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## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in doubt as to any aspect of this Scheme Document, the Proposal or as to the action to be taken, 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 China VAST Industrial Urban Development Company Limited, you should at once hand this Scheme Document and the accompanying forms of proxy to the purchaser or the 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 the transferee.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Scheme Document, make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Scheme Document.

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**JINMAO** 中國金茂  
China Jinmao Holdings Group Limited  
中國金茂控股集團有限公司  
(Incorporated in Hong Kong  
with limited liability)  
(Stock Code: 00817)

**VAST** 宏泰  
China VAST Industrial Urban  
Development Company Limited  
中國宏泰產業市鎮發展有限公司  
(Incorporated in the Cayman Islands  
with limited liability)  
(Stock Code: 6166)

**(1) PROPOSED PRIVATISATION OF  
CHINA VAST BY WAY OF A SCHEME OF ARRANGEMENT  
UNDER SECTION 86 OF THE COMPANIES ACT  
(2) PROPOSED WITHDRAWAL OF LISTING OF CHINA VAST  
(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT,  
CONTROLLING SHAREHOLDER CANCELLATION PRICE AND  
SHAREHOLDER ARRANGEMENTS**

Financial Adviser to China Jinmao



China VAST Independent Financial Adviser to the  
China VAST Independent Board Committee

**RAINBOW.**

RAINBOW CAPITAL (HK) LIMITED  
滙博資本有限公司

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Unless the context requires otherwise, capitalized terms used in this Scheme Document are defined under Part I – Definitions of this Scheme Document.

A letter from the China VAST Board is set out in Part IV of this Scheme Document. A letter from the China VAST Independent Board Committee, containing its advice to the Disinterested Shareholders and the Independent Shareholders (as the case may be) in connection with the Proposal, is set out in Part V of this Scheme Document. A letter from the China VAST Independent Financial Adviser to the China VAST Independent Board Committee, containing its advice to the China VAST Independent Board Committee in connection with the Proposal, is set out in Part VI of this Scheme Document. An Explanatory Memorandum regarding the Proposal is set out in Part VII of this Scheme Document.

The actions to be taken by the China VAST Shareholders are set out in Part II of this Scheme Document.

Notices convening the Court Meeting to be held at 10:00 a.m. on Wednesday, 23 November 2022 at Theatre A, 22/F, United Centre, 95 Queensway, Admiralty, Hong Kong and the China VAST EGM to be held at 11:00 a.m. on Wednesday, 23 November 2022 at Theatre A, 22/F, United Centre, 95 Queensway, Admiralty, Hong Kong (or in the case of the China VAST EGM, as soon as practicable after the conclusion or the adjournment of the Court Meeting, whichever is later) are set out in Appendix VII and Appendix VIII to this Scheme Document respectively. Whether or not you are able to attend the Court Meeting and/or the China VAST EGM or any adjournment thereof, you are strongly urged to complete and sign the enclosed PINK form of proxy in respect of the Court Meeting and the enclosed WHITE form of proxy in respect of the China VAST EGM, in accordance with the instructions printed thereon, and to lodge them at the office of the Hong Kong branch share registrar of China VAST, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later than the respective times and dates as stated under Part II – Actions to be Taken of this Scheme Document. If the PINK form of proxy is not so lodged, it may also be handed to the Chairman of the Court Meeting at the Court Meeting who shall have absolute discretion as to whether or not to accept it.

This Scheme Document is jointly issued by China Jinmao and China VAST.

The English language texts of this Scheme Document shall prevail over their respective Chinese texts for the purpose of interpretation.

31 October 2022

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The Proposal is made solely through this Scheme Document, which contain the full terms and conditions of the Proposal, including details of how to vote on the Proposal. Any acceptance, rejection or other response to the Proposal should be made only on the basis of information in this Scheme Document or any other document by which the Proposal is made.

The availability of the Proposal to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are nationals. Persons who are not so resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions.

**NOTICE TO U.S. INVESTORS**

*The Proposal and the Scheme relate to the cancellation of the securities of a company incorporated under the laws of the Cayman Islands by way of a scheme of arrangement provided for under the Companies Act. The Proposal and the Scheme are subject to Hong Kong procedural disclosure requirements and practices which are different from those of the United States.*

*The China VAST Shares are listed on the Stock Exchange and are not listed on a United States national securities exchange or registered under the United States Securities Exchange Act of 1934, as amended (the “Exchange Act”). A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules of the Exchange Act. Accordingly, the Proposal and the Scheme are subject to the procedural and disclosure requirements and practices applicable in the Cayman Islands and Hong Kong to schemes of arrangement and securities offer, which differ from the disclosure and procedural and practice requirements applicable under United States federal securities laws.*

*The receipt of cash pursuant to the Proposal or the Scheme by a U.S. holder of Scheme Shares may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other tax laws. Each holder of Scheme Shares is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of the Proposal and the Scheme applicable to him/her/it.*

*It may be difficult for U.S. holders of Scheme Shares to enforce his/her/its rights and claims arising out of the U.S. federal securities laws, as China Jinmao and China VAST are incorporated in a country other than the United States, and some or all of their respective officers and directors may be residents of a country other than the United States. A U.S. holder of the Scheme Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, it may be difficult for a U.S. holder of the Scheme Shares to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court’s judgement.*

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*Neither the U.S. Securities and Exchange Commission nor any U.S. state securities commission has approved or disapproved the Proposal or the Scheme, or determined if this Scheme Document is accurate or complete. Any representation to the contrary is a criminal offence in the United States.*

*This Scheme Document is not intended to, and does not, constitute, or form part of, an offer or invitation to purchase or subscribe for any securities of China Jinmao or China VAST in the United States.*

*This Scheme Document may include forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “envisages”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts and include statements regarding China Jinmao’s, China VAST’s or their respective affiliates’ intentions, beliefs or current expectations. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Readers are cautioned that forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those made in or suggested by the forward-looking statements contained in this Scheme Document, and may not be indicative of results or developments in subsequent periods. The forward-looking statements and information contained in this Scheme Document are made as of the Latest Practicable Date and each of China Jinmao and China VAST undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws or the Takeovers Code.*

*Financial information disclosed in respect of the Proposal and the Scheme has been or will have been prepared in accordance with non-U.S. accounting standards that may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.*

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## PRECAUTIONARY MEASURES FOR THE COURT MEETING AND THE CHINA VAST EGM

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In view of the recent development of the epidemic caused by the coronavirus disease (COVID-19), China VAST will implement the following prevention and control measures at the Court Meeting and the China VAST EGM to protect China VAST Shareholders from the risk of infection:

- (a) compulsory body temperature checks will be conducted for every attending China VAST Shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.3 degrees Celsius or other flu-like symptoms may be denied entry into the venue, but may, in respect of the Court Meeting, appoint any person or the chairman of the Court Meeting to attend and vote at the Court Meeting by handing the completed PINK form of proxy for the Court Meeting to the scrutineer at the entrance of the venue who shall pass it to the chairman of the Court Meeting (who shall have absolute discretion as to whether or not to accept it);
- (b) every attending China VAST Shareholder or proxy is required to scan the “LeaveHomeSafe” venue and vaccination record QR codes, comply with the requirements of the “Vaccine Pass Direction” and wear a surgical mask throughout the Court Meeting and the China VAST EGM;
- (c) each attendee may be asked whether (a) he/she has travelled outside of Hong Kong within the 14-day period immediately before the Court Meeting and the China VAST EGM and (b) he/she is subject to any Hong Kong Government prescribed quarantine. To the extent permissible under applicable laws, anyone who responds positively to any of these questions may be denied entry into the Court Meeting and the China VAST EGM venue or be required to leave the Court Meeting and the China VAST EGM venue, but may, in respect of the Court Meeting, appoint any person or the chairman of the Court Meeting to attend and vote at the Court Meeting by handing the completed PINK form of proxy for the Court Meeting to the scrutineer at the entrance of the venue who shall pass it to the chairman of the Court Meeting (who shall have absolute discretion as to whether or not to accept it);
- (d) appropriate distancing and spacing in line with the guidance from the Hong Kong Government will be maintained; and
- (e) no refreshments will be served and no corporate gifts will be distributed at the Court Meeting and/or the China VAST EGM.

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## **PRECAUTIONARY MEASURES FOR THE COURT MEETING AND THE CHINA VAST EGM**

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**Furthermore, China VAST wishes to advise all of the China VAST Shareholders, particularly any China VAST Shareholders who are subject to any Hong Kong Government prescribed quarantine in relation to COVID-19 or have close contact with any person under quarantine or with flu-like symptoms, that they may appoint any person or the Chairman of the Court Meeting and/or the China VAST EGM as a proxy to attend and vote on any of the resolutions, instead of attending the Court Meeting and/or the China VAST EGM in person. Physical attendance by a China VAST Shareholder is not necessary for the purpose of exercising their voting rights.**

**China VAST will closely monitor and ascertain the regulations and measures introduced or to be introduced by the Hong Kong Government, and if necessary, will make further announcements in case of any update regarding the precautionary measures to be carried out at the Court Meeting and/or the China VAST EGM.**

In this Scheme Document, the following expressions have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the meaning given to it under the Takeovers Code and “concert party” or “concert parties” shall be construed accordingly
“Announcement”	the announcement jointly issued by China Jinmao and China VAST dated 9 June 2022 in relation to, among other things, the Proposal
“Announcement Date”	9 June 2022, being the date of the Announcement
“associates”	has the meaning given to it under the Takeovers Code
“Authorisations”	any license, permit, consent, authorisation, permission, clearance or approval of any Governmental Authority or any other person
“Beneficial Owner(s)”	any beneficial owner(s) of the China VAST Shares
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Participant”	a person admitted to participate in CCASS as a participant, including an Investor Participant
“Celestial Ocean”	Celestial Ocean Investments Limited, a company incorporated in British Virgin Islands with limited liability, which is interested in 95,141,336 China VAST Shares, representing approximately 5.76% of the total number of issued China VAST Shares
“Celestial Ocean Irrevocable Undertaking”	the irrevocable undertaking given by Celestial Ocean dated 25 October 2022 in favour of China Jinmao in connection with the Proposal, details of which are set out in the section headed “6. Irrevocable Undertakings – Celestial Ocean Irrevocable Undertaking” in Part VII – Explanatory Memorandum of this Scheme Document

“Chance Talent”	Chance Talent Management Limited, a company incorporated in the British Virgin Islands with limited liability, which holds 8,060,000 China VAST Shares (representing approximately 0.49% of the total number of issued China VAST Shares) and the Chance Talent Convertible Notes
“Chance Talent Convertible Notes”	the 6% convertible notes in the outstanding principal amount of US\$50,000,000 issued by China VAST to Chance Talent pursuant to the convertible notes instruments executed on 9 January 2018 by, among others, China VAST and Chance Talent, as amended by deeds of amendment dated, among others, 16 July 2019, 8 January 2021, 4 October 2021, 11 December 2021 and 12 October 2022 respectively
“Chance Talent Irrevocable Undertaking”	the irrevocable undertaking given by Chance Talent dated 12 October 2022 in favour of China Jinmao in connection with the Proposal, details of which are set out in the section headed “6. Irrevocable Undertakings – Chance Talent Irrevocable Undertaking” in Part VII – Explanatory Memorandum of this Scheme Document
“Chance Talent Notes”	the 6% notes in the outstanding principal amount of US\$16,000,000 issued by China VAST to Chance Talent pursuant to the notes instruments executed on 9 January 2018 by, among others, China VAST and Chance Talent, as amended by deeds of amendment dated, among others, 16 July 2019, 8 January 2021, 4 October 2021, 11 December 2021 and 12 October 2022 respectively
“China Jinmao”	China Jinmao Holdings Group Limited, a company incorporated in Hong Kong with limited liability, whose China Jinmao Shares are listed on the Main Board of the Stock Exchange (stock code: 00817)
“China Jinmao Concert Party(ies)”	any party(ies) acting in concert with China Jinmao in relation to China VAST (including the China VAST Controlling Shareholders) for the purpose of the Takeovers Code (except for those in the capacity of an exempt principal trader or exempt fund manager)



“China Jinmao Convertible Bonds”	the 6% guaranteed convertible bonds in the aggregate principal amount of US\$123,275,892 issued by China VAST to China Jinmao pursuant to a convertible bond subscription agreement dated 28 June 2021 entered into between, inter alia, China Jinmao and China VAST
“China Jinmao Director(s)”	the director(s) of China Jinmao
“China Jinmao Group”	China Jinmao and its subsidiaries
“China Jinmao Share(s)”	ordinary share in the share capital of China Jinmao
“China Jinmao Shareholder(s)”	registered holder(s) of China Jinmao Share(s)
“China VAST”	China VAST Industrial Urban Development Company Limited, a company incorporated in the Cayman Islands with limited liability, whose China VAST Shares are listed on the Main Board of the Stock Exchange (stock code: 6166)
“China VAST Board”	the board of directors of China VAST from time to time
“China VAST Controlling Shareholder(s)”	Profit East, Tai Shing and Ms. Zhao
“China VAST Director(s)”	the director(s) of China VAST
“China VAST EGM”	the extraordinary general meeting of the China VAST Shareholders to be duly convened and held at 11:00 a.m. (Hong Kong time) (or as soon as practicable after the conclusion or the adjournment of the Court Meeting, whichever is later) on Wednesday, 23 November 2022 at Theatre A, 22/F, United Centre, 95 Queensway, Admiralty, Hong Kong, or any adjournment thereof, to consider and vote on such matters as set out in the notice of the China VAST EGM which is set out in Appendix VIII to this Scheme Document
“China VAST Group”	China VAST and its subsidiaries

“China VAST Independent Board Committee”	the independent board committee of China VAST comprising Dr. Wong Wing Kuen, Albert, Ms. Hsieh Yafang and Professor Wang Yijiang, being all of the non-executive China VAST Directors who are not China Jinmao Concert Parties, formed for the purpose of advising the Disinterested Shareholders and the Independent Shareholders (as the case may be) in respect of the Proposal, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements
“China VAST Independent Financial Adviser”	Rainbow Capital (HK) Limited, a licensed corporation under the SFO, registered to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to the China VAST Independent Board Committee
“China VAST Option(s)”	outstanding option(s) granted by China VAST under the China VAST Share Option Scheme from time to time
“China VAST Share Option Scheme”	the share option scheme adopted by China VAST on 21 July 2015
“China VAST Share(s)”	ordinary share of par value of HK\$0.01 each in the share capital of China VAST
“China VAST Shareholder(s)”	registered holder(s) of China VAST Share(s)
“CIB Facility”	the unsecured loan facility in the amount of up to HK\$2,600,000,000 made available to China Jinmao and its wholly-owned subsidiary, Chenmao Limited, as borrowers by Industrial Bank Co., Ltd. Shanghai Branch under the CIB Facility Agreement
“CIB Facility Agreement”	the facility agreement dated 12 August 2022 entered into between China Jinmao and its wholly-owned subsidiary, Chenmao Limited, as borrowers and Industrial Bank Co., Ltd. Shanghai Branch as agent, lead arranger and bookrunner and original lender in relation to the external debt financing available to China Jinmao to finance the Proposal

“CICC”	China International Capital Corporation Hong Kong Securities Limited, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to China Jinmao in relation to the Proposal
“Committed Share(s)”	in respect of any of the Committed Shareholders, (a) the China VAST Shares it is interested in as at the date of the relevant Irrevocable Undertaking, (b) any other China VAST Shares which it or any of its affiliates may acquire on or after the date of the relevant Irrevocable Undertaking (if applicable), and (c) any other China VAST Shares attributable to or derived from the China VAST Shares referred to in (a) and (b) (if applicable)
“Committed Shareholders”	the China VAST Controlling Shareholders, Chance Talent and Celestial Ocean
“Companies Act”	the Companies Act (2022 Revision) of the Cayman Islands, as consolidated and revised from time to time
“Condition(s)”	the condition(s) of the Proposal, details of which are set out in the section headed “3. Conditions of the Proposal and the Scheme” in Part VII – Explanatory Memorandum of this Scheme Document
“Conditions Long Stop Date”	31 March 2023 (or such later date as may be agreed between China Jinmao and China VAST or, to the extent applicable, as the Executive may consent to and/or the Court may direct)
“Controlling Shareholder Cancellation Price”	HK\$2.13 for every Controlling Shareholder Scheme Share held by the China VAST Controlling Shareholders payable in cash by China Jinmao to the China VAST Controlling Shareholders pursuant to the Scheme and in accordance with the Controlling Shareholder Payment Terms

“Controlling Shareholder Irrevocable Undertaking”	the controlling shareholder irrevocable undertaking entered into between China Jinmao and the China VAST Controlling Shareholders on 9 June 2022 (as amended and/or supplemented by the deed of amendment in relation to the controlling shareholder irrevocable undertaking entered into between China Jinmao and the China VAST Controlling Shareholders on 17 October 2022), details of which are set out in the section headed “6. Irrevocable Undertakings – Controlling Shareholder Irrevocable Undertaking” in Part VII – Explanatory Memorandum of this Scheme Document
“Controlling Shareholder Payment Terms”	the terms of payment of the Controlling Shareholder Cancellation Price which form part of the Rollover Arrangement, details of which are set out in the section headed “6. Irrevocable Undertakings – Controlling Shareholder Irrevocable Undertaking” in Part VII – Explanatory Memorandum of this Scheme Document
“Controlling Shareholder Scheme Shares”	Scheme Share(s) held by the China VAST Controlling Shareholders
“Court”	the Grand Court of the Cayman Islands
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Court at 10:00 a.m. on Wednesday, 23 November 2022 at Theatre A, 22/F, United Centre, 95 Queensway, Admiralty, Hong Kong, at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof
“Court Orders”	the orders of the Court sanctioning the Scheme and confirming the reduction of the issued share capital of China VAST as required by the Companies Act
“Disinterested Shareholder(s)”	the China VAST Shareholders other than China Jinmao and the China Jinmao Concert Parties. For the avoidance of doubt, the Disinterested Shareholders include any member of the CICC group acting in the capacity of an exempt principal trader or exempt fund manager for the purpose of the Takeovers Code

