted to approximately RMB67,191.0 million as at 30 June 2024, representing a decrease of approximately 10.30% as compared to approximately RMB74,906.44 million as at 31 December 2023. The Group's cash and bank balances as at 30 June 2024 were approximately RMB2,067.18 million (as at 31 December 2023: approximately RMB2,753.86 million).

Meanwhile, the Group's total liabilities reduced by approximately 8.68% to approximately RMB54,864.86 million as at 30 June 2024 from approximately RMB60,082.61 million as at 31 December 2023. As at 30 June 2024, the Group's total borrowings (including interest-bearing bank and other borrowings and senior notes) amounted to approximately RMB21.10 billion (as at 31 December 2023: approximately RMB21.44 billion), of which, interest-bearing bank and other borrowings were approximately RMB10.58 billion (as at 31 December 2023: approximately RMB10.99 billion) and senior notes were approximately RMB10.52 billion (as at 31 December 2023: approximately RMB10.45 billion).

The net asset value of the Group decreased by approximately 16.85% to approximately RMB12,326.14 million as at 30 June 2024 from approximately RMB14,823.83 million as at 31 December 2023. As at 30 June 2024, the Group's net gearing ratio (total borrowings less cash and bank balances divided by total equity) was approximately 154.4%, as compared with approximately 126.1% as at 31 December 2023.

II. Information on the Purchaser Group

The Purchaser

The Purchaser is a well-recognised comprehensive community service provider in Jiangsu province, China, with balanced property management abilities in the management of residential and commercial properties. The Purchaser provides a wide range of property management services to property owners, residents and tenants, value-added services to non-property owners, primarily property developers, and other property management companies, and community value-added services to residential property owners and residents. As of the Latest Practicable Date, the Purchaser is indirectly held as to 72.77% by Mr. Zeng Huansha, a Controlling Shareholder, an executive Director and the chairman of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Nanjing Hong Life

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

III. Information of the Target Companies and the Properties

Target Company A

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

Set out below are the financial information of Target Company A for the years ended 31 December 2024 and 2023 as extracted from the unaudited management accounts of Target Company A:

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

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

As at the Latest Practicable Date, Target Company A held a property project in Pengzhou City, Sichuan Province with total gross floor areas of 213,560.43 sq.m. for both residential and commercial use, which is under the final phase of sale.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Target Company B

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

Set out below are the financial information of Target Company B for the years ended 31 December 2024 and 2023 as extracted from the unaudited management accounts of Target Company B:

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

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

As at the Latest Practicable Date, Target Company B held one property project with a total gross floor areas of 434,029.89 sq.m. Details of this property project held by Target Company B as at the Latest Practicable Date are set out as below:

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Target Company C

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

Set out below are the financial information of Target Company C for the years ended 31 December 2024 and 2023 as extracted from the unaudited management accounts of Target Company C:

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

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

As at the Latest Practicable Date, Target Company C held a land with total areas of 38,731 sq.m. for both residential and commercial use, which was planned for future development in Jurong City, Jiangsu Province.

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

IV. Information on the Target Parking Spaces

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

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

Please refer to the Board Letter for the details of the Target Parking Spaces.

V. Industry overview of the property market and parking spaces in the PRC

Property market

Based on the data published by the National Bureau of Statistics, over the past decade, China's gross domestic product ("GDP") growth has gradually slowed, reflecting a shift from an investment-driven economy to one focused on consumption and services. From a strong 7.0% in 2015, growth began to decelerate due to factors like rising debt, trade tensions, and structural economic transitions. The economy took a significant hit in 2020 with just 2.3% growth due to the COVID-19 pandemic, but rebounded sharply to 8.6% in 2021 as the country recovered. However, growth remained muted in subsequent years, with 2022 seeing just 3.1% due to ongoing COVID restrictions, property market struggles, and global uncertainties. In 2023 and 2024, growth rebounded to 5.4% and 5.0%, respectively, but challenges such as a weakening property sector and geopolitical tensions continue to weigh on long-term prospects. The International Monetary Fund projected China's GDP growth to be approximately 4.6% in 2025 and 4.5% in 2026, which remains at a relatively low level as compared to the previous years. Hence, the overall trend shows a gradual decline in growth rates as China navigates economic rebalancing and external headwinds and such a decreasing trend expects to continue in the near future.

As the GDP and the real estate market are closely interconnected, it is expected that the PRC real estate market will face continued challenges for instance persistent economic headwinds, weak demand, and rising financial pressures, in the near future. According to the data published by the National Bureau of Statistics of China, the property market continues to show signs of weakness, with property investment declining by 10.6% in 2024, reflecting a continued lack of confidence in the sector. Property sales also dropped by 12.9% in 2024 as compared to 2023, indicating that buyer sentiment remains fragile despite various government support measures. Additionally, new construction started fell by 23%, as developers remain cautious about launching new projects in an environment of declining demand. Home prices, which have been falling for several consecutive quarters, declined by 5% year-on-year as of January 2025, narrowing a 5.3% drop in the previous month. Official data from January 2025 also showed that unsold new home inventory amounted to 390.88 million sq.m. in 2024, representing an increase of 16.2% from the previous year, raising the market's concerns about oversupply and its potential impact on price stability.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Chinese government has attempted to balance market support with structural adjustments, implementing several measures to encourage home purchases. Key initiatives include the “recognise housing but not loans* (認房不用認貸)” policy, which makes it easier for first-time buyers to enter the market, as well as reductions in down payment requirements and interest rates, which was launched by People’s Bank of China in September 2024 to reduce borrowing cost and encourage home purchases. Despite these efforts, housing demand remains low, with many buyers hesitant due to concerns over price volatility, job security, and the broader economic outlook. Another key government intervention includes, a 300 billion yuan re-lending program* (3000億元保障性房屋再貸款), which was launched in May 2024 to boost liquidity in the sector, the program has had little success, with only 16 billion yuan utilised as of early 2025. This suggests that banks and developers remain wary of taking on additional risk in a market that has yet to show signs of a sustained recovery.

Looking ahead, the future of China’s property market remains uncertain, as the competing forces of policy intervention, economic challenges, and shifting investor sentiment continue to shape the sector’s trajectory.

Parking spaces market

	2021	2022	2023	2024
Number of private vehicles (million units)	260.0	256.0	272.0	353.0
Number of newly licensed drivers nationwide (million people)	27.50	29.23	24.29	22.26

Source: National Bureau of Statistics and Traffic Administration Bureau of the Ministry of Public Security of the People’s Republic of China

In respect of the historical trends for car parking spaces, as stated in the above table, we observed that the number of private vehicles exhibited an upward trend from 2021 to 2024, with a compound annual growth rate (“CAGR”) of approximately 7.95%.

Additionally, although the number of newly licensed drivers in the PRC rose from 27.5 million in 2021 to 29.2 million in 2022 (a growth of approximately 6.3%), it declined sharply to around 24.3 million in 2023 and further reduced to 22.3 million in 2024. This downward trend suggests weakening demand for new vehicles evidenced by the slowing down growth rate of private car ownership in China, possibly due to rising ownership costs, such as increasing fuel prices, insurance fees, and maintenance expenses, as well as parking challenges arising from urban congestion.

Given the aforementioned, it remains uncertain whether consumer interest will return to previous levels shortly. Additionally, increasingly restrictive government policies further discourage potential buyers. These factors indicate a stagnating automotive sector, facing significant challenges that could impede future growth.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

VI. Reasons for and benefits of the Disposals

As mentioned in the Board Letter, during the past few years, a number of real estate enterprises had faced challenges in business operations owing to a combination of factors including downward pressure on the real estate industry, obstruction in financing channels, decline in sales performance and delay in payment collection due to late delivery resulting from delay in construction progress. Construction suspension and late delivery becomes increasingly common in the real estate industry. These challenges have adversely affected the Group's financial performance and increased the difficulties in sustaining the property construction and payment to suppliers.

As advised by the Management, due to the unforeseen property market downturn and credit and liquidity crunch of the industry, the Company has struggled to generate sufficient cash flow to meet its financial obligations, leading to default in repayment for its bonds. According to the announcement of the Company dated 23 January 2025, we understood that the Group is actively engaged in offshore debt restructuring efforts to manage its liquidity and obligations by entering a restructuring support agreement with its creditors.

Considering the Group's current financial situation and its obligation to ensure the timely delivery of presold properties, the Company and the Purchaser engaged in continuous negotiations, the Purchaser sought to expedite the recovery of these selected Outstanding Payables by entering into the Equity Transfer Agreements. Given their prolonged cooperation and the Group's current financial position, both parties agreed to enter into the Agreements to offset a portion of the Outstanding Payables and provide extra cash for the Company. Upon completion of the Disposals, the cashflow and liquidity of the Company can be strengthened. Based on the unaudited pro forma financial information of the Remaining Group as set out in the Appendix III in this Circular, the net asset of the Remaining Group would decrease by approximately RMB45.60 million to approximately RMB7,182.52 million after completion of the Disposals.

For our assessment, we obtained the list of Outstanding Payables from the Company and confirmed that the total amount is approximately RMB459 million. These payables primarily consist of pre-delivery management services, commercial property management services, and refundable deposits for parking space sales agency services. Considering that (a) offsetting the Target Companies' Consideration against the Outstanding Payables would reduce the Group's immediate financial burden without requiring cash outflow, fulfill its corresponding payment obligations for the relevant services, and mitigate the risk of default or delayed payments; and (b) the offset will be executed on a dollar-for-dollar basis, we consider this settlement method to be justifiable. As advised by the Company, the Outstanding Payables upon the settlement of the Target Companies' Consideration shall be reduced to approximately RMB240.36 million.

In view of the above, we concur with the Board's view that, despite the Agreements and the Disposals were not entered into in the ordinary and usual course of business of the Group, the terms of the Agreements are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

VII. Principal terms of the Parking Spaces Transfer Framework Agreement and the Equity Transfer Agreements

a. Parking Spaces Transfer Framework Agreement

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

Date:	17 February 2025
Parties:	The Company, as the seller; and The Purchaser, as the purchaser

Subject matter

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

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

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

Parking Spaces Consideration

The total Parking Spaces Consideration is RMB229.37 million and will be settled by cash.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

The Parking Spaces Consideration was determined after arm’s length negotiations between the parties with reference to (i) the book value of the Target Parking Spaces as at 31 December 2024 of RMB238.07 million; (ii) the appraised value of the Target Parking Spaces as at 28 February 2025, with a market value of approximately RMB113.76 million for those with title and an investment value of approximately RMB115.61 million for those without title, based on an independent valuation by the Independent Valuer on Target Parking Spaces as at 28 February 2025; (iii) the prevailing property market conditions; (iv) the expected administrative cost of the Purchaser to realise the disposed assets; and (v) the reasons and benefits as particularised in the paragraphs headed “Reasons for and Benefits of the Disposals” in the Board Letter.

Payment Schedule:

As referred to the Board Letter, the consideration for each project will be paid in three installments: (i) 50% as an initial payment within seven (7) business days after the execution of separate transfer agreements; (ii) 40% as a second payment within seven (7) business days following the completion of property right or the right of use (as the case may be) transfer registration and the handover of relevant documentation; and (iii) the remaining 10% of the consideration shall be paid to the Company within twelve (12) months after the execution of the separate transfer agreement.

Please refer to the Board Letter for more details in relation to the Parking Spaces Transfer Framework Agreement.

b. Equity Transfer Agreements

As mentioned in the Board Letter, as of 31 December 2024, the Group has outstanding payables due to the Purchaser in aggregate of approximately RMB459 million, mainly consisting of three components: (i) approximately RMB90 million for Purchaser’s pre-delivery management services for the Company’s unsold units and Purchaser’s services provided to property sales venues, such as display units and sales offices; (ii) approximately RMB83 million for Purchaser’s commercial property management services; and (iii) approximately RMB286 million for refundable deposits related to the Purchaser’s parking space sales agency services.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Principal terms of the Equity Transfer Agreements are summarised below:

Date: 17 February 2025

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

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

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

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

Subject matter

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

Consideration and payment terms

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

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The considerations were determined through arm's length negotiations between the parties with reference to (i) the adjusted gross net asset values of each of Target Company A, Target Company B and Target Company C; (ii) the outstanding payables due to Target Company A from the Group, as recorded in the management accounts of Target Company A as at 31 December 2024; (iii) the outstanding receivables due from Target Company B and Target Company C to the Group, as recorded in their respective management accounts as at 31 December 2024; (iv) the expected administrative cost of the Purchaser Group to realise the disposed assets; and (v) the reasons and benefits as particularised in the paragraphs headed "Reasons for and Benefits of the Disposals" in the Board Letter.

As advised by the Management, the primary assets of the Target Companies consist of the property projects or land held by them (as the case may be), the total appraised value of which amounted to RMB253.23 million, RMB852.17 million, and RMB204.00 million as at 28 February 2025 as appraised by the Independent Valuer, respectively.

Please refer to the Board Letter for more details in relation to the Equity Transfer Agreements.

VIII. Assessment of the considerations

As stated in the Board Letter and our discussion with the Management, the Parking Spaces Consideration was agreed upon after arm's length negotiation based on appraised value of the Target Parking Spaces with a market value of approximately RMB113.76 million for those with title and an investment value of approximately RMB115.61 million for those without title as at 28 February 2025 (the "**Valuation Date**") by the Independent Valuer according to the valuation report dated 30 April 2025 (the "**Parking Spaces Valuation Report**").

Whereas, the Target Companies Considerations were primarily referred to the net asset value in their respective management account, i.e. the property projects and land (as the case may be), as adjusted the valuation of relevant property interests assessed by the Independent Valuer as at the Valuation Date as set out in the valuation report dated 30 April 2025 prepared by the Independent Valuer (the "**Target Companies Valuation Report**", together with the Parking Spaces Valuation Report, collectively being the "**Valuation Reports**").

We have primarily made reference to the appraised value (the "**Valuation(s)**") of the Target Parking Spaces and the properties of the Target Companies (the "**Properties**"), which formed the primary basis of the Car Parking Consideration and the Target Companies Considerations. We have performed the works as required under Note 1(d) to Rule 13.80 of the Listing Rules and paragraph 5.3 of the Corporate Finance Adviser Code of Conduct in respect of the Valuation Reports, which included (i) assessment of the Independent Valuer's experiences in valuing properties and right of use assets in the PRC similar to the Target Parking Spaces and the Properties; (ii) obtaining information on the Independent Valuer's track records; (iii) inquiry on the Independent Valuer's current and prior relationship with the Group and the Purchaser Group; (iv) discussion with the Independent Valuer regarding the bases, methodology and assumptions adopted in the Valuation Reports.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Independent Valuer's experiences and qualifications and its independence

According to the Valuation Reports, the relevant valuation was prepared by Mr. Kin Ming Woo (“**Mr. James Woo**”), who is a fellow member of the Royal Institution of Chartered Surveyors and the co-head of China Valuation and Advisory Services team at Independent Valuer. Mr. James Woo has over 26 years’ experience in the valuation of properties of this magnitude and nature in China, and therefore is suitably qualified to carry out the valuations.

The Independent Valuer confirmed that it is an independent third party to the Company and the Purchaser Group as at the Latest Practicable Date and it was not aware of any relationship or interest between itself and the Group, the Purchaser Group or any other parties that would reasonably be considered to affect its independence to act as an independent valuer for the Company.

Valuation basis and assumptions

As disclosed in the Valuation Reports, the valuations have been carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Global Valuation Professional Standards, incorporating the International Valuation Standards of the International Valuation Standards Council (IVSC), and the requirements met out in Chapter 5 and Practice Note 12 of the Listing Rules.

During our review, we noted that the Valuations were conducted based on the major assumptions that no allowances have been made in the Valuations for any charges, mortgages or amounts owing on the properties nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property/property interests are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values. We have discussed with the Independent Valuer regarding the assumptions adopted in the Valuation Reports and were given to understand that such assumptions are in line with the general market practice.

For our due diligence purpose, we have obtained and reviewed the legal opinions (the “**PRC legal opinion**”) from the PRC Legal Adviser in relation to, among others, the title and status of the Target Parking Spaces and the Properties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

a. Parking Spaces Valuation Report

According to the Parking Spaces Valuation Report, we noted that the valuation was conducted based on the assumptions that (i) the information as set out in the section headed “Sources of Information” above about the titles of the Target Parking Spaces provided by the Company and the Company’s legal advisor, Sichuan Puyi Law Firm (四川朴易律師事務所) (the “**PRC Legal Adviser**”) is true and correct; (ii) the Target Parking Spaces are free from contamination and the ground conditions are satisfactory; (iii) the full and proper ownership title of the Target Parking Spaces have been obtained, and all payable land premium or land-use rights fees have been fully settled; (iv) for portion of CPS-A, the information, that area of each CPS is approximately 13.5 sqm, provided by the Company or Group is true and correct; (v) for CPS-B, the information, that area of each CPS is approximately 13.5 sqm, provided by the Company or Group is true and correct. Since the grant term for underground construction land use rights is generally 50 years, the Independent Valuer have assumed that CPS-B has been granted a land use term of 50 years from the commencement date of the land use right; (vi) for CPS-C, the Independent Valuer have assumed they have been granted for a land use term of 20 years since the valuation date, for portion of CPS-C, the information, that area of each CPS is approximately 13.5 sqm, provided by the Company or Group is true and correct; (vii) all required approvals and certificates necessary for the development and occupation and use of the Target Parking Spaces have been duly obtained and are in full force and effect; and (viii) the Target Parking Spaces can be freely transferred, mortgaged, sublet or otherwise disposed of in the market.

According to the Parking Spaces Valuation Report, we also understand that the Independent Valuer assigned no commercial value for several projects under Target Parking Spaces due to these properties’ lack of valid property ownership documents. Alternatively, the Independent Valuer reported the investment value of these properties in the Parking Spaces Valuation Report.

Valuation methodology

We have also reviewed the Parking Spaces Valuation Report, discussed the methodology with the Independent Valuer, and noted it had considered the three generally accepted valuation approaches. After considering the asset type, current conditions, and ownership specifics outlined in the legal opinions, the Independent Valuer has adopted the market approach to appraise the Target Parking Spaces.

In valuing the Target Parking Spaces, the Independent Valuer have categorised the car parking spaces (“**CPS**”) into three types according to their title ship described in the PRC Legal Opinion, being “CPS-A”, “CPS-B” and “CPS-C” respectively.

CPS-A is defined as parking spaces with title ship that can be freely traded; CPS-B is defined as parking spaces lacking complete ownership; and CPS-C is defined as civil air defense parking spaces.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For CPS-A that the title ship can be freely tradeable, the preferred valuation method is the market comparison approach assuming sale of each of these property/property interests in its existing state with the benefit of vacant possession by making reference to comparable sales transactions as available in the relevant market, subject to appropriate adjustments including but not limited to conditions, location, time and other relevant factors. Given that the property/property interests are carpark spaces, comparable sales transactions are frequent and information about such sale is readily available. The Independent Valuer therefore used market comparison method which is in line with the market practice.

In cases where the parking space does not have title ship but has a history of usage rights transactions, and where the land transfer fees have been fully paid, the market comparison method is also applicable.

For parking spaces lacking complete ownership and where there has been no sale of usage rights, or if there are issues with the payment of land transfer fees or civil air defense project, the income capitalization approach is utilised. This method capitalises the existing rental income from all leasehold units over the remaining lease term, while vacant units are assumed to be rented at the market rate as of the valuation date. Upon the expiration of existing leases, each unit is assumed to be rented at the market rate on the valuation date and capitalized based on the remaining use term. The market value of the property/property interests thus equal to the sum of the capitalised value of the income from the leased units during their lease term, the appropriately deferred capitalised value of the income from the leased units (i.e., market rental income), and the capitalised value of the vacant units.

Having considered the above, we consider (i) the adoption of market comparison approach for CPS-A; and (ii) the adoption of income capitalization approach for CPS-B and CPS-C under the Parking Spaces Valuation Report is reasonable.

The Independent Valuer also confirmed that site inspections of the Target Parking Spaces were carried out by Mr. James Woo between 3 March 2025 to 7 March 2025.

The Target Parking Spaces

As set out in the Parking Spaces Valuation Report, the total appraised value of the Target Parking Spaces in the PRC as at 28 February 2025 comprised of market value of RMB113,760,000 and investment value of RMB115,610,000. As advised by the Independent Valuer, the market value is applied for the properties with valid property ownership documents, and they have not assigned any commercial value to CPS-B and CPS-C properties due to the absence of valid property ownership documents and thereby the investment value has been included for these properties for the Company's internal reference.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As advised by the Independent Valuer, they obtained from the Group a summary list of car parking spaces in close proximity that have been sold or are planned to be sold to independent third parties. From the summary list, three comparable transactions were selected by the Independent Valuer for each Target Parking Space (the “**Parking Spaces Comparable(s)**”) based on (i) the transaction date of the Parking Spaces Comparable falls within 2 years from the Valuation Date; and (ii) the Parking Spaces Comparables are in similar nature to each respective Target Parking Space (i.e. with similar conditions and size). If no comparable parking spaces are available from the list provided by the Group, the Independent Valuer will select comparable transactions from public sources based on the aforementioned selection criteria. The Independent Valuer is of the view that the comparable transactions from the sales list will ensure the unit rate adopted in the Parking Spaces Valuation Report aligns with the recent unit rate of properties sold or to be sold by the Group to independent third parties. Hence, we concur with the Independent Valuer’s view that the Parking Spaces Comparables for the Valuation are representative.

For our due diligence purpose, we have additionally obtained calculations of each respective Target Parking Space which includes information on the relevant Parking Spaces Comparables, such as title information, location, year of completion, time, site area, building quality, size and bulk discount. Based on our review of the information on the Parking Spaces Comparables and our discussion with the Independent Valuer, we are of the view that the selection criteria of the Parking Spaces Comparables are fair and reasonable as the Parking Spaces Comparables are similar to the Target Parking Spaces in terms of transaction date, location, size, and condition.

We discussed the calculations with the Independent Valuer and understand that certain adjustments were made to the Parking Spaces Comparables in accordance to time, transaction condition, accessibility, location, building quality, and bulk discount, based on the Independent Valuer’s experience and judgment, and taking into account, among other things, the location, accessibility, proximity and physical characteristics such as age, size and floor levels of each of the Parking Spaces Comparable. We have reviewed these adjustments and discussed with the Independent Valuer the rationale and methodology of the underlying adjustments. From our understanding, the adjustments were made in respect of, including but not limited to, (i) transaction time of the comparable properties to reflect the change in their respective market price; (ii) transaction condition or asking to reflect the difference between actual transaction terms and market standard; (iii) accessibility of the comparable properties to reflect the differences regarding proximity to entrances or exits; (iv) amenities of the comparable properties to reflect the different availability and quality of facilities or services; (v) size of the comparable properties to reflect the potential discount applied to the unit rate of larger properties as generally noted in the real estate market and perceived by the valuation practitioners; (vi) location of the comparable properties to reflect the potential discount applied to the unit rate of properties located in more remote area with relatively low accessibility, fewer facility nearby and less pedestrian flow; and (vii) bulk discount rate of 30% on the comparable properties to reflect the difficulties of selling the parking spaces in bundle as compared to selling alone based on the Independent Valuer’s experience (if applicable).

As further advised by the Independent Valuer, all the above factors are considered in equal weighting in valuing each of the respective Target Parking Space. Taking into account of such factors, appropriate adjustments were made to each of the Parking Spaces Comparables, and an adjusted unit rate will be derived out for valuing of each of the Target Parking Spaces.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on our review of the calculation and our discussion with the Independent Valuer, we found that the adjustments are in line with the market practice and hence consider them reasonable in deriving the valuation of the Target Parking Spaces.

Our view

Having considered that (i) the qualifications, experience and independence of the Independent Valuer in relation to the preparation of the Parking Spaces Valuation Report; (ii) the steps and due diligence measures taken by the Independent Valuer for conducting the valuation of Target Parking Spaces; (iii) the methodology and assumption used by the Independent Valuer for the valuation of Target Parking Spaces; and (iv) the appropriate selection of Parking Spaces Comparables, we consider that the valuation of Target Parking Spaces is fair and reasonable.

b. Target Companies Valuation Report

According to the Target Companies Valuation Report, we noted that the valuation was conducted based on the assumptions that (i) the information as set out in the section headed “Sources of Information” above about the titles of the Properties provided by the Company and the PRC Legal Adviser is true and correct; (ii) the Properties are free from contamination and the ground conditions are satisfactory; (iii) the full and proper ownership title of the Properties have been obtained, and all payable land premium or land-use rights fees have been fully settled; (iv) all required approvals and certificates necessary for the development and occupation and use of the Properties have been duly obtained and are in full force and effect; and (v) the Properties can be freely transferred, mortgaged, sublet or otherwise disposed of in the market.

Valuation methodology

In determining the market value of the Properties, the Independent Valuer have valued the properties by using the market approach. The market approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. By analyzing such sales, which qualify as ‘arms-length’ transactions, between willing buyers and sellers, adjustments are made for size, location, time, amenities and other relevant factors when comparing such sales prices to assess the value of the subject asset. As confirmed by the Independent Valuer, this approach is commonly used to value assets where reliable sales evidence of assets of a similar nature is available.

Given the fact that there is available pricing information reflecting the current market perception of assets similar to the Properties, we are of the same view as the Independent Valuer that, where there is sufficient relevant evidence to show the price levels that buyers are willing to pay for similar properties in the market, market approach is the most appropriate for assessing the value of the Properties.

The Properties

As set out in the Target Properties Valuation Report and as advised by the Management, the total appraised value of the properties of each of Target Company A, Target Company B and Target Company C as at 28 February 2025 was approximately RMB253.23 million, RMB852.17 million and RMB204.00 million, respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the Target Properties Valuation Report, we noted the property interests held by Target Company A are for sale, the property interests held by Target Company B are under development and the property interests held by Target Company C are held for further development.

As advised by the Independent Valuer, 3 comparable properties were selected for each of Target Company A and Target Company B based on the following criteria: (i) the most recent selling price, where the selling price of the comparable properties was listed within 1 year from the Valuation Date; (ii) similarity in nature, requiring that the comparable properties be similar in nature to those of Target Company A and Target Company B to ensure meaningful comparison; and (iii) proximity to subject Properties, where the selected comparable properties must be located in close proximity to Target Company A or Target Company B, as applicable.

Regarding the comparable properties for Target Company C, the Independent Valuer indicated that since the property interests held by Target Company C were designated for further development as of the Valuation Date, they selected the 3 most recent comparable transactions announced on the land bidding system based on that (i) the comparable properties are the similarity in nature, size and usage to the property of Target Company C, and (ii) their proximity to Target Company C.

We discussed with the Independent Valuer and were informed that the Properties Comparables for Target Company A and Target Company B were selected from a summary list of similar property projects located in the same proximity that have been sold or are planned to be sold by the Group to independent third parties. Considering that (i) the comparable properties selected by the Independent Valuer for Target Company A and Target Company B reflect the unit rate of properties sold or to be sold by the Group to independent third parties, representing the recent prevailing market price of similar properties sold by the Group; and (ii) the comparable properties for Target Company C reflect the most recent selling price of land with a similar nature, we concur with the Independent Valuer's view that the selected properties based on the aforementioned criteria (the "**Properties Comparables**") are representative and comparable to the subject Properties for the purpose of the Target Properties Valuation Report, and that the criteria of the Properties Comparables are fair and reasonable.

In addition, we understand from the Independent Valuer that certain adjustments have been made to the Properties Comparables in deriving the value of the Properties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We further obtained and reviewed the calculation for the Valuation. Based on the calculation, we understand that certain adjustments have been made to the Properties Comparables in deriving the value of the Properties. As advised by the Independent Valuer, they initially compared similar properties under Properties Comparables with the subject property and subsequently made adjustments to time, transaction condition, accessibility, amenities, marketability, size, location, and building quality. We have reviewed these adjustments and discussed with the Independent Valuer the rationale and methodology behind them. From our understanding, the adjustments were made in respect of, including but not limited to, (i) time of quoting the selling price of the comparable properties to reflect the change in their respective market price; (ii) transaction condition or asking factor to reflect the difference between actual transaction terms and market standard; (iii) accessibility of the comparable properties to reflect the differences regarding proximity to entrances or exits; (iv) amenities of the comparable properties to reflect the different availability and quality of facilities or services; (v) size of the comparable properties to reflect the potential discount applied to the unit rate of larger properties as generally noted in the real estate market and perceived by the valuation practitioners; and (vi) location of the comparable properties to reflect the potential discount applied to the unit rate of properties located in more remote area with relatively low accessibility, fewer facility nearby and less pedestrian flow.

As further advised by the Independent Valuer, all the above factors are considered in equal weighting in valuing each of the respective Target Property. Taking into account of such factors, appropriate adjustments were made to each of the Properties Comparables, and an adjusted unit rate will be derived out for valuing of each Property.

Based on our review on the calculation and our discussion with the Independent Valuer, we found that the adjustments are in line with the market practice and hence consider them reasonable in deriving the valuation of the Target Companies.

Our view

Having considered that (i) the qualifications, experience and independence of the Independent Valuer in relation to the preparation of the Target Companies Valuation Report; (ii) the steps and due diligence measures taken by the Independent Valuer for conducting the valuation of Properties; (iii) the methodology and assumption used by the Independent Valuer for the valuation of Properties; and (iv) the appropriate selection of Properties Comparables, we consider that the valuation of Target Companies is fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

IX. Financial effect of the Disposals

Earnings

Upon completion, the Company will cease to have any interest in the Target Parking Spaces. The Company will record a net loss before tax of approximately RMB7.14 million with respect to the disposal of Target Parking Spaces.

Upon completion, the Company will cease to have any interest in Target Company A and the financial results of Target Company A will cease to be consolidated into the financial statements of the Group. The Company will cease to have any interest in either Target Company B or Target Company C and their performance will no longer be reflected in the share of results of joint ventures and associates of the Group.

Given the consideration of Equity Transfer and the amount of Outstanding Payables to offset will be on a dollar-for-dollar basis, assuming the consideration to be fully offset by Outstanding Payables, the Group will not record any gain or loss in the Group's financial statement as a result of the Equity Transfer Agreements and the transactions contemplated thereunder.

Assets and liabilities

The unaudited pro forma financial information of the Remaining Group as set out in Appendix III to the Circular illustrates the financial impact of the Disposals. Based on the unaudited pro forma financial information of the Remaining Group, the loss for FY2024 would represent an increase of RMB26.22 million, and the assets and the liabilities as at 31 December 2024 would represent a decrease of RMB455.45 million and RMB409.85 million, respectively. As a result, the net assets of the Group as at 31 December 2024 would decrease by RMB45.6 million to RMB7,128.11 million.

As understood from the Board Letter, the Directors consider that the Disposals, whether separately or in aggregate, will not result in any material adverse impact on the operation of the core business of the Group.

The Company intends to apply the net proceeds from the Disposals as a general working capital of the Group for property construction in order to ensure timely deliveries of presold properties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that despite the Parking Spaces Transfer Framework Agreement and the Equity Transfer Agreements and the Disposals were not entered into in the ordinary and usual course of business of the Group, the terms of the Parking Spaces Transfer Framework Agreement and the Equity Transfer Agreements (including the respective considerations) are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we also recommend the Independent Shareholders to vote in favour of the relevant resolution(s) for approving the Disposals.

Yours Faithfully,
For and on behalf of
Merdeka Corporate Finance Limited
Wallace So
Managing Director

Mr. Wallace So is a licensed person registered with the Securities and Futures Commission of Hong Kong, a responsible officer of Merdeka Corporate Finance Limited to carry out type 6 (advising on corporate finance) regulated activity under the SFO and a licensed representative of Merdeka Investment Management Limited to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. Mr. Wallace So has over 13 years of experience in corporate finance industry.

1. FINANCIAL INFORMATION OF THE GROUP

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

- (i) the annual report of the Company for the year ended December 31, 2024, published on April 28, 2025 (pages 152 to 336):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0428/2025042800953.pdf>

- (ii) the annual report of the Company for the year ended December 31, 2023, published on April 24, 2024 (pages 153 to 352)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0424/2024042400630.pdf>

- (iii) the annual report of the Company for the year ended December 31, 2022, published on April 26, 2023 (pages 154 to 352):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0426/2023042603025.pdf>

2. STATEMENT OF INDEBTEDNESS

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

(1) Bank Borrowings

As at 28 February 2025, the Group had total bank and other borrowings of approximately RMB10,544.7 million and senior notes of approximately RMB10,522.6 million, comprising secured bank and other borrowings and senior notes of approximately RMB19,631.7 million and unsecured bank and other borrowings of approximately RMB1,435.6 million. The secured bank and other borrowings and senior notes were secured by the Group's bank deposits, property, plant and equipment, investment properties, completed properties held for sale, financial assets at fair value through profit or loss, interests in joint ventures and associate and shares charges in respect of the equity interests in certain subsidiaries of the Group.

(2) Guarantees

As at 28 February 2025, the Group had guarantees (i) given in favour of the banks in respect of mortgage facilities granted to certain purchasers of the Group's property units in the amount of approximately RMB5,197.8 million; and (ii) given in favour of the banks and other institutions in respect of facilities granted to related parties and other parties in the amount of approximately RMB5,551.0 million.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, or term loans, or other borrowings or indebtedness in the nature of borrowing of the Group including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, or mortgages and charges, and there were no other material contingent liabilities nor guarantees at the close of business on 28 February 2025.

3. SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that, after due and careful enquiry, taking into account the present available financial resources and the estimated maximum net proceeds of approximately RMB229.95 million from the disposal of the property right or the right of use (as the case maybe) of the Target Parking Spaces, the Group would not have sufficient working capital for the Forecast Period, with an estimated shortfall in working capital of approximately RMB13,107.2 million to RMB15,577.2 million.

Major assumptions and events taken into account by the Directors in preparing the working capital forecast include:

- (i) the disposal of the property right or the right of use (as the case maybe) of the Target Parking Spaces will be completed in June 2025 and the payment of the maximum consideration of RMB229.95 million will be settled in accordance with the Parking Spaces Transfer Framework Agreement;
- (ii) the absence of very substantial new financing (including debt financing and/or equity financing and/or any other alternative financing) will be obtained by the Group; and
- (iii) the core business operation and asset base (including real assets, financial assets and any other forms of assets and/or liabilities and contingent liabilities) of the Group and the market conditions in which the Group operates and/or invests in will not differ materially from those of present, including no acquisition or disposal and/or intended acquisition or disposal (save for the Disposal) with concrete terms would be proposed, conducted and/or completed by the Group during the Forecast Period.

Nevertheless, the abovementioned shortfall in working capital was mainly attributable to the expected full repayment of (i) the balance of the Group's bank and other borrowings and senior notes that were defaulted or the events of default were triggered as at 28 February 2025 amounted to approximately RMB13,474.4 million; and (ii) the balance of the Group's bank and other borrowings which will be due within the next twelve months since the date of this circular amounted to approximately RMB4,491.5 million.

The Board has continuously devoted effort to resolve the liquidity issue mentioned above, including but not limited to:

- (i) The Group has appointed financial advisors to assist it with a holistic restructuring of its offshore debts, in order to reach a consensual solution with all the stakeholders as soon as practicable. With reference to the announcements of the Company dated 23 January 2025 and 21 February 2025, the Company had made significant progress in proposing a debt restructuring of its offshore indebtedness and creditors representing approximately 55.21% of the aggregating principal amount of the relevant debt had acceded to such debt restructuring as at the date of the relevant announcement. As at the Latest Practicable Date, according to the Company's announcement dated 3 April 2025, the Company extended the deadline for relevant creditors to accede to the debt restructuring which allowed more time for certain creditors to complete their internal process;
- (ii) The Group has been actively negotiating with several banks and financial institutions on the extension for repayments of certain borrowings;
- (iii) The Group has been actively negotiating with several financial institutions to obtain new loans at a reasonable cost for ensuring delivery of its property projects under development;
- (iv) The Group will continue to seek for other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures;
- (v) The Group has prepared a business strategy plan mainly focusing on the acceleration of the sales of properties;
- (vi) The Group has implemented measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; and
- (vii) The Group will continue to seek suitable opportunities to dispose of its equity interests in certain project development companies in order to generate additional cash inflows.

The Board is of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 28 February 2025.

4. MATERIAL ADVERSE CHANGE

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

5. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

In 2025, the real estate industry is entering a critical period of profound transformation under the intertwined influence of policies and the market environment. Confronting external complexities, the Group will uphold a firm belief and decisive actions, actively adapt to new trends in industry development, continuously explore innovative development paths, and strive to achieve high-quality, sustainable and stable growth.

In terms of ensuring delivery, we will further strengthen project management by establishing a dedicated delivery assurance team to monitor and control the construction progress and quality of each project throughout the entire process. We will optimize construction workflows and allocate resources reasonably to ensure the project progresses as planned. Meanwhile, we will strengthen communication and collaboration with contractors and suppliers to establish good cooperative relationships, ensuring the smooth supply of raw materials and the progress of construction projects. In addition, delivery contingency plans will be formulated in advance, and measures will be prepared in advance to address potential issues, ensuring that the project will be delivered on time and with high quality, thereby fulfilling commitments to customers and maintaining corporate reputation and image.

In terms of financial management, the Group will adhere to the business orientation of “protecting assets, strengthening debt removal and controlling risks (保資產、強化債、控風險)”, with ensuring cash flow safety as the top priority, continuously optimizing the capital structure and reducing leverage costs. We will ensure a stable and smooth capital chain through reasonable planning of financing plans, expanding diversified financing channels and optimizing the debt structure. We will also strengthen asset management, improve asset operation efficiency, achieve optimal allocation and appreciation of assets, strictly control costs, and enhance corporate profitability.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION

Introduction

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

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

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

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

Opinion

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

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

Adjustments

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

Dividends

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

No historical financial statements for the Target Company

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

CCTH CPA LIMITED

Certified Public Accountants

Shek Man Hei Kimmy

Practising Certificate Number: P07274

Hong Kong

30 April 2025

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

Preparation of Historical Financial Information

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

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

STATEMENTS OF FINANCIAL POSITION

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

STATEMENTS OF CHANGES IN EQUITY

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

STATEMENTS OF CASH FLOWS

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

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

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

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

Basis of preparation of Historical Financial Information

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

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

Going concern

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

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

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

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

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

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

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

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

IFRS 18 Presentation and Disclosure in Financial Statements

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

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

The material accounting policies are set out below.

Fair value measurement

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

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

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

Impairment of non-financial assets

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

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

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

Related parties

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

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

or

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

Properties under development

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

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

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

Completed properties held for sale

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

Leases

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

Target Company as a lessee

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

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

(a) Right-of-use assets

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

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

(b) Lease liabilities

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

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

Financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Derecognition of financial assets

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

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

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

Impairment of financial assets

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

General approach

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

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

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

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

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

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

Subsequent Measurement

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

Financial liabilities at amortised cost

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Cash and cash equivalents

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

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

Provisions

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

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

Income tax

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

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

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

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

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

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

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

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

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

Revenue recognition

Revenue from contracts with customers

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

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

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

Sale of properties

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

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

Other income

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

Contract liabilities

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

Contract costs

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

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

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

Other employee benefits

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

Borrowing costs

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

4. SIGNIFICANT ACCOUNTING ESTIMATES

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

Estimation uncertainty

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

Provision for properties under development and completed properties held for sale

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

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

PRC land appreciation tax ("LAT")

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

5. REVENUE, OTHER INCOME AND OTHER EXPENSE

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

An analysis of revenue is as follows:

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

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

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

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

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

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

An analysis of other income is as follows:

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

An analysis of other expense is as follows:

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

6. (LOSS) PROFIT BEFORE TAX

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

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

7. FINANCE COSTS

An analysis of finance costs is as follows:

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

8. DIRECTORS' REMUNERATION

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

9. FIVE HIGHEST PAID EMPLOYEES

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

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

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

	2022	2023	2024
Nil to HK\$1,000,000	<u>5</u>	<u>5</u>	<u>5</u>

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

10. INCOME TAX (CREDIT) EXPENSE

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

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

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

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

11. DIVIDEND

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

12. LEASE

The Target Company as a lessee

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

(a) Right-of-use assets

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

(b) *Lease liabilities*

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

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

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

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

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

13. PROPERTIES UNDER DEVELOPMENT

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

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

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

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

14. COMPLETED PROPERTIES HELD FOR SALE

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

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

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Carrying amount at 1 January	–	–	7,782
Impairment losses recognised	–	7,782	17,721
	<u>–</u>	<u>7,782</u>	<u>17,721</u>
Carrying amount at 31 December	<u>–</u>	<u>7,782</u>	<u>25,503</u>

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

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

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

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

16. CASH AND BANK BALANCES

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

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

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

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

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

17. TRADE AND BILLS PAYABLES

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

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

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

18. OTHER PAYABLES AND ACCRUALS

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

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

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

19. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

Movements of contract liabilities are as follows:

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

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

20. DEFERRED TAX

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

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

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

21. PAID-IN CAPITAL

RMB'000

Registered:

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

Paid up:

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

22. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Major non-cash transaction

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

(b) Changes in liabilities arising from financing activities

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

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

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

(c) **Total cash outflow for leases**

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

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

23. COMMITMENTS

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

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

24. RELATED PARTY TRANSACTIONS

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

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

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

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

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

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

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

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

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

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

25. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

Financial liabilities

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

26. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) *Interest rate risk*

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

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

(b) *Credit risk*

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

Maximum exposure and year-end staging

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

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

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

(c) Liquidity risk

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

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

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

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

Capital management

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

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

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

28. RETIREMENT BENEFIT SCHEMES

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

29. CONTINGENT LIABILITIES

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

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

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

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

30. EVENT AFTER RELEVANT PERIOD

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

31. SUBSEQUENT FINANCIAL STATEMENTS

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

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION

Introduction

We report on the historical financial information of Suqian Tong JinHong Real Estate Co., Ltd.* (宿遷市通金弘置業有限公司) (the “**Target Company**”) set out on pages II-38 to II-66, which comprises the statements of financial position of the Target Company as at 31 December 2022, 2023 and 2024, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the three years ended 31 December 2022, 2023 and 2024 (the “**Relevant Periods**”) and a summary of material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”).

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

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

* English name is for identification purpose only

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

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

Opinion

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

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

Adjustments

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

Dividends

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

No historical financial statements for the Target Company

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

CCTH CPA LIMITED

Certified Public Accountants

Shek Man Hei Kimmy

Practising Certificate Number: P07274

Hong Kong

April 30, 2025

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

Preparation of Historical Financial Information

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

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

STATEMENTS OF FINANCIAL POSITION

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

STATEMENTS OF CHANGES IN EQUITY

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

STATEMENTS OF CASH FLOWS

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

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

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

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

Basis of preparation of Historical Financial Information

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

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

Going concern

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

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

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

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

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

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

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

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

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

IFRS 18 Presentation and Disclosure in Financial Statements

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

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

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

The material accounting policies are set out below.

Fair value measurement

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

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

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

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

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

Impairment of non-financial assets

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

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

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

Related parties

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

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

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Target Company are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Target Company are joint ventures of the same third party;

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company or to the parent of the Target Company.

Equipment

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

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

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

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

Properties under development

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

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

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

Completed properties held for sale

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

Financial assets

Initial recognition and measurement

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

General approach

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

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

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

Subsequent Measurement

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

Financial liabilities at amortised cost

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Cash and cash equivalents

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

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

Provisions

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

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

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

Income tax

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

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

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

Deferred tax liabilities are recognised for all taxable temporary differences.

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

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

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

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

Revenue recognition

Revenue from contracts with customers

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

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

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

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

Sale of properties

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

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

Other income

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

Contract liabilities

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

Contract costs

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

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

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

Other employee benefits

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

Borrowing costs

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

4. SIGNIFICANT ACCOUNTING ESTIMATES

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

Estimation uncertainty

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

Provision for properties under development and completed properties held for sale

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

PRC land appreciation tax (“LAT”)

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

5. REVENUE AND OTHER INCOME

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

An analysis of revenue is as follows:

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

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

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

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

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

An analysis of other income is as follows:

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

6. FINANCE COSTS

An analysis of finance costs is as follows:

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

7. (LOSS) PROFIT BEFORE TAX

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

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

8. DIRECTORS' REMUNERATION

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

9. FIVE HIGHEST PAID EMPLOYEES

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

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

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

	2022	2023	2024
Nil to HK\$1,000,000	<u>–</u>	<u>–</u>	<u>–</u>

10. INCOME TAX (CREDIT) EXPENSE

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

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

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

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

11. DIVIDEND

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

12. EQUIPMENT

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

13. PROPERTIES UNDER DEVELOPMENT

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

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

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

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

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

14. COMPLETED PROPERTIES HELD FOR SALE

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

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

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

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

15. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

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

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

16. CASH AND BANK BALANCES

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

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

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

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

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

17. TRADE PAYABLES

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

	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 year	<u>9,679</u>	<u>26,773</u>	<u>278,978</u>

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

18. OTHER PAYABLES AND ACCRUALS

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

19. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>
Contract liabilities	<u>1,958,108</u>	<u>1,020,686</u>	<u>334,023</u>

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

Movements of contract liabilities are as follows:

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

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

20. INTEREST-BEARING BANK BORROWINGS

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

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

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

21. DEFERRED TAX

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

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

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

22. PAID-IN CAPITAL

RMB'000

Registered:

As at 1 January 2022, 31 December 2022, 2023 and 2024 50,000

Paid up:

As at 1 January 2022 –
 Shares issue 50,000

As at 31 December 2022, 2023 and 2024 50,000

23. NOTES TO THE STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

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

24. COMMITMENTS

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

25. RELATED PARTY TRANSACTIONS

(a) Transactions with a related party

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

(b) Outstanding balances with shareholders and related companies:

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

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

	As at 31 December		
	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>
Due to shareholders			
– Non-trade related	87,180	71,430	71,430
	<u>87,180</u>	<u>71,430</u>	<u>71,430</u>
Due to related companies controlled by Shareholders			
– Non-trade related	375,666	375,866	375,748
	<u>375,666</u>	<u>375,866</u>	<u>375,748</u>

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

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

	As at 31 December		
	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>
Salaries, allowances and benefits in kind	–	–	–
Pension scheme contributions and social welfare	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>
Total compensation paid to key management personal	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

26. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

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

Financial liabilities

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

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) Interest rate risk

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

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

The Target Company manages its interest rate exposures by assessing the potential impact arising from any interest rates movement based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

(b) Credit risk

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

Maximum exposure and year-end staging

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

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

(c) Liquidity risk

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

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

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

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

Capital management

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

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

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

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

29. RETIREMENT BENEFIT SCHEMES

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

30. CONTINGENT LIABILITIES

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

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

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

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

31. EVENT AFTER RELEVANT PERIOD

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

32. SUBSEQUENT FINANCIAL STATEMENTS

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

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION

Introduction

We report on the historical financial information of Jurong Jin Jia Run Real Estate Development Co., Ltd.* (句容市金嘉潤房地產開發有限公司) (the “**Target Company**”) set out on pages II-70 to II-86, which comprises the statements of financial position of the Target Company as at 31 December 2022, 2023 and 2024, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the three years ended 31 December 2022, 2023 and 2024 (the “**Relevant Periods**”) and a summary of material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”).

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

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

* English name is for identification purpose only

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

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

Opinion

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

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

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-69 have been made.

Dividends

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

No historical financial statements for the Target Company

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

CCTH CPA LIMITED

Certified Public Accountants

Shek Man Hei Kimmy

Practising Certificate Number: P07274

Hong Kong

30 April 2025

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

Preparation of Historical Financial Information

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

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

STATEMENTS OF FINANCIAL POSITION

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

STATEMENTS OF CHANGES IN EQUITY

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

STATEMENTS OF CASH FLOWS

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

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

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

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

Basis of preparation of Historical Financial Information

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

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

Going concern

As at 31 December 2024, the Target Company had net current liabilities and net liabilities of approximately RMB105,529,000. The Historical Financial Information have been prepared on a going concern basis, as subsequent to the end of the reporting period, the shareholders and related companies have agreed not to demand for any repayment of amounts due to shareholders and related companies of approximately RMB204,767,000 and RMB102,209,000, respectively as at 31 December 2024, for at least the next twelve months until the Target Company is in a financial position to do so.

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

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

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

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

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

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

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

IFRS 18 Presentation and Disclosure in Financial Statements

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

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

The material accounting policies are set out below.

Impairment of non-financial assets

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

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

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

Related parties

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

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

or

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

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

Properties under development

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

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

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

Financial assets

Initial recognition and measurement

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

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

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

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

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

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

Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Financial liabilities at amortised cost (other payables and accruals)

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

Cash and cash equivalents

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

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

Provisions

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

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

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

Income tax

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

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

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

Deferred tax liabilities are recognised for all taxable temporary differences.

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

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

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

4. SIGNIFICANT ACCOUNTING ESTIMATES

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

Estimation uncertainty

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

Provision for properties under development

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

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

5. REVENUE

During the Relevant Periods, the Target Company did not generate revenue.

6. LOSS BEFORE TAX

The Target Company's loss before tax during the Relevant Periods is arrived at after charging:

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Auditor's remuneration	—	—	—

7. DIRECTORS' REMUNERATION

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

8. FIVE HIGHEST PAID EMPLOYEES

During the Relevant Periods, the Target Company did not have the employees and incur the staff costs to the five highest paid employees.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

9. INCOME TAX EXPENSE

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

	Years ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current tax:			
CIT	–	–	–
Deferred tax credit (<i>note 15</i>)	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>
	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>–</u></u>

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

	Years ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss before tax	<u>(70)</u>	<u>(1)</u>	<u>(1)</u>
At the statutory income tax rate	(18)	(–)*	(–)*
Tax effect of tax loss not recognised	<u>18</u>	<u>–*</u>	<u>–*</u>
Tax expense	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>–</u></u>

* less than RMB1,000

At the end of each of the Relevant Periods, the Target Company has unused tax losses expired in the next five years of approximately RMB1,532,000, RMB1,533,000 and RMB1,534,000 available for offset against future profits and deductible temporary differences of approximately RMB103,995,000, RMB103,995,000 and RMB103,995,000. No deferred tax asset has been recognised in respect of the unused tax losses and deductible temporary differences due to the unpredictability of future profit streams.

10. DIVIDEND

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

11. PROPERTIES UNDER DEVELOPMENT

	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At cost:			
Carrying amount at 1 January and 31 December	<u>204,000</u>	<u>204,000</u>	<u>204,000</u>
Properties under development expected to be completed within normal operating cycle:			
– After one year	<u><u>204,000</u></u>	<u><u>204,000</u></u>	<u><u>204,000</u></u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

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

	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>
Carrying amount at 1 January and 31 December	103,995	103,995	103,995

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

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

12. OTHER RECEIVABLES

	2022 <i>RMB'000</i>	As at 31 December 2023 <i>RMB'000</i>	2024 <i>RMB'000</i>
Other tax recoverable	968	968	968
Other deposits	523	523	523
Total	1,491	1,491	1,491

13. CASH AND BANK BALANCES

	2022 <i>RMB'000</i>	As at 31 December 2023 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cash and bank balances	35	34	33

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

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

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

14. OTHER PAYABLES AND ACCRUALS

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other deposits	1,270	1,270	1,270
Others	64	64	64
	<u>1,334</u>	<u>1,334</u>	<u>1,334</u>
Total	<u>1,334</u>	<u>1,334</u>	<u>1,334</u>

15. PAID-IN CAPITAL

RMB'000

Registered:

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

110,000

Paid up:

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

–

During the Relevant Periods, the shareholders of the Target Company did not make capital injection.

16. RELATED PARTY TRANSACTIONS

(a) Transactions with a related party

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

(b) Outstanding balances with shareholders and related companies controlled by shareholders:

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Due to shareholders			
– Non-trade related	204,793	204,793	204,793
	<u>204,793</u>	<u>204,793</u>	<u>204,793</u>
Due to related companies controlled by shareholders			
– Non-trade related	104,926	104,926	104,926
	<u>104,926</u>	<u>104,926</u>	<u>104,926</u>

The balances are unsecured, interest-free and have no fixed terms of repayment.

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

During the Relevant Periods, the Target Company did not made compensation to the key management personnel of the Target Company.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

17. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Financial assets included in other receivables	523	523	523
Cash and bank balances	35	34	33
	<u>558</u>	<u>557</u>	<u>556</u>
Financial assets at amortised cost	<u>558</u>	<u>557</u>	<u>556</u>

Financial liabilities

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Financial liabilities included in other payables and accruals	1,334	1,334	1,334
Due to shareholders	204,793	204,793	204,793
Due to related companies	104,926	104,926	104,926
	<u>311,053</u>	<u>311,053</u>	<u>311,053</u>
Financial liabilities at amortised cost	<u>311,053</u>	<u>311,053</u>	<u>311,053</u>

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair value of cash and bank balances, financial assets included in other receivables, financial liabilities included in other payables and accruals and due to shareholders and related companies approximate to their carrying amounts largely due to the short-term maturities of these instruments.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) Interest rate risk

The Target Company manages its interest rate exposures by assessing the potential impact arising from any interest rates movement based on interest rate level and outlook. As at 31 December 2022, 2023 and 2024, the Target Company was exposed to fair value interest rate risk in relation to interest-free deposit. The Target Company's exposure to cash flow interest rate risk in relation to bank balance is minimal as these balance have a short maturity period.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

(b) Credit risk

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

Maximum exposure and year-end staging

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

	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Financial assets included in other receivables*	523	523	523
Cash and bank balances	35	34	33
Financial assets subject to the 12-month ECLs	558	557	556

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

(c) Liquidity risk

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

The Target Company is exposed to liquidity risk as at 31 December 2024 as the Company had net current liabilities and capital deficiency of approximately RMB105,529,000. As detailed in Note 1, the Directors are of the opinion that the Target Company will be able to finance its future working capital and to fulfill its financial obligation when they fall due.

The Target Company's contractual maturity for all its non-derivative financial liabilities and the undiscounted cash flows of financial liabilities are within one year or on demand as at the end of each of the Relevant Periods.

Capital management

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

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

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANIES

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

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other payables and accruals	1,334	1,334	1,334
Due to shareholders	204,793	204,793	204,793
Due to related companies	104,926	104,926	104,926
Less: Cash and cash equivalents	(35)	(34)	(33)
	311,018	311,019	311,020
Net debt	311,018	311,019	311,020
Equity attributable to owners	(105,527)	(105,528)	(105,529)
	205,491	205,491	205,491
Capital and net debt	205,491	205,491	205,491
	151.4%	151.4%	151.4%
Gearing ratio	151.4%	151.4%	151.4%

20. EVENT AFTER RELEVANT PERIODS

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

21. SUBSEQUENT FINANCIAL STATEMENTS

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

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION

Introduction

The following unaudited pro forma financial information has been prepared by Redsun Properties Group Limited (the “**Company**”) in accordance with Paragraph 4.29 of the Listing Rules and is a summary of illustrative unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated statement of profit or loss and other comprehensive income, and the unaudited pro forma consolidated statement of cash flows and the related notes (collectively referred to as the “**Unaudited Pro Forma Financial Information**”), in connection with the (i) proposed disposal of 70% equity interests in Chengdu Hong Yang Jin Xing Real Estate Development Co., Ltd (the “**Target Company A**”) (“**Proposed Disposal A**”) (ii) proposed disposal of 20% equity interests in Suqian Tong Jin Hong Real Estate Co., Ltd (the “**Target Company B**”) (“**Proposed Disposal B**”) (iii) proposed disposal of 19% of equity interests in Jurong Jin Jia Run Real Estate Development Co., Ltd (the “**Target Company C**”) (“**Proposed Disposal C**”) and (iv) disposal of parking spaces (the “**Target Parking Spaces**”) (“**Proposed Disposal of Parking Spaces**”) (the Company and its subsidiaries after the completion of the proposed disposal mentioned, referred to as the “**Remaining Group**”).

The Unaudited Pro Forma Financial Information is for illustrating the financial position as at 31 December 2024 of the Remaining Group as if the Proposed Disposal A, B, C and Parking Spaces had been completed on 31 December 2024; and the financial performance and cash flows of the Remaining Group for the year ended 31 December 2024 as if the Proposed Disposal A, B, C and Parking Spaces had been completed on 1 January 2024.

The Unaudited Pro Forma Financial Information is prepared based upon (i) the Group’s consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 December 2024 as extracted from the Group’s published annual report for the year ended 31 December 2024; (ii) the Target Company A’s audited statements of financial position as at 31 December 2024, the audited statements of profit or loss and other comprehensive income and statements of cash flows of the Group for the year ended 31 December 2024 as extracted from the accountants’ report set out in Appendix II to this Circular; (iii) the Target Company B’s audited statements of financial position as at 31 December 2024, the audited statements of profit or loss and other comprehensive income and statements of cash flows of the Group for the year ended 31 December 2024 as extracted from the accountants’ report set out in Appendix II to this Circular; and (iv) the Target Company C’s audited statements of financial position as at 31 December 2024, the audited statements of profit or loss and other comprehensive income and statements of cash flows of the Group for the year ended 31 December 2024 as extracted from the accountants’ set out in Appendix II to this Circular and adjusted on a pro forma basis to reflect the effects of Proposed Disposal of A, B, C and Parking Spaces.

The Unaudited Pro Forma Financial Information is based on a number of assumptions, estimates and currently available information. Because of its hypothetical nature, it may not give a true picture of the financial position of the Remaining Group had the Proposed Disposal A, B, C and Parking Spaces been completed as at 31 December 2024 to or at any future dates, and it may not give a true picture of the financial performance or cash flows of the Remaining Group had the Proposal Disposal A, B, C and Parking Spaces been completed as at 1 January 2024 or for any future periods, whichever are applicable.

The Unaudited Pro Forma Financial Information should be read in conjunction with the consolidated financial statements of the Group as set out in the published annual report of the Company for the year ended 31 December 2024, the accountants' reports of consolidated financial information of Target Company A, B and C as set forth in the Appendix II to this Circular respectively and other information included elsewhere in this Circular.