“Effective Date”	the date on which the Scheme, if approved and sanctioned by the Court, becomes effective in accordance with its terms and the Companies Act, being the date on which a copy of the Court Orders is delivered to the Registrar of Companies for registration pursuant to Section 86(3) of the Companies Act, and which is expected to be Monday, 5 December 2022 (Cayman Islands time)
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate for the time being of the Executive Director
“exempt fund manager(s)”	has the meaning ascribed to it in the Takeovers Code
“exempt principal trader(s)”	has the meaning ascribed to it in the Takeovers Code
“Governmental Authority”	any government of any national or any federation, province or state or any other political subdivision thereof, any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of any country, or any political subdivision thereof, any court, tribunal or arbitrator, and any self-regulatory organisation
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Implementation Undertaking”	the undertaking given by China VAST in favour of China Jinmao on 9 June 2022 pursuant to which, among other things, China VAST irrevocably undertook to put forward the Scheme to the Scheme Shareholders on the terms set out therein

“Independent Shareholders”	the China VAST Shareholders other than (i) China Jinmao, (ii) the China Jinmao Concert Parties, and (iii) any other China VAST Shareholders who are interested or involved in the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements
“Investor Participant”	a person admitted to participate in CCASS as an investor participant
“Irrevocable Undertakings”	the Controlling Shareholder Irrevocable Undertaking, the Chance Talent Irrevocable Undertaking and the Celestial Ocean Irrevocable Undertaking
“Last Trading Day”	2 June 2022, being the last trading day of the China VAST Shares prior to their suspension in trading on the Stock Exchange pending the publication of the Announcement
“Latest Practicable Date”	28 October 2022, being the latest practicable date for ascertaining certain information contained in this Scheme Document
“Law” or “Laws”	all applicable legislation, statutes, directives, regulations, judgments, decisions, decrees, orders, instruments, by-laws, and other legislative measures or decisions having the force of law, treaties, conventions and other agreements between states, or between states and supranational bodies, rules of common law, customary law and equity and all civil or other codes and all other laws of, or having effect in, any jurisdiction from time to time
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Lock-up Period”	the period from and including the Effective Date to and including 31 December 2030

“Meeting Record Date”	Wednesday, 23 November 2022, or such other date as shall have been announced to the China VAST Shareholders, being the record date for the purpose of determining the entitlement of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlement of the China VAST Shareholders to attend and vote at the China VAST EGM
“Ms. Zhao”	Ms. Zhao Ying, a China VAST Controlling Shareholder, the spouse of Mr. Wang Jianjun (an executive director of China VAST) and the mother of Ms. Wang Wei (an executive director of China VAST), and therefore a China Jinmao Concert Party
“Non-Controlling Shareholder Cancellation Price”	HK\$2.40 for every Non-Controlling Shareholder Scheme Share payable in cash by China Jinmao to the Scheme Shareholders (other than the China VAST Controlling Shareholders) pursuant to the Scheme
“Non-Controlling Shareholder Scheme Shares”	Scheme Share(s) held by the Scheme Shareholders (excluding the China VAST Controlling Shareholders)
“Offer Period”	the period from the date of the Announcement until the earlier of any of (i) the Effective Date; (ii) the date on which the Scheme lapses; or (iii) the date on which an announcement is made of the withdrawal of the Scheme
“PRC”	the People’s Republic of China, which, for the purpose of this Scheme Document only, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Pre-Condition(s)”	the pre-condition(s) to the implementation of the Proposal, details of which are set out in the section headed “The Proposal – Pre-Conditions to the Proposal and the Scheme” of the Announcement
“Pre-Conditions Long Stop Date”	31 December 2022 or such later date as China Jinmao may announce
“Profit East”	Profit East Limited, a company incorporated in the British Virgin Islands which is wholly-owned by Ms. Zhao, and a China Jinmao Concert Party

“Proposal”	the proposed privatisation of China VAST by China Jinmao by way of the Scheme, the implementation of the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements and the withdrawal of the listing of the China VAST Shares from the Stock Exchange, in each case, on the terms and subject to the Conditions set out in this Scheme Document
“Reassessed NAV”	has the meaning ascribed to it in the section headed “4. Reassessed Net Asset Value of the China VAST Group” in Appendix I – Financial Information of the China VAST Group to this Scheme Document
“Registered Owner”	any owner of China VAST Shares (including without limitation a nominee, trustee, depositary or any other authorized custodian or third party) whose name is entered in the register of members of China VAST
“Registrar of Companies”	the Registrar of Companies in the Cayman Islands
“Relevant Period”	the period commencing on 9 December 2021, being the date which is six months prior to the Announcement Date and ending on the Latest Practicable Date, both dates inclusive
“RMB”	Renminbi, the lawful currency of the PRC
“Rollover Arrangement”	the arrangement between China Jinmao and Profit East under the Controlling Shareholder Irrevocable Undertaking, which includes the arrangement in relation to the Controlling Shareholder Cancellation Price and the Shareholder Arrangements
“Rollover Share(s)”	the 163,472,511 China VAST Share(s) held by Profit East which are subject to the Rollover Arrangement, representing approximately 9.90% of the total number of issued China VAST Shares as at the Latest Practicable Date
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) of the PRC



“Savills”	Savills Valuation and Professional Services Limited, the independent property valuer to China VAST
“Scheme”	the scheme of arrangement between China VAST and the Scheme Shareholders under Section 86 of the Companies Act set out in Appendix VI – Scheme of Arrangement to this Scheme Document, involving the cancellation of all of the Scheme Shares in exchange for the Non-Controlling Shareholder Cancellation Price or the Controlling Shareholder Cancellation Price (as applicable) and the simultaneous restoration of the number of issued China VAST Shares in the share capital of the China VAST to the number prior to the cancellation and extinguishment of the Scheme Shares, with or subject to any modification, addition or condition approved or imposed by the Court or agreed by China VAST and China Jinmao
“Scheme Document”	this composite document, containing, among other things, a letter from the China VAST Board, a letter of advice from the China VAST Independent Financial Adviser to the China VAST Independent Board Committee, the recommendations of the China VAST Independent Board Committee and notices to convene the Court Meeting and the China VAST EGM, together with the forms of proxy in relation thereto
“Scheme Record Date”	Monday, 5 December 2022, being the Effective Date, or such other date as shall have been announced to the Scheme Shareholders, being the record date for the purpose of determining entitlements of the Scheme Shareholders upon the Scheme becoming effective
“Scheme Share(s)”	the Controlling Shareholder Scheme Shares and the Non-Controlling Shareholder Scheme Shares collectively, being the China VAST Shares held by the Scheme Shareholders other than the Rollover Shares
“Scheme Shareholder(s)”	the China VAST Shareholder(s) (including the China Jinmao Concert Parties but excluding China Jinmao)
“SFC”	the Securities and Futures Commission of Hong Kong

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder Arrangements”	the dividend, pre-emptive, right of first refusal, tag-along and drag-along and funding arrangements as set out in the section headed “5. Special Deal Relating to Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements” in Part VII – Explanatory Memorandum of this Scheme Document
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning given to it under the Listing Rules
“Tai Shing”	Tai Shing International Investment Company Limited, a company incorporated in the British Virgin Islands which is indirectly wholly-owned by TMF (Cayman) Ltd. on trust for The Hope Trust (a trust established by Ms. Zhao for the benefit of Ms. Zhao and her issue), and a China Jinmao Concert Party
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers (as revised from time to time)
“U.S.” or “United States”	the United States of America
“US\$”	the United States dollar, the lawful currency of the United States of America
“%”	per cent.

\* for identification purposes only

*In this Scheme Document, unless otherwise indicated, amounts denominated in US\$ and RMB have been translated into HK\$. Such translations are for illustration purposes only and should not be construed as representations that the amounts in question have been, could have been or could be converted at any particular rate or at all.*

**ACTIONS TO BE TAKEN BY CHINA VAST SHAREHOLDERS**

For the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the China VAST Shareholders to attend and vote at the China VAST EGM, the register of members of China VAST will be closed from Friday, 18 November 2022 to Wednesday, 23 November 2022 (both days inclusive) and during such period, no transfer of the China VAST Shares will be effected. In order to qualify to vote at the Court Meeting and the China VAST EGM, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of China VAST, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. (Hong Kong time) on Thursday, 17 November 2022.

A **PINK** form of proxy for use at the Court Meeting and a **WHITE** form of proxy for use at the China VAST EGM are enclosed with copies of this Scheme Document sent to Registered Owners as of the date of this Scheme Document. Subsequent purchasers of China VAST Shares to be voted at the Court Meeting and the China VAST EGM will need to obtain forms of proxy from the transferor.

To the extent that you are not required to abstain from voting as detailed in the Scheme, whether or not you are able to attend the Court Meeting and/or the China VAST EGM or any adjournment thereof in person, if you are a Scheme Shareholder, we strongly urge you to complete and sign the enclosed **PINK** form of proxy in respect of the Court Meeting, and if you are a China VAST Shareholder, we strongly urge you to complete and sign the enclosed **WHITE** form of proxy in respect of the China VAST EGM, in accordance with the instructions printed thereon, and to lodge them at the office of the Hong Kong branch share registrar of China VAST, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. **In order to be valid, the PINK form of proxy for use at the Court Meeting should be lodged not later than 10:00 a.m. (Hong Kong time) on Monday, 21 November 2022 or be handed to the Chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it), and the WHITE form of proxy for use at the China VAST EGM should be lodged not later than 11:00 a.m. (Hong Kong time) on Monday, 21 November 2022.** The completion and return of a form of proxy for the Court Meeting and/or the China VAST EGM will not preclude you from attending and voting in person at the relevant meeting. In such event, the returned form of proxy will be deemed to have been revoked.

Voting at the Court Meeting and the China VAST EGM will be taken by poll as required under the Listing Rules and the Takeovers Code.

If you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or the China VAST EGM, you will still be bound by the outcome of the Court Meeting and the China VAST EGM if, among other things, the resolutions are passed by the requisite majorities at the Court Meeting and China VAST EGM. We therefore strongly urge you to attend and vote at the Court Meeting and/or the China VAST EGM in person or by proxy.

China VAST and China Jinmao will make an announcement in relation to the results of the Court Meeting and the China VAST EGM on Wednesday, 23 November 2022. If all of the resolutions are passed at those meetings, China VAST and China Jinmao will make further announcements in relation to, among other things, the outcome of the hearing of the petition to sanction the Scheme by the Court and, if the Scheme is sanctioned, the Scheme Record Date, the Effective Date and the date of withdrawal of the listing of the China VAST Shares on the Stock Exchange, in accordance with the requirements of the Takeovers Code and the Listing Rules.

#### **ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS THROUGH TRUST OR CCASS**

China VAST will not recognise any person as holding any China VAST Shares through any trust. If you are a Beneficial Owner whose China VAST Share(s) are held upon trust by, and registered in the name of, a Registered Owner (other than HKSCC Nominees Limited), you should contact the Registered Owner and provide the Registered Owner with instructions and/or make arrangements with the Registered Owner in relation to the manner in which the China VAST Share(s) beneficially owned by you should be voted at the Court Meeting and/or the China VAST EGM.

If you are a Beneficial Owner who wishes to attend the Court Meeting and/or the China VAST EGM personally, you should:

- (a) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable you to attend and vote at the Court Meeting and/or the China VAST EGM and, for such purpose, the Registered Owner may appoint you as its proxy; or
- (b) arrange for some or all of the China VAST Share(s) registered in the name of the Registered Owner to be transferred into your own name.

Such instructions and/or arrangements should be given or made in advance of the deadline in respect of the Court Meeting and the China VAST EGM set by the Registered Owner in order to provide the Registered Owner with sufficient time to accurately complete his, her or its proxy and to submit it by the deadline stated above. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the aforementioned latest time for the lodgment of forms of proxy in respect of the Court Meeting and the China VAST EGM, any such Beneficial Owner should comply with the requirements of the Registered Owner. The appointment of a proxy by the Registered Owner at the Court Meeting and/or the China VAST EGM shall be in accordance with all relevant provisions in the articles of association of China VAST. In the case of the appointment of a proxy by the Registered Owner, the relevant forms of proxy shall be completed and signed by the Registered Owner and shall be lodged in the manner and no later than the latest time for lodging the relevant forms of proxy as more particularly set out in this Scheme Document.

If you are a Beneficial Owner whose China VAST Share(s) are deposited in CCASS and registered under the name of HKSCC Nominees Limited, you must, unless you are an Investor Participant, contact your broker, custodian, nominee, or other relevant person who is, or has, in turn, deposited such China VAST Shares with another CCASS Participant, regarding voting instructions to be given to such person(s) if you wish to vote at the Court Meeting and/or at the China VAST EGM. You should contact your broker, custodian, nominee or other relevant person in advance of the deadline in respect of the Court Meeting and the China VAST EGM set by them, in order to provide such person with sufficient time to provide HKSCC Nominees Limited with instructions or make arrangements with HKSCC Nominees Limited in relation to the manner in which the China VAST Share(s) beneficially owned by you should be voted at the Court Meeting and/or the China VAST EGM.

If you are a Beneficial Owner whose China VAST Shares are deposited in CCASS, you may elect to become a China VAST Shareholder of record, and thereby have the right to attend and vote (to the extent that you are not required to abstain as detailed in the Scheme) at the Court Meeting (if you are a Scheme Shareholder) and the China VAST EGM (as a China VAST Shareholder). You can become a China VAST Shareholder of record by withdrawing all or any of your China VAST Shares from CCASS and becoming a Registered Owner of such China VAST Shares. For withdrawal of China VAST Shares from CCASS and registration thereof, you will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee for each share certificate issued, stamp duty on each transfer instrument and, if your China VAST Share(s) are held through a financial intermediary, any other relevant fees charged by your financial intermediary. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the China VAST Share(s) into your name so as to qualify to attend and vote at the Court Meeting and the China VAST EGM, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the China VAST Share(s) from CCASS and register them in your name.

The procedures for voting in respect of the Scheme by the Investor Participants and the Other CCASS Participants with respect to the China VAST Shares registered under the name of HKSCC Nominees Limited shall be in accordance with the “Operating Guide for Investor Participants”, the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time.

### **EXERCISE YOUR RIGHT TO VOTE**

**If you are a China VAST Shareholder or a Beneficial Owner, China VAST and China Jinmao strongly encourage you to exercise your right to vote or give instructions to the relevant Registered Owner to vote in person or by proxy at the Court Meeting and/or at the China VAST EGM.**

**If you are a Beneficial Owner whose China VAST Shares are deposited in CCASS, China VAST and China Jinmao encourage you to provide HKSCC Nominees Limited with instructions or make arrangements with HKSCC Nominees Limited in relation to the manner in which those China VAST Shares should be voted at the Court Meeting and/or at the China VAST EGM without delay and/or withdrawn from CCASS and transferred into your name (as detailed in the section “Actions to be Taken – Actions to be taken by Beneficial Owners through trust or CCASS” above).**

If you are a Registered Owner holding China VAST Shares on behalf of Beneficial Owner(s), China VAST and China Jinmao should be grateful if you would inform the relevant Beneficial Owner(s) about the importance of exercising their vote.

If you keep any China VAST Shares in a share lending program, China VAST and China Jinmao urge you to recall any outstanding China VAST Shares on loan to avoid market participants using borrowed stock to vote.

If you are in any doubt as to the action to be taken, you are encouraged to consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

*The expected timetable set out below is indicative only and is subject to change. Further announcement(s) will be made if there is any change to the expected timetable below.*

**Hong Kong time  
(unless otherwise stated)**

Date of despatch of this Scheme Document . . . . . Monday, 31 October 2022

Latest time for lodging transfers of China VAST Shares  
in order to become entitled to attend and vote at the  
Court Meeting and the China VAST EGM . . . . . 4:30 p.m. on  
Thursday, 17 November 2022

Register of members of China VAST closed for  
determination of entitlements of the Scheme  
Shareholders to attend and vote at the Court Meeting  
and of the China VAST Shareholders to attend and  
vote at the China VAST EGM (*Note 1*) . . . . . from Friday, 18 November 2022  
to Wednesday, 23 November 2022  
(both days inclusive)

Latest time for lodging forms of proxy in respect of the: (*Note 2*)

- Court Meeting . . . . . 10:00 a.m. on  
Monday, 21 November 2022
- China VAST EGM . . . . . 11:00 a.m. on  
Monday, 21 November 2022

Meeting Record Date . . . . . Wednesday, 23 November 2022

Court Meeting (*Note 3*) . . . . . 10:00 a.m. on  
Wednesday, 23 November 2022

China VAST EGM (*Note 3*) . . . . . 11:00 a.m. on  
Wednesday, 23 November 2022  
(or as soon as practicable after the  
conclusion or adjournment of the  
Court Meeting, whichever is later)

Announcement of results of the Court Meeting  
and the China VAST EGM . . . . . no later than 7:00 p.m. on  
Wednesday, 23 November 2022

Expected last day for trading in the China VAST Shares on the Stock Exchange . . . . .	4:10 p.m. on Friday, 25 November 2022
Latest time for lodging transfers of China VAST Shares in order to qualify for entitlements under the Scheme . . . . .	4:30 p.m. on Wednesday, 30 November 2022
Register of members of China VAST closed for determining entitlements to qualify under the Scheme ( <i>Note 4</i> ) . . . . .	from Thursday, 1 December 2022 onwards
Court hearing of the petition to sanction the Scheme and to confirm the capital reduction . . . . .	Thursday, 1 December 2022 (Cayman Islands time)
Announcement of the results of the court hearing of the petition to sanction the Scheme and to confirm the capital reduction, the expected Effective Date and the expected date of withdrawal of listing of China VAST Shares on the Stock Exchange . . . . .	no later than 8:30 a.m. on Friday, 2 December 2022
Scheme Record Date . . . . .	Monday, 5 December 2022
Effective Date ( <i>Note 5</i> ) . . . . .	Monday, 5 December 2022 (Cayman Islands time)
Announcement of the Effective Date and the withdrawal of the listing of the China VAST Shares on the Stock Exchange . . . . .	no later than 8:30 a.m. on Tuesday, 6 December 2022
Expected withdrawal of the listing of China VAST Shares on the Stock Exchange becomes effective ( <i>Note 6</i> ). . . . .	4:00 p.m. on Tuesday, 6 December 2022
Latest time to despatch cheques for cash payment under the Scheme for the cancellation of the Non-Controlling Shareholder Scheme Shares ( <i>Note 7</i> ). . . . .	on or before Wednesday, 14 December 2022



*Notes:*

- (1) The register of members of China VAST will be closed during such period for the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and of the China VAST Shareholders to attend and vote at China VAST EGM. This book closure period is not for determining entitlements under the Scheme.
- (2) Forms of proxy should be deposited at the Hong Kong branch share registrar of China VAST, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event no later than the respective times and date(s) stated above. In the case of the **PINK** form of proxy in respect of the Court Meeting, it may also be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it). The completion and return of a form of proxy for the Court Meeting or the China VAST EGM will not preclude a China VAST Shareholder from attending and voting at the relevant meeting or any adjournment thereof in person. In such event, the relevant form of proxy will be revoked by operation of law.
- (3) The Court Meeting and the China VAST EGM will be held at Theatre A, 22/F, United Centre, 95 Queensway, Admiralty, Hong Kong at the times and date specified above. Please see the notice of Court Meeting set out in Appendix VII to this Scheme Document and the notice of China VAST EGM set out in Appendix VIII to this Scheme Document for details.
- (4) The register of members of China VAST will be closed as from such time and on such date for the purpose of determining Scheme Shareholders who are qualified for entitlements under the Scheme.
- (5) When all of the Conditions set out in the paragraph headed "3. Conditions of the Proposal and the Scheme" in Part VII – Explanatory Memorandum of this Scheme Document (other than the delivery of the Court Orders for registration) have been satisfied or (to the extent permitted) waived (as the case may be), the Court Orders may be delivered to the Registrar of Companies in the Cayman Islands for registration at which point the Scheme will become effective and binding on China VAST and all of the Scheme Shareholders.
- (6) If the Proposal becomes unconditional and the Scheme becomes effective, it is expected that the listing of the China VAST Shares on the Stock Exchange will be withdrawn at or before 4:00 p.m. on Tuesday, 6 December 2022.
- (7) Cheques for cash payment under the Scheme for the cancellation of the Non-Controlling Shareholder Scheme Shares will be despatched by post within seven (7) Business Days from the Effective Date. The aggregate Controlling Shareholder Cancellation Price payable under the Scheme for the cancellation of the Controlling Shareholder Scheme Shares will be paid in accordance with the Controlling Shareholder Payment Terms as set out in the paragraph headed "6. Irrevocable Undertakings – Controlling Shareholder Irrevocable Undertaking" in Part VII – Explanatory Memorandum of this Scheme Document.
- (8) If a tropical cyclone warning signal No. 8 or above or "extreme conditions" caused by typhoons is or is expected to be hoisted or a black rainstorm warning signal is or is expected to be in force at any time after 8:00 a.m. on the date of the Court Meeting and the China VAST EGM, the Court Meeting and the China VAST EGM will be adjourned in accordance with the articles of association of China VAST. China VAST will post an announcement on the respective websites of the Stock Exchange and China VAST to notify the China VAST Shareholders of the date, time and venue of the adjourned meetings.

All references to times and dates in this Scheme Document are references to Hong Kong times and dates, unless otherwise stated.

**China VAST Industrial Urban Development Company Limited****中國宏泰產業市鎮發展有限公司***(Incorporated in the Cayman Islands with limited liability)***(Stock Code: 6166)***Non-executive Director:*Mr. Song Liuyi (*Chairman*)*Executive Directors:*

Mr. Wang Jianjun

Mr. Zhao Lei

Mr. Yang Yun

Mr. Wang Yagang

Ms. Wang Wei

*Independent non-executive Directors:*

Dr. Wong Wing Kuen, Albert

Ms. Hsieh Yafang

Professor Wang Yijiang

*Registered Office:*

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Place of Business in**Hong Kong:*

Unit 3708, 37/F

West Tower

Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

31 October 2022

*To: The China VAST Shareholders*

Dear Sir or Madam,

**(1) PROPOSED PRIVATISATION OF  
CHINA VAST BY WAY OF A SCHEME OF ARRANGEMENT  
UNDER SECTION 86 OF THE COMPANIES ACT  
(2) PROPOSED WITHDRAWAL OF LISTING OF CHINA VAST  
(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT,  
CONTROLLING SHAREHOLDER CANCELLATION PRICE AND  
SHAREHOLDER ARRANGEMENTS**

**INTRODUCTION**

On 9 June 2022, in response to the Proposal of China Jinmao put forward to the China VAST Board, China VAST provided the Implementation Undertaking in favour of China Jinmao, pursuant to which China VAST irrevocably undertook to China Jinmao to put forward the Scheme to the Scheme Shareholders which, if approved and implemented, will result in China VAST being privatised by China Jinmao by way of a scheme of arrangement under section 86 of the Companies Act and the withdrawal of the listing of the China VAST Shares on the Stock Exchange, and to take all such actions to implement the Proposal on the terms and subject to the Pre-Conditions and Conditions and to give effect to the matters specified in the Announcement, the Scheme Document and any order of the Court.

All of the Pre-Conditions have been satisfied by 17 October 2022. Reference is made to the joint announcements issued by China Jinmao and China VAST dated 29 July 2022, 12 October 2022 and 17 October 2022 in relation to, among other things, the satisfaction of the Pre-Conditions.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal, the Scheme, the special deal relating to the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements and to give you notice of the Court Meeting and of the China VAST EGM (together with proxy forms in relation thereto). Your attention is also drawn to (i) the letter from the China VAST Independent Board Committee set out in Part V of this Scheme Document; (ii) the letter from the China VAST Independent Financial Adviser set out in Part VI of this Scheme Document; (iii) the Explanatory Memorandum set out in Part VII of this Scheme Document; and (iv) the terms of the Scheme set out in Appendix VI to this Scheme Document.

## **THE PROPOSAL**

### **The Scheme**

The Scheme comprises the cancellation of approximately 60.20% of the total number of issued China VAST Shares as at the Latest Practicable Date, comprising the Non-Controlling Shareholder Scheme Shares (being all of the China VAST Shares held by the Scheme Shareholders (excluding the China VAST Controlling Shareholders), which represent approximately 26.02% of the total number of issued China VAST Shares as at the Latest Practicable Date) and the Controlling Shareholder Scheme Shares (being all of the China VAST Shares held by the China VAST Controlling Shareholders (excluding the Rollover Shares), which represent approximately 34.18% of the total number of issued China VAST Shares as at the Latest Practicable Date).

Further information on the Scheme is set out in Part VII – Explanatory Memorandum of this Scheme Document.

### **Comparisons of value**

Your attention is drawn to the section headed “2. Terms of the Proposal – Comparisons of value” in Part VII – Explanatory Memorandum of this Scheme Document.

### **The Option Offer**

As at the Announcement Date, there were an aggregate number of 39,750,000 outstanding China VAST Options granted under the China VAST Share Option Scheme, each relating to one China VAST Share and exercisable at an exercise price of HK\$3.02. All 39,750,000 China VAST Options outstanding as at the Announcement Date have lapsed on 31 July 2022 in accordance with the terms of the China VAST Share Option Scheme and the relevant grant letters.

As (i) no China VAST Option was outstanding as at the Latest Practicable Date, and (ii) China VAST does not intend to and has confirmed that it will not grant any further China VAST Options between the Latest Practicable Date and the Effective Date, China Jinmao is no longer required to and will not make (or procure to be made on its behalf) the Option Offer as defined and described in the Announcement in accordance with Rule 13 of the Takeovers Code.

### **The Convertible Note Offer**

On 9 January 2018, China VAST issued to holder(s) of Chance Talent Convertible Notes the Chance Talent Convertible Notes in the principal amount of US\$50 million with a coupon rate of 6% per annum, which will mature on 31 December 2022. Based on the conversion price as at the Latest Practicable Date of HK\$2.82 per China VAST Share, the Chance Talent Convertible Notes can be converted into an aggregate of 138,297,873 China VAST Shares. As at the Latest Practicable Date, holder(s) of Chance Talent Convertible Notes has not exercised its conversion right under the Chance Talent Convertible Notes, and hence the outstanding principal amount of the Chance Talent Convertible Notes remains at US\$50 million.

As (i) Chance Talent was the only holder of Chance Talent Convertible Notes as at the Latest Practicable Date, and (ii) Chance Talent has agreed after the Announcement Date pursuant to the terms of the Chance Talent Irrevocable Undertaking that, among other things, it will waive the Convertible Note Offer as defined and described in the Announcement in respect of the Chance Talent Convertible Notes which China Jinmao is required to make under the Takeovers Code, and it will not dispose of any interest in the Chance Talent Convertible Notes in which it is interested unless an event of default under, or a right of early redemption of, the Chance Talent Convertible Notes (which has not been amended or waived by Chance Talent) has occurred or has been triggered, and it shall be a condition to such disposal that the transferee shall undertake to waive the Convertible Note Offer, hence the Convertible Note Offer as defined and described in the Announcement will not be accepted by holder(s) of the Chance Talent Convertible Notes even if it is made. China Jinmao is therefore no longer required to and will not make (or procure to be made on its behalf) the Convertible Note Offer as defined and described in the Announcement in accordance with Rule 13 of the Takeovers Code.

China VAST does not have any declared but unpaid dividend as at the Latest Practicable Date, and does not intend to declare, make or pay any dividend or other distribution (whether in cash or in kind) to the China VAST Shareholders between the Latest Practicable Date and the Effective Date. If, after the Latest Practicable Date, any dividend or other distribution (whether of profit or capital) is made or paid in respect of the Scheme Shares, China Jinmao reserves the right to reduce the Non-Controlling Shareholder Cancellation Price and the Controlling Shareholder Cancellation Price by an amount equal to the amount of such dividend or other distribution made or paid on each Scheme Share.

**China Jinmao will not increase the Non-Controlling Shareholder Cancellation Price or the Controlling Shareholder Cancellation Price and does not reserve the right to do so. China Jinmao Shareholders, China VAST Shareholders and/or potential investors should be aware that, following the making of this statement, China Jinmao will not be allowed to increase the Non-Controlling Shareholder Cancellation Price or the Controlling Shareholder Cancellation Price.**

#### **The China Jinmao Convertible Bonds**

No offer for the China Jinmao Convertible Bonds is made by China Jinmao under Rule 13 of the Takeovers Code as the China Jinmao Convertible Bonds are held by China Jinmao.

#### **Highest and lowest prices**

Your attention is drawn to the section headed “2. Terms of the Proposal – Highest and lowest prices” in Part VII – Explanatory Memorandum of this Scheme Document.

#### **Conditions of the Proposal and the Scheme**

Your attention is drawn to the section headed “3. Conditions of the Proposal and the Scheme” in Part VII – Explanatory Memorandum of this Scheme Document.

**WARNING: China Jinmao Shareholders, China VAST Shareholders and/or potential investors should be aware that the implementation of the Scheme and Proposal will only become effective after all of the Conditions being satisfied or waived (as applicable) and thus the Proposal and the Scheme may or may not become effective. China Jinmao Shareholders, China VAST Shareholders and/or potential investors should therefore exercise caution when dealing in China Jinmao Shares and/or China VAST Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.**

#### **IMPLEMENTATION UNDERTAKING**

Your attention is drawn to the section headed “4. Implementation Undertaking” in Part VII – Explanatory Memorandum of this Scheme Document.

#### **SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT, CONTROLLING SHAREHOLDER CANCELLATION PRICE AND SHAREHOLDER ARRANGEMENTS**

##### **The Rollover Arrangement**

China Jinmao proposes to allow Profit East, a China VAST Controlling Shareholder and a China Jinmao Concert Party, to retain the 163,472,511 Rollover Shares, representing approximately 9.90% of the total number of issued China VAST Shares after the Scheme becomes effective. As at the Latest Practicable Date, Profit East holds approximately 43.79% of the total number of issued China VAST Shares, and together with the other China VAST Controlling Shareholders, collectively hold in aggregate approximately 44.08% of the total number of issued China VAST Shares.

**The Controlling Shareholder Cancellation Price**

As part of the Rollover Arrangement, the 564,373,143 Controlling Shareholder Scheme Shares held by the China VAST Controlling Shareholders (representing approximately 34.18% of the total number of issued China VAST Shares) will be cancelled in exchange for the payment of the Controlling Shareholder Cancellation Price of HK\$2.13 per Controlling Shareholder Scheme Share, which is lower than the Non-Controlling Shareholder Cancellation Price of HK\$2.40 per Non-Controlling Shareholder Scheme Share. The aggregate Controlling Shareholder Cancellation Price will be payable by China Jinmao in accordance with the Controlling Shareholder Payment Terms, which provides for the payment of the aggregate Controlling Shareholder Cancellation Price in two equal instalments: the first within one month of the Effective Date, and the second within one month after the third anniversary of the Effective Date against which China Jinmao shall set-off any amounts claimed against the China VAST Controlling Shareholders pursuant to the Controlling Shareholder Irrevocable Undertaking.

**The Shareholder Arrangements**

As part of the Rollover Arrangement, China Jinmao has also agreed to the Shareholder Arrangements, subject to the Scheme becoming effective.

Details of the Rollover Arrangement, the Controlling Shareholder Cancellation Price and the Shareholder Arrangements are set out in the section headed “5. Special Deal Relating to Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements” in Part VII – Explanatory Memorandum of this Scheme Document.

As the Rollover Arrangement, the payment of the Controlling Shareholder Cancellation Price and the Shareholder Arrangements are either (i) arrangements between China Jinmao and the China VAST Controlling Shareholders as agreed in the Controlling Shareholder Irrevocable Undertaking to which China VAST is not a party or (ii) conditional upon the Scheme becoming effective and are expected only to take effect after the withdrawal of the listing of the China VAST Shares on the Stock Exchange, none of these arrangements will constitute a connected transaction of China VAST under Chapter 14A of the Listing Rules.

**Independent Shareholders’ Approval**

As the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements are special arrangements only offered to the China VAST Controlling Shareholders and not offered to all China VAST Shareholders, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements, together constitute a special deal and require the consent of the Executive under Rule 25 of the Takeovers Code. China Jinmao has made an application for consent from the Executive in relation to the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements conditional on the China VAST Independent Financial Adviser confirming to the China VAST Independent Board Committee that the Rollover Arrangement,

Controlling Shareholder Cancellation Price and Shareholder Arrangements are fair and reasonable, and the passing of an ordinary resolution by the Independent Shareholders at a general meeting of China VAST to approve the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements.

The China VAST Independent Financial Adviser to the China VAST Independent Board Committee has stated in the letter from the China VAST Independent Financial Adviser in Part VI of this Scheme Document that in its opinion, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements are fair and reasonable. If the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements is not approved through an ordinary resolution by the Independent Shareholders at the China VAST EGM and/or the consent from the Executive under Rule 25 of the Takeovers Code to the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements is not obtained, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements will not be implemented, and the Proposal and the Scheme will also lapse.