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**
**Unaudited Pro Forma consolidated statement of financial position of the Remaining Group
As at 31 December 2024**

	The Group	Unaudited Pro Forma adjustments					The Remaining Group (unaudited)
		RMB'000 (Note 1)	RMB'000 (Note 3(a))	RMB'000 (Note 3(b))	RMB'000 (Note 5(a))	RMB'000 (Note 6(a))	
NON-CURRENT ASSETS							
Property, plant and equipment	141,681						141,681
Investment properties	10,748,460						10,748,460
Right-of-use assets	22,226						22,226
Other intangible assets	2,485						2,485
Investment in joint ventures	2,666,125						2,666,125
Investments in associates	5,673,189			(14,050)	-		5,659,139
Other receivables	-					23,092	23,092
Deferred tax assets	140,677	(7,285)					133,392
Total non-current assets	19,394,843						19,396,600
CURRENT ASSETS							
Inventories	7,393						7,393
Properties under development	10,244,722						10,244,722
Completed properties held for sales	7,569,461	(227,969)				(229,952)	7,111,540
Trade receivables	9,180						9,180
Prepayments, other receivables and other assets	10,872,510	(86,988)				207,833	10,993,355
Amounts due to fellow subsidiaries	-	(95,776)	95,776				-
Due from related parties	9,802,381	(3,570)	3,570	(27,290)	(41,019)		9,734,072
Financial assets at fair value through profit or loss	78,331						78,331
Tax recoverable	784,207	(9,453)					774,754
Cash and bank balances	1,242,346	(41,306)				(1,060)	1,199,980
Total current assets	40,610,531						40,153,327

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**

	The Group	Unaudited Pro Forma adjustments						The Remaining Group
								(unaudited)
		RMB'000 (Note 1)	RMB'000 (Note 3(a))	RMB'000 (Note 3(b))	RMB'000 (Note 5(a))	RMB'000 (Note 6(a))	RMB'000 (Note 7)	RMB'000 (Note 8)
CURRENT LIABILITIES								
Trade and bills payables	6,952,638	(169,865)					6,782,773	
Other payables and accruals	5,109,144	(13,848)					5,095,296	
Contract liabilities	5,645,521	(29,434)					5,616,087	
Amounts due to fellow subsidiaries	-	(84,897)	84,897				-	
Due to related companies	-	(60)	60				-	
Interest-bearing bank and other borrowings	6,852,939						6,852,939	
Senior notes	10,609,906						10,609,906	
Lease liabilities	42,681						42,681	
Due to related companies	7,852,560		(91,809)	(41,340)	(41,019)		7,678,392	
Tax payable	3,800,737	(22,531)					3,778,206	
Total current liabilities	46,866,126						46,456,280	
NET CURRENT LIABILITIES	(6,255,595)						(6,302,953)	
TOTAL ASSETS LESS CURRENT LIABILITIES	13,139,248						13,093,647	
NON-CURRENT LIABILITIES								
Interest-bearing bank and other borrowings	3,683,716						3,683,716	
Lease liabilities	442,820						442,820	
Deferred tax liabilities	1,838,998						1,838,998	
Total non-current liabilities	5,965,534						5,965,534	
Net assets	7,173,714						7,128,113	
Equity								
Equity attributable to owners of the parent								
Share capital	28,411						28,411	
Share premium	1,888,469						1,888,469	
Other reserves	(2,349,658)	(151,712)	151,712	-	-	973	(1,060)	
	(432,778)						(433,865)	
Non-controlling interests	7,606,492		(45,514)				7,560,978	
Total equity	7,173,714						7,128,113	

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**
**Unaudited Pro Forma consolidated statement of profit or loss and other comprehensive income of
the Remaining Group
For the year ended 31 December 2024**

	The Group	Unaudited Pro Forma adjustments				The Remaining Group (unaudited)
		<i>RMB'000</i> (<i>Note 1</i>)	<i>RMB'000</i> (<i>Note 4(a)</i>)	<i>RMB'000</i> (<i>Note 5(b)</i>)	<i>RMB'000</i> (<i>Note 7</i>)	<i>RMB'000</i> (<i>Note 8</i>)
Revenue	11,305,674	(486,684)		230,925		11,049,915
Cost of sales	(11,482,748)	469,885		(248,133)		(11,260,996)
Gross loss	(177,074)					(211,081)
Other income and gains	20,820	(134)				20,686
Selling and distribution expenses	(281,918)	10,991				(270,927)
Administrative expenses	(226,871)	7,514			(1,060)	(220,417)
Fair value losses on investment properties, net	(1,292,890)					(1,292,890)
Other expenses	(453,774)					(453,774)
Finance costs	(1,615,576)	15				(1,615,561)
Share of profits and losses of:						
Joint ventures	(555,501)					(555,501)
Associates	(516,431)		14,059			(502,372)
LOSS BEFORE TAX	(5,099,215)					(5,101,837)
Taxation	(426,346)					(426,346)
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(5,525,561)</u>					<u>(5,528,183)</u>
Loss and total comprehensive loss attributable to:						
Owners of the parent	(5,021,994)					(5,024,616)
Non-controlling interests	(503,567)					(503,567)
	<u>(5,525,561)</u>					<u>(5,528,183)</u>

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**
**Unaudited Pro Forma consolidated statement of cash flows of the Remaining Group
For the year ended 31 December 2024**

	The Group	Unaudited Pro Forma adjustments					The Remaining Group (unaudited)
	RMB'000 (Note 1)	RMB'000 (Note 4(a))	RMB'000 (Note 4(b))	RMB'000 (Note 5)	RMB'000 (Note 7)	RMB'000 (Note 8)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Loss before tax	(5,099,215)	1,587	(26,549)	14,059	(17,208)	(1,060)	(5,101,837)
Adjustments for:							
Depreciation of property, plant and equipment	27,532						27,532
Depreciation of right-of-use assets	2,687	(488)					2,199
Amortisation of other intangible assets	930						930
Losses on disposal of property, plant and equipment	565						565
Losses on change in contract terms	27,007						27,007
Share of profits and losses of joint ventures	555,501						555,501
Share of profits and losses of associates	516,431			(14,059)			502,372
Fair value losses on investment properties, net	1,292,890						1,292,890
Gains on disposal of subsidiaries	(1,850)						1,850
Impairment losses on financial assets, net	383,419						383,419
Impairment losses recognised on properties under development and completed properties held for sale, net	1,622,740	(17,721)}					1,605,019
Finance costs	1,615,576	(15)					1,615,561
Bank interest income	(6,596)	134					(6,462)
Losses on disposal of financial assets at fair value through profit or loss	3,190						3,190
Fair value losses on financial assets at fair value through profit or loss	22,290						22,290
	<u>963,097</u>						<u>928,326</u>
Decrease/(increase) in properties under development and completed properties held for sale	7,181,283	(301,362)			248,133		7,128,054
Decrease in inventories	142,598						142,598
Decrease/(increase) in restricted cash	1,042,565	(42,094)					1,000,471
Decrease in pledged deposits	40,047						40,047
Increase in trade receivables	(5,789)						(5,789)
(Increase)/decrease in prepayments, other receivables and other assets	(1,692,519)	15,973			(230,925)		(1,907,471)
Increase/(decrease) in trade and bills payables	330,129	(54,203)					275,926
(Decrease)/increase in other payables and accruals	(418,575)	1,354					(417,221)
(Decrease)/increase in contract liabilities	(7,781,861)	291,673					(7,490,188)
(Decrease)/increase in amounts due from related parties	(68,222)	59,336					(8,886)
Decrease in amounts due to related parties	(89,157)						(89,157)
	<u>(356,404)</u>						<u>(403,290)</u>

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**

	The Group	Unaudited Pro Forma adjustments					The Remaining Group (unaudited)
	RMB'000 (Note 1)	RMB'000 (Note 4(a))	RMB'000 (Note 4(b))	RMB'000 (Note 5)	RMB'000 (Note 7)	RMB'000 (Note 8)	RMB'000
Interest received	6,596	(134)					6,462
Tax paid	(100,746)	3,279					(97,467)
Net cash flows used in operating activities	(450,554)						(494,295)
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from disposal of property, plant and equipment	112						112
Purchase of property, plant and equipment	(21,810)						(21,810)
Purchase of other intangible assets	(793)						(793)
Additions in investment properties	(376,390)						(376,390)
Proceeds from disposal of investments in associates and joint ventures	(1,023)						(1,023)
Proceeds from disposal of financial assets at fair value through profit or loss	12,990						12,990
Decrease in loans to joint ventures and associates	1,544,933						1,544,933
Disposal of a subsidiary	–		(95,310)				(95,310)
Net cash flows from investing activities	1,158,019						1,062,709
CASH FLOWS FROM FINANCING ACTIVITIES							
Transactions with non-controlling shareholders	(314,443)	50,402					(264,041)
Repayments of principal portion of lease liabilities	(18,702)	457					(18,245)
Repayments of interest-bearing bank and other borrowings	(681,996)						(681,996)
Advance from related parties	4,214						4,214
Interest paid	(125,091)	3,732					(121,359)
Net cash flows used in financing activities	(1,136,018)						(1,081,427)
NET DECREASE IN CASH AND CASH EQUIVALENTS							
Cash and cash equivalents at beginning of year	1,074,049						1,074,049
Effect of foreign exchange rate changes, net	(352)						(352)
CASH AND CASH EQUIVALENTS AT END OF YEAR	645,144						560,684

Notes to the Unaudited Pro Forma Financial Information

- 1 The amounts have been extracted from the consolidated statement of financial position of the Group as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 December 2024, which are included in the published annual report of the Company for the year ended 31 December 2024.
- 2 Pursuant to equity transfer agreement dated on 17 February 2025 (the “**Equity Transfer Agreement**”), the Group will disposal of 70% equity interests in the Target Company A at a total consideration of RMB91,809,000, which are based on the net asset value of the Target Company A after deducting RMB14,389,000 in payables owed to the Target Company A by the Group, as at 31 December 2024. The final consideration are subject to adjustments based on the Completion Accounts. The considerations shall be offset against to the outstanding payables due from the Group to the Purchasers (the “**Outstanding Payables**”) and the refundable deposits related to parking spaces sales agency services on a dollar-for-dollar basis, with older balances being settled first. No separate cash payment will be made by the Purchaser to the Group.
- 3 The following pro forma adjustments have been made to the unaudited pro forma consolidated statement of financial position, assuming the Proposal Disposal A had take place on 31 December 2024.
- (a) The adjustments represent the derecognition of assets and liabilities of the Target Company A as at 31 December 2024, assuming the Proposal Disposal A had taken place on 31 December 2024. The assets and liabilities of the Target Company A are extracted from the accountants’ report set out in Appendix II to this Circular.
- (b) The adjustments represent the estimated effect on disposal assuming the Proposal Disposal A had taken place on 31 December 2024 and is calculated as follows:

	<i>Notes</i>	<i>RMB'000</i>
Consideration	<i>(i)</i>	91,809
Less: Net asset of the Target Company A derecognised	<i>(ii)</i>	(151,712)
Non-controlling interests		45,514
Assignment of current account		(14,389)
		<hr/>
Estimated effect on disposal		<hr/> <hr/> –

Analysis of net cash flows from the Proposal Disposal A:

	<i>RMB'000</i>
Consideration	–
Less: cash and cash equivalent held by the Target Company A	(41,306)
	(41,306)
	(41,306)

Notes:

- (i) The amount represented the total consideration, being an amount of RMB91,809,000, which are net off against the Outstanding Payables.
- (ii) The amount represented the net assets of the Target Company A as at 31 December 2024 as follows:

	<i>RMB'000</i>
Assets of the Target Company A as at 31 December 2024	472,347
Liabilities of the Target Company A as at 31 December 2024	(320,635)
	151,712
	151,712

- 4 The following pro forma adjustments have been made to the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows, assuming the Proposal Disposal A had taken place on 1 January 2024.
- (a) The adjustments represent the exclusion of the results and cash flows of the Target Company A for the year ended 31 December 2024, assuming the Proposal Disposal A had been taken place on 1 January 2024. The consolidated statement of profit or loss and other comprehensive income and extracted from the accountants' report set out in Appendix II to this Circular.
 - (b) The adjustments represent the net cash flow impact from Proposal Disposal A had taken place on 1 January 2024.

APPENDIX III**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**

Analysis of net cash flows from the Proposal Disposal A:

RMB'000

Consideration	–
Less: cash and cash equivalent held by the Target Company A	(95,310)
	<u>(95,310)</u>
	<u><u>(95,310)</u></u>

- 5 Pursuant to the Equity Transfer Agreement, the Group will disposal 20% equity interest in Target Company B at a consideration of RMB41,134,000 which are based on the net asset value of the Target Company B after adding RMB27,290,000 in receivables owed to the Group by Target Company B as at 31 December 2024 . The final consideration are subject to adjustment based on the Completion Accounts. The considerations shall be offset against to the Outstanding Payables.

- (a) The adjustments represent the estimated effect on disposal assuming the Proposal Disposal B had taken place on 31 December 2024 and is calculated as follows:

RMB'000

Consideration	41,340
Net carrying amount of Target Company B as 31 December 2024	(28,425)
Assignment of current account	(12,915)
	<u>–</u>
	<u><u>–</u></u>

- (b) The adjustment approximately of RMB14,059,000 represents derecognised the share result of associate of the Group's 20% equity interest in the Target Company B as if the Proposed Disposal B had been completed as at 1 January 2024.

- 6 Pursuant to the Equity Transfer Agreement, the Group will disposal of 19% equity interest in Target Company C at a consideration of RMB41,019,000 which are based on the net asset value of the Target Company C after adding RMB61,070,000 in receivables owed to the Group by the Target Company C, as at 31 December 2024 . The final consideration are subject to adjustment based on the Completion Accounts. The considerations shall be offset against to the Outstanding Payables.

- (a) The adjustments represent the estimated effect on disposal assuming the Proposal Disposal C had taken place on 31 December 2024 and is calculated as follows:

RMB'000

Consideration	41,019
Net carrying amount of Target Company C as 31 December 2024	–
Assignment of current account	(41,019)
	<u>–</u>
	<u><u>–</u></u>

(b) No adjustments have been made to recognise the shared results of the joint venture, which includes the Group’s 19% equity interest in Target Company C as its reported a loss for the year, as if the Proposed Disposal C had been completed 1 January 2024.

7 Pursuant to the parking transfer framework agreement date on 17 February 2025, the Group and the Purchaser shall enter into separate transfer agreement (the “**Separate Transfer Agreement**”) for transfer the Target Parking Spaces at a total consideration amounted to approximately RMB230,925,000 (subject to the valuation at completion date). The consideration will be paid in the follow manner:

- (i) Initial payment: the Purchaser shall pay 50% of the consideration of RMB115,463,000 to the Group within seven business days after the execution of the separate transfer agreements;
- (ii) Second payment: the Purchaser shall pay an additional 40% of the consideration of RMB92,370,000 to the Group within seven business days following the completion for transfer registration and the handover of relevant documentation related the Target Parking Spaces; and
- (iii) Final payment: the remaining 10% of the consideration of RMB23,092,000 shall be paid to the Group within twelve months after the execution of the separate transfer agreement

(a) The adjustments represent the estimated loss on disposal and the cash flow impact, assuming the Proposal Disposal Parking Spaces had taken place on 31 December 2024 and is calculated as follows:

	<i>RMB’000</i>
Cash consideration	230,925
Carrying amount of Target Parking Spaces as at 31 December 2024	(229,952)
	973
	973

(b) The adjustments represent the estimated loss on disposal and the cash flow impact, assuming the Proposal Disposal Parking Spaces had taken place on 1 January 2024 and is calculated as follows:

	<i>RMB’000</i>
Cash consideration	230,925
Carrying amount of Target Parking Spaces as at 1 January 2024	(248,133)
	(17,208)
	(17,208)

8 The adjustment represent the estimated professional fees and transaction costs of approximately RMB1,060,000 payable by the Company in connection with the Proposed Acquisition A,B,C and Parking Spaces, which are subject to change and assumed to be due upon completion.

9 The above adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of the Remaining Group.

The following is the text of a report received from the reporting accountants of the Company, CCTH CPA Limited, Certified Public Accountants, Hong Kong, prepare for the purpose of incorporation in this circular, in respect of the unaudited pro forma financial information of the Remaining Group.

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION****To the Directors of Redsun Properties Group Limited,**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Redsun Properties Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated statement of financial position as at 31 December 2024, the pro forma statement of profit or loss and other comprehensive income for the year ended 31 December 2024, the pro forma statement of cash flows for the year ended 31 December 2024 and related notes as set out on pages III-1 to III-11 of the circular dated 30 April 2025 (the “**Circular**”) issued by the Company (the “**Unaudited Pro Forma Financial Information**”) in connection with the proposed mandate in relation to the proposed very substantial disposals (the “**Proposed Disposals**”). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on Appendix III of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Proposed Disposals on the Group’s financial position as at 31 December 2024 as if the Proposed Disposals had taken place on 31 December 2024 and the Group’s financial performance and cash flows for the year ended 31 December 2024 as if the Proposed Disposals had taken place at 1 January 2024. As part of this process, information about the Group’s financial position as at 31 December 2024, Group’s financial performance and cash flows for the year ended 31 December 2024 has been extracted by the Directors from the Group’s 2024 annual report, in which a disclaimer of opinion regarding the material uncertainties relating to going concern has been published.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Proposed Disposals on unadjusted financial information of the Group as if the Proposed Disposals had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Disposals would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Proposed Disposals, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the Proposed Disposals in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

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

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

CCTH CPA Limited

Certified Public Accountants

Hong Kong, 30 April 2025

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Set out below is the management discussion and analysis of the Remaining Group for each of the three years ended December 31, 2022, 2023 and 2024.

FOR THE YEAR ENDED DECEMBER 31, 2022

Review for 2022

According to the National Bureau of Statistics, in 2022, the GDP of China increased by 3% year on year with a compounded average annual growth rate of 4.5% over the past three years of COVID-19 pandemic as compared to the base figures in 2019, still achieving one of the best economic performance among major economies around the globe. In 2021, the Central Economic Work Conference spelt out the three aspects of pressure facing China's economy, namely "shrinkage in demand, impact of supply, and weakened expectation". In 2022, China's economic growth slackened, under the three aspects of pressure and unexpected factors. As the pandemic-related measures draw to an end, the focus of the social and economic development of the country was gradually turning to "growth stability".

In the real estate sector of China, the aggregate sales area of nationwide commodity housing totaled 1,360 million square meters, representing a decrease of 24% from the previous year; sales amount of commodity housing totaled RMB13.3 trillion, representing a decrease of 27% from the previous year. Since the beginning of 2022, with the series of unfavorable factors including macroeconomic downturn, resurgence of the COVID-19 pandemic in various parts of the country and suspension of construction in various pre-sold projects, the real estate market demonstrated a pattern of intensive adjustment. In the second half of 2022, a number of supervisory bodies released substantial policies favorable to the market, including the relaxation of the "Four Restrictions" in support of the demand side, the "guarantee of project delivery" and policies on real estate financing. Under the successive launch of rescue policies including credit policy, household registration policy, talents policy, population policy and affordable-housing policy, the industry is now in an easing cycle. However, whilst the weak expectation on residents' income and the wait-and-see sentiment of potential home purchasers remain unchanged, the pressure on adjustment of the real estate market will still exist in the short run.

In 2022, under the difficult environment in the industry, the Company upheld its core values of "professionalism and building credibility for the long term", adhered to the strategy of sound and focused development, returned to its stronghold, and adopted various measures to foster sound operations. Trying its best in delivering good quality and uplifting customer services, the Group delivered nearly 60 projects in aggregate during the year, totaling approximately 40,000 new flats, fulfilling the commitment of creating homes for the property owners.

Maintaining the dual-driven synergic development in property development and commercial real estate, the Group has three primary business segments namely property development and sales, commercial property investment and operations, and hotel operations, among which property development and sales is the core business of the Group. The Group's revenue is primarily generated from the sales of residential properties and ancillary shops developed by the Group, rentals from the investment in and operation of commercial properties, and service fees from hotel operations.

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

During the Reporting Period, the Group achieved contracted sales of RMB35.202 billion, aggregate contracted sales in gross floor area of 2,598,417 square meters, and average selling price of RMB13,548 per square meter.

During the Reporting Period, the Group's recognized sales revenue amounted to RMB20,013.4 million, representing a decrease of approximately 25% as compared to the previous year. The gross profit was RMB1,665.6 million; the net loss was RMB3,937.8 million.

1. Property business

During the Reporting Period, the Group's revenue from its property business amounted to RMB19,337.94 million. As at 31 December 2022, the Group's total gross floor area of land bank was approximately 14,983,550 sq.m., of which gross floor area of land bank attributable to the Group was approximately 7,484,348 sq.m.

2. Commercial property investment and operations

During the Reporting Period, the Group's sales revenue from commercial operations amounted to approximately RMB647.78million.

3. Hotel operations

During the Reporting Period, the Group's sales revenue from hotel operations amounted to approximately RMB27.71 million.

BUSINESS REVIEW

1. Sales of Properties

As of 31 December 2022, the Group achieved contracted sales of approximately RMB35.202 billion, and contracted sales in gross floor area of approximately 2,598,417 sq.m.

Details of the contracted sales of the Group as at 31 December 2022 are set out as below:

Region	Contracted Sales Area in Total Gross Floor Area (sq.m.)	Contracted Sales Amount (RMB'000)	Average Contracted Selling Price (RMB/sq.m.)
Nanjing	289,907	5,701,769	19,668
Xuzhou	258,172	2,565,394	9,937
Suzhou	186,370	3,389,112	18,185
Foshan	172,011	2,853,042	16,586
Chengdu	135,358	1,668,272	12,325
Yancheng	133,684	1,739,122	13,009

**APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF
THE REMAINING GROUP**

Region	Contracted Sales Area in Total Gross Floor Area (sq.m.)	Contracted Sales Amount (RMB'000)	Average Contracted Selling Price (RMB/sq.m.)
Wuxi	119,594	1,902,456	15,908
Changzhou	101,417	1,201,018	11,842
Chongqing	101,351	881,508	8,698
Wuhan	94,311	1,109,233	11,761
Guangzhou	87,014	1,679,831	19,305
Nanchang	85,234	859,565	10,085
Anqing	82,540	546,600	6,622
Suqian	72,126	576,493	7,993
Huai'an	65,358	915,055	14,001
Wenzhou	62,993	1,473,183	23,387
Nantong	50,113	695,338	13,875
Changsha	49,311	479,477	9,724
Zhenjiang	46,934	427,717	9,113
Huzhou	44,836	506,627	11,300
Hefei	38,050	317,890	8,355
Jinan	37,842	514,450	13,595
Xi'an	37,767	450,001	11,915
Qingdao	37,448	487,039	13,006
Xiangyang	34,795	246,136	7,074
Zhengzhou	31,092	153,557	4,939
Ningbo	21,819	472,706	21,665
Weifang	20,816	204,709	9,834
Jiangmen	18,852	169,698	9,002
Hengyang	14,129	101,773	7,203
Yangzhou	14,116	204,202	14,466
Fuyang	7,986	62,868	7,872
Bozhou	7,218	57,389	7,951
Chuzhou	4,815	41,202	8,557
Kaifeng	3,122	39,115	12,530
Wuhu	2,138	21,944	10,262
Jiaxing	1,117	14,686	13,145
Hangzhou	915	33,068	36,122
Others	25,746	438,883	17,047
Total	2,598,417	35,202,128	13,548

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

2. Land Bank

As at 31 December 2022, the Group had a land bank with an aggregate gross floor area of approximately 14,983,550 sq.m., including completed properties totaled 2,371,873 sq.m., rentable area held for investment totaled 966,596 sq.m., and properties under development totaled 11,645,081 sq.m.

Details of the land bank of the Group (including acquired in process) as at 31 December 2022 are set out as below:

Region	Name of Project	Area of Land (sq.m.)	Completed	Rentable Area Held for Investment (sq.m.)	Total Gross	Total Area of Land Bank (sq.m.)	The Group's Interests
			Total Gross Floor Area for Sale (sq.m.)		Floor Area under Development (sq.m.)		
Anqing	Anqing Hong Yang Upper City (安慶弘陽上城)	147,547	10,854	80,000	162,597	253,451	95%
Bengbu	Huadi Hongyang Residence (華地弘陽府)	32,646	263	-	5,065	5,328	48%
Bozhou	Verse of River and Mountain (formerly: Bozhou Land Lot No. 2017-217 (江山賦(原名稱: 亳州2017-217號地塊)))	201,216	82,175	-	98,316	180,491	40%
Changshu	Shanghu Shang Jun Hua Court (尚湖尚雋華庭)	39,410	-	-	12,798	12,798	48%
Changshu	Shanghu Shuangjing Hua Court (尚湖雙璟華庭)	17,361	-	-	4,023	4,023	31%
Changshu	Hefeng Architecture in Xinhua Road (新華路和風名築)	45,742	45,381	-	13,300	58,681	40%
Changshu	Changshu Guli Tieqin Road Project (常熟古裏鐵琴路項目)	40,805	-	-	87,356	87,356	32%
Changzhou	Commercial and Trading Peak (商貿雲峯)	50,921	49,407	-	18,789	68,196	57%
Changzhou	Phoenix East Phoenix One (formerly: Phoenix East Project) (鳳凰東錦鳳合鳴(原名稱: 鳳凰東項目))	115,615	15,847	30,086	213,303	259,236	49%
Changzhou	Golden Seal and Heaven Shire (金璽天郡)	88,719	30,154	-	-	30,154	50%
Changzhou	Emperor Looks at the First Court (君望甲第)	67,225	10,625	-	8,082	18,707	40%
Changzhou	Sang Ma Land Lot A (桑麻A地塊)	44,524	-	11,690	-	11,690	70%
Changzhou	Yanlan Fenghua (燕瀾風華)	126,695	26,630	-	5,863	32,493	85%
Changzhou	Changzhou Hong Yang Plaza (常州弘陽廣場)	43,590	-	85,030	4,835	89,865	100%
Changzhou	Changzhou Hong Yang 1936 (formerly: Sang Ma Land Lot CD) (常州弘陽1936(原名稱: 桑麻CD地塊))	156,115	6,038	105,818	151,535	263,391	70%
Changzhou	Sanmao Longyun Tiancheng (formerly: Sanmao Land Lot) (三毛龍運天城(原名稱: 三毛地塊))	108,486	72,702	-	16,086	88,788	31%
Changzhou	Hong Yang Upper City Phase I-III (弘陽上城一-三期)	111,700	6,831	-	-	6,831	100%
Changzhou	Xi Xia Shu Yun Xi (西夏墅雲禧)	36,712	29,548	-	-	29,548	35%
Changzhou	Changzhou Yaoguan Yuhushanguan Garden (常州遙觀昱湖上觀花苑)	58,093	-	-	111,451	111,451	57%
Chengdu	Dujiangyan DJY2017-09 (都江堰DJY2017-09)	26,393	2,741	-	-	2,741	95%

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

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			Total Gross Floor Area for Sale (sq.m.)		Floor Area under Development (sq.m.)		
Chengdu	Dujiangyan DJY2017-10 (都江堰DJY2017-10)	39,064	4,671	-	-	4,671	95%
Chengdu	Central Road Fanjin 108 (formerly: Central Road Project) (中環路梵錦108(原名稱: 中環路項目))	72,114	15,359	41,730	63,033	120,122	47%
Chengdu	Shuangliu Heyuan Project (雙流合園項目)	19,794	16,257	-	18,929	35,186	48%
Chengdu	Qionglai Hong Yang Weilai Shiguang (邛崃弘陽未來時光)	39,809	10,439	-	-	10,439	94%
Chengdu	Chengdu Xinglonghu Lakeside Yun Jing Garden (formerly: Tianfu Xinqu 42 mou) (成都興隆湖湖畔雲環花園(原名稱: 天府新區42畝))	28,432	-	-	79,751	79,751	32%
Chuzhou	Metropolitan Art Atmosphere (都會藝境)	60,189	8,009	-	-	8,009	33%
Chuzhou	Hong Yang Garden (弘陽苑)	8,782	1,851	-	-	1,851	100%
Chuzhou	Glory Residence (正榮府)	80,867	3,611	-	-	3,611	30%
Chuzhou	Garden In Times (Chuzhou Times Billow) (時光里花園(滁州時光瀾庭))	89,886	1,757	-	-	1,757	40%
Chuzhou	Jingzi Road Times Magnificence (敬梓路時光風華)	55,719	13,625	-	-	13,625	47%
Danyang	Phoenix Terrace (鳳熹台)	88,498	15,751	-	-	15,751	20%
Foshan	Hongyang Shan Xin Garden (弘陽山馨花園)	63,132	6,627	-	-	6,627	95%
Foshan	Benevolence Lake No. 1 (博愛湖一號)	44,156	4,600	8,011	-	12,611	95%
Foshan	Foshan Lakeside Mansion (formerly: Lv Dao Hu) (佛山綠島湖公館(原名稱: 綠島湖))	51,240	-	-	165,077	165,077	31%
Foshan	Nanyou Park No. 1 (南油公園一號)	67,582	-	-	176,419	176,419	31%
Foshan	Foshan Jihua North Joy River No. 1 (佛山季華北悅江一號)	33,220	-	-	89,035	89,035	47%
Foshan	Foshan Zhangcha Sunrise Joy Residence (佛山張槎昕悅府)	17,059	-	-	46,901	46,901	48%
Fuyang	Yingzhou Hong Yang Residence (穎州弘陽府)	38,297	15,203	-	-	15,203	45%
Guangzhou	Guangzhou Wanjing No. 1 (廣州灣環壹號)	32,387	-	-	122,471	122,471	12%
Guangzhou	Zengcheng Times (增城時光薈)	53,392	-	-	186,536	186,536	17%
Haimen	Jianghai Road The One World (formerly: Jianghai Road Zuo An Gong Yuan) (江海路水岸觀瀾苑(原名稱: 江海路左岸公元))	75,028	6,447	-	-	6,447	67%
Haining	Longxing Road Beichen Yipin (formerly: Longxing Road Project) (隆興路北辰一品(原名稱: 隆興路項目))	42,030	12,219	-	-	12,219	33%
Hangzhou	Hangxing Road Project (杭行路項目)	18,703	-	-	2,280	2,280	30%
Hangzhou	Fuchun Bay Jichen Residence (富春灣濟宸府)	39,313	-	-	111,939	111,939	33%
Hangzhou	Hangzhou Binyao Mansion (formerly: Binjiang Pule Project) (杭州濱耀學府(原名稱: 濱江浦樂項目))	44,633	-	-	101,545	101,545	26%
Hefei	Changfeng In Times (長豐時光里)	42,621	8,561	-	-	8,561	100%

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

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Hefei	Yaohai Joy Residence (瑤海昕悅府)	37,254	3,634	-	-	3,634	80%
Hefei	Glance River Terrace (望江台)	139,536	28,558	-	-	28,558	25%
Hefei	Dongfangyin (東方印)	28,081	6,674	-	-	6,674	51%
Hefei	Moon Bay Joy and Magnificence (月亮灣和悅風華)	26,380	3,237	-	-	3,237	38%
Hefei	Fengle Oriental Jade (formerly: Yaohai Prosper and Joy) (豐樂翡麗東方(原名稱：瑤海豐樂))	59,233	29,481	-	53,762	83,243	32%
Hefei	Longzi Lake Times (龍子湖湖語時光)	68,461	26,156	-	111,851	138,007	29%
Hefei	Lujiang Lakeside Shade Mountain (廬江湖畔樾山)	161,263	73,337	-	270,343	343,680	48%
Hengyang	Yangliu Road Sunrise Joy Residence (楊柳路昕悅府)	36,912	26,044	-	-	26,044	95%
Huzhou	Ren Huang 43 Yan Lan Residence (仁皇43燕瀾府)	48,652	6,627	-	-	6,627	97%
Huzhou	Ren Huang 58 Yan Lan Residence (formerly: Huzhou Ren Huang No. 58#) (仁皇58燕瀾府(原名稱：湖州仁皇58#))	102,218	10,795	-	-	10,795	97%
Huzhou	Huzhou Southwest Development Zone Qinlan Residence (formerly: Huzhou South Taihu New District Project) (湖州西南開發區沁瀾府(原名稱：湖州南太湖新區項目))	30,200	-	-	78,204	78,204	36%
Huai'an	Heyi Road Yunhe Fenghua (合意路運河風華)	68,362	-	-	167,564	167,564	47%
Huai'an	Huai'an Fengdeng Road Jinyuefu (formerly: Huai'an Fengdeng Road) (淮安豐登路金樾府(原名稱：淮安豐登路))	41,476	-	-	129,626	129,626	32%
Huai'an	Huai'an Eco-City Grand One (淮安生態新城泓著大觀)	82,734	-	-	181,820	181,820	51%
Jinan	Jiqi Road Leisure's Mansion (formerly: Jiqi Road Project) (濟齊路君逸府(原名稱：濟齊路項目))	34,290	43,532	-	41,838	85,370	43%
Jiangmen	Liyue Guoyue Residence (formerly: Liyue Project) (禮樂國樾府(原名稱：禮樂項目))	30,231	56,968	-	-	56,968	31%
Jiangyin	Yunting Joy Residence (雲亭昕悅府)	138,902	20,731	-	-	20,731	100%
Jiangyin	Xinqiao Leiden Town (formerly: Jing Garden of Superior Class) (新橋萊頓小鎮(原名稱：上品環苑))	203,609	80,152	-	31,485	111,637	20%
Jiangyin	Yunting Tangyue Jinyuan (formerly: Yunting Primary School Project) (雲亭棠樾錦園(原名稱：雲亭小學項目))	92,953	33,406	-	-	33,406	48%
Jurong	Jurong C Ziyue Residence (formerly: Land Lot No. 2018-J1-06) (句容C紫悅府(原名稱：2018-J1-06號地塊))	72,609	34,896	-	-	34,896	31%
Jurong	Jurong B Project (formerly: Jurong Land Lot No. B) (句容B項目(原名稱：句容B地塊))	38,731	-	-	74,274	74,274	18%

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

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Kaifeng	Zhong Yi Hu Yan Lan Residence (formerly: Kaifeng Yan Lan Residence) (中意湖燕瀾府(原名稱：開封燕瀾府))	63,533	36,463	-	-	36,463	44%
Ma'anshan	Hexian Peacock City (和縣孔雀城)	97,340	2,146	-	-	2,146	20%
Meishan	Renshou In Times (仁壽時光里)	68,107	19,915	-	35,889	55,804	95%
Nanchang	Nanchang Hong Yang Residence (南昌弘陽府)	43,410	12,140	-	-	12,140	44%
Nanchang	Yao Lake Times Sky Shade (瑤湖時光天樑)	102,269	96,522	-	126,792	223,314	63%
Nanchang	Zhong Da Hong Yang (formerly: Qing Yun Pu) (中大弘陽(原名稱：青雲譜))	29,452	24,853	-	-	24,853	47%
Nanchang	Wanli In Times (灣裏時光里)	13,717	6,229	-	-	6,229	95%
Nanchang	Nanchang Qingshan Lake Avenue Times Garden (南昌青山湖大道時光玖悅)	20,182	-	-	65,514	65,514	44%
Nanjing	Solaris Loving City Section 8 (旭日愛上城八區)	40,552	4,992	-	-	4,992	100%
Nanjing	Shiguang Chunxiao (時光春曉)	32,246	449	-	-	449	49%
Nanjing	Binhuli (濱湖裏)	52,763	5,426	-	-	5,426	51%
Nanjing	Qilin Garden in the East (麒麟領東苑)	67,810	448	-	-	448	33%
Nanjing	Yanlan Qijin (燕瀾七簪)	57,503	3,482	-	-	3,482	49%
Nanjing	Shiguang Yinxiang (時光印象)	61,145	119	-	-	119	48%
Nanjing	Gaoxin G27 Yinyue Residence (高新G27印悅府)	68,644	-	-	21,385	21,385	20%
Nanjing	Mountain and Lake View in Times (時光山湖)	14,338	826	-	-	826	25%
Nanjing	Shidai Tianyue (formerly: Nanjing Land Lot No. 2017G36) (時代天樑(原名稱：南京·2017G36地塊))	54,173	-	-	78,508	78,508	15%
Nanjing	Xiaolongwan Garden of Joy and Happiness (formerly: Land Lot No. 2017G57) (小龍灣悅禧苑(原名稱：2017G57地塊))	58,024	15,894	-	-	15,894	100%
Nanjing	Gaoxin Xingyuecheng Phase 2 (高新星悅城二期)	7,025	-	-	14,770	14,770	49%
Nanjing	Gaochun Pinglan Residence (formerly: Gaochun Land Lot No. 02-03) (高淳平瀾府(原名稱：高淳02-03地塊))	102,787	13,437	-	-	13,437	12%
Nanjing	Solaris Jingcheng Store (旭日景城商舖)	1,371	-	4,450	-	4,450	100%
Nanjing	Solaris Loving City Section 6 Store (旭日愛上城六區商舖)	989	-	7,301	-	7,301	100%
Nanjing	Nanjing Hong Yang Plaza (南京弘陽廣場)	230,871	-	491,888	-	491,888	100%
Nanjing	3rd-4th Floor of Redsun Tower (弘陽大廈3-4層)	277	-	4,964	-	4,964	100%
Nanjing	Lishui Times Joy Residence (formerly: Shiqiu Project) (溧水時光悅府(原名稱：石湫項目))	131,964	38,128	-	-	38,128	48%
Nanjing	Lukou Lakeside Mansion (formerly: Lukou Project) (祿口雲溪環園(原名稱：祿口項目))	73,686	21,125	-	-	21,125	47%

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

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Nanjing	Puzhu North Road Shangshang Joy Garden (浦珠北路尚上悦苑)	7,232	6,033	-	-	6,033	70%
Nanjing	Lishui Sunrise Joy Shangchen (溧水昕悦尚宸)	41,931	10,632	-	-	10,632	48%
Nanjing	Qiaolin Shiguang Boyueyuan (橋林時光泊月園)	28,188	5,435	-	-	5,435	48%
Nanjing	Nanjing Times Avenue Lan Wan Jiu Zhu (formerly: Times Avenue Project) (南京時代大道攬灣玖築(原名稱: 時代大道項目))	60,138	-	-	138,705	138,705	15%
Nanjing	Nanjing Zhuangyuanfang Xiyue Garden (formerly: Lishui Zhuangyuanfang Project) (南京狀元坊熹樾花園(原名稱: 溧水狀元坊項目))	67,192	-	-	162,507	162,507	31%
Nanjing	Nanjing Yaohuamen Qiyao Meizhu (南京堯化門樓堯美著)	14,670	-	-	42,727	42,727	83%
Nanjing	Nanjing Kangjian Road Glance River Joy Residence (南京康健路望江悦府)	65,227	-	-	145,258	145,258	47%
Nanjing	Nanjing Jiangbei Core District Yuejiang Shidai (南京江北核心區越江時代)	66,057	-	-	179,419	179,419	25%
Nanjing	Nanjing Dachang Top Cloud Mansion (南京大廠雲玥美著)	18,130	-	-	50,807	50,807	48%
Nanjing	Nanjing Tangshan Yunchen Yuanlu (南京湯山雲辰原麓)	68,029	-	-	141,810	141,810	33%
Nanjing	Nanjing Qinhuai Chengdong Atmosphere of Mind (南京秦淮城東玖樾印象)	31,813	-	-	66,126	66,126	33%
Nantong	Yunyue Oriental (雲樾東方)	86,652	4,469	1,163	-	5,632	17%
Nantong	Upper Joy City (上悦城)	82,741	16,913	-	-	16,913	25%
Nantong	New Metropolitan (新都會)	109,890	9,018	-	-	9,018	13%
Nantong	Center Creation Metropolitan (中創大都會)	47,963	-	1,035	-	1,035	24%
Nantong	Sutong Yongjin Lanwan (蘇通雍錦瀾灣)	47,405	7,336	-	-	7,336	36%
Nantong	Zisheng Road Junlan Tianyue (資生路君蘭天悦)	40,689	1,611	-	-	1,611	98%
Nantong	Nantong Gaotie Xincheng Honored Palace (formerly: Pingchao Gaotie Xincheng) (南通高鐵新城時光峯匯(原名稱: 平潮高鐵新城))	84,022	-	-	184,218	184,218	57%
Nantong	Nantong Fuxing Road Guanjianghai (formerly: Nantong Fuxing Road Project) (南通富興路觀江海(原名稱: 南通富興路項目))	69,966	115,140	-	-	115,140	19%
Nantong	Antai Road Jingchen Residence (安泰路璟宸府)	53,761	-	-	116,056	116,056	29%
Ningbo	Chen Po Du Yong Chao Yin Residence (formerly: Chen Po Du) (陳婆渡湧潮印府(原名稱: 陳婆渡))	40,148	71,668	-	7,196	78,864	31%
Ningbo	Cixi Chengdong Shangdongchen Residence (慈溪城東上東辰府)	84,775	-	-	186,366	186,366	50%

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

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Pengzhou	Chinoiserie Mansion (formerly: Pengzhou 50+55 mou Project) (彭州玖峯(原名稱: 彭州50+55畝項目))	70,603	-	-	155,287	155,287	66%
Qingdao	Jinshatan Beyond the Sea (金沙灘天賦雲海)	14,077	-	-	106,592	106,592	29%
Qingdao	Jimo Yunhai Road Beauty Collection In Times (即墨雲海路集美時光)	116,220	-	-	190,754	190,754	35%
Rugao	Wanshou Road Zi Yun Ji (formerly: Wanshou Road Project) (萬壽路紫雲集(原名稱: 萬壽路項目))	89,669	966	-	113,491	114,457	29%
Suzhou	Upper Sunny Masterpiece Garden (上熙名苑)	44,701	30,125	-	15,948	46,073	50%
Suzhou	Gusu Zhenghong Residence (姑蘇正弘府)	60,961	9,278	-	-	9,278	100%
Suzhou	Shangshui Garden of Elegance (上水雅苑)	69,325	2,187	-	-	2,187	100%
Suzhou	Xiangcheng Shangchen View Mansion (formerly: Fuyuan Road Project) (相城天境上辰(原名稱: 富元路項目))	154,101	-	-	424,786	424,786	76%
Suzhou	Suzhou Lumu Heaven Billow (蘇州陸慕天境瀾庭)	37,963	-	-	81,149	81,149	48%
Suqian	Wutaishan Heyue Garden (五臺山和樾花園)	139,947	-	-	371,486	371,486	19%
Taicang	Taicang Wutang River Luminaries (formerly: Wutang River Project) (太倉吳塘河明月辰光(原名稱: 吳塘河項目))	33,325	1,012	-	-	1,012	32%
Taizhou (泰州)	Taixing Jinjiang Residence (泰興襟江府)	56,230	6,348	-	-	6,348	100%
Tongxiang	Wuzhen Joy Court (formerly: Wuzhen Longxiang Avenue Project) (烏鎮昕悅棠(原名稱: 烏鎮龍翔大道項目))	42,811	143	-	3,119	3,262	95%
Weifang	Weifang Kuiwen North District Project (濰坊奎文北項目)	202,107	-	93,430	633,158	726,588	100%
Wenzhou	Huichang River Prosperous Seasons (formerly: Huichang River B03 Project) (會昌河潮啟四季(原名稱: 會昌河B03項目))	25,721	56,482	-	8,721	65,203	48%
Wenzhou	Huichang River West Lakeside Seasons (formerly: Huichang River B07 Project) (會昌河西湖四季(原名稱: 會昌河B07項目))	19,967	-	-	52,565	52,565	48%
Wenzhou	Guanghuaqiao Jiangbin ONE (廣化橋江濱ONE)	21,191	37,431	-	3,591	41,022	47%
Wenzhou	Yueqing Central District Junlan Hezhu (樂清中心區君蘭和著)	41,342	-	-	80,682	80,682	24%
Wuxi	Hong Yang Sanwan Qing (弘陽三萬頃)	800,000	9,174	-	-	9,174	100%
Wuxi	Huishan Sunrise Joy Court (惠山昕悅棠)	85,122	4,512	-	-	4,512	100%
Wuxi	Liyuan The Art of Shine (formerly: Liyuan Project) (利源長江映(原名稱: 利源項目))	39,021	79,749	-	5,123	84,872	29%

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

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Wuxi	Yangjian Platinum Residence (formerly: Yangjian Project) (羊尖鉞悅名邸(原名稱: 羊尖項目))	63,050	3,235	–	–	3,235	98%
Wuxi	Huishan Chengtie Zhan Time's Garden (formerly: Huishan Chengtie Zhan) (惠山城鐵站時光玖境(原名稱: 惠山城鐵站))	15,017	–	–	41,717	41,717	25%
Wuxi	Wuxi Qingyuan Avenue Time's Lakeside (formerly: Wuxi Qingyuan Avenue) (無錫慶源大道時光沈樾(原名稱: 無錫慶源大道))	57,962	–	–	112,537	112,537	48%
Wuxi	Jade Seal (formerly: Wuxi Yangshan) (無錫陽山悅陽九璽(原名稱: 無錫陽山))	28,166	–	–	44,427	44,427	29%
Wuhu	Mengxi Road Shiguang Lane (夢溪路時光里)	74,135	109,320	–	27,051	136,371	38%
Wuhan	NK1 Hong Yang Tian Yue (formerly: Yin Yue Residence) (NK1弘陽天悅(原名稱: 印月府))	106,207	46,135	–	117,379	163,514	95%
Wuhan	Wuhan Xiao Jun Shan Aesthetics of Life (formerly: Xiao Jun Shan) (武漢小軍山天璽尚院(原名稱: 小軍山))	128,129	–	–	370,338	370,338	45%
Wuhan	Wuhan Huangjia Hu Project (武漢黃家湖項目)	25,290	–	–	60,303	60,303	90%
Xi'an	Yan Liang Sunrise Joy Residence (閩良昕悅府)	24,649	8,423	–	–	8,423	48%
Xi'an	Xi'an Jinghe New Town The Polaris Mansion (西安涇河新城北宸天樾)	95,017	–	–	271,699	271,699	32%
Xiangyang	Prime Watery Court (襄禦瀾庭)	45,761	12,976	–	–	12,976	95%
Xiangyang	Xiangzhou Park 1873 (襄州公園1873)	93,846	3,851	–	256,151	260,002	48%
Xiangyang	Taiziwan Lu Yun Ting (檀子灣路雲庭)	29,569	8,189	–	–	8,189	76%
Xuzhou	Fengming Residence (鳳鳴府)	104,284	5,024	–	5,537	10,561	76%
Xuzhou	Jiawang District Commercial Building in Xuzhou (徐州賈汪區商辦樓)	2,474	–	–	2,134	2,134	80%
Xuzhou	Hong Yang Vanke Jieli (弘陽萬科結廬)	181,244	2,266	–	7,946	10,212	33%
Xuzhou	Beautiful Scenery Residence (麗景府)	26,646	1,321	–	2,000	3,321	33%
Xuzhou	East Lake Joy Residence in Pengzu Avenue (彭祖大道東湖悅府)	70,905	111,878	–	–	111,878	19%
Xuzhou	Metropolitan City in Xinyuan Avenue (新元大道大都會)	90,236	10,314	–	–	10,314	100%
Xuzhou	Phoenix Hill Puyue Residence (鳳凰山璞樾門第)	59,770	6,203	–	–	6,203	96%
Xuzhou	Dawu Park Avenue (大吳公園大道)	213,207	7,297	–	466,434	473,731	51%
Xuzhou	Dawu Shugang Road Project (大吳疏港大道項目)	65,828	–	–	182,340	182,340	48%
Xuzhou	Xuzhou Songsshan Road One Sino Long (formerly: Songsshan Road Project) (徐州嵩山路山河瓏胤(原名稱: 嵩山路項目))	142,721	–	–	361,626	361,626	25%

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Region	Name of Project	Area of Land (sq.m.)	Completed	Rentable Area Held for Investment (sq.m.)	Total Gross	Total Area of Land Bank (sq.m.)	The Group's Interests
			Total Gross Floor Area for Sale (sq.m.)		Floor Area under Development (sq.m.)		
Xuzhou	Xuzhou Damiao Heping Gongguan (formerly: Zhongtian Shiming Road Project) (徐州大廟和平公館(原名稱：中天仕名路項目))	55,614	-	-	154,856	154,856	48%
Xuzhou	Taoloushan Land Lot Project A (陶樓山A地塊項目)	26,358	-	-	67,546	67,546	50%
Xuzhou	Taoloushan Land Lot Project B (陶樓山B地塊項目)	25,157	-	-	63,517	63,517	48%
Xuzhou	Taoloushan Land Lot Project C (陶樓山C地塊項目)	24,514	-	-	67,973	67,973	48%
Yancheng	Begonia View Residence in Yanzhen Road (鹽枕路觀棠府)	69,049	7,452	-	-	7,452	31%
Yancheng	Dongjin Road Sunrise Joy Residence (東進路昕悅府)	103,847	33,141	-	107,628	140,769	32%
Yancheng	Haikuo Road Fenglin Residence (海闊路鳳麟府)	100,491	8,202	-	158,662	166,864	33%
Yancheng	Yancheng Yandangshan Road Fengyue Residence (formerly: Yancheng Yandangshan Road Project) (鹽城雁蕩山路鳳隴府(原名稱：鹽城雁蕩山路項目))	104,088	-	-	238,851	238,851	14%
Yangzhou	Yangzhou City Two Central Mansion (揚州二城和光昕悅)	23,234	-	-	42,233	42,233	64%
Yizheng	Yizheng 38 Yuedi Bay (儀徵38悅堤灣)	69,788	13,304	-	-	13,304	50%
Yizheng	Yizheng 39 Yuejiang Bay (formerly: Yizheng 39) (儀徵39悅江灣(原名稱：儀徵39))	66,358	10,127	-	-	10,127	48%
Yizheng	Yizheng Yuelong Bay (儀徵悅龍灣)	27,589	10,252	-	-	10,252	98%
Zhangjiagang	Tang Qiao Xing Tang Residence (塘橋星唐府)	36,829	3,369	-	-	3,369	50%
Zhangjiagang	Daxin Sunrise Joy Masterpiece Residence (大新昕悅名邸)	47,706	307	-	-	307	70%
Zhangjiagang	Jinfeng Beautiful in Ten (錦豐十裏錦綉)	98,783	1,145	-	20,502	21,647	16%
Zhangjiagang	Tang Qiao Cloud Mansion (formerly: Tang Qiao Fumin Road Project) (塘橋雲築(原名稱：塘橋富民路項目))	40,317	14,300	-	-	14,300	48%
Zhangjiagang	Zhangjiagang Chengdong Tangyue Royalty (formerly: Zhangjiagang Jiangcheng Road) (張家港城東棠榭世家(原名稱：張家港蔣乘路))	44,590	13,783	-	88,312	102,095	43%
Changsha	Deyi In Times (德一時光里)	12,956	12,627	-	-	12,627	67%
Changsha	Black Stone Sunrise Joy Residence (formerly: Black Stone Project) (黑石昕悅府(原名稱：黑石項目))	32,684	9,915	-	41,938	51,853	95%
Changsha	Changsha Wanhou Residence (formerly: Wanhou Road) (長沙萬侯府(原名稱：萬侯路))	21,967	126	-	15,364	15,490	95%
Changsha	Changsha Wayao Road Sunrise Joy Court (formerly: Wayao Road) (長沙瓦窯路昕悅棠(原名稱：瓦窯路))	34,269	-	-	44,336	44,336	48%

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Region	Name of Project	Area of Land (sq.m.)	Completed	Rentable Area Held for Investment (sq.m.)	Total Gross	Total Area of Land Bank (sq.m.)	The Group's Interests
			Total Gross Floor Area for Sale (sq.m.)		Floor Area under Development (sq.m.)		
Changsha	Changsha Xinglian Road Natural Bustling (formerly: Xinglian Road) (長沙興聯路雲瀟 賦(原名稱:興聯路))	16,111	-	-	52,124	52,124	48%
Zhenjiang	Zhenjiang Zhoujiazhuang Jingkou Times (鎮江周家 莊京口時光)	16,168	-	-	42,463	42,463	48%
Zhenjiang	Xiaoniu Hill No. 1 Four Seasons Magnificence (小 牛山一號四季風華)	28,920	-	-	31,250	31,250	31%
Zhenjiang	Xiaoniu Hill No. 2 Four Seasons Magnificence (小 牛山二號四季風華)	20,536	5,695	-	-	5,695	33%
Zhengzhou	Zhongmou Hong Yang Residence (中牟弘陽府)	119,924	-	-	318,326	318,326	95%
Chongqing	Taojia Times Billow (formerly: Cypress View • Seattle) (陶家時光瀾庭(原名稱:柏景•西雅圖))	89,273	40,034	-	49,975	90,009	100%
Chongqing	Shiqiaopu Tianchen Yipin (石橋鋪天宸一品)	8,749	7,484	-	-	7,484	50%
Chongqing	Bishan Sunrise Joy Residence (formerly: Bishan 295) (璧山昕悅府(原名稱:璧山295))	106,259	650	-	133,594	134,244	45%
Chongqing	Guan Yin Tang Sunrise Joy Residence (觀音塘昕悅 府)	14,785	6,249	-	-	6,249	48%
Chongqing	Beibei Utopia (formerly: Beibei Project) (北碚懋景 臺(原名稱:北碚項目))	109,540	521	-	46,192	46,713	47%
Chongqing	Chongqing Central Park Sunrise Joy Court (formerly: Central Park) (重慶中央公園昕悅 棠(原名稱:中央公園))	39,636	8,465	-	1,303	9,768	95%
Chongqing	Chongqing Babin Road Glistening River (formerly: Babin Road Project) (重慶巴濱路一曲晴江(原名 稱:巴濱路項目))	66,926	21,626	-	12,255	33,881	48%
Chongqing	Chongqing Jieshi Xiao Feng Jiang Nan 71 mou Project (重慶界石曉風江南71畝項目)	47,039	-	-	81,228	81,228	24%
Chongqing	Chongqing Jieshi Xiao Feng Jiang Nan 141 mou Project (重慶界石曉風江南141畝項目)	94,061	-	-	206,447	206,447	24%
		12,810,978	2,371,873	966,596	11,645,081	14,983,550	

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

3. Commercial Operations

For the year ended 31 December 2022, the Group's sales revenue from commercial operations amounted to approximately RMB647.78 million, representing an increase of 11% as compared to the corresponding period last year.

It was due to the increase in operation income from Nanjing Hong Yang Plaza and the newly-opened Jinan Hong Yang Plaza.

4. Hotel Operations

For the year ended 31 December 2022, the Group achieved sales revenue of approximately RMB27.71 million from its hotel operations, representing a decrease of 34.2% as compared to the corresponding period last year.

It was due to the decrease in occupancy rate under the COVID-19 pandemic.

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

FINANCIAL REVIEW

1. Revenue

For the year ended 31 December 2022, the Group's revenue amounted to approximately RMB20,013.4 million, representing a decrease of 25.0% from approximately RMB26,667.0 million for the same period last year. The revenue mainly included income generated from property sales, commercial operations and hotel operations, of which income generated from: (i) property sales decreased by 25.7% to approximately RMB19,337.9 million as compared to the same period last year, accounting for 96.6% of the total recognized revenue; (ii) commercial operations increased by 11.0% to approximately RMB647.8 million as compared to the same period last year; and (iii) hotel operations decreased by 34.2% to approximately RMB27.7 million as compared to the same period last year.

Details of recognized revenue are set out as follows:

	2022		2021		Year-on-year change (%)
	Recognized Revenue (RMB'000)	Percentage of Total Recognized Revenue (%)	Recognized Revenue (RMB'000)	Percentage of Total Recognized Revenue (%)	
Property sales	19,337,943	96.6	26,041,292	97.6	(25.7)
Commercial operations	647,780	3.3	583,545	2.2	11.0
Hotel operations	27,707	0.1	42,142	0.2	(34.3)
Total	20,013,430	100.0	26,666,979	100.0	(25.0)

2. Cost of Sales

For the year ended 31 December 2022, the cost of sales of the Group was approximately RMB18,347.9 million, representing a decrease of 15.0% as compared to that of approximately RMB21,585.7 million for the same period last year. The decrease was primarily due to the decreased number of projects delivered during the year. Several projects delivered during the year included Metropolitan City in Xinyuan Avenue (新元大道大都會) project in Xuzhou, Babin Road Glistening River (巴濱路一曲晴江) project in Chongqing, Yangjian Platinum Residence (羊尖鉞悅名邸) project in Wuxi, Haikuo Road Fenglin Residence (海闊路鳳麟府) project in Yancheng, and Lishui Times Joy Residence (溧水時光悅府) project in Nanjing.

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

3. Gross Profit and Gross Profit Margin

For the year ended 31 December 2022, the Group's gross profit was approximately RMB1,665.6 million, representing a decrease of 67.2% from approximately RMB5,081.3 million for the corresponding period last year. Such decrease was primarily attributable to the decreased number of projects delivered during the year. For the year ended 31 December 2022, the gross profit margin was 8.3%, as compared to 19.1% for the corresponding period last year. The decrease in gross profit margin was mainly due to the decrease in the percentage of revenue recognized for products with higher gross profit margin as compared with the corresponding period last year, and the increase in impairment recognised for properties under development and completed properties held for sale as compared with the corresponding period last year.

4. Changes in Fair Value of Investment Properties

For the year ended 31 December 2022, the Group recognized fair value loss on investment properties of approximately RMB549.0 million. The fair value loss on investment properties recorded were primarily due to a decrease of the overall capital value.

5. Selling and Distribution Expenses

For the year ended 31 December 2022, the Group's selling and distribution expenses amounted to approximately RMB690.8 million, representing a decrease of 27.8% from approximately RMB956.6 million for the corresponding period last year. Such decrease was due to the decrease in the launch of new property projects of the Group in 2022.

6. Administrative Expenses

For the year ended 31 December 2022, the Group's administrative expenses amounted to approximately RMB690.7 million, representing a decrease of 26.9% from approximately RMB944.4 million for the corresponding period last year. Such decrease was mainly due to the Group's further development in major metropolitan areas and core cities, and the strengthened control in administrative expenses and costs.

7. Share of Profits and Losses of Joint Ventures and Associates

For the year ended 31 December 2022, the Group's share of losses of joint ventures and associates amounted to approximately RMB586.1 million (2021: share of profits of RMB319.8 million) mainly due to the increase in losses incurred by the joint ventures and associates held by the Group. The main cooperation projects with profit carried forward during the period included: Phoenix East Phoenix One (鳳凰東錦鳳合鳴) project in Changzhou, Chen Po Du Yong Chao Yin Residence (陳婆渡湧潮印府) project in Ningbo, Liyuan The Art of Shine (利源長江映) project in Wuxi, and Hangxing Road Qinlan (杭行路沁瀾) project in Hangzhou.

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

8. Finance Costs

For the year ended 31 December 2022, the Group's finance costs expended amounted to approximately RMB1,972.6 million, representing an increase of 105.1% from approximately RMB961.6 million for the corresponding period last year. Such change in finance costs was mainly due to the exchange loss on US\$-denominated borrowings of the Group during the Reporting Period.

9. Income Tax Expense

For the year ended 31 December 2022, the Group's income tax expense amounted to approximately RMB602.2 million, representing a decrease of 52.2% from approximately RMB1,259.2 million for the corresponding period last year. The Group's income tax expense included provisions for the corporate income tax and land appreciation tax net of deferred tax during the year.

During the year ended 31 December 2022, the provision made for land appreciation tax by the Group was approximately RMB145.8 million, as compared with approximately RMB189.9 million for the corresponding period last year.

10. (Loss)/Profit for the Reporting Period

As a result of the aforementioned factors, the loss before tax was RMB3,335.6 million (2021: profit before tax: RMB3,124.8 million).

LIQUIDITY, FINANCE AND CAPITAL

1. Cash Position

As at 31 December 2022, the Group's cash and bank balances were approximately RMB4.86 billion (as at 31 December 2021: approximately RMB16.04 billion), of which, restricted cash amounted to approximately RMB1.82 billion (as at 31 December 2021: RMB1.10 billion), and pledged deposits amounted to approximately RMB0.58 billion (as at 31 December 2021: RMB1.05 billion).

2. Borrowings and Pledged Assets

As at 31 December 2022, the Group's total borrowings (including interest-bearing bank and other borrowings and senior notes) amounted to approximately RMB24.29 billion (as at 31 December 2021: approximately RMB34.14 billion), of which, interest-bearing bank and other borrowings were approximately RMB13.88 billion (as at 31 December 2021: approximately RMB21.74 billion) and senior notes were approximately RMB10.41 billion (as at 31 December 2021: approximately RMB12.39 billion).

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

The Group's total borrowings were repayable as follows:

	31 December 2022	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing bank loans and other borrowings:		
Repayable within one year or on demand	6,155,668	6,865,131
Repayable in the second year	4,794,753	6,317,484
Repayable within two to five years	2,149,150	7,584,458
Repayable beyond five years	782,500	977,840
Sub-total	13,882,071	21,744,913
Senior notes:		
Repayable within one year or on demand	10,409,067	4,521,504
Repayable in the second year	–	4,266,964
Repayable within two to five years	–	3,601,734
	10,409,067	12,390,202
Total borrowings	24,291,138	34,135,115

As at 31 December 2022, except for the borrowings in the amount of RMB11,327.9 million (as at 31 December 2021: RMB13,117.2 million) denominated in US\$ and nil denominated in HK\$ (as at 31 December 2021: RMB15.1 million), the remaining borrowings of the Group were denominated in RMB.

As at 31 December 2022, except for certain bank and other borrowings of RMB4,143,080,000 (as at 31 December 2021: RMB5,451,461,000) with fixed interest rates, all of the Group's bank and other borrowings bear interest at floating interest rates.

As at 31 December 2022, assets with an aggregate value of approximately RMB39,762.1 million (as at 31 December 2021: approximately RMB39,283.8 million) have been pledged to banks and other financial institutions to secure the credit facilities granted to the Group and its joint ventures and associates.

3. Gearing Ratio

As at 31 December 2022, the Group's net gearing ratio (total borrowings less cash and bank balances divided by total equity) was approximately 81.7%, as compared with approximately 57.0% as at 31 December 2021. As at 31 December 2022, the Group's debt to asset ratio (total debts divided by total assets) was approximately 76.6%, as compared with approximately 76.1% as at 31 December 2021. As at 31 December 2022, the Group's current ratio (current assets divided by current liabilities) was approximately 1.11 times, as compared with approximately 1.38 times as at 31 December 2021.

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

As of 31 December 2022, cash to short-term debt ratio (cash and bank balances divided by short-term borrowings) was approximately 0.29 times, as compared with approximately 1.41 times as at 31 December 2021.

4. Capital and Property Development Expenditure Commitments

As at 31 December 2022, the Group had capital and property development expenditure commitments contracted but not provided for of approximately RMB6.08 billion (as at 31 December 2021: approximately RMB10.13 billion).

MATERIAL ACQUISITIONS AND DISPOSALS

During the year ended 31 December 2022 and up to the date of this annual report, the Group did not have any material acquisition or disposal of subsidiaries and associated companies.

EMPLOYEE AND REMUNERATION POLICY

As of 31 December 2022, the Group had 2,136 employees in total, in which 1,673 employees were engaged in the real estate development business, 376 employees were engaged in the commercial property operation business, and 87 employees were engaged in the hotel management business.

The emolument of the employees of the Group is mainly determined based on the prevailing market level of remuneration and the individual performance and work experience of the employees. Bonuses are also distributed based on the performance of the employees. The Group provides employees with career development opportunities and considers if their remuneration should be raised or if they should be promoted with reference to their individual performance and potential. Other benefits provided by the Group include medical benefits and specialized training schemes.

CURRENCY RISK

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. None of the Group's sales (2021: Nil) were denominated in currencies other than the functional currencies of the operating units making the sale, whilst 100% (2021: 100%) of costs were denominated in the units' functional currencies.

In addition, the Group has currency exposures from its cash and bank balances, financial assets at fair value through profit or loss, loan receivables, amounts due from related parties, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, interest bearing bank and other borrowings and senior notes.

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US\$ and HK\$ exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities).

	Increase/ (decrease) in US\$/RMB rate	Increase/ (decrease) in profit before tax
	<i>%</i>	<i>RMB'000</i>
2022		
If the RMB weakens against the US\$	(5%)	(302,949)
If the RMB strengthens against the US\$	5%	302,949
2021		
If the RMB weakens against the US\$	(5%)	(571,976)
If the RMB strengthens against the US\$	5%	571,976
	Increase/ (decrease) in HK\$/RMB rate	Increase/ (decrease) in profit before tax
	<i>%</i>	<i>RMB'000</i>
2022		
If the RMB weakens against the HK\$	(5%)	(5,701)
If the RMB strengthens against the HK\$	5%	5,701
2021		
If the RMB weakens against the HK\$	(5%)	(5,855)
If the RMB strengthens against the HK\$	5%	5,855

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the consolidated financial statements were as follows:

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	(i)	11,239,237	11,442,598
Guarantees given to banks and other institutions in connection with facilities granted to related parties and other parties	(ii)	<u>7,387,790</u>	<u>6,613,267</u>
		<u>18,627,027</u>	<u>18,055,865</u>

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

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

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

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

- (ii) As at 31 December 2022, the Group provided guarantees to the extent of RMB7,387,790,000 (2021: RMB6,613,267,000) in respect of credit facilities granted to related parties and other parties.

In the opinion of the directors, the fair values of the guarantees at initial recognition and the ECL allowance are not significant.

FOR THE YEAR ENDED DECEMBER 31, 2023

Review for 2023

In 2023, China's gross domestic product (GDP) increased by 5.2% as compared with 2022, completing the economic growth target set at the beginning of the year, and achieving quality growth despite the severe and volatile external situation and blockage of internal circulation. However, there are still problems such as insufficient effective demand, overcapacity in some industries, weak social expectations and more hidden risks.

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

In terms of real estate, in 2023, the sales area of commercial housing in China was 1,117.35 million sq.m., representing a year-on-year decrease of 8.5%. The real estate market continued to be in the adjustment period, and the market throughout the year showed a trend of “low after high then stable (前高中低後穩)”. In terms of policies, the “major changes in the relationship between supply and demand in the industry” was designated by the state in July as a watershed, and many ministries and commissions frequently issued heavyweight policies to support the development of the property market. The Central Economic Work Conference repeatedly emphasised the active and steady resolution of real estate risks, and equally meet the reasonable financing needs of real estate enterprises with different ownership.

Various local governments have successively introduced various supportive policies, involving the cancellation of purchase restrictions, optimisation of purchase restrictions, optimisation of loan restrictions, cancellation of sales restrictions and optimisation of price restrictions, etc. The policy environment has entered the stage of easing. Some policies have achieved phased results in the market. However, due to factors such as weaker residents’ income expectations and heavier wait-and-see sentiment on home purchases, there is still certain pressure on market adjustment.

In 2023, in the face of the continuous in-depth adjustment of the industry, the Group adhered to the core value of “professionalism and building credibility for the long term”, anchored on the strategic direction, adhered to the principle of quality and sustainable development, clarified the development keynote of “seeking progress while maintaining stability”, continued to improve the quality of products and services, and achieved quality development. During the year, a total of 88 batches were delivered, fulfilling the promise of home for 43,000 property owners in 24 cities in 10 provinces.

Maintaining the dual-driven synergic development in property development and commercial real estate, the Group has three primary business segments, namely property development and sales, commercial property investment and operations, and hotel operations, among which property development and sales is the core business of the Group. The Group’s revenue is primarily generated from the sales of residential properties and ancillary shops developed by the Group, rentals from the investment in and operation of commercial properties, and service fees from hotel operations.

During the Reporting Period, the Group achieved contracted sales of RMB21.829 billion, aggregate contracted sales in gross floor area of 1,567,348 square meters, and average selling price of RMB13,927 per square meter.

During the Reporting Period, the Group’s recognised sales revenue amounted to RMB19,794.7 million, representing a decrease of approximately 1.1% as compared to the previous year. The gross loss was RMB669.7 million; the net loss was RMB7,739.7 million.

1. Property business

During the Reporting Period, the Group’s revenue from its property business amounted to RMB19,198.94 million. As at 31 December 2023, the Group’s total gross floor area of land bank was approximately 10,843,866 sq.m., of which gross floor area of land bank attributable to the Group was approximately 5,793,271 sq.m.

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

2. Commercial property investment and operations

During the Reporting Period, the Group's sales revenue from commercial operations amounted to approximately RMB560.07 million.

3. Hotel operations

During the Reporting Period, the Group's sales revenue from hotel operations amounted to approximately RMB35.69 million.

BUSINESS REVIEW

1. Sales of Properties

As of 31 December 2023, the Group achieved contracted sales of approximately RMB21.829 billion, and contracted sales in gross floor area of approximately 1,567,348 sq.m.

Details of the contracted sales of the Group as at 31 December 2023 are set out as below:

Region	Contracted Sales Area in Total Gross Floor Area (sq.m.)	Contracted Sales Amount (RMB'000)	Average Contracted Selling Price (RMB/sq.m.)
Xuzhou	206,457	2,107,815	10,209
Nanjing	194,823	4,035,006	20,711
Suzhou	114,932	1,944,365	16,918
Yancheng	89,740	1,037,040	11,556
Foshan	88,498	1,432,400	16,186
Chengdu	70,166	929,485	13,247
Weifang	67,875	569,592	8,392
Huai'an	64,213	922,990	14,374
Chongqing	59,187	514,101	8,686
Wuxi	58,790	1,013,082	17,232
Xi'an	52,747	662,490	12,560
Zhenjiang	48,852	438,703	8,980
Changzhou	48,144	732,283	15,210
Wuhan	43,037	470,268	10,927
Suqian	42,728	358,675	8,394
Wenzhou	39,270	971,907	24,750
Nantong	35,380	487,092	13,768
Changsha	27,957	287,814	10,295
Xiangyang	26,978	180,628	6,695
Ningbo	26,405	533,445	20,202
Shaoxing	24,176	556,054	23,000

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Region	Contracted Sales Area in Total Gross Floor Area (sq.m.)	Contracted Sales Amount (RMB'000)	Average Contracted Selling Price (RMB/sq.m.)
Qingdao	23,906	279,441	11,689
Jiangmen	16,421	150,780	9,182
Anqing	15,787	118,462	7,504
Hefei	15,697	144,077	9,179
Guangzhou	15,537	301,764	19,422
Yangzhou	15,350	259,436	16,902
Huzhou	10,147	114,641	11,298
Nanchang	8,256	92,877	11,249
Hengyang	7,162	66,320	9,260
Zhengzhou	4,081	22,665	5,554
Chuzhou	1,217	16,369	13,454
Jinan	863	7,542	8,740
Fuyang	226	1,872	8,277
Hangzhou	154	5,256	34,178
Others	2,190	62,471	28,523
Total	<u>1,567,348</u>	<u>21,829,208</u>	<u>13,927</u>

2. Land Bank

As at 31 December 2023, the Group had a land bank with an aggregate gross floor area of approximately 10,843,866 sq.m., including completed properties totaled 1,929,760 sq.m., rentable area held for investment totaled 966,596 sq.m., and properties under development totaled 7,947,510 sq.m.

Details of the land bank of the Group (including acquired in process) as at 31 December 2023 are set out as below:

Region	Name of Project	Area of Land (sq.m.)	Completed		Total Gross Floor Area under Development (sq.m.)	Total Area of Land Bank (sq.m.)	The Group's Interests
			Total Gross Floor Area for Sale (sq.m.)	Rentable Area Held for Investment (sq.m.)			
Anqing	Anqing Hong Yang Upper City (安慶弘陽上城)	147,547	16,799	80,000	114,928	211,727	95%
Bengbu	Huadi Hongyang Residence (華地弘陽府)	32,646	5,328	-	-	5,328	48%
Bozhou	Verse of River and Mountain (formerly: Bozhou Land Lot No. 2017-217 (江山賦(原名稱: 亳州 2017-217號地塊))	201,216	105,096	-	-	105,096	40%

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Region	Name of Project	Area of Land (sq.m.)	Completed	Rentable Area Held for Investment (sq.m.)	Total Gross	Total Area of Land Bank (sq.m.)	The Group's Interests
			Total Gross Floor Area for Sale (sq.m.)		Floor Area under Development (sq.m.)		
Changshu	Hefeng Architecture in Xinhua Road (新華路和風名築)	45,742	788	-	-	788	40%
Changshu	Changshu Guli Tiejin Road Project (常熟古裏鐵琴路項目)	40,805	-	-	87,464	87,464	32%
Changzhou	Commercial and Trading Peak (商貿雲峯)	50,921	68,196	-	-	68,196	57%
Changzhou	Phoenix East Phoenix One (formerly: Phoenix East Project) (鳳凰東錦鳳合鳴(原名稱：鳳凰東項目))	115,615	25,359	30,086	77,428	132,873	49%
Changzhou	Golden Seal and Heaven Shire (金璽天郡)	88,719	30,154	-	-	30,154	50%
Changzhou	Emperor Looks at the First Court (君望甲第)	67,225	10,202	-	-	10,202	40%
Changzhou	Sang Ma Land Lot A (桑麻A地塊)	44,524	-	11,690	-	11,690	70%
Changzhou	Yanlan Fenghua (燕瀾風華)	126,695	1,051	-	-	1,051	85%
Changzhou	Changzhou Hong Yang Plaza (常州弘陽廣場)	43,590	-	85,030	4,835	89,865	100%
Changzhou	Changzhou Hong Yang 1936 (formerly: Sang Ma Land Lot CD) (常州弘陽1936(原名稱：桑麻CD地塊))	156,115	2,892	105,818	136,151	244,861	70%
Changzhou	Sanmao Longyun Tiancheng (formerly: Sanmao Land Lot) (三毛龍運天城(原名稱：三毛地塊))	108,486	24,483	-	-	24,483	31%
Changzhou	Hong Yang Upper City Phase I-III (弘陽上城一-三期)	111,700	6,831	-	-	6,831	100%
Changzhou	Xi Xia Shu Yun Xi (西夏墅雲禧)	36,712	17,798	-	-	17,798	35%
Changzhou	Changzhou Yaoguan Yuhushanguan Garden (常州遙觀昱湖上觀花苑)	58,093	16,632	-	-	16,632	57%
Chengdu	Dujiangyan DJY2017-09 (都江堰DJY2017-09)	26,393	2,741	-	-	2,741	95%
Chengdu	Dujiangyan DJY2017-10 (都江堰DJY2017-10)	39,064	3,092	-	-	3,092	95%
Chengdu	Central Road Fanjin 108 (formerly: Central Road Project) (中環路梵錦108(原名稱：中環路項目))	72,114	34,964	41,730	-	76,694	47%
Chengdu	Shuangliu Heyuan Project (雙流合園項目)	19,794	853	-	-	853	48%
Chengdu	Qionglai Hong Yang Weilai Shiguang (邛崃弘陽未來時光)	39,809	4,886	-	-	4,886	94%
Chengdu	Chengdu Xinglonghu Lakeside Yun Jing Garden (formerly: Tianfu Xinqu 42 mou) (成都興隆湖湖畔雲環花園(原名稱：天府新區42畝))	28,432	11,863	-	-	11,863	32%
Chuzhou	Metropolitan Art Atmosphere (都會藝境)	60,189	7,689	-	-	7,689	33%
Chuzhou	Hong Yang Garden (弘陽苑)	8,782	1,851	-	-	1,851	100%
Chuzhou	Glory Residence (正榮府)	80,867	3,611	-	-	3,611	30%
Chuzhou	Garden In Times (Chuzhou Times Billow) (時光里花園(滁州時光瀾庭))	89,886	1,757	-	-	1,757	40%
Chuzhou	Jingzi Road Times Magnificence (敬梓路時光風華)	55,719	13,625	-	-	13,625	47%
Danyang	Phoenix Terrace (鳳熹台)	88,498	15,576	-	-	15,576	20%

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Region	Name of Project	Area of Land (sq.m.)	Completed	Rentable Area Held for Investment (sq.m.)	Total Gross	Total Area of Land Bank (sq.m.)	The Group's Interests
			Total Gross Floor Area for Sale (sq.m.)		Floor Area under Development (sq.m.)		
Foshan	Hongyang Shan Xin Garden (弘陽山馨花園)	63,132	2,906	-	-	2,906	95%
Foshan	Benevolence Lake No.1 (博愛湖一號)	44,156	4,154	8,011	-	12,165	95%
Foshan	Foshan Lakeside Mansion (formerly: Lv Dao Hu) (佛山綠島湖公館(原名稱: 綠島湖))	51,240	16,074	-	129,706	145,780	31%
Foshan	Nanyou Park No.1 (南油公園一號)	67,582	-	-	176,419	176,419	31%
Foshan	Foshan Jihua North Joy River No.1 (佛山季華北悅 江一號)	33,220	17,407	-	-	17,407	47%
Foshan	Foshan Zhangcha Sunrise Joy Residence (佛山張槎 昕悅府)	17,059	8,174	-	-	8,174	48%
Fuyang	Yingzhou Hong Yang Residence (穎州弘陽府)	38,297	3,924	-	-	3,924	45%
Guangzhou	Guangzhou Wanjing No.1 (廣州灣璟壹號)	32,387	39,052	-	-	39,052	12%
Haimen	Jianghai Road The One World (formerly: Jianghai Road Zuo An Gong Yuan) (江海路水岸觀瀾苑(原 名稱: 江海路左岸公元))	75,028	5,616	-	-	5,616	67%
Haining	Longxing Road Beichen Yipin (formerly: Longxing Road Project) (隆興路北辰一品(原名稱: 隆興路 項目))	42,030	8,761	-	-	8,761	33%
Hangzhou	Hangxing Road Project (杭行路項目)	18,703	1,931	-	-	1,931	30%
Hangzhou	Fuchun Bay Jichen Residence (富春灣濟宸府)	39,313	69,166	-	-	69,166	33%
Hangzhou	Hangzhou Binyao Mansion (formerly: Binjiang Pule Project) (杭州濱耀學府(原名稱: 濱江浦樂 項目))	44,633	8,595	-	-	8,595	26%
Hefei	Changfeng In Times (長豐時光里)	42,621	6,789	-	-	6,789	100%
Hefei	Yaohai Joy Residence (瑤海昕悅府)	37,254	2,133	-	-	2,133	80%
Hefei	Glance River Terrace (望江台)	139,536	24,103	-	-	24,103	25%
Hefei	Dongfangyin (東方印)	28,081	4,553	-	-	4,553	51%
Hefei	Moon Bay Joy and Magnificence (月亮灣和悅風華)	26,380	3,237	-	-	3,237	38%
Hefei	Fengle Oriental Jade (formerly: Yaohai Prosper and Joy) (豐樂翡麗東方(原名稱: 瑤海豐樂))	59,233	76,283	-	-	76,283	32%
Hefei	Longzi Lake Times (龍子湖湖語時光)	68,461	10,593	-	-	10,593	29%
Hefei	Lujiang Lakeside Shade Mountain (廬江湖畔樾山)	161,263	67,228	-	270,343	337,571	48%
Hengyang	Yangliu Road Sunrise Joy Residence (楊柳路昕悅 府)	36,912	26,044	-	-	26,044	95%
Huzhou	Ren Huang 43 Yan Lan Residence (仁皇43燕瀾府)	48,652	4,079	-	-	4,079	97%
Huzhou	Ren Huang 58 Yan Lan Residence (formerly: Huzhou Ren Huang No. 58#) (仁皇58燕瀾府(原 名稱: 湖州仁皇58#))	102,218	6,672	-	-	6,672	97%

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Region	Name of Project	Area of Land (sq.m.)	Completed	Total Gross Rentable Area Held for Investment (sq.m.)	Total Gross	Total Area of Land Bank (sq.m.)	The Group's Interests
			Total Gross Floor Area for Sale (sq.m.)		Floor Area under Development (sq.m.)		
Huzhou	Huzhou Southwest Development Zone Qinlan Residence (formerly: Huzhou South Taihu New District Project) (湖州西南開發區沁瀾府(原名稱：湖州南太湖新區項目))	30,200	-	-	78,204	78,204	36%
Huai'an	Heyi Road Yunhe Fenghua (合意路運河風華)	68,362	4,623	-	-	4,623	47%
Huai'an	Huai'an Fengdeng Road Jinyuefu (formerly: Huai'an Fengdeng Road) (淮安豐登路金樾府(原名稱：淮安豐登路))	41,476	-	-	129,626	129,626	32%
Huai'an	Huai'an Eco-City Grand One (淮安生態新城泓著大觀)	82,734	-	-	147,219	147,219	51%
Jinan	Jiqi Road Leisure's Mansion (formerly: Jiqi Road Project) (濟齊路君逸府(原名稱：濟齊路項目))	34,290	-	-	82,370	82,370	43%
Jiangmen	Liyue Guoyue Residence (formerly: Liyue Project) (禮樂國樾府(原名稱：禮樂項目))	30,231	50,495	-	-	50,495	31%
Jiangyin	Yunting Joy Residence (雲亭昕悅府)	138,902	16,200	-	-	16,200	100%
Jiangyin	Xinqiao Leiden Town (formerly: Jing Garden of Superior Class) (新橋萊頓小鎮(原名稱：上品環苑))	203,609	28,212	-	-	28,212	20%
Jiangyin	Yunting Tangyue Jinyuan (formerly: Yunting Primary School Project) (雲亭棠樾錦園(原名稱：雲亭小學項目))	92,953	15,064	-	-	15,064	48%
Jurong	Jurong C Ziyue Residence (formerly: Land Lot No. 2018-J1-06) (句容C紫悅府(原名稱：2018-J1-06號地塊))	72,609	34,896	-	-	34,896	31%
Jurong	Jurong B Project (formerly: Jurong Land Lot No. B) (句容B項目(原名稱：句容B地塊))	38,731	-	-	74,274	74,274	18%
Kaifeng	Zhong Yi Hu Yan Lan Residence (formerly: Kaifeng Yan Lan Residence) (中意湖燕瀾府(原名稱：開封燕瀾府))	63,533	21,605	-	13,429	35,034	44%
Ma'anshan	Hexian Peacock City (和縣孔雀城)	97,340	2,146	-	-	2,146	20%
Meishan	Renshou In Times (仁壽時光里)	68,107	11,433	-	34,394	45,827	95%
Nanchang	Nanchang Hong Yang Residence (南昌弘陽府)	43,410	10,382	-	-	10,382	44%
Nanchang	Yao Lake Times Sky Shade (瑤湖時光天樾)	102,269	18,995	-	129,965	148,960	63%
Nanchang	Zhong Da Hong Yang (formerly: Qing Yun Pu) (中大弘陽(原名稱：青雲譜))	29,452	24,275	-	-	24,275	47%
Nanchang	Wanli In Times (灣裏時光里)	13,717	3,442	-	-	3,442	95%
Nanchang	Nanchang Qingshan Lake Avenue Times Garden (南昌青山湖大道時光玖悅)	20,182	-	-	65,514	65,514	44%
Nanjing	Solaris Loving City Section 8 (旭日愛上城八區)	40,552	4,992	-	-	4,992	100%
Nanjing	Shiguang Chunxiao (時光春曉)	32,246	449	-	-	449	49%

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Region	Name of Project	Area of Land (sq.m.)	Completed	Rentable Area Held for Investment (sq.m.)	Total Gross	Total Area of Land Bank (sq.m.)	The Group's Interests
			Total Gross Floor Area for Sale (sq.m.)		Floor Area under Development (sq.m.)		
Nanjing	Binhuli (濱湖裏)	52,763	5,426	-	-	5,426	51%
Nanjing	Qilin Garden in the East (麒麟領東苑)	67,810	448	-	-	448	33%
Nanjing	Yanlan Qijin (燕瀾七緡)	57,503	3,220	-	-	3,220	49%
Nanjing	Shiguang Yinxiang (時光印象)	61,145	119	-	-	119	48%
Nanjing	Gaoxin G27 Yinyue Residence (高新G27印悅府)	68,644	12,212	-	-	12,212	20%
Nanjing	Mountain and Lake View in Times (時光山湖)	14,338	826	-	-	826	25%
Nanjing	Shidai Tianyue (formerly: Nanjing Land Lot No. 2017G36) (時代天樾(原名稱：南京·2017G36地塊))	54,173	-	-	78,508	78,508	15%
Nanjing	Xiaolongwan Garden of Joy and Happiness (formerly: Land Lot No. 2017G57) (小龍灣悅禧苑(原名稱：2017G57地塊))	58,024	15,404	-	-	15,404	100%
Nanjing	Gaoxin Xingyuecheng Phase 2 (高新星悅城二期)	7,025	-	-	14,770	14,770	49%
Nanjing	Gaochun Pinglan Residence (formerly: Gaochun Land Lot No. 02-03) (高淳平瀾府(原名稱：高淳02-03地塊))	102,787	13,437	-	-	13,437	12%
Nanjing	Solaris Jingcheng Store (旭日景城商鋪)	1,371	-	4,450	-	4,450	100%
Nanjing	Solaris Loving City Section 6 Store (旭日愛上城六區商鋪)	989	-	7,301	-	7,301	100%
Nanjing	Nanjing Hong Yang Plaza (南京弘陽廣場)	230,871	-	491,888	-	491,888	100%
Nanjing	3rd-4th Floor of Redsun Tower (弘陽大廈3-4層)	277	-	4,964	-	4,964	100%
Nanjing	Lishui Times Joy Residence (formerly: Shiqiu Project) (溧水時光悅府(原名稱：石湫項目))	131,964	34,912	-	-	34,912	48%
Nanjing	Lukou Lakeside Mansion (formerly: Lukou Project) (祿口雲溪環園(原名稱：祿口項目))	73,686	-	-	7,221	7,221	47%
Nanjing	Puzhu North Road Shangshang Joy Garden (浦珠北路尚上悅苑)	7,232	5,934	-	-	5,934	70%
Nanjing	Lishui Sunrise Joy Shangchen (溧水昕悅尚宸)	41,931	10,632	-	-	10,632	48%
Nanjing	Qiaolin Shiguang Boyueyuan (橋林時光泊月園)	28,188	5,323	-	-	5,323	48%
Nanjing	Nanjing Times Avenue Lan Wan Jiu Zhu (formerly: Times Avenue Project) (南京時代大道攬灣玖築(原名稱：時代大道項目))	60,138	-	-	123,497	123,497	15%
Nanjing	Nanjing Zhuangyuanfang Xiyue Garden (formerly: Lishui Zhuangyuanfang Project) (南京狀元坊熹樾花園(原名稱：溧水狀元坊項目))	67,192	9,510	-	90,211	99,721	31%
Nanjing	Nanjing Yaohuamen Qiyao Meizhu (南京堯化門樓堯美著)	14,670	4,080	-	-	4,080	83%
Nanjing	Nanjing Kangjian Road Glance River Joy Residence (南京康健路望江悅府)	65,227	26,580	-	-	26,580	47%

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Region	Name of Project	Area of Land (sq.m.)	Completed	Total Gross Rentable Area Held for Investment (sq.m.)	Total Gross	Total Area of Land Bank (sq.m.)	The Group's Interests
			Total Gross Floor Area for Sale (sq.m.)		Floor Area under Development (sq.m.)		
Nanjing	Nanjing Jiangbei Core District Yuejiang Shidai(南京江北核心區越江時代)	66,057	-	-	179,419	179,419	25%
Nanjing	Nanjing Dachang Top Cloud Mansion (南京大廠雲玥美著)	18,130	-	-	50,807	50,807	48%
Nanjing	Nanjing Tangshan Yunchen Yuanlu (南京湯山雲辰原麓)	68,029	-	-	141,810	141,810	33%
Nanjing	Nanjing Qinhuai Chengdong Atmosphere of Mind (南京秦淮城東玖樾印象)	31,813	14,912	-	30,967	45,879	33%
Nantong	Yunyue Oriental (雲樾東方)	86,652	4,428	1,163	-	5,591	17%
Nantong	Upper Joy City (上悅城)	82,741	16,900	-	-	16,900	25%
Nantong	New Metropolitan (新都會)	109,890	8,154	-	-	8,154	13%
Nantong	Center Creation Metropolitan (中創大都會)	47,963	-	1,035	-	1,035	24%
Nantong	Sutong Yongjin Lanwan (蘇通雍錦瀾灣)	47,405	7,363	-	-	7,363	36%
Nantong	Zisheng Road Junlan Tianyue (資生路君蘭天悅)	40,689	540	-	-	540	98%
Nantong	Nantong Gaotie Xincheng Honored Palace (formerly: Pingchao Gaotie Xincheng) (南通高鐵新城時光峯匯(原名稱：平潮高鐵新城))	84,022	45,974	-	101,707	147,681	57%
Nantong	Nantong Fuxing Road Guanjianghai (formerly: Nantong Fuxing Road Project) (南通富興路觀江海(原名稱：南通富興路項目))	69,966	13,524	-	-	13,524	19%
Nantong	Antai Road Jingchen Residence (安泰路璟宸府)	53,761	-	-	116,056	116,056	29%
Ningbo	Chen Po Du Yong Chao Yin Residence (formerly: Chen Po Du) (陳婆渡湧潮印府(原名稱：陳婆渡))	40,148	4,163	-	-	4,163	31%
Ningbo	Cixi Chengdong Shangdongchen Residence (慈溪城東上東宸府)	84,775	-	-	186,366	186,366	50%
Pengzhou	Chinoiserie Mansion (formerly: Pengzhou 50+55 mou Project) (彭州玖峯(原名稱：彭州50+55畝項目))	70,603	9,341	-	81,943	91,284	66%
Qingdao	Jinshatan Beyond the Sea (金沙灘天賦雲海)	14,077	-	-	40,185	40,185	28%
Qingdao	Jimo Yunhai Road Beauty Collection In Times (即墨雲海路集美時光)	116,220	-	-	190,754	190,754	35%
Rugao	Wanshou Road Zi Yun Ji (formerly: Wanshou Road Project) (萬壽路紫雲集(原名稱：萬壽路項目))	89,669	11,035	-	-	11,035	29%
Suzhou	Upper Sunny Masterpiece Garden (上熙名苑)	44,701	2,599	-	-	2,599	50%
Suzhou	Shangshui Garden of Elegance (上水雅苑)	69,325	95	-	-	95	100%
Suzhou	Xiangcheng Shangchen View Mansion (formerly: Fuyuan Road Project) (相城天境上辰(原名稱：富元路項目))	154,101	56,099	-	227,496	283,595	76%
Suzhou	Suzhou Lumu Heaven Billow (蘇州陸慕天境瀾庭)	37,963	-	-	81,149	81,149	48%

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

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			Total Gross Floor Area for Sale (sq.m.)		Floor Area under Development (sq.m.)		
Suqian	Wutaishan Heyue Garden (五臺山和樾花園)	139,947	-	-	371,486	371,486	19%
Taizhou	Taixing Jinjiang Residence (泰興襟江府)	56,230	6,289	-	-	6,289	100%
Tongxiang	Wuzhen Joy Court (formerly: Wuzhen Longxiang Avenue Project) (烏鎮昕悅棠(原名稱: 烏鎮龍翔大道項目))	42,811	2,013	-	-	2,013	95%
Weifang	Weifang Kuiwen North District Project (濰坊奎文北項目)	202,107	-	93,430	633,158	726,588	100%
Wenzhou	Huichang River Prosperous Seasons (formerly: Huichang River B03 Project) (會昌河潮啟四季(原名稱: 會昌河B03項目))	25,721	23,898	-	-	23,898	48%
Wenzhou	Huichang River West Lakeside Seasons (formerly: Huichang River B07 Project) (會昌河西湖四季(原名稱: 會昌河B07項目))	19,967	23,832	-	-	23,832	48%
Wenzhou	Guanghuaqiao Jiangbin ONE (廣化橋江濱ONE)	21,191	446	-	-	446	47%
Wenzhou	Yueqing Central District Junlan Hezhu (樂清中心區君蘭和著)	41,342	5,189	-	-	5,189	24%
Wuxi	Hong Yang Sanwan Qing (弘陽三萬頃)	800,000	9,174	-	-	9,174	100%
Wuxi	Huishan Sunrise Joy Court (惠山昕悅棠)	85,122	3,122	-	-	3,122	100%
Wuxi	Liyuan The Art of Shine (formerly: Liyuan Project) (利源長江映(原名稱: 利源項目))	39,021	3,833	-	-	3,833	29%
Wuxi	Yangjian Platinum Residence (formerly: Yangjian Project) (羊尖鉞悅名邸(原名稱: 羊尖項目))	63,050	1,775	-	-	1,775	98%
Wuxi	Huishan Chengtie Zhan Time's Garden (formerly: Huishan Chengtie Zhan) (惠山城鐵站時光玖境(原名稱: 惠山城鐵站))	15,017	10,508	-	-	10,508	25%
Wuxi	Wuxi Qingyuan Avenue Time's Lakeside (formerly: Wuxi Qingyuan Avenue) (無錫慶源大道時光汎樾(原名稱: 無錫慶源大道))	57,962	16,795	-	-	16,795	48%
Wuxi	Jade Seal (formerly: Wuxi Yangshan) (無錫陽山悅陽九璽(原名稱: 無錫陽山))	28,166	-	-	44,427	44,427	29%
Wuhu	Mengxi Road Shiguang Lane (夢溪路時光里)	74,135	13,074	-	-	13,074	38%
Wuhan	NK1 Hong Yang Tian Yue (formerly: Yin Yue Residence) (NK1弘陽天悅(原名稱: 印月府))	106,207	-	-	163,514	163,514	95%
Wuhan	Wuhan Xiao Jun Shan Aesthetics of Life (formerly: Xiao Jun Shan) (武漢小軍山天璽尚院(原名稱: 小軍山))	128,129	-	-	370,338	370,338	45%
Wuhan	Wuhan Huangjia Hu Project (武漢黃家湖項目)	25,290	-	-	60,303	60,303	90%
Xi'an	Yan Liang Sunrise Joy Residence (閩良昕悅府)	24,649	5,301	-	-	5,301	48%
Xi'an	Xi'an Jinghe New Town The Polaris Mansion (西安涇河新城北宸天樾)	95,017	-	-	271,699	271,699	32%

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Region	Name of Project	Area of Land (sq.m.)	Completed	Total Gross Rentable Area Held for Investment (sq.m.)	Total Gross	Total Area of Land Bank (sq.m.)	The Group's Interests
			Total Gross Floor Area for Sale (sq.m.)		Floor Area under Development (sq.m.)		
Xiangyang	Prime Watery Court (襄禦瀾庭)	45,761	10,074	-	-	10,074	95%
Xiangyang	Xiangzhou Park 1873 (襄州公園1873)	93,846	3,851	-	249,136	252,987	48%
Xiangyang	Taiziwan Lu Yun Ting (檀子灣路雲庭)	29,569	7,122	-	-	7,122	100%
Xuzhou	Fengming Residence (鳳鳴府)	104,284	10,561	-	-	10,561	76%
Xuzhou	Jiawang District Commercial Building in Xuzhou (徐州賈汪區商辦樓)	2,474	-	-	2,134	2,134	80%
Xuzhou	Hong Yang Vanke Jieli (弘陽萬科結廬)	181,244	10,212	-	-	10,212	33%
Xuzhou	Beautiful Scenery Residence (麗景府)	26,646	2,214	-	-	2,214	33%
Xuzhou	Metropolitan City in Xinyuan Avenue (新元大道大都會)	90,236	8,888	-	-	8,888	100%
Xuzhou	Phoenix Hill Puyue Residence (鳳凰山璞樾門第)	59,770	6,576	-	-	6,576	96%
Xuzhou	Dawu Park Avenue (大吳公園大道)	213,207	3,277	-	465,977	469,254	51%
Xuzhou	Dawu Shugang Road Project (大吳疏港大道項目)	65,828	-	-	182,340	182,340	48%
Xuzhou	Xuzhou Songshan Road One Sino Long (formerly: Songshan Road Project) (徐州嵩山路山河瓏 胤(原名稱:嵩山路項目))	142,721	-	-	364,266	364,266	25%
Xuzhou	Xuzhou Damiao Heping Gongguan (formerly: Zhongtian Shiming Road Project) (徐州大廟和平 公館(原名稱:中天仕名路項目))	55,614	-	-	168,449	168,449	48%
Xuzhou	Taoloushan Land Lot Project B (陶樓山B地塊項目)	25,157	-	-	63,517	63,517	48%
Xuzhou	Taoloushan Land Lot Project C (陶樓山C地塊項目)	24,514	-	-	67,973	67,973	48%
Yancheng	Begonia View Residence in Yanzen Road (鹽枕路 觀棠府)	69,049	7,452	-	-	7,452	31%
Yancheng	Dongjin Road Sunrise Joy Residence (東進路昕悅 府)	103,847	18,726	-	61,513	80,239	32%
Yancheng	Haikuo Road Fenglin Residence (海闊路鳳麟府)	100,491	41,596	-	-	41,596	33%
Yancheng	Yancheng Yandangshan Road Fengyue Residence (formerly: Yancheng Yandangshan Road Project) (鹽城雁蕩山路鳳樾府(原名稱:鹽城雁蕩山路項 目))	104,088	448	-	124,441	124,889	14%
Yangzhou	Yangzhou City Two Central Mansion (揚州二城和 光昕悅)	23,234	-	-	42,233	42,233	64%
Yizheng	Yizheng 38 Yuedi Bay (儀征38悅堤灣)	69,788	12,061	-	-	12,061	50%
Yizheng	Yizheng 39 Yuejiang Bay (formerly: Yizheng 39) (儀征39悅江灣(原名稱:儀征39))	66,358	9,736	-	-	9,736	48%
Yizheng	Yizheng Yuelong Bay (儀征悅龍灣)	27,589	8,460	-	-	8,460	98%
Zhangjiagang	Tang Qiao Xing Tang Residence (塘橋星唐府)	36,829	3,369	-	-	3,369	50%
Zhangjiagang	Daxin Sunrise Joy Masterpiece Residence (大新昕 悅名邸)	47,706	307	-	-	307	70%
Zhangjiagang	Jinfeng Beautiful in Ten (錦豐十裏錦綉)	98,783	1,145	-	-	1,145	16%

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Region	Name of Project	Area of Land (sq.m.)	Completed	Rentable Area Held for Investment (sq.m.)	Total Gross	Total Area of Land Bank (sq.m.)	The Group's Interests
			Total Gross Floor Area for Sale (sq.m.)		Floor Area under Development (sq.m.)		
Zhangjiagang	Tang Qiao Cloud Mansion (formerly: Tang Qiao Fumin Road Project) (塘橋雲築(原名稱: 塘橋富民路項目))	40,317	11,753	–	–	11,753	48%
Zhangjiagang	Zhangjiagang Chengdong Tangyue Royalty (formerly: Zhangjiagang Jiangcheng Road) (張家港城東棠樾世家(原名稱: 張家港蔣乘路))	44,590	22,024	–	45,814	67,838	43%
Changsha	Deyi In Times (德一時光里)	12,956	12,627	–	–	12,627	67%
Changsha	Black Stone Sunrise Joy Residence (formerly: Black Stone Project) (黑石昕悅府(原名稱: 黑石項目))	32,684	9,156	–	3,402	12,558	95%
Changsha	Changsha Wanhou Residence (formerly: Wanhou Road) (長沙萬侯府(原名稱: 萬侯路))	21,967	126	–	1,546	1,672	95%
Changsha	Changsha Wayao Road Sunrise Joy Court (formerly: Wayao Road) (長沙瓦窯路昕悅棠(原名稱: 瓦窯路))	34,269	6,060	–	1,105	7,165	48%
Changsha	Changsha Xinglian Road Natural Busting (formerly: Xinglian Road) (長沙興聯路雲瀟賦(原名稱: 興聯路))	16,111	–	–	52,124	52,124	48%
Zhenjiang	Zhenjiang Zhoujiazhuang Jingkou Times (鎮江周家莊京口時光)	16,168	2,370	–	–	2,370	48%
Zhenjiang	Xiaoni Hill No. 1 Four Seasons Magnificence (小牛山一號四季風華)	28,920	–	–	31,250	31,250	31%
Zhenjiang	Xiaoni Hill No. 2 Four Seasons Magnificence (小牛山二號四季風華)	20,536	5,682	–	–	5,682	33%
Zhengzhou	Zhongmou Hong Yang Residence (中牟弘陽府)	119,924	–	–	318,326	318,326	95%
Chongqing	Taojia Times Billow (formerly: Cypress View • Seattle) (陶家時光瀾庭(原名稱: 柏景•西雅圖))	89,273	31,262	–	47,367	78,629	100%
Chongqing	Shiqiaopu Tianchen Yipin (石橋鋪天宸一品)	8,749	4,878	–	–	4,878	50%
Chongqing	Bishan Sunrise Joy Residence (formerly: Bishan 295) (璧山昕悅府(原名稱: 璧山295))	106,259	589	–	28,593	29,182	45%
Chongqing	Guan Yin Tang Sunrise Joy Residence (觀音塘昕悅府)	14,785	5,962	–	–	5,962	48%
Chongqing	Beibei Utopia (formerly: Beibei Project) (北碚懋景台(原名稱: 北碚項目))	109,540	25,232	–	8,094	33,326	47%
Chongqing	Chongqing Central Park Sunrise Joy Court (formerly: Central Park) (重慶中央公園昕悅棠(原名稱: 中央公園))	39,636	6,858	–	–	6,858	95%
Chongqing	Chongqing Babin Road Glistening River (formerly: Babin Road Project) (重慶巴濱路一曲晴江(原名稱: 巴濱路項目))	66,926	21,859	–	1,403	23,262	48%

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Region	Name of Project	Area of Land (sq.m.)	Completed	Rentable Area Held for Investment (sq.m.)	Total Gross	Total Area of Land Bank (sq.m.)	The Group's Interests
			Total Gross Floor Area for Sale (sq.m.)		Floor Area under Development (sq.m.)		
Chongqing	Chongqing Jieshi Xiao Feng Jiang Nan 71 mou Project (重慶界石曉風江南71畝項目)	47,039	30,008	-	-	30,008	24%
Chongqing	Chongqing Jieshi Xiao Feng Jiang Nan 141 mou Project (重慶界石曉風江南141畝項目)	94,061	-	-	206,447	206,447	24%
		12,509,266	1,929,760	966,596	7,947,510	10,843,866	

3. Commercial Operations

During the Reporting Period, the Group's sales revenue from commercial operations amounted to approximately RMB560.1 million, representing a decrease of 13.5% as compared to the corresponding period last year. It was due to the decrease in the rentable area of some stores, and the reduction of the rental unit prices.

4. Hotel Operations

During the Reporting Period, the Group achieved sales revenue of approximately RMB35.7 million from its hotel operations, representing an increase of 28.8% as compared to the corresponding period last year. It was due to the increase in occupancy rate following the end of the COVID-19 pandemic.

FINANCIAL REVIEW

1. Revenue

During the Reporting Period, the Group's revenue amounted to approximately RMB19,794.7 million, representing a decrease of 1.1% from approximately RMB20,013.4 million for the same period last year. The revenue mainly included income generated from property sales, commercial operations and hotel operations, of which income generated from: (i) property sales decreased by 0.7% to approximately RMB19,198.9 million as compared to the same period last year, accounting for 97.0% of the total recognised revenue; (ii) commercial operations decreased by 13.5% to approximately RMB560.1 million as compared to the same period last year; and (iii) hotel operations increased by 28.8% to approximately RMB35.7 million as compared to the same period last year.

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Details of recognised revenue are set out as follows:

	2023		2022		Year-on-year change (%)
	Recognised Revenue (RMB'000)	Percentage of Total Recognised Revenue (%)	Recognised Revenue (RMB'000)	Percentage of Total Recognised Revenue (%)	
Property sales	19,198,937	97.0	19,337,943	96.6	-0.7
Commercial operations	560,068	2.8	647,780	3.3	-13.5
Hotel operations	35,690	0.2	27,707	0.1	28.8
Total	19,794,695	100.0	20,013,430	100.0	-1.1

2. Cost of Sales

During the Reporting Period, the cost of sales of the Group was approximately RMB20,464.4 million, representing an increase of 11.5% as compared to that of approximately RMB18,347.9 million for the same period last year. The increase was primarily due to the increase in impairment recognised for properties under development and completed properties held for sale as compared with the corresponding period last year. Several projects delivered during the year included Binyao Mansion (濱耀學府) project in Hangzhou, Xinglonghu Lakeside Yun Jing Garden (興隆湖湖畔雲璟花園) project in Chengdu, Haikuo Road Fenglin Residence (海闊路鳳麟府) project in Yancheng, and Yueqing Central District Junlan Hezhu (樂清中心區君蘭和著) project in Wenzhou.

3. Gross Loss/Profit and Gross Loss/Profit Margin

During the Reporting Period, the Group's gross loss was approximately RMB669.7 million, representing a decrease from the gross profit of approximately RMB1,665.6 million for the corresponding period last year. During the Reporting Period, the gross loss margin was 3.4%, as compared to the gross profit margin of 8.3% for the corresponding period last year. The gross loss margin was mainly due to the decrease in the percentage of revenue recognised for products with higher gross profit margin as compared with the corresponding period last year, and the increase in impairment recognised for properties under development and completed properties held for sale as compared with the corresponding period last year.

4. Changes in Fair Value of Investment Properties

During the Reporting Period, the Group recognised fair value loss on investment properties of approximately RMB2,083.8 million. The fair value loss on investment properties recorded were primarily due to a decrease of the overall capital value.

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

5. Selling and Distribution Expenses

During the Reporting Period, the Group's selling and distribution expenses amounted to approximately RMB482.1 million, representing a decrease of 30.2% from approximately RMB690.8 million for the corresponding period last year. Such decrease was due to the decrease in the launch of new property projects of the Group in 2023.

6. Administrative Expenses

During the Reporting Period, the Group's administrative expenses amounted to approximately RMB388.3 million, representing a decrease of 43.8% from approximately RMB690.8 million for the corresponding period last year. Such decrease was mainly due to the Group's further development in major metropolitan areas and core cities, and the strengthened control in administrative expenses and costs.

7. Share of Losses of Joint Ventures and Associates

During the Reporting Period, the Group's share of losses of joint ventures and associates amounted to approximately RMB663.3 million, representing an increase of 13.2% from approximately RMB586.1 million for the corresponding period last year, mainly due to the increase in losses incurred by the joint ventures and associates held by the Group. There were various cooperation projects with profit carried forward during the period, such as Glance River Joy Residence (望江悦府) project in Nanjing, Xiangcheng View Mansion (天境相城) project in Suzhou, Center of Bay Area (灣璟壹號) project in Guangzhou and Fuxing Road Guanjianghai (富興路觀江海) project in Nantong.

8. Finance Costs

During the Reporting Period, the Group's finance costs expended amounted to approximately RMB1,880.3 million, representing a decrease of 4.7% from approximately RMB1,972.6 million for the corresponding period last year. Such change in finance costs was mainly due to the decrease of interest expense and the decrease of exchange loss on US\$-denominated borrowings of the Group during the Reporting Period.

9. Income Tax Expense

The Group's income tax expense included provisions for the corporate income tax and land appreciation tax net of deferred tax during the year.

During the Reporting Period, the Group's income tax expense amounted to approximately RMB448.2 million, representing a decrease of 1.8% from approximately RMB456.4 million for the corresponding period last year.

During the Reporting Period, the provision made for land appreciation tax by the Group was approximately RMB348.6 million, as compared with approximately RMB145.8 million for the corresponding period last year.

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

10. Loss for the Reporting Period

As a result of the aforementioned factors, the loss before tax of the Group during the Reporting Period was approximately RMB6,942.9 million, representing an increase of 108.1% from approximately RMB3,335.6 million for the corresponding period last year. During the Reporting Period, the net loss was RMB7,739.7 million, representing an increase of 96.5% as compared with the corresponding period last year.

LIQUIDITY, FINANCE AND CAPITAL

1. Cash Position

As at 31 December 2023, the Group's cash and bank balances were approximately RMB2.75 billion (as at 31 December 2022: approximately RMB4.86 billion), of which, restricted cash amounted to approximately RMB1.62 billion (as at 31 December 2022: RMB1.82 billion), and pledged deposits amounted to approximately RMB0.06 billion (as at 31 December 2022: RMB0.58 billion).

2. Borrowings and Pledged Assets

As at 31 December 2023, the Group's total borrowings (including interest-bearing bank and other borrowings and senior notes) amounted to approximately RMB21.44 billion (as at 31 December 2022: approximately RMB24.29 billion), of which, interest-bearing bank and other borrowings were approximately RMB10.99 billion (as at 31 December 2022: approximately RMB13.88 billion) and senior notes were approximately RMB10.45 billion (as at 31 December 2022: approximately RMB10.41 billion).

The Group's total borrowings were repayable as follows:

	31 December 2023	31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing bank loans and other borrowings:		
Repayable within one year or on demand	6,751,056	6,155,668
Repayable in the second year	2,031,925	4,794,753
Repayable within third to fifth years	1,610,140	2,149,150
Repayable beyond five years	597,500	782,500
	<u>10,990,621</u>	<u>13,882,071</u>
Sub-total	10,990,621	13,882,071
Senior notes:		
Repayable on demand	10,453,896	10,409,067
	<u>10,453,896</u>	<u>10,409,067</u>
Total borrowings	<u><u>21,444,517</u></u>	<u><u>24,291,138</u></u>

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

As at 31 December 2023, except for the borrowings in the amount of RMB11,410.1 million (as at 31 December 2022: RMB11,327.9 million) denominated in US\$, the remaining borrowings of the Group were denominated in RMB.

As at 31 December 2023, except for certain interest-bearing bank and other borrowings of RMB3,705,249,000 (as at 31 December 2022: RMB4,143,080,000) with fixed interest rates, all of the Group's interest-bearing bank and other borrowings bear interest at floating interest rates.

As at 31 December 2023, assets with an aggregate value of approximately RMB23,378.7 million (as at 31 December 2022: approximately RMB39,762.1 million) have been pledged to interest-bearing banks and other financial institutions to secure the credit facilities granted to the Group and its joint ventures and associates.

3. Gearing Ratio

As at 31 December 2023, the Group's net gearing ratio (total borrowings less cash and bank balances divided by total equity) was approximately 126.1%, as compared with approximately 81.7% as at 31 December 2022. As at 31 December 2023, the Group's debt to asset ratio (total debts divided by total assets) was approximately 80.2%, as compared with approximately 76.6% as at 31 December 2022. As at 31 December 2023, the Group's current ratio (current assets divided by current liabilities) was approximately 0.98 times, as compared with approximately 1.11 times as at 31 December 2022.

As of 31 December 2023, cash to short-term debt ratio (cash and bank balances divided by short-term borrowings) was approximately 0.16 times, as compared with approximately 0.29 times as at 31 December 2022.

4. Capital and Property Development Expenditure Commitments

As at 31 December 2023, the Group had capital and property development expenditure commitments contracted but not provided for of approximately RMB5.32 billion (as at 31 December 2022: approximately RMB6.08 billion).

MATERIAL ACQUISITIONS AND DISPOSALS

On 9 August 2023, Guangzhou Hongzong Real Estate Development Company Limited* (廣州市弘宗房地產開發有限公司) (“**Hongzong Real Estate**”), an indirect non-wholly-owned subsidiary of the Company, Guangzhou Pearl River Industrial Real Estate Company Limited* (廣州珠實地產有限公司) (“**PRI Real Estate**”) and Guangzhou Jingrun Real Estate Development Company Limited* (廣州璟潤房地產開發有限公司) (the “**Project Company**”) entered into the equity and debt transfer agreement, pursuant to which Hongzong Real Estate agreed to sell and PRI Real Estate agreed to purchase the 34% equity interests in the Project Company held by Hongzong Real Estate and the shareholder's loan owed by the Project Company to Hongzong Real Estate in the amount of RMB479.3885 million for an aggregate consideration of RMB295 million (the “**Disposal**”). Upon completion of the Disposal, the Group ceased to hold any interest in the Project Company. Please refer to the announcement of the Company dated 9 August 2023 for further details.

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Save as disclosed above, during the year ended 31 December 2023 and up to the date of this annual report, the Group did not have any material acquisition or disposal of subsidiaries and associated companies.

EMPLOYEE AND REMUNERATION POLICY

As of 31 December 2023, the Group had 1,497 employees in total, in which 997 employees were engaged in the real estate development business, 414 employees were engaged in the commercial property operation business, and 86 employees were engaged in the hotel management business.

The emolument of the employees of the Group is mainly determined based on the prevailing market level of remuneration and the individual performance and work experience of the employees. Bonuses are also distributed based on the performance of the employees. The Group provides employees with career development opportunities and considers if their remuneration should be raised or if they should be promoted with reference to their individual performance and potential. Other benefits provided by the Group include medical benefits and specialized training schemes.

CURRENCY RISK

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. None of the Group's sales (2022: Nil) were denominated in currencies other than the functional currencies of the operating units making the sale, whilst 100% (2022: 100%) of costs were denominated in the units' functional currencies.

In addition, the Group has currency exposures from its cash and bank balances, financial assets at fair value through profit or loss, loan receivables, amounts due from related parties, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings and senior notes.

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US\$ and HK\$ exchange rates, with all other variables held constant, of the Group's loss before tax (due to changes in the fair values of monetary assets and liabilities).

	Increase/ (decrease) in US\$/RMB rate	Increase/ (decrease) in profit before tax
	<i>%</i>	<i>RMB'000</i>
2023		
If the RMB weakens against the US\$	(5%)	(468,235)
If the RMB strengthens against the US\$	5%	468,235
2022		
If the RMB weakens against the US\$	(5%)	(302,949)
If the RMB strengthens against the US\$	5%	302,949
	Increase/ (decrease) in HK\$/RMB rate	Increase/ (decrease) in profit before tax
	<i>%</i>	<i>RMB'000</i>
2023		
If the RMB weakens against the HK\$	5%	7,655
If the RMB strengthens against the HK\$	(5%)	(7,655)
2022		
If the RMB weakens against the HK\$	5%	5,701
If the RMB strengthens against the HK\$	(5%)	(5,701)

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the consolidated financial statements were as follows:

	<i>Notes</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	<i>(i)</i>	9,424,234	11,239,237
Guarantees given to banks and other institutions in connection with facilities granted to related parties and other parties	<i>(ii)</i>	6,915,232	7,387,790
Total		16,339,466	18,627,027

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

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

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

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

- (ii) As at 31 December 2023, the Group provided guarantees to the extent of RMB6,915,232,000 (2022: RMB7,387,790,000) in respect of credit facilities granted to related parties.

In the opinion of the directors, the fair values of the guarantees at initial recognition and the ECL allowance are not significant.

- (iii) In addition to the litigations commenced by banks and other financial institutions against subsidiaries of the Group as disclosed in note 28, there were outstanding litigations commenced by several constructors against certain subsidiaries of the Group claiming construction fees. Based on the advice of the Group's in-house legal counsel, the directors of the Company have estimated that the Group will likely be liable to pay the construction fees, which had been provided and included in "trade and bill payables" as at 31 December 2023 and 2022. In the opinion of the Company's directors, no further provision for litigation was required to be made for the years ended 31 December 2023 and 2022.

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Except as disclosed above, during the year and up to 31 December 2023, the Group was not involved in any other material litigation, arbitration or administrative proceedings, claims or disputes. As far as the directors of the Company was aware, the Group had no other material litigation or claim which was pending or threatened against the Group. As at 31 December 2023, the Group was the defendant of certain non-material litigations, and also a party to certain litigations arising from the ordinary course of business of the Group. The likely outcome of these contingent liabilities, litigations or other legal proceedings cannot be ascertained with reasonable certainty at present, but the directors of the Company believes that any possible legal liability which may be incurred from the aforesaid cases will not have any material impact on the financial position or results of the Group.

FOR THE YEAR ENDED DECEMBER 31, 2024

BUSINESS REVIEW

1. Sales of Properties

As of 31 December 2024, the Group achieved contracted sales of approximately RMB8.82 billion, and contracted sales in gross floor area of approximately 644,838 sq.m.

Details of the contracted sales of the Group as at 31 December 2024 are set out as below:

Region	Contracted Sales Area in Total Gross Floor Area (sq.m.)	Contracted Sales Amount (RMB'000)	Average Contracted Selling Price (RMB/sq.m.)
Nanjing	91,816	211,651	23,052
Xuzhou	82,472	70,018	8,490
Weifang	46,833	34,305	7,325
Suzhou	40,958	70,191	17,137
Foshan	34,255	47,821	13,960
Chengdu	34,193	35,144	10,278
Huai'an	33,837	43,031	12,717
Chongqing	24,458	22,677	9,272
Suqian	24,385	19,601	8,038
Wuhan	22,552	29,573	13,113
Yancheng	22,348	23,951	10,717
Ningbo	21,533	42,696	19,828
Wuxi	20,508	48,968	23,878
Changzhou	16,597	23,723	14,293
Hefei	13,854	9,575	6,911
Xiangyang	13,316	7,647	5,743
Guangzhou	11,872	21,828	18,386
Zhenjiang	9,910	7,490	7,558
Nantong	9,534	9,749	10,226
Changsha	9,276	9,735	10,494
Qingdao	7,787	5,823	7,478
Yangzhou	6,984	11,389	16,306

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Region	Contracted Sales Area in Total Gross Floor Area (sq.m.)	Contracted Sales Amount (RMB'000)	Average Contracted Selling Price (RMB/sq.m.)
Hengyang	5,391	2,677	4,965
Jiangmen	4,715	4,068	8,628
Huzhou	3,271	3,757	11,488
Nanchang	3,135	3,580	11,419
Anqing	3,063	2,060	6,725
Chuzhou	2,438	8,714	35,739
Wenzhou	2,253	4,371	19,406
Xi'an	1,694	2,015	11,893
Zhengzhou	358	208	5,800
Jinan	123	330	26,809
Others	19,120	43,694	22,852
Total	644,838	882,059	13,679

2. Land Bank

As of 31 December 2024, the Group had a land bank with an aggregate gross floor area of approximately 7,867,028 sq.m., including completed properties totaled 1,739,367 sq.m., rentable area held for investment totaled 1,039,949 sq.m., and properties under development totaled 5,087,712 sq.m.