## **IRREVOCABLE UNDERTAKINGS**

### **Controlling Shareholder Irrevocable Undertaking**

China Jinmao and the China VAST Controlling Shareholders have entered into the Controlling Shareholder Irrevocable Undertaking (as amended and/or supplemented by the deed of amendment in relation to the controlling shareholder irrevocable undertaking entered into between China Jinmao and the China VAST Controlling Shareholders on 17 October 2022), pursuant to which the parties agreed that:

- (a) subject to, among others, the Independent Shareholders' approval as set out in the section headed "5. Special Deal Relating to Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements – Independent Shareholders' Approval" in Part VII – Explanatory Memorandum of this Scheme Document, Profit East will remain as a China VAST Shareholder with respect to the 163,472,511 Rollover Shares (representing approximately 9.90% of the total number of issued China VAST Shares) immediately after the Scheme becomes effective, and the other 559,620,143 China VAST Shares held by Profit East (representing approximately 33.89% of the total number of the issued China VAST Shares) and all of the China VAST Shares held by Tai Shing (representing approximately 0.29% of the total number of the issued China VAST Shares) will constitute Scheme Shares which will be cancelled for the Controlling Shareholder Cancellation Price which is payable in accordance with the Controlling Shareholder Payment Terms;
- (b) the Rollover Arrangement and the Shareholder Arrangements will be implemented between China Jinmao and Profit East upon the Scheme becoming effective; and

- (c) each of the China VAST Controlling Shareholders has unconditionally and irrevocably undertaken, subject to the Controlling Shareholder Irrevocable Undertaking:
- (i) to do all such acts and provide all such assistance and information to China Jinmao as may be required by, and in accordance with, the Takeovers Code, the Listing Rules and the articles of association of China VAST and within its power to implement the Proposal to the extent permitted by relevant Laws and the articles of association of China VAST;
  - (ii) not to take any action or make any statement which has or may have the effect of prejudicing, preventing, delaying or disrupting the Proposal, otherwise causing the Proposal not to become effective at the earliest practicable time or at all;
  - (iii) to agree to and assist in implementing the Rollover Arrangement and the cancellation of the Controlling Shareholder Scheme Shares held by it in consideration for the Controlling Shareholder Cancellation Price;
  - (iv) to receive the Controlling Shareholder Cancellation Price in consideration for the cancellation of the Controlling Shareholder Scheme Shares under the Scheme;
  - (v) to the extent permitted under the Takeovers Code, the Listing Rules and applicable Laws, to exercise, or, as the case may be, to procure the exercise of the voting rights in respect of any China VAST Shares held by her/it or her/its affiliates to vote in favour of any resolutions to be proposed at the China VAST EGM to approve and give effect to the reduction of the share capital of China VAST, to assist the implementation of the Proposal or which are necessary for the Proposal and the Scheme to become effective;
  - (vi) to the extent permitted under the Takeovers Code, the Listing Rules and applicable Laws, to exercise, or, as the case may be, to procure the exercise of the voting rights in respect of any China VAST Shares held by her/it or her/its affiliates to vote against any resolution which might prevent or delay the implementation of the Proposal, or purports to approve or give effect to a proposal by a person other than China Jinmao to acquire any China VAST Shares, as well as to take all actions necessary to implement the Scheme;
  - (vii) not to, directly or indirectly, sell, transfer, charge, create or grant any option over or otherwise dispose of any interest in any of the China VAST Shares held by it; purchase, acquire, subscribe for or otherwise deal in the securities of China VAST; enter into any agreement or arrangement in respect of the votes or other rights attached to any of the China VAST Shares held by it; or enter into any discussion, negotiation, agreement or arrangement or incur any



obligation with any person in relation to any of the China VAST Shares held by it, in each case without the prior consent of China Jinmao, nor will it accept or otherwise agree to any other offer, scheme of arrangement, merger or other business combination in respect of all or any of such China VAST Shares held by it;

- (viii) she/it has no rights to receive the Non-Controlling Shareholder Cancellation Price for her/its respective Controlling Shareholder Scheme Shares and to waive any and all claims that she/it may have against China Jinmao or China VAST with respect to the receipt of the Controlling Shareholder Cancellation Price for her/its respective Controlling Shareholder Scheme Shares and not receiving the Non-Controlling Shareholder Cancellation Price for her/its respective Controlling Shareholder Scheme Shares;
- (ix) to ensure that during the period between the date of the Controlling Shareholder Irrevocable Undertaking and the Effective Date, China VAST and each member of the China VAST Group shall continue to operate in the same manner as before, and no member of the China VAST Group shall, without the written consent of China Jinmao and subject to certain exceptions, commit to or do or permit certain non-ordinary course matters as stipulated in the Controlling Shareholder Irrevocable Undertaking (including the entering into or adoption of a plan or agreement of liquidation or dissolution, the making of any alteration to its constitutional documents, the declaration, the making of any material changes to the accounting procedures or principles by reference to which its accounts are prepared or its accounting reference date, and the taking of certain other frustrating actions (as defined in Rule 4 of the Takeovers Code)) to occur;
- (x) to provide certain customary representations, warranties and indemnities in relation to the ownership of the Controlling Shareholder Scheme Shares, the capital structure, accounts, financial status, compliance, material contracts, intellectual property, real estate, environmental, employment and tax matters of the China VAST Group and undertakings to China Jinmao with respect to operational and financial matters of the China VAST Group (including the assistance in the recovery of certain accounts receivables owed to the China VAST Group and payment of tax liabilities);
- (xi) to provide China Jinmao with such assistance in order to appoint, effective as of the Effective Date, new directors and officers nominated by China Jinmao, to China VAST;
- (xii) to make indirect transfer tax filings as may be required by the PRC Laws and regulations;

- (xiii) to refrain from soliciting, inducing, employing or engaging the customers, suppliers, directors, employees or officers of the China VAST Group, subject to certain customary exceptions; and
- (xiv) not to carry on or be engaged, concerned or interested economically in any manner in any business or undertaking which is in direct competition with the business of the China VAST Group in Langfang City and/or Shijiazhuang City in the Hebei Province of the PRC, and to refer all corporate opportunities or offers pertaining to such business which have been presented or offered to her/it or her/its affiliates to the China VAST Group.

The Controlling Shareholder Irrevocable Undertaking will be terminated if the Scheme lapses or is withdrawn in accordance with its terms or may be terminated by mutual written consent between the parties.

#### **Chance Talent Irrevocable Undertaking**

Chance Talent is a China VAST Shareholder holding 8,060,000 China VAST Shares (representing approximately 0.49% of the total number of issued China VAST Shares) as at the Latest Practicable Date. Chance Talent also holds all of the Chance Talent Convertible Notes and the Chance Talent Notes as at the Latest Practicable Date.

China Jinmao, China VAST and Chance Talent have entered into the Chance Talent Irrevocable Undertaking on 12 October 2022, pursuant to which Chance Talent has unconditionally and irrevocably undertaken, subject to the Chance Talent Irrevocable Undertaking:

- (a) to waive the Convertible Note Offer (as defined and described in the Announcement) in respect of all of the Chance Talent Convertible Notes it holds which China Jinmao is required to make under the Takeovers Code;
- (b) not to, and to procure its affiliates not to, during the period starting from the date of the Chance Talent Irrevocable Undertaking and ending on the date the Chance Talent Convertible Notes are redeemed on its maturity date in accordance with its terms (both days inclusive), exercise any conversion right in respect of any of the Chance Talent Convertible Notes it or its affiliates hold;
- (c) to procure the exercise of the voting rights in respect of the Committed Shares in which it is interested to vote in favour of any resolutions to be proposed at the Court Meeting and the China VAST EGM to approve and give effect to the Proposal and the Scheme (including to give effect to the reduction of the share capital of China VAST), to assist the implementation of the Proposal or which are necessary for the Proposal and the Scheme to become effective;

- (d) to procure the exercise of the voting rights in respect of the Committed Shares in which it is interested to vote against any resolution which might prevent or delay the implementation of the Proposal, or purports to approve or give effect to a proposal by a person other than China Jinmao to acquire any China VAST Shares (unless such proposal offers a higher cancellation price as compared to the Proposal); and
- (e) not to, directly or indirectly, sell, transfer, charge, create or grant any option over or otherwise dispose of any interest in any of the Committed Shares, the Chance Talent Convertible Notes and the Chance Talent Notes in which it is interested, save that Chance Talent may dispose of any of its interests in the Chance Talent Convertible Notes and the Chance Talent Notes when an event of default under, or a right of early redemption of, the Chance Talent Convertible Notes and the Chance Talent Notes (which has not been amended or waived by Chance Talent) has occurred or has been triggered and Chance Talent has procured the transferee to unconditionally and irrevocably provide the same undertakings as set out in (a) and (b) above to China Jinmao and China VAST; enter into any agreement or arrangement in respect of the votes or other rights attached to any of the Committed Shares in which it is interested, unless an event of default under, or a right of early redemption of, the Chance Talent Convertible Notes and the Chance Talent Notes (which has not been amended or waived by Chance Talent) has occurred or has been triggered; enter into any discussion, negotiation, agreement or arrangement or incur any obligation with any person in relation to any of the Committed Shares, the Chance Talent Convertible Notes and the Chance Talent Notes in which it is interested, nor will it accept or otherwise agree to any other offer, scheme of arrangement, merger or other business combination in respect of all or any of the Committed Shares in which it is interested (unless such offer, scheme of arrangement, merger or business combination offers a higher cancellation price as compared to the Proposal).

The Chance Talent Irrevocable Undertaking will be terminated immediately if the Conditions are not satisfied or waived by the Conditions Long Stop Date, the Scheme lapses or is withdrawn in accordance with its terms or the Scheme is not approved at the Court Meeting.

#### **Celestial Ocean Irrevocable Undertaking**

Celestial Ocean is a China VAST Shareholder interested in 95,141,336 China VAST Shares (representing approximately 5.76% of the total number of issued China VAST Shares) as at the Latest Practicable Date.

China Jinmao and Celestial Ocean have entered into the Celestial Ocean Irrevocable Undertaking on 25 October 2022, pursuant to which Celestial Ocean has unconditionally and irrevocably undertaken in respect of its Committed Shares:

- (a) to procure the exercise of the voting rights in respect of the Committed Shares in which it is interested to vote in favour of the resolutions to be proposed at the Court Meeting in accordance with Conditions (a) and (b) and at the China VAST EGM in accordance with Conditions (c) and (f);

- (b) to procure the exercise of the voting rights in respect of the Committed Shares in which it is interested to vote against any resolution to be proposed at the Court Meeting and/or the China VAST EGM which might prevent or delay the Proposal, or purports to approve or give effect to a proposal by a person other than China Jinmao to acquire any China VAST Shares (unless such proposal offers a higher cancellation price as compared to the Proposal); and
- (c) not to, directly or indirectly, sell, transfer, charge, create or grant any option over or otherwise dispose of any interest in any of the Committed Shares in which it is interested; enter into any agreement or arrangement in respect of the voting rights attached to any of the Committed Shares in which it is interested; or accept or otherwise agree to any other offer, scheme of arrangement, merger or other business combination in respect of all or any of the Committed Shares in which it is interested (unless such offer, scheme of arrangement, merger or business combination offers a higher cancellation price as compared to the Proposal).

The Celestial Ocean Irrevocable Undertaking will be terminated immediately upon occurrence of any one of the following (whichever is earlier): if the Conditions are not satisfied by the Conditions Long Stop Date, the Scheme lapses or is withdrawn in accordance with its terms, the Scheme is not approved at the Court Meeting, the Scheme is not sanctioned by the Court, or the Scheme does not become effective within 6 months after the signing of the Celestial Ocean Irrevocable Undertaking.

Your attention is drawn to the section headed “6. Irrevocable Undertakings” in Part VII – Explanatory Memorandum of this Scheme Document for further details on the Controlling Shareholder Irrevocable Undertaking, the Chance Talent Irrevocable Undertaking and the Celestial Ocean Irrevocable Undertaking.

#### **CONFIRMATION OF FINANCIAL RESOURCES**

China Jinmao has appointed CICC as its financial adviser in connection with the Proposal.

Your attention is drawn to the section headed “7. Confirmation of Financial Resources” in Part VII – Explanatory Memorandum of this Scheme Document.

#### **SHAREHOLDING STRUCTURE OF CHINA VAST**

Your attention is drawn to the section headed “8. Shareholding Structure of China VAST” in Part VII – Explanatory Memorandum of this Scheme Document.

#### **REASONS FOR AND BENEFITS OF THE PROPOSAL**

Your attention is drawn to the section headed “9. Reasons for and Benefits of the Proposal” Part VII – Explanatory Memorandum of this Scheme Document.

**CHINA JINMAO'S INTENTION IN RELATION TO THE CHINA VAST GROUP**

Your attention is drawn to the section headed “10. China Jinmao’s Intention in relation to the China VAST Group” in Part VII – Explanatory Memorandum of this Scheme Document.

The China VAST Board welcomes the intentions of China Jinmao in respect of the China VAST Group and its employees and will cooperate with and provide full support to China Jinmao to facilitate the continued smooth business operations and management of the China VAST Group.

**INFORMATION ON THE CHINA VAST GROUP, CHINA JINMAO AND THE CHINA VAST CONTROLLING SHAREHOLDERS**

Your attention is drawn to the section headed “11. Information on the China VAST Group, China Jinmao and the China VAST Controlling Shareholders” in Part VII – Explanatory Memorandum of this Scheme Document.

**CHINA VAST INDEPENDENT BOARD COMMITTEE AND CHINA VAST INDEPENDENT FINANCIAL ADVISER****The China VAST Independent Board Committee**

The China VAST Independent Board Committee, which comprises Dr. Wong Wing Kuen, Albert, Ms. Hsieh Yafang and Professor Wang Yijiang, being all of the non-executive China VAST Directors who are not China Jinmao Concert Parties, has been established by the China VAST Board to make a recommendation to the Disinterested Shareholders and the Independent Shareholders (as the case may be) as to whether the Proposal and the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements are, or are not, fair and reasonable and as to voting in respect of the Scheme at the Court Meeting and the Proposal at the China VAST EGM.

Mr. Song Liuyi, a non-executive director of China VAST, is also an executive director of China Jinmao and therefore a China Jinmao Concert Party, and is considered to be interested in the Proposal and does not form part of the China VAST Independent Board Committee for the purpose of giving advice or recommendation to the Disinterested Shareholders and the Independent Shareholders (as the case may be).

**The China VAST Independent Financial Adviser**

The China VAST Independent Financial Adviser has been appointed by the China VAST Board with the approval of the China VAST Independent Board Committee to advise the China VAST Independent Board Committee on the Proposal, the Scheme, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements pursuant to Rule 2.1 of the Takeovers Code.

The full text of the letter from the China VAST Independent Financial Adviser is set out in Part VI of this Scheme Document.

The China VAST Independent Board Committee, having been so advised, considers that the terms of the Proposal, the Scheme, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements are fair and reasonable as far as the Disinterested Shareholders and the Independent Shareholders (as the case may be) are concerned. Accordingly, the China VAST Independent Board Committee recommends the Disinterested Shareholders and the Independent Shareholders (as the case may be) to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the China VAST EGM to approve and implement the Proposal, the Scheme, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements.

The full text of the letter from the China VAST Independent Board Committee in relation to its recommendations with respect to the Proposal, the Scheme, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements is set out in Part V of this Scheme Document.

#### **ACTIONS TO BE TAKEN**

Your attention is drawn to Part II – Actions to be Taken of this Scheme Document.

#### **COURT MEETING AND THE CHINA VAST EGM**

In accordance with the directions of the Court, the Court Meeting will be held at 10:00 a.m. (Hong Kong time) on Wednesday, 23 November 2022 at Theatre A, 22/F, United Centre, 95 Queensway, Admiralty, Hong Kong. The China VAST EGM will be held at the same place and on the same date at 11:00 a.m. (or as soon as practicable after the Court Meeting shall have concluded or been adjourned, whichever is later).

For the purpose of exercising your right to vote at the Court Meeting and/or the China VAST EGM, you are requested to read carefully the section headed “14. Court Meeting and the China VAST EGM” in Part VII – Explanatory Memorandum of this Scheme Document, Part II – Actions to be Taken of this Scheme Document, the notice of the Court Meeting in Appendix VII to this Scheme Document and the notice of China VAST EGM in Appendix VIII to this Scheme Document.

#### **WITHDRAWAL OF LISTING OF THE CHINA VAST SHARES**

Upon the Scheme becoming effective, all of the Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

China VAST will make an application to the Stock Exchange for the withdrawal of the listing of the China VAST Shares on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect immediately from 4:00 p.m. on Tuesday, 6 December 2022. The Scheme Shareholders will be notified by way of a public announcement of the exact dates of the last day of dealing in the China VAST Shares and on which the Scheme and the withdrawal of the listing of the China VAST Shares will become effective.

**IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES**

Subject to the requirements of the Takeovers Code, the Proposal and the Scheme will lapse if any of the Conditions has not been satisfied or waived (as applicable) on or before the Conditions Long Stop Date (or such later date as China Jinmao and China VAST may agree or, to the extent applicable, as the Executive may consent and the Court may direct).

If the Scheme is withdrawn or not approved or the Proposal otherwise lapses, an announcement will be made by China Jinmao and China VAST, and:

- (a) no Scheme Shares will be cancelled or extinguished, the shareholding structure of China VAST will not change as a result of the Proposal, and China VAST will continue to have sufficient public float as required by the Listing Rules;
- (b) the listing of the China VAST Shares on the Stock Exchange will not be withdrawn; and
- (c) there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither China Jinmao nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for China VAST, except with the consent of the Executive.

**REGISTRATION AND PAYMENT**

Your attention is drawn to the section headed “17. Registration and Payment” in Part VII – Explanatory Memorandum of this Scheme Document.

**COSTS OF THE SCHEME**

Your attention is drawn to the section headed “18. Costs of the Scheme” in Part VII – Explanatory Memorandum of this Scheme Document.

**OVERSEAS HOLDER OF THE SCHEME SHARES**

Your attention is drawn to the section headed “19. Overseas Holder of the Scheme Shares” in Part VII – Explanatory Memorandum of this Scheme Document.

**TAXATION**

Your attention is drawn to the section headed “20. Taxation and Independent Advice” in Part VII – Explanatory Memorandum of this Scheme Document.

**RECOMMENDATIONS**

Your attention is drawn to the recommendations of the China VAST Independent Board Committee in respect of the Proposal, the Scheme, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements as set out in the letter from the China VAST Independent Board Committee to the Disinterested Shareholders and the Independent Shareholders (as the case may be) in Part V of this Scheme Document.

Your attention is also drawn to the recommendations of the China VAST Independent Financial Adviser in respect of the Proposal, the Scheme, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements as set out in Part VI of this Scheme Document. We would advise you to read this letter carefully before you take any action in respect of the Proposal.

**FURTHER INFORMATION**

You are urged to read carefully the letters from the China VAST Independent Board Committee and from the China VAST Independent Financial Adviser, as set out in Parts V and VI of this Scheme Document, respectively, the Explanatory Memorandum as set out in Part VII of this Scheme Document, the Appendices to this Scheme Document, the Scheme as set out in Appendix VI to this Scheme Document, the notice of Court Meeting as set out in Appendix VII to this Scheme Document and the notice of China VAST EGM as set out in Appendix VIII to this Scheme Document. In addition, a **PINK** form of proxy for the Court Meeting and a **WHITE** form of proxy for the China VAST EGM are enclosed with copies of this Scheme Document sent to the Registered Owners.

By order of the board of directors of  
**China VAST Industrial Urban Development Company Limited**  
**Song Liuyi**  
*Chairman*





**China VAST Industrial Urban Development Company Limited**

**中國宏泰產業市鎮發展有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6166)**

*Members of the Independent Board Committee:*

Dr. Wong Wing Kuen, Albert

Ms. Hsieh Yafang

Professor Wang Yijiang

*Registered Office:*

Cricket Square Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

31 October 2022

*To: The Disinterested Shareholders and the Independent Shareholders (as the case may)*

Dear Sir or Madam,

**(1) PROPOSED PRIVATISATION OF  
CHINA VAST BY WAY OF A SCHEME OF ARRANGEMENT  
UNDER SECTION 86 OF THE COMPANIES ACT  
(2) PROPOSED WITHDRAWAL OF LISTING OF CHINA VAST  
(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT,  
CONTROLLING SHAREHOLDER CANCELLATION PRICE AND  
SHAREHOLDER ARRANGEMENTS**

We refer to the announcement dated 9 June 2022 jointly issued by China Jinmao and China VAST in relation to the Proposal and the scheme document dated 31 October 2022 jointly issued by China Jinmao and China VAST in relation to the Proposal (the “**Scheme Document**”), the latter of which this letter forms part. Terms defined in the Scheme Document shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the China VAST Board as the China VAST Independent Board Committee to make a recommendation to the Disinterested Shareholders and the Independent Shareholders (as the case may be) in respect of the Proposal, the Scheme, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements, details of which are set out in Part IV – Letter from the China VAST Board and Part VII – Explanatory Memorandum of the Scheme Document.

Rainbow Capital (HK) Limited, the China VAST Independent Financial Adviser, has been appointed by China VAST with our approval, to advise us in connection with the Proposal, the Scheme, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements.

We wish to draw your attention to (i) the letter from the China VAST Board set out in Part IV of the Scheme Document; (ii) the letter from the China VAST Independent Financial Adviser, which sets out the factors and reasons taken into account in arriving at its recommendations to the China VAST Independent Board Committee, set out in Part VI of the Scheme Document; and (iii) the Explanatory Memorandum set out in Part VII of the Scheme Document.

Having considered the terms of the Proposal, the Scheme, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements, and having taken into account the advice of the China VAST Independent Financial Adviser, and in particular the factors, reasons and recommendations set out in its letter, we consider that the terms of the Proposal, the Scheme, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements are fair and reasonable as far as the Disinterested Shareholders and the Independent Shareholders (as the case may be) are concerned.

Accordingly, the China VAST Independent Board Committee recommends:

- (a) the Disinterested Shareholders to vote in favour of the Scheme at the Court Meeting;
- (b) the Independent Shareholders to vote in favour of the ordinary resolution to approve the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements at the China VAST EGM; and
- (c) the China VAST Shareholders to vote in favour of the following resolutions at the China VAST EGM:
  - (i) the special resolution to approve the reduction of the issued share capital of China VAST by cancelling and extinguishing the Scheme Shares;
  - (ii) the ordinary resolution to, immediately after the reduction of the issued share capital of China VAST, increase the issued share capital of China VAST to the amount prior to the cancellation of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new China VAST Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme, credited as fully paid, for issuance to China Jinmao; and

- (iii) the authorization of the China VAST Directors to do all acts and things considered by them to be necessary or desirable in connection with the implementation of the Scheme.

Yours faithfully,

**The China VAST Independent Board Committee**

**Dr. Wong Wing Kuen, Albert**

*Independent*

*Non-executive Director*

**Ms. Hsieh Yafang**

*Independent*

*Non-executive Director*

**Professor Wang Yijiang**

*Independent*

*Non-executive Director*

*The following is the full text of a letter of advice from Rainbow Capital (HK) Limited, the independent financial adviser to the China VAST Independent Board Committee in respect of the Proposal, the Scheme, the Rollover Arrangement, the Controlling Shareholder Cancellation Price and the Shareholder Arrangements, which has been prepared for the purpose of inclusion in the Scheme Document.*

**Rainbow Capital (HK) Limited**

31 October 2022

*To the China VAST Independent Board Committee*

China VAST Industrial Urban Development Company Limited  
Unit 3708, 37/F  
West Tower  
Shun Tak Centre  
168-200 Connaught Road Central  
Hong Kong

Dear Sir or Madam,

**(1) PROPOSED PRIVATISATION OF CHINA VAST  
BY WAY OF A SCHEME OF ARRANGEMENT  
UNDER SECTION 86 OF THE COMPANIES ACT;  
(2) PROPOSED WITHDRAWAL OF LISTING OF CHINA VAST; AND  
(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT,  
CONTROLLING SHAREHOLDER CANCELLATION PRICE AND  
SHAREHOLDER ARRANGEMENTS**

**INTRODUCTION**

We refer to our appointment as the independent financial adviser to the China VAST Independent Board Committee in connection with the Proposal, the Scheme, the Rollover Arrangement, the Controlling Shareholder Cancellation Price and the Shareholder Arrangements, details of which are set out in the Announcement and the Scheme Document dated 31 October 2022 jointly issued by China VAST and China Jinmao of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meaning as defined in the Scheme Document.

On 9 June 2022, in response to the Proposal of China Jinmao put forward to the China VAST Board, China VAST irrevocably undertook to China Jinmao to put forward the Scheme to the Scheme Shareholders which, if approved and implemented, will result in China VAST

being privatised by China Jinmao by way of a scheme of arrangement under section 86 of the Companies Act and the withdrawal of the listing of the China VAST Shares on the Stock Exchange. All of the Pre-Conditions have been satisfied by 17 October 2022.

The Scheme comprises the cancellation of approximately 60.20% of the total number of issued China VAST Shares as at the Latest Practicable Date, comprising the cancellation of (i) the Non-Controlling Shareholder Scheme Shares held by the Scheme Shareholders (excluding the China VAST Controlling Shareholders), which represent approximately 26.02% of the total number of issued China VAST Shares as at the Latest Practicable Date, at the Non-Controlling Shareholder Cancellation Price of HK\$2.40 per Non-Controlling Shareholder Scheme Share; and (ii) the Controlling Shareholder Scheme Shares, which represent approximately 34.18% of the total number of issued China VAST Shares as at the Latest Practicable Date, at the Controlling Shareholder Cancellation Price of HK\$2.13 per Controlling Shareholder Scheme Share the payment of which will be made in accordance with the Controlling Shareholder Payment Terms.

Celestial Ocean is a China VAST Shareholder interested in 95,141,336 China VAST Shares, representing approximately 5.76% of the total number of issued China VAST Shares as at the Latest Practicable Date. China Jinmao and Celestial Ocean have entered into the Celestial Ocean Irrevocable Undertaking, pursuant to which Celestial Ocean has unconditionally and irrevocably undertaken, among others, to procure the exercise of the voting rights in respect of the Committed Shares in which it is interested to vote in favour of certain resolutions to be proposed at the Court Meeting and the China VAST EGM. For details of the Celestial Ocean Irrevocable Undertaking, please refer to the section headed “6. Irrevocable Undertakings – Celestial Ocean Irrevocable Undertaking” in the “Part VII – Explanatory Memorandum” in the Scheme Document.

As at the Announcement Date, there were an aggregate number of 39,750,000 outstanding China VAST Options granted under the China VAST Share Option Scheme, each with an exercise price of HK\$3.02. On 31 July 2022, all 39,750,000 China VAST Options outstanding as at the Announcement Date have lapsed in accordance with the terms of the China VAST Share Option Scheme and the relevant grant letters. As (i) no China VAST Option was outstanding as at the Latest Practicable Date; and (ii) China VAST does not intend to and has confirmed that it will not grant any further China VAST Options between the Latest Practicable Date and the Effective Date, China Jinmao is no longer required to and will not make (or procure to be made on its behalf) the Option Offer as defined and described in the Announcement in accordance with Rule 13 of the Takeovers Code.

As at the Latest Practicable Date, the outstanding principal amount of the Chance Talent Convertible Notes was US\$50 million, which were convertible into an aggregate of 138,297,873 China VAST Shares at the conversion price of HK\$2.82 per China VAST Share. As (i) Chance Talent was the only holder of the Chance Talent Convertible Notes as at the Latest Practicable Date; and (ii) Chance Talent has provided the Chance Talent Irrevocable Undertaking on 12 October 2022, pursuant to which, among other things, it will waive the Convertible Note Offer as defined and described in the Announcement in respect of the Chance

Talent Convertible Notes which China Jinmao is required to make under the Takeovers Code, and it will not dispose of any interest in the Chance Talent Convertible Notes in which it is interested, unless an event of default under, or a right of early redemption of, the Chance Talent Convertible Notes (which has not been amended or waived by Chance Talent) has occurred or has been triggered, and it shall be a condition to such disposal that the transferee shall undertake to waive the Convertible Note Offer, hence the Convertible Note Offer as defined and described in the Announcement will not be accepted by holder(s) of the Chance Talent Convertible Notes even if it is made. China Jinmao is therefore no longer required to and will not make (or procure to be made on its behalf) the Convertible Note Offer as defined and described in the Announcement in accordance with Rule 13 of the Takeovers Code.

Chance Talent is also a China VAST Shareholder holding 8,060,000 China VAST Shares, representing approximately 0.49% of the total number of issued China VAST Shares as at the Latest Practicable Date. Pursuant to the terms of the Chance Talent Irrevocable Undertaking, Chance Talent has unconditionally and irrevocably undertaken to, among others, procure the exercise of the voting rights in respect of the Committed Shares in which it is interested to (i) vote in favour of any resolutions to be proposed at the Court Meeting and the China VAST EGM to approve and give effect to the Proposal and the Scheme (including to give effect to the reduction of the share capital of China VAST) and assist the implementation of the Proposal or which are necessary for the Proposal and the Scheme to become effective; and (ii) vote against any resolution which might prevent or delay the implementation of the Proposal, or purports to approve or give effect to a proposal by a person other than China Jinmao to acquire any China VAST Shares (unless such proposal offers a higher cancellation price as compared to the Proposal). For details of the Chance Talent Irrevocable Undertaking, please refer to the section headed “6. Irrevocable Undertakings – Chance Talent Irrevocable Undertaking” in the “Part VII – Explanatory Memorandum” in the Scheme Document.

In addition, China Jinmao proposes to allow Profit East, a China VAST Controlling Shareholder and a China Jinmao Concert Party, to retain the 163,472,511 Rollover Shares, representing approximately 9.90% of the total number of issued China VAST Shares after the Scheme becomes effective. As part of the Rollover Arrangement, China Jinmao has also agreed to the Shareholder Arrangements to reflect the change in shareholding in China VAST (including the change in the capacities of the China VAST Controlling Shareholders) following the implementation of the Scheme, subject to the Scheme becoming effective, in relation to, among other things, (i) the repayment by the relevant member of the China VAST Group of the shareholder loan from Profit East; (ii) the funding of all existing shareholder loans of the China VAST Group by China Jinmao and Profit East based on their respective shareholding percentage in China VAST from time to time; (iii) the waiver of certain obligations of the China VAST Controlling Shareholders under the agreement pursuant to which China Jinmao initially acquired an interest in China VAST from Profit East; (iv) the release of existing guarantees provided by the China VAST Controlling Shareholders or their affiliates in their capacities as the controlling shareholders of China VAST for the loans entered into by any member of the China VAST Group; and (v) certain continuing shareholder arrangements after the Effective Date for so long as Profit East remains as a China VAST Shareholder, comprising dividend arrangement, pre-emptive arrangement, lock-up and transfer arrangement, tag-along

arrangement, drag-along arrangement and funding arrangement. The Rollover Arrangement, the Controlling Shareholder Cancellation Price and the Shareholder Arrangements together constitute a special deal under Rule 25 of the Takeovers Code, which are subject to, among other things, the consent of the Executive and the approval by the Independent Shareholders by passing of an ordinary resolution at the China VAST EGM.

The China VAST Independent Board Committee consists of all independent non-executive China VAST Directors, namely Dr. Wong Wing Kuen, Albert, Ms. Hsieh Yafang and Professor Wang Yijiang. The China VAST Independent Board Committee has been established to make a recommendation to the Disinterested Shareholders and the Independent Shareholders (as the case may be) as to whether the Proposal, the Scheme, the Rollover Arrangement, the Controlling Shareholder Cancellation Price and the Shareholder Arrangements are fair and reasonable and as to voting in respect of the Scheme at the Court Meeting and the Proposal at the China VAST EGM. Mr. Song Liuyi, a non-executive director of China VAST, is also an executive director of China Jinmao and therefore a China Jinmao Concert Party, and is considered to be interested in the Proposal and does not form part of the China VAST Independent Board Committee for the purpose of giving advice or recommendation to the Disinterested Shareholders and the Independent Shareholders (as the case may be). We, Rainbow Capital (HK) Limited, have been appointed as the China VAST Independent Financial Adviser to advise the China VAST Independent Board Committee in this regard and such appointment has been approved by the China VAST Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

We are not associated with China VAST, China Jinmao, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them. Apart from normal professional fees paid or payable to us in connection with this engagement, no other arrangement exists whereby we will receive any fees or benefits from China VAST, China Jinmao, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we are considered eligible to give an independent advice to the China VAST Independent Board Committee.

#### **BASIS OF OUR OPINION**

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Scheme Document; (ii) the information supplied by the China VAST Directors and the management of the China VAST Group; (iii) the opinions expressed by and the representations of the China VAST Directors and the management of the China VAST Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Scheme Document were true and accurate in all material respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Scheme Document are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the China VAST Directors and the management of the China VAST

Group and those as set out or referred to in the Scheme Document were reasonably made after due and careful enquiry. We have no reason to doubt the truth and accuracy of such information and representations provided to us by the China VAST Directors and the management of the China VAST Group. We have also sought and received confirmation from the China VAST Directors that no material facts have been withheld or omitted from the information provided and referred to in the Scheme Document and that all information or representations provided to us by the China VAST Directors and the management of the China VAST Group are true and accurate in all material respects and not misleading in any material respect at the time they were made and continue to be so until the Latest Practicable Date.

The Disinterested Shareholders and the Independent Shareholders will be informed by China VAST and us as soon as possible if there is any material change to the information disclosed in the Scheme Document during the Offer Period, in which case we will consider whether it is necessary to revise our opinion and inform the China VAST Independent Board Committee and the Disinterested Shareholders and the Independent Shareholders accordingly.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Scheme Document so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the China VAST Directors and the management of the China VAST Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of China VAST or any of their respective subsidiaries and associates.

## **PRINCIPAL TERMS AND CONDITIONS OF THE PROPOSAL**

Subject to the fulfilment (or waiver as applicable) of the Conditions on or before the Conditions Long Stop Date, the proposed privatisation of China VAST will be implemented by way of the Scheme.

### **1. Principal terms of the Proposal**

#### *The Scheme*

The Scheme comprises the cancellation of approximately 60.20% of the total number of issued China VAST Shares as at the Latest Practicable Date, comprising (i) the Non-Controlling Shareholder Scheme Shares held by the Scheme Shareholders (excluding the China VAST Controlling Shareholders), which represent approximately 26.02% of the total number of issued China VAST Shares as at the Latest Practicable Date; and (ii) the Controlling Shareholder Scheme Shares, which represent approximately 34.18% of the total number of issued China VAST Shares as at the Latest Practicable Date. Each Scheme Shareholder will be entitled to receive the following cancellation price in cash for each Scheme Share cancelled:



For each Non-Controlling Shareholder Scheme Share . . . . .HK\$2.40 in cash

For each Controlling Shareholder Scheme Share . . . . .HK\$2.13 in cash

***The Option Offer***

As at the Announcement Date, there were an aggregate number of 39,750,000 outstanding China VAST Options granted under the China VAST Share Option Scheme, each with an exercise price of HK\$3.02. On 31 July 2022, all 39,750,000 China VAST Options outstanding as at the Announcement Date have lapsed in accordance with the terms of the China VAST Share Option Scheme and the relevant grant letters. As (i) no China VAST Option was outstanding as at the Latest Practicable Date; and (ii) China VAST does not intend to and has confirmed that it will not grant any further China VAST Options between the Latest Practicable Date and the Effective Date, China Jinmao is no longer required to and will not make (or procure to be made on its behalf) the Option Offer as defined and described in the Announcement in accordance with Rule 13 of the Takeovers Code.

***The Convertible Note Offer***

As at the Latest Practicable Date, the outstanding principal amount of the Chance Talent Convertible Notes was US\$50 million, which were convertible into an aggregate of 138,297,873 China VAST Shares at the conversion price of HK\$2.82 per China VAST Share. As (i) Chance Talent was the only holder of the Chance Talent Convertible Notes as at the Latest Practicable Date; and (ii) Chance Talent has agreed after the Announcement Date pursuant to the terms of the Chance Talent Irrevocable Undertaking that, among other things, it will waive the Convertible Note Offer as defined and described in the Announcement in respect of the Chance Talent Convertible Notes which China Jinmao is required to make under the Takeovers Code, and it will not dispose of any interest in the Chance Talent Convertible Notes in which it is interested, unless an event of default under, or a right of early redemption of, the Chance Talent Convertible Notes (which has not been amended or waived by Chance Talent) has occurred or has been triggered, and it shall be a condition to such disposal that the transferee shall undertake to waive the Convertible Note Offer, hence the Convertible Note Offer as defined and described in the Announcement will not be accepted by holder(s) of the Chance Talent Convertible Notes even if it is made. China Jinmao is therefore no longer required to and will not make (or procure to be made on its behalf) the Convertible Note Offer as defined and described in the Announcement in accordance with Rule 13 of the Takeovers Code.

***The China Jinmao Convertible Bonds***

No offer for the China Jinmao Convertible Bonds will be made by China Jinmao under Rule 13 of the Takeovers Code as the China Jinmao Convertible Bonds are held by China Jinmao.