Details of the land bank of the Group (including acquired in process) as of 31 December 2024 are set out as below:

Region	Name of Project	Area of Land (sq.m.)	Completed		Total Gross Floor Area under Development (sq.m.)	Total Area of Land Bank (sq.m.)	The Group's Interests
			Total Gross Floor Area for Sale (sq.m.)	Rentable Area Held for Investment (sq.m.)			
Anqing	Anqing Hong Yang Upper City (安慶弘陽上城)	147,547	2,243	80,000	24,079	106,321	100%
Bengbu	Huadi Hongyang Residence (華地弘陽府)	32,646	5,328	-	-	5,328	50%
Bozhou	Verse of River and Mountain (formerly: Bozhou Land Lot No. 2017-217 (江山賦(原名稱: 亳州 2017-217號地塊)))	201,216	7,694	-	-	7,694	40%
Changshu	Hefeng Architecture in Xinhua Road (新華路和風名築)	45,742	423	-	-	423	40%
Changshu	Changshu Guli Tieqin Road Project (常熟古里鐵琴路項目)	40,805	36,168	-	-	36,168	34%
Changzhou	Commercial and Trading Peak (商貿雲峰)	50,921	15,020	-	-	15,020	57%

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Region	Name of Project	Area of Land (sq.m.)	Completed	Total Gross Rentable Area Held for Investment (sq.m.)	Total Gross	Total Area of Land Bank (sq.m.)	The Group's Interests
			Total Gross Floor Area for Sale (sq.m.)		Floor Area under Development (sq.m.)		
Changzhou	Phoenix East Phoenix One (formerly: Phoenix East Project) (鳳凰東錦鳳合鳴(原名稱: 鳳凰東項目))	115,615	8,521	30,086	94,266	132,873	48%
Changzhou	Golden Seal and Heaven Shire (金璽天郡)	88,719	1,608	-	-	1,608	50%
Changzhou	Emperor Looks at the First Court (君望甲第)	67,225	-	-	-	-	40%
Changzhou	Sang Ma Land Lot A (桑麻A地塊)	44,524	-	11,690	-	11,690	70%
Changzhou	Yanlan Fenghua (燕瀾風華)	126,695	1,051	-	-	1,051	85%
Changzhou	Changzhou Hong Yang Plaza (常州弘陽廣場)	43,590	-	85,030	4,835	89,865	100%
Changzhou	Changzhou Hong Yang 1936 (formerly: Sang Ma Land Lot CD) (常州弘陽1936(原名稱: 桑麻CD地塊))	156,115	2,892	105,818	96,696	205,406	70%
Changzhou	Sanmao Longyun Tiancheng (formerly: Sanmao Land Lot) (三毛龍運天城(原名稱: 三毛地塊))	108,486	8,172	-	-	8,172	31%
Changzhou	Hong Yang Upper City Phase I-III (弘陽上城一-三期)	111,700	-	-	-	-	100%
Changzhou	Xi Xia Shu Yun Xi (西夏墅雲禧)	36,712	17,798	-	-	17,798	37%
Changzhou	Changzhou Yaoguan Yuhushangguan Garden (常州 遙觀昱湖上觀花苑)	58,093	8,365	-	-	8,365	60%
Chengdu	Dujiangyan DJY2017-09 (都江堰DJY2017-09)	26,393	2,457	-	-	2,457	100%
Chengdu	Dujiangyan DJY2017-10 (都江堰DJY2017-10)	39,064	4,347	-	-	4,347	100%
Chengdu	Central Road Fanjin 108 (formerly: Central Road Project) (中環路梵錦108 (原名稱: 中環路項目))	72,114	11,988	41,730	20,787	74,505	50%
Chengdu	Shuangliu Heyuan Project (雙流合園項目)	19,794	433	-	-	433	49%
Chengdu	Qionglai Hong Yang Weilai Shiguang (邛崃弘陽未來時光)	39,809	7,088	-	-	7,088	100%
Chengdu	Chengdu Xinglonghu Lakeside Yun Jing Garden (formerly: Tianfu Xinqu 42 mou) (成都興隆湖湖畔雲璟花園 (原名稱: 天府新區42畝))	28,432	11,863	-	-	11,863	51%
Chuzhou	Metropolitan Art Atmosphere (都會藝境)	60,189	7,689	-	-	7,689	33%
Chuzhou	Hong Yang Garden (弘陽苑)	8,782	1,851	-	-	1,851	100%
Chuzhou	Glory Residence (正榮府)	80,867	11,788	-	-	11,788	30%
Chuzhou	Garden In Times (Chuzhou Times Billow) (時光里花園(滁州時光瀾庭))	89,886	1,757	-	-	1,757	100%
Chuzhou	Jingzi Road Times Magnificence (敬梓路時光風華)	55,719	13,625	-	-	13,625	50%
Danyang	Phoenix Terrace (鳳熹台)	88,498	5,292	-	-	5,292	20%
Foshan	Hongyang Shan Xin Garden (弘陽山馨花園)	63,132	2,906	-	-	2,906	100%
Foshan	Benevolence Lake No.1 (博愛湖一號)	44,156	3,864	8,011	-	11,875	100%
Foshan	Foshan Lakeside Mansion (formerly: Lv Dao Hu) (佛山綠島湖公館(原名稱: 綠島湖))	51,240	5,234	-	16,231	21,465	31%

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Region	Name of Project	Area of Land (sq.m.)	Completed	Total Gross Rentable Area Held for Investment (sq.m.)	Total Gross	Total Area of Land Bank (sq.m.)	The Group's Interests
			Total Gross Floor Area for Sale (sq.m.)		Floor Area under Development (sq.m.)		
Foshan	Nanyou Park No.1 (南油公園一號)	67,582	22,066	-	-	22,066	33%
Foshan	Foshan Jihua North Joy River No.1 (佛山季華北悅江一號)	33,220	11,444	-	-	11,444	49%
Foshan	Foshan Zhangcha Sunrise Joy Residence (佛山張槎昕悅府)	17,059	6,951	-	-	6,951	51%
Fuyang	Yingzhou Hong Yang Residence (穎州弘陽府)	38,297	3,924	-	-	3,924	50%
Guangzhou	Guangzhou Wanjiang No.1 (廣州灣環壹號)	32,387	39,052	-	-	39,052	24%
Haimen	Jianghai Road The One World (formerly: Jianghai Road Zuo An Gong Yuan) (江海路水岸觀瀾苑(原名稱: 江海路左岸公元))	75,028	313	-	-	313	67%
Hangzhou	Hangxing Road Project (杭行路項目)	18,703	1,931	-	-	1,931	30%
Hangzhou	Fuchun Bay Jichen Residence (富春灣濟宸府)	39,313	55,524	-	-	55,524	35%
Hangzhou	Hangzhou Binyao Mansion (formerly: Binjiang Pule Project) (杭州濱耀學府(原名稱: 濱江浦樂項目))	44,633	4,437	-	-	4,437	30%
Hefei	Changfeng In Times (長豐時光里)	42,621	6,789	-	-	6,789	100%
Hefei	Yaohai Joy Residence (瑤海昕悅府)	37,254	2,133	-	-	2,133	80%
Hefei	Glance River Terrace (望江台)	139,536	-	-	-	-	25%
Hefei	Dongfangyin (東方印)	28,081	4,553	-	-	4,553	51%
Hefei	Fengle Oriental Jade (formerly: Yaohai Prosper and Joy) (豐樂翡麗東方(原名稱: 瑤海豐樂))	59,233	10,699	-	-	10,699	34%
Hefei	Longzi Lake Times (龍子湖湖語時光)	68,461	10,593	-	-	10,593	30%
Hefei	Lujiang Lakeside Shade Mountain (廬江湖畔樾山)	161,263	57,207	-	170,065	227,272	50%
Hengyang	Yangliu Road Sunrise Joy Residence (楊柳路昕悅府)	36,912	6,925	-	-	6,925	100%
Huzhou	Ren Huang 43 Yan Lan Residence (仁皇43燕瀾府)	48,652	4,079	-	-	4,079	100%
Huzhou	Ren Huang 58 Yan Lan Residence (formerly: Huzhou Ren Huang No.58#) (仁皇58燕瀾府(原名稱: 湖州仁皇58#))	102,218	6,672	-	-	6,672	100%
Huzhou	Huzhou Southwest Development Zone Qinlan Residence (formerly: Huzhou South Taihu New District Project) (湖州西南開發區沁瀾府 (原名稱: 湖州南太湖新區項目))	30,200	36,737	-	-	36,737	36%
Huai'an	Heyi Road Yunhe Fenghua (合意路運河風華)	68,362	4,623	-	-	4,623	47%
Huai'an	Huai'an Fengdeng Road Jinyuefu (formerly: Huai'an Fengdeng Road) (淮安豐登路金樾府(原名稱: 淮安豐登路))	41,476	5,738	-	-	5,738	34%
Huai'an	Huai'an Eco-City Grand One (淮安生態新城泓著大觀)	82,734	13,417	-	114,841	128,258	50%

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Region	Name of Project	Area of Land (sq.m.)	Completed	Total Gross Rentable Area Held for Investment (sq.m.)	Total Gross	Total Area of Land Bank (sq.m.)	The Group's Interests
			Total Gross Floor Area for Sale (sq.m.)		Floor Area under Development (sq.m.)		
Jinan	Jiqi Road Leisure's Mansion (formerly: Jiqi Road Project) (濟齊路君逸府(原名稱：濟齊路項目))	34,290	4,639	-	-	4,639	45%
Jiangmen	Liyue Guoyue Residence (formerly: Liyue Project) (禮樂國樾府(原名稱：禮樂項目))	30,231	19,831	-	-	19,831	33%
Jiangyin	Yunting Joy Residence (雲亭昕悅府)	138,902	-	-	-	-	100%
Jiangyin	Xinqiao Leiden Town (formerly: Jing Garden of Superior Class) (新橋萊頓小鎮(原名稱：上品環苑))	203,609	-	-	-	-	20%
Jiangyin	Yunting Tangyue Jinyuan (formerly: Yunting Primary School Project) (雲亭棠樾錦園(原名稱：雲亭小學項目))	92,953	7,508	-	-	7,508	50%
Jurong	Jurong C Ziyue Residence (formerly: Land Lot No.2018-J1-06) (句容C紫悅府(原名稱：2018-J1-06號地塊))	72,609	40,290	-	-	40,290	33%
Jurong	Jurong B Project (formerly: Jurong Land Lot No. B) (句容B項目(原名稱：句容B地塊))	38,731	-	-	74,274	74,274	19%
Kaifeng	Zhong Yi Hu Yan Lan Residence (formerly: Kaifeng Yan Lan Residence) (中意湖燕瀾府(原名稱：開封燕瀾府))	63,533	10,053	-	-	10,053	49%
Ma'anshan	Hexian Peacock City (和縣孔雀城)	97,340	2,146	-	-	2,146	20%
Meishan	Renshou In Times (仁壽時光里)	68,107	526	-	45,421	45,947	100%
Nanchang	Nanchang Hong Yang Residence (南昌弘陽府)	43,410	10,177	-	-	10,177	46%
Nanchang	Yao Lake Times Sky Shade (瑤湖時光天樾)	102,269	18,995	-	129,965	148,960	66%
Nanchang	Zhong Da Hong Yang (formerly: Qing Yun Pu) (中大弘陽(原名稱：青雲譜))	29,452	14,005	-	-	14,005	49%
Nanchang	Wanli In Times (灣里時光里)	13,717	3,336	-	-	3,336	100%
Nanchang	Nanchang Qingshan Lake Avenue Times Garden (南昌青山湖大道時光玖悅)	20,182	-	-	32,781	32,781	49%
Nanjing	Solaris Loving City Section 8 (旭日愛上城八區)	40,552	4,992	-	-	4,992	100%
Nanjing	Shiguang Chunxiao (時光春曉)	32,246	449	-	-	449	49%
Nanjing	Binhuli (濱湖里)	52,763	5,426	-	-	5,426	51%
Nanjing	Qilin Garden in the East (麒麟領東苑)	67,810	14,219	-	-	14,219	33%
Nanjing	Yanlan Qijin (燕瀾七緡)	57,503	3,220	-	-	3,220	49%
Nanjing	Shiguang Yinxiang (時光印象)	61,145	119	-	-	119	49%
Nanjing	Gaoxin G27 Yinyue Residence (高新G27印悅府)	68,644	12,212	-	-	12,212	20%
Nanjing	Mountain and Lake View in Times (時光山湖)	14,338	826	-	-	826	25%
Nanjing	Shidai Tianyue (formerly: Nanjing Land Lot No.2017G36) (時代天樾(原名稱：南京•2017G36地塊))	54,173	-	-	78,508	78,508	20%

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Region	Name of Project	Area of Land (sq.m.)	Completed	Total Gross Rentable Area Held for Investment (sq.m.)	Total Gross	Total Area of Land Bank (sq.m.)	The Group's Interests
			Total Gross Floor Area for Sale (sq.m.)		Floor Area under Development (sq.m.)		
Nanjing	Xiaolongwan Garden of Joy and Happiness (formerly: Land Lot No.2017G57) (小龍灣悅禧苑(原名稱: 2017G57地塊))	58,024	14,187	-	-	14,187	100%
Nanjing	Gaoxin Xingyuecheng Phase 2 (高新星悅城二期)	7,025	-	-	14,770	14,770	50%
Nanjing	Gaochun Pinglan Residence (formerly: Gaochun Land Lot No. 02-03) (高淳平瀾府(原名稱: 高淳02-03地塊))	102,787	12,766	-	-	12,766	12%
Nanjing	Solaris Jingcheng Store (旭日景城商舖)	1,371	-	4,450	-	4,450	100%
Nanjing	Solaris Loving City Section 6 Store (旭日愛上城六區商舖)	989	-	7,301	-	7,301	100%
Nanjing	Nanjing Hong Yang Plaza (南京弘陽廣場)	230,871	-	504,373	-	504,373	100%
Nanjing	3rd-4th Floor of Redsun Tower (弘陽大廈3-4層)	277	-	4,964	-	4,964	100%
Nanjing	Lishui Times Joy Residence (formerly: Shiqiu Project) (溧水時光悅府(原名稱: 石湫項目))	131,964	34,912	-	-	34,912	51%
Nanjing	Lukou Lakeside Mansion (formerly: Lukou Project) (祿口雲溪環園(原名稱: 祿口項目))	73,686	-	-	68,622	68,622	49%
Nanjing	Puzhu North Road Shangshang Joy Garden (浦珠北路尚上悅苑)	7,232	5,934	-	-	5,934	70%
Nanjing	Lishui Sunrise Joy Shangchen (溧水昕悅尚宸)	41,931	9,946	-	-	9,946	50%
Nanjing	Qiaolin Shiguang Boyueyuan (橋林時光泊月園)	28,188	5,323	-	-	5,323	50%
Nanjing	Nanjing Times Avenue Lan Wan Jiu Zhu (formerly: Times Avenue Project) (南京時代大道攬灣玖築 (原名稱: 時代大道項目))	60,138	8,809	-	81,602	90,411	15%
Nanjing	Nanjing Zhuangyuanfang Xiyue Garden (formerly: Lishui Zhuangyuanfang Project) (南京狀元坊熹樾花園 (原名稱: 溧水狀元坊項目))	67,192	9,510	-	73,973	83,483	33%
Nanjing	Nanjing Yaohuamen Qiyao Meizhu (南京堯化門樓堯美著)	14,670	4,080	-	-	4,080	83%
Nanjing	Nanjing Kangjian Road Glance River Joy Residence (南京康健路望江悅府)	65,227	26,580	-	-	26,580	49%
Nanjing	Nanjing Jiangbei Core District Yuejiang Shidai (南京江北核心區越江時代)	66,057	32,203	-	2,852	35,055	25%
Nanjing	Nanjing Dachang Top Cloud Mansion (南京大廠雲玥美著)	18,130	6,250	-	26,822	33,072	51%
Nanjing	Nanjing Tangshan Yunchen Yuanlu (南京湯山雲辰原麓)	68,029	-	-	115,669	115,669	33%

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Region	Name of Project	Area of Land (sq.m.)	Completed	Rentable Area Held for Investment (sq.m.)	Total Gross	Total Area of Land Bank (sq.m.)	The Group's Interests
			Total Gross Floor Area for Sale (sq.m.)		Floor Area under Development (sq.m.)		
Nanjing	Nanjing Qinhuai Chengdong Atmosphere of Mind (南京秦淮城東玖樾印象)	31,813	14,912	-	27,286	42,198	33%
Nantong	Yunyue Oriental (雲樾東方)	86,652	4,116	1,163	-	5,279	17%
Nantong	Upper Joy City (上悅城)	82,741	9,125	-	-	9,125	25%
Nantong	New Metropolitan (新都會)	109,890	2,390	-	-	2,390	13%
Nantong	Center Creation Metropolitan (中創大都會)	47,963	-	1,035	-	1,035	24%
Nantong	Sutong Yongjin Lanwan (蘇通雍錦瀾灣)	47,405	7,363	-	-	7,363	36%
Nantong	Zisheng Road Junlan Tianyue (資生路君蘭天悅)	40,689	540	-	-	540	100%
Nantong	Nantong Gaotie Xincheng Honored Palace (formerly: Pingchao Gaotie Xincheng) (南通高鐵新城時光峰匯 (原名稱: 平潮高鐵新城))	84,022	41,830	-	101,707	143,537	60%
Nantong	Nantong Fuxing Road Guanjianghai (formerly: Nantong Fuxing Road Project) (南通富興路觀江海(原名稱: 南通富興路項目))	69,966	7,146	-	-	7,146	19%
Nantong	Antai Road Jingchen Residence (安泰路璟宸府)	53,761	-	-	116,056	116,056	30%
Ningbo	Chen Po Du Yong Chao Yin Residence (formerly: Chen Po Du) (陳婆渡湧潮印府(原名稱: 陳婆渡))	40,148	4,163	-	-	4,163	30%
Ningbo	Cixi Chengdong Shangdongchen Residence (慈溪城東上東辰府)	84,775	64,007	42,129	-	106,136	50%
Pengzhou	Chinoiserie Mansion (formerly: Pengzhou 50+55 mou Project) (彭州玖峰(原名稱: 彭州50+55畝項目))	70,603	26,930	-	759	27,688	70%
Qingdao	Jinshatan Beyond the Sea (金沙灘天賦雲海)	14,077	11,105	-	40,185	51,290	30%
Qingdao	Jimo Yunhai Road Beauty Collection In Times (即墨雲海路集美時光)	116,220	-	-	129,851	129,851	35%
Rugao	Wanshou Road Zi Yun Ji (formerly: Wanshou Road Project) (萬壽路紫雲集(原名稱: 萬壽路項目))	89,669	11,035	-	-	11,035	29%
Suzhou	Upper Sunny Masterpiece Garden (上熙名苑)	44,701	1,939	-	-	1,939	50%
Suzhou	Shangshui Garden of Elegance (上水雅苑)	69,325	95	-	-	95	100%
Suzhou	Xiangcheng Shangchen View Mansion (formerly: Fuyuan Road Project) (相城天境上辰(原名稱: 富元路項目))	154,101	55,181	-	227,496	282,677	80%
Suzhou	Suzhou Lumu Heaven Billow (蘇州陸慕天境瀾庭)	37,963	-	-	49,544	49,544	41%
Suqian	Wutaishan Heyue Garden (五臺山和樾花園)	139,947	24,531	-	256,959	281,491	20%
Taizhou	Taixing Jinjiang Residence (泰興襟江府)	56,230	6,289	-	-	6,289	100%

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Region	Name of Project	Area of Land (sq.m.)	Completed	Rentable Area Held for Investment (sq.m.)	Total Gross	Total Area of Land Bank (sq.m.)	The Group's Interests
			Total Gross Floor Area for Sale (sq.m.)		Floor Area under Development (sq.m.)		
Tongxiang	Wuzhen Joy Court (formerly: Wuzhen Longxiang Avenue Project) (烏鎮昕悅棠(原名稱: 烏鎮龍翔大道項目))	42,811	2,013	-	-	2,013	100%
Weifang	Weifang Kuiwen North District Project (濰坊奎文北項目)	202,107	-	93,430	529,056	622,486	100%
Wenzhou	Huichang River Prosperous Seasons (formerly: Huichang River B03 Project) (會昌河潮啟四季(原名稱: 會昌河B03 項目))	25,721	12,538	-	-	12,538	50%
Wenzhou	Huichang River West Lakeside Seasons (formerly: Huichang River B07 Project) (會昌河西湖四季(原名稱: 會昌河B07 項目))	19,967	12,771	-	-	12,771	50%
Wenzhou	Guanghuaqiao Jiangbin ONE (廣化橋江濱ONE)	21,191	446	-	-	446	44%
Wenzhou	Yueqing Central District Junlan Hezhu (樂清中心區君蘭和著)	41,342	1,094	-	-	1,094	26%
Wuxi	Hong Yang Sanwan Qing (弘陽三萬頃)	800,000	6,433	-	-	6,433	100%
Wuxi	Huishan Sunrise Joy Court (惠山昕悅棠)	85,122	3,122	-	-	3,122	100%
Wuxi	Liyuan The Art of Shine (formerly: Liyuan Project) (利源長江映(原名稱: 利源項目))	39,021	3,833	-	-	3,833	30%
Wuxi	Yangjian Platinum Residence (formerly: Yangjian Project) (羊尖鉞悅名邸(原名稱: 羊尖項目))	63,050	1,775	-	-	1,775	98%
Wuxi	Wuxi Qingyuan Avenue Time's Lakeside (formerly: Wuxi Qingyuan Avenue) (無錫慶源大道時光沈樾(原名稱: 無錫慶源大道))	57,962	8,809	-	-	8,809	48%
Wuxi	Jade Seal (formerly: Wuxi Yangshan) (無錫陽山悅陽九璽(原名稱: 無錫陽山))	28,166	9,886	-	-	9,886	30%
Wuxi	Wuxi Lakefort Hotel (無錫弘陽洛克菲酒店)	16,000	-	18,739	-	18,739	100%
Wuhu	Mengxi Road Shiguang Lane (夢溪路時光里)	74,135	13,074	-	-	13,074	40%
Wuhan	NK1 Hong Yang Tian Yue (formerly: Yin Yue Residence) (NK1弘陽天悅(原名稱: 印月府))	106,207	113,399	-	-	113,399	95%
Wuhan	Wuhan Xiao Jun Shan Aesthetics of Life (formerly: Xiao Jun Shan) (武漢小軍山天璽尚院(原名稱: 小軍山))	128,129	-	-	370,338	370,338	50%
Wuhan	Wuhan Huangjia Hu Project (武漢黃家湖項目)	25,290	-	-	60,303	60,303	95%
Xi'an	Yan Liang Sunrise Joy Residence (閩良昕悅府)	24,649	5,131	-	-	5,131	51%
Xi'an	Xi'an Jinghe New Town The Polaris Mansion (西安涇河新城北辰天樾)	95,017	-	-	168,709	168,709	32%
Xiangyang	Prime Watery Court (襄 御瀾庭)	45,761	9,008	-	-	9,008	95%
Xiangyang	Xiangzhou Park 1873 (襄州公園1873)	93,846	9,264	-	135,267	144,531	50%
Xiangyang	Taiziwan Lu Yun Ting (太子灣路雲庭)	29,569	7,122	-	-	7,122	100%

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Region	Name of Project	Area of Land (sq.m.)	Completed	Total Gross Rentable Area Held for Investment (sq.m.)	Total Gross	Total Area of Land Bank (sq.m.)	The Group's Interests
			Total Gross Floor Area for Sale (sq.m.)		Floor Area under Development (sq.m.)		
Xuzhou	Fengming Residence (鳳鳴府)	104,284	10,561	–	–	10,561	76%
Xuzhou	Hong Yang Vanke Jieli (弘陽萬科結廬)	181,244	–	–	–	–	33%
Xuzhou	Beautiful Scenery Residence (麗景府)	26,646	2,214	–	–	2,214	33%
Xuzhou	Metropolitan City in Xinyuan Avenue (新元大道大都會)	90,236	8,888	–	–	8,888	100%
Xuzhou	Phoenix Hill Puyue Residence (鳳凰山璞樾門第)	59,770	4,596	–	–	4,596	96%
Xuzhou	Dawu Park Avenue (大吳公園大道)	213,207	24,447	–	313,684	338,131	51%
Xuzhou	Dawu Shugang Road Project (大吳疏港大道項目)	65,828	–	–	182,340	182,340	51%
Xuzhou	Xuzhou Songshan Road One Sino Long (formerly: Songshan Road Project) (徐州嵩山路山河龍胤(原名稱:嵩山路項目))	142,721	–	–	258,200	258,200	15%
Xuzhou	Xuzhou Damiao Heping Gongguan (formerly: Zhongtian Shiming Road Project) (徐州大廟和平公館(原名稱:中天仕名路項目))	55,614	37,496	–	21,021	58,517	51%
Xuzhou	Taoloushan Land Lot Project B (陶樓山B地塊項目)	25,157	–	–	63,517	63,517	50%
Xuzhou	Taoloushan Land Lot Project C (陶樓山C地塊項目)	24,514	–	–	67,973	67,973	50%
Yancheng	Begonia View Residence in Yanzen Road (鹽枕路觀棠府)	69,049	7,452	–	–	7,452	33%
Yancheng	Dongjin Road Sunrise Joy Residence (東進路昕悅府)	103,847	21,282	–	–	21,282	34%
Yancheng	Haikuo Road Fenglin Residence (海闊路鳳麟府)	100,491	37,766	–	–	37,766	35%
Yancheng	Yancheng Yandangshan Road Fengyue Residence (formerly: Yancheng Yandangshan Road Project) (鹽城雁蕩山路鳳樾府 (原名稱:鹽城雁蕩山路項目))	104,088	448	–	48,309	48,757	14%
Yangzhou	Yangzhou City Two Central Mansion (揚州二城和光昕悅)	23,234	7,196	–	16,243	23,439	67%
Yizheng	Yizheng 38 Yuedi Bay2 (儀征38悅堤灣)	69,788	12,061	–	–	12,061	50%
Yizheng	Yizheng 39 Yuejiang Bay (formerly: Yizheng 39) (儀征39悅江灣(原名稱:儀征39))	66,358	17,722	–	–	17,722	50%
Yizheng	Yizheng Yuelong Bay (儀征悅龍灣)	27,589	8,191	–	–	8,191	100%
Zhangjiagang	Tang Qiao Xing Tang Residence (塘橋星唐府)	36,829	3,369	–	–	3,369	50%
Zhangjiagang	Daxin Sunrise Joy Masterpiece Residence (大新昕悅名邸)	47,706	307	–	–	307	70%
Zhangjiagang	Jinfeng Beautiful in Ten (錦豐十裏錦綉)	98,783	1,145	–	–	1,145	16%
Zhangjiagang	Tang Qiao Cloud Mansion (formerly: Tang Qiao Fumin Road Project) (塘橋雲築(原名稱:塘橋富民路項目))	40,317	11,753	–	–	11,753	48%

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Region	Name of Project	Area of Land (sq.m.)	Completed	Rentable Area Held for Investment (sq.m.)	Total Gross	Total Area of Land Bank (sq.m.)	The Group's Interests
			Total Gross Floor Area for Sale (sq.m.)		Floor Area under Development (sq.m.)		
Zhangjiagang	Zhangjiagang Chengdong Tangyue Royalty (formerly: Zhangjiagang Jiangcheng Road) (張家港城東棠樾世家(原名稱:張家港蔣乘路))	44,590	2,013	–	34,300	36,313	45%
Changsha	Deyi In Times (德一時光里)	12,956	9,687	–	–	9,687	70%
Changsha	Black Stone Sunrise Joy Residence (formerly: Black Stone Project) (黑石昕悅府(原名稱:黑石項目))	32,684	7,878	–	–	7,878	100%
Changsha	Changsha Wanhou Residence (formerly: Wanhou Road) (長沙萬侯府(原名稱:萬侯路))	21,967	5,215	–	–	5,215	100%
Changsha	Changsha Wayao Road Sunrise Joy Court (formerly: Wayao Road) (長沙瓦窯路昕悅棠(原名稱:瓦窯路))	34,269	2,370	–	1,105	3,475	51%
Changsha	Changsha Xinglian Road Natural Bustling (formerly: Xinglian Road) (長沙興聯路雲瀟賦(原名稱:興聯路))	16,111	16,763	–	27,094	43,857	50%
Zhenjiang	Zhenjiang Zhoujiazhuang Jingkou Times (鎮江周家莊京口時光)	16,168	2,370	–	–	2,370	51%
Zhenjiang	Xiaoni Hill No. 1 Four Seasons Magnificence (小牛山一號四季風華)	20,536	2,277	–	–	2,277	33%
Zhenjiang	Xiaoni Hill No. 2 Four Seasons Magnificence (小牛山二號四季風華)	28,920	4,753	–	–	4,753	33%
Zhengzhou	Zhongmou Hong Yang Residence (中牟弘陽府)	119,924	–	–	261,447	261,447	95%
Chongqing	Taojia Times Billow (formerly: Cypress View*Seattle) (陶家時光瀾庭(原名稱:柏景·西雅圖))	89,273	27,252	–	47,367	74,619	100%
Chongqing	Shiqiaopu Tianchen Yipin (石橋鋪天宸一品)	8,749	–	–	–	–	50%
Chongqing	Bishan Sunrise Joy Residence (formerly: Bishan 295) (璧山昕悅府(原名稱:璧山295))	106,259	589	–	28,593	29,182	50%
Chongqing	Guan Yin Tang Sunrise Joy Residence (觀音塘昕悅府)	14,785	5,962	–	–	5,962	49%
Chongqing	Beibei Utopia (formerly: Beibei Project) (北碚懋景台(原名稱:北碚項目))	109,540	11,634	–	8,094	19,728	49%
Chongqing	Chongqing Central Park Sunrise Joy Court (formerly: Central Park) (重慶中央公園昕悅棠(原名稱:中央公園))	39,636	6,858	–	–	6,858	100%
Chongqing	Chongqing Babin Road Glistening River (formerly: Babin Road Project) (重慶巴濱路一曲晴江(原名稱:巴濱路項目))	66,926	21,859	–	1,403	23,262	51%

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Region	Name of Project	Area of Land (sq.m.)	Completed	Rentable Area Held for Investment (sq.m.)	Total Gross	Total Area of Land Bank (sq.m.)	The Group's Interests
			Total Gross Floor Area for Sale (sq.m.)		Floor Area under Development (sq.m.)		
Chongqing	Chongqing Jieshi Xiao Feng Jiang Nan 71 mou Project (重慶界石曉風江南71畝項目)	47,039	15,837	-	-	15,837	24%
Chongqing	Chongqing Jieshi Xiao Feng Jiang Nan 141 mou Project (重慶界石曉風江南141畝項目)	94,061	-	-	206,447	206,447	20%
		12,439,365	1,739,367	1,039,949	5,087,712	7,867,028	

3. Commercial Operations

During the Reporting Period, the Group's sales revenue from commercial operations amounted to approximately RMB395.2 million, representing a decrease of 29.4% as compared to the corresponding period last year. It was due to the decrease in the rentable area of some stores, and the reduction of the rental unit prices.

4. Hotel Operations

During the Reporting Period, the Group achieved sales revenue of approximately RMB15.7 million from its hotel operations, representing a decrease of 56.1% as compared to the corresponding period last year. It was due to the decrease in the number of hotel rooms, occupancy rate, and average price.

FINANCIAL REVIEW

1. Revenue

During the Reporting Period, the Group's revenue amounted to approximately RMB11,305.7 million, representing a decrease of 42.9% from approximately RMB19,794.7 million for the same period last year. The revenue mainly included income generated from property sales, commercial operations and hotel operations, of which income generated from: (i) property sales, which decreased by 43.3% to approximately RMB10,894.8 million as compared to the same period last year, accounting for 96.4% of the total recognised revenue; (ii) commercial operations, which decreased by 29.4% to approximately RMB395.2 million as compared to the same period last year; and (iii) hotel operations, which decreased by 56.1% to approximately RMB15.7 million as compared to the same period last year.

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Details of recognised revenue are set out as follows:

	2024		2023		Year-on-year change (%)
	Recognised Revenue (RMB'000)	Percentage of Total Recognised Revenue (%)	Recognised Revenue (RMB'000)	Percentage of Total Recognised Revenue (%)	
Property sales	10,894,774	96.4	19,198,937	97.0	-43.3
Commercial operations	395,241	3.5	560,068	2.8	-29.4
Hotel operations	15,659	0.1	35,690	0.2	-56.1
Total	11,305,674	100.0	19,794,695	100.0	-42.9

2. Cost of Sales

During the Reporting Period, the cost of sales of the Group was approximately RMB11,482.7 million, representing a decrease of 43.9% as compared to that of approximately RMB20,464.4 million for the same period last year. The decrease was primarily due to the decrease in impairment recognised for properties under development and completed properties held for sale as compared with the corresponding period last year. The number of projects delivered within the year decreased as compared with the corresponding period last year. Several projects delivered during the year included Fengdeng Road Jinyuefu (豐登路金樾府) project in Huai'an, Cixi Chengdong Shangdongchen Residence (慈溪城東上東辰府) project in Ningbo, Damiao Heping Gongguan (大廟和平公館) project in Xuzhou, Xiangcheng Shangchen View Mansion (相城天境上辰) project in Suzhou.

3. Gross Loss and Gross Loss Margin

During the Reporting Period, the Group's gross loss was approximately RMB177.1 million, representing a decrease from the gross loss of approximately RMB669.7 million for the corresponding period last year. During the Reporting Period, the gross loss margin was 1.6%, as compared to the gross loss margin of 3.4% for the corresponding period last year. The decrease in gross loss margin was mainly due to the decrease in impairment recognised for properties under development and completed properties held for sale as compared with the corresponding period last year.

4. Changes in Fair Value of Investment Properties

During the Reporting Period, the Group recognised fair value loss on investment properties of approximately RMB1,292.9 million. The fair value loss on investment properties recorded was primarily due to a decrease of the overall capital value.

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

5. Selling and Distribution Expenses

During the Reporting Period, the Group's selling and distribution expenses amounted to approximately RMB281.9 million, representing a decrease of 41.5% from approximately RMB482.1 million for the corresponding period last year. Such decrease was due to the decrease in the launch of new property projects of the Group in 2024.

6. Administrative Expenses

During the Reporting Period, the Group's administrative expenses amounted to approximately RMB226.9 million, representing a decrease of 41.6% from approximately RMB388.3 million for the corresponding period last year. Such decrease was mainly due to the Group's further development in major metropolitan areas and core cities, and the strengthened control in administrative expenses and costs.

7. Share of Losses of Joint Ventures and Associates

During the Reporting Period, the Group's share of losses of joint ventures and associates amounted to approximately RMB1,071.9 million, representing an increase of 61.6% from approximately RMB663.3 million for the corresponding period last year, mainly due to the increase in losses incurred by the joint ventures and associates held by the Group. There were various cooperation projects with profit carried forward during the period, such as Fuchun Bay Jichen Residence (富春灣濟宸) project in Hangzhou, Jiangbei Core District Yuejiang Shidai (江北核心區越江時代) project in Nanjing, Wutaishan Heyue Garden (五臺山和樾花園) project in Suqian, and Liyuan The Art of Shine (利源長江映) project in Wuxi.

8. Finance Costs

During the Reporting Period, the Group's finance costs expended amounted to approximately RMB1,615.6 million, representing a decrease of 14.1% from approximately RMB1,880.3 million for the corresponding period last year. Such change in finance costs was mainly due to the decrease of interest expense and the decrease of exchange loss on US\$-denominated borrowings of the Group during the Reporting Period.

9. Income Tax Expense

The Group's income tax expense included provisions for the corporate income tax and land appreciation tax net of deferred tax during the year.

During the Reporting Period, the Group's income tax amounted to approximately RMB254.2 million, representing a decrease of 43.3% from approximately RMB448.2 million for the corresponding period last year.

During the Reporting Period, the provision made for land appreciation tax by the Group was approximately RMB172.2 million, as compared with approximately RMB348.6 million for the corresponding period last year.

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

10. Loss for the Reporting Period

As a result of the aforementioned factors, the loss before tax of the Group during the Reporting Period was approximately RMB5,099.2 million, representing a decrease of 26.6% from approximately RMB6,942.9 million for the corresponding period last year. During the Reporting Period, the net loss was RMB5,525.6 million, representing a decrease of 28.6% as compared with the corresponding period last year.

LIQUIDITY, FINANCE AND CAPITAL

1. Cash Position

As at 31 December 2024, the Group's cash and bank balances were approximately RMB1.24 billion (as at 31 December 2023: approximately RMB2.75 billion), of which, restricted cash amounted to RMB0.58 billion (as at 31 December 2023: RMB1.62 billion), and pledged deposits amounted to approximately RMB0.02 billion (as at 31 December 2023: RMB0.06 billion).

2. Borrowings and Pledged Assets

As at 31 December 2024, the Group's total borrowings (including interest-bearing bank loans and other borrowings and senior notes) amounted to approximately RMB21.15 billion (as at 31 December 2023: approximately RMB21.44 billion), of which, interest-bearing bank loans and other borrowings were approximately RMB10.54 billion (as at 31 December 2023: approximately RMB10.99 billion) and senior notes were approximately RMB10.61 billion (as at 31 December 2023: approximately RMB10.45 billion).

The Group's total borrowings were repayable as follows:

	31 December 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing bank loans and other borrowings:		
Repayable within one year or on demand	6,852,939	6,751,056
Repayable in the second year	2,129,216	2,031,925
Repayable within third to fifth years	1,154,500	1,610,140
Repayable beyond five years	400,000	597,500
Sub-total	<u>10,536,655</u>	<u>10,990,621</u>
Senior notes:		
Repayable on demand	<u>10,609,906</u>	<u>10,453,896</u>
Total borrowings	<u><u>21,146,561</u></u>	<u><u>21,444,517</u></u>

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

As at 31 December 2024, except for the borrowings in the amount of RMB12,024.6 million (as at 31 December 2023: RMB11,410.1 million) denominated in US\$, the remaining borrowings of the Group were denominated in RMB.

As at 31 December 2024, except for certain interest-bearing bank and other borrowings of RMB3,327,042,000 (as at 31 December 2023: RMB3,705,249,000) with fixed interest rates, all of the Group's interest-bearing bank and other borrowings bear interest at floating interest rates.

As at 31 December 2024, assets with an aggregate value of approximately RMB15,839.5 million (as at 31 December 2023: approximately RMB23,378.7 million) have been pledged to interest-bearing banks and other financial institutions to secure the credit facilities granted to the Group and its joint ventures and associates.

3. Gearing Ratio

As at 31 December 2024, the Group's net gearing ratio (total borrowings less cash and bank balances divided by total equity) was approximately 277.5%, as compared with approximately 126.1% as at 31 December 2023. As at 31 December 2024, the Group's debt to asset ratio (total debts divided by total assets) was approximately 88.0%, as compared with approximately 80.2% as at 31 December 2023. As at 31 December 2024, the Group's current ratio (current assets divided by current liabilities) was approximately 0.87 times, as compared with approximately 0.98 times as at 31 December 2023.

As at 31 December 2024, cash to short-term debt ratio (cash and bank balances divided by short-term borrowings) was approximately 0.07 times, as compared with approximately 0.16 times as at 31 December 2023.

4. Capital and Property Development Expenditure Commitments

As at 31 December 2024, the Group had capital and property development expenditure commitments contracted but not provided for of approximately RMB3.11 billion (as at 31 December 2023: approximately RMB5.32 billion).

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

During the year ended 31 December 2024 and up to the date of this annual report, the Group did not have any significant investments.

On 9 August 2023, Guangzhou Hongzong Real Estate Development Company Limited* (廣州市弘宗房地產開發有限公司) (an indirect non-wholly-owned subsidiary of the Company), Guangzhou Pearl River Industrial Real Estate Company Limited* (廣州珠實地產有限公司 (“**PRI Real Estate**”)) and Guangzhou Jingrun Real Estate Development Company Limited* (廣州璟潤房地產開發有限公司) (“**Project Company**”) entered into the equity and debt transfer agreement, pursuant to which Hongzong Real Estate agreed to sell and PRI Real Estate agreed to purchase the 34% equity interests in the Project Company held by Hongzong Real Estate (the “**Sale Shares**”) and the shareholder's loan owed by the Project Company to Hongzong Real Estate in the amount of RMB479.3885 million (the “**Sale Loan**”) for an aggregate consideration of RMB295 million (the “**Disposal**”). Upon completion of the Disposal, the Group ceased to hold any interest in the Project Company.

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

For details, please refer to the announcement and circular of “MAJOR TRANSACTION — DISPOSAL OF 34% EQUITY INTERESTS IN PROJECT COMPANY” of the Company dated 9 August 2023 and 29 April 2024 respectively.

Save as disclosed above, during the year ended 31 December 2024 and up to the date of this annual report, the Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures.

EMPLOYMENT AND REMUNERATION POLICIES

As of 31 December 2024, the Group had 785 employees in total, in which 668 employees were engaged in the real estate development business, and 117 employees were engaged in the commercial property operation business.

The emolument of the employees of the Group is mainly determined based on the prevailing market level of remuneration and the individual performance and work experience of the employees. Bonuses are also distributed based on the performance of the employees. The Group provides employees with career development opportunities and considers if their remuneration should be raised or if they should be promoted with reference to their individual performance and potential. Other benefits provided by the Group include medical benefits and specialized training schemes.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “**MPF Scheme**”) under the Mandatory Provident Fund Schemes Ordinance for those Hong Kong employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries in accordance with the rules of the MPF Scheme. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme. The employees of the Group’s subsidiary which operates in the PRC are required to participate in a central pension scheme operated by the local municipal government (the “**Central Pension Scheme**”, together with the MPF Scheme, the “**Defined Contribution Schemes**”). The subsidiary is required to contribute a certain portion of its payroll costs to the Central Pension Scheme. There is no forfeited contribution under the Defined Contribution Schemes available to reduce the contributions payable in future years. As such, there is no issue of whether forfeited contributions may be used by the Group to reduce the existing level of contributions to the Defined Contribution Schemes.

CURRENCY RISK

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units’ functional currencies. None of the Group’s sales (2023: Nil) were denominated in currencies other than the functional currencies of the operating units making the sale, whilst 100% (2023: 100%) of costs were denominated in the units’ functional currencies.

In addition, the Group has currency exposures from its cash and bank balances, financial assets at fair value through profit or loss, amounts due from related parties, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings and senior notes.

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US\$ and HK\$ exchange rates, with all other variables held constant, of the Group's loss before tax (due to changes in the fair values of monetary assets and liabilities).

	Increase/ (decrease) in US\$/RMB rate	Increase/ (decrease) in profit before tax
	<i>%</i>	<i>RMB'000</i>
2024		
If the RMB weakens against the US\$	(5%)	(601,095)
If the RMB strengthens against the US\$	5%	601,095
2023		
If the RMB weakens against the US\$	(5%)	(468,235)
If the RMB strengthens against the US\$	5%	468,235
	Increase/ (decrease) in HK\$/RMB rate	Increase/ (decrease) in profit before tax
	<i>%</i>	<i>RMB'000</i>
2024		
If the RMB weakens against the HK\$	5%	4,178
If the RMB strengthens against the HK\$	(5%)	(4,178)
2023		
If the RMB weakens against the HK\$	5%	7,655
If the RMB strengthens against the HK\$	(5%)	(7,655)

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the consolidated financial statements were as follows:

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	<i>(i)</i>	5,648,713	9,424,234
Guarantees given to banks and other institutions in connection with facilities granted to related parties and other parties	<i>(ii)</i>	5,515,668	6,915,232
Total		11,164,381	16,339,466

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

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

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

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

- (ii) As at 31 December 2024, the Group provided guarantees to the extent of RMB5,515,668,000 (2023: RMB6,915,232,000) in respect of credit facilities granted to related parties.

In the opinion of the directors, the fair values of the guarantees at initial recognition and the ECL allowance are not significant.

- (iii) In addition to the litigations commenced by banks and other financial institutions against subsidiaries of the Group as disclosed in note 28, there were outstanding litigations commenced by several constructors against certain subsidiaries of the Group claiming construction fees. Based on the advice of the Group's in-house legal counsel, the directors of the Company have estimated that the Group will likely be liable to pay the construction fees, which had been provided and included in "trade and bill payables" as at 31 December 2024 and 2023. As at 31 December 2024, the long standing construction cost payable amounted to approximately RMB412,416,000. In the opinion of the Company's directors, no further provision for litigation was required to be made for the years ended 31 December 2024 and 2023.

Except as disclosed above, during the year and up to 31 December 2024, the Group was not involved in any other material litigation, arbitration or administrative proceedings, claims or disputes. As far as the directors of the Company was aware, the Group had no other material litigation or claim which was pending or threatened against the Group. As at 31 December 2024, the Group was the defendant of certain non-material litigations, and also a party to certain litigations arising from the ordinary course of business of the Group. The likely outcome of these contingent liabilities, litigations or other legal proceedings cannot be ascertained with reasonable certainty at present, but the directors of the Company believes that any possible legal liability which may be incurred from the aforesaid cases will not have any material impact on the financial position or results of the Group.

The following is the text of a letter, a summary of values and summary reports prepared for the purpose of incorporation in this circular received from Colliers Appraisal and Advisory Services Co., Ltd., an independent valuer, in connection with its valuation as at 28 February 2025 of the property interests held by the Group.

Colliers Appraisal and Advisory Services Co., Ltd.

Suite 507, Block A, Gemdale Plaza
No. 91 Jianguo Road, Chaoyang District,
Beijing China

The Board of Directors
REDSUN PROPERTIES GROUP LIMITED
REDSUN SERVICES GROUP LIMITED



30 APRIL 2025

Dear Sir or Madam,

RE: VALUATION OF VARIOUS CAR PARKING SPACES (“CPS”) HELD BY REDSUN PROPERTIES GROUP LIMITED AND ITS SUBSIDIARIES, LOCATED IN THE PEOPLE’S REPUBLIC OF CHINA (THE “PROPERTY”)

INSTRUCTIONS

We refer to your instructions for us to value the property/property interests located in the People’s Republic of China (the “**PRC**”) to be held by REDSUN PROPERTIES GROUP LIMITED (the “**Company**”) and its subsidiaries (hereafter together referred to as the “**Group**”). We confirm that we have carried out inspections, made relevant enquires and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Value of the property interests as at 28 February 2025 (the “**Valuation Date**”), for the purpose of incorporating in the document.

BASIS OF VALUATIONS

Our valuations are provided on the basis of Market Value and Investment Value.

Market value we would define as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value.

Investment Value is understood as the value of an asset to a particular owner or prospective owner for individual investment or operational objectives. The investment value is a value specially designed for individual entities, reflecting the benefits obtained by the entity from holding assets (such as rental income), and therefore may not involve hypothetical transactions.

VALUATION STANDARDS

In valuing the property/property interests, we have fully complied with the latest edition of the Royal Institution of Chartered Surveyors (RICS) Global Valuation Professional Standards, incorporating the International Valuation Standards of the International Valuation Standards Council (IVSC), and the requirements met out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

QUALIFICATIONS OF THE VALUER

This valuation has been prepared by Kin Ming Woo James (James Woo) (RICS Registration No.: 0837243). James Woo is a Fellow member of the Royal Institution of Chartered Surveyors. James is an Executive Director of Valuation and Advisory Services, China at Colliers. He is suitably qualified to carry out the valuation and has over 26 years' experience in the valuation of properties of this magnitude and nature in China.

James Woo is acting as an independent valuer as defined in the latest "RICS Global Valuation Standards" published by the RICS, which incorporates with the IVS.

Neither the valuer nor Colliers are aware of any pecuniary interest or conflict that could reasonably be regarded as being capable of affecting the ability to give an unbiased and objective, opinion of the value of the property interests.

VALUATION APPROACHES

When valuing the property/property interests, we have valued by select appropriate methods based on the asset type, current conditions, ownership specifics outlined in PRC legal opinions.

In valuing the Property, we have categorized the CPS into three types according to their title ship described in the PRC legal opinion. CPS-A, CPS-B and CPS-C. CPS-A is defined as parking spaces with title ship that can be freely traded, CPS-B is defined as parking spaces lacking complete ownership, CPS-C is defined as Civil air defense parking spaces.

For CPS-A which with titleship that can be freely traded, the preferred valuation method is the market comparison approach assuming sale of each of these property/property interests in its existing state with the benefit of vacant possession by making reference to comparable sales transactions as available in the relevant market, subject to appropriate adjustments including but not limited to conditions, location, time and other relevant factors. Given that the property/property interests are carpark spaces, comparable sales transactions are frequent and information about such sale is readily available. We are therefore used Market Comparison Method which is in line with the market practice.

In cases where the parking space does not have titleship but has a history of usage rights transactions, and where the land transfer fees have been fully paid, the market comparison method is also applicable.

For parking spaces lacking complete ownership and where there has been no sale of usage rights, or if there are issues with the payment of land transfer fees or civil defense project, the income capitalization approach is utilized. This method capitalizes the existing rental income from all leasehold units over the remaining lease term, while vacant units are assumed to be rented at the market rate as of the valuation date. Upon the expiration of existing leases, each unit is assumed to be rented at the market rate on the valuation date and capitalized based on the remaining use term. The market value of the property/property interests thus equal to the sum of the capitalized value of the income from the leased units during their lease term, the appropriately deferred capitalized value of the income from the leased units (i.e., market rental income), and the capitalized value of the vacant units.

SOURCES OF INFORMATION

Although we have made independent enquires as much as possible, we have relied to a very considerable extent on the information provided by the Company and its legal advisor in respect of the titles of the property interests in the PRC. We also have accepted such information given to us as being true and correct for valuation purposes. This has included such matters as ownership title, gross floor areas, statutory notices, easements, tenure, joint leasing agreements, the identification of the property interests and all other relevant matters.

We have also been advised by the Company that no material factors or information have been omitted or withheld from the information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable and have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation.

TITLE DOCUMENTS

We have been provided with copies or extracts of some title documents relating to the property/property interests and have made relevant enquires where possible. Due to the nature of the land registration system in the PRC, however, we have not examined the original documents to verify the existing titles to the property/property interests in the PRC or any material encumbrances that might be attached to the property/property interests or any lease amendments. We have made assumptions that the full and proper ownership title of the Property has been obtained and all payable land premium or land-use rights fees have been fully settled.

We have relied on the advice given by the Company's legal adviser, Sichuan Puyi Law Firm (四川朴易律師事務所), regarding the titles of the property/property interests in the PRC. We do not accept liability for any interpretation that we have placed on such information, which is more properly placed within the sphere of the legal adviser.

All legal documents disclosed in this letter, the summary of values and the summary reports are for reference only. No responsibility is assumed for any legal matters concerning the legal title to the property interests set out in this letter, the summary of values and the valuation summary reports.

ASSUMPTIONS AND CAVEATS

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

We have conducted the valuation assuming:

- the information as set out in the section headed "Sources of Information" above about the titles of the Property provided by the Company and the Company's legal advisor, Sichuan Puyi Law Firm (四川朴易律師事務所) is true and correct;
- the Property is free from contamination and the ground conditions are satisfactory;
- the full and proper ownership title of the Property have been obtained, and all payable land premium or land-use rights fees have been fully settled;
- For portion of CPS-A, the information, that area of each CPS is approximately 13.5 sqm, provided by the Company or Group is true and correct.
- For CPS-B, the information, that area of each CPS is approximately 13.5 sqm, provided by the Company or Group is true and correct; Since the grant term for underground construction land use rights is generally 50 years, we have assumed that CPS-B has been granted a land use term of 50 years from the commencement date of the land use right.
- For CPS-C we have assume they have been granted for a land use term of 20 years since valuation date; For portion of CPS-C, the information, that area of each CPS is approximately 13.5 sqm, provided by the Company or Group is true and correct.
- all required approvals and certificates necessary for occupation and use of the Property has been duly obtained and are in full force and effect; and
- the Property can be freely transferred, mortgaged, sublet or otherwise disposed of in the market.

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

SITE MEASUREMENT

We have not carried out on-site measurements to verify the correctness of the site and gross floor areas in respect of the Property but have assumed that the areas provided by the Company to us are true and correct in all respects. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

SITE INSPECTION

We have inspected the Property exterior and, where possible, the interior of the Property upon the instruction received. No structural surveys or environmental assessments have been made, but in the course of our inspections, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services. We have assumed such are in good order for the purpose of valuation.

Please be advised we have not carried out investigations to determine the suitability of the ground conditions and the services etc. for any future development. Our valuation has been prepared on the assumption that these aspects are satisfactory.

Site inspections of the Properties were *carried out by James Woo between 3 March 2025 to 7 March 2025.*

ESG CONSIDERATION

Where our advice is based on International Valuation Standards (IVS), we have had regard to i) those significant environmental, social and governance (ESG) factors which were readily apparent to us from our inspection of the property and ii) which we consider significantly impact our advice. This is a requirement of the IVS. In our advice we have endeavoured to analyse whether any significant ESG factors affect the value assessed. For your acknowledge, currently, we do not explicitly adjust valuations for ESG factors.

CURRENCY

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

We hereby certify that we have neither present nor a prospective interest in the properties or the values reported.

Our summary of values and valuation summary reports are attached hereto.

Yours faithfully,

For and on behalf of

Colliers Appraisal and Advisory Services Co., Ltd. (“Colliers”)

Kin Ming Woo James

FRICS AICFC

Executive Director

Valuation and Advisory Services I China

Note: Mr. James Woo is a registered valuer with over 26 years' experience in real estate industry and assets valuation sector. His experience on valuation covers Mainland China. Mr. Woo is a fellow member of the Royal Institution of Chartered Surveyors.

SUMMARY OF VALUES

NO	PROPERTY	MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025 (RMB)	INVESTMENT VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025 (RMB)
1	Portion of Basement Carparks of Benevolence Lake No.1 (博愛湖一號), intersection of Xingye Road and Dongboai Road South, Nanhai District, Foshan City, Guangdong Province, PRC	1,570,000	370,000
2	Portion of Basement Carparks of Hongyang Shan Xin Garden (弘陽山馨花園), at the North of Qiaoyun Road and East of Qiaohe Road, Tingyin Lake Area, Xiqiao Town, Nanhai District, Foshan City, Guangdong Province, PRC	2,640,000	5,850,000
3	Portion of Basement Carparks of Longzi Lake Times (龍子湖湖語時光), Northwest corner of the intersection of Longzihu Road and Zhangheng Road in Xinzhan District, Hefei City, Anhui Province, PRC	17,500,000	NO
4	Portion of Basement Carparks of Renshou In Times (仁壽時光里), Beside Jianan Avenue in the southern area of Wenlin Town, Renshou County, Meishan City, Sichuan Province, PRC	13,830,000	NO
5	Portion of Basement Carparks of Nanchang Hong Yang Residence (南昌弘陽府), intersection of Shanghai Road and Beijing Road at Qingshan Lake, Qingshanhu District, Nanchang City, Jiangxi Province, PRC	NO COMMERCIAL VALUE	17,860,000
6	Portion of Basement Carparks of Dujiang Residence (都江府), Binhe Community, Kuiguanta Street, Dujiangyan City, Chengdu City, Sichuan Province, PRC	9,140,000	4,720,000
7	Portion of Basement Carparks of Xiangzhou Park 1873 (襄州公園1873), intersection of Diamond Avenue and Traffic Road in Xiangzhou District, , Xiangyang city, Hubei Province, PRC	NO COMMERCIAL VALUE	20,030,000
8	Portion of Basement Carparks and underground warehouses of Zhong Yi Hu Yan Lan Residence (中意湖燕瀾府), West of Sixth Street, North of Anshun Road, Longting District, Kaifeng City, Henan Province, PRC	NO COMMERCIAL VALUE	8,260,000
9	Portion of Basement Carparks of Hefeng Architecture in Xinhua Road (新華路和風名築), South of Shenzhen Road and East of Xinhua Road, Changfu Street, Changshu City, Suzhou City, Jiangsu Province, PRC	NO COMMERCIAL VALUE	840,000

APPENDIX V

PROPERTY VALUATION REPORT

NO	PROPERTY	MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025 (RMB)	INVESTMENT VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025 (RMB)
10	Portion of Basement Carparks of Foshan Zhangcha Sunrise Joy Residence (佛山張槎昕悅府), South of Zhangcha San Road and West of Dongpo San Road in Shancheng District, Foshan City, Guangdong Province, PRC	2,000,000	NO
11	Portion of Basement Carparks of Times Centre Phase I (時代中心一期), Liuzhou Road, Taishan Street, Pukou District, Nanjing City, Jiangsu Province, PRC	3,080,000	NO
12	Portion of Basement Carparks of Times Centre Phase II (時代中心二期), Liuzhou Road, Taishan Street, Pukou District, intersection of Xingxian Road and Wenchang Road, Nanjing City, Jiangsu Province, PRC	14,030,000	NO
13	Portion of Basement Carparks of Yanjiang Residence (燕江府), intersection of Taixin Road and Songshan Road, Nanjing City, Jiangsu Province, PRC	18,710,000	NO
14	Portion of Basement Carparks of Sunrise Academy (旭日學府), West of Jiangbei Avenue, Pukou District, Nanjing City, Jiangsu Province, PRC	2,970,000	NO
15	Portion of Basement Carparks of Sunrise Love City 6 (旭日愛上城6區), Liuzhou Road, Taishan Street, Pukou District, Nanjing City, Jiangsu Province, PRC	NO COMMERCIAL VALUE	5,010,000
16	Portion of Basement Carparks of Chunshang Xijiang (春上西江), Jin Dong Phase II, Fengjin Road and the Academy of International Relations of the PLA, Yuhuatai District Economic Development Zone, Nanjing City, Jiangsu Province, PRC	4,000,000	NO
17	Portion of Basement Carparks of Shangshui Garden of Elegance (上水雅苑), intersection of Xingxian Road and Wenchang Road, High tech Zone Hushuguan Development Zone, Suzhou city, Jiangsu Province, PRC	NO COMMERCIAL VALUE	5,490,000
18	Portion of Basement Carparks of Upper Sunny Master piece Garden (上熙名苑), intersection of Gaoxin Xushuguan Avenue and Minglan Street, High tech Zone, Suzhou city, Jiangsu Province, PRC	NO COMMERCIAL VALUE	10,800,000

APPENDIX V

PROPERTY VALUATION REPORT

NO	PROPERTY	MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025 (RMB)	INVESTMENT VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025 (RMB)
19	Portion of Basement Carparks of Wanli In Times (灣里時光里), North of Qingsong Street (Planning 1st Road), east of Xiaze Road, and west of Haorenjia in Yuzhang District (Control Plan E-7-03 plot), Zhaoxian Town, Nanchang City, Jiangxi Province, PRC	NO COMMERCIAL VALUE	6,060,000
20	Portion of Basement Carparks of Changfeng In Times (長豐時光里), intersection of Fuyang North Road and Jinchuan Road, Changfeng County, Hefei City, Anhui Province, PRC	10,000,000	2,510,000
21	Portion of Basement Carparks of Shangcheng District 3 (上城三區), East of Daqiao North Road, Pukou District, Nanjing City, Jiangsu Province, PRC	NO COMMERCIAL VALUE	14,420,000
22	Portion of Basement Carparks of Shangcheng District 2 (上城二區), East of Daqiao North Road, Pukou District, Nanjing City, Jiangsu Province, PRC	NO COMMERCIAL VALUE	13,390,000
23	Portion of Basement Carparks of Mengxi Road Shiguang Lane (夢溪路時光里), intersection of Mengxi Road and Weiyi First Road, Wanchun Street, Wuhu Economic and Technological Development Zone, Wuhu City, Anhui Province, PRC	14,290,000	NO
Grand total		113,760,000	115,610,000

VALUATION PARTICULARS

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025								
1.	Portion of Basement Carparks of Benevolence Lake No.1 (博愛湖一號), Intersection of Xingye Road and Dongboai Road South, Nanhai District, Foshan City, Guangdong Province, PRC	<p>Benevolence Lake No.1 is a large-scale residential development with a total site area of 44,155.52 sq m (the “Development”).</p> <p>As advised, the subject property comprises 28 CPS-A (including 17 tandem parking space) and 6 CPS-C (including 1 tandem parking space) of the Development (the “Property”). Detailed GFA of the CPS is listed below:</p> <table border="1"> <thead> <tr> <th>Portions</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>CPS-A</td> <td>1,377.59</td> </tr> <tr> <td>CPS-C</td> <td>76.32</td> </tr> <tr> <td>Total</td> <td>1,453.91</td> </tr> </tbody> </table>	Portions	GFA (sq m)	CPS-A	1,377.59	CPS-C	76.32	Total	1,453.91	At the date of our inspection, the Property was vacant.	RMB1,570,000 (RENMINBI ONE MILLION FIVE HUNDRED SEVENTY THOUSAND) Note i
Portions	GFA (sq m)											
CPS-A	1,377.59											
CPS-C	76.32											
Total	1,453.91											

Pursuant to the Realty Title Certificate provided, the land-use rights of the CPS-A have been granted for a term expiring on 31 March 2089 for Urban residential land/31 March 2059 for retail commercial land/31 March 2059 for business and financial land/31 March 2059 for catering land/hotel land/31 March 2059 for other commercial and service land/11 March 2069 urban village road land uses.

Notes:

- i) The value represents the Market Value of CPS-A. Due to the absence of valid property ownership documents for CPS-C, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-C in the valuation report for the company’s internal reference. As of the valuation date, the investment value of the CPS-C is RMB370,000.

- ii) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 27 February 2019 and 22 March 2019, the land-use rights of the Property have been granted to FoShan Hongsheng Real Estate Development Co., Ltd. 佛山市弘升房地產開發有限公司 (“FoShan Hongsheng”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	440605-2019-000041	27 February 2019	Urban residential land/retail commercial land/business and financial land/catering land/hotel land/other commercial and service land/urban village road land	44,153.00
Total:				44,153.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to FoShan Hongsheng, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Yue(2021)Fo Nan Bu Dong Chan Quan Di No. 0123120	12 August 2021	Urban residential land/retail commercial land/business and financial land/catering land/hotel land/other commercial and service land/urban village road land	39,470.74
2	Yue(2021)Fo Nan Bu Dong Chan Quan Di No. 0007677	10 January 2020	Land for roads in towns, villages and rural areas	4,684.78
Total:				44,155.52

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to FoShan Hongsheng, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No.440605201900171	30 April 2019	Class II residential land with commercial land, business land and road land.	44,153.00
Total:				44,153.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to FoShan Hongsheng. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 44060520191115	Hongyang Hubin Shangyuan Building 1	12 October 2019	8,010.56
2	Jian Zi Di No. 44060520191116	Hongyang Hubin Shangyuan Building 2	12 October 2019	11,537.19
3	Jian Zi Di No. 44060520191117	Hongyang Hubin Shangyuan Building 3, 4	12 October 2019	22,347.64
4	Jian Zi Di No. 440605201901082	Hongyang Hubin Shangyuan Building 5, 6	24 September 2019	21,415.04
5	Jian Zi Di No. 440605201901083	Hongyang Hubin Shangyuan Building 7	24 September 2019	11,035.03
6	Jian Zi Di No. 440605201900956	Hongyang Hubin Shangyuan Building 8	12 August 2019	7,289.33
7	Jian Zi Di No. 440605201900957	Hongyang Hubin Shangyuan Building 9	12 August 2019	6,193.17
8	Jian Zi Di No. 440605201900958	Hongyang Hubin Shangyuan Building 10	12 August 2019	10,339.50
9	Jian Zi Di No. 440605201900913	Hongyang Hubin Shangyuan Building 11	2 August 2019	2,654.97
10	Jian Zi Di No. 440605201900914	Hongyang Hubin Shangyuan Building 12	2 August 2019	3,155.13
11	Jian Zi Di No. 440605201900915	Hongyang Hubin Shangyuan Building 13	2 August 2019	4,975.99
12	Jian Zi Di No. 440605201900851	Hongyang Hubin Shangyuan Building 14	17 July 2019	3,405.71
			Total:	112,359.26

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by FoShan Hongsheng. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No.44060520190150701-00	Hongyang Hubin Shangyuan Building 1	15 October 2019	8,010.56
2	No.44060520190150801-00	Hongyang Hubin Shangyuan Building 2	15 October 2019	11,537.19
3	No.44060520190150901-00	Hongyang Hubin Shangyuan Building 3, 4	15 October 2019	22,347.64
4	No.44060520190929701-00	Hongyang Hubin Shangyuan Building 5, 6	29 September 2019	21,415.04
5	No.44060520190929801-00	Hongyang Hubin Shangyuan Building 7	29 September 2019	11,035.03
6	No.440605201908230401-00	Hongyang Hubin Shangyuan Building 8	23 August 2019	7,289.33
7	No.440605201908230501-00	Hongyang Hubin Shangyuan Building 9	23 August 2019	6,193.17
8	No.440605201908230601-00	Hongyang Hubin Shangyuan Building 10	23 August 2019	10,339.50
9	No.440605201908210301-00	Hongyang Hubin Shangyuan Building 11	21 August 2019	2,654.97
10	No.440605201908210401-00	Hongyang Hubin Shangyuan Building 12	21 August 2019	3,155.13
11	No.440605201908210501-00	Hongyang Hubin Shangyuan Building 13	21 August 2019	4,975.99
			Total:	108,953.89

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to FoShan Hongsheng. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Nan Fang Yu Zi Di No.2020008602	Hongyang Hubin Shangyuan Building 2	14 April 2020	7,440.48
2	Nan Fang Yu Zi Di No.2020010502	Hongyang Hubin Shangyuan Building 3, 4	24 April 2020	15,444.16
3	Nan Fang Yu Zi Di No.2020001102	Hongyang Hubin Shangyuan Building 5, 6	5 January 2010	15,435.00
4	Nan Fang Yu Zi Di No.2020017992	Hongyang Hubin Shangyuan Building 7	18 June 2020	7,937.10
5	Nan Fang Yu Zi Di No.2020001202	Hongyang Hubin Shangyuan Building 8	15 January 2010	4,631.16
6	Nan Fang Yu Zi Di No.2020000902	Hongyang Hubin Shangyuan Building 9,10	15 January 2010	10,030.50
7	Nan Fang Yu Zi Di No.2020001302	Hongyang Hubin Shangyuan Building 11-13	15 January 2010	7,280.97
			Total:	<u>68,199.37</u>

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

viii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to FoShan Hongsheng. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	GD-E1-916001	Hongyang Hubin Shangyuan Building 1	22 September 2021	8,010.56
2	GD-E1-916001	Hongyang Hubin Shangyuan Building 2	17 June 2021	11,537.19
3	GD-E1-916001	Hongyang Hubin Shangyuan Building 3, 4	17 June 2021	22,347.64
4	GD-E1-916001	Hongyang Hubin Shangyuan Building 5, 6	17 June 2021	21,415.04
5	GD-E1-916001	Hongyang Hubin Shangyuan Building 7	17 June 2021	11,035.03
6	GD-E1-916001	Hongyang Hubin Shangyuan Building 8	31 December 2020	7,289.33
7	GD-E1-916001	Hongyang Hubin Shangyuan Building 9	31 December 2020	6,193.17
8	GD-E1-916001	Hongyang Hubin Shangyuan Building 10	31 December 2020	10,339.50
9	GD-E1-916001	Hongyang Hubin Shangyuan Building 11	31 December 2020	2,654.97
10	GD-E1-916001	Hongyang Hubin Shangyuan Building 12	31 December 2020	3,155.13
11	GD-E1-916001	Hongyang Hubin Shangyuan Building 13	31 December 2020	4,975.99
12	GD-E1-916001	Hongyang Hubin Shangyuan Building 14	29 June,2021	3,405.71
			Total:	112,359.26

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

ix) Pursuant to the Business License – No. 91440605MA530MTK7L dated 18 March 2019, FoShan Hongsheng has been registered.

x) The general description and market information of the Property are summarized below:

Location	The Property is located at Intersection of Xingye Road and Dongboai Road South, Nanhai District, Foshan City, Guangdong Province, PRC
Transportation	Foshan Shadi Airport is located approximately 10 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- xi) In assessing the market value of CPS-A and investment value of CPS-C, we have made reference to sales prices of similar CPS in the vicinity. Comparable are located in the same development with similar conditions, size and tenure, etc.

In the course of our valuation, we have considered the relevant adjustment factors such as the building quality, bulk discount to determine the unit price of the Property.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Foshan Boai Lake No.1	Foshan Boai Lake No.1	Foshan Boai Lake No.1
District/County	Fo Shan City	Fo Shan City	Fo Shan City
Detail Address	Intersection of Xingye Road and Dongboai Road South, Nanhai District, Foshan City, Guangdong Province	Intersection of Xingye Road and Dongboai Road South, Nanhai District, Foshan City, Guangdong Province	Intersection of Xingye Road and Dongboai Road South, Nanhai District, Foshan City, Guangdong Province
Total GFA (sq. m.)	30.90	30.54	30.67
Type Mix	CPS	CPS	CPS
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	68,807	68,807	68,807

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 2	Comparable 3
Building Quality Factor	downward	downward	downward
Bulk discount	downward	downward	downward
Total adjustment	-45.00%	-45.00%	-45.00%
Adjusted unit price (RMB/lot)	37,844	37,844	37,844
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/lot)		37,800	

For tandem parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 1.8.