**The Independent Shareholders and the Disinterested Shareholders should note that as stated in the Part IV – Letter from the China VAST Board in the Scheme Document, China Jinmao will not increase the Non-Controlling Shareholder Cancellation Price and the Controlling Shareholder Cancellation Price, and does not reserve the right to do so. China VAST does not intend to declare, make or pay any dividend or other distribution (whether in cash or in kind) to the China VAST Shareholders before the Effective Date. If the Scheme is withdrawn or not approved or the Proposal otherwise lapses, neither China Jinmao nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for China VAST, except with the consent of the Executive.**

## **2. Conditions of the Proposal and the Scheme**

The Proposal and the Scheme will only become effective and binding on China VAST, China Jinmao and all Scheme Shareholders subject to the satisfaction or a valid waiver (as applicable) of the following Conditions:

- (a) the approval of the Scheme (by way of poll) by the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting, either in person or by proxy, at the Court Meeting;
- (b) (i) the approval of the Scheme (by way of poll) by the Disinterested Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Shareholders that are voted, either in person or by proxy, at the Court Meeting; and
  - (ii) the number of votes cast (by way of poll) by the Disinterested Shareholders present and voting, either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all Disinterested Shareholders;
- (c) the passing by the China VAST Shareholders at the China VAST EGM of: (i) a special resolution (by a majority of not less than three-fourths of the votes cast by the China VAST Shareholders present and voting, either in person or by proxy, at the China VAST EGM) to approve any reduction of the issued share capital of China VAST by the cancellation and extinguishment of the Scheme Shares; and (ii) an ordinary resolution (by a simple majority of the votes cast by the China VAST Shareholders present and voting, either in person or by proxy, at the China VAST EGM) to apply the reserve created by the cancellation and extinguishment of the Scheme Shares to contemporaneously restore the issued share capital of China VAST to the amount prior to the cancellation and extinguishment of the Scheme

Shares by the allotment and issue to China Jinmao of such number of new China VAST Shares (credited as fully paid at par) as is equal to the number of the Scheme Shares cancelled and extinguished;

- (d) the sanction of the Scheme (with or without modifications) and the confirmation of the reduction of the issued share capital of China VAST by the Court and the delivery of a copy of the order of, and minutes approved by, the Court to the Registrar of Companies for registration;
- (e) compliance with the procedural requirements and conditions, if any, under the Companies Act in relation to the reduction of the issued share capital of China VAST and the Scheme, respectively;
- (f) (i) the receipt of an opinion from the China VAST Independent Financial Adviser to the China VAST Independent Board Committee confirming that the Rollover Arrangement, the Controlling Shareholder Cancellation Price and the Shareholder Arrangements are fair and reasonable; (ii) the passing of an ordinary resolution by the Independent Shareholders at a general meeting of China VAST to approve the Rollover Arrangement, the Controlling Shareholder Cancellation Price and the Shareholder Arrangements; and (iii) the consent from the Executive under Rule 25 of the Takeovers Code to the Rollover Arrangement, the Controlling Shareholder Cancellation Price and the Shareholder Arrangements;
- (g) all Authorisations (if any) in connection with the Proposal or the Scheme having been obtained from the relevant Governmental Authorities in the Cayman Islands and any other relevant jurisdiction;
- (h) the Authorisations (if any) in connection with the Proposal or the Scheme remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any relevant Governmental Authority which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each case up to the Effective Date;
- (i) between the Announcement Date up to the Effective Date, no Governmental Authority having taken or instituted any action, proceeding, suit, investigation or enquiry, or enacted, made, proposed, issued, enforced or imposed (including without limitation through interpreting, amending, restating or supplementing) any laws, rules, regulations or codes, or other legal restraint or prohibition that would make the Proposal or its implementation in accordance with its terms void, unenforceable or illegal, or which would impose any material and adverse conditions or obligations with respect to the Proposal or its implementation in accordance with its terms, or

otherwise restrain or prohibit the implementation of the Proposal, or cause any transaction contemplated by the Proposal to be rescinded or otherwise disposed of after its implementation; and

- (j) since the Announcement Date, there having been no adverse change in the business, assets, financial or trading positions, profits or prospects of any member of the China VAST Group (to an extent which is material in the context of the China VAST Group taken as a whole or in the context of the Proposal).

For details of Conditions, please refer to the section headed “3. Conditions of the Proposal and the Scheme” in the “Part VII – Explanatory Memorandum” (the “**Explanatory Memorandum**”) in the Scheme Document.

Conditions (a) to (f) cannot be waived. Subject to the requirements of the Executive, China Jinmao reserves the right (but is in no way obliged) to waive Conditions (g) to (j) in whole or in part, either generally or in respect of any particular matter. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, China Jinmao may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Condition are of material significance to China Jinmao in the context of the Proposal.

All of the Conditions will have to be satisfied or waived (as applicable) on or before the Conditions Long Stop Date (or such later date as China Jinmao and China VAST may agree or, to the extent applicable, as the Executive may consent and the Court may direct), failing which the Proposal and the Scheme will lapse. When all of the Conditions above are satisfied or waived (as applicable), the Scheme will become effective and binding on China VAST, China Jinmao and all Scheme Shareholders (irrespective of whether or not he, she or it attends or votes at the Court Meeting or the China VAST EGM).

### **3. Expected timetable of the Proposal**

The indicative timetable for the Proposal is set out in “Part III – Expected Timetable” in the Scheme Document. Based on the indicative timetable, the cheques for cash entitlements to the Non-Controlling Shareholder Cancellation Price under the Scheme will be despatched to the Scheme Shareholders (other than the China VAST Controlling Shareholders who will be paid in accordance with the Controlling Shareholder Payment Terms) on or before Wednesday, 14 December 2022 if the Scheme becomes effective. Further announcement will be made by China Jinmao and China VAST if there is any change to the timetable.

**PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion and recommendation with regard to the Proposal, the Scheme, the Rollover Arrangement, the Controlling Shareholder Cancellation Price and the Shareholder Arrangements, we have taken into account the following principal factors and reasons:

**1. Background information of the China VAST Group**

The China VAST Group is principally engaged in (a) planning, development and operation of large-scale industrial town projects through cooperation with local governments in the PRC; (b) property development; and (c) property leasing in the PRC. The China VAST Shares have been listed on the Main Board of the Stock Exchange since 2014.

Set out below summarises the principal activities of the China VAST Group for the years ended 31 December 2019, 2020 and 2021 (“**FY2019**”, “**FY2020**” and “**FY2021**”) and the six months ended 30 June 2021 (“**2021 H1**”) and 2022 (“**2022 H1**”). The revenue stated below is substantially generated from (a) land development projects/arrangements, representing the China VAST Group’s fee income derived from development of industrial town projects; (b) the sales of properties; and (c) property leasing. For further details, please refer to the section headed “3. Financial information of the China VAST Group – (b) Financial performance” below.

**(a) Industrial town development business**

Unlike other traditional property developers, the China VAST Group’s primary business is the industrial town development business, which contributed approximately 90.7%, 90.3%, 84.5% and 14.2% of its total revenue for the three years ended 31 December 2021 and 2022 H1, respectively. For the reasons for the significant decrease in proportion of revenue contributed by the industrial town development business, please refer to the section headed “3. Financial information of the China VAST Group – (b) Financial performance – (i) Revenue – (1) Industrial town development business” below.

Riding on its experience in property development accumulated in the initial stage, the China VAST Group has been engaging in new urbanization construction since 2005. In carrying out its industrial town development business, the China VAST Group entered into long-term cooperation agreements with the relevant local governments regarding lands owned by them for future development. Under such long-term cooperation agreement, the China VAST Group (i) plans and designs industrial towns and positions industrial towns with selected industry themes; (ii) converts lands planned for development into lands suitable for sale by the relevant local governments, being the process of demolishing existing buildings, relocation of any incumbent residents and construction of necessary infrastructure; (iii) promotes the sale of such developed lands to third parties through the public auction, tender or listing for sale process in accordance with the PRC laws; and (iv) provides follow-up management and operation services to

enterprise customers in the industrial towns. In return, the China VAST Group will receive a fee income for its land development services provided under the long-term cooperation agreements from the local governments after the lands developed by the China VAST Group have been successfully sold by the local governments.

The China VAST Group currently provides planning, development and/or operation services in eight different themed-industrial town projects, consisting of: (i) Longhe Park; (ii) Longhe Resort; (iii) Guangyang Technology Regeneration Park, (iv) Yongqing VAST Industrial Town Park, all of which are located in Langfang City, Hebei province; (v) Shijiazhuang General Aviation Industrial Town Park; (vi) Shijiazhuang Gaocheng VAST Industrial Town Park, both of which are located in Shijiazhuang City, Hebei province; (vii) VAST Ezhou Industrial Park in Ezhou City, Hubei province; and (viii) Wuhan Development Zone General Aviation Industry Comprehensive Demonstration Zone in Wuhan City, Hubei province. After over 10 years of development, Longhe Park is progressing towards its maturity in a fast development stage. The remaining seven projects are in the early stage of planning and development.

Information of the eight different theme-industrial town projects under planning, development and/or operation by the China VAST Group is briefly summarised as follows:

Industrial town project	Planned site area (saleable)	Industry theme	Scope of services	Fee arrangement	Status as at 30 June 2022
(1) Longhe Park Langfang, Hebei province	Total: 19.5 million sq.m. Site area sold: 7.7 million sq.m.	Information technology, advanced manufacturing, modern services and property development	Planning and design, industry positioning, land preparation, infrastructure construction, marketing and follow-up services to manage and operate the project	Calculated with reference to a certain percentage of land sale proceeds and taxes paid by resident enterprises	Progressing towards an active development stage, and contributed to income of the China VAST Group for the three years ended 31 December 2021
(2) Longhe Resort Langfang, Hebei province	Total: 5.7 million sq.m. Saleable land unsold: 11.8 million sq.m.	Vacation home and facilities, business headquarters and culture business subject to finalisation	Planning and design, industry positioning, land preparation, infrastructure construction, marketing and follow-up services to manage and operate the project	Calculated with reference to a certain percentage of land sale proceeds and taxes paid by resident enterprises	Other than the reversal of other comprehensive services fee income, no fee income was recognised for 2022 H1, due to the absence of land sale Binding agreement signed; land preparation and infrastructure construction not yet commenced

Industrial town project	Planned site area (saleable)	Industry theme	Scope of services	Fee arrangement	Status as at 30 June 2022
<b>(3) Guangyang Technology Regeneration Park</b> Langfang, Hebei province	Under planning	Under planning	Planning and design, industry positioning, land preparation, infrastructure construction, marketing and follow-up services to manage and operate the project	A portion of the net land sale proceeds representing the sum of the China VAST Group's actual investment amount with a pre- agreed return and a portion of the remaining net land sale proceeds in accordance with the China VAST Group's equity interest in the relevant project company	Binding agreement signed; land preparation and infrastructure construction not yet commenced
<b>(4) Yongqing VAST Industrial Town Park</b> Langfang, Hebei province	Total: 7.2 million sq.m.	Intelligent equipment manufacturing, new energy, new material industry	Planning and design, industry positioning, land preparation, infrastructure construction and marketing	Commission services income, which is calculated based on a certain proportion of a fixed return and the aggregate investment in the park	Binding agreement signed; land preparation and infrastructure construction not yet commenced
<b>(5) Shijiazhuang General Aviation Industrial Town Park</b> Shijiazhuang, Hebei province	Total: 11.7 million sq.m.	General aviation industry, modern services and property development	Planning and design, industry positioning, land preparation, infrastructure construction and marketing	Commission services income, which is calculated based on a certain proportion of a fixed return and the aggregate investment in the park	Binding agreement signed; land preparation and infrastructure construction commenced



Industrial town project	Planned site area (saleable)	Industry theme	Scope of services	Fee arrangement	Status as at 30 June 2022
(6) Shijiazhuang Gaocheng VAST Industrial Town Park Shijiazhuang, Hebei province	Total: 14.1 million sq.m.	Healthcare industry, eldercare industry and tourism	Planning and design, industry positioning, land preparation, infrastructure construction and marketing	Commission services income, which is calculated based on a certain proportion of a fixed return and the aggregate investment in the park	Binding agreement signed; land preparation and infrastructure construction commenced, and contributed to the China VAST Group's income for the three years ended 31 December 2021 and 2022 H1
(7) VAST Ezhou Industrial Park Ezhou, Hubei province	Total: 3.0 million sq.m.	Intelligent manufacturing and electronic information and strategic emerging industries	Planning and design, industry positioning, land preparation, infrastructure construction and marketing	Commission services income, which is calculated based on a certain proportion of a fixed return and the aggregate investment in the park	Binding agreement signed; land preparation and infrastructure construction commenced, and contributed to the China VAST Group's income for the three years ended 31 December 2021 and 2022 H1
(8) Wuhan Development Zone General Aviation Industry Comprehensive Demonstration Zone Wuhan, Hubei province	Total: 4.1 million sq.m.	General aviation industry	Planning and design, industry positioning, land preparation, infrastructure construction and marketing	Commission services income, which is calculated based on a certain proportion of a fixed return and the aggregate investment in the park	Binding agreement signed; land preparation and infrastructure construction commenced, and contributed to the China VAST Group's income for the three years ended 31 December 2021 and 2022 H1

Source: the annual report for FY2021 (the "2021 Annual Report") and the interim report for 2022 H1 (the "2022 Interim Report") of China VAST

For further details of the eight different theme-industrial town projects under planning, development and/or operation by the China VAST Group, please refer to the 2021 Annual Report and the 2022 Interim Report.

***(b) Property development business***

For the three years ended 31 December 2021 and 2022 H1, the China VAST Group's property development business accounted for approximately 8.0%, 8.3%, 12.8% and 60.0% of its total revenue, respectively.

As at 30 June 2022, the China VAST Group had 23 projects at various stages of development, mainly concentrating on development of residential, commercial and industrial projects with a wide range of products including residence, apartment, villa, retail stores and office buildings. As at 30 June 2022, approximately 1,318,550 sq.m. of gross floor area ("GFA") of residential, commercial and industrial land reserves remained unsold.

***(c) Property leasing business***

For the three years ended 31 December 2021 and 2022 H1, the China VAST Group's property leasing business accounted for approximately 1.3%, 1.4%, 2.7%, and 25.8% of its total revenue, respectively.

As at 30 June 2022, the China VAST Group had (i) seven completed investment properties located in Langfang, Hebei province, namely Chengxiang Building, Meishu Complex, Jinyue Building, Tianfu Center, Phase I and Phase II of SME Entrepreneurial Base, Fuao Data Center and Bangte Environmental Protection Data Center; (ii) one investment property under construction, namely Longhe Era; and (iii) one investment property planned for future development, namely Phase III of SME Entrepreneurial Base.

## **2. Reasons for and benefits of the Proposal**

As set out in the Explanatory Memorandum, the Proposal represents an immediate opportunity for the Scheme Shareholders to monetise their investments in the China VAST Shares for cash at a compelling premium to the current market price and redeploy the proceeds from accepting the Scheme into other investment opportunities.

The Proposal provides an opportunity for the Scheme Shareholders to dispose of their China VAST Shares for cash at significant premiums over the market prices of the China VAST Shares without having to suffer any illiquidity discount and settlement risk. The Non-Controlling Shareholder Cancellation Price represents significant premiums in the range of approximately 28.82% to approximately 45.78% for various periods in the 180 trading days up to and including the Last Trading Day, as set out in the section headed "6. Evaluation of the Non-Controlling Shareholder Cancellation Price – (a) China VAST Share price performance" below.

It was also stated in the Explanatory Memorandum that the trading liquidity of the China VAST Shares has been at a low level over a long period of time. During the six-month period, 12-month period and 24-month period up to and including the Last Trading Date, the average daily trading volume of the China VAST Shares were approximately 0.36 million China VAST Shares, 2.42 million China VAST Shares and 1.54 million China VAST Shares, representing only approximately 0.02%, 0.15% and 0.09% respectively of the total number of issued China VAST Shares as at the Latest Practicable Date. Given the thin liquidity of the China VAST Shares as illustrated in our analyses set out in the section headed “6. Evaluation of the Non-Controlling Shareholder Cancellation Price – (b) Trading volume of the China VAST Shares” below, we concur with the China VAST Directors that the Proposal allows the Scheme Shareholders to dispose of their China VAST Shares, particularly for those Scheme Shareholders holding a significant number of the China VAST Shares, without having to suffer significant illiquidity discount or adversely affecting the market prices of the China VAST Shares.

As disclosed in the 2021 Annual Report, as affected by the prolonged COVID-19 pandemic, global supply chain and energy crisis and international situation such as the Sino-US strategic economic and trade wars, the post-pandemic recovery of the Chinese economy has been hindered. The macro environment is complicated as domestic regulatory control becomes stringent, resulting in the real estate industry to shrink their balance sheet. In light of current macro headwinds and challenging market conditions, the Proposal will permit China Jinmao and China VAST to, following the review by China Jinmao of the financial position and operations of the China VAST Group, make strategic decisions on, among others, business development, investment or capital raising and/or disposal or redeployment of assets of the China VAST Group, focusing on long-term growth and benefits, and free from the pressure of market expectations and share price fluctuations which arise from China VAST being a publicly listed company, as stated in the Explanatory Memorandum. In addition, with China VAST becoming a private company jointly wholly-owned by China Jinmao and Profit East following the implementation of the Proposal, China Jinmao, as a leading city operator and large-scale developer and operator of quality real estate projects in the PRC, shall be better positioned to provide greater support and synergy to the long-term development of China VAST.

The Proposal, which entails the delisting of China VAST, is also expected to reduce the administrative costs and management resources associated with maintaining China VAST’s listing status and compliance with regulatory requirements and, in turn, allow greater flexibility for China Jinmao and China VAST to manage the China VAST Group’s business.

Based on the aforesaid, we consider that the Proposal (a) provides an opportunity for the Scheme Shareholders to dispose of their China VAST Shares at a price significantly above the then market prices prior to the issue of the Announcement, without having to suffer any illiquidity discount and settlement risk; and (b) upon its realisation, will provide the China VAST Group with greater flexibility in formulating long-term growth strategies and executing its strategies more efficiently and effectively as a private entity under the current business environment, without being subject to regulatory restrictions, compliance obligations and pressure of market expectations and share price fluctuations arising from being a publicly listed company.

## 3. Financial information of the China VAST Group

## (a) Financial position

The following table sets out the consolidated statement of financial position of China VAST as at 31 December 2019, 2020 and 2021 and 30 June 2022, as extracted from the annual report of China VAST for the year ended 31 December 2020 (the “2020 Annual Report”), the 2021 Annual Report and the 2022 Interim Report:

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)	(unaudited)
<b>Non-current assets</b>	<b>4,252,893</b>	<b>5,268,748</b>	<b>5,613,826</b>	<b>5,754,219</b>
Property, plant and equipment	(i) 893,752	1,078,932	1,100,715	1,084,235
Right-of-use assets	(i) 190,560	187,602	180,924	177,634
Investment properties	(ii) 1,034,500	1,256,900	1,232,700	1,286,900
Interests in associates	272,136	269,180	246,114	243,794
Interests in joint ventures	61,702	12,000	115,964	114,262
Financial assets at FVTPL	149,239	154,730	136,194	121,625
Trade receivables	1,111,984	1,649,147	2,127,716	2,125,961
Prepayments and other receivables	259,576	207,633	171,720	231,749
Amounts due from related parties	161,787	144,955	143,468	103,308
Restricted bank deposits	39,000	176,615	–	–
Deferred tax assets	78,657	131,054	158,311	264,751
<b>Current assets</b>	<b>10,141,473</b>	<b>9,502,538</b>	<b>8,997,514</b>	<b>8,639,035</b>
In progress land development arrangements	(iii) 4,127,317	4,444,957	4,616,324	4,880,706
Properties under development for sale	(iv) 1,519,506	1,797,150	1,837,805	1,895,174
Completed properties for sale	(v) 1,117,632	819,825	827,302	790,722
Trade receivables	1,600,725	1,106,708	395,777	326,455
Prepayments and other receivables	386,718	163,216	176,180	117,486
Contract assets	86,605	75,905	56,790	51,080
Amounts due from related parties	3,578	15,273	–	1,501

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)	(unaudited)
Derivative financial instruments	–	–	9,250	–
Restricted bank deposits	38,756	122,175	237,307	318,522
Time deposits with maturity over three months	563,644	311,000	–	–
Bank balances and cash	696,992	646,329	840,779	257,389
<b>Total assets</b>	<b>14,394,366</b>	<b>14,771,286</b>	<b>14,611,340</b>	<b>14,393,254</b>
<b>Current liabilities</b>	<b>3,546,411</b>	<b>5,660,447</b>	<b>4,584,048</b>	<b>5,975,581</b>
Trade and other payables	1,052,630	927,746	954,074	887,805
Advances received from tenants	14,801	15,083	13,651	13,961
Amounts due to related parties (vi)	105,597	5,586	761,837	830,028
Lease liabilities	22,817	2,238	2,299	2,490
Current tax liabilities	609,017	606,341	546,779	501,685
Contract liabilities	62,060	89,639	289,797	418,609
Bank and other borrowings (vi)	1,679,489	2,222,480	1,590,890	2,837,208
Convertible bonds, notes and senior notes (vi)	–	1,789,688	424,115	483,037
Derivative financial instruments	–	–	–	207
Deferred income	–	1,646	606	551
<b>Net current assets</b>	<b>6,595,062</b>	<b>3,842,091</b>	<b>4,413,466</b>	<b>2,663,454</b>
<b>Non-current liabilities</b>	<b>5,157,772</b>	<b>2,863,051</b>	<b>3,867,037</b>	<b>2,672,989</b>
Bank and other borrowings (vi)	2,906,513	2,484,844	2,529,478	1,320,460
Convertible bonds, notes and senior notes (vi)	1,896,744	–	772,169	813,922
Derivative financial instruments	1,620	–	2,716	32,344
Amounts due to related parties (vi)	–	–	214,961	220,910
Lease liabilities	23,940	7,282	5,345	4,650
Deferred tax liabilities	229,048	284,291	255,753	194,093
Deferred income	15,746	2,473	2,454	2,449

	As at 31 December			As at
	2019	2020	2021	30 June
	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)	(unaudited)
Contract liabilities	84,161	84,161	84,161	84,161
<b>Total liabilities</b>	<b>8,704,183</b>	<b>8,523,498</b>	<b>8,451,085</b>	<b>8,648,570</b>
Equity attributable to the				
China VAST Shareholders (vii)	5,675,501	6,235,021	6,158,666	5,747,397
Non-controlling interests	14,682	12,767	1,589	(2,713)
<b>Total equity</b>	<b>5,690,183</b>	<b>6,247,788</b>	<b>6,160,255</b>	<b>5,744,684</b>

As shown in the table above, the major assets of the China VAST Group are in progress land development arrangements, land and properties held by it. As at 30 June 2022, the aggregate carrying value of buildings and construction in progress included in property, plant and equipment, the leasehold land included in right-of-use assets, investment properties, in progress land development arrangements, properties under development for sale and completed properties for sale amounted to approximately RMB10,100.8 million, representing approximately 70.2% of total assets, among which in progress land development arrangements amounted to approximately RMB4,880.7 million, representing approximately 33.9% of total assets.

For the purpose of Rule 11.1(f) of the Takeovers Code, Savills, an independent valuer, has valued the property interests of the China VAST Group, comprising (i) properties held for investment in the PRC; (ii) properties held for occupation in the PRC; (iii) properties held for sale in the PRC; (iv) properties under development in the PRC; (v) properties held for future development in the PRC; and (vi) property held for occupation in Hong Kong (collectively, the “**Property Interests**”). According to Savills, (i) there is no appropriate method for estimating the market value of in progress land development arrangements as the China VAST Group is not entitled to the ownership of the property interests under in progress land development arrangements; and (ii) it is unable to come up with a reliable estimation of the market value of in progress land development arrangements given the uncertainty in the future cash flows and their timings associated with the industrial town projects of the China VAST Group.

According to the property valuation report prepared by Savills, the total market value of the Property Interests in existing state attributable to the China VAST Group as at 31 August 2022 was approximately RMB5,363.5 million (equivalent to approximately HK\$6,110.1 million, using an exchange rate of RMB1: HK\$1.1392 as at 31 August 2022 extracted from Bloomberg). For details, please refer to the section headed “5. Valuation of the Property Interests and the Reassessed NAV of the China VAST Group – (a)

Valuation of the Property Interests” below. The full text of the valuation report (the “**Valuation Report**”) is set out in Appendix II to the Scheme Document, and the Disinterested Shareholders and the Independent Shareholders are recommended to read them in full.

As at 30 June 2022, total liabilities of the China VAST Group mainly included (i) trade and other payables of approximately RMB887.8 million; (ii) amounts due to related parties of approximately RMB1,050.9 million; (iii) bank and other borrowings of approximately RMB4,157.7 million; and (iv) convertible bonds, notes and senior notes of approximately RMB1,297.0 million, which in aggregate represented approximately 85.5% of total liabilities.

*(i) Property, plant and equipment and right-of-use assets*

As at 30 June 2022, property, plant and equipment and right-of-use assets amounted to approximately RMB1,261.9 million, which mainly included (1) buildings of approximately RMB897.4 million; (2) construction in progress of approximately RMB179.2 million; and (3) leasehold land of approximately RMB170.7 million.

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

*(ii) Investment properties*

Completed investment properties, with a carrying value of approximately RMB1,026.2 million and total GFA of approximately 185,447 sq.m. as at 30 June 2022, comprised industrial, office, commercial and residential properties, namely (1) Phase I and II of SME Entrepreneurial Base; (2) Chengxiang Building; (3) Jinyue Building; (4) Tianfu Center; (5) Meishu Complex; (6) Fuaao Data Center; and (7) Bangte Environmental Protection Data Center. All of the seven completed investment properties are located in Langfang, Hebei province. The China VAST Group leases out these completed investment properties under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 20 years.

Investment properties under development, with a carrying value of approximately RMB260.7 million and total GFA of approximately 173,287 sq.m. as at 30 June 2022, comprised the Phase III of SME Entrepreneurial Base and Longhe Era located in Langfang, Hebei province.

The China VAST Group's accounting policies stated that investment properties, after initial recognition at cost, are measured at their fair values, adjusted to exclude any prepaid or accrued operating lease income, in the consolidated statement of financial position.

*(iii) In progress land development arrangements*

In progress land development arrangements, mainly representing costs incurred for land development under collaboration arrangements with the relevant local government authority within the districts of the development projects, comprised costs incurred for Longhe Park with a carrying value of approximately RMB4,880.7 million as at 30 June 2022.

According to the China VAST Group's accounting policies, in progress land development arrangements are stated at the lower of cost and net realisable value.

*(iv) Properties under development for sale*

Properties under development for sale amounted to approximately RMB1,895.2 million as at 30 June 2022, which represented (1) properties for which the China VAST Group has received the requisite construction work commencement permit with respect to all or a part of the projects before completion of the entire projects, including Foxconn City Phase III, Longhe Center Phase I, part of Electronic Information Industrial Park Phase I, part of Electronic Information Industrial Park Phase II, Ezhou Huineng Project Phase I, Hubei Changjiang Zhihui Port Innovation Startup Base Phase I, Hubei Changjiang Zhihui Port Innovation Startup Base Phase II, and Wuhan Hangyaohong Technology Project; and (2) properties for which the China VAST Group has received the relevant land use rights certificates but have not yet received the requisite construction work commencement permit, including part of Electronic Information Industrial Park Phase II, Longhe Center Phase II, Qingnianhui, Yulong Bay Phase II, Yulong Bay Phase III, Huahang Apartment, Tanghai Project (Plot 1, Plot 2, northern land plot and western area of southern land plot of Plot 3 Yuehu Bay) and Ezhou Huineng Project Phase II.

Properties under development for sale are stated at the lower of cost and net realisable value according to the China VAST Group's accounting policies.

*(v) Completed properties for sale*

Completed properties for sale, with a carrying value of approximately RMB790.7 million as at 30 June 2022, represented properties for which the China VAST Group has received the certified construction completion report from the relevant government construction authorities.



As at 30 June 2022, the China VAST Group's completed properties consisted of Mingren Garden, Foxconn City Phase I, Foxconn City Phase II, Hongtai Meishuguan Phase I, Hongtai Meishuguan Phase II, Yihejiayuan Block A, Hongtai Longdi Phase I, Hongtai Longdi Phase II, Chuangye Plaza Phase II, Longhe Park – Talent Home, Yulong Bay Phase I, part of Electronic Information Industrial Park Phase I and Yuehu Bay Phase I (eastern area of southern land plot of Tanghai Project Plot 3 Yuehu Bay).

Completed properties for sale are stated at the lower of cost and net realisable value according to the China VAST Group's accounting policies.

*(vi) Indebtedness*

As disclosed in the section headed “3. Statement of Indebtedness” in Appendix I to the Scheme Document, the China VAST Group's indebtedness as at 31 August 2022 primarily consisted of (1) loan from related parties of approximately RMB969.5 million; (2) bank and other borrowings of approximately RMB4,537.3 million; and (3) convertible bonds, notes and senior notes of approximately RMB1,344.5 million.

Loan from related parties as at 31 August 2022 mainly represented (1) loan from Profit East of approximately RMB746.6 million which were interest bearing at 12% per annum; and (2) loan from a joint venture of approximately RMB222.9 million which was interest bearing at 5.8% per annum.

Among the bank and other borrowings as at 31 August 2022, (1) approximately RMB3,445.7 million was secured by the China VAST Group's property under development for sale, completed properties for sale, investment properties, right-of-use assets and property, plant and equipment; (2) approximately RMB222.4 million was secured by trade receivables; (3) approximately RMB247.0 million was secured by restricted bank deposits; (4) approximately RMB30.8 million was secured by the equity interest in a joint venture; and (5) approximately RMB591.4 million was unsecured. In addition, among the bank and other borrowings as at 31 August 2022, approximately RMB4,259.5 million were jointly guaranteed by a China VAST Controlling Shareholder, a China VAST Director and/or a number of subsidiaries of China VAST and approximately RMB277.8 million were unguaranteed.

Convertible bonds, notes and senior notes as at 31 August 2022 comprised (1) the Chance Talent Convertible Notes in the outstanding principal amount of US\$50 million with a coupon rate of 6% per annum and a conversion price of HK\$2.82 per China VAST Share; (2) the Chance Talent Notes in the outstanding principal amount of US\$16 million with a coupon rate of 8% per annum; and (3) the China Jinmao Convertible Bonds in the aggregate principal amount of US\$123,275,892 with a coupon rate of 6% and a conversion price of HK\$2.82 per China VAST Share.

As disclosed in the 2022 Interim Report, the China VAST Group had bank balances and cash and restricted bank deposits of approximately RMB575.9 million as at 30 June 2022. Taking into account the amounts due to related parties, bank and other borrowings and convertible bonds and notes of the China VAST Group of approximately RMB6,505.6 million as at 30 June 2022, the China VAST Group had a net debt position of approximately RMB5,929.7 million as at 30 June 2022. Gearing ratio, being total liabilities divided by total assets, of the China VAST Group increased to approximately 60.1% as at 30 June 2022 from approximately 57.8% as at 31 December 2021.

(vii) *Net assets attributable to equity holders (“NAV”)*

Based on (i) the equity attributable to the China VAST Shareholders of approximately RMB5,747.4 million as at 30 June 2022; (ii) 1,651,237,491 issued China VAST Shares as at the Latest Practicable Date; and (iii) an exchange rate of RMB1: HK\$1.1714 as at 30 June 2022 as extracted from Bloomberg, the net asset value per China VAST Share was approximately HK\$4.08 (the “NAV per Share”).

(b) *Financial performance*

The following table sets out the consolidated statements of profit or loss of the China VAST Group for the three years ended 31 December 2021 and 2022 H1, as extracted from the 2020 Annual Report, the 2021 Annual Report and the 2022 Interim Report:

	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>2021 H1</b>	<b>2022 H1</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
<b>Revenue</b>	<b>2,670,007</b>	<b>2,398,628</b>	<b>1,527,827</b>	<b>679,053</b>	<b>71,073</b>
– Industrial town development business	2,421,131	2,166,174	1,291,401	484,902	10,071
– Property development business	214,699	198,190	195,380	173,439	42,675
– Property leasing business	34,177	34,264	41,046	20,712	18,327
Cost of sales and services	(799,339)	(726,447)	(547,876)	(264,999)	(59,257)
<b>Gross profit</b>	<b>1,870,668</b>	<b>1,672,181</b>	<b>979,951</b>	<b>414,054</b>	<b>11,816</b>
Other income	160,936	201,336	160,504	80,709	64,284
Other expenses	(3,781)	(5,213)	(7,067)	(6,834)	(2,955)
Other gains and losses	(74,295)	115,923	61,434	38,342	(79,166)
Selling and marketing expenses	(61,250)	(87,889)	(77,697)	(26,388)	(35,273)
Administrative expenses	(366,623)	(322,943)	(337,217)	(153,170)	(114,272)
Finance costs	(256,408)	(339,135)	(313,010)	(160,228)	(119,689)

	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>2021 H1</b>	<b>2022 H1</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Impairment losses under expected credit loss model, net of reversal	(13,745)	(46,789)	(77,045)	300	(93,642)
Change in fair value of trade receivables as fair value through profit or loss (“FVTPL”)	(38,395)	(115,686)	(100,556)	(33,070)	(32,218)
Change in fair value of other financial assets at FVTPL	(6,616)	397	(10,737)	(5,700)	(14,569)
Change in fair value of derivative financial instruments	21,890	1,520	38,452	(1,200)	(38,091)
Change in fair value of investment properties	56,844	132,806	(10,772)	(6,731)	2,526
Share of results of associates	(2,006)	(1,756)	(200)	1,456	(1,120)
Share of results of joint ventures	(111)	(1,010)	(4,526)	(2,250)	(1,702)
<b>Profit (Loss) before tax</b>	<b>1,287,108</b>	<b>1,203,742</b>	<b>301,514</b>	<b>139,290</b>	<b>(454,071)</b>
Income tax credit (expense)	(458,702)	(359,126)	(142,482)	(42,968)	42,268
<b>Profit (Loss) for the year</b>	<b>828,406</b>	<b>844,616</b>	<b>159,032</b>	<b>96,322</b>	<b>(411,803)</b>
<b>Profit (Loss) attributable to the China VAST Shareholders</b>	<b>830,423</b>	<b>846,531</b>	<b>171,313</b>	<b>103,525</b>	<b>(411,269)</b>
Earnings per share					
– Basic (RMB)	0.50	0.51	0.10	0.06	(0.25)
– Diluted (RMB)	0.48	0.49	0.09	0.06	(0.25)

## (i) Revenue

Revenue of the China VAST Group is derived from (1) industrial town development business; (2) property development business; and (3) property leasing business.

## (1) Industrial town development business

Revenue from industrial town development business mainly represents fee and service income generated from development of industrial town projects. For three years ended 31 December 2021 and 2022 H1, revenue from industrial town development business represented approximately 90.7%, 90.3%, 84.5% and 14.2% of total revenue, respectively.

	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>2021 H1</b>	<b>2022 H1</b>
	<i>RMB'</i>	<i>RMB'</i>	<i>RMB'</i>	<i>RMB'</i>	<i>RMB'</i>
	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
<b>Fee income from Longhe Park</b>	<b>2,091.3</b>	<b>1,969.3</b>	<b>1,114.0</b>	<b>347.2</b>	<b>(17.6)</b>
– sales of land	1,945.8	1,732.5	828.3	108.8	–

	FY2019 RMB' million (audited)	FY2020 RMB' million (audited)	FY2021 RMB' million (audited)	2021 H1 RMB' million (unaudited)	2022 H1 RMB' million (unaudited)
– land preparation service income received from successful land buyer	91.8	200.0	53.9	53.3	–
– one-off infrastructure services income received from the enterprises in the park	–	–	196.7	176.0	–
– other comprehensive services fee income (expenses)	53.7	36.8	35.1	9.1	(17.6)
<b>Fee income from VAST Ezhou Industrial Park</b>	<b>174.1</b>	<b>61.8</b>	<b>121.6</b>	<b>117.2</b>	<b>4.3</b>
– land preparation and investment services	174.1	23.6	43.9	51.5	4.3
– industrial development services	–	38.2	77.7	65.7	–
<b>Fee income from Shijiazhuang Gaocheng VAST Industrial Town Park</b>	<b>89.2</b>	<b>76.9</b>	<b>31.6</b>	<b>8.7</b>	<b>15.7</b>
– land preparation and investment services	89.2	76.9	31.6	8.7	15.7
<b>Fee income from Wuhan Development Zone General Aviation Industry Comprehensive Demonstration Zone</b>	<b>–</b>	<b>–</b>	<b>7.4</b>	<b>–</b>	<b>–</b>
– land preparation and investment services	–	–	7.4	–	–
<b>Fee income from Shijiazhuang General Aviation Industrial Town Park</b>	<b>44.4</b>	<b>41.9</b>	<b>–</b>	<b>–</b>	<b>–</b>
– land preparation and investment services	25.8	–	–	–	–
– industrial development services	18.6	41.9	–	–	–
<b>Revenue from industrial town development business</b>	<b>2,421.1</b>	<b>2,166.2</b>	<b>1,291.4</b>	<b>484.9</b>	<b>10.1</b>

Source: the annual report of China VAST for the year ended 31 December 2019, the 2020 Annual Report, the 2021 Annual Report, the interim report of China VAST for the six months ended 30 June 2021, the 2022 Interim Report

As Longhe Park is progressing towards its maturity in a fast development stage after over 10 years of development while the remaining seven projects are in the early stage of planning and development, fee income from Longhe Park is the main revenue source for the industrial town development business, representing approximately 86.4%, 90.9% and 86.3% of the revenue from industrial town development business for the three years ended 31 December 2021, respectively. Due to the absence of land sale in Longhe Park, no fee

income was recognised for 2022 H1 and the China VAST Group further reversed other comprehensive services fee income of RMB17.6 million recognised in 2021 due to the difference between the accrual and final accounts for 2022 H1.