Rental transactions that had been selected include the CPS-C ranges from RMB360 to RMB370 per lot per month. According to our market research, the yield of comparable parking spaces in the vicinity ranges from 4.5% to 5.5%. As the CPS-C was vacant on the valuation date, we have capitalized the estimated rent that will be generated during the remaining period. In our valuation, we have adopted an average market rent of RMB367 per parking space and a capitalization rate of 5.0%. For tandem parking lots, the market rent mentioned above require an additional adjustment for the parking space size, which is 1.8.

- xii) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xiii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from FoShan Hongsheng, the external promotional name of the Development is Benevolence Lake No.1 (博愛湖一號);
2. FoShan Hongsheng has obtained the Realty Title Certificate related to the land of the Benevolence Lake No.1 (博愛湖一號) project;
3. FoShan Hongsheng has obtained the necessary construction permits in accordance with the actual progress of development Benevolence Lake No.1 (博愛湖一號);
4. FoShan Hongsheng is entitled to pre-sell the in-progress buildings of Benevolence Lake No.1 (博愛湖一號) within the pre-sale scope specified in the "Pre-sale Permit".
5. According to the confirmation from FoShan Hongsheng, based on the current progress of the Benevolence Lake No.1 (博愛湖一號) project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
6. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, FoShan Hongsheng will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
7. Regarding the CPS, as part of the Development, the titleship of CPS-A is clear, and no sealing or mortgage has been found. Foshan Hongsheng has the right to dispose of the parking space but should conform to the legal regulation that "community parking spaces should first meet the needs of owners" when disposing based on Article 276 of the Civil Code of the People's Republic of China and Article 54 of the Property Management Regulations of Guangdong Province.
8. Civil air defense parking spaces: As the project developer and investor, Foshan Hongsheng can obtain the usufructuary right to use civil air defense parking spaces. However, when disposing of such parking space usage rights, attention should be paid to completing the corresponding procedures.

VALUATION REPORT

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN								
				EXISTING STATE AS AT 28 FEBRUARY 2025								
2	Portion of Basement Carparks of Hongyang Shan Xin Garden (弘陽山馨花園), at the North of Qiaoyun Road and East of Qiaoh Road, Tingyin Lake Area, Xiqiao Town, Nanhai District, Foshan City, Guangdong Province, PRC	<p>Hongyang Shan Xin Garden is a large-scale residential development with a total site area of 63,131.80 sq m (the “Development”).</p> <p>As advised, the subject property comprises 49 CPS-A (including 1 tandem parking space, 40 normal parking spaces located on B2, 3 tandem parking space located on B2) and 110 CPS-C units (including 95 normal parking spaces located on B2, 15 tandem parking space located on B2) of the Development (the “Property”). Detailed GFA of the various portion of the Property is listed below:</p> <table border="1"> <thead> <tr> <th>Portions</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>CPS-A</td> <td>1,474.17</td> </tr> <tr> <td>CPS-C</td> <td>1,577.28</td> </tr> <tr> <td>Total</td> <td>3,051.45</td> </tr> </tbody> </table>	Portions	GFA (sq m)	CPS-A	1,474.17	CPS-C	1,577.28	Total	3,051.45	At the date of our inspection, the property was vacant.	RMB2,640,000 (RENMINBI TWO MILLION SIX HUNDRED FORTY THOUSAND) Note i
Portions	GFA (sq m)											
CPS-A	1,474.17											
CPS-C	1,577.28											
Total	3,051.45											

Pursuant to the Realty Title Certificate certificates provided, the land-use rights of the CPS-A have been granted for a term expiring on 7 August 2088 for Urban residential land (urban residential land), 7 August 2058 for retail commercial land (retail commercial land), catering land (catering land), commercial and financial land (commercial and financial land), entertainment land (entertainment land), other commercial and commercial land (other commercial and commercial land) uses.

Notes:

- i) The value represents the Market Value of CPS-A. Due to the absence of valid property ownership documents for CPS-C, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-C in the valuation report for the company’s internal reference. As of the valuation date, the investment value of the CPS-C is RMB5,850,000.

- ii) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 8 August 2018 and 13 August 2018, the land use rights of the Property have been granted to Foshan Hongjian Real Estate Development Co., Ltd. 佛山市弘堅房地產開發有限公司 (“**Foshan Hongjian**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	440605-2018-000082 440605-2018-000082-bu No.01	13 August 2018	Urban residential land, retail commercial land, catering land, commercial and financial land, entertainment land, and other commercial and residential land	63,131.80
Total:				63,131.80

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Foshan Hongjian, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	YUE (2019) Fo Nan Bu Dong Chan Quan Di No,0012690	18 January 2019	Urban residential land (urban residential land), retail commercial land (retail commercial land), catering land (catering land), commercial and financial land (commercial and financial land), entertainment land (entertainment land), other commercial and commercial land (other commercial and commercial land)	36,039.60
2	YUE (2019) Fo Nan Bu Dong Chan Quan Di No,0012690	18 January 2019	Urban residential land (urban residential land), retail commercial land (retail commercial land), catering land (catering land), commercial and financial land (commercial and financial land), entertainment land (entertainment land), other commercial and commercial land (other commercial and commercial land)	27,092.20
Total:				63,131.80

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

iv) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Foshan Hongjian, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No.440605201800573	13 September 2018	Urban residential land is compatible with wholesale and retail land, catering land, commercial and financial land, entertainment land, and other commercial and residential land	63,131.80
Total:				63,131.80

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Foshan Hongjian. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 440605201900822	Building 1, Hongyang Shanxin Garden	9 July 2019	29,617.82
2	Jian Zi Di No. 440605201900424	Building 2, Hongyang Shanxin Garden	30 March 2019	23,328.52
3	Jian Zi Di No. 440605201900422	Building 3, Hongyang Shanxin Garden	30 March 2019	9,055.41
4	Jian Zi Di No.440605201900425	Building 4, Hongyang Shanxin Garden	30 March 2019	25,742.31
5	Jian Zi Di No.440605201900426	Building 5, Hongyang Shanxin Garden	30 March 2019	23,189.26
6	Jian Zi Di No.440605201900423	Building 6, Hongyang Shanxin Garden	30 March 2019	70,41.63
7	Jian Zi Di No.440605201900427	Building 7, Hongyang Shanxin Garden	30 March 2019	18,040.40
8	Jian Zi Di No.440605201900247	Building 8, Hongyang Shanxin Garden	25 February 2019	19,220.51
9	Jian Zi Di No.440605201900250	Building 9, Hongyang Shanxin Garden	25 February 2019	19,239.34
10	Jian Zi Di No.440605201900251	Building 10, Hongyang Shanxin Garden	25 February 2019	19,567.77
11	Jian Zi Di No.440605201900428	Building 11, Hongyang Shanxin Garden	30 March 2019	6,989.05
12	Jian Zi Di No.440605201900429	Building 12, Hongyang Shanxin Garden	30 March 2019	5,069.89
13	Jian Zi Di No.440605201900430	Building 13, Hongyang Shanxin Garden	30 March 2019	5,050.93
14	Jian Zi Di No.440605201900431	Building 14, Hongyang Shanxin Garden	30 March 2019	5,041.65
15	Jian Zi Di No.440605201900432	Building 15, Hongyang Shanxin Garden	30 March 2019	6,274.89
16	Jian Zi Di No.440605201900433	Building 16, Hongyang Shanxin Garden	30 March 2019	6,215.63
17	Jian Zi Di No.440605201900408	Building 17, Hongyang Shanxin Garden & Kindergarten	27 March 2019	4,425.20
18	Jian Zi Di No.440605201900434	Building 18, Hongyang Shanxin Garden	30 March 2019	331.50
19	Jian Zi Di No.440605201900435	Building 19, Hongyang Shanxin Garden	30 March 2019	65.69
			Total:	233,507.40

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Foshan Hongjian. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	440605201908010101-00	Building 1, Hongyang Shanxin Garden	1 August 2019	29,617.82
2	4406052019050101-00	Building 2, Hongyang Shanxin Garden	5 June 2019	23,328.52
3	440605201906050201-00	Building 3, Hongyang Shanxin Garden	5 June 2019	9,055.41
4	440605201906050301-00	Building 4, Hongyang Shanxin Garden	5 June 2019	25,742.31
5	440605201906050401-00	Building 5, Hongyang Shanxin Garden	5 June 2019	23,189.26
6	440605201906050501-00	Building 6, Hongyang Shanxin Garden	5 June 2019	7,041.63
7	440605201906050601-00	Building 7, Hongyang Shanxin Garden	5 June 2019	18,040.40
8	440605201904160101-00	Building 8, Hongyang Shanxin Garden	17 April 2019	19,220.51
9	440605201904180401-00	Building 9, Hongyang Shanxin Garden	18 April 2019	19,239.34
10	440605201904180501-00	Building 10, Hongyang Shanxin Garden	18 April 2019	19,567.77
11	440605201904180601-00	Building 11, Hongyang Shanxin Garden	18 April 2019	6,989.05
12	440605201904180701-00	Building 12, Hongyang Shanxin Garden	18 April 2019	5,069.89
13	440605201904180801-00	Building 13, Hongyang Shanxin Garden	18 April 2019	5,050.93
14	440605201904180901-00	Building 14, Hongyang Shanxin Garden	18 April 2019	5,041.65
15	440605201904181001-00	Building 15, Hongyang Shanxin Garden	18 April 2019	6,274.89
16	440605201904181101-00	Building 16, Hongyang Shanxin Garden	18 April 2019	6,215.63
17	440605201904181201-00	Building 17, Hongyang Shanxin Garden & Kindergarten	18 April 2019	4,425.20
18	440605201906050701-00	Building 18, Hongyang Shanxin Garden	5 June 2019	331.50
19	440605201906050801-00	Building 19, Hongyang Shanxin Garden	5 June 2019	65.69
			Total:	233,507.40

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Foshan Hongjian. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Nan Fang Yu Ci Di No. 2020040502	Building 1, Hongyang Shanxin Garden	27 November 2020	15,176.58
2	Nan Fang Yu Ci Di No.2020015902	Building 2, Hongyang Shanxin Garden	28 May 2020	15,946.66
3	Nan Fang Yu Ci Di No.2020010902	Building 3, Hongyang Shanxin Garden	28 April 2020	4,874.58
4	Nan Fang Yu Ci Di No.2019055302	Building 4, Hongyang Shanxin Garden	15 November 2019	15,457.33
5	Nan Fang Yu Ci Di No.2020006102	Building 5, Hongyang Shanxin Garden	14 March 2020	15,644.15
6	Nan Fang Yu Ci Di No.2019057202	Building 6, Hongyang Shanxin Garden	19 November 2019	4,888.52
7	Nan Fang Yu Ci Di No.2019035302	Building 7, Hongyang Shanxin Garden	30 August 2019	15,909.82
8	Nan Fang Yu Ci Di No.2019020202	Building 8, Hongyang Shanxin Garden	29 May 2019	15,661.65
9	Nan Fang Yu Ci Di No.2019020302	Building 9, Hongyang Shanxin Garden	29 May 2019	15,999.25
10	Nan Fang Yu Ci Di No.2019051802	Building 10, Hongyang Shanxin Garden	29 October 2019	15,351.82
11	Nan Fang Yu Ci Di No.2019046502	Building 11, Hongyang Shanxin Garden	29 September 2019	4,509.52
12	Nan Fang Yu Ci Di No.2019059002	Building 12, Hongyang Shanxin Garden	11 December 2019	3,387.72
13	Nan Fang Yu Ci Di No.2019045902	Building 13, Hongyang Shanxin Garden	29 September 2019	3,392.61
14	Nan Fang Yu Ci Di No.2019025202	Building 14, Hongyang Shanxin Garden	28 June 2019	3,385.11
15	Nan Fang Yu Ci Di No.2019021702	Building 15, Hongyang Shanxin Garden	20 June 2019	4,520.15
16	Nan Fang Yu Ci Di No.2019021902	Building 16, Hongyang Shanxin Garden	20 June 2019	4,517.52
			Total:	158,622.99

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

vii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Foshan Hongjian. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	GD-E1-916/1	Building 1, Hongyang Shanxin Garden	28 October 2021	29,617.82
2	GD-E1-916/1	Building 2, Hongyang Shanxin Garden	25 June 2021	23,328.52
3	GD-E1-916/1	Building 3, Hongyang Shanxin Garden	25 June 2021	9,114.91
4	GD-E1-916/1	Building 4, Hongyang Shanxin Garden	25 June 2021	25,742.31
5	GD-E1-916/1	Building 5, Hongyang Shanxin Garden	25 June 2021	23,189.26
6	GD-E1-916/1	Building 6, Hongyang Shanxin Garden	25 June 2021	7,101.13
7	GD-E1-916/1	Building 7, Hongyang Shanxin Garden	25 June 2021	18,040.40
8	GD-E1-916/1	Building 8, Hongyang Shanxin Garden	4 December 2020	19,220.51
9	GD-E1-916/1	Building 9, Hongyang Shanxin Garden	4 December 2020	19,239.34
10	GD-E1-916/1	Building 10, Hongyang Shanxin Garden	4 December 2020	19,567.77
11	GD-E1-916/1	Building 11, Hongyang Shanxin Garden	4 December 2020	6,989.05
12	GD-E1-916/1	Building 12, Hongyang Shanxin Garden	4 December 2020	5,069.89
13	GD-E1-916/1	Building 13, Hongyang Shanxin Garden	4 December 2020	5,050.93
14	GD-E1-916/1	Building 14, Hongyang Shanxin Garden	4 December 2020	5,041.65
15	GD-E1-916/1	Building 15, Hongyang Shanxin Garden	4 December 2020	6,274.89
16	GD-E1-916/1	Building 16, Hongyang Shanxin Garden	4 December 2020	6,215.63
			Total:	228,804.01

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the Business License – No. 91440605MA52439X5J dated 8 August 2018, Foshan Hongjian has been registered.
- ix) The general description and market information of the property are summarized below:

Location	The Property is located at the North of Qiaoyun Road and East of Qiaohe Road, Tingyin Lake Area, Xiqiao Town, Nanhai District, Foshan City, Guangdong Province, PRC
Transportation	Foshan Shadi Airport is located approximately 20 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- x) In assessing the market value of CPS-A and investment value of CPS-C, we have made reference to sales prices of similar CPS in the vicinity. Comparable are located in the same development with similar conditions, size and tenure, etc.

In the course of our valuation, we have considered the relevant adjustment factors such as bulk discount to determine the unit price of the Property.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Hongyang Shan Xin Garden	Hongyang Shan Xin Garden	Hongyang Shan Xin Garden
District/County	Fo Shan City	Fo Shan City	Fo Shan City
Detail Address	at the North of Qiaoyun Road and East of Qiaohe Road, Tingyin Lake Area, Xiqiao Town, Nanhai District, Foshan City, Guangdong Province	at the North of Qiaoyun Road and East of Qiaohe Road, Tingyin Lake Area, Xiqiao Town, Nanhai District, Foshan City, Guangdong Province	at the North of Qiaoyun Road and East of Qiaohe Road, Tingyin Lake Area, Xiqiao Town, Nanhai District, Foshan City, Guangdong Province
Total GFA (sq.m.)	27.97	27.97	27.97
Type Mix	CPS	CPS	CPS
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	73,394	73,394	73,394

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 2	Comparable 3
Bulk discount	downward	downward	downward
Total adjustment	-30.00%	-30.00%	-30.00%
Adjusted unit price (RMB/lot)	51,376	51,376	51,376
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/lot)		51, 400	

For tandem parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 1.8 and for parking lots located on B2, the prices mentioned above require an additional adjustment for the parking space location, which is 0.98.

Rental transactions that had been selected include the CPS-C ranges from RMB320 to RMB340 per lot per month. According to our market research, the yield of comparable parking spaces in the vicinity ranges from 4.5% to 5.5%. As the CPS-C was vacant on the valuation date, we have capitalized the estimated rent that will be generated during the remaining period. In our valuation, we have adopted an average market rent of RMB321 per parking space and a capitalization rate of 5.0%.

For tandem parking lots, the market rent mentioned above require an additional adjustment for the parking space size, which is 1.8 and for parking lots located on B2, the market rent mentioned above require an additional adjustment for the parking space location, which is 0.98.

- xi) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Foshan Hongjian, the external promotional name of the Development is Hongyang Shan Xin Garden (弘陽山馨花園);
2. Foshan Hongjian has obtained the Realty Title Certificate related to the land of the Hongyang Shan Xin Garden (弘陽山馨花園) project;
3. Foshan Hongjian has obtained the necessary construction permits in accordance with the actual progress of development Hongyang Shan Xin Garden (弘陽山馨花園);
4. Foshan Hongjian is entitled to pre-sell the in-progress buildings of Hongyang Shan Xin Garden (弘陽山馨花園) within the pre-sale scope specified in the "Pre-sale Permit".
5. According to the confirmation from Foshan Hongjian based on the current progress of the Hongyang Shan Xin Garden (弘陽山馨花園) project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
6. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Foshan Hongjian will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
7. Regarding the CPS, as part of the Development, the titleship of CPS-A is clear, and no sealing or mortgage has been found. Foshan Hongjian has the right to dispose the parking space, but should conform to the legal regulation that "community parking spaces first meet the needs of owners" when disposing.
8. CPS-C: As the project developer and investor, Foshan Hongjian can obtain the right to use civil air defense parking spaces based on the nature of usufructuary rights. However, when disposing of such parking space use rights, attention should be paid to completing the corresponding procedures.

VALUATION REPORT

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025						
3	Portion of Basement Carports of Longzi Lake Times (龍子湖語時光), Northwest corner of the intersection of Longzihu Road and Zhangheng Road in Xinzhan District, Hefei City, Anhui Province, PRC	<p>Longzi Lake Times is a large-scale residential development which is on one piece of land, with a total site area of 68,460.66 sq m (the “Development”).</p> <p>As advised, the Property comprises 247 CPS-A (including 80 EV charging parking space) of the Development (the “Property”). Detailed GFA of the CPS is listed below:</p> <table border="1"> <thead> <tr> <th>Portions</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>CPS-A</td> <td>3,074.67</td> </tr> <tr> <td>Total</td> <td>3,074.67</td> </tr> </tbody> </table>	Portions	GFA (sq m)	CPS-A	3,074.67	Total	3,074.67	At the date of our inspection, the property was vacant.	RMB17,500,000 (RENMINBI SEVENTEEN MILLION FIVE HUNDRED THOUSAND)
Portions	GFA (sq m)									
CPS-A	3,074.67									
Total	3,074.67									
		Pursuant to Realty Title Certificate provided, the land-use rights of the CPS-A have been granted for a term expiring on 9 June 2089 for Urban Residential Land.								

Notes:

- i) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 10 May 2019 and 6 June 2019, the land-use rights of the Property have been granted to Anhui Lihong Real Estate Development Co., Ltd 安徽力弘房地產開發有限公司 (“Anhui Lihong”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	He Di Xin Zhan Qu Jing Guan [2019] No.46 & supplementary agreement	6 June 2019	Urban Residential Land	68,460.66
			Total:	68,460.66

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned contract.

- ii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Anhui Lihong. Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Wan(2019)He Fei Shi Bu Dong Chan Quan Di No.1100096	24 July 2019	Urban Residential Land	68,460.66
Total:				68,460.66

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iii) Pursuant to the following Construction Land Planning Permit, Property has been approved to Anhui Lihong. Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No. 340101201950021	6 June 2019	Class II residential land (R2), park green space (G1)	68,460.66
Total:				68,460.66

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

iv) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Anhui Lihong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No.34101201940378	Xin Zhan QuXZQTD242 Di Kuai Project 15#	9 September 2019	6,859.67
2	Jian Zi Di No.34101201949336	Xin Zhan QuXZQTD242 Di Kuai Project 16#	13 August 2019	9,241.95
3	Jian Zi Di No.34101201940379	Xin Zhan QuXZQTD242 Di Kuai Project 17#	9 September 2019	7,739.98
4	Jian Zi Di No.34101201940380	Xin Zhan QuXZQTD242 Di Kuai Project 18#	9 September 2019	8,853.13
5	Jian Zi Di No.34101201940381	Xin Zhan QuXZQTD242 Di Kuai Project 19#	9 September 2019	8,281.41
6	Jian Zi Di No.34101201940382	Xin Zhan QuXZQTD24 Di Kuai Project 20#	9 September 2019	8,850.43
7	Jian Zi Di No.34101201940337	Xin Zhan QuXZQTD242 Di Kuai Project 21#	13 August 2019	8,871.54
8	Jian Zi Di No.34101201940338	Xin Zhan QuXZQTD242 Di Kuai Project 22#	13 August 2019	7,784.89
9	Jian Zi Di No.34101201940429	Xin Zhan QuXZQTD242 Di Kuai Project 1#	22 October 2019	3,874.36
10	Jian Zi Di No.34101201940430	Xin Zhan QuXZQTD242 Di Kuai Project 2#	22 October 2019	1,946.48
11	Jian Zi Di No.34101201940431	Xin Zhan QuXZQTD242 Di Kuai Project 3#	22 October 2019	3,874.36
12	Jian Zi Di No.34101201940432	Xin Zhan QuXZQTD242 Di Kuai Project 5#	22 October 2019	6,993.62
13	Jian Zi Di No.34101201940433	Xin Zhan QuXZQTD242 Di Kuai Project 6#	22 October 2019	5,801.18
14	Jian Zi Di No.34101201940434	Xin Zhan QuXZQTD242 Di Kuai Project 7#	22 October 2019	5,802.27
15	Jian Zi Di No.34101201940435	Xin Zhan QuXZQTD242 Di Kuai Project 8#	22 October 2019	6,898.99
16	Jian Zi Di No.34101201940436	Xin Zhan QuXZQTD242 Di Kuai Project 9#	22 October 2019	8,892.22
17	Jian Zi Di No.34101201940437	Xin Zhan QuXZQTD242 Di Kuai Project 10#	22 October 2019	5,045.70
18	Jian Zi Di No.34101201940438	Xin Zhan QuXZQTD242 Di Kuai Project 11#	22 October 2019	6,537.96

APPENDIX V**PROPERTY VALUATION REPORT**

No.	Certificate No.	Project Name	Date	GFA
19	Jian Zi Di No.34101201940439	Xin Zhan QuXZQTD242 Di Kuai Project 12#	22 October 2019	6,523.05
20	Jian Zi Di No.34101201940376	Xin Zhan QuXZQTD242 Di Kuai Project S1#	22 October 2019	1,898.77
21	Jian Zi Di No.34101201940377	Xin Zhan QuXZQTD242 Di Kuai Project 13#	22 October 2019	8,824.79
22	Jian Zi Di No.34101201940440	Xin Zhan QuXZQTD242Di Kuai Project S-2#	22 October 2019	318.33
23	Jian Zi Di No.34101201940441	Xin Zhan QuXZQTD242Di Kuai Project S-3#	22 October 2019	618.96
24	Jian Zi Di No.34101201940442	Xin Zhan QuXZQTD242Di Kuai Project Non civil defense underground garage(Phase One)	22 October 2019	16,025.10
25	Jian Zi Di No.34101201940443	Xin Zhan QuXZQTD242Di Kuai Project Non civil defense underground garage(Phase Two)	22 October 2019	8,315.73
26	Jian Zi Di No.34101201940444	Xin Zhan QuXZQTD242 Di Kuai Project civil defense underground garage	22 October 2019	8,916.00
			Total:	173,590.87

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Anhui Lihong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	340173202111050000.00	Xin Zhan Qu XZQTD242 Di Kuai Project1#-3#, 5#-12#, 15#, S-2#, civil defense underground garage, Non civil defense underground garage (Phase Two)	5 November 2019	86,606.59
2	340135201912020000.00	Xin Zhan Qu XZQTD242 Di Kuai Project13#, 17#, S-3#, Non civil defense underground garage (Phase One)	2 December 2019	33,208.83
3	340135201910210000.00	Xin Zhan Qu XZQTD242 Di Kuai ProjectS1#	21 October 2019	1,898.77
4	3401351907290001-SX-001	Xin Zhan Qu XZQTD242 Di Kuai Project16#, 21#, 22#	19 August 2019	25,898.38
5	3401351907290001-SX-003	Xin Zhan Qu XZQTD242 Di Kuai Project18#, 19#, 20#	29 September 2019	25,984.97
			Total:	<u>173,597.54</u>

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

vi) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Anhui Lihong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	He Fang Yu Shou Zheng Di No.20210350	Xin Hong Garden No.1	26 April 2021	4,019.14
2	He Fang Yu Shou Zheng Di No.20210351	Xin Hong Garden No.2	26 April 2021	2,011.39
3	He Fang Yu Shou Zheng Di No.20210847	Xin Hong Garden No.3	24 August 2021	4,019.31
4	He Fang Yu Shou Zheng Di No.20210848	Xin Hong Garden No.5	1 February 2021	6,883.80
5	He Fang Yu Shou Zheng Di No.20210595	Xin Hong Garden No.6	24 June 2021	6,008.53
6	He Fang Yu Shou Zheng Di No.20210352	Xin Hong Garden No.7	26 April 2021	6,010.55
7	He Fang Yu Shou Zheng Di No.20210681	Xin Hong Garden No.8	20 July 2021	6,888.42
8	He Fang Yu Shou Zheng Di No.20201382	Xin Hong Garden No.9	17 December 2020	9,078.72
9	He Fang Yu Shou Zheng Di No.20210848	Xin Hong Garden No.10	24 August 2021	5,271.36
10	He Fang Yu Shou Zheng Di No.20210044	Xin Hong Garden No.11	15 January 2021	6,895.18
11	He Fang Yu Shou Zheng Di No.20210245	Xin Hong Garden No.12	19 March 2021	6,894.46
12	He Fang Yu Shou Zheng Di No.20201180	Xin Hong Garden No.13	30 October 2020	9,070.28
13	He Fang Yu Shou Zheng Di No.20210492	Xin Hong Garden No.15	21 May 2021	6,865.22
14	He Fang Yu Shou Zheng Di No.20190965	Xin Hong Garden No.16	29 September 2019	9,063.28
15	He Fang Yu Shou Zheng Di No.20201181	Xin Hong Garden No.17	30 October 2021	7,903.20
16	He Fang Yu Shou Zheng Di No.20200556	Xin Hong Garden No.18	29 June 2020	9,079.94
17	He Fang Yu Shou Zheng Di No.20191365	Xin Hong Garden No.19	25 December 2019	7,888.00
18	He Fang Yu Shou Zheng Di No.20191366	Xin Hong Garden No.20	25 December 2019	9,069.82

APPENDIX V**PROPERTY VALUATION REPORT**

No.	Certificate No.	Project Name	Date	GFA
19	He Fang Yu Shou Zheng Di No.20190966	Xin Hong Garden No.21	29 September 2019	9,079.02
20	He Fang Yu Shou Zheng Di No.20190967	Xin Hong Garden No.22	29 September 2019	7,912.40
21	He Fang Yu Shou Zheng Di No.20210372	Xin Hong Garden Non civil defense underground garage(Phase One)	27 April 2021	7,327.08
22	He Fang Yu Shou Zheng Di No.20220656	Xin Hong Garden Non civil defense underground garage(Phase Two)	18 July 2022	2,062.98
			Total:	149,302.08

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

vii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Anhui Lihong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	340135201910080102-DW002(JG)	Xin Zhan Qu XZQTD242 Plot 1#	18 May 2023	N/A
2	340135201910080102-DW003(JG)	Xin Zhan Qu XZQTD242 Plot 2#	18 May 2023	N/A
3	340135201910080102-DW004(JG)	Xin Zhan Qu XZQTD242 Plot 3#	18 May 2023	N/A
4	340135201910080102-DW005(JG)	Xin Zhan Qu XZQTD242 Plot 5#	18 May 2023	N/A
5	340135201910080102-DW006(JG)	Xin Zhan Qu XZQTD242 Plot 6#	18 May 2023	N/A
6	340135201910080102-DW007(JG)	Xin Zhan Qu XZQTD242 Plot 7#	18 May 2023	N/A
7	340135201910080102-DW008(JG)	Xin Zhan Qu XZQTD242 Plot 8#	18 May 2023	N/A
8	340135201910080102-DW009(JG)	Xin Zhan Qu XZQTD242 Plot 9#	29 June 2023	N/A
9	340135201910080102-DW010(JG)	Xin Zhan Qu XZQTD242 Plot 10#	18 May 2023	N/A
10	340135201910080102-DW011(JG)	Xin Zhan Qu XZQTD242 Plot 11#	18 May 2023	N/A
11	340135201910080102-DW012(JG)	Xin Zhan Qu XZQTD242 Plot 12#	18 May 2023	N/A
12	340135201910080102-DW015(JG)	Xin Zhan Qu XZQTD242 Plot 13#	21 December 2022	N/A
13	340135201910080102-DW014(JG)	Xin Zhan Qu XZQTD242 Plot 15#	18 May 2023	N/A
14	3401351907290001-DW001(JG)	Xin Zhan Qu XZQTD242 Plot 16#	12 October 2022	N/A
15	340135201910080102-DW013(JG)	Xin Zhan Qu XZQTD242 Plot 17#	21 December 2022	N/A
16	340135201910080102-DW005(JG)	Xin Zhan Qu XZQTD242 Plot 18#	30 September 2022	N/A
17	3401351907290001-DW004(JG)	Xin Zhan Qu XZQTD242 Plot 19#	12 April 2022	N/A
18	3401351907290001-DW009(JG)	Xin Zhan Qu XZQTD242 Plot 20#	12 April 2022	N/A

No.	Certificate No.	Project Name	Date	GFA
19	3401351907290001-DW008(JG)	Xin Zhan Qu XZQTD242 Plot 21#	12 April 2022	N/A
20	3401351907290001-DW007(JG)	Xin Zhan Qu XZQTD242 Plot 22#	12 April 2022	N/A
21	340135201910080102-DW001(JG)	Xin Zhan Qu XZQTD242 Plot S1#	29 June 2023	N/A
22	340135201910080102-DW016(JG)	Xin Zhan Qu XZQTD242 Plot S-2#	29 June 2023	N/A
23	340135201910080102-DW018(JG)	Xin Zhan Qu XZQTD242 Plot Non civil defense underground garage(Phase 1)	29 June 2023	N/A
24	340135201910080102-DW019(JG)	Xin Zhan Qu XZQTD242 Plot Non civil defense underground garage(Phase 2)	29 June 2023	N/A
25	340135201910080102-DW002(JG)	Xin Zhan Qu XZQTD242 Plot 1#	18 May 2023	N/A
26	340135201910080102-DW003(JG)	Xin Zhan Qu XZQTD242 Plot 2#	18 May 2023	N/A

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the Business License – No. 91340100MA2TPNC53K dated 14 May 2019, Anhui Lihong has been registered.
- ix) The general description and market information of the property are summarized below:

Location	The Property is located at Northwest corner of the intersection of Longzihu Road and Zhangheng Road in Xinzhan District, Hefei City, Anhui Province, PRC
Transportation	Hefei Xinqiao Airport is located approximately 35 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- x) In assessing the market value of CPS-A, we have made reference to sales prices of similar CPS in the vicinity. Comparable are located in the same development with similar conditions, size and tenure, etc.

In the course of our valuation, we have considered the relevant adjustment factors such as bulk discount to determine the unit price of the Property.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Longzi Lake Times	Longzi Lake Times	Longzi Lake Times
District/County	He Fei City	He Fei City	He Fei City
Detail Address	Northwest corner of the intersection of Longzihu Road and Zhangheng Road in Xinzhan District, Hefei City, Anhui Province	Northwest corner of the intersection of Longzihu Road and Zhangheng Road in Xinzhan District, Hefei City, Anhui Province	Northwest corner of the intersection of Longzihu Road and Zhangheng Road in Xinzhan District, Hefei City, Anhui Province
Total GFA (sq.m.)	12.76	12.76	12.76
Type Mix	CPS	CPS	CPS
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	97,900	97,900	97,900

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 2	Comparable 3
Bulk discount	downward	downward	downward
Total adjustment	-30.00%	-30.00%	-30.00%
Adjusted unit price (RMB/lot)	68,530	68,530	68,530
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/lot)		68,500	

For EV charging parking space lots, the prices mentioned above require an additional adjustment for the parking space type, which is 1.1.

- xi) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Anhui Lihong, the external promotional name of the Property is Longzi Lake Times (龍子湖湖語時光);
2. Anhui Lihong has obtained the real estate ownership certificate related to the land of the Longzi Lake Times (龍子湖湖語時光) project;
3. Anhui Lihong has obtained the necessary construction permits in accordance with the actual progress of development Longzi Lake Times (龍子湖湖語時光);
4. Anhui Lihong is entitled to pre-sell the in-progress buildings of Longzi Lake Times (龍子湖湖語時光) within the pre-sale scope specified in the "Pre-sale Permit".
5. According to the confirmation from Anhui Lihong, based on the current progress of the Longzi Lake Times (龍子湖湖語時光) project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
6. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Anhui Lihong will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
7. Regarding the CPS, as part of the Development, the titleship of CPS-A is clear, and no sealing or mortgage has been found. Anhui Lihong has the right to dispose of the parking space but should conform to the legal regulation that "community parking spaces should first meet the needs of owners" when disposing.

VALUATION REPORT

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025						
4.	Portion of Basement Carports of Renshou In Times (仁壽時光里), Beside Jianan Avenue in the southern area of Wenlin Town, Renshou County, Meishan City, Sichuan Province, PRC	Renshou In Times is a large-scale residential development with a total site area of 68,106.95 sq m(the “Development”). As advised, the subject property comprises 469 CPS-A (including 6 tandem parking space units)of the Development (the “Property”). Detailed GFA of the CPS is listed below:	At the date of our inspection, the property was vacant.	RMB13,830,000 (RENMINBI THIRTEEN MILLION EIGHT HUNDRED THIRTY THOUSAND)						
		<table border="1"> <thead> <tr> <th>Portions</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>CPS-A</td> <td>15,154.91</td> </tr> <tr> <td>Total</td> <td>15,154.91</td> </tr> </tbody> </table>	Portions	GFA (sq m)	CPS-A	15,154.91	Total	15,154.91		
Portions	GFA (sq m)									
CPS-A	15,154.91									
Total	15,154.91									
		Pursuant to the Realty Title Certificate provided, the land-use rights of the CPS-A have been granted for a term expiring on 14 April 2088 for Urban residential land, wholesale and retail land uses.								

Notes:

- i) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 18 April 2018 and 1 August 2018, the land-use rights of the Property have been granted to Sichuan Renshou Sanyu Real Estate Development Co., Ltd. 四川仁壽三字置業有限公司 (“Sichuan Renshou”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	511201-2018-P-10	18 April 2018	Commercial and residential land	68,106.95
			Total:	68,106.95

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- ii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Sichuan Renshou, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Chuan(2019)Ren Shou Xian Bu Dong Chan Quan Di No.0022659	3 December 2019	Urban residential land, wholesale and retail land	68,106.95
			Total:	68,106.95

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iii) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Sichuan Renshou, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No. 511421201810110021	11 October 2018	Residential and commercial land	68,106.95
Total:				68,106.95

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Sichuan Renshou. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 511421201810110021	Renshou In Times	11 October 2018	202,861.85
Total:				202,861.85

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Sichuan Renshou. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No.511421201905180301	Building 13 and Building 14 of Renshou In Times	18 May 2019	30,877.00
2	No.511421201912040101	Renshou In Times(1#, 8#, 9#, 12#, 15#, 16#buildings and basement)	4 December 2019	62,273.06
3	No.51142202005080201	“Buildings 17-20# and the Basement of Renshou In Times	8 May 2020	70,420.06
4	No.511421202208180301	2 #, 4 #, 7 #, and 11 # buildings of Renshou In Times (Phase II), Phase II Basement	18 August 2022	19,466.77
5	No.511421202208180201	5 #, 6 #, 10# buildings of Renshou In Times (Phase III), Phase III Basement	18 August 2022	15,321.78
Total:				198,358.67

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

vi) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Sichuan Renshou. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ren Fang Yu Zi Di No. 20191211	Renshou In Times Building 1, 8, 9, 12	17 December 2019	106,65.52
2	Ren Fang Yu Zi Di No. 20230601	Renshou In Times Building 2	29 June 2023	3,976.08
3	Ren Fang Yu Zi Di No. 20230803	Renshou In Times Building 5	30 August 2023	2,856.08
4	Ren Fang Yu Zi Di No. 20230912	Renshou In Times Building 6	28 September 2023	2,856.08
5	Ren Fang Yu Zi Di No. 20240406	Renshou In Times Building 7	30 April 2024	2,530.28
6	Ren Fang Yu Zi Di No. 20221202	Renshou In Times Building 10, 11	7 December 2022	6,554.40
7	Ren Fang Yu Zi Di No. 20191212	Renshou In Times Building 13	17 December 2019	14,453.60
8	Ren Fang Yu Zi Di No. 20191213	Renshou In Times Building 14, 15, 16	17 December 2019	41,125.22
9	Ren Fang Yu Zi Di No. 20201234	Renshou In Times Building 17	24 December 2020	13,131.60
10	Ren Fang Yu Zi Di No. 20200631	Renshou In Times Building 18	24 June 2020	12,807.03
11	Ren Fang Yu Zi Di No. 20200632	Renshou In Times Building 19	24 June 2020	15,737.46
12	Ren Fang Yu Zi Di No. 20200638	Renshou In Times Building 20	24 June 2020	15,737.46
			Total:	131,765.29

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

vii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Sichuan Renshou: Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Bei [2021]209	Renshou In Times Building 1#	27 December 2021	2,331.64
2	Bei [2021]210	Renshou In Times Building 8#	27 December 2021	2,856.04
3	Bei [2021]211	Renshou In Times Building 9#	27 December 2021	2,856.04
4	Bei [2021]212	Renshou In Times Building 12#	27 December 2021	2,621.68
5	Bei [2021]213	Renshou In Times Building 13#	27 December 2021	14,942.91
6	Bei [2021]214	Renshou In Times Building 14#	27 December 2021	15,928.38
7	Bei [2021]215	Renshou In Times Building 15#	27 December 2021	12,942.16
8	Bei [2021]216	Renshou In Times Building 16#	27 December 2021	13,547.93
9	Bei [2021]217	Renshou In Times Basement	27 December 2021	25,114.62
10	N/A	Renshou In Times Building 17#	13 December 2022	13,529.38
11	N/A	Renshou In Times Building 18#	13 December 2022	13,193.08
12	N/A	Renshou In Times Building 19#	13 December 2022	16,264.30
13	N/A	Renshou In Times Building 20#	13 December 2022	16,264.30
14	N/A	Renshou In Times (Phase II)Basement	13 December 2022	11,162.96
Total:				163,555.42

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

viii) Pursuant to the Business License – No. 91511421MA66U04K6D dated 27 July 2018, Sichuan Renshou has been registered.

ix) The general description and market information of the Property are summarized below:

Location	The Property is located at Beside Jianan Avenue in the southern area of Wenlin Town, Renshou County, Meishan City, Sichuan Province, PRC
Transportation	Chengdu Tianfu International Airport is located approximately 46.3 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

x) In assessing the market value of CPS-A, we have made reference to sales prices of similar CPS in the vicinity. Comparable are located in the same development with similar conditions, size and tenure, etc.

Transactions that had been selected include CPS-A ranges from RMB34,000 to RMB46,000 per lot; In the course of our valuation, we have considered the relevant adjustment factors such as the bulk discount to determine the unit price of the Property.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Renshou In Times	Renshou In Times	Renshou In Times
District/County	Renshou County	Renshou County	Renshou County
Detail Address	beside Jianan Avenue in the southern area of Wenlin Town, Renshou County, Meishan City, Sichuan Province	beside Jianan Avenue in the southern area of Wenlin Town, Renshou County, Meishan City, Sichuan Province	beside Jianan Avenue in the southern area of Wenlin Town, Renshou County, Meishan City, Sichuan Province
Total GFA (sq. m.)	31.82	26.42	31.82
Type Mix	CPS	CPS	CPS
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	45,815	34,117	45,815

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 2	Comparable 3
Bulk discount	downward	downward	downward
Total adjustment	-30.00%	-30.00%	-30.00%
Adjusted unit price (RMB/lot)	32,070	23,882	32,070
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/lot)		29,300	

For tandem parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 1.5.

- xi) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Sichuan Renshou, the external promotional name of the Development is Renshou In Times (仁壽時光里);
2. Sichuan Renshou has obtained the Realty Title Certificate related to the land of the Renshou In Times (仁壽時光里) project;
3. Sichuan Renshou has obtained the necessary construction permits in accordance with the actual progress of development Renshou In Times (仁壽時光里);
4. According to the confirmation from Sichuan Renshou, based on the current progress of the Renshou In Times (仁壽時光里) project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
5. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Sichuan Renshou will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
6. Based on the information disclosed by Sichuan Renshou to this firm and set forth in this legal opinion, with respect to the parking spaces: As the property rights of these parking spaces cannot be ascertained through inquiries with the real estate registration center, Sichuan Renshou has confirmed that they are within the planned scope and are not subject to any restrictions on transfer such as seizure or mortgage. On the premise that Sichuan Renshou's confirmation is true, Sichuan Renshou has the right to dispose of CPS-A. However, when disposing of them, attention should be paid to the legal requirement that "parking spaces in residential areas should first meet the needs of the property owners."

VALUATION REPORT

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE								
				IN EXISTING STATE AS AT 28 FEBRUARY 2025								
5.	Portion of Basement Carparks of Nanchang Hong Yang Residence (南昌弘陽府), intersection of Shanghai Road and Beijing Road at Qingshan Lake, Qingshanhu District, Nanchang City, Jiangxi Province, PRC	Nanchang Hong Yang Residence is a large-scale residential development, with a total site area of 43,409.55 sq m (the “Development”). As advised, the subject property comprises 217 CPS-B (including 2 mini parking space units, 7 tandem parking space units and 1 accessible parking space units) and 80 CPS-C units (including 4 mini parking space units and 2 accessible parking space units) of the Development (the “Property”). Detailed GFA of the CPS is listed below:	At the date of our inspection, the property was vacant.	NO COMMERCIAL VALUE								
		<table border="1"> <thead> <tr> <th>Portions</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>CPS-B</td> <td>2,850.00</td> </tr> <tr> <td>CPS-C</td> <td>1,019.04</td> </tr> <tr> <td>Total</td> <td>3,869.04</td> </tr> </tbody> </table>	Portions	GFA (sq m)	CPS-B	2,850.00	CPS-C	1,019.04	Total	3,869.04		
Portions	GFA (sq m)											
CPS-B	2,850.00											
CPS-C	1,019.04											
Total	3,869.04											

Pursuant to the Realty Title Certificate provided, the land-use rights of the CPS-B have been granted for a term expiring on 13 February 2089 for Urban residential land uses.

Notes:

- i) The value represents the Market Value of CPS-A. Due to the absence of valid property ownership documents for CPS-B and CPS-C, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-B and CPS-C in the valuation report for the company’s internal reference. As of the valuation date, the investment value of the CPS-B is RMB14,260,000 and the investment value of the CPS-C is RMB3,600,000.
- ii) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 14 February 2019, the land-use rights of the Property have been granted to Jiangxi Xinyue Honglan Real Estate Development Co., Ltd. 江西新越弘嵐房地產開發有限公司 (“Jiangxi Xinyue”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	36201901300001	14 February 2019	Class II residential land	43,409.55
			Total:	43,409.55

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Jiangxi Xinyue. Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Gan(2019)Nan Chang Shi Bu Dong Chan Quan Di No. 0070096	4 April 2019	Urban residential land	43,409.55
Total:				43,409.55

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Jiangxi Xinyue. Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No. 360100201900016	4 March 2019	Class II residential land with commercial land, business land and road land.	65.00(mu)
Total:				65.00(mu)

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Jiangxi Xinyue. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No.360100201900461	Xinli Hongyang Mansion Residential Building 1#	15 April 2019	4,556.93
2	Jian Zi Di No.360100201900462	Xinli Hongyang Mansion Residential Building 2#	15 April 2019	4,399.64
3	Jian Zi Di No.360100201900463	Xinli Hongyang Mansion Residential and Commercial Building 3#	15 April 2019	12,016.14
4	Jian Zi Di No.360100201900464	Xinli Hongyang Mansion Residential and Commercial Building 5#	15 April 2019	13,970.88
5	Jian Zi Di No.360100201900465	Xinli Hongyang Mansion Residential Building 7#	15 April 2019	13,755.82
6	Jian Zi Di No.360100201900466	Xinli Hongyang Mansion Residential Building 9#	15 April 2019	13,755.82
7	Jian Zi Di No.360100201900467	Xinli Hongyang Mansion Residential Building 10#	15 April 2019	4,556.93

APPENDIX V**PROPERTY VALUATION REPORT**

No.	Certificate No.	Project Name	Date	GFA
8	Jian Zi Di No.360100201900468	Xinli Hongyang Mansion Supporting Facilities 11#	15 April 2019	1,915.64
9	Jian Zi Di No.360100201900469	Xinli Hongyang Mansion Basement Carparks	15 April 2019	24,238.14
10	Jian Zi Di No.360100201900725	Xinli Hongyang Mansion Commercial building 5A#	6 June 2019	1,116.08
11	Jian Zi Di No.360100201900726	Xinli Hongyang Mansion Residential and Commercial Building 6#	6 June 2019	13,989.48
12	Jian Zi Di No.360100201900727	Xinli Hongyang Mansion Residential Building 8#	6 June 2019	13,755.82
Total:				122,027.32

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Jiangxi Xinyue. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No.360111201904240101	Xinli Hongyang Mansion	24 April 2019	93,581.29
2	No.360111201906170101	Xinli Hongyang Mansion Commercial building 5A#, Residential and Commercial Building 6#, Residential Building 8#	17 June 2019	28,861.38
Total:				122,442.67

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Jiangxi Xinyue. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	(2019) Hong Xing Shen Fang Yu Shou Zheng Di No.0321	Oak Manor Residential Building 1#	28 June 2019	4,065.60
2	(2019) Hong Xing Shen Fang Yu Shou Zheng Di No.0322	Oak Manor Residential and Commercial Building 3#	28 June 2019	11,440.16
3	(2019) Hong Xing Shen Fang Yu Shou Zheng Di No.0358	Oak Manor Residential and Commercial Building 5#	4 July 2019	13,428.46
4	(2019) Hong Xing Shen Fang Yu Shou Zheng Di No. 0359	Oak Manor Residential Building 9#	4 July 2019	13,380.22
5	(2019) Hong Xing Shen Fang Yu Shou Zheng Di No.0504	Oak Manor Residential Building 7#	11 September 2019	13,380.22
6	(2019) Hong Xing Shen Fang Yu Shou Zheng Di No. 0591	Oak Manor Residential Building 2#	25 October 2019	4,202.56
7	(2020) Hong Xing Shen Fang Yu Shou Zheng Di No.0113	Oak Manor Residential Building 8#	23 April 2020	13,380.22
8	(2020) Hong Xing Shen Fang Yu Shou Zheng Di No.0114	Oak Manor Residential and Commercial Building 6#	23 April 2020	13,301.66
9	(2020) Hong Xing Shen Fang Yu Shou Zheng Di No. 0208	Oak Manor Residential Building 10#	22 May 2020	4,026.56
10	(2020) Hong Xing Shen Fang Yu Shou Zheng Di No.0601	Oak Manor Supporting Facilities 11#	27 November 2020	29.82
11	(2020) Hong Xing Shen Fang Yu Shou Zheng Di No. 0544	Oak Manor Commercial Building 5A#	13 December 2021	1,113.57
			Total:	91,749.05

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

viii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Jiangxi Xinyue. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No.21477	Xinli Hongyang Mansion Residential Building 1#	17 August 2021	4,542.16
2	No.21478	Xinli Hongyang Mansion Residential Building 2#	17 August 2021	4,202.56
3	No.21479	Xinli Hongyang Mansion Residential and Commercial Building 3#	17 August 2021	12,012.07
4	No.21480	Xinli Hongyang Mansion Residential and Commercial Building 5#	17 August 2021	13,966.77
5	No.21481	Xinli Hongyang Mansion Residential Building 9#	17 August 2021	13,368.44
6	No.21482	Xinli Hongyang Mansion Supporting Facilities 11#	17 August 2021	1,915.64
7	No.21640	Xinli Hongyang Mansion Residential Building 7#	3 December 2021	13,757.32
8	No.2022056	Xinli Hongyang Mansion Commercial building 5A#	13 April 2022	1,113.57
9	No.2022058	Xinli Hongyang Mansion Residential Building 8#	13 April 2022	13,757.32
10	No.2022059	Xinli Hongyang Mansion Residential Building 10#	13 April 2022	4,542.16
11	No.2022063	Xinli Hongyang Mansion Basement Carparks	13 April 2022	24,194.61
			Total:	<u>107,372.62</u>

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

ix) Pursuant to the Business License – No. 91360111MA38CNHJ10 dated 13 February 2019, Jiangxi Xinyue has been registered.

- x) The general description and market information of the property are summarized below:

Location	The Property is located at East to Planning Road, south to Xi'an Road, west to Shanghai Road, north to Jiangxi Investment and Development Company, Qingshanhu District, Nanchang City, Jiangxi Province, PRC
Transportation	Nanchang Changbei International Airport is located approximately 21.1 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- xi) Rental transactions that had been selected include the CPS-B ranges from RMB270 to RMB330 per lot per month and the CPS-C ranges from RMB270 to RMB330 per lot per month. According to our market research, the yield of comparable parking spaces in the vicinity ranges from 4.5% to 5.5%, as the CPS was vacant on the valuation date, for CPS-B, we have capitalized the estimated future rental income to be generated over the remaining period, which has an approximate duration of 43.99 years and terminates on February 13, 2069. In our valuation, we have adopted an average market rent of RMB296 per parking space and a capitalization rate of 4.75%. For mini parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 0.85. For tandem parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 1.35. For accessible parking lots, the prices mentioned above require an additional adjustment for the parking space size is 1.05.
- xii) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xiii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:
1. According to the confirmation from Jiangxi Xinyue, the external promotional name of the Property is Nanchang Hong Yang Residence (南昌弘陽府);
 2. Jiangxi Xinyue has obtained the real estate ownership certificate related to the land of the Nanchang Hong Yang Residence (南昌弘陽府) project;
 3. Jiangxi Xinyue has obtained the necessary construction permits in accordance with the actual progress of development Nanchang Hong Yang Residence (南昌弘陽府);
 4. According to the confirmation from Jiangxi Xinyue, based on the current progress of the Nanchang Hong Yang Residence (南昌弘陽府) project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
 5. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Jiangxi Xinyue will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.

6. Based on the information disclosed by Jiangxi Xin Hong to our firm and all the information disclosed in this legal opinion, regarding the parking spaces: (1) CPS-B: In judicial practice, the ownership of non-civil air defense underground parking spaces is generally recognized as belonging to the developer. (2) CPS-C: As the project developer and investor, Jiangxi Xin Hong may obtain the usufruct of civil air defense parking spaces. However, when disposing of the usufruct of such parking spaces, it is necessary to ensure that the relevant procedures are properly completed.

VALUATION REPORT

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025								
6.	Portion of Basement Carpark of Dujiang Residence (都江府), Binhe Community, Kuiguanta Street, Dujiangyan City, Chengdu City, Sichuan Province, PRC	Dujiang Residence is a large-scale residential development with a total site area of 65,456.68 sq m (the “ Development ”). As advised, the subject property comprises 357 CPS-A (including 22 mini parking space units and 3 tandem parking space units) and 217 CPS-C units (including 49 mini parking space units and 7 accessible parking space units) of the Development (the “ Property ”). Detailed GFA of the CPS is listed below:	At the date of our inspection, the property was vacant.	RMB9,140,000 (RENMINBI NINE MILLION ONE HUNDRED FORTY THOUSAND) Note i								
		<table border="1"> <thead> <tr> <th>Portions</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>CPS-A</td> <td>11,174.37</td> </tr> <tr> <td>CPS-C</td> <td>6,607.17</td> </tr> <tr> <td>Total</td> <td>17,781.54</td> </tr> </tbody> </table>	Portions	GFA (sq m)	CPS-A	11,174.37	CPS-C	6,607.17	Total	17,781.54		
Portions	GFA (sq m)											
CPS-A	11,174.37											
CPS-C	6,607.17											
Total	17,781.54											

Pursuant to Realty Title Certificate certificates provided, the land-use rights of the CPS-A have been granted for a term expiring on 28 September 2088 for Residential Land, commercial land uses.

Notes:

- i) The value represents the Market Value of CPS-A. Due to the absence of valid property ownership documents for CPS-C, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-C in the valuation report for the company’s internal reference. As of the valuation date, the investment value of the CPS-C is RMB4,720,000.

- ii) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 20 June 2018 and 24 July 2018, the land-use rights of the Property have been granted to Chengdu Hongyang Shuxing Real Estate Development Co., Ltd. 成都市弘陽蜀興房地產開發有限公司 (“Chengdu Hongyang”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	510181-2018-B-017	20 June 2018	Urban Mixed-Residential Land	39,064.00
2	510181-2018-B-018	20 June 2018	Urban Mixed-Residential Land	26,392.68
Total:				65,456.68

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Chengdu Hongyang, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Chuang(2028)Du Jiang Yan Shi Bu Dong Chan Quan Di No. 0034080	28 September 2018	Residential Land, commercial land	39,064.00
2	Chuang(2028)Du Jiang Yan Shi Bu Dong Chan Quan Di No. 0034081	28 September 2018	commercial land, Residential Land	26,392.68
Total:				65,456.68

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Chengdu Hongyang, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No. 51081201821021	10 August 2018	Class II Residential Land (compatible with commercial use, where the commercial building area shall not exceed 30% of the total building area accounted for in the Floor Area Ratio (FAR) of the plot)	26,392.68
2	Di Zi Di No. 51081201821022	10 August 2018	Class II Residential Land (compatible with commercial use, where the commercial building area shall not exceed 30% of the total building area accounted for in the Floor Area Ratio (FAR) of the plot)	39,064.00
Total:				65,456.68

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Chengdu Hongyang. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 51081201831040	Time Garden Phase I	10 October 2018	72,464.12
2	Jian Zi Di No. 51081201831041	Time Garden Phase II Buildings 1#-10#, Security Room, Garbage Facility, and Basement	10 October 2018	109,125.89
			Total:	181,590.01

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Chengdu Hongyang. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 51081201810230101	Time Garden Phase I	23 October 2018	72,464.12
2	No. 51081201810230201	Time Garden Phase II Buildings 1#-10#, Security Room, Garbage Facility, and Basement	23 October 2018	109,125.89
			Total:	181,590.01

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Chengdu Hongyang. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Rong Yu Shou Zi Di No.51018120192525	Time Garden Phase II Building 1	14 May 2019	6,269.96
2	Rong Yu Shou Zi Di No.51018120192428	Time Garden Phase II Building 2, 3	13 June 2019	12,033.81
3	Rong Yu Shou Zi Di No.51018120195592	Time Garden Phase II Building 4, 5, 6	29 September 2019	16,912.71
4	Rong Yu Shou Zi Di No.51018120194141	Time Garden Phase II Building 7	8 August 2019	13,776.62
5	Cheng Fang Yu Shou Du Jiang Yan Zi Di No.1556	Time Garden Phase II Building 8, 9	6 December 2018	26,958.44
6	Rong Yu Shou Zi Di No.51018120208589	Time Garden Phase II Building 11	13 January 2020	17,740.12

No.	Certificate No.	Project Name	Date	GFA
7	Cheng Fang Yu Shou Du Jiang Yan Zi Di No.1555	Time Garden Phase I Building 1, 5, 6, 7	6 December 2018	27,346.48
8	Rong Yu Shou Zi Di No.51018120195481	Time Garden Phase I Building 2	20 September 2019	5,500.08
9	Rong Yu Shou Zi Di No.51018120192231	Time Garden Phase I Building 3	5 July 2019	15,483.44
10	Rong Yu Shou Zi Di No.5101812019424	Time Garden Phase I Building 4	10 May 2019	4,184.36
11	Rong Yu Shou Zi Di No.51018120208587	Time Garden Phase I Building 8	13 January 2020	11,687.90
			Total:	<u>157,893.92</u>

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Chengdu Hongyang. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Yan 2020-006	Time Garden Phase I	23 November 2020	72,242.09
2	Yan 2020-012	Time Garden Phase II	29 December 2020	108,657.76
			Total:	<u>180,899.85</u>

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- ix) Pursuant to the Business License – No. 91510181MA6CH2H720 dated 19 June 2018, Chengdu Hongyang has been registered.

- x) The general description and market information of the property are summarized below:

Location	The Property is located at Binhe Community, Kuiguanta Street, Dujiangyan City, Chengdu City, Sichuan Province, PRC
Transportation	Dujiangyan Station is located approximately 0.1 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- xi) In assessing the market value of CPS-A and investment value of CPS-C, we have made reference to sales prices of similar CPS in the vicinity. Comparable are located in the same development with similar conditions, size and tenure, etc.

Transactions that had been selected include CPS-A ranges from RMB36,000 to RMB43,000 per lot; In the course of our valuation, we have considered the relevant adjustment factors such as the amenities, bulk discount to determine the unit price of the Property.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Dujiang Residence	Tianyi Hongyu Garden Yuyuan	Huayi Sunshine Lane
District/County	Dujiangyan City	Pidu District	Pidu District
Detail Address	Binhe Community, Kuiguanta Street, Dujiangyan City, Chengdu City, Sichuan Province	No. 9 Xuefu South Road, Pidu District, Chengdu City, Sichuan Province	No. 188, East Campus Road, Chengdu City, Sichuan Province
Total GFA (sq. m.)	31.45	33.21	32.87
Type Mix	CPS	CPS	CPS
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	42,202	36,697	36,697

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 2	Comparable 3
Amenities Factor	no adjustments	downward	downward
Bulk discount	downward	downward	downward
Total adjustment	-30.00%	-33.75%	-33.75%
Adjusted unit price (RMB/lot)	29,541	24,312	24,312
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/lot)		26.100	

For mini parking space lots, the prices mentioned above require an additional adjustment for the parking space size, which is 0.65. For tandem parking space lots, the prices mentioned above require an additional adjustment for the parking space size, which is 1.3.

Rental transactions that had been selected include the CPS-C ranges from RMB140 to RMB180 per lot per month. According to our market research, the yield of comparable parking spaces in the vicinity ranges from 4.0% to 5.0%. As the CPS was vacant on the valuation date, we have capitalized the estimated rent that will be generated during the remaining period. In our valuation, we have adopted an average market rent of RMB151 per parking space and a capitalization rate of 4.5%. For mini parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 0.65. For tandem parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 1.3.

- xii) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xiii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Chengdu Hongyang, the external promotional name of the Property is Dujiang Residence (都江堰府);
2. Chengdu Hongyang has obtained the real estate ownership certificate related to the land of the Dujiang Residence (都江堰府) project;.
3. Chengdu Hongyang has obtained the necessary construction permits in accordance with the actual progress of development Dujiang Residence (都江堰府);
4. According to the confirmation from Chengdu Hongyang, based on the current progress of the Dujiang Residence (都江堰府) project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
5. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Chengdu Hongyang will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
6. Based on the information disclosed by Hongyang Shuxing to our firm and all the information disclosed in this legal opinion, regarding the parking spaces:(1)CPS-A: As part of the immovable property of the project, the ownership of these parking spaces is clear. Some parking spaces are subject to judicial seizure. Hongyang Shuxing is entitled to dispose of the unencumbered ownership parking spaces. However, when disposing of them, it should comply with the legal requirement that "parking spaces in residential areas should primarily meet the needs of the property owners."(2)CPS-C: As the project developer and investor, Hongyang Shuxing may obtain the usufruct of civil air defense parking spaces. However, when disposing of the usufruct of such parking spaces, it is necessary to ensure that the relevant procedures are properly completed.

VALUATION REPORT

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE						
				IN EXISTING STATE AS AT 28 FEBRUARY 2025						
7	Portion of Basement Carports of Xiangzhou Park 1873 (襄州公園 1873), intersection of Diamond Avenue and Traffic Road in Xiangzhou District (襄州區), Xiangyang city, Hubei Province(湖北省), PRC	Xiangzhou Park 1873 is a large-scale residential development with a total site area of 93,845.99 sq m (the “Development”). As advised, the Property comprises 529 CPS-B of the Development (the “Property”). Detailed GFA of the CPS is listed below:	At the date of our inspection, the property was vacant.	NO COMMERCIAL VALUE						
		<table border="1"> <thead> <tr> <th>Portions</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>CPS-B</td> <td>7,141.50</td> </tr> <tr> <td>Total</td> <td>7,141.50</td> </tr> </tbody> </table>	Portions	GFA (sq m)	CPS-B	7,141.50	Total	7,141.50		
Portions	GFA (sq m)									
CPS-B	7,141.50									
Total	7,141.50									

Pursuant to the Realty Title Certificate provided, the land-use rights have been granted for a term expiring on 20 June 2089 for Urban residential land.

Notes:

- i) Due to The value represents the Market Value of CPS-A. Due to the absence of valid property ownership documents for CPS-B, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-B in the valuation report for the company’s internal reference. As of the valuation date, the investment value of the CPS-B is RMB20,030,000.
- ii) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 6 June 2019, the land-use rights of the Property have been granted to Xiang Yang Xin Cheng Yue Long Real Estate Development Co., Ltd 襄陽新城悅隆房地產開發有限公司 (“Xiang Yang Yue Long”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	E XY(XZ)-2019-038	6 June 2019	Urban residential land	46,292.92
2	E XY(XZ)-2019-039	6 June 2019	Urban residential land	47,553.07
			Total:	93,845.99

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Xiang Yang Yue Long, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	E (2019) Xiang Zhou Qu Bu Dong Chan Quan Di No.0009906	14 August 2019	Urban residential land	47,553.07
2	E (2019) Xiang Zhou Qu Bu Dong Chan Quan Di No.0009910	14 August 2019	Urban residential land	46,292.92
Total:				93,845.99

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Xiang Yang Yue Long, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi DI No.,JSYD2019060038	8 July 2019	Class II residential land(R2)	46,292.92
2	Di Zi DI No.,JSYD2019060037	8 July 2019	Class II residential land(R2)	47,553.07
Total:				93,845.99

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Xiang Yang Yue Long. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. JSGCX2019110097	PARK 1873 (No.31 plot)	13 November 2019	159,239.00
2	Jian Zi Di No. Xiang Yang [2020] 1002	PARK 1873 (No.32 plot)	1 December 2020	172,032.00
Total:				331,271.00

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Xiang Yang Yue Long. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	4206071911210001-SX-001	PARK 1873(No.31 plot)	2 November 2019	159,239.00
2	420607202012040000	PARK 1873(No.2 plot)	4 December 2020	172,031.33
Total:				331,270.33

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Xiang Yang Yue Long. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	E Xiang Fang Yu Shou Zi (2021)8	PARK 1873 No. 3	26 March 2021	42,782.00
2	E Xiang Fang Yu Shou Zi (2021)12	PARK 1873 No. 2	1 June 2021	23,347.00
3	E Xiang Fang Yu Shou Zi (2019)028	PARK 1873 No. 4	31 December 2019	44,495.00
4	E Xiang Fang Yu Shou Zi (2022)3	PARK 1873 (No.32 Plot) No. 3	21 January 2022	32,699.00
Total:				143,323.00

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

viii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Xiang Yang Yue Long. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	340135201910080102-DW002(JG)	PARK 1873(31 Plot) Project B-1#	12 July 2022	14,924.20
2	340135201910080102-DW003(JG)	PARK 1873(31 Plot) Project B-2#	12 July 2022	14,020.65
3	340135201910080102-DW004(JG)	PARK 1873(31 Plot) Project B-3#	12 July 2022	13,871.09
4	340135201910080102-DW005(JG)	PARK 1873(31 Plot) Project B-4#	12 July 2022	13,861.60
5	340135201910080102-DW006(JG)	PARK 1873(31 Plot) Project B-5#	12 July 2022	11,327.98
6	340135201910080102-DW007(JG)	PARK 1873(31 Plot) Project B-6#	12 July 2022	9,416.62
7	340135201910080102-DW008(JG)	PARK 1873(31 Plot) Project B-7#	12 July 2022	12,528.56
8	340135201910080102-DW009(JG)	PARK 1873(31 Plot) Project B-8#	12 July 2022	10,429.67
9	340135201910080102-DW010(JG)	PARK 1873(31 Plot) Project B-9#	12 July 2022	10,427.53
10	340135201910080102-DW011(JG)	PARK 1873(31 Plot) Project B-10#	12 July 2022	4,566.61
11	340135201910080102-DW012(JG)	PARK 1873(31 Plot) Project Basement	12 July 2022	41,957.12
			Total:	157,331.63

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

ix) Pursuant to the Business License – No. 91420607MA499D592D dated 3 June 2019, Xiang Yang Yue Long has been registered.

x) The general description and market information of the property are summarized below:

Location	The Property is located at the east of Jiaotong Road and south of Diamond Avenue in Xiangzhou District, Xiangyang city, Hubei Province, PRC
Transportation	Xiangyang LIuji Airport is located approximately 10 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- xi) In assessing the investment value of CPS-B, we have made reference to rental prices of similar CPS in the vicinity. Comparable are located in the same district with similar conditions, size and tenure, etc.

Rental transactions that had been selected include the CPS-B ranges from RMB180 to RMB200 per lot per month. According to our market research, the yield of comparable parking spaces in the vicinity ranges from 4.5% to 5.5%. As the CPS-B was vacant on the valuation date, we have capitalized the estimated future rental income to be generated over the remaining period, which has an approximate duration of 44.34 years and terminates on June 20, 2069. In our valuation, we have adopted an average market rent of RMB178 per parking space and a capitalization rate of 5.0%.

- xii) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xiii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Xiang Yang Yue Long, the external promotional name of the Property is Xiangzhou Park 1873 (襄州公園1873);
2. Xiang Yang Yue Long has obtained the real estate ownership certificate related to the land of the Xiangzhou Park 1873 (襄州公園1873) project;
3. Xiang Yang Yue Long has obtained the necessary construction permits in accordance with the actual progress of development Xiangzhou Park 1873 (襄州公園1873);
4. Xiang Yang Yue Long is entitled to pre-sell the in-progress buildings of Xiangzhou Park 1873 (襄州公園1873) within the pre-sale scope specified in the "Pre-sale Permit".
5. According to the confirmation from Xiang Yang Yue Long, based on the current progress of the Xiangzhou Park 1873 (襄州公園1873) project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
6. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Xiang Yang Yue Long will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
7. Based on all the information disclosed by Xiangyang Yuelong to our firm and our firm's disclosure in this legal opinion, regarding the underground parking spaces that have not been registered for property rights: According to Xiangyang Yuelong's statement and confirmation, the target parking space has been completed and relevant sales licenses have been obtained. Based on local policies, there is currently no way to register real estate rights, nor is there any situation of sealing or mortgaging. Based on the premise that Xiangyang Yuelong confirms the authenticity, Xiangyang Yuelong has the right to dispose of the target parking space. However, it is recommended to make hints and statements about the nature, purpose, and rights restrictions of the parking space during the disposal process. At the same time, attention should be paid to the legal regulation that "residential parking spaces first meet the needs of owners".

VALUATION REPORT

NO	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE										
				IN EXISTING STATE AS AT 28 FEBRUARY 2025										
8	Portion of Basement Carparks and underground warehouses of Zhong Yi Hu Yan Lan Residence (中意湖燕瀾府), West of Sixth Street, North of Anshun Road, Longting District, Kaifeng City, Henan Province, PRC	Zhong Yi Hu Yan Lan Residence is a large-scale residential development with a total site area of 63,532.75 sq m (the “Development”). As advised, the subject property comprises 20 CPS-B and 1 CPS-C and underground warehouse of the Development (the “Property”). Detailed GFA of the various CPS is listed below:	At the date of our inspection, the Property was vacant.	NO COMMERCIAL VALUE										
		<table border="1"> <thead> <tr> <th>Portions</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>CPS-B</td> <td>270.00</td> </tr> <tr> <td>CPS-C</td> <td>13.50</td> </tr> <tr> <td>Underground warehouse</td> <td>2,946.12</td> </tr> <tr> <td>Total</td> <td>3,229.62</td> </tr> </tbody> </table>	Portions	GFA (sq m)	CPS-B	270.00	CPS-C	13.50	Underground warehouse	2,946.12	Total	3,229.62		
Portions	GFA (sq m)													
CPS-B	270.00													
CPS-C	13.50													
Underground warehouse	2,946.12													
Total	3,229.62													

Pursuant to the Reality Title Certificate provided, the land-use rights of the Property have been granted for two concurrent terms expiring on 18 May 2057 and 18 May 2087 for commercial and residential uses respectively.

Notes:

- i) The value represents the Market Value of CPS-A. Due to the absence of valid property ownership documents for CPS- B&C and Underground warehouse, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-B&C and Underground warehouse in the valuation report for the company’s internal reference. As of the valuation date, the investment value of the CPS-B is RMB590,000, the investment value of the CPS-C is RMB20,000, the investment value of the Underground warehouse is RMB7,650,000.
- ii) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated 29 March 2017 and 11 April 2017, the land-use rights of the Property have been granted to Kaifeng Baolong Real Estate Development Co., Ltd. (開封市寶隆房地產開發有限公司) (“Kaifeng Baolong”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Yu(Bian)Chu Rang(2017)Di No. 0721	29 March 2017	Residential land and Commercial land	63,530.75
			Total:	63,530.75

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Kaifeng Baolong, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Yu (2017) Kai Feng Shi Bu Dong Chan Quan Di No.2000004	1 June 2017	Residential land and Commercial land	63,532.75
Total:				63,532.75

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Kaifeng Baolong, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Bian Di Zi Di No. 2017016	25 April 2017	Residential land and Commercial land	63,532.75
Total:				63,532.75

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Kaifeng Baolong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	(2017)Di No.477	Commercial and residential building No.1	8 August 2017	34,222.140
2	(2017)Di No.478	Residential Building No.2	8 August 2017	26,983.420
3	(2017)Di No.479	Residential Building No.3	8 August 2017	25,598.370
4	(2017)Di No.480	Residential Building No.5	8 August 2017	27,275.490
5	(2017)Di No.481	Residential Building No.6	8 August 2017	25,483.070
6	(2017)Di No.482	Commercial and Residential Building No.7	8 August 2017	15,683.570
7	(2017)Di No.483	Commercial and Residential Building No.8	8 August 2017	29,110.080
8	(2017)Di No.484	Commercial and Residential Building No.9	8 August 2017	18,263.117
9	(2017)Di No.485	Electricity Distribution Room	8 August 2017	297.000
10	(2017)Di No.486	Guard room No.1	8 August 2017	40.000
11	(2017)Di No.487	Guard room No.2	8 August 2017	40.000
12	(2017)Di No.488	Basement CPS	8 August 2017	40,082.451
Total:				243,033.708

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Kaifeng Baolong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 410204201712190000	Shengshi Baolong 1#-3#, 5#-9#, Doorman 1, 2, Power Distribution Room and Basement	19 December 2017	243,033.00
Total:				243,033.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Kaifeng Baolong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Bian Zhu Jian Yu (Xiao) Shou Zheng Zi(2018)No.110	No.1 commercial and residential building	31 October 2018	28,153.75
2	Bian Zhu Jian Yu (Xiao) Shou Zheng Zi(2018)No.111	No.2 Residential Building	28 September 2018	23,814.34
3	Bian Zhu Jian Yu (Xiao) Shou Zheng Zi(2018)No.090	No.3 Residential Building	29 August 2018	22,056.80
4	Bian Zhu Jian Yu (Xiao) Shou Zheng Zi(2018)No.161	No.5 Residential Building	12 December 2018	23,873.75
5	Bian Zhu Jian Yu (Xiao) Shou Zheng Zi(2019)No.11	No.6 Residential Building	7 March 2019	22,120.04
6	Bian Zhu Jian Yu (Xiao) Shou Zheng Zi(2019)No.39	No.7 Commercial and Residential Building	19 April 2019	14,213.30
7	Bian Zhu Jian Yu (Xiao) Shou Zheng Zi(2019)No.40	No.8 Commercial and Residential Building	19 April 2019	25,333.47
8	Bian Zhu Jian Yu (Xiao) Shou Zheng Zi(2019)No.41	No.9 Commercial and Residential Building	19 April 2019	14,754.07
			Total:	174,319.52

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Kaifeng Baolong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Yu Kai Feng J202101-0031	No.1 Commercial and Residential Building	22 March 2021	34,319.37
2	Yu Kai Feng 202101-0032	No.2 Residential Building	22 March 2021	26,983.42
3	Yu Kai Feng 202101-0033	No.3 Residential Building	22 March 2021	25,598.37
4	Yu Kai Feng 202101-0034	No.5 Residential Building	22 March 2021	27,275.49
5	Yu Kai Feng 202101-0035	No.6 Residential Building	22 March 2021	25,483.07
6	Yu Kai Feng 202101-0036	No.7 Residential Building	22 March 2021	15,638.57
7	Yu Kai Feng 202101-0037	No.8 Residential and Commercial Building	22 March 2021	29,110.08
8	Yu Kai Feng 202101-0038	No.9 Residential and Commercial Building	22 March 2021	18,263.12
9	Yu Kai Feng 202101-0039	Basement CPS	22 March 2021	25,367.23
Total:				228,038.72

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- ix) Pursuant to the Business License – No. 91410200MA40PDC29T dated 9 November 2022, Kaifeng Baolong has been registered.

The general description and market information of the property are summarized below:

Location The Property is located at No. B103, Shengshi Baolong shop, Northwest corner of the intersection of Anshun Road and Sixth Street, Kaifeng City, Henan Province, PRC

Transportation Zheng Zhou Xin Zheng international Airport is located approximately 68 kilometres away from the Property. Also, taxi and bus are readily available in the locality.

Nature of Surrounding Area The subject area is a predominately residential area.

- x) In assessing the investment value of CPS-B, CPS-C and Underground warehouse, we have made reference to rental prices of similar CPS and Underground warehouses in the vicinity. Comparable are located in the same district with similar conditions, size and tenure, etc.

Rental transactions that had been selected include the CPS-B and CPS-C ranges from RMB150 to RMB200 per lot per month, Rental transactions that had been selected include the underground warehouse ranges from RMB13 to RMB15 per sq m per month. According to our market research, the yield of comparable parking spaces and underground warehouses in the vicinity ranges from 5.2% to 5.7%. As CPS-B, CPS-C and Underground warehouses were vacant on the valuation date, for CPS-B and underground warehouse, we have capitalized the estimated future rental income to be generated over the remaining period, which has an approximate duration of 42.24 years and terminates on May 18, 2067. In our valuation, we have adopted an average market rent of RMB147 per parking space and a capitalization rate of 5.25%, an average market rent of RMB13.

- xii) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xiii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Kaifeng Baolong, the external promotional name of the Development is Yi Hu Yan Lan Residence (中意湖燕瀾府);
2. Kaifeng Baolong has obtained the Realty Title Certificate related to the land of the Yi Hu Yan Lan Residence (中意湖燕瀾府) project;
3. Kaifeng Baolong has obtained the necessary construction permits in accordance with the actual progress of development Yi Hu Yan Lan Residence (中意湖燕瀾府);
4. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Kaifeng Baolong will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates;
5. CPS-B: In judicial practice, it is mostly recognized that it belongs to the developer;
6. CPS-C: As the project developer and investor, Kaifeng Baolong can obtain the right to use civil air defense parking spaces based on the nature of usufructuary rights. However, when disposing of such parking space use rights, attention should be paid to completing the corresponding procedures.
7. Underground Warehouse: Based on Kaifeng Baolong about the storage room statement, the practice is presumed to be the investor that the developer.

VALUATION REPORT

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE						
				IN EXISTING STATE AS AT 28 FEBRUARY 2025						
9.	Portion of Basement Carpark of Hefeng Architecture in Xinhua Road (新華路和風名築), South of Shenzhen Road and East of Xinhua Road, Changfu Street, Changshu City, Suzhou City, Jiangsu Province, PRC	Hefeng Architecture in Xinhua Road is a large-scale residential development which is on one piece of land, with a total site area of 45,742.00 sq m (the “Development”). As advised, the subject property comprises 23 CPS-B of the Development. (the “Property”) Detailed GFA of CPS-B of the Property is listed below:	At the date of our inspection, the property was vacant.	NO COMMERCIAL VALUE						
		<table border="1"> <thead> <tr> <th>Portions</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>CPS-B</td> <td>121.00</td> </tr> <tr> <td>Total</td> <td>121.00</td> </tr> </tbody> </table>	Portions	GFA (sq m)	CPS-B	121.00	Total	121.00		
Portions	GFA (sq m)									
CPS-B	121.00									
Total	121.00									

Pursuant to the Realty Title Certificate certificates provided, the land-use rights of the CPS-A Property have been granted for a term expiring on 7 August 2089 for Urban residential land uses.

Notes:

- i) The value represents the Market Value of CPS-A. Due to the absence of valid property ownership documents for CPS-B, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-B in the valuation report for the company’s internal reference. As of the valuation date, the investment value of the GPS-B is RMB840,000.
- ii) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 5 May 2019, the land-use rights of the Property have been granted to Changshu Hongrun Real Estate Development Co., Ltd. 常熟弘潤房地產開發有限公司 (“Changshu Hongrun”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	3205812019CR0031	5 May 2019	Urban residential land	45,742.00
			Total:	45,742.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Changshu Hongrun, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Su (2019) Chang Shu Shi Bu Dong Chan Quan Di No. 8114118	8 July 2019	Urban residential land	45,742.00
Total:				45,742.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Changshu Hongrun, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No. 320581201900058	30 May 2019	Residential land (R).	45,742.00
Total:				45,742.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Changshu Hongrun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 320581201900242	Changshu City Plot 2019A-007	10 July 2019	130,514.36
Total:				130,514.36

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Changshu Hongrun Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 320581201908090501	New Residential Housing Project on Plot 2019A-007 in Changshu City	9 August 2019	130,514.36
Total:				130,514.36

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Changshu Hongrun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Chang Fang Yu Shou Zi (2019) Di No.123	Hefeng Architecture	16 December 2019	28,681.38
2	Chang Fang Yu Shou Zi (2020) Di No.003	Hefeng Architecture	24 March 2020	29,694.38
3	Chang Fang Yu Shou Zi (2019) Di No.104	Hefeng Architecture	15 October 2019	30,105.16
			Total:	88,480.92

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Changshu Hongrun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	3205811906100103-JX-002	New Residential Housing Project on Changshu City Plot 2019A-007 – 1#-3# Buildings, 4# Property Management Facilities, 5#-10# Buildings, 11# Distribution Room 1, 12#Water Pump Room, 13#Switchgear Station, 14#Resource Recycling Facilities and Garbage Room, 15# Distribution Room 2, 16# Security Booth 1 and Security Booth 2, Underground Garage (including Civil Air Defense Facilities), Project(Including the decoration works for Buildings 1#-3#,5#-10#)	12 November 2021	130,147.06
			Total	130,147.06

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

ix) Pursuant to the Business License – No. 91320581MA1YBJRL54 dated 6 May 2019, Changshu Hongrun has been registered.

x) The general description and market information of the property are summarized below:

Location	The Property is located at South of Shenzhen Road and East of Xinhua Road, Changfu Street, Changshu City, Suzhou City, Jiangsu Province, PRC
Transportation	Changshu High speed Railway Station is located approximately 3.8 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

xi) Rental transactions that had been selected include the CPS-B ranges from RMB130 to RMB190 per lot per month. According to our market research, the yield of comparable parking spaces in the vicinity ranges from 4.0% to 5.0%. As the CPS was vacant on the valuation date, We have capitalized the estimated future rental income to be generated over the remaining period, which has an approximate duration of 44.47 years and terminates on August 7, 2069. In our valuation, we have adopted an average market rent of RMB160 per parking space and a capitalization rate of 4.5%.

xii) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

xiii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Changshu Hongrun, the external promotional name of the Property is Hefeng Architecture in Xinhua Road (新華路和風名築);
2. Changshu Hongrun has obtained the real estate ownership certificate related to the land of the Hefeng Architecture in Xinhua Road (新華路和風名築) project;.
3. Changshu Hongrun has obtained the necessary construction permits in accordance with the actual progress of development Hefeng Architecture in Xinhua Road (新華路和風名築);
4. According to the confirmation from Changshu Hongrun, based on the current progress of the Hefeng Architecture in Xinhua Road (新華路和風名築) project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
5. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Changshu Hongrun will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
6. Based on the information disclosed to our firm by Changshu Hongrun and as set forth in this legal opinion, regarding CPS-B spaces that have not been registered for property rights: According to the local policies of Suzhou City and the statements and confirmations provided by Changshu Hongrun, the target CPS-B spaces are classified as non-certifiable spaces within the planning (not shared by all property owners), and these spaces have not been included in the communal area, nor have their construction costs been apportioned or agreed to be attributed to the property owners. There are no encumbrances such as seizures or mortgages on these spaces. Since the property rights of these parking spaces cannot be ascertained through the real estate registration center, and based on the premise that the aforementioned confirmations by Changshu Hongrun are true, the original ownership of these CPS-B spaces should belong to Changshu Hongrun, which has the right to dispose of the target parking spaces. However, when disposing of them, attention must be paid to the legal stipulation that "parking spaces within the residential community must first satisfy the needs of the property owners."

VALUATION REPORT

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025						
10	Portion of Basement Carparks of Foshan Zhangcha Sunrise Joy Residence (佛山張槎昕悅府), South of Zhangcha San Road and West of Dongpo San Road in Shancheng District, Foshan City, Guangdong Province, PRC	Foshan Zhangcha Sunrise Joy Residence (佛山張槎昕悅府) is a large-scale residential development with a total site area of 17,058.87 sq m (the “ Development ”). As advised, the Property comprises 26 CPS-A (including 6 tandem parking space) of the Development (the “ Property ”). Detailed GFA of the CPS is listed below:	At the date of our inspection, the property was vacant.	RMB2,000,000 (RENMINBI TWO MILLION)						
		<table border="1"> <thead> <tr> <th>Portions</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>CPS-A</td> <td>963.00</td> </tr> <tr> <td>Total</td> <td>963.00</td> </tr> </tbody> </table>	Portions	GFA (sq m)	CPS-A	963.00	Total	963.00		
Portions	GFA (sq m)									
CPS-A	963.00									
Total	963.00									
		Pursuant to the Realty Title Certificate provided, the land-use rights of the CPS-A have been granted for a term expiring on 17 November 2090 for Urban residential land/17 November 2060 for retail commercial land, wholesale market land, catering and hotel land, commercial and financial land.								

Notes:

- i) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 9 September 2020 and 21 September 2020, the land-use rights of the Property have been granted to Foshan Honghai Real Estate Development Co., Ltd 佛山市弘海房地產開發有限公司 (“**FoShan Honghai**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	400601-2020-100042 400601-2020-100042-BU 01	9 September 2020	Urban residential land, compatible with commercial use (retail, wholesale markets, catering, hotels, business and finance)	17,058.87
			Total:	17,058.87

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned contract.

- ii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Foshan Honghai, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Yue(2020)Fo Chan Bu Dong Chan Quan Di No.0090319	24 November 2020	Urban residential land, retail commercial land, wholesale market land, catering and hotel land, commercial and financial land	17,058.87
Total:				17,058.87

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iii) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Foshan Honghai, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No.440604202000048	22 October 2020	Class II residential land(R2)	17,058.87
Total:				17,058.87

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Foshan Honghai. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No.440604202000482	Lingnan Jinyuan	30 December 2021	<u>58,699.40</u>
Total:				<u>58,699.40</u>

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Foshan Honghai. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 440604202101130000	Lingnan Jinyuan	13 January 2021	<u>58,699.40</u>
Total:				<u>58,699.40</u>

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Foshan Honghai. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Shan Fang Yu Zi No.2021012801	Lingnan Jinyuan No.1	27 August 2021	7,106.28
2	Shan Fang Yu Zi No.2021011401	Lingnan Jinyuan No.2	6 August 2021	7,618.82
3	Shan Fang Yu Zi No.2021008201	Lingnan Jinyuan No.3	11 June 2021	6,868.90
4	Shan Fang Yu Zi No.2021003301	Lingnan Jinyuan No.4	30 May 2021	6,691.20
5	Shan Fang Yu Zi No.2022004801	Lingnan Jinyuan No.5	9 August 2022	7,237.79
6	Shan Fang Yu Zi No.2023002001	Lingnan Jinyuan No.6	10 April 2023	<u>7,136.49</u>
Total:				<u>42,659.48</u>

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the Business License – No. 91440604MA559C7Y59 dated 10 September 2020, Foshan Honghai has been registered.

viii) The general description and market information of the property are summarized below:

Location	The Property is located at the South of Zhangcha San Road and West of Dongpo San Road in Shancheng District, Foshan City, Guangdong Province, PRC
Transportation	Foshan Shadi Airport is located approximately 5 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

ix) In assessing the market value of CPS-A, we have made reference to sales prices of similar CPS in the vicinity. Comparable are located in the same development with similar conditions, size and tenure, etc.

In the course of our valuation, we have considered the relevant adjustment factors such as bulk discount to determine the unit price of the Property.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Foshan Zhangcha Sunrise Joy Residence	Foshan Zhangcha Sunrise Joy Residence	Foshan Zhangcha Sunrise Joy Residence
District/County	Foshan City	Foshan City	Foshan City
Detail Address	South of Zhangcha San Road and West of Dongpo San Road in Shan cheng District, Foshan City, Guangdong Province	South of Zhangcha San Road and West of Dongpo San Road in Shan cheng District, Foshan City, Guangdong Province	South of Zhangcha San Road and West of Dongpo San Road in Shan cheng District, Foshan City, Guangdong Province
Total GFA (sq. m.)	30.23	29.37	29.37
Type Mix	CPS	CPS	CPS
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	91,743	91,743	91,743

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 1	Comparable 3
Bulk discount	downward	downward	downward
Total adjustment	-30.00%	-30.00%	-30.00%
Adjusted unit price (RMB/lot)	64,220	64,220	64,220
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/lot)		64,200	

For tandem parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 1.8

- x) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xi) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Foshan Honghai, the external promotional name of the Property is Foshan Zhangcha Sunrise Joy Residence (佛山張槎昕悅府);
2. Foshan Honghai has obtained the real estate ownership certificate related to the land of the Foshan Zhangcha Sunrise Joy Residence (佛山張槎昕悅府) project;
3. Foshan Honghai has obtained the necessary construction permits in accordance with the actual progress of development Foshan Zhangcha Sunrise Joy Residence (佛山張槎昕悅府);
4. Foshan Honghai is entitled to pre-sell the in-progress buildings of Foshan Zhangcha Sunrise Joy Residence (佛山張槎昕悅府) within the pre-sale scope specified in the "Pre-sale Permit".
5. According to the confirmation from Foshan Honghai, based on the current progress of the Foshan Zhangcha Sunrise Joy Residence (佛山張槎昕悅府) project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
6. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Foshan Honghai will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
7. Regarding the CPS: As the part of the development project, the ownership of CPS-A is clear, and no sealing or mortgage has been found. Foshan Honghai has the right to dispose of the parking space but should conform to the legal regulation that "residential parking spaces should first meet the needs of owners" when disposing based on Article 276 of the Civil Code of the People's Republic of China and Article 54 of the Property Management Regulations of Guangdong Province.
8. Civil air defense parking spaces: As the project developer and investor, Foshan Honghai can obtain the usufructuary right to use civil air defense parking spaces. However, when disposing of such parking space usage rights, attention should be paid to completing the corresponding procedures.

VALUATION REPORT

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025						
11	Portion of Basement Carports of Times Centre Phase I (時代中心一期), Liuzhou Road, Taishan Street, Pukou District, Nanjing City, Jiangsu Province PRC	Times Centre Phase I is a large-scale commercial development with a total site area of 12,998.70 sq m (the “Development”). As advised, the subject property comprises 67 CPS-A of the Development (the “Property”). Detailed GFA of the CPS is listed below:	At the date of our inspection, the Property was vacant.	RMB3,080,000 (RENMINBI THREE MILLION EIGHTY THOUSAND)						
		<table border="1"> <thead> <tr> <th>Portions</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>CPS-A</td> <td>911.68</td> </tr> <tr> <td>Total</td> <td>911.68</td> </tr> </tbody> </table>	Portions	GFA (sq m)	CPS-A	911.68	Total	911.68		
Portions	GFA (sq m)									
CPS-A	911.68									
Total	911.68									

Pursuant to the Realty Title Certificate provided, the land-use rights of the CPS-A have been granted for a term expiring on 21 April 2050 for commercial and finance use.

Notes:

- i) Pursuant to the following State-owned Land-use Rights Grant Contract dated 30 March 2017, the land-use rights of the Property have been granted to Nanjing Red Sun Real Estate Development Co., Ltd. (南京紅太陽房地產開發有限公司) (“Nanjing Red Sun”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Guo Tu Zi Pu Fen Rang He [2007] Di No. 2	30 March 2017	Plot 1: Social parking garage, Plot 2: Commercial and financial land, Plot 3: Mixed residential land, Plot 4: Commercial and financial land, Plot 5: Cultural and recreational land (reserved), Plot 6: Sports land (reserved), Plot 7: Residential land of the second category, Plot 8: Residential community centre, Plot 9: Early childhood care land, Plot 10: Residential land of the second category, Plot 11: Residential land of the second category, Plot 12: Residential II, Plot 13: Residential II, Plot 14: School site, Plot 15: Residential II, Plot 16: Residential II, Plot 17: Mixed residential site	423,052.10
			Total:	423,052.10

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned contract.

- ii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Nanjing Red Sun, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Pu Guo Yong (2010)Di No. 10328P	23 April 2010	Commercial and finance land	12,998.70
Total:				12,998.70

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- (iii) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Nanjing Red Sun, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Gui Pu Kou Yong Di [2007] No. 0050	24 September 2007	Commercial and finance land	672,447.00
Total:				672,447.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 320111201390035	Solaris Loving City Section 4	10 September 2013	73,753.30
Total:				73,753.30

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 320100120140022	Solaris Loving City Section 4 District 1 and3 Commercial Office Complex, 2# Facade Shop, 4Commercial Office Building, Basement Civil Engineering and Utilities Installation Project	11 June 2014	73,753.30
2	No. 320100120140009	Basement pit support works in Zone 4 of Solaris Loving City Section	15 March 2014	N/A
			Total:	73,753.30

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ning Fang Xiao Di No. 2015300126	Solaris Loving City Section 7 (Blocks 01, 02, 03 and 04)	22 October 2015	N/A
			Total:	N/A

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ning Pu Bei Zi No. 2017207	Office building	19 May 2017	16,677.10
2	Ning Pu Bei Zi No.2017208	Retail building	19May 2017	801.40
3	Ning Pu Bei Zi No.2017209	Office building	19 May 2017	17,618.10
4	Ning Pu Bei Zi No.2017210	Office building	19 May 2017	17,625.90
5	Ning Pu Bei Zi No.2017211	Basement	19 May 2017	21,030.80
Total:				73,753.30

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the following Construction Work Completion Certified Report on Civil air defense, the construction work of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 2017-05	Basement of civil air defense	23 February 2017	3,538.00
Total:				3,538.00

- ix) Pursuant to the Business License – No. 913201007217014139 dated 19 April 2024, Hongyang Land (Group) Co., Ltd. (弘陽置地(集團)有限公司) (“**Hongyang Land**”) has been registered.

The general description and market information of the property are summarized below:

Location	The Property is located at No.48, Daqiao North Road, Pukou District, Nanjing City, Jiangsu Province, PRC
Transportation	Nanjing Lukou international Airport is located approximately 56 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- x) In assessing the market value of CPS-A, we have made reference to sales prices of similar CPS in the vicinity. Comparable are located in the same district with similar conditions, size and tenure, etc.

Transactions that had been selected include CPS-A ranges from RMB59,000 to RMB69,000 per lot; In the course of our valuation, we have considered the relevant adjustment factors such as bulk discount to determine the unit price of the Property.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Times Centre Phase II	Times Centre Phase II	Times Centre Phase II
District/County	Nanjing City	Nanjing City	Nanjing City
Detail Address	Times Centre Phase II, Liuzhou Road, Taishan Street, Pukou District Nanjing City, Jiangsu Province	Times Centre Phase II, Liuzhou Road, Taishan Street, Pukou District Nanjing City, Jiangsu Province	Times Centre Phase II, Liuzhou Road, Taishan Street, Pukou District Nanjing City, Jiangsu Province
Total GFA (sq. m.)	9.21	13.31	13.31
Type Mix	CPS	CPS	CPS
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	59,633	68,807	68,807

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 1	Comparable 3
Bulk discount	downward	downward	downward
Total adjustment	-30.00%	-30.00%	-30.00%
Adjusted unit price (RMB/per lot)	41,743	48,165	48,165
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/per lot)		46,000	

- xi) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Construction Work Completion Certified Report on Civil air defense	Yes
Business License	Yes

- xii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Hongyang Land, the external promotional name of the Property is Times Centre Phase I (時代中心一期);
2. Hongyang Land has obtained the Realty Title Certificate related to the land of the Times Centre Phase I (時代中心一期) project;
3. Hongyang Land has obtained the necessary construction permits and construction work completion certificates in accordance with the actual progress of development Times Centre Phase I (時代中心一期);
4. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Hongyang Land will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
5. Regarding the CPS: As the part of the development project, the ownership of CPS is clear, and no sealing or mortgage has been found. Hongyang Land has the right to dispose of the parking space but should conform to the legal regulation that "community parking spaces should first meet the needs of owners" when disposing based on Article 276 of the Civil Code of the People's Republic of China and Article 63 of the Property Management Regulations of Jiangsu Province.

VALUATION REPORT

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025						
12	Portion of Basement Carports of Times Centre Phase II (時代中心二期), Liuzhou Road, Taishan Street, Pukou District, Nanjing City, Jiangsu Province, PRC	Times Centre Phase II is a large-scale commercial development with a total site area of 40,551.60 sq m (the “Development”). As advised, the subject property comprises 305 CPS-A of the Development (the “Property”). Detailed GFA of the CPS is listed below:	At the date of our inspection, the Property was vacant.	RMB14,030,000 (RENMINBI FOURTEEN MILLION THIRTY THOUSAND)						
		<table border="1"> <thead> <tr> <th>Portions</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>CPS-A</td> <td>3,972.44</td> </tr> <tr> <td>Total</td> <td>3,972.44</td> </tr> </tbody> </table>	Portions	GFA (sq m)	CPS-A	3,972.44	Total	3,972.44		
Portions	GFA (sq m)									
CPS-A	3,972.44									
Total	3,972.44									

Pursuant to the Realty Title Certificate provided, the land-use rights of the CPS-A have been granted for a term expiring on 21 April 2050 for commercial and finance use.

Notes:

- i) Pursuant to the following State-owned Land-use Rights Grant Contract dated 30 March 2017, the land-use rights of the Property have been granted to Nanjing Red Sun Real Estate Development Co., Ltd. (南京紅太陽房地產開發有限公司) (“Nanjing Red Sun”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Guo Tu Zi Pu Fen Rang He [2007] Di No. 2	30 March 2017	Plot 1: Social parking garage, Plot 2: Commercial and financial land, Plot 3: Mixed residential land, Plot 4: Commercial and financial land, Plot 5: Cultural and recreational land (reserved), Plot 6: Sports land (reserved), Plot 7: Residential land of the second category, Plot 8: Residential community centre, Plot 9: Early childhood care land, Plot 10: Residential land of the second category, Plot 11: Residential land of the second category, Plot 12: Residential II, Plot 13: Residential II, Plot 14: School site, Plot 15: Residential II, Plot 16: Residential II, Plot 17: Mixed residential site	423,052.10
			Total:	423,052.10

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- ii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Nanjing Red Sun, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Pu Guo Yong (2010)Di No. 10322P	23 April 2010	Commercial and finance land	40,551.60
Total:				40,551.60

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iii) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Nanjing Red Sun, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Gui Pu Kou Yong Di [2007] No. 0050	24 September 2007	Commercial and finance land	672,447.00
Total:				672,447.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 320111201690055	Solaris Loving City Section 2	18 August 2016	234,020.20
Total:				234,020.20

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 320111201609270000	Building 1#-10#, Basement 1 (including human defence), Basement 2 (including human defence), Zone 2, Solaris Loving City Section	27 September 2016	233,999.20
			Total:	233,999.20

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ning Fang Xiao Di No. 2018700011	Block 01	8 April 2018	N/A
2	Ning Fang Xiao Di No. 2017300062	Block 02	10 August 2017	N/A
3	Ning Fang Xiao Di No. 2017300082	Block 03	27 October 2017	N/A
4	Ning Fang Xiao Di No. 2017300045	Block 04	16 June 2017	N/A
5	Ning Fang Xiao Di No. 2018700052	Blocks 05 & 07	20 August 2018	N/A
6	Ning Fang Xiao Di No. 2018700078	Block 06	22 November 2018	N/A
7	Ning Fang Xiao Di No. 2018700028	Blocks 08 & 09	29 May 2018	N/A
8	Ning Fang Xiao Di No. 2018700024	Block 10	29 May 2018	N/A
			Total:	N/A

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

vii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ning Pu Bei Zi No. 2019557	Block 1	25 December 2019	60,024.10
2	Ning Pu Bei Zi No. 2019282	Block 2	25 July 2019	22,180.20
3	Ning Pu Bei Zi No. 2019283	Block 3	25 July 2019	31,797.20
4	Ning Pu Bei Zi No. 2019284	Block 4	25 July 2019	30,425.40
5	Ning Pu Bei Zi No. 2019558	Block 5	25 December 2019	3,617.00
6	Ning Pu Bei Zi No. 2019559	Block 6	25 December 2019	6,167.80
7	Ning Pu Bei Zi No. 2019560	Block 7	25 December 2019	3,520.80
8	Ning Pu Bei Zi No. 2019561	Block 8	25 December 2019	2,008.20
9	Ning Pu Bei Zi No. 2019562	Block 9	25 December 2019	1,779.20
10	Ning Pu Bei Zi No. 2020056	Block 10	20 April 2020	664.80
11	Ning Pu Bei Zi No. 2020057	Block 11	20 April 2020	35,235.60
12	Ning Pu Bei Zi No. 2020058	Basement No.1 (including Civil air defense)	20 April 2020	36,578.90
13	Ning Pu Bei Zi No. 2019282	Basement No.2 ((including Civil air defense)	25 December 2019	60,024.10
Total:				233,999.20

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

viii) Pursuant to the Business License – No. 913201007217014139 dated 19 April 2024, Hongyang Land (Group) Co., Ltd. (弘陽置地(集團)有限公司) (“**Hongyang Land**”) has been registered.

The general description and market information of the property are summarized below:

Location	The Property is located at No.48, Daqiao North Road, Pukou District, Nanjing City, Jiangsu Province, PRC
Transportation	Nanjing Lukou international Airport is located approximately 56 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- ix) In assessing the market value of CPS-A, we have made reference to sales prices of similar CPS in the vicinity. Comparable are located in the same district with similar conditions, size and tenure, etc.

Transactions that had been selected include CPS-A ranges from RMB59,000 to RMB69,000 per lot; In the course of our valuation, we have considered the relevant adjustment factors such as bulk discount to determine the unit price of the Property.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Times Centre Phase II	Times Centre Phase II	Times Centre Phase II
District/County	Nanjing City	Nanjing City	Nanjing City
Detail Address	Times Centre Phase II, Liuzhou Road, Taishan Street, Pukou District Nanjing City, Jiangsu Province	Times Centre Phase II, Liuzhou Road, Taishan Street, Pukou District Nanjing City, Jiangsu Province	Times Centre Phase II, Liuzhou Road, Taishan Street, Pukou District Nanjing City, Jiangsu Province
Total GFA (sq. m.)	9.21	13.31	13.31
Type Mix	CPS	CPS	CPS
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	59,633	68,807	68,807

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 1	Comparable 3
Bulk discount	downward	downward	downward
Total adjustment	-30.00%	-30.00%	-30.00%
Adjusted unit price (RMB/per lot)	41,743	48,165	48,165
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/per lot)		46,000	

- x) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xi) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Hongyang Land the external promotional name of the Property is Times Centre Phase II (時代中心二期);
2. Hongyang Land has obtained the real estate ownership certificate related to the land of the Times Centre Phase II (時代中心二期) project;
3. Hongyang Land has obtained the necessary construction permits and construction work completion certificates in accordance with the actual progress of development Times Centre Phase II (時代中心二期);
4. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Hongyang Land will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
5. Regarding the CPS: As the part of the development project, the ownership of CPS is clear, and no sealing or mortgage has been found. Hongyang Land has the right to dispose of the parking space but should conform to the legal regulation that "community parking spaces should first meet the needs of owners" when disposing based on Article 276 of the Civil Code of the People's Republic of China and Article 63 of the Property Management Regulations of Jiangsu Province.

VALUATION REPORT

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025						
13	Portion of Basement Carports of Yanjiang Residence (燕江府), intersection of Taixin Road and Songshan Road, Qixia District, Nanjing City, Jiangsu Province, PRC	Yanjiang Residence is a large-scale residential development with a total site area of 28,051.78 sq m (the “Development”). As advised, the subject property comprises 373 CPS-A (including 165 B1 parking space units and 208 B2 parking space units) of the Development (the “Property”). Detailed GFA of the CPS is listed below:	At the date of our inspection, the Property was Vacant	RMB18,710,000 (RENMINBI EIGHTEEN MILLION SEVEN HUNDRED TEN THOUSAND)						
		<table border="1"> <thead> <tr> <th>Portions</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>CPS-A</td> <td style="text-align: right;">4,853.82</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">4,853.82</td> </tr> </tbody> </table>	Portions	GFA (sq m)	CPS-A	4,853.82	Total	4,853.82		
Portions	GFA (sq m)									
CPS-A	4,853.82									
Total	4,853.82									
		Pursuant to the Realty Title Certificate provided, the land-use rights of the CPS-A have been granted for a term expiring on 25 October 2085 for urban mixed residential Land use.								

Notes:

- i) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated 14 July 2015 and 9 October 2015, the land-use rights of the Property have been granted to Nanjing Zhaoyang Real Estate Development Co., Ltd. (南京招陽房地產開發有限公司) (“Nanjing Zhaoyang”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	No. 3201012015CR0061	24 July 2015	Urban residential land (mixed)	52,065.44
			Total:	52,065.44

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- ii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Nanjing Zhaoyang, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Pu Guo Yong (2015)Di No. 25467	24 November 2015	Urban Mixed Residential Land	28,051.78
			Total:	28,051.78

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iii) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Nanjing Zhaoyang, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No. 32011320151038	26 October 2015	Residential	28,051.78
Total:				28,051.78

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Nanjing Zhaoyang, Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 320113201610078	Lot A, Zaolin Village, South of Taixin Road (NO.2015G17)	13 February 2016	114,457.00
Total:				114,457.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Nanjing Zhaoyang, Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 320113201604060000	A-1 building construction work	6 April 2016	13,344.00
2	No. 320113201603210101	A-2 to A-9 buildings and underground garage pile foundation construction	21 March 2016	101,113.00
Total:				114,457.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Nanjing Zhaoyang. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ning Fang Xiao Di No. 2016100093	Block 01 and 02	21 June 2016	N/A
2	Ning Fang Xiao Di No. 2016100160	Block 03 and 04	30 September 2016	N/A
3	Ning Fang Xiao Di No. 2016100207	Block 05 and 06	28 December 2016	N/A
4	Ning Fang Xiao Di No.2017100055	Block 8 and basement CPS	9 May 2017	N/A
Total:				N/A

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Nanjing Zhaoyang. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 3201131510150102-JX-001	Block 1	15 June 2018	13,344.00
2	No. 3201131510150102-JX-002	Block 2	15 June 2018	12,881.10
3	No. 3201131510150102-JX-003	Block 3	15 June 2018	14,288.80
4	No. 3201131510150102-JX-004	Block 4	15 June 2018	13,730.50
5	No. 3201131510150102-JX-005	Block 5	15 June 2018	13,806.40
6	No. 3201131510150102-JX-006	Block 6	15 June 2018	14,308.40
7	No. 3201131510150102-JX-007	Block 8	15 June 2018	1,609.00
8	No. 3201131510150102-JX-008	Basement CPS	15 June 2018	30,301.80
Total:				114,270.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the Business License – No. 91320113353281709W dated 4 April 2022, Nanjing Zhaoyang has been registered.

The general description and market information of the property are summarized below:

Location	The Property is located at Room 2016, Building 1, Xiaozhuang International Plaza, No. 408 Heyan Road, Yanziji Street, Qixia District, Nanjing City, Jiangsu Province, PRC
Transportation	Nanjing Lukou international Airport is located approximately 52 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- ix) In assessing the market value of CPS-A, we have made reference to sales prices of similar CPS in the vicinity. Comparable are located in the same development with similar conditions, size and tenure, etc.

Transactions that had been selected include CPS-A ranges from RMB73,000 to RMB81,000 per lot; In the course of our valuation, we have considered the relevant adjustment factors such as accessibility, marketability, building quality and bulk discount to determine the unit price of the Property.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Yanjiang Residence	Yanjiang Residence	Yanjiang Residence
District/County	Nanjing City	Nanjing City	Nanjing City
Detail Address	intersection of Taixin Road and Songshan Road., Qixia District, Nanjing City, Jiangsu Province	intersection of Taixin Road and Songshan Road., Qixia District, Nanjing City, Jiangsu Province	intersection of Taixin Road and Songshan Road., Qixia District, Nanjing City, Jiangsu Province
Total GFA (sq. m.)	13.24	13.24	13.24
Type Mix	CPS	CPS	CPS
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	73,394	80,734	76,881

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 1	Comparable 3
Bulk discount	downward	downward	downward
Total adjustment	-30.00%	-30.00%	-30.00%
Adjusted unit price (RMB/per lot)	51,376	56,514	53,817
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/per lot)		53,900	

For parking lots located on B2, the prices mentioned above require an additional adjustment for the parking space size, which is 0.88.

- x) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xi) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:
1. According to the confirmation from Nanjing Zhaoyang, the external promotional name of the Property is Yanjiang Residence (燕江府);
 2. Nanjing Zhaoyang has obtained the Realty Title Certificate related to the land of the Yanjiang Residence (燕江府) project;
 3. Nanjing Zhaoyang has obtained the necessary construction permits and construction work completion certificates in accordance with the actual progress of development Yanjiang Residence (燕江府);
 4. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Nanjing Zhaoyang will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
 5. Regarding the CPS: As the part of the development project, the ownership of CPS is clear, and no sealing or mortgage has been found. Nanjing Zhaoyang has the right to dispose of the parking space but should conform to the legal regulation that "community parking spaces should first meet the needs of owners" when disposing based on Article 276 of the Civil Code of the People's Republic of China and Article 63 of the Property Management Regulations of Jiangsu Province.

VALUATION REPORT

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025						
14	Portion of Basement Carports of Sunrise Academy (旭日學府), West of Jiangbei Avenue, Pukou District, Nanjing City, Jiangsu Province, PRC	<p>Sunrise Academy is a large-scale residential development with a total site area of 38,974.71 sqm (the “Development”).</p> <p>As advised, the subject property comprises 88 CPS-A of the Development (the “Property”). Detailed GFA of the CPS is listed below:</p> <table border="1"> <thead> <tr> <th>Portions</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>CPS-A</td> <td>1,134.73</td> </tr> <tr> <td>Total</td> <td>1,134.73</td> </tr> </tbody> </table>	Portions	GFA (sq m)	CPS-A	1,134.73	Total	1,134.73	At the date of our inspection, the Property was Vacant.	RMB2,970,000 (RENMINBI TWO MILLION NINE HUNDRED SEVENTY THOUSAND)
Portions	GFA (sq m)									
CPS-A	1,134.73									
Total	1,134.73									

Pursuant to the Realty Title Certificate provided, the land-use rights of the CPS-A have been granted for two concurrent terms expiring on 20 August 2048 and 20 August 2078 for commercial and residential uses respectively.

Notes:

- i) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated 9 May 2008 and 3 March 2010, the land-use rights of the Property have been granted to Nanjing Hongyang Real Estate Development Co., Ltd. (南京弘陽房地產開發有限公司) (“**Nanjing Hongyang**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Guo Tu Zi Pu Rang He [2008] No. 004	9 May 2008	Urban residential land (mixed)	38,974.71
Total:				38,974.71

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- ii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Nanjing Hongyang, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Pu Guo Yong (2020)Di No. 10317P	21 July 2010	Urban Mixed Residential Land	38,975.50
Total:				38,975.50

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iii) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Nanjing Hongyang, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No. 320111201011323	21 July 2010	Residential and commercial	38,974.71
Total:				38,974.71

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Nanjing Hongyang. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 320111201081103	Blocks 1to14 and Basement CPS	30 September 2010	94,618.92
Total:				94,618.92

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Nanjing Hongyang. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 3201112010122900001A	Blocks 2-14 (including piling)	30 December 2010	66,981.90
2	No. 3201112011072800002A	Block 1, Basement CPS (including piling)	29 July 2011	27,637.02
Total:				94,618.92

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

vi) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Nanjing Hongyang. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ning Fang Xiao Di No. 2012300070	Block 01	31 August 2012	N/A
2	Ning Fang Xiao Di No. 2012300027	Block 02	27 April 2012	N/A
3	Ning Fang Xiao Di No. 2012300009	Block 03	2 March 2012	N/A
4	Ning Fang Xiao Di No. 2012300018	Block 04 and 05	6 April 2012	N/A
5	Ning Fang Xiao Di No. 2012300023	Block 06and 08	13 April 2012	N/A
6	Ning Fang Xiao Di No. 2012300012	Block 07	9 March 2012	N/A
7	Ning Fang Xiao Di No. 201130117	Block 09	30 December 2011	N/A
8	Ning Fang Xiao Di No. 201130110	Block 10	16 December 2011	N/A
			Total:	N/A

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Nanjing Hongyang. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ning Pu Bei Zi No. 2013336	Block 1	30 October 2013	8,529.02
2	Ning Pu Bei Zi No. 2013337	Block 2	30 October 2013	6,935.80
3	Ning Pu Bei Zi No. 2013338	Block 3	30 October 2013	6,683.90
4	Ning Pu Bei Zi No. 2013339	Block 4	30 October 2013	6,829.80
5	Ning Pu Bei Zi No. 2013340	Block 5	30 October 2013	7,160.50
6	Ning Pu Bei Zi No. 2013341	Block 6	30 October 2013	7,084.80
7	Ning Pu Bei Zi No. 2013342	Block 7	30 October 2013	6,683.90
8	Ning Pu Bei Zi No. 2013343	Block 8	30 October 2013	8,904.20
9	Ning Pu Bei Zi No. 2013344	Block9	30 October 2013	8,858.20
10	Ning Pu Bei Zi No. 2013345	Block 10	30 October 2013	6,616.20
11	Ning Pu Bei Zi No. 2013346	Block 11	30 October 2013	262.40
12	Ning Pu Bei Zi No. 2013347	Block 12	30 October 2013	417.80
13	Ning Pu Bei Zi No. 2013348	Block 6	30 October 2013	156.70
14	Ning Pu Bei Zi No. 2013349	Block 14	30 October 2013	387.70
15	Ning Pu Bei Zi No. 2013350	Basement CPS	30 October 2013	19,108.00
			Total:	<u>94,618.92</u>

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the Business License –No. 913201116946127215 dated 28 May 2024, Nanjing Hongyang has been registered.

The general description and market information of the property are summarized below:

Location	The Property is located at No.48, Daqiao North Road, Pukou District, Nanjing City, Jiangsu Province, PRC
Transportation	Nanjing Lukou international Airport is located approximately 56 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- ix) In assessing the market value of CPS-A, we have made reference to sales prices of similar CPS in the vicinity. Comparable are located in the same development with similar conditions, size and tenure, etc.

Transactions that had been selected include CPS-A ranges from RMB45,000 to RMB51,000 per lot; In the course of our valuation, we have considered the relevant adjustment factors such as bulk discount to determine the unit price of the Property.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Sunrise Academy	Sunrise Academy	Sunrise Academy
District/County	Nanjing City	Nanjing City	Nanjing City
Detail Address	West of Jiangbei Avenue, Pukou District, Nanjing City, Jiangsu Province	West of Jiangbei Avenue, Pukou District, Nanjing City, Jiangsu Province	West of Jiangbei Avenue, Pukou District, Nanjing City, Jiangsu Province
Total GFA (sq. m.)	12.94	12.94	12.94
Type Mix	CPS	CPS	CPS
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	45,872	48,624	50,550

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 1	Comparable 3
Bulk discount	downward	downward	downward
Total adjustment	-30.00%	-30.00%	-30.00%
Adjusted unit price (RMB/per lot)	32,110	34,037	35,385
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/per lot)	33,800		

- x) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xi) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:
1. According to the confirmation from Nanjing Hongyang, the external promotional name of the Property is Sunrise Academy (旭日學府).
 2. Nanjing Hongyang has obtained the Realty Title Certificate related to the land of the Sunrise Academy (旭日學府) project;
 3. Nanjing Hongyang has obtained the necessary construction permits and construction work completion certificates in accordance with the actual progress of development Sunrise Academy (旭日學府).
 4. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Nanjing Hongyang will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
 5. Regarding the CPS: As the part of the development project, the ownership of CPS is clear, and no sealing or mortgage has been found. Nanjing Hongyang has the right to dispose of the parking space but should conform to the legal regulation that "community parking spaces should first meet the needs of owners" when disposing based on Article 276 of the Civil Code of the People's Republic of China and Article 63 of the Property Management Regulations of Jiangsu Province.

VALUATION REPORT

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025						
				NO COMMERCIAL VALUE						
15	Portion of Basement Carpark of Sunrise Love City 6 (旭日愛上城6區), Liuzhou Road, Taishan Street, Pukou District, Nanjing City, Jiangsu Province, PRC	<p>Sunrise Love City 6 is a large-scale residential development with a total site area of 75,237.30 sqm (the “Development”).</p> <p>As advised, the subject property comprises 159 CPS-B of the Development (the “Property”). Detailed GFA of the CPS is listed below:</p> <table border="1"> <thead> <tr> <th>Portions</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>CPS-B</td> <td>2,146.50</td> </tr> <tr> <td>Total</td> <td>2,146.50</td> </tr> </tbody> </table>	Portions	GFA (sq m)	CPS-B	2,146.50	Total	2,146.50	At the date of our inspection, the Property was vacant.	NO COMMERCIAL VALUE
Portions	GFA (sq m)									
CPS-B	2,146.50									
Total	2,146.50									

Pursuant to the real estate ownership certificates provided, the land-use rights of the property have been granted for four concurrent terms expiring on 30 September 2077 for residential use, 21 April 2060 for science and education, 21 April 2050 for commercial and 21 April 2080 for residential use respectively.

Notes:

- i) Due to the absence of valid property ownership documents for CPS-B, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-B in the valuation report for the company’s internal reference. As of the valuation date, the investment value of the CPS-B is RMB5,010,000.

- ii) Pursuant to the following State-owned Land-use Rights Grant Contract dated 30 March 2017, the land-use rights of the Property have been granted to Nanjing Red Sun Real Estate Development Co., Ltd. (南京紅太陽房地產開發有限公司) (“Nanjing Red Sun”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Guo Tu Zi Pu Fen Rang He [2007] Di No. 2	30 March 2017	Plot 1: Social parking garage, Plot 2: Commercial and financial land, Plot 3: Mixed residential land, Plot 4: Commercial and financial land, Plot 5: Cultural and recreational land (reserved), Plot 6: Sports land (reserved), Plot 7: Residential land of the second category, Plot 8: Residential community centre, Plot 9: Early childhood care land, Plot 10: Residential land of the second category, Plot 11: Residential land of the second category, Plot 12: Residential II, Plot 13: Residential II, Plot 14: School site, Plot 15: Residential II, Plot 16: Residential II, Plot 17: Mixed residential site	423,052.10
Total:				423,052.10

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Nanjing Red Sun, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Pu Guo Yong (2007)Di No. 08516P	27 November 2007	residential	29,356.40
2	Ning Pu Guo Yong (2007)Di No. 08515P	27 November 2007	residential	10,987.30
3	Ning Pu Guo Yong (2010)Di No. 10325P	23 April 2010	science and education	4,207.90
4	Ning Pu Guo Yong (2010)Di No. 10326P	23 April 2010	Mixed residential	30,685.70
Total:				75,237.30

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Nanjing Red Sun, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Gui Pu Kou Yong Di [2007] No. 0050	24 September 2007	Commercial and finance land	672,447.00
Total:				672,447.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 320111201280113	Block 01-07 and Basement D7 of Zone 7	31 December 2012	111,339.84
2	Jian Zi Di No. 320111201390014	Zone 8	22 April 2013	32,604.5
3	Jian Zi Di No. 320111201390012	Zone 8	22 April 2013	11,802.8
4	Jian Zi Di No. 320111201280114	Kindergarten (9 classes) in Zone 9	31 December 2012	3,112.76
5	Jian Zi Di No. 320111201280115	Zone 10, Buildings 01-09 and Basement D10	31 December 2012	95,747.7
Total:				254,607.60

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No.320111020130039	Zone 7 Buildings 01-07 and D7 underground garage	16 April 2013	111,339.84
2	No.320111020130087	Block 01 of Zone 8 including underground garage	14 August 2013	44,407.03
3	No.320111020140056	Kindergarten civil construction and utilities installation in District 9	4 December 2014	3,112.76
4	No.320111020130008	Piling works for Block 01-06 and D10 underground garage in Zone 10	6 February 2013	N/A
			Total:	<u>158,859.63</u>

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ning Fang Xiao Di No.2013300121	Block 01	30 September 2013	N/A
2	Ning Fang Xiao Di No.2013300142	Block 02	12 October 2013	N/A
3	Ning Fang Xiao Di No.2013300155	Block 03	13 November 2013	N/A
4	Ning Fang Xiao Di No.2013300173	Block 04	20 December 2013	N/A
5	Ning Fang Xiao Di No.2014300004	Block 05	16 January 2014	N/A
6	Ning Fang Xiao Di No.2014300013	Block 06	28 February 2014	N/A
7	Ning Fang Xiao Di No.2014300049	Block 08	29 May 2014	N/A
8	Ning Fang Xiao Di No.2014300003	Block 09	16 January 2014	N/A
9	Ning Fang Xiao Di No.2014300014	Block 10	28 February 2014	N/A
10	Ning Fang Xiao Di No.2013300169	Block 11	10 December 2013	N/A
11	Ning Fang Xiao Di No.2013300156	Block 12	20 November 2013	N/A
12	Ning Fang Xiao Di No.2013300145	Block 13	17 October 2013	N/A
13	Ning Fang Xiao Di No.2013300132	Block 14	26 September 2013	N/A
			Total:	<u>N/A</u>

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

viii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ning Pu Bei Zi No. 2015390	Zone 7 Block 1	30 September 2013	18,286.69
2	Ning Pu Bei Zi No. 2015391	Zone 7 Block 2	12 October 2013	12,682.81
3	Ning Pu Bei Zi No. 2015392	Zone 7 Block 3	13 November 2013	12,834.42
4	Ning Pu Bei Zi No. 2015393	Zone 7 Block 4	20 December 2013	13,028.00
5	Ning Pu Bei Zi No. 2015394	Zone 7 Block 5	16 January 2014	12,477.42
6	Ning Pu Bei Zi No. 2015395	Zone 7 Block 6	28 February 2014	20,879.10
7	Ning Pu Bei Zi No. 2015420	Zone 8 Block 1	29 May 2014	44,407.30
8	Ning Pu Bei Zi No. 2015410	Kindergarten in Zone 9	16 January 2014	3,112.76
9	Ning Pu Bei Zi No. 2015398	Zone 10 Block 1	28 February 2014	24,638.05
10	Ning Pu Bei Zi No. 2015399	Zone 10 Block 2	10 December 2013	11,572.35
11	Ning Pu Bei Zi No. 2015400	Zone 10 Block 3	20 November 2013	11,807.03
12	Ning Pu Bei Zi No. 2015401	Zone 10 Block 4	17 October 2013	11,883.79
13	Ning Pu Bei Zi No. 2015402	Zone 10 Block 5	26 September 2013	8,416.28
Total:				216,979.71

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

ix) Pursuant to the Business License – No. 913201007217014139 dated 19 April 2024, Hongyang Land (Group) Co., Ltd. (弘陽置地(集團)有限公司) (“**Hongyang Land**”) has been registered.

The general description and market information of the property are summarized below:

Location	The Property is located at No.48, Daqiao North Road, Pukou District, Nanjing City, Jiangsu Province, PRC
Transportation	Nanjing Lukou international Airport is located approximately 56 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

x) In assessing the investment value of CPS-B, we have made reference to rental prices of similar CPS in the vicinity. Comparable are located in the same district with similar conditions, size and tenure, etc.

Rental transactions that had been selected include the CPS-B ranges from RMB130 to RMB190 per lot per month. According to our market research, the yield of comparable parking spaces in the vicinity ranges from 4.0% to 5.0%. As the CPS-B was vacant on the valuation date, We have capitalized the estimated future rental income to be generated over the remaining period, which has an approximate duration of 35.17 years and terminates on April 21, 2060. In our valuation, we have adopted an average market rent of RMB150 per parking space and a capitalization rate of 4.5%.

- xi) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Hongyang Land, the external promotional name of the Property is Sunrise Love City 6 (旭日愛上城6區);
2. Hongyang Land has obtained the Realty Title Certificate related to the land of the Sunrise Love City 6 (旭日愛上城6區) project;
3. Hongyang Land has obtained the necessary construction permits and construction work completion certificates in accordance with the actual progress of development Sunrise Love City 6 (旭日愛上城6區);
4. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Hongyang Land will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
5. Regarding the CPS-B: for which title registration has not been made: as the title of such part of the parking spaces cannot be found out through the Real Estate Registration Center, Hongyang Land confirmed that CPS-B belong to the non-licensable parking spaces in the planning (not the parking spaces for the common use of all the owners), and that the said part of the parking spaces have not been counted in the common shared area, and that the cost of construction has not been shared or has been agreed to be vested in the owners. This part of the parking space is not included in the apportioned area, and the construction cost has not been apportioned or agreed to be attributed to the owners, and there is no restriction of rights such as seizure or mortgage. Based on the premise that the confirmation of Honyang Land, Hongyang Land has the right to dispose of the parking space but should conform to the legal regulation that "community parking spaces should first meet the needs of owners" when disposing based on Article 276 of the Civil Code of the People's Republic of China and Article 63 of the Property Management Regulations of Jiangsu Province.

VALUATION REPORT

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025						
16	Portion of Basement Carports of Chunshang Xijiang (春上西江), Jin Dong Phase II Fengjin Road and the Academy of International Relations of the PLA, Yuhuatai District Economic Development Zone, Nanjing City, Jiangsu Province, PRC	Chunshang Xijiang is a large-scale residential development with a total site area of 27,961.83 sq m (the “Development”). As advised, the subject property comprises 247 CPS-A of the Development (the “Property”). Detailed GFA of the CPS is listed below:	At the date of our inspection, the Property was Vacant.	RMB4,000,000 (RENMINBI FOUR MILLION)						
		<table border="1"> <thead> <tr> <th>Portions</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>CPS-A</td> <td>3,300.78</td> </tr> <tr> <td>Total</td> <td>3,300.78</td> </tr> </tbody> </table>	Portions	GFA (sq m)	CPS-A	3,300.78	Total	3,300.78		
Portions	GFA (sq m)									
CPS-A	3,300.78									
Total	3,300.78									

Pursuant to the Realty Title Certificate provided, the land-use rights of the CPS-A have been granted for a concurrent term expiring on 27 January 2086 for residential use.

Notes:

- i) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated 10 September 2015 and 22 October 2015, the land-use rights of the Property have been granted to Nanjing Hongyang Zhongrui Real Estate Development Co., Ltd. (南京弘陽中瑞房地產開發有限公司) (“Nanjing Hongyang Zhongrui”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	No. 3201012015CR0081	10 September 2015	Urban residential land (mixed)	27,961.83
			Total:	27,961.83

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- ii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Nanjing Hongyang Zhongrui, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Yu Guo Yong (2016)Di No. 03220	26 February 2015	Urban Mixed Residential Land	27,961.83
			Total:	27,961.83

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iii) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Nanjing Hongyang Zhongrui, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No. 320114201590033	25 November 2015	Residential	<u>27,961.83</u>
Total:				<u>27,961.83</u>

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Nanjing Hongyang Zhongrui. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 320114201690031	Plot: No.2015G27	14 March 2016	<u>75,969.00</u>
Total:				<u>75,969.00</u>

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Nanjing Hongyang Zhongrui. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 320114201604070101	Blocks 1-8 and basement CPS	7 April 2016	<u>75,728.40</u>
Total:				<u>75,728.40</u>

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Nanjing Hongyang Zhongrui. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ning Fang Xiao Di No. 2016100180	Block 01,03 and 04	25 November 2016	N/A
2	Ning Fang Xiao Di No. 2016100101	Block 02,05 and 07	24 June 2016	N/A
3	Ning Fang Xiao Di No. 2017100056	Block 06,08 and basement CPS	20 May 2017	N/A
Total:				<u>N/A</u>

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Nanjing Hongyang Zhongrui. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 3201141510280101-JX-001	Block 1	20 June 2018	14,789.50
2	No. 3201141510280101-JX-002	Block 2	20 June 2018	7,168.90
3	No. 3201141510280101-JX-003	Block 3	20 June 2018	7,340.60
4	No. 3201141510280101-JX-004	Block 4	20 June 2018	5,616.70
5	No. 3201141510280101-JX-005	Block 5	20 June 2018	7,717.10
6	No. 3201141510280101-JX-006	Block 6	20 June 2018	414.10
7	No. 3201141510280101-JX-007	Block 7	20 June 2018	14,780.40
8	No. 3201141510280101-JX-008	Block 8	20 June 2018	1,516.40
9	No. 3201141510280101-JX-009	Basement CPS	20 June 2018	16,483.80
10	No. 2018040	Basement Civil air defense	30 January 2018	4,101.52
			Total:	<u>79,929.02</u>

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the Business License –No. 91320114MA1M9EGD4D dated 7 September 2023, Nanjing Hongyang Zhongrui has been registered.

The general description and market information of the property are summarized below:

Location	The Property is located at D3-704, No.12 Longzang Avenue, Yuhua Economic Development Zone, Nanjing City, Jiangsu Province, PRC
Transportation	Nanjing Lukou international Airport is located approximately 45 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- ix) In assessing the market value of CPS-A, we have made reference to sales prices of similar CPS in the vicinity. Comparable are located in the same development with similar conditions, size and tenure, etc.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Chunshang Xijiang	Chunshang Xijiang	Chunshang Xijiang
District/County	Nanjing City	Nanjing City	Nanjing City
Detail Address	Jin Dong Phase II Fengjin Road and the Academy of International Relations of the PLA, Yuhuatai District Economic Development Zone, Nanjing City, Jiangsu Province	Jin Dong Phase II Fengjin Road and the Academy of International Relations of the PLA, Yuhuatai District Economic Development Zone, Nanjing City, Jiangsu Province	Jin Dong Phase II Fengjin Road and the Academy of International Relations of the PLA, Yuhuatai District Economic Development Zone, Nanjing City, Jiangsu Province
Total GFA (sq.m.)	9.36	9.36	9.36
Type Mix	CPS	CPS	CPS
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	23,119	23,119	23,119

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 1	Comparable 3
Bulk discount	downward	downward	downward
Total adjustment	-30.00%	-30.00%	-30.00%
Adjusted unit price (RMB/per lot)	16,183	16,183	16,183
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/per lot)		16,200	

- x) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xi) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:
1. According to the confirmation from Nanjing Hongyang Zhongrui, the external promotional name of the Property is Chunshang Xijiang (春上西江);
 2. Nanjing Hongyang Zhongrui has obtained the Realty Title Certificate related to the land of the Chunshang Xijiang (春上西江) project;
 3. Nanjing Hongyang Zhongrui has obtained the necessary construction permits and construction work completion certificates in accordance with the actual progress of development Chunshang Xijiang (春上西江);
 4. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Nanjing Hongyang Zhongrui will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
 5. Regarding the CPS-A: As the part of the development project, the ownership of CPS is clear, and no sealing or mortgage has been found. Nanjing Hongyang Zhongrui has the right to dispose of the parking space but should conform to the legal regulation that "community parking spaces should first meet the needs of owners" when disposing based on Article 276 of the Civil Code of the People's Republic of China and Article 63 of the Property Management Regulations of Jiangsu Province.

VALUATION REPORT

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025						
17	Portion of Basement Carparks of Shangshui Garden of Elegance (上水雅苑), intersection of Xingxian Road and Wenchang Road, High tech Zone Hushuguan Development Zone, Suzhou city, Jiangsu Province, PRC	Shangshui Garden of Elegance is a large-scale residential development with a total site area of 69,325.4 sq m (the “ Development ”). As advised, the Property comprises 111 CPS-B of the Development(the “ Property ”). Detailed GFA of the CPS is listed below:	At the date of our inspection, the property was vacant.	NO COMMERCIAL VALUE						
		<table border="1"> <thead> <tr> <th>Portions</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>CPS-B</td> <td style="text-align: right;">1,498.50</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">1,498.50</td> </tr> </tbody> </table>	Portions	GFA (sq m)	CPS-B	1,498.50	Total	1,498.50		
Portions	GFA (sq m)									
CPS-B	1,498.50									
Total	1,498.50									

Pursuant to the Realty Title Certificate provided, the land-use rights have been granted for a term expiring on 23 March 2086 for residential land uses

Notes:

- i) The value represents the Market Value of CPS-A. Due to the absence of valid property ownership documents for CPS-B, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-B in the valuation report for the company’s internal reference. As of the valuation date, the investment value of the CPS-B is RMB5,490,000.
- ii) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 12 January 2016 and 18 February 2016, the land-use rights of the Property have been granted to Suzhou Hongyang Real Estate Co., Ltd 蘇州弘陽置業有限公司 (“**Hongyang Zhiye**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	3205012016CR0007 3205012016CR0007-Bu	18 February 2016	Urban residential land	69,325.40
			Total:	69,325.40

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Hongyang Zhiye, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Su(2016)Su Zhou Shi Bu Dong Chan Quan Di No. 5009813	15 April 2016	Urban residential land	18,595.20
2	Su(2016)Su Zhou Shi Bu Dong Chan Quan Di No. 5009815	15 April 2016	Urban residential land	50,730.20
			Total:	<u>69,325.40</u>

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Hongyang Zhiye, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No.32050520160001	17 March 2016	residential land	69,325.40
			Total:	<u>69,325.40</u>

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Hongyang Zhiye. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 320505201600048	Su Di 20015-WG-47 Plot	1 April 2016	56,386.97
2	Jian Zi Di No.320505201600092	Su Di 20015-WG-47 Plot	31 May 2016	141,551.10
			Total:	<u>197,938.07</u>

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Hongyang Zhiye. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	320591201604280000	Su Di 20015-WG-47 Plot 15#, 16#, 17#, 18#, Supporting facilities for public buildings 1# & Underground garage construction project	28 April 2016	56,386.97
2	320591201607250000	Su Di 20015-WG-47 Plot 1#, 2#, 6#, 7#, 10#, 11#, 12#, Supporting facilities for public buildings 2#3#, Guard house 1# 4# & Public substation room 1#3#	25 July 2016	62,174.10
3	320591201607250000	Su Di 20015-WG-47 Plot 3#, 4#, 5#, 8#, 9#, 13#, 14# & Underground garage construction project	25 July 2016	79,377.00
Total:				197,938.07

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Hongyang Zhiye. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Su Fang Yu Gao Xin [2016] 244	Phase I of Shangshui Yayuan	26 August 2016	43,863.99
2	Su Fang Yu Gao Xin [2016] 316	Phase II of Shangshui Yayuan	9 December 2016	33,043.14
3	Su Fang Yu Gao Xin [2017] 046	Phase III of Shangshui Yayuan	19 April 2017	36,161.38
4	Su Fang Yu Gao Xin [2017] 118	Phase IV of Shangshui Yayuan	16 June 2017	36,123.96
Total:				149,192.47

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

viii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Hongyang Zhiye. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	3205011603120102-JX-001	Su Di 20015-WG-47 Plot 15#, 16#, 17#, 18#, Supporting facilities for public buildings 1# & Underground garage construction project	27 December 2018	45,316.18
2	3205011603120102-JX-002	Su Di 20015-WG-47 Plot 1#, 2#, 6#, 7#, 10#, 11#, 12#, Supporting facilities for public buildings 2#3#, Guard house 1# 4# & Public substation room 1#3#	27 December 2018	79,291.87
3	3205011603120102-JX-002	Su Di 20015-WG-47 Plot 3#, 4#, 5#, 8#, 9#, 13#, 14# & Underground garage construction project	27 December 2018	60,700.47
Total:				185,308.52

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

ix) Pursuant to the Business License – No. 91320505MA1MD2G58D dated 18 December 2015, Hongyang Zhiye has been registered.

x) The general description and market information of the property are summarized below:

Location The Property is located at the North to Xingxian Road Greenfield, East to Wenchang Road, High tech Zone Hushuguan Development Zone, Suzhou city, Jiangsu Province, PRC

Transportation Suzhou West Railway Station is located approximately 5 kilometres away from the Property. Also, taxi and bus are readily available in the locality.

Nature of Surrounding Area The subject area is a predominately residential area.

xi) In assessing the investment value of CPS-B, we have made reference to rental prices of similar CPS in the vicinity. Comparable are located in the same district with similar conditions, size and tenure, etc.

Rental transactions that had been selected include the CPS-B ranges from RMB220 to RMB230 per lot per month. According to our market research, the yield of comparable parking spaces in the vicinity ranges from 4.0% to 5.0%. As the CPS-B was vacant on the valuation date, We have capitalized the estimated future rental income to be generated over the remaining period, which has an approximate duration of 41.09 years and terminates on March 23 2066. In our valuation, we have adopted an average market rent of RMB222 per parking space and a capitalization rate of 4.5%.

- xii) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xiii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Hongyang Zhiye, the external promotional name of the Property is Shangshui Garden of Elegance (上水雅苑).
2. Hongyang Zhiye has obtained the real estate ownership certificate related to the land of the Shangshui Garden of Elegance (上水雅苑) project.
3. Hongyang Zhiye has obtained the necessary construction permits in accordance with the actual progress of development Shangshui Garden of Elegance (上水雅苑).
4. Hongyang Zhiye is entitled to pre-sell the in-progress buildings of Shangshui Garden of Elegance (上水雅苑) within the pre-sale scope specified in the "Pre-sale Permit".
5. According to the confirmation from Hongyang Zhiye, based on the current progress of the Hongyang Zhiye project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
6. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Hongyang Zhiye will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
7. Based on all the information disclosed by Hongyang Zhiye to this office and in this legal opinion, regarding the underground parking spaces that have not been registered for property rights: according to local policies in Suzhou and Hongyang Zhiye's statements and confirmations, the target parking space belongs to the planned non certified parking space (not shared by all owners), and this part of the parking space is not included in the shared area, nor has the construction cost been shared or agreed to belong to the owners. There is no situation of sealing, mortgage or other rights restrictions. Due to the inability to inquire about the ownership of the parking spaces through the real estate registration center, based on the confirmation of Hongyang Zhiye's authenticity, the original ownership of these parking spaces should belong to Hongyang Zhiye. Hongyang Zhiye has the right to dispose of the target parking spaces, but should pay attention to the legal regulation that "residential parking spaces first meet the needs of owners" when disposing of them.

VALUATION REPORT

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025						
18	Portion of Basement Carparks of Upper Sunny Master piece Garden (上熙名苑), intersection of Gaoxin Xushuguan Avenue and Minglan Street, High tech Zone, Suzhou city, Jiangsu Province, PRC	Upper Sunny Master piece Garden (上熙名苑) is a large-scale residential development with a total site area of 44,700.50 sq m (the “Development”). As advised, the Property comprises 217 CPS-B of the Development (the “Property”). Detailed GFA of the CPS is listed below: <table border="1"> <thead> <tr> <th>Portions</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>CPS-B</td> <td>2,929.50</td> </tr> <tr> <td>Total</td> <td>2,929.50</td> </tr> </tbody> </table>	Portions	GFA (sq m)	CPS-B	2,929.50	Total	2,929.50	At the date of our inspection, the property was vacant.	NO COMMERCIAL VALUE
Portions	GFA (sq m)									
CPS-B	2,929.50									
Total	2,929.50									
<p>Pursuant to the Realty Title Certificate provided, the land-use rights have been granted for a term expiring on 12 December 2086 for residential land uses.</p>										

Notes:

- i) The value represents the Market Value of CPS-A. Due to the absence of valid property ownership documents for CPS-B, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-B in the valuation report for the company’s internal reference. As of the valuation date, the investment value of the CPS-B is RMB10,800,000.

- ii) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 18 October 2016 and 14 November 2016, the land-use rights of the Property have been granted to Suzhou Hongyang Investment Co., Ltd 蘇州弘陽投資有限公司 (“**Hongyang Touzi**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	3205012016CR110 3205012016CR110 -Bu	14 November 2016	Urban residential land	44,700.50
Total:				44,700.50

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Hongyang Touzi, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Su (2017) Su Zhou Shi Bu Dong Chan Quan Di No.5046595	23 February 2017	Urban residential land	17,508.70
2	Su (2017) Su Zhou Shi Bu Dong Chan Quan Di No.5046594	23 February 2017	Urban residential land	27,191.80
Total:				44,700.50

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Hongyang Touzi, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No.320505201700007	18 January 2017	residential land	44,700.50
Total:				44,700.50

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Hongyang Touzi. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No.320505201700015	Su Di 2016-WG-64 Plot	25 January 2017	95,339.18
Total:				95,339.18

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Hongyang Touzi. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	320591201703100000	Su Di 2016-WG-64 Plot (1#-18#, Guard room 1, Guard room 2, gas pressure regulating station, Underground garage in Zone 1, Underground garage in Zone 2)	28 April 2016	95,339.18
Total:				95,339.18

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Hongyang Touzi. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Su Fang Yu Gao Xin (2019) 055	Shangxi Mingyuan	25 April 2019	69,757.45
Total:				69,757.45

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Hongyang Touzi. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	3205011703010112-JX-001	Su Di 2016-WG-64 Plot (5#-8#, 12#, 16#-18#, Guard Room 2, Block 1 Underground Garage)	27 December 2018	28,586.21
2	3205011703010112-JX-002	Su Di 2016-WG-64 Plot (1-4#, 9-11#, 13-15#, Guard Room 1, gas pressure regulating station, Block 2 Underground Garage)	27 December 2018	66,958.11
Total:				95,544.32

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- ix) Pursuant to the Business License – No. 91320505MA1MWGMB76 dated 8 October 2016, Hongyang Touzi has been registered.

x) The general description and market information of the property are summarized below:

Location	The Property is located at the Sangyuan Road East and Planning Section Road South in Hushuguan Town, High tech Zone, Suzhou city, Jiangsu Province, PRC
Transportation	Suzhou West Railway Station is located approximately 5 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

xi) In assessing the investment value of CPS-B, we have made reference to rental prices of similar CPS in the vicinity. Comparable are located in the same district with similar conditions, size and tenure, etc.

Rental transactions that had been selected include the CPS-B ranges from RMB220 to RMB230 per lot per month. According to our market research, the yield of comparable parking spaces in the vicinity ranges from 4.0% to 5.0%. As the CPS-B was vacant on the valuation date, We have capitalized the estimated future rental income to be generated over the remaining period, which has an approximate duration of 41.81 years and terminates on December 12 2066. In our valuation, we have adopted an average market rent of RMB222 per parking space and a capitalization rate of 4.5%.

xii) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

xiii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Hongyang Touzi, the external promotional name of the Property is Upper Sunny Master piece Garden (上熙名苑);
2. Hongyang Touzi has obtained the real estate ownership certificate related to the land of the Upper Sunny Master piece Garden (上熙名苑) project;
3. Hongyang Touzi has obtained the necessary construction permits in accordance with the actual progress of development Upper Sunny Master piece Garden (上熙名苑).
4. Hongyang Touzi is entitled to pre-sell the in-progress buildings of Upper Sunny Master piece Garden (上熙名苑) within the pre-sale scope specified in the "Pre-sale Permit".
5. According to the confirmation from Hongyang Touzi, based on the current progress of the Upper Sunny Master piece Garden (上熙名苑) project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
6. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Hongyang Touzi will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
7. Based on all the information disclosed by Hongyang Touzi to this firm and in this legal opinion, regarding the underground parking spaces that have not been registered for property rights: According to local policies in Suzhou and Hongyang Touzi 's statements and confirmations, the target parking space belongs to the planned non certified parking space (not shared by all owners), and this part of the parking space is not included in the shared area, nor has the construction cost been shared or agreed to belong to the owners. There are no restrictions on the rights such as sealing or mortgaging. Due to the inability to inquire about the ownership of the parking spaces through the real estate registration center, based on the confirmation of Hongyang Touzi 's authenticity, the original ownership of these parking spaces should belong to Hongyang Touzi. Hongyang Touzi has the right to dispose of the target parking spaces, but should pay attention to the legal regulation that "residential parking spaces first meet the needs of owners" when disposing of them.

VALUATION REPORT

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025								
19.	Portion of Basement Carparks of Wanli In Times (灣裏時光里), North of Qingsong Street (Planning 1st Road), east of Xiaze Road, and west of Haorenjia in Yuzhang District (Control Plan E-7-03 plot), Zhaoxian Town, Nanchang City, Jiangxi Province, PRC	<p>Wanli In Times is a large-scale residential development, with a total site area of 13,717.33 sq m (the “Development”).</p> <p>As advised, the subject property comprises 138 CPS-B (including 4 mini parking space units and 3 tandem parking space units) and 48 CPS-C units (including 1 mini parking space units and 2 tandem parking space units) of the Development (the “Property”). Detailed GFA of the CPS is listed below:</p> <table border="1"> <thead> <tr> <th>Portions</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>CPS-B</td> <td>1,863.00</td> </tr> <tr> <td>CPS-C</td> <td>648.00</td> </tr> <tr> <td>Total</td> <td>2,511.00</td> </tr> </tbody> </table>	Portions	GFA (sq m)	CPS-B	1,863.00	CPS-C	648.00	Total	2,511.00	At the date of our inspection, the property was vacant.	NO COMMERCIAL VALUE
Portions	GFA (sq m)											
CPS-B	1,863.00											
CPS-C	648.00											
Total	2,511.00											

Pursuant to the Realty Title certificates provided, the land-use rights of the CPS-A have been granted for a term expiring on 15 October 2088 for Other Commercial and Service Land/Urban Residential Land uses.

Notes:

- i) The value represents the Market Value of CPS-A. Due to the absence of valid property ownership documents for CPS-B and CPS-C, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-B and CPS-C in the valuation report for the company’s internal reference. As of the valuation date, the investment value of the CPS-B is RMB4,870,000 and CPS-C as of the valuation date is RMB1,190,000.
- ii) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 16 October 2018 and 15 November 2018, the land-use rights of the Property have been granted to Nanchang Hongyang Real Estate Development Co., Ltd. 南昌弘陽房地產開發有限公司 (“Nanchang Hongyang”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	3620180107008	16 October 2018	Residential and Commercial Land	13,717.33
Total:				13,717.33

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Nanchang Hongyang. Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Gan(2018)Nan Chang Shi Bu Dong Chan Quan Di No. 0240006	18 November 2018	Other Commercial and Service Land/Urban Residential Land	13,717.33
Total:				13,717.33

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

iv) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Nanchang Hongyang. Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No. 360105201800031	8 November 2018	Residential and Commercial Land	20.58(mu)
Total:				20.58(mu)

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Nanchang Hongyang. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 360105201900001	Hongyang In Times Building 1#	14 January 2019	5,406.98
2	Jian Zi Di No.360105201900002	Hongyang In Times Building 2#	14 January 2019	5,337.79
3	Jian Zi Di No.360105201900003	Hongyang In Times Building 3#	14 January 2019	9,660.71
4	Jian Zi Di No.360105201900004	Hongyang In Times Building 4#	14 January 2019	6,225.14
5	Jian Zi Di No.360105201900005	Hongyang In Times Building 5#	14 January 2019	1,221.55
6	Jian Zi Di No.360105201900006	Hongyang In Times Basement	14 January 2019	8,107.14
Total:				35,959.31

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Nanchang Hongyang. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 360105201901180101	Hongyang In Times Building 1#-5# and Basement	18 January 2019	35,959.31
Total:				35,959.31

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Nanchang Hongyang. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	(2019) Hong Xing Shen Fang Yu Shou Zheng Di No.0215	Shiguang Hui Zhu Building 1#	24 May 2019	5,131.90
2	(2019) Hong Xing Shen Fang Yu Shou Zheng Di No.0216	Shiguang Hui Zhu Building 2#	24 May 2019	5,031.83
3	(2019) Hong Xing Shen Fang Yu Shou Zheng Di No.0217	Shiguang Hui Zhu Building 3#	24 May 2019	9,528.95
4	(2019) Hong Xing Shen Fang Yu Shou Zheng Di No.0417	Shiguang Hui Zhu Building 4#	9 August 2019	5,892.82
5	(2020) Hong Xing Shen Fang Yu Shou Zheng Di No.0335	Shiguang Hui Zhu Building 5#	20 March 2010	1,193.34
Total:				26,778.84

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Nanchang Hongyang. Details are listed below

No.	Certificate No.	Project Name	Date	GFA
1	No. 2020-208	Hongyang In Times Building 1#	3 November 2020	5,406.98
2	No.2020-209	Hongyang In Times Building 2#	3 November 2020	5,337.79
3	No.2020-210	Hongyang In Times Building 3#	3 November 2020	9,660.71
4	No.2020-211	Hongyang In Times Building 4#	3 November 2020	6,225.14
5	No.2020-212	Hongyang In Times Building 5#	3 November 2020	1,221.55
6	No.2020-213	Hongyang In Times Basement	12 November 2020	8,170.14
			Total:	<u>36,022.31</u>

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- ix) Pursuant to the Business License – No. 91360105MA385UD44C dated 8 October 2018, Nanchang Hongyang has been registered.
- x) The general description and market information of the property are summarized below:

Location	The Property is located at North of Qingsong Street (Planning 1st Road), east of Xiaze Road, and west of Haorenjia in Yuzhang District (Control Plan E-7-03 plot), Zhaoxian Town, Nanchang City, Jiangxi Province, PRC
Transportation	Nanchang Changbei International Airport is located approximately 25 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- xi) Rental transactions that had been selected include the CPS-B ranges from RMB140 to RMB180 per lot per month and the CPS-C ranges from RMB140 to RMB180 per lot per month. According to our market research, the yield of comparable parking spaces in the vicinity ranges from 4.0% to 5.0%. As the CPS was vacant on the valuation date, We have capitalized the estimated future rental income to be generated over the remaining period, which has an approximate duration of 43.66 years and terminates on October 15, 2068. In our valuation, we have adopted an average market rent of RMB160 per parking space and a capitalization rate of 4.75%. For mini parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 0.8. For tandem parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 1.5.

- xii) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xiii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Nanchang Hongyang, the external promotional name of the Property is Wanli In Times (灣裏時光里);
2. Nanchang Hongyang has obtained the real estate ownership certificate related to the land of the Wanli In Times (灣裏時光里) project;
3. Nanchang Hongyang has obtained the necessary construction permits in accordance with the actual progress of development Wanli In Times (灣裏時光里);
4. According to the confirmation from Nanchang Hongyang, based on the current progress of the Wanli In Times (灣裏時光里) project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
5. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Nanchang Hongyang will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
6. Based on the information disclosed by Nanchang Hongyang to our firm and all the information disclosed in this legal opinion, regarding the parking spaces: (1)CPS-B: The ownership of non-civil air defense underground parking spaces is generally recognized as belonging to the developer in judicial practice; (2)CPS-C: As the project developer and investor, Nanchang Hongyang can obtain the usufruct of civil air defense parking spaces. However, when disposing of the usufruct of such parking spaces, it is necessary to ensure that the relevant procedures are properly completed. This is in line with the provisions of the People's Air Defense Law and local policies, which allow developers to manage and benefit from the use of civil air defense facilities under certain conditions.

VALUATION REPORT

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025								
20	Portion of Basement Carparks of Changfeng In Times (長豐時光里) Intersection of Fuyang North Road and Jinchuan Road, Changfeng County, Hefei City, Anhui Province, PRC	Changfeng In Times is a large-scale residential development with a total site area of 42,621.00 sq m (the “Development”). As advised, the Property comprises 354 CPS-A and 135 CPS-C of the Development(the “Property”). Detailed GFA of the CPS of the Property is listed below:	At the date of our inspection, the property was vacant.	RMB10,000,000 (RENMINBI TEN MILLION) Note i								
		<table border="1"> <thead> <tr> <th>Portions</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>CPS-A</td> <td>4,779.00</td> </tr> <tr> <td>CPS-C</td> <td>1,822.50</td> </tr> <tr> <td>Total</td> <td>6,601.50</td> </tr> </tbody> </table>	Portions	GFA (sq m)	CPS-A	4,779.00	CPS-C	1,822.50	Total	6,601.50		
Portions	GFA (sq m)											
CPS-A	4,779.00											
CPS-C	1,822.50											
Total	6,601.50											

Pursuant to the Realty Title Certificate provided, the land-use rights of the CPS-A have been granted for a term expiring on 7 November 2086 for Urban residential land.

Notes:

- i) The value represents the Market Value of CPS-A. Due to the absence of valid property ownership documents for CPS-C, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-C in the valuation report for the company’s internal reference. As of the valuation date, the investment value of the CPS-C is RMB2,510,000.
- ii) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 8 November 2016 and 25 November 2016 the land-use rights of the Property have been granted to Anhui Honglan Real Estate Development Co., Ltd 安徽弘嵐房地產開發有限公司 (“Anhui Honglan”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	340121 Chu Rang [2016] 100 340121 Chu Rang [2016] 100 Bu	25 November 2016	Other residential land	42,621.00
			Total:	42,621.00

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Anhui Honglan. Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Wan(2017)Chang Feng Bu Dong Chan Quan Di No.0008610	24 March 2017	Residential Land	42,621.00
Total:				42,621.00

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Land Planning Permit, Property has been approved to Anhui Honglan. Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No.340121201720005	7 February 2017	Residential land	42,621.00
Total:				42,621.00

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Anhui Honglan. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Chang Jian Nan Xu (2017)149	Shi Guang Li No. 1#	12 May 2017	6,115.14
2	Chang Jian Nan Xu (2017)150	Shi Guang Li No. 2#	12 May 2017	4,031.35
3	Chang Jian Nan Xu (2017)151	Shi Guang Li No. 3#	12 May 2017	5,203.21
4	Chang Jian Nan Xu (2017)152	Shi Guang Li No. 5#	12 May 2017	4,031.35
5	Chang Jian Nan Xu (2017)153	Shi Guang Li No. 6#	12 May 2017	5,177.88
6	Chang Jian Nan Min Xu (2017)201	Shi Guang Li No. 7#	7 July 2017	4,469.39
7	Chang Jian Nan Xu (2017)154	Shi Guang Li No. 8#	12 May 2017	5,202.81
8	Chang Jian Nan Min Xu (2017)133	Shi Guang Li No. 9#	8 May 2017	9,598.77
9	Chang Jian Nan Min Xu (2017)134	Shi Guang Li No. 10#	8 May 2017	11,078.98
10	Chang Jian Nan Min Xu (2017)094	Shi Guang Li No. 11#	19 April 2017	10,061.27
11	Chang Jian Nan Min Xu (2017)135	Shi Guang Li No. 12#	8 May 2017	11,002.15
12	Chang Jian Nan Min Xu (2017)095	Shi Guang Li No. 13#	19 April 2017	10,431.68
13	Chang Jian Nan Min Xu (2017)136	Shi Guang Li No. 15#	08 May 2017	10,978.37

APPENDIX V**PROPERTY VALUATION REPORT**

No.	Certificate No.	Project Name	Date	GFA
14	Chang Jian Nan Xu (2017)155	Shi Guang Li No. 16#	12 May 2017	2,055.23
15	Chang Jian Nan Min Xu (2017)157	underground garage	16 May 2017	26,510.78
16	Chang Jian Nan Min Xu (2017)202	Shi Guang Li No. F1# Power distribution room	19 July 2017	175.74
17	Chang Jian Nan Min Xu (2017)203	Shi Guang Li No. F2# Power distribution room	19 July 2017	221.02
Total:				126,345.12

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Anhui Honglan. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	3401211703150101-SX-001	Shi Guang Li No. 11#, 13#	3 May 2017	20,492.95
2	3401211703150101-SX-002	Shi Guang Li No. 16#	1 June 2017	2,055.03
3	3401211703150101-SX-003	Shi Guang Li No. 1#2#3#5#6#8#9#10#12 #15#underground garage	1 June 2017	98,930.79
4	3401211703150101-SX-004	Shi Guang Li No. 7#, F1# Power distribution room, F2# Power distribution room	16 August 2017	4,866.15
Total:				126,344.92

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Anhui Honglan. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Chang Fang Yu Shou Zheng Di No. 20177120	Shi Guang Li 1	1 August 2017	6,063.79
2	Chang Fang Yu Shou Zheng Di No. 20177121	Shi Guang Li 2	1 August 2017	4,006.63
3	Chang Fang Yu Shou Zheng Di No. 20187044	Shi Guang Li 3	21 March 2018	5,220.06
4	Chang Fang Yu Shou Zheng Di No. 20177077	Shi Guang Li 5	4 May 2018	3,697.72
5	Chang Fang Yu Shou Zheng Di No. 20187134	Shi Guang Li 6	29 June 2018	5,194.51
6	Chang Fang Yu Shou Zheng Di No. 20187135	Shi Guang Li 7	29 June 2018	4,543.50
7	Chang Fang Yu Shou Zheng Di No. 20187083	Shi Guang Li 8	22 May 2018	4,834.59
8	Chang Fang Yu Shou Zheng Di No. 20187052	Shi Guang Li 9	13 April 2018	9,486.06
9	Chang Fang Yu Shou Zheng Di No. 20187080	Shi Guang Li 10	16 May 2017	10,990.02
10	Chang Fang Yu Shou Zheng Di No. 20177122	Shi Guang Li 11	13 July 2017	10,347.11
11	Chang Fang Yu Shou Zheng Di No. 20177203	Shi Guang Li 12	16 November 2017	11,230.16
12	Chang Fang Yu Shou Zheng Di No. 20177123	Shi Guang Li 13	13 July 2017	10,739.92
13	Chang Fang Yu Shou Zheng Di No. 20177204	Shi Guang Li 15	16 November 2017	11,242.19
			Total:	97,596.26

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

xiii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Anhui Honglan. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	3401211703150101-JX-001	He Fei Chang Feng CF201609 Plot 1#	28 June 2019	6,115.14
2	3401211703150101-JX-002	He Fei Chang Feng CF201609 Plot 2#	28 June 2019	4,031.35
3	3401211703150101-JX-003	He Fei Chang Feng CF201609 Plot 3#	28 June 2019	5,203.21
4	3401211703150101-JX-004	He Fei Chang Feng CF201609 Plot 5#	28 June 2019	4,031.35
5	3401211703150101-JX-005	He Fei Chang Feng CF201609 Plot 6#	28 June 2019	5,177.88
6	3401211703150101-JX-006	He Fei Chang Feng CF201609 Plot 7#	28 June 2019	4,469.39
7	3401211703150101-JX-007	He Fei Chang Feng CF201609 Plot 8#	28 June 2019	5,202.81
8	3401211703150101-JX-008	He Fei Chang Feng CF201609 Plot 9#	28 June 2019	9,598.77
9	3401211703150101-JX-009	He Fei Chang Feng CF201609 Plot 10#	28 June 2019	11,078.98
10	3401211703150101-JX-010	He Fei Chang Feng CF201609 Plot 11#	28 June 2019	10,061.27
11	3401211703150101-JX-011	He Fei Chang Feng CF201609 Plot 12#	28 June 2019	11,002.15
12	3401211703150101-JX-012	He Fei Chang Feng CF201609 Plot 13#	28 June 2019	10,431.68
13	3401211703150101-JX-013	He Fei Chang Feng CF201609 Plot 15#	28 June 2019	10,978.37
14	3401211703150101-JX-014	He Fei Chang Feng CF201609 Plot 16#	24 July 2019	2,055.23
15	3401211703150101-JX-015	He Fei Chang Feng CF201609 Plot -underground garage	1 July 2019	26,510.78
16	3401211703150101-JX-020	He Fei Chang Feng CF201609 Plot F1#	2 August 2019	175.74
17	3401211703150101-JX-021	He Fei Chang Feng CF201609 Plot F2#	2 August 2019	221.02
			Total:	126,345.12

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

xiv) Pursuant to the Business License – No. 91340121MA2N2L1Y44 dated 9 November 2016, Anhui Honglan has been registered.

xv) The general description and market information of the property are summarized below:

Location	The Property is located at the Intersection of Fuyang North Road and Jinchuan Road, Changfeng County, Hefei City, Anhui Province, PRC
Transportation	Hefei Xinqiao Airport is located approximately 25 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

xvi) In assessing the market value of CPS-A and investment value of CPS-C, we have made reference to sales prices of similar CPS in the vicinity. Comparable are located in the same development with similar conditions, size and tenure, etc.

In the course of our valuation, we have considered the relevant adjustment factors such as the building quality, bulk discount to determine the unit price of the Property.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Changfeng In Times	Changfeng In Times	Changfeng In Times
District/County	Hefei City	Hefei City	Hefei City
Detail Address	Intersection of Fuyang North Road and Jinchuan Road, Changfeng County, Hefei City, Anhui Province	Intersection of Fuyang North Road and Jinchuan Road, Changfeng County, Hefei City, Anhui Province	Intersection of Fuyang North Road and Jinchuan Road, Changfeng County, Hefei City, Anhui Province
Total GFA (sq. m.)	13.50	13.50	13.50
Type Mix	CPS	CPS	CPS
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	40,275	40,275	40,275

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 1	Comparable 3
Bulk discount	downward	downward	downward
Total adjustment	-30.00%	-30.00%	-30.00%
Adjusted unit price (RMB/lot)	28,193	28,193	28,193
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/lot)		28,200	

Rental transactions that had been selected include the CPS-C ranges from RMB120 to RMB140 per lot per month. According to our market research, the yield of comparable parking spaces in the vicinity ranges from 4.0% to 5.0%. As the CPS-C was vacant on the valuation date, we have capitalized the estimated rent that will be generated during the remaining period. In our valuation, we have adopted an average market rent of RMB119 per parking space and a capitalization rate of 4.5%.

xvii) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

xviii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Anhui Honglan, the external promotional name of the Property is Changfeng In Times (長豐時光里);
2. Anhui Honglan has obtained the real estate ownership certificate related to the land of the Changfeng In Times (長豐時光里) project;
3. Anhui Honglan has obtained the necessary construction permits in accordance with the actual progress of development Changfeng In Times (長豐時光里);
4. Anhui Honglan is entitled to pre-sell the in-progress buildings of Changfeng In Times (長豐時光里) within the pre-sale scope specified in the "Pre-sale Permit".
5. According to the confirmation from Anhui Honglan, based on the current progress of the Changfeng In Times (長豐時光里) project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
6. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Anhui Honglan will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
7. Regarding the CPS, as part of the Development, the titleship of CPS-A is clear, and no sealing or mortgage has been found. Anhui Honglan has the right to dispose of the parking space but should conform to the legal regulation that "community parking spaces should first meet the needs of owners" when disposing
8. Civil air defense parking spaces: As the project developer and investor, Anhui Honglan can obtain the usufructuary right to use civil air defense parking spaces. However, when disposing of such parking space usage rights, attention should be paid to completing the corresponding procedures.

VALUATION REPORT

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE						
				IN EXISTING STATE AS AT 28 FEBRUARY 2025						
21	Portion of Basement Carparks of Shangcheng District 3 (上城三區), East of Daqiao North Road, Pukou District, Nanjing City, Jiangsu Province, PRC	Shangcheng District 3 is a large-scale residential development with a total site area of 189,011.70 sq m (the “Development”). As advised, the subject property comprises 382 CPS-B (including 223 Mechanical parking space units and 159 Non-civil defense flat parking space units) of the Development (the “Property”). Detailed GFA of the CPS is listed below:	At the date of our inspection, the Property was vacant.	NO COMMERCIAL VALUE						
		<table border="1"> <thead> <tr> <th>Portions</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>CPS-B</td> <td style="text-align: right;">5,157.00</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">5,157.00</td> </tr> </tbody> </table>	Portions	GFA (sq m)	CPS-B	5,157.00	Total	5,157.00		
Portions	GFA (sq m)									
CPS-B	5,157.00									
Total	5,157.00									
		Pursuant to the Realty Title Certificate provided, the land-use rights of the CPS-B have been granted for two concurrent terms expiring on 19 August 2043 for residential use, 19 August 2073 for commercial use respectively.								

Notes:

- i) Due to the absence of valid property ownership documents for CPS-B, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-B in the valuation report for the company’s internal reference. As of the valuation date, the investment value of the CPS-B is RMB14,420,000.
- ii) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreements dated 27 December 2003 and 30 June 2008, the land-use rights of the Property have been granted to Nanjing Red Sun Real Estate Development Co., Ltd. (南京紅太陽房地產開發有限公司) (“**Nanjing Red Sun**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Pu Shi Chu Zi (2003) Di No. 037	27 December 2003	Class II Residential Land, Public Facilities Land (Commercial Land)	800,299.00
			Total:	800,299.00

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Nanjing Red Sun, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Pu Guo Yong (2007)Di No. 00203P	9 January 2012	Urban Mixed Residential Land	99,919.00
2	Ning Pu Guo Yong (2007)Di No. 16328P	8 December 2011	Urban Mixed Residential Land	47,184.70
3	Ning Pu Guo Yong (2010)Di No. 16616P	15 December 2011	Urban Mixed Residential Land	41,908.00
Total:				189,011.70

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Nanjing Red Sun, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	No. (2003)098	11 December 2003	N/A	787,069.00
Total:				787,069.00

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 320111201081129	Residential buildings 01-06, 1 underground garage	17 December 2010	139,227.83
2	Jian Zi Di No. 320111201280025	Blocks 07 to 09, 11, 12, 15, 16 and 2 to 4 basement CPS (Cluster B)	25 April 2012	152,650.32
3	Jian Zi Di No. 320111201280031	Blocks 10, 13, 24, 25 and 07 basement CPS (Cluster C)	9 May 2012	138,339.88
4	Jian Zi Di No. 320111201280026	Blocks 17 to 23, kindergarten, basement of buildings 5 and 6 (Cluster D)	25 April 2012	170,498.46
			Total:	<u>600,716.49</u>

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 3201112011012700002A	Block 01-06, basement CPS No.1	27 January 2011	139,227.83
2	No. 32011120110022	07 to 09, 11, 12, 15, 16 blocks, 02-04 basement CPS	4 November 2011	138,736.26
3	No. 32011120120050	Blocks 17to 23, 06, 06 and basement CPS	5 June 2012	166,552.46
4	No. 32011120120099	Blocks 10, 13, 24, 25, Basement 07	12 December 2012	138,339.88
5	No. 3201112010122700002A	Pile foundation of Block 01 to 06, No.1 basement CPS	29 December 2020	N/A
6	No. 3201112011062900001A	07-09, 11, 12, 15, 16, 02 to 04 basement CPS piles	30 June 2011	N/A
7	No. 320111020120037	Pile foundation for basement CPS, Block 10, 13, 24, 25, 07	17 May 2012	N/A
8	No. 320111020120036	Basement CPS Piling for Blocks 17 to 23, 06, 06	17 May 2012	N/A
			Total:	582,856.43

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ning Fang Xiao Di No. 201130077	Block 01 and 04	28 September 2011	N/A
2	Ning Fang Xiao Di No.201230007	Block 02 and 05	9 February 2012	N/A
3	Ning Fang Xiao Di No.201130065	Block 03 and 06	25 August 2011	N/A
4	Ning Fang Xiao Di No.201230068	Block 07	30 August 2012/	N/A
5	Ning Fang Xiao Di No.201230085	Block 08	21 September 2012	N/A
6	Ning Fang Xiao Di No.201330022	Block 09	21 March 2013	N/A
7	Ning Fang Xiao Di No.201330096	Block 10	25 July 2013	N/A
8	Ning Fang Xiao Di No.201230047	Block 11	29 June 2012	N/A
9	Ning Fang Xiao Di No.201230064	Block 12	17 August 2012	N/A
10	Ning Fang Xiao Di No.201330036	Block 13	3 April 2013	N/A
11	Ning Fang Xiao Di No.201230051	Block 15	13 July 2012	N/A
12	Ning Fang Xiao Di No.201230117	Block 16	28 December 2012	N/A
13	Ning Fang Xiao Di No.201330008	Block 17	21 February 2013	N/A
14	Ning Fang Xiao Di No.201230095	Block 18	29 September 2012	N/A
15	Ning Fang Xiao Di No.201230094	Block 19	29 September 2012	N/A
16	Ning Fang Xiao Di No.201230104	Block 20	9 November 2012	N/A
17	Ning Fang Xiao Di No.201330013	Block 21	8 March 2013	N/A
18	Ning Fang Xiao Di No.201230106	Block 22	22 November 2012	N/A
19	Ning Fang Xiao Di No.201330007	Block 23	24 January 2013	N/A
20	Ning Fang Xiao Di No.201330044	Block 24	18 April 2013	N/A
21	Ning Fang Xiao Di No.201330071	Block 25	21 June 2013	N/A
			Total:	N/A

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

viii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ning Pu Bei Zi No. 2013273	Block 1	3 September 2013	19,124.70
2	Ning Pu Bei Zi No.2013274	Block 2	3 September 2013	27,138.40
3	Ning Pu Bei Zi No.2013275	Block 3	3 September 2013	22,399.40
4	Ning Pu Bei Zi No.2013276	Block 4	3 September 2013	15,253.90
5	Ning Pu Bei Zi No.2013277	Block 5	3 September 2013	26,901.40
6	Ning Pu Bei Zi No.2013278	Block 6	3 September 2013	19,096.80
7	Ning Pu Bei Zi No.2013279	Basement CPS No. 1	3 September 2013	9,122.00
8	Ning Pu Bei Zi No.2014324	Block 7	4 September 2014	22,517.50
9	Ning Pu Bei Zi No.2014325	Block 8	4 September 2014	14,528.54
10	Ning Pu Bei Zi No.2014326	Block 9	4 September 2014	22,668.40
11	Ning Pu Bei Zi No.2014327	Block 11	4 September 2014	10,703.58
12	Ning Pu Bei Zi No.2014328	Block 12	4 September 2014	20,646.70
13	Ning Pu Bei Zi No.2014329	Block 15	4 September 2014	16,604.40
14	Ning Pu Bei Zi No.2014330	Block 16	4 September 2014	21,190.20
15	Ning Pu Bei Zi No.2014331	Basement CPS No.2	4 September 2014	15,051.00
16	Ning Pu Bei Zi No.2014332	Basement CPS No. 3	4 September 2014	4,161.00
17	Ning Pu Bei Zi No.2014333	Basement CPS No.4	4 September 2014	4,578.00
18	Ning Pu Bei Zi No.2015133	Block 13	7 May 2015	22,398.40
19	Ning Pu Bei Zi No.2015134	Block 24	7 May 2015	26,772.64
20	Ning Pu Bei Zi No.2015135	Block 25	7 May 2015	33,973.67
21	Ning Pu Bei Zi No.2015136	Basement CPS No.7	7 May 2015	25,169.00
22	Ning Pu Bei Zi No.2015132	Block 10	7 May 2015	30,027.17
23	Ning Pu Bei Zi No.2014493	Block 17	25 November 2014	12,848.00
24	Ning Pu Bei Zi No.2014494	Block 18	25 November 2014	15,969.80
25	Ning Pu Bei Zi No.2014495	Block 19	25 November 2014	16,181.10
26	Ning Pu Bei Zi No.2014496	Block 20	25 November 2014	14,781.68
27	Ning Pu Bei Zi No.2014497	Block 21	25 November 2014	N/A
28	Ning Pu Bei Zi No.2014498	Block 22	25 November 2014	26,070.58

No.	Certificate No.	Project Name	Date	GFA
29	Ning Pu Bei Zi No.2014499	Block 23	25 November 2014	26,407.35
30	Ning Pu Bei Zi No.2014450	Basement CPS No.5	25 November 2014	N/A
31	Ning Pu Bei Zi No.2014493	Basement CPS No.6	25 November 2014	N/A
32	Ning Pu Bei Zi No.2015066	kindergarten	25 March 2015	3,946.00
			Total:	546,231.31

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

ix) Pursuant to the Business License – No. 913201007217014139 dated 19 April 2024, Hongyang Land (Group) Co., Ltd. (弘陽置地(集團)有限公司) (“**Hongyang Land**”) has been registered.

x) The general description and market information of the property are summarized below:

Location The Property is located at No.48, Daqiao North Road, Pukou District, Nanjing City, Jiangsu Province, PRC

Transportation Nanjing Lukou international Airport is located approximately 56 kilometres away from the Property. Also, taxi and bus are readily available in the locality.

Nature of Surrounding Area The subject area is a predominately residential area.

xi) In assessing the investment value of CPS-B, we have made reference to rental prices of similar CPS in the vicinity. Comparable are located in the same district with similar conditions, size and tenure, etc.

Rental transactions that had been selected include the CPS-B ranges from RMB250 to RMB270 per lot per month. According to our market research, the yield of comparable parking spaces in the vicinity ranges from 4.25% to 5.25%. As the CPS-B was vacant on the valuation date, We have capitalized the estimated future rental income to be generated over the remaining period, which has an approximate duration of 28.49 years and terminates on August 19, 2053. In our valuation, we have adopted an average market rent of RMB239 per parking space and a capitalization rate of 4.75%. For Mechanical parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 0.75.

xii) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

xiii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Hongyang Land, the external promotional name of the Property is Shangcheng District 3 (上城三區);
2. Hongyang Land has obtained the real estate ownership certificate related to the land of the Shangcheng District 3 (上城三區) project;
3. Hongyang Land has obtained the necessary construction permits and construction work completion certificates in accordance with the actual progress of development Shangcheng District 3 (上城三區);
4. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Hongyang Land will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
5. Regarding the CPS-B: Hongyang Land cannot register the real estate right and has not been transferred, and there is no situation of seizure and mortgage. Hongyang Land has the right to dispose of the parking space but should conform to the legal regulation that "community parking spaces should first meet the needs of owners" when disposing based on Article 276 of the Civil Code of the People's Republic of China and Article 63 of the Property Management Regulations of Jiangsu Province.

VALUATION REPORT

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025						
22	Portion of Basement Carparks of Shangcheng District 2 (上城二區), East of Daqiao North Road, Pukou District, Nanjing City, Jiangsu Province, PRC	Shangcheng District 2 is a large-scale residential development with a total site area of 163,340.80 sq m (the “Development”). As advised, the subject property comprises 397 CPS-B (including 376 Mechanical parking space units and 21 Non-civil air defense flat parking space units) of the Development (the “Property”). Detailed GFA of the CPS is listed below:	At the date of our inspection, the Property was vacant.	NO COMMERCIAL VALUE						
		<table border="1"> <thead> <tr> <th>Portions</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>CPS-B</td> <td style="text-align: right;">5,359.50</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">5,359.50</td> </tr> </tbody> </table>	Portions	GFA (sq m)	CPS-B	5,359.50	Total	5,359.50		
Portions	GFA (sq m)									
CPS-B	5,359.50									
Total	5,359.50									

Pursuant to the Realty Title Certificate provided, the land-use rights of the property have been granted for two concurrent terms expiring on 19 August 2043 for residential use, 19 August 2073 for commercial use respectively.

Notes:

- i) Due to the absence of valid property ownership documents for CPS-B, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-B in the valuation report for the company’s internal reference. As of the valuation date, the investment value of CPS-B is RMB13,390,000.
- ii) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreements dated 27 December 2003 and 30 June 2008, the land-use rights of the Property have been granted to Nanjing Red Sun Real Estate Development Co., Ltd. (南京紅太陽房地產開發有限公司) (“**Nanjing Red Sun**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Pu Shi Chu Zi (2003) Di No. 037	27 December 2003	Class II Residential Land, Public Facilities Land (Commercial Land)	800,299.00
			Total:	800,299.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Nanjing Red Sun, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Ning Pu Guo Yong (2011)Di No. 06669P	19 May 2011	Urban Mixed Residential Land	40,065.8
2	Ning Pu Guo Yong (2011)Di No. 09394P	12 July 2011	Urban Mixed Residential Land	79,293.2
3	Ning Pu Guo Yong (2011)Di No. 15317P	17 November 2011	Urban Mixed Residential Land	43,981.8
Total:				163,340.80

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Nanjing Red Sun, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	No. (2003)098	11 December 2003	\	787,069.00
Total:				787,069.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 320111201390009	Cluster A	10 April 2013	107,804.10
2	Jian Zi Di No. 320111201390008	Cluster B	10 April 2013	151,710.40
3	Jian Zi Di No. 320111201390007	Cluster C	10 April 2013	30,789.80
4	Jian Zi Di No. 320111201390053	Cluster D	11 December 2013	88,220.50
5	Jian Zi Di No. 320111201390054	Cluster E	11 December 2013	112,491.80
6	Jian Zi Di No. 320111201390055	Cluster F	11 December 2013	76,180.00
Total:				567,196.70

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 320190020130017	Cluster A Project 4, 7, 9, 11 and 1 basement (including piling)	27 July 2013	107,618.50
2	No. 320190020130018	Cluster B Project 1, 5, 8, 12 and 2 basement (including piling)	30 July 2013	151,524.80
3	No. 320190020130019	Cluster C Project 2, 3, 6 commercial, 10, 10 commercial, 13 and 13 basement (including piling)	30 July 2013	170,402.80
4	No. 320100120140003	Cluster D Project 14, 17, 20 and 4 basement CPS piling Cluster	28 January 2014	N/A
5	No. 320100120140004	Cluster E Project 15, 16, 21 and 5 basement CPS piling	28 January 2014	N/A
6	No. 320100120140005	Cluster F Project 16, 16 Commercial, 19 and 6 basement CPS Piling	28 January 2014	N/A
			Total:	429,546.10

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ning Fang Xiao Di No. 2014300083	Block 01	6 August 2014	N/A
2	Ning Fang Xiao Di No. 2014300091	Block 02	26 August 2014	N/A
3	Ning Fang Xiao Di No. 2014300070	Block 03	16 July 2014	N/A
4	Ning Fang Xiao Di No. 2014300110	Block 04 and 07	15 October 2014	N/A
5	Ning Fang Xiao Di No. 2015300029	Block 05	24 April 2025	N/A
6	Ning Fang Xiao Di No. 2014300102	Block 06	25 September 2014	N/A
7	Ning Fang Xiao Di No. 2014300139	Block 08	18 December 2014	N/A
8	Ning Fang Xiao Di No. 2014300135	Block 09	4 December 2014	N/A
9	Ning Fang Xiao Di No. 2014300060	Block 10	13 June 2014	N/A
10	Ning Fang Xiao Di No. 2014300031	Block 11	17 April 2014	N/A
11	Ning Fang Xiao Di No. 2014300125	Block 12	14 November 2014	N/A
12	Ning Fang Xiao Di No. 2014300026	Block 13	17 April 2014	N/A
13	Ning Fang Xiao Di No. 2015300007	Block 14	29 January 2015	N/A
14	Ning Fang Xiao Di No. 2015300058	Block 15	9 July 2015	N/A
15	Ning Fang Xiao Di No. 2014300140	Block 16	18 December 2014	N/A
16	Ning Fang Xiao Di No. 2015300059	Block 17	24 July 2015	N/A
17	Ning Fang Xiao Di No. 2015300046	Block 18 and 21	28 May 2025	N/A
18	Ning Fang Xiao Di No. 2015300110	Block 19	24 September 2015	N/A
19	Ning Fang Xiao Di No. 2015300019	Block 20	2 April 2015	N/A
			Total:	<u>N/A</u>

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

viii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Nanjing Red Sun. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Ning Pu Bei Zi No. 2016117	Block 1 basement	7 June 2016	9,901.10
2	Ning Pu Bei Zi No. 2016113	Block 4	7 June 2016	23,948.70
3	Ning Pu Bei Zi No. 2016114	Block 7	7 June 2016	24,561.90
4	Ning Pu Bei Zi No. 2016115	Block 9	7 June 2016	24,448.50
5	Ning Pu Bei Zi No. 2016108	Block 1	7 June 2016	24,758.30
6	Ning Pu Bei Zi No. 2016112	Block 2 basement (including civil air defense)	7 June 2016	29,233.00
7	Ning Pu Bei Zi No. 2016116	Block 11	7 June 2016	39,113.70
8	Ning Pu Bei Zi No. 2016109	Block 5	7 June 2016	24,446.50
9	Ning Pu Bei Zi No. 2016110	Block 8	7 June 2016	26,989.00
10	Ning Pu Bei Zi No. 2016111	Block 12	7 June 2016	31,742.60
11	Ning Pu Bei Zi No. 2016118	Block 2	7 June 2016	20,025.30
12	Ning Pu Bei Zi No. 2016119	Block 3	7 June 2016	29,985.50
13	Ning Pu Bei Zi No. 2016125	Block 3 basement (including civil air defense)	7 June 2016	25,042.90
14	Ning Pu Bei Zi No. 2016120	Block 7	7 June 2016	31,397.50
15	Ning Pu Bei Zi No. 2016123	Block 6 commercial building	7 June 2016	988.80
16	Ning Pu Bei Zi No. 2016121	Block 10 commercial building	7 June 2016	30,395.90
17	Ning Pu Bei Zi No. 2016124	Block 10 residential building	7 June 2016	1,777.10
18	Ning Pu Bei Zi No. 2016122	Block 13	7 June 2016	30,789.80
19	Ning Pu Bei Zi No. 2017212	Block 14	19 May 2017	23,948.70
20	Ning Pu Bei Zi No. 2017218	Block 15	19 May 2017	31,631.60
21	Ning Pu Bei Zi No. 2017220	Block 16	19 May 2017	30,500.20
22	Ning Pu Bei Zi No. 2017213	Block 17	19 May 2017	24,758.30
23	Ning Pu Bei Zi No. 2017219	Block 18	19 May 2017	23,895.60
24	Ning Pu Bei Zi No. 2017216	Block 19	19 May 2017	31,234.40

No.	Certificate No.	Project Name	Date	GFA
25	Ning Pu Bei Zi No. 2017214	Block 20	19 May 2017	24,758.30
26	Ning Pu Bei Zi No. 2017222	Block 21	19 May 2017	30,499.30
27	Ning Pu Bei Zi No. 2017215	Block 16 commercial building	19 May 2017	1,504.90
28	Ning Pu Bei Zi No. 2017217	kindergarten	19 May 2017	4,364.60
29	Ning Pu Bei Zi No. 2017221	Basement	19 May 2017	43,166.60
			Total:	<u>699,808.60</u>

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

ix) Pursuant to the Business License – No. 913201007217014139 dated 19 April 2024, Hongyang Land (Group) Co., Ltd. (弘陽置地(集團)有限公司) (“**Hongyang Land**”) has been registered.

x) The general description and market information of the property are summarized below:

Location The Property is located at No.48, Daqiao North Road, Pukou District, Nanjing City, Jiangsu Province, PRC

Transportation Nanjing Lukou international Airport is located approximately 56 kilometres away from the Property. Also, taxi and bus are readily available in the locality.

Nature of Surrounding Area The subject area is a predominately residential area.

xi) In assessing the investment value of CPS-B, we have made reference to rental prices of similar CPS in the vicinity. Comparable are located in the same district with similar conditions, size and tenure, etc.

Rental transactions that had been selected include the CPS-B ranges from RMB250 to RMB270 per lot per month. According to our market research, the yield of comparable parking spaces in the vicinity ranges from 4.25% to 5.25%. As the CPS-B was vacant on the valuation date, We have capitalized the estimated future rental income to be generated over the remaining period, which has an approximate duration of 28.49 years and terminates on August 19, 2053. In our valuation, we have adopted an average market rent of RMB239 per parking space and a capitalization rate of 4.75%. For Mechanical parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 0.75.

xii) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

xiii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Hongyang Land, the external promotional name of the Property is Shangcheng District 2 (上城二區);
2. Hongyang Land has obtained the Realty Title Certificate related to the land of the Shangcheng District 2 (上城二區) project;
3. Hongyang Land has obtained the necessary construction permits and construction work completion certificates in accordance with the actual progress of development Shangcheng District 2 (上城二區);
4. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, FoShan Hongsheng will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
5. Regarding the CPS-B: Hongyang Land cannot register the real estate right and has not been transferred, and there is no situation of seizure and mortgage. Hongyang Land has the right to dispose of the parking space but should conform to the legal regulation that "community parking spaces should first meet the needs of owners" when disposing based on Article 276 of the Civil Code of the People's Republic of China and Article 63 of the Property Management Regulations of Jiangsu Province.

VALUATION REPORT

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025						
23	Portion of Basement Carparks of Mengxi Road Shiguang Lane (夢溪路時光里) intersection of Mengxi Road and Weiyi First Road, Wanchun Street, Wuhu Economic and Technological Development Zone, Wuhu City, Anhui Province (安徽省), PRC	Mengxi Road Shiguang Lane is a large-scale residential development with a total site area of 74,134.00 sq m (the “ Development ”). As advised, the Property comprises 607 CPS-A (including 5 accessible parking space) of the Development (the “ Property ”). Detailed GFA of the CPS is listed below:	At the date of our inspection, the property was vacant.	RMB14,290,000 (RENMINBI FOURTEEN MILLION TWO HUNDRED NINETY THOUSAND)						
		<table border="1"> <thead> <tr> <th>Portions</th> <th>GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>CPS-A</td> <td>7,765.44</td> </tr> <tr> <td>Total</td> <td>7,765.44</td> </tr> </tbody> </table>	Portions	GFA (sq m)	CPS-A	7,765.44	Total	7,765.44		
Portions	GFA (sq m)									
CPS-A	7,765.44									
Total	7,765.44									

Pursuant to the Realty Title Certificate provided, the land-use rights of the CPS-A have been granted for a term expiring on 22 April 2090 for Urban residential land/22 April 2060 for Retail commercial land

Notes:

- i) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 13 April 2020 and 27 December 2020 the land-use rights of the Property have been granted to Wuhu Tuohong Real Estate Co., Ltd 蕪湖拓弘房地產有限責任公司 (“**Wuhu Tuohong**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	340200 Chu Rang [2020] 03	27 December 2020	Urban residential land, retail commercial land	74,134.00
Total:				74,134.00

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned contract.

- ii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Wuhu Tuohong. Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	(Wan)2020 Wu Hu Shi Bu Dong Chan Quan Di NO.0879734	24 July 2020	Urban residential land, retail commercial land	74,134.00
Total:				74,134.00

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iii) Pursuant to the following Construction Land Planning Permit, Property has been approved to Wuhu Tuohong. Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di NO. 340201202000040	16 June 2020	Residential	74,134.00
Total:				74,134.00

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Wuhu Tuohong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 340201202000485	Tuo Hong Shi Guang LI 1#, 5#-8#, 10#, 11#, 15#, 17#	1 September 2020	74,363.95
2	Jian Zi Di No. 340201202000483	Tuo Hong Shi Guang LI 2#, 3#, 9#, 12#, 13#, 16#	28 August 2020	48,638.77
3	Jian Zi Di No. 340201202000486	Tuo Hong Shi Guang LI P2#, P3#, S1#	2 September 2020	4,312.35
4	Jian Zi Di No. 340201202000488	Tuo Hong Shi Guang LI underground garage	1 September 2020	36,063.66
5	Jian Zi Di No. 340201202000487	Tuo Hong Shi Guang LI kindergarten	1 September 2020	4,321.18
Total:				167,699.91

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Wuhu Tuohong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	3402002006190030-SX-001	Tuo Hong Shi Guang LI 2#, 3#, 9#, 12#, 13#, 16#	1 September 2020	48,638.77
2	3402002006190030-SX-002	Tuo Hong Shi Guang LI 1#, 5#-8#, 10#, 11#, 15#, 17#, P2#, P3#, S1#, Kindergarten, underground garage (Non Civil defense)	9 September 2020	109,680.14
3	340553000626	Air Defense Basement	31 August 2020	9,381.00
Total:				167,699.91

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Wuhu Tuohong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	(Wu) Fang Yu Shou Zheng Di No.(2020)188	Tuo Hong Shi Guang LI 1#, 7#, 8#, 10#	25 November 2020	21,713.14
2	(Wu) Fang Yu Shou Zheng Di No.(2020)137	Tuo Hong Shi Guang LI 2#, 3#, 9#, 12#, 13#	24 September 2020	33,653.97
3	(Wu) Fang Yu Shou Zheng Di No.(2021)117	Tuo Hong Shi Guang LI 15#, 16#, 17#	21 May 2021	43,556.87
4	(Wu) Fang Yu Shou Zheng Di No.(2020)192	Tuo Hong Shi Guang LI S1#	10 December 2020	755.26
5	(Wu) Fang Yu Shou Zheng Di No.(2021)061	Tuo Hong Shi Guang LI 5#, 6#, 11#	6 April 2020	23,446.23
Total:				123,125.47

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Wuhu Tuohong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Di No.2022011	Tuo Ba Shi Guang Li 1#, 2#, 3#, 5#, 6#, 7#, 8#, 9#, 10#, 11#, 12#, 13#	28 December 2022	78,813.24
2	Di No 2022012	Tuo Ba Shi Guang Li S1#	23 December 2022	978.47
3	Di No 2023001	Tuo Ba Shi Guang Li 15#, 16#, 17#, underground garage	13 March 2023	80,255.33
Total:				160,047.04

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the Business License – No. 91340200MA2UPY648H dated 29 April 2020, Wuhu Tuohong has been registered.

- ix) The general description and market information of the property are summarized below:

Location	The Property is located at Wanchun Street, Wuhu Economic and Technological Development Zone, north to Planning Branch Second Road, south to Wanchun Xinyuan Leyuan, west to Kongdi, east to Mengxi Road, Wuhu City, Anhui Province, PRC
Transportation	Wuhu railway station is located approximately 10 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- x) In assessing the market value of CPS-A, we have made reference to sales prices of similar CPS in the vicinity. Comparable are located in the same development with similar conditions, size and tenure, etc.

Transactions that had been selected include CPS-A ranges from RMB33,000 to RMB35,000 per lot; In the course of our valuation, we have considered the relevant adjustment factors such as bulk discount to determine the unit price of the Property.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Mengxi Road Shiguang Lane	Mengxi Road Shiguang Lane	Mengxi Road Shiguang Lane
District/County	Wuhu City	Wuhu City	Wuhu City
Detail Address	intersection of Mengxi Road and Weiyi First Road, Wuhu Economic and Technological Development Zone, WuhuCity, Anhui Province	intersection of Mengxi Road and Weiyi First Road, Wuhu Economic and Technological Development Zone, WuhuCity, Anhui Province	intersection of Mengxi Road and Weiyi First Road, Wuhu Economic and Technological Development Zone, WuhuCity, Anhui Province
Total GFA (sq. m.)	12.72	12.72	12.72
Type Mix	CPS	CPS	CPS
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	34,404	33,257	33,028

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 1	Comparable 3
Bulk discount	downward	downward	downward
Total adjustment	-30.00%	-30.00%	-30.00%
Adjusted unit price (RMB/lot)	24,083	23,280	23,119
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/lot)		23,500	

For accessible parking space lots, the prices mentioned above require an additional adjustment for the parking space type, which is 1.2.

- xi) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Wuhu Tuohong, the external promotional name of the Property is Mengxi Road Shiguang Lane (夢溪路時光里);
2. Wuhu Tuohong has obtained the real estate ownership certificate related to the land of the Mengxi Road Shiguang Lane (夢溪路時光里) project;
3. Wuhu Tuohong has obtained the necessary construction permits in accordance with the actual progress of development Tuohong Time (拓弘時光里);
4. Wuhu Tuohong is entitled to pre-sell the in-progress buildings of Mengxi Road Shiguang Lane (夢溪路時光里) within the pre-sale scope specified in the "Pre-sale Permit".
5. According to the confirmation from Wuhu Tuohong, based on the current progress of the Mengxi Road Shiguang Lane (夢溪路時光里) project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
6. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Wuhu Tuohong will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.
7. Based on all the information disclosed by Wuhu Tuohong to our firm and our firm's disclosure in this legal opinion, regarding the parking space part: as the part of the property project, its ownership is clear, and no sealing or mortgage has been found. Wuhu Tuohong has the right to dispose of the target parking space, but should pay attention to the legal regulation that "residential parking spaces should first meet the needs of owners" when disposing.

The following is the text of a letter, a summary of values and summary reports prepared for the purpose of incorporation in this circular received from Colliers Appraisal and Advisory Services Co., Ltd., an independent valuer, in connection with its valuation as at 28 February 2025 of the property interests held by the Group.

Colliers Appraisal and Advisory Services Co., Ltd.

Suite 507, Block A, Gemdale Plaza
No. 91 Jianguo Road, Chaoyang District,
Beijing China

The Board of Directors
REDSUN PROPERTIES GROUP LIMITED
REDSUN SERVICES GROUP LIMITED



30 APRIL 2025

Dear Sir or Madam,

**RE: VALUATION OF PROPERTIES HELD BY REDSUN PROPERTIES GROUP LIMITED
AND ITS SUBSIDIARIES, LOCATED IN CHINA (THE “PROPERTY”)**

INSTRUCTIONS

We refer to your instructions for us to value the property interests, located in the People’s Republic of China (the “**PRC**”) to be held by REDSUN PROPERTIES GROUP LIMITED (the “**Company**”) and its subsidiaries (hereafter together referred to as the “**Group**”). We confirm that we have carried out inspections, made relevant enquires and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Value of the property interests as at 28 February 2025 (the “**Valuation Date**”), for the purpose of incorporating in the document.

BASIS OF VALUATIONS

Our valuations are provided on the basis of Market Value.

The market value we would define as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value.

Investment Value is understood as the value of an asset to a particular owner or prospective owner for individual investment or operational objectives. The investment value is a value specially designed for individual entities, reflecting the benefits obtained by the entity from holding assets (such as rental income), and therefore may not involve hypothetical transactions.

VALUATION STANDARDS

These valuations have been carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Global Valuation Professional Standards, incorporating the International Valuation Standards of the International Valuation Standards Council (IVSC), and the requirements met out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

QUALIFICATIONS OF THE VALUER

These valuations have been prepared by Kin Ming Woo (James Woo) (RICS Registration No.: 0837243), who is a Fellow member of the Royal Institution of Chartered Surveyors. James is co-head of China Valuation and Advisory Services team at Colliers. He is suitably qualified to carry out the valuation and has over 26 years' experience in the valuation of properties of this magnitude and nature in China.

James Woo is acting as an independent valuer as defined in the latest "RICS Global Valuation Standards" published by the RICS, which incorporates with the IVS.

Neither the valuer nor Colliers are aware of any pecuniary interest or conflict that could reasonably be regarded as being capable of affecting the ability to give an unbiased and objective, opinion of the value of the property interests.

VALUATION APPROACHES

In valuing the property interests in Group I which are held by the Group for sale, we have valued the property by direct comparison approach with reference to comparable transactions in the open market and on the basis of vacant possession.

In valuing the carparking space ("CPS") in Group I property, we have categorized the CPS into two types according to their titleship described in the PRC legal opinion. CPS-A and CPS-C. CPS-A is defined as parking spaces with titleship that can be freely traded. CPS-C is defined as Civil air defense parking spaces.

For CPS-A which with title ship that can be freely traded, the preferred valuation method is the market comparison approach assuming sale of each of these property/property interests in its existing state with the benefit of vacant possession by making reference to comparable sales transactions as available in the relevant market, subject to appropriate adjustments including but not limited to conditions, location, time and other relevant factors. Given that the property/property interests are carpark spaces, comparable sales transactions are frequent and information about such sale is readily available. We are therefore used Market Comparison Method which is in line with the market practice.

For parking spaces lacking complete ownership and where there has been no sale of usage rights, or if there are issues with the payment of land transfer fees or civil defense project, the income capitalization approach is utilized. This method capitalizes the existing rental income from all leasehold units over the remaining lease term, while vacant units are assumed to be rented at the market rate as of the valuation date. Upon the expiration of existing leases, each unit is assumed to be rented at the market rate on the valuation date and capitalized based on the remaining use term. The market value of the property/property interests thus equal to the sum of the capitalized value of the income from the leased units during their lease term, the appropriately deferred capitalized value of the income from the leased units (i.e., market rental income), and the capitalized value of the vacant units.

In valuing the property interests in Group II which are held by the Group under development, we have valued the property on the basis that they will be developed and completed in accordance with the latest development proposal provided to us by the Group. We have assumed that all consents, approvals and licenses from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. In arriving at our opinion of values, we have adopted the direct comparison approach by making reference to comparable sales transactions as available in the market and also taken into account the costs that will be expended to complete the developments. The “market value as if completed” represents our opinion of the aggregate selling prices of the property interests assuming that it would be completed as at the Valuation Date.

In valuing the property interests in Group III which are held by the Group for future development, we have valued such property by direct comparison approach the comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market.

Our valuations have been made on the assumption that the owner sells the property interests on the open market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the values of the property interests. In addition, no forced sale situation in any manner is assumed in our valuations.

SOURCES OF INFORMATION

Although we have made independent enquires as much as possible, we have relied to a very considerable extent on the information provided by the Company and its legal advisor in respect of the titles of the property interests in the PRC. We also have accepted such information given to us as being true and correct for valuation purposes. This has included such matters as ownership title, site and floor areas, planning approvals, statutory notices, easements, tenure, the identification of the property interests and all other relevant matters.

We have also been advised by the Company that no material factors or information have been omitted or withheld from the information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable and have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation.

TITLE DOCUMENTS

We have been provided with copies or extracts of some title documents relating to the property interests and have made relevant enquires where possible. Due to the nature of the land registration system in the PRC, however, we have not examined the original documents to verify the existing titles to the property interests in the PRC or any material encumbrances that might be attached to the property interests or any lease amendments. We have made assumptions that the full and proper ownership title of the Properties has been obtained and all payable land premium or land-use rights fees have been fully settled.

We have relied on the advice given by the Company's legal adviser, Sichuan Puyi Law Firm (四川朴易律師事務所), regarding the titles of the property interests in the PRC. We do not accept liability for any interpretation that we have placed on such information, which is more properly placed within the sphere of the legal adviser.

All legal documents disclosed in this letter, the summary of values and the summary reports are for reference only. No responsibility is assumed for any legal matters concerning the legal title to the property interests set out in this letter, the summary of values and the valuation summary reports.

ASSUMPTIONS AND CAVEATS

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

We have conducted the valuation assuming:

- the information as set out in the section headed “Sources of Information” above about the titles of the Property provided by the Company and the Company’s legal advisor, Sichuan Puyi Law Firm (四川朴易律師事務所) is true and correct;
- the Properties are free from contamination and the ground conditions are satisfactory;
- the full and proper ownership title of the Properties have been obtained, and all payable land premium or land-use rights fees have been fully settled;
- For CPS-C we have assume they have been granted for a land use term of 20 years since valuation date;
- all required approvals and certificates necessary for the development and occupation and use of the Properties have been duly obtained and are in full force and effect;
- the Properties can be freely transferred, mortgaged, sublet or otherwise disposed of in the market.

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

SITE MEASUREMENT

We have not carried out on-site measurements to verify the correctness of the site areas in respect of the Properties but have assumed that the areas shown on the documents and plans provided to us are true and correct in all respects. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

SITE INSPECTION

We have inspected the Properties exterior and, where possible, the interior of the properties upon the instruction received. No structural surveys or environmental assessments have been made, but in the course of our inspections, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services. We have assumed such are in good order for the purpose of valuation.

Please be advised we have not carried out investigations to determine the suitability of the ground conditions and the services etc. for any future development. Our valuation has been prepared on the assumption that these aspects are satisfactory.

Site inspections of the Properties were carried out by James Woo between 3 March 2025 to 7 March 2025.

ESG CONSIDERATION

Where our advice is based on International Valuation Standards (IVS), we have had regard to i) those significant environmental, social and governance (ESG) factors which were readily apparent to us from our inspection of the property and ii) which we consider significantly impact our advice. This is a requirement of the IVS. In our advice we have endeavoured to analyse whether any significant ESG factors affect the value assessed. For your acknowledge, Currently, we do not explicitly adjust valuations for ESG factors.

CURRENCY

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

We hereby certify that we have neither present nor a prospective interest in the properties or the values reported.

Our summary of values and valuation summary reports are attached hereto.

Yours faithfully,

For and on behalf of

Colliers Appraisal and Advisory Services Co., Ltd. (“Colliers”)

Kin Ming Woo James

FRICS AICFC

Executive Director

Valuation and Advisory Services I China

Note: Mr. James Woo is a registered valuer with over 26 years' experience in real estate industry and assets valuation sector. His experience on valuation covers Mainland China. Mr. Woo is a fellow member of the Royal Institution of Chartered Surveyors.

SUMMARY OF VALUES

Group I – Property interests held by the Group for Sale in the PRC

Group II – Property interests held by the Group under development in the PRC

Group III – Property interests held by the Group for future development in the PRC

No.	Property	Market Value in existing state as at 28 February 2025	Interest attributable to the Group	Market value attributable to the Group as at 28 February 2025
Group I – Property interests held by the Group for Sale in the PRC				
1	Portion of Chinoiserie Mansion (彭州玖峰) East of Administrative Middle Road, South of Third Ring Road/North of Jingkang North Road, Tianpeng Street, Pengzhou City, Chengdu City, Sichuan Province, PRC	RMB246,470,000	70.00%	RMB172,530,000
2	Portion of Wutaishan Heyue Garden (五台山和樾花園), West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province, PRC	RMB85,170,000	20.00%	RMB17,030,000
	Group I Sub-total	<u>RMB331,640,000</u>		<u>RMB189,560,000</u>
Group II – Property interests held by the Group under development in the PRC				
1	Portion of Wutaishan Heyue Garden (五台山和樾花園), West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province, PRC	RMB767,000,000	20.00%	RMB153,400,000
	Group II Sub-total	<u>RMB767,000,000</u>		<u>RMB153,400,000</u>
Group III – Property interests held by the Group for future development in the PRC				
1	Development of Jurong B Project (句容B項目), Partial plot B on the west side of Chigang Road and the south side of Zhongxing Road in Jurong City, Zhenjiang City, Jiangsu Province, PRC	RMB204,000,000	19.00%	RMB38,760,000
	Group III Sub-total	<u>RMB204,000,000</u>		<u>RMB38,760,000</u>
	Grand total	<u>RMB1,302,640,000</u>		<u>RMB381,720,000</u>

VALUATION PARTICULARS

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025																										
1	Portion of Chinoiserie Mansion (彭州玖峯), East of Administrative Middle Road, South of Third Ring Road/ North of Jingkang North Road, Tianpeng Street, Pengzhou City, Chengdu City, Sichuan Province, PRC	Chinoiserie Mansion is a large-scale residential and commercial development which is on one piece of land, with a total site area of 70,603.35 sq m (the “Development”). As advised, the Property comprises the unsold portion of the Development including upper duplex villa, lower duplex villa, mid-rise residential building, 801 CPS-A (including 64 mini parking space units and 7 tandem parking space units) and 309 CPS-C units (including 39 mini parking space units and 4 accessible parking space units) of the Development. Detailed GFA of the various portion of the Property is listed below:	At the date of our inspection, the property was Vacant.	RMB246,470,000 (RENMINBI TWO HUNDRED FORTY-SIX MILLION FOUR HUNDRED SEVENTY THOUSAND) Notes i (70% Interest attributable to the Group: RMB172,530,000 (RENMINBI ONE HUNDRED SEVENTY-TWO MILLION FIVE HUNDRED THIRTY THOUSAND))																										
		<table border="0"> <tr> <td>Complete Portion</td> <td style="text-align: right;">GFA</td> </tr> <tr> <td></td> <td style="text-align: right;">(sq m)</td> </tr> <tr> <td>Upper Duplex Villa</td> <td style="text-align: right;">2,553.42</td> </tr> <tr> <td>Lower Duplex Villa</td> <td style="text-align: right;">5,559.12</td> </tr> <tr> <td>Mid-Rise Residential Building</td> <td style="text-align: right;">265.56</td> </tr> <tr> <td>CPS-A</td> <td style="text-align: right;">24,546.08</td> </tr> <tr> <td>CPS-C</td> <td style="text-align: right;">9,346.83</td> </tr> <tr> <td>Pre-sold Upper Duplex Villa</td> <td style="text-align: right;">2,103.97</td> </tr> <tr> <td>Pre-sold Lower Duplex Villa</td> <td style="text-align: right;">1,202.20</td> </tr> <tr> <td>Pre-sold Mid-Rise Residential Building</td> <td style="text-align: right;">929.29</td> </tr> <tr> <td>Pre-sold CPS-A</td> <td style="text-align: right;">401.89</td> </tr> <tr> <td>Pre-sold CPS-C</td> <td style="text-align: right;">2,860.45</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">49,768.81</td> </tr> </table>	Complete Portion	GFA		(sq m)	Upper Duplex Villa	2,553.42	Lower Duplex Villa	5,559.12	Mid-Rise Residential Building	265.56	CPS-A	24,546.08	CPS-C	9,346.83	Pre-sold Upper Duplex Villa	2,103.97	Pre-sold Lower Duplex Villa	1,202.20	Pre-sold Mid-Rise Residential Building	929.29	Pre-sold CPS-A	401.89	Pre-sold CPS-C	2,860.45	Total	49,768.81		
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Pre-sold CPS-C	2,860.45																													
Total	49,768.81																													

Pursuant to the Realty Title Certificate provided, the land-use rights of the Property have been granted for a concurrent term expiring on 22 December 2090 for Residential land (permitting a maximum of 10% commercial use) use.

Notes:

- i) The market value of Property represents our opinion of the aggregate selling prices of the property interests. Due to the absence of valid property ownership documents for CPS-C, we have not assigned any commercial value to that property. However, we have included the investment value of CPS-C in the valuation report for the company’s internal reference. As of the valuation date, the investment value of the CPS-C is RMB6,760,000.

- ii) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 11 December 2020, the land-use rights of the Property have been granted to Chengdu Hongsheng Heding Real Estate Development Co., Ltd. 成都弘勝和鼎房地產開發有限公司 (“**Chengdu Hongsheng**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	No. 510104-2020-0020	11 December 2020	Class II residential land (compatible with no more than 10% of commercial land)	37,251.40
2	No.510104-2020-0021	11 December 2020	Class II residential land (compatible with no more than 10% of commercial land)	33,351.95
Total:				70,603.35

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- iii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Chengdu Hongsheng Heding, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Chuan (2021) Peng Zhou Shi Bu Dong Chan Quan Di No. 0013327	17 June 2021	Residential land (permitting a maximum of 10% commercial use)	37,251.40
2	Chuan (2021) Peng Zhou Shi Bu Dong Chan Quan Di No. 0013328	17 June 2021	Residential land (permitting a maximum of 10% commercial use)	33,351.95
Total:				70,603.35

As advised by the Company, the property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Chengdu Hongsheng Hedong, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No. 510182202120393	11 May 2021	Class II residential land (compatible with no more than 10% of commercial land)	37,251.40
2	Di Zi Di No. 510182202120394	11 May 2021	Class II residential land (compatible with no more than 10% of commercial land)	33,351.95
Total:				70,603.35

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Chengdu Hongsheng. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 510182202131158	Shangcheng Phase I	14 May 2021	113,257.06
2	Jian Zi Di No. 510182202131159	Shangcheng Phase II	14 May 2021	101,682.62
Total:				214,939.68

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vi) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Chengdu Hongsheng Heding Real Estate Development Co., Ltd. (成都弘勝和鼎房地產開發有限公司). Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No.510182202105260801	Shangcheng Phase I (Buildings 5-12, Basement, and Master Plan)	26 May 2021	74,738.39
2	No.510182202204150501	Shangcheng Phase II (Buildings 1-5, 7-16, Guard House No. 2, Guard House No. 3, Basement, and Site Plan)	15 April 2022	100,503.32
3	No.510182202106041201	Shangcheng Phase II (Building 6)	4 June 2021	1,179.30
4	No.510182202107091501	Shangcheng Phase I (Buildings 1-4, 13-18, and Guard House No. 1)	9 July 2021	38,518.67
Total:				214,939.68

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Chengdu Hongsheng Heding. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Rong Yu Shou Zi Di No.510182202263614	Jiufeng Shangcheng (North) Community Buildings 1, 13	11 October 2022	1,297.87
2	Rong Yu Shou Zi Di No.510182202258121	Jiufeng Shangcheng (North) Community Building 3	30 May 2022	6,187.50
3	Rong Yu Shou Zi Di No.510182202150111	Jiufeng Shangcheng (North) Community Building 4	29 December 2021	7,207.32
4	Rong Yu Shou Zi Di No.510182202144113	Jiufeng Shangcheng (North) Community Building 5	28 October 2021	7,207.66
5	Rong Yu Shou Zi Di No.510182202134417	Jiufeng Shangcheng (North) Community Buildings 6, 7, 8	21 July 2021	18,667.23

APPENDIX V**PROPERTY VALUATION REPORT**

No.	Certificate No.	Project Name	Date	GFA
6	Rong Yu Shou Zi Di No.510182202134416	Jiufeng Shangcheng (North) Community Buildings 9, 10, 11, 12	21 July 2021	11,168.92
7	Rong Yu Shou Zi Di No.510182202150211	Jiufeng Shangcheng (North) Community Building 14	29 December 2021	2,403.52
8	Rong Yu Shou Zi Di No.510182202257812	Jiufeng Shangcheng (North) Community Building 15	22 May 2022	2,403.52
9	Rong Yu Shou Zi Di No.510182202259812	Jiufeng Shangcheng (North) Community Building 16	4 July 2022	3,633.92
10	Rong Yu Shou Zi Di No.510182202148520	Jiufeng Shangcheng (North) Community Buildings 17, 18	14 December 2021	5,455.92
11	Rong Yu Shou Zi Di No.510182202367365	Jiufeng Shangcheng (South) Community Building 1	31 March 2023	9,291.80
12	Rong Yu Shou Zi Di No.510182202263416	Jiufeng Shangcheng (South) Community Building 2	30 September 2022	9,291.10
13	Rong Xian Shou Zi Di No.510182202475748	Jiufeng Shangcheng (South) Community Building 5	27 December 2024	1,804.32
14	Rong Yu Shou Zi Di No.510182202259813	Jiufeng Shangcheng (South) Community Building 3	4 July 2022	6,625.00
15	Rong Yu Shou Zi Di No.510182202369770	Jiufeng Shangcheng (South) Community Building 8	14 September 2023	9,290.40
16	Rong Yu Shou Zi Di No.510182202369926	Jiufeng Shangcheng (South) Community Building 9	15 September 2023	2,727.96
17	Rong Yu Shou Zi Di No.510182202371055	Jiufeng Shangcheng (South) Community Building 10	8 December 2023	1,804.32
18	Rong Xian Shou Zi Di No.510182202475542	Jiufeng Shangcheng (South) Community Building 13	29 November 2024	1,804.32

APPENDIX V

PROPERTY VALUATION REPORT

No.	Certificate No.	Project Name	Date	GFA
19	Rong Yu Shou Zi Di No.510182202263417	Jiufeng Shangcheng (South) Community Buildings 14, 15	30 September 2022	4,807.04
20	Rong Yu Shou Zi Di No.510182202472777	Jiufeng Shangcheng (South) Community Building 16	30 May 2024	3,633.92
21	Rong Yu Shou Zi Di No.510182202473636	Jiufeng Shangcheng (South) Community Basement	15 July 2024	17,755.05
			Total:	134,468.61

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Chengdu Hongsheng Heding. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	PZ 2023-37	Shangcheng (Phase I) Buildings 5-12, Basement, and Site Plan	28 September 2023	74,768.84
2	PZ 2023-38	Shangcheng Phase I (Buildings 1-4, 13-18, and Guard House 1#)	28 September 2023	38,457.73
3	PZ 2023-39	Shangcheng Phase II (Buildings 1-5, 7-16, Guard House 2#, Guard House No. 3, Basement, and Site Plan)	30 October 2024	100,423.86
			Total:	213,650.43

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- ix) According to the information provided, as at the valuation date, portion of the Property with a total GFA of 7,497.80 sq m have been pre-sold with a total sales amount of approximately RMB61,000,000 and we have taken it into account in our valuation.
- x) Pursuant to the Business License –No. 91510182MA69KE7N60 dated 7 December 2020, Chengdu Hongsheng Heding has been registered. The general description and market information of the property are summarized below:

Location	The Property is located at East of Administrative Middle Road, South of Third Ring Road/North of Jingkang North Road, Tianpeng Street, Pengzhou City, Chengdu, Sichuan Province, PRC
Transportation	Pengzhou Station is located approximately 5 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- xi) In assessing the market value of upper duplex villa, lower duplex villa, mid-rise residential building and CPS-A and investment value of CPS-C, we have made reference to sales prices of similar upper duplex villa, lower duplex villa, mid-rise residential building and CPS in the vicinity. Comparable are located in the same development with similar conditions, size and tenure, etc.

Transactions that had been selected include Upper Duplex Villa ranges from RMB11,000 to RMB15,000 per sqm; In the course of our valuation, we have considered the no adjustment of relevant factors.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Chinoiserie Mansion	Chinoiserie Mansion	Chinoiserie Mansion
District/County	Pengzhou City	Pengzhou City	Pengzhou City
Detail Address	East of Administrative Middle Road, South of Third Ring Road/North of Jinkang North Road, Tianpeng Street, Pengzhou City Chengdu City, Sichuan Province	East of Administrative Middle Road, South of Third Ring Road/North of Jinkang North Road, Tianpeng Street, Pengzhou City Chengdu City, Sichuan Province	East of Administrative Middle Road, South of Third Ring Road/North of Jinkang North Road, Tianpeng Street, Pengzhou City Chengdu City, Sichuan Province
Total GFA (sq. m.)	150.36	150.36	150.22
Type Mix	Residential	Residential	Residential
Handover Condition	blank	blank	blank
Transacted Price (RMB)	11,942	12,429	14,051
Total adjustment	0.00%	0.00%	0.00%
Adjusted unit price (RMB/sq m)	11,942	12,429	14,051
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/sq m)		12,800	

Transactions that had been selected include Lower Duplex Villa ranges from RMB15,000 to RMB19,000 per sqm; In the course of our valuation, we have considered the no adjustment of relevant factors.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Chinoiserie Mansion	Chinoiserie Mansion	Chinoiserie Mansion
District/County	Pengzhou City	Pengzhou City	Pengzhou City
Detail Address	East of Administrative Middle Road, South of Third Ring Road/North of Jinkang North Road, Tianpeng Street, Pengzhou City Chengdu City, Sichuan Province	East of Administrative Middle Road, South of Third Ring Road/North of Jinkang North Road, Tianpeng Street, Pengzhou City Chengdu City, Sichuan Province	East of Administrative Middle Road, South of Third Ring Road/North of Jinkang North Road, Tianpeng Street, Pengzhou City Chengdu City, Sichuan Province
Total GFA (sq. m.)	150.09	150.22	150.09
Type Mix	Residential	Residential	Residential
Handover Condition	blank	blank	blank
Transacted Price (RMB)	15,918	18,172	16,888
Total adjustment	0.00%	0.00%	0.00%
Adjusted unit price (RMB/sq m)	15,918	18,172	16,888
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/sq m)		17,000	

Transactions that had been selected include Mid-Rise Residential Building ranges from RMB7,600 to RMB8,900 per sqm; In the course of our valuation, we have considered the no adjustment of relevant factors.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Chinoiserie Mansion	Chinoiserie Mansion	Chinoiserie Mansion
District/County	Pengzhou City	Pengzhou City	Pengzhou City
Detail Address	East of Administrative Middle Road, South of Third Ring Road/North of Jingkang North Road, Tianpeng Street, Pengzhou City Chengdu City, Sichuan Province	East of Administrative Middle Road, South of Third Ring Road/North of Jingkang North Road, Tianpeng Street, Pengzhou City Chengdu City, Sichuan Province	East of Administrative Middle Road, South of Third Ring Road/North of Jingkang North Road, Tianpeng Street, Pengzhou City Chengdu City, Sichuan Province
Total GFA (sq. m.)	132.78	132.57	132.80
Type Mix	Residential	Residential	Residential
Handover Condition	blank	blank	blank
Transacted Price (RMB)	8,809	7,686	8,359
Total adjustment	0.00%	0.00%	0.00%
Adjusted unit price (RMB/sq m)	8,809	7,686	8,359
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/sq m)		8,300	

Transactions that had been selected include CPS-A ranges from RMB67,000 to RMB77,000 per lot; In the course of our valuation, we have considered the no adjustment of relevant factors.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Dujiang Residence	Tianyi Hongyu Garden Yuyuan	Huayi Sunshine Lane
District/County	Dujiangyan City	Pidu District	Pidu District
Detail Address	Binhe Community, Kuiguanta Street, Dujiangyan City, Chengdu City, Sichuan Province	No. 9 Xuefu South Road, Pidu District, Chengdu City, Sichuan Province	No. 188, East Campus Road, Chengdu City, Sichuan Province
Total GFA (sq. m.)	31.21	31.21	30.03
Type Mix	CPS	CPS	CPS
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	67,183	76,358	67,183
Total adjustment	0.00%	0.00%	0.00%
Adjusted unit price (RMB/lot)	67,183	76,358	67,183
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/lot)		70,200	

For mini parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 0.9. For tandem parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 1.6.

Rental transactions that had been selected include the CPS-C ranges from RMB140 to RMB180 per lot per month. According to our market research, the yield of comparable parking spaces in the vicinity ranges from 5.0% to 6.0%. As the CPS was vacant on the valuation date, we have capitalized the estimated rent that will be generated during the remaining period. In our valuation, we have adopted an average market rent of RMB151 per parking space and a capitalization rate of 5.25%. For mini parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 0.9. For tandem parking lots, the prices mentioned above require an additional adjustment for the parking space size, which is 1.6.

- xii) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- xiii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Chengdu Hongsheng Heding, the external promotional name of the Property is Chinoiserie Mansion (彭州玖峯);
2. Chengdu Hongsheng Heding has obtained the Realty Title Certificate related to the land of the Chinoiserie Mansion (彭州玖峯) project;
3. According to the confirmation from Chengdu Hongsheng Heding, the construction of the Chinoiserie Mansion (彭州玖峯) project is completed;
4. Based on the information disclosed by Chengdu Hongsheng to our firm and all the information disclosed in this legal opinion, regarding the housing portion: Chengdu Hongsheng has obtained the pre-sale permit documents listed in this legal opinion, and except for the houses that have been seized or mortgaged, Chengdu Hongsheng has the right to dispose of other unsold houses. Regarding the parking space portion: (1) CPS-A: Since the property rights of this portion of CPS-A cannot be inquired about through the real estate registration center, Chengdu Hongsheng confirms that it belongs to the planned parking spaces and there are no restrictions on transfer such as seizure or mortgage. On the premise that Chengdu Hongsheng's confirmation is true, Chengdu Hongsheng has the right to dispose of the target property parking spaces, but when disposing of them, attention should be paid to the legal regulation that "community parking spaces should first meet the needs of the owners"; (2) CPS-C: As the project developer, that is, the investor, Chengdu Hongsheng can obtain the usufructuary right to use the civil air defense parking spaces, but when disposing of the use rights of such CPS-C, attention should be paid to perfecting the corresponding procedures.

VALUATION REPORT

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 28 February 2025																								
2.	Portion of Wutaishan Heyue Garden (五台山和樾花园), West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province, PRC	<p>Wutaishan Heyue Garden is a large-scale residential and commercial development which is on one piece of land, with a total site area of 139,947.00 sq m (the “Development”).</p> <p>As advised, the Property comprises construction in progress (“CIP”) and 906 carparking, residential and commercial buildings of the Development. Detailed GFA of the various portion of the Property is listed below:</p>	At the date of our inspection, the completed portion of the Property was Vacant and the CIP portion of the Property is under construction and schedule to be completed in [2026].	RMB852,170,000 (RENMINBI EIGHT HUNDRED FIFTY-TWO MILLION ONE HUNDRED SEVENTY THOUSAND) (20% Interest attributable to the Group: RMB170,430,000 (RENMINBI ONE HUNDRED SEVENTY MILLION FOUR HUNDRED THIRTY THOUSAND))																								
		<table border="0"> <tr> <td>Portion (CIP)</td> <td style="text-align: right;">GFA</td> </tr> <tr> <td></td> <td style="text-align: right;"><i>(sq m)</i></td> </tr> <tr> <td>Underground warehouse</td> <td style="text-align: right;">672.17</td> </tr> <tr> <td>Pre-sold high-rise residential</td> <td style="text-align: right;">23,615.58</td> </tr> <tr> <td>Pre-sold low-rise residential</td> <td style="text-align: right;">1,970.54</td> </tr> <tr> <td>Pre-sold garden house</td> <td style="text-align: right;">268.59</td> </tr> <tr> <td>Un-sold high-rise residential</td> <td style="text-align: right;">63,141.14</td> </tr> <tr> <td>Un-sold low-rise residential</td> <td style="text-align: right;">28,247.86</td> </tr> <tr> <td>Un-sold garden house</td> <td style="text-align: right;">12,873.66</td> </tr> <tr> <td>Residential</td> <td style="text-align: right;">130,117.37</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;">1,401.40</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">132,190.94</td> </tr> </table>	Portion (CIP)	GFA		<i>(sq m)</i>	Underground warehouse	672.17	Pre-sold high-rise residential	23,615.58	Pre-sold low-rise residential	1,970.54	Pre-sold garden house	268.59	Un-sold high-rise residential	63,141.14	Un-sold low-rise residential	28,247.86	Un-sold garden house	12,873.66	Residential	130,117.37	Commercial	1,401.40	Total	132,190.94		
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Pursuant to the Realty Title Certificate provided, the land-use rights of the Property have been granted for a concurrent term expiring on 19 May 2090 for residential use.

Notes:

- i) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated March 2020, the land-use rights of the Property have been granted to Suqian Tongjinhong Real Estate Co., Ltd. 宿遷市通金弘置業有限公司 (“**Suqian Tongjinhong**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	No. 3213012020CR0011	March 2020	Residential	139,947.00
Total:				139,947.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned contract.

- ii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Suqian Tongjinhong, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Su (2020) Su Qian Shi Bu Dong Chan Quan Di No. 002650	19 May 2020	Residential	139,947.00
Total:				139,947.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iii) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Suqian Tongjinhong, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Di Zi Di No. 321300202010003	26 July 2020	Residential	139,947.00
Total:				139,947.00

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- iv) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Suqian Tongjinhong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No. 3213002020100038	Blocks 4 to 6, 11 to 13, 19-21, 24, 25 and non-civil air defense CPS phase I	6 June 2020	151,489.17
2	Jian Zi Di No. 3213002020100039	Civil air defense CPS	12 June 2020	29,522.00
3	Jian Zi Di No. 321300202010087	Blocks 1 to 3, 7 to 10, 15 to 18, 22 and 23, Basement CPS	28 September 2020	163,938.53
4	Jian Zi Di No. 321300202010051	Blocks 26 to 37	10 July 2020	113,553.74
5	Jian Zi Di No. 321311202100076	Block 14	6 August 2021	1,316.41
6	Jian Zi Di No. 321311202300003	PD-1, PD-2, PD-3, PD-4, guard room 1 and 2	28 September 2020	1,880.96
Total:				461,700.81

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- v) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Suqian Tongjinhong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 321321202006150000	Blocks 4 to 6, 11 to 14, 19 to 21, 24, 25 and basement civil air defense	15 June 2020	151,489.17
2	No. 321321202010300000	Blocks 26 to 37	30 October 2020	143,076.14
3	No. 321311202106010000	Blocks 1 to 3, 7 to 10, 15 to 18, 22, 23 and basement CPS of phase III	1 June 2021	163,938.53
Total:				458,503.84

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

vi) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Suqian Tongjinhong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	(Su Yu) Nei Xiao Zhun Zi Di No. 202039	Blocks 4 and 20	7 September 2020	14,467.66
2	(Su Yu) Nei Xiao Zhun Zi Di No. 202025	Blocks 5, 6 and 7	29 June 2020	42,343.94
3	(Su Yu) Nei Xiao Zhun Zi Di No. 02101	Blocks 11,19, 30 and 31	12 January 2021	42,124.47
4	(Su Yu) Nei Xiao Zhun Zi Di No. 02131	Blocks 12 and 21	20 August 2020	23,717.97
5	(Su Yu) Nei Xiao Zhun Zi Di No. 02231	Block 16	14 October 2020	18,859.62
6	(Su Yu) Nei Xiao Zhun Zi Di No. 202049	Blocks 24 and 25	9 November 2020	23,709.60
7	(Su Yu) Nei Xiao Zhun Zi Di No. 202148	Blocks 26 and 33	26 August 2021	25,192.47
8	(Su Yu) Nei Xiao Zhun Zi Di No. 202133	Blocks 29 and 35	29 June 2021	17,509.43
9	(Su Yu) Nei Xiao Zhun Zi Di No. 202125	Blocks 36 and 37	10 May 2021	23,354.96
10	(Su Yu) Nei Xiao Zhun Zi Di No. 202334	Block 34	13 December 2023	7,961.88
11	(Su Yu) Nei Xiao Zhun Zi Di No. 202408	Block 32	25 March 2024	1,433.41
12	(Su Yu) Nei Xiao Zhun Zi Di No. 202152	Blocks 27 and 28	15 October 2021	14,938.51
13	(Su Yu) Nei Xiao Zhun Zi Di No. 202459	Block 18	22 August 2024	9,547.63
14	(Su Yu) Nei Xiao Zhun Zi Di No. 202410	Block 15	7 April 2024	946.44
15	(Su Yu) Nei Xiao Zhun Zi Di No. 202202	Blocks 22, 23 and basement CPS of phase I	5 January 2022	60,701.45
			Total:	<u>326,809.44</u>

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- vii) Pursuant to the following Construction Work Completion Certified Report, the construction work of the Property has been approved to Suqian Tongjinhong. Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 32132120040202101-JX-001	Blocks 4 to6, 11 to 13, 19 to 21, 24, 25, 20,12 and Non-civil air defense CPS of phase I	27 July 2023	153,128.48
2	No. 32132120040202101-JX-002	Blocks 26 to 37	22 July 2024	114,526.51
			Total:	267,654.99

As advised by the Company, the Property only comprises portion of the real estate as stated in the above-mentioned certificates.

- viii) The market value as if completed of the CIP portion of Property as at the Valuation Date is assessed at approximately RMB995,000,000. The “market value as if completed” represents our opinion of the aggregate selling prices of the Property assuming that it would be completed as at the Valuation Date.
- ix) As advised, the total budget construction cost of the Property is approximately RMB602,000,000 and upon the valuation date, the paid-up construction cost is approximately RMB448,000,000, which has been taken into account in our valuation.
- x) According to the information provided, as at the valuation date, CIP portion of the Property with a total GFA of 25,854.71 sq m have been pre-sold with a total sales amount of approximately RMB188,660,000 and we have taken it into account in our valuation.
- xi) Pursuant to the Business License –No. 91321311MA20XQY40M dated 15 November 2022, Suqian Tongjinhong has been registered.

The general description and market information of the property are summarized below:

Location	The Property is located at Shop 17B-20B, Jinhua Mingyuan, Suqian City, Suyu District, Suqian City, Jiangsu Province, PRC
Transportation	Suqian Railway Station is located approximately 15 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- xii) In assessing the market value of CPS-A, residential, retail and underground warehouse, we have made reference to sales prices of similar CPS, residential, retail and underground warehouse in the vicinity. Comparable are located in the same development and same district development with similar conditions, size and tenure, etc.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Wutaishan Heyue Garden	Wutaishan Heyue Garden	Wutaishan Heyue Garden
District/County	Suqian City	Suqian City	Suqian City
Detail Address	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province
Total GFA (sq. m.)	13.50	13.50	13.50
Type Mix	CPS	CPS	CPS
Handover Condition	blank	blank	blank
Transacted Price (RMB)	50,311	50,311	50,311
Total adjustment	0%	0%	0%
Adjusted unit price (RMB/per lot)	50,311	50,311	50,311
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/per lot)		50,300	

Transactions that had been selected include high-rise residential ranges from RMB6,400 to RMB7,026 per sq.m.; In the course of our valuation, we have considered the no adjustment of relevant factors.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Wutaishan Heyue Garden	Wutaishan Heyue Garden	Wutaishan Heyue Garden
District/County	Suqian City	Suqian City	Suqian City
Detail Address	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province
Total GFA (sq. m.)	118	125	108
Type Mix	Residential	Residential	Residential
Handover Condition	blank	blank	blank
Asking Price (RMB)	6,468	6,672	7,026
Total adjustment	0%	0%	0%
Adjusted unit price (RMB/sq m)	6,468	6,672	7,026
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/sq m)		6,700	

Transactions that had been selected include low-rise residential ranges from RMB7,711 to RMB7,846 per sq.m.; In the course of our valuation, we have considered the no adjustment of relevant factors.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Wutaishan Heyue Garden	Wutaishan Heyue Garden	Wutaishan Heyue Garden
District/County	Suqian City	Suqian City	Suqian City
Detail Address	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province
Total GFA (sq. m.)	129	129	129
Type Mix	Residential	Residential	Residential
Handover Condition	blank	blank	blank
Asking Price (RMB)	7,711	7,868	7,846
Total adjustment	0%	0%	0%
Adjusted unit price (RMB/sq m)	7,711	7,868	7,846
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/sq m)		7,800	

Transactions that had been selected include garden house ranges from RMB7,712 to RMB7,870 per sq.m.; In the course of our valuation, we have considered the no adjustment of relevant factors.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Wutaishan Heyue Garden	Wutaishan Heyue Garden	Wutaishan Heyue Garden
District/County	Suqian City	Suqian City	Suqian City
Detail Address	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province
Total GFA (sq. m.)	128	129	129
Type Mix	Residential	Residential	Residential
Handover Condition	blank	blank	blank
Asking Price (RMB)	7,918	8,000	7,861
Total adjustment	0%	0%	0%
Adjusted unit price (RMB/sq m)	7,918	8,000	7,861
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/sq m)		7,900	

Transactions that had been selected include retail (level 1) ranges from RMB12,600 to RMB15,800 per sq.m.; In the course of our valuation, we have considered the relevant adjustment factors such as the Amenities, Transaction and Marketability factor to determine the unit price of the Property.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Xiangti Riverside	Jinwaitan International Garden	Zongda Shanghai City
District/County	Suqian City	Suqian City	Suqian City
Detail Address	No. 81 Jinshajiang Road, Suyu District, Suqian City, Jiangsu Province	No. 83 Jinshajiang Road, Suyu District, Suqian City, Jiangsu Province	No.1011 Changjiang Road, Suyu District, Suqian City, Jiangsu Province
Total GFA (sq. m.)	89	73	80
Type Mix	Retail	Retail	Retail
Handover Condition	Decorated	Decorated	Decorated
Asking Price (RMB)	13,916	12,640	15,826
Total adjustment	-2.84%	-2.84%	-5.34%
Adjusted unit price (RMB/sq m)	13,522	12,281	14,981
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/sq m)(Level 1)		13,600	
Weighted unit rate (RMB/sq m)(Level 2)		6,800	

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 2	Comparable 3
Amenities Factor	no adjustment	no adjustment	downward
Transaction factor	downward	downward	downward
Marketability factor	downward	downward	downward

Transactions that had been selected include underground warehouse ranges from RMB1,190 to RMB1,370 per sq.m.; In the course of our valuation, we have considered the no adjustment of relevant factors.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Wutaishan Heyue Garden	Wutaishan Heyue Garden	Wutaishan Heyue Garden
District/County	Suqian City	Suqian City	Suqian City
Detail Address	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province	West of Huangpujiang Road and North of Wutaishan Road, Suyu District, Suqian City, Jiangsu Province
Total GFA (sq. m.)	12	12	25
Type Mix	Underground warehouse	Underground warehouse	Underground warehouse
Handover Condition	blank	blank	blank
Transacted Price (RMB)	1,376	1,376	1,192
Total adjustment	-2.00%	-2.00%	-2.00%
Adjusted unit price (RMB/sq m)	1,349	1,349	1,169
Adjustment Weightening	33.33%	33.33%	33.33%
Weighted unit rate (RMB/sq m)		1,300	

xiii) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

xiv) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. According to the confirmation from Suqian Tongjinhong, the external promotional name of the Property is Wutaishan Heyue Garden (五台山和樾花園);
2. Suqian Tongjinhong has obtained the Realty Title Certificate related to the land of the Wutaishan Heyue Garden (五台山和樾花園) project;
3. Suqian Tongjinhong has obtained the necessary construction permits in accordance with the actual progress of development Wutaishan Heyue Garden (五台山和樾花園);
4. Suqian Tongjinhong is entitled to pre-sell the in-progress buildings of Wutaishan Heyue Garden (五台山和樾花園) within the pre-sale scope specified in the "Pre-sale Permit".
5. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Suqian Tongjinhong Real Estate Co., Ltd. (宿遷市通金弘置業有限公司) will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.

VALUATION REPORT

NO.	PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 28 FEBRUARY 2025
3.	Jurong B Project (句容B項目), Partial plot B on the west side of Chigang Road and the south side of Zhongxing Road in Jurong City, Zhenjiang City, Jiangsu Province, PRC	<p>Jurong B Project is a large-scale residential development which is on one piece of land, with a total site area of 38,731.00 sq m (the Property”).</p> <p>As advised, the property has a total planned gross floor area of approximately 69,716.00 sq.m.</p> <p>Pursuant to the Realty Title Certificate provided, the land-use rights of the Property have been granted for a concurrent term expiring on 13 September 2088 for Urban Residential Land use.</p>	At the date of our inspection, the Property was a vacant site.	<p>MARKET VALUE RMB204,000,000 (RENMINBI TWO HUNDRED AND FOUR MILLION (19% Interest attributable to the Group: RMB38,760,000 (RENMINBI THIRTY-EIGHT MILLION SEVEN HUNDRED SIXTY THOUSAND))</p>

Notes:

- i) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 25 May 2018, the land-use rights of the Property have been granted to Jurong Jinjairun Real Estate Development Co., Ltd. 句容市金嘉潤房地產開發有限公司 (“**Jurong Jinjairun**”). Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	No. 3211832018CR0081	25 May 2018	Land designated for the development of mid-to-low-priced, medium-to-small-sized ordinary residential housing	38,731.00
Total:				38,731.00

- ii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Jurong Jinjairun, Details are listed below:

No.	Certificate No.	Date	Usage	Site Area
1	Su (2018) Ju Rong Shi Bu Dong Chan Quan Di No. 0053857	29 October 2018	Urban Residential Land	38,731.00
Total:				38,731.00

- iii) Pursuant to the Business License –No. 91321183MA1WPBPN18 dated on 12 June 2018, Jurong Jinjairun has been registered.

The general description and market information of the property are summarized below:

Location	The Property is located at Partial plot B on the west side of Chigang Road and the south side of Zhongxing Road in Jurong City, Zhenjiang City, Jiangsu Province, PRC
Transportation	Jurong Railway Station is located approximately 6.7 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential area.

- iv) In assessing the market value of land, we have made reference to sales prices of similar land in the vicinity. Comparable are located in the same development with similar conditions, size and tenure, etc.

Transactions that had been selected include land ranges from RMB2,800 to RMB3,500 per sqm; In the course of our valuation, we have considered the relevant adjustment factors such as Shape of site, abutting roads and plot ratio to determine the unit price of the Property.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Partial plots on the west side of Tingzi Road and the north side of Longchang Road in the development zone	Partial plots on the west side of Ninghang North Road and the south side of Yangshan Road in the development zone	Partial plots on the west side of Baijiashan Road and the south side of Yangshan Road in the development zone
District/County	Jurong City,	Jurong City,	Jurong City,
Detail Address	Partial plots on the west side of Tingzi Road and the north side of Longchang Road in the development zone Jurong City, Zhenjiang City, Jiangsu Province	Partial plots on the west side of Ninghang North Road and the south side of Yangshan Road in the development zone Jurong City, Zhenjiang City, Jiangsu Province	Partial plots on the west side of Baijiashan Road and the south side of Yangshan Road in the development zone Jurong City, Zhenjiang City, Jiangsu Province
Total GFA (sq. m.)	22,622.00	42,648.00	99,230.00
Type Mix	Land	Land	Land
Handover Condition	Decorated	Decorated	Decorated
Transacted Price (RMB)	2,800	3,000	3,500

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 1	Comparable 3
Shape of site	downward	no adjustments	no adjustments
Abutting roads	no adjustments	upward	upward
Plot ratio	upward	upward	upward
Adjusted Unit Price (RMB/sq m)	2,688.00	2,820.00	3,290.00
Weight	33.33%	33.33%	33.33%
Weighted value (RMB/sq m)	896.00	940.00	1,096.67
Adopted weighted Unit Price (RMB/sq m)		2,933.00	

- v) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	no
Construction Work Planning Permit	no
Construction Work Commencement Permit	no
Commodity Housing Pre-sale Permit	no
Construction Work Completion Certified Report	no
Business License	Yes

- vi) We have been provided with a legal opinion on the Property prepared by the Client’s PRC legal advisor, which contains, inter alia, the following information:

1. Based on the information disclosed by Jurong Jinjiarun to our firm and all the information disclosed in this legal opinion, regarding the target land parcel: as of the date of this opinion, we have not been able to verify any seizure, mortgage, or related ownership information of the target land parcel through the real estate registration center. According to the statement of Jurong Jinjiarun, the target land parcel has not been used for investment, financing, or external guarantees, and there are no restrictions on transfer such as seizure or mortgage. If the aforementioned statement of Jurong Jinjiarun is true, and considering the fact that it has obtained the Real Property Ownership Certificate Su (2018) Ju Rong Shi Bu Dong Chan Quan Di No. 0053857, Jiangsu Province, the ownership of the target land parcel is clear. However, it is recommended to further verify relevant information when disposing of the land.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at the Latest Practicable Date, to the best of the Directors' knowledge, none of the Directors or chief executives of the Company or their respective associates had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) to be recorded in the register required to be kept by the Company under section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES OF THE COMPANY

As at the Latest Practicable Date, so far as was known to the Directors, the following persons, other than the Directors and chief executive of the Company, had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Long position

Name of Shareholder	Nature of interest	Number of Shares Held	Percentage of issued Shares (%)^(Note 3)
Redsun Properties Group (Holdings) Limited ^(Note 1)	Beneficial owner	2,400,000,000	71.88
Hong Yang Group Company Limited ^(Note 1)	Interest in controlled corporation	2,400,000,000	71.88
Hong Yang Group Company Limited ^(Note 1)	Interest in controlled corporation	2,400,000,000	71.88
Hong Yang International Limited ^(Note 1)	Interest in controlled corporation	2,400,000,000	71.88

Name of Shareholder	Nature of interest	Number of Shares Held	Percentage of issued Shares (%) ^(Note 3)
Hong Yang Group (Holdings) Limited ^(Note 1)	Interest in controlled corporation	2,400,000,000	71.88
Mr. Zeng Huansha ^(Note 1)	Interest in controlled corporation	2,400,000,000	71.88
Ms. Chen Sihong ^(Note 2)	Interest of spouse	2,400,000,000	71.88

Notes:

- Redsun Properties Group (Holdings) Limited is wholly owned by Hong Yang Group Company, which in turn is wholly owned by Hong Yang International Limited, which in turn is owned as to 50% and 50% by Hong Yang Group (Holdings) Limited (a company wholly owned by Mr. Zeng Huansha) and Mr. Zeng Huansha, respectively. Accordingly, each of Hong Yang Group Company Limited, Hong Yang International Limited, Hong Yang Group (Holdings) Limited and Mr. Zeng Huansha is deemed to be interested in the Shares held by Redsun Properties Group (Holdings) Limited by virtue of the SFO.
- Ms. Chen Sihong is the spouse of Mr. Zeng Huansha and is therefore deemed to be interested in the Shares in which Mr. Zeng Huansha is interested by virtue of the SFO.
- The shareholding percentage was calculated based on 3,338,898,000 Shares as at the Latest Practicable Date.

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

4. DIRECTORS' INTERESTS IN ASSETS OF THE GROUP

As at the Latest Practicable Date, save for Mr. ZENG Huansha, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Group since December 31, 2024, being the date to which the latest published audited accounts of the Group were made up.

5. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, save for (i) as discussed in the section headed "Interest of Directors" in the "Letter from the Board" of this circular, (ii) those transactions disclosed in note 32 to the consolidated financial statements of the Group and in the paragraphs headed "Directors' Interests in Competing Business" and "Continuing Connected Transactions" in the "Directors' Report" in the 2023 annual report of the Company, so far as the Directors were aware, none of the Directors was materially interested in any contracts or arrangements subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

6. SERVICE CONTRACTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group in which a more than one year's notice or payment of compensation (other than statutory compensation) shall be given by the latter.

7. INTERESTS OF DIRECTORS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

8. MATERIAL LITIGATION

On 14 February 2024, a winding-up petition (the "**Petition**") was filed against the Company at the High Court of the Hong Kong Special Administrative Region (the "**High Court**"), in connection with a financial obligation in the amount of not less than USD228,500,000, being the amount of payment under the USD200,000,000 9.50% guaranteed notes due 2023 issued by the Company.

On 26 March 2025, the High Court has approved the adjournment application jointly proposed by the petitioner and the Company. The hearing of the Petition is now adjourned to 22 September 2025.

As at the Latest Practicable Date, no winding-up order has been made by the High Court against the Company. For details, please refer to the announcements of the Company dated 16 February 2024, 13 March 2024, 16 September 2024 and 26 March 2025.

Save as disclosed above, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries were engaged in any litigation or arbitration proceedings of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) had been entered into by the Company or any members of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (i) the equity and debt transfer agreement dated August 9, 2023 entered into among Guangzhou Pearl River Industrial Real Estate Company Limited* (廣州珠實地產有限公司), Guangzhou Hongzong Real Estate Development Company Limited* (廣州市弘宗房地產開發有限公司) (an indirect non-wholly-owned subsidiary of the Company) and Guangzhou Jingrun Real Estate Development Company Limited* (廣州璟潤房地產開發有限公司), the details of which were set out in the circular of the Company dated April 29, 2024;
- (ii) the Parking Spaces Transfer Framework Agreement, details of which were set out in the Announcement and this circular; and
- (iii) the Equity Transfer Agreements, details of which were set out in the Announcement and this circular.

Save as disclosed above, there is no material contract (not being entered into in the ordinary course of business) entered into by any member of the Group within the two years immediately preceding the Latest Practicable Date.

10. EXPERTS' QUALIFICATION AND CONSENTS

The following is the qualification of the expert who has given opinions or advice which are contained in this circular:

Name	Qualification
CCTH CPA Limited	Certified Public Accountants
Colliers Appraisal and Advisory Services Co., Ltd.	Independent valuer
Merdeka Corporate Finance Limited	A corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO

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

As at the Latest Practicable Date, each of the experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and had no direct or indirect interests in any assets which had been or proposed to be acquired or disposed of by or leased to any member of the Group since December 31, 2024 (the date to which the latest published audited consolidated financial statements of the Company were made up).

11. MISCELLANEOUS

- (i) The registered office of the Company is situated at the Offices of Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.
- (ii) The principal place of business and head office of the Company in the PRC is at 26th Floor, Hong Yang Building, No. 9 Daqiao North Road, Nanjing, Jiangsu Province, the PRC.
- (iii) The principal place of business of the Company in Hong Kong is at Room 2612, 26th Floor, China Merchants Tower, Shun Tak Centre, Sheung Wan, Hong Kong.
- (iv) The branch share registrar and transfer office of the Company in Hong Kong is MUFG, Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong.
- (v) The joint company secretaries of the Company are Mr. Jia Hongbo and Ms. Chan Charmayne. Mr. Jia Hongbo has been a senior member of the listing office of Hong Yang Group Company Limited since 2016, and has internally assisted in handling the listing compliance matters, company secretarial matters and disclosure of information of the Company after its listing. Ms. Chan Charmayne has been a Chartered Governance Professional awarded by the Chartered Governance Institute and the Hong Kong Chartered Governance Institute since March 2019, an associate member of the Hong Kong Chartered Governance Institute since January 2014 and an elected associate of the Chartered Governance Institute since January 2014.
- (vi) This circular is in both English and Chinese. If there is any inconsistency, the English text shall prevail.

12. DOCUMENTS ON DISPLAY

Copies of the following documents are on display and are published on the website of the Stock Exchange at <https://www.hkexnews.hk> and the website of the Company at <https://www.rsunproperty.hk> for a period of 14 days from the date of this circular:

- (i) the Parking Spaces Transfer Framework Agreement and the Equity Transfer Agreements;
- (ii) the report from CCTH CPA LIMITED in respect of the financial information of the Target Companies, the text of which is set out in Appendix II to this circular;
- (iii) the report from CCTH CPA LIMITED in respect of the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix III to this circular;
- (iv) the property valuation report issued by the Independent Valuer, the text of which is set out in Appendix V to this circular;
- (v) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 31 to 56 of this circular; and
- (vi) the written consents referred to in the paragraph headed "Experts' Qualification and Consents" in this Appendix.

NOTICE OF EGM

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.



Redsun Properties Group Limited

弘陽地產集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1996)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Redsun Properties Group Limited (the “**Company**”) will be held at Room 2612, 26/F, China Merchants Tower, Shun Tak Centre, Sheung Wan, Hong Kong, on Wednesday, May 21, 2025 at 10:00 a.m. (or at any adjournment thereof) for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution. Unless otherwise defined, capitalized terms used in this notice shall have the same meanings as those defined in the circular of the Company dated April 30, 2025.

ORDINARY RESOLUTIONS

1. “**THAT** the Parking Spaces Transfer Framework Agreement and the transactions contemplated thereunder be and are hereby approved and confirmed, and any one Director or the company secretary of the Company be and is hereby authorized for and on behalf of the Company to do all such acts and things and execute all such documents which he/she considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Parking Spaces Transfer Framework Agreement and the transactions and matters contemplated thereunder.”
2. “**THAT** the Equity Transfer Agreements and the transactions contemplated thereunder be and are hereby approved and confirmed, and any one Director or the company secretary of the Company be and is hereby authorized for and on behalf of the Company to do all such acts and things and execute all such documents which he/she considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Equity Transfer Agreements and the transactions and matters contemplated thereunder.”

By order of the Board of
Redsun Properties Group Limited
Zeng Huansha
Chairman

Hong Kong, April 30, 2025

NOTICE OF EGM

Notes:

1. For more information relating to the abovementioned resolution, please refer to announcement of the Company dated February 17, 2025 and the circular of the Company dated April 30, 2025.
2. An eligible shareholder is entitled to appoint one or more proxies to attend, speak and vote in his/her/its stead at the EGM (or at any adjournment of it) provided that each proxy is appointed to represent the respective number of shares held by the shareholder as specified in the relevant proxy forms. The proxy does not need to be a shareholder of the Company.
3. Where there are joint registered holders of any shares, any one of such persons may vote at the EGM (or at any adjournment of it), either personally or by proxy, in respect of such shares as if he/she/it were solely entitled thereto but the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
4. A proxy form for use at the EGM is enclosed.
5. In order to be valid, the completed proxy form must be received by the Company's Hong Kong branch share registrar and transfer office, MUFG Corporate Markets Pty Limited at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong at least 48 hours before the time appointed for holding the EGM or adjourned meeting (as the case may be). If a proxy form is signed by an attorney of a shareholder who is not a corporation, the power of attorney or other authority under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practice in Hong Kong) must be delivered to the Company's Hong Kong branch share registrar and transfer office together with the proxy form. In the case of a corporation, the proxy form must either be executed under its common seal or be signed by an officer or agent duly authorized in writing.
6. For the purpose of determining shareholders' eligibility to attend and vote at the EGM (or at any adjournment of it), the register of members of the Company will be closed from Friday, May 16, 2025 to Wednesday, May 21, 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the EGM, all share transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office at the address stated in note 5 above no later than 4:30 p.m. on Thursday, May 15, 2025.
7. As set out in the Letter from the Board included in the circular, each of the resolutions set out in this notice should be voted on by poll.
8. If a typhoon signal No. 8 or above is hoisted or a "black" rainstorm warning signal is in force at any time at or before 11:00 a.m. on the date of the EGM, the EGM will be adjourned. The Company will post an announcement on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rsunproperty.hk) to notify shareholders of the date, time and place of the adjourned meeting. The EGM will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the EGM under bad weather conditions bearing in mind their own situations.

As of the date of this notice, the executive Directors are Mr. Zeng Huansha, Mr. Chen Bin and Ms. Hu Fang; and the independent non-executive Directors are Mr. Lee Kwok Tung Louis, Mr. Leung Yau Wan John and Mr. Au Yeung Po Fung.