The China VAST Group recorded revenue from industrial town development business of approximately RMB2,166.2 million for FY2020, representing a decrease of approximately 10.5% as compared with approximately RMB2,421.1 million for FY2019. Such decrease was mainly due to the decrease in fee income from (a) Longhe Park by approximately 5.8% as a result of the decrease in area of land in Longhe Park sold by the relevant local government and the corresponding total land premium by approximately 13.5% and 14.9%, respectively; and (b) VAST Ezhou Industrial Park, Shijiazhuang Gaocheng VAST Industrial Town Park and Shijiazhuang General Aviation Industrial Town Park by approximately 64.5%, 13.8% and 5.6%, respectively, as a result of the reduced investments for balanced development in these parks.

The China VAST Group's revenue from industrial town development business further decreased to approximately RMB1,291.4 million for FY2021, representing a decrease of approximately 40.4% as compared with that for FY2020, which was primarily attributable to the decrease in fee income from Longhe Park by approximately 43.4%. As stated in the 2021 Annual Report, the area of land in Longhe Park sold by the relevant local government and the corresponding total land premium decreased significantly from approximately 600,081 sq.m. and RMB3,764.4 million for FY2020 to approximately 415,396 sq.m. and RMB1,363.0 million for FY2021, representing a decrease of approximately 30.8% and 63.8%, respectively. Among the fee income recognised from sales of land in 2021, approximately RMB715.6 million was sourced from the land premium from the purchase of land in Longhe Park by a wholly-owned subsidiary of China Jinmao.

The China VAST Group recorded revenue from industrial town development business of approximately RMB10.1 million for 2022 H1, representing a decrease of approximately 97.9% as compared with approximately RMB484.9 million for 2021 H1. Such decrease was mainly due to (a) the absence of land sale in Longhe Park, resulting in the decrease in related fee and other services income in the first half of 2022 given the continuing downturn in the property market in the pan-Beijing area resulting from COVID-19 and policies restricting the purchase of properties; and (b) the decrease in fee income from VAST Ezhou Industrial Park by approximately 96.3% as a result of the reduced investments while the China VAST Group focused on collection of receivables and balanced investments in the first half of 2022.

(2) Property development business

Revenue from property development business mainly represents sales of properties. For the three years ended 31 December 2021 and 2022 H1, revenue from property development business accounted for approximately 8.0%, 8.3%, 12.8% and 60.0% of total revenue, respectively.

The China VAST Group recorded revenue from property development business of approximately RMB198.2 million for FY2020, representing a decrease of approximately 7.7% as compared with approximately RMB214.7 million for FY2019, mainly due to the decrease in revenue from sales of car park units by approximately RMB55.0 million as less car park units in the project ancillary area were delivered in FY2020. Such decrease was partially offset by the increase in revenue from sales of residential, commercial and industrial properties by approximately RMB30.3 million as a result of the increase in the area of residential, commercial and industrial properties delivered by the China VAST Group in FY2020.

Revenue from property development business further decreased slightly by approximately 1.4% to approximately RMB195.4 million in FY2021, primarily representing sales of remaining units of projects which did not change substantially as compared with FY2020.

The China VAST Group recorded revenue from property development business of approximately RMB42.7 million for 2022 H1, representing a decrease of approximately 75.4% as compared to approximately RMB173.4 million for 2021 H1, mainly due to the decrease in area of property delivered from 18,835 sq.m. for 2021 H1 to 5,746 sq.m. for 2022 H1 given the continuing downturn in the property market in the pan-Beijing area resulting from COVID-19 and policies restricting the purchase of properties.

(3) Property leasing business

The revenue contributed by property leasing business remained relatively stable, amounting to approximately RMB34.2 million, RMB34.3 million, RMB41.0 million and RMB18.3 million for the three years ended 31 December 2021 and 2022 H1 respectively.

(ii) *Gross profit and gross profit margin*

The gross profit of the China VAST Group demonstrated a decreasing trend for the three years ended 31 December 2021 and 2022 H1, which amounted to approximately RMB1,870.7 million, RMB1,672.2 million, RMB980.0 million and

RMB11.8 million for FY2019, FY2020, FY2021 and 2022 H1, respectively. Such decrease in gross profit was generally in line with the decrease in the revenue recorded by the China VAST Group during the same periods.

For the three years ended 31 December 2021 and 2022 H1, gross profit margins of the China VAST Group were approximately 70.1%, 69.7%, 64.1% and 16.6%, respectively. The decrease in the gross profit margin for FY2021 and 2022 H1 were primarily attributable to the decreased proportion of revenue contributed by the fee income from the sales of land in Longhe Park, which generally entailed a higher gross profit margin.

*(iii) Profit attributable to the China VAST Shareholders*

The profit attributable to the China VAST Shareholders increased by approximately 1.9% from approximately RMB830.4 million in FY2019 to approximately RMB846.5 million in FY2020, primarily attributable to (1) the increase in other income, which mainly included interest income on bank deposits, trade receivables and amount due from a related party, imputed interest income on other receivables, government grants and provision of infrastructure services, by approximately RMB40.4 million, mainly due to the increase in revenue from government grants by approximately RMB11.2 million and the increase in revenue from provision of infrastructure services by approximately RMB11.6 million; (2) the turnaround from net other losses of approximately RMB74.3 million to net other gains of approximately RMB115.9 million, mainly due to the recognition of exchange gains of approximately RMB104.7 million in FY2020; (3) the decrease in administrative expenses by approximately RMB43.7 million, mainly due to the decrease in staff costs resulting from the decrease in number of employees and the social security relief and deferred payment policies due to the COVID-19; and (4) the increase in fair value gain of investment properties by approximately RMB76.0 million. Such increase was partially offset by (1) the decrease in revenue by approximately RMB271.4 million mainly due to the decrease in fee income from (a) Longhe Park by approximately RMB122.0 million as a result of the decrease in area of land in Longhe Park sold by the relevant local government and the corresponding total land premium; and (b) VAST Ezhou Industrial Park, Shijiazhuang Gaocheng VAST Industrial Town Park and Shijiazhuang General Aviation Industrial Town Park by approximately RMB112.3 million, RMB12.3 million and RMB2.5 million, respectively, as a result of the reduced investments for balanced development in these parks; (2) the increase in selling and marketing expenses by approximately RMB26.6 million, mainly due to the increased advertising costs as a result of the strengthened efforts in marketing and promotion and publicity in FY2020; (3) the increase in finance costs by approximately RMB82.7 million; (4) the increase in net impairment losses under expected credit loss model by approximately RMB33.0 million; and (5) the increase in fair value loss of trade receivables at FVTPL by approximately RMB77.3 million, mainly due to a discounted change in the expected repayment plan.

However, the profit attributable to the China VAST Shareholders decreased significantly by approximately 79.8% from approximately RMB846.5 million in FY2020 to approximately RMB171.3 million in FY2021, primarily attributable to (1) the decrease in revenue by approximately RMB870.8 million, mainly due to the decrease in fee income from Longhe Park by approximately RMB855.3 million as a result of the significant decrease in area of land in Longhe Park sold by the relevant local government and the corresponding total land premium; (2) the decrease in other income by approximately RMB40.8 million, mainly due to the decrease in revenue from government grants of approximately RMB14.4 million and the decrease in interest income on trade receivables by approximately RMB10.7 million; (3) the decrease in net other gains by approximately RMB54.5 million as a result of the decrease in exchange gains of approximately RMB74.5 million; (4) the increase in net impairment losses under expected credit loss model by approximately RMB30.3 million; and (5) the turnaround from fair value gain of investment properties of approximately RMB132.8 million to fair value loss of investment properties of approximately RMB10.8 million. Such decrease was partially offset by (1) the decrease in finance costs by approximately RMB26.1 million; and (2) the increase in fair value gain of derivative financial instruments by approximately RMB36.9 million.

The China VAST Group recorded loss attributable to the China VAST Shareholders of approximately RMB411.3 million for 2022 H1 as compared to profit attributable to the China VAST Shareholders of approximately RMB103.5 million for 2021 H1. The loss was primarily due to (1) the decrease in revenue by approximately RMB608.0 million, mainly due to (a) the decrease in revenue from industrial town development as a result of (i) the absence of land sale in Longhe Park for 2022 H1 and (ii) the decrease in the overall revenue of other parks of approximately RMB105.9 million as the China VAST Group focused on collection of receivables and balanced investments in other parks for 2022 H1; and (b) the decrease in revenue from property development as a result of the decrease in area of property delivered, amid the continuing downturn in the property market in the pan-Beijing area resulting from COVID-19 and policies restricting the purchase of properties; (2) the decrease in the gross profit margin to approximately 16.6% for 2022 H1 from approximately 61.0% for 2021 H1, primarily attributable to the significant decrease in revenue from land sales in Longhe Park which generally entail higher gross profit margin than that of other parks and property development business; (3) the decrease in other income by approximately RMB16.4 million, mainly due to the decrease in discounted interest income on other receivables and interest income on bank deposits and other investments; (4) other losses of approximately RMB79.2 million for 2022 H1 as compared to other gains of approximately RMB38.3 million for 2021 H1 as a result of the net exchange losses of approximately RMB86.0 million for 2022 H1 as compared to the net exchange gains of approximately RMB19.1 million and the gain of approximately RMB18.2 million from disposal of the equity interest in an associate for 2021 H1; (5) the increase in selling and marketing expenses by approximately RMB8.9 million, mainly due to the increase in advertising costs and investment promotion expenses;



(6) the impairment losses under expected credit loss model, net of reversal, of approximately RMB93.6 million for 2022 H1 as compared to a reversal of losses of approximately RMB0.3 million for 2021 H1, which was mainly because the China VAST Group was more cautious in predicting future credit losses and cash collection time due to the impact of COVID-19 and the current real estate market situation; (7) the increase in fair value loss of other financial assets at FVTPL by approximately RMB8.9 million, mainly due to the decrease in valuation of the investment in a limited partnership fund as a result of the loss it incurred; (8) the increase in fair value loss of derivative financial instruments by approximately RMB36.9 million, mainly due to the significant increase in the China VAST Share price at the end of 2022 H1, giving rise to the increase in the fair value of derivative financial instruments (mainly representing the conversion options of convertible bonds issued by China VAST). Such loss was partially offset by (1) the decrease in administrative expenses by approximately RMB38.9 million, mainly due to the decrease in number of employees and the decrease in performance salaries, employee insurance and daily operating expenses as some employees were required to be quarantined at home due to the impact of COVID-19; (2) the decrease in finance costs by approximately RMB40.5 million, mainly due to the decrease in the average costs of bank loans and offshore financing; (3) the fair value gain of investment properties of approximately RMB2.5 million for 2022 H1 as compared to the fair value loss of investment properties of approximately RMB6.7 million for 2021 H1, mainly due to the slight increase in rents stated in the lease agreements as at 30 June 2022 as compared to those as at 31 December 2021; and (4) the income tax credit of approximately RMB42.3 million for 2022 H1 as compared to the income tax expense of approximately RMB43.0 million for 2021 H1, mainly due to the deferred income tax of RMB75.0 million arising from the recognition of tax losses for 2022 H1.

*(c) Overall comments*

The revenue of the China VAST Group is to a large extent driven by its industrial town development business, which is ultimately affected by the fee income from Longhe Park given that the remaining seven projects are in the early stage of planning and development and unable to generate a large sum of revenue in the short run. Longhe Park contributed approximately 78.3%, 82.1% and 72.9% of the China VAST Group's total revenue for the three years ended 31 December 2021, respectively. The revenue stream from Longhe Park in a particular year is largely dependent on the area of land sold by the relevant local government in that year. For 2022 H1, due to the absence of land sale in Longhe Park, no fee income was recognised from Longhe Park and the China VAST Group further reversed other comprehensive services fee income of RMB17.6 million recognised in 2021 due to the difference between the accrual and final accounts for 2022 H1.

As affected by the outbreak of COVID-19, international political risks and the challenging conditions in the PRC real estate industry, the area of land in Longhe Park sold by the relevant local government and the total land premium have gradually

decreased for the three years ended 31 December 2021, resulting in a decrease in the total revenue recorded by the China VAST Group. Although the China VAST Group has been generating profits for the three years ended 31 December 2021, the profit attributable to the China VAST Shareholders declined significantly in FY2021. The financial performance of the China VAST Group deteriorated in 2022 H1 with a significant decrease in revenue by approximately 89.5% and loss attributable to the China VAST Shareholders of approximately RMB411.3 million, primarily attributable to the absence of land sales in Longhe Park during the period. As discussed with the management of China VAST, the land sales in Longhe Park have resumed as at the Latest Practicable Date. However, it is expected that the land sales would remain subdued in second half of 2022. From July 2022 to the Latest Practicable Date, two pieces of industrial land were sold.

As disclosed in the 2021 Annual Report, China Jinmao, along with its important industrial units and well-known industrial groups, has stepped into the Longhe Park, with a focus on exploring the introduction and landing of superior resources such as education, green construction, technology and agriculture, aiming to build a new urban center of Langfang and accelerate the start of Longhe Era. Among the fee income recognised from sales of land by the China VAST Group in FY2021, approximately RMB715.6 million, which represented approximately 46.8% of total revenue in FY2021, was sourced from the land premium from the purchase of land in Longhe Park by a wholly-owned subsidiary of China Jinmao. After China Jinmao became its strategic shareholder in 2021, the China VAST Group was expected to pursue industrial synergy, share investment resources and improve governance and management through deep integration of city operation with industrial park operation.

#### **4. Industry overview and outlook**

The industrial town development business is the primary business of the China VAST Group, generating over 80% of total revenue for the three years ended 31 December 2021. The China VAST Group currently provides planning, development and/or operation services in eight different-themed industrial town projects located in Hebei province and Hubei province, the PRC. Among the eight industrial town projects, Longhe Park, located in Langfang, Hebei province, the PRC, contributed approximately 78.3%, 82.1% and 72.9% of the China VAST Group's total revenue for the three years ended 31 December 2021, respectively.

Set out below summarises the economic growth and the overview and outlook of the real estate industry in Hebei province and Hubei province, the PRC:

*(i) Economic growth*

The table below sets out the real gross domestic product (“GDP”) growth of the PRC, Hebei province and Hubei province for the years or period indicated:

Real GDP year on year/period to period growth rate/(contraction)	2017	2018	2019	2020	2021	First half of 2022	First three quarters of 2022
The PRC	6.8%	6.6%	6.0%	2.2%	8.1%	2.5%	3.0%
Hebei Province	6.6%	6.5%	6.7%	3.8%	6.5%	3.4%	3.7%
Hubei Province	7.8%	7.8%	7.3%	(5.0%)	12.9%	4.5%	4.7%

*Source: National Bureau of Statistics of China*

The PRC’s real GDP growth declined gradually from 2017 to 2019. Adversely affected by the COVID-19 outbreak since early 2020, the PRC’s economic growth decelerated significantly to 2.2% in 2020. Due to the success in containment of COVID-19 and recovery of the economy from the low base in 2020, the PRC’s economy recovered and grew rapidly at 8.1% in 2021. In the first half of 2022 and the first three quarters of 2022, the PRC’s economy grew by 2.5% and 3.0%, respectively. According to the World Economic Outlook published by International Monetary Fund (“IMF”) in October 2022, the PRC economy is projected to grow by 3.2% and 4.4% for 2022 and 2023, respectively.

Longhe Park, the major revenue contributor of the China VAST Group, is located in Langfang, Hebei province, the PRC. The real GDP growth in Hebei province remained stable at around 6.6% from 2017 to 2019. It fell to 3.8% in 2020 as affected by COVID-19 outbreak and rebounded to 6.5% in 2021 which was in line with the PRC’s economic recovery. In the first half of 2022 and the first three quarters of 2022, Hebei province’s economy grew by 3.4% and 3.7%, respectively.

Hubei province has been most significantly affected by the COVID-19 outbreak among all provinces in the PRC. To control the spread of the pandemic, several cities in Hubei province were put on lockdown for months, including Wuhan City and Ezhou City where the China VAST Group’s industrial town projects are located. The real GDP of Hubei Province shrank by 5.0% in 2020. Due to the success in containment of COVID-19 and recovery of the economy from the low base in 2020, the economy of Hubei province grew significantly by approximately 12.9% in 2021. In the first half of 2022 and the first three quarters of 2022, Hubei province’s economy grew by 4.5% and 4.7%, respectively.

*(ii) PRC real estate industry*

The China VAST Group generates fee income from development of industrial town projects, which is calculated with reference to, among other things, a portion of the sale proceeds when the lands developed by the China VAST Group are sold by the local governments through public auction, tender or listing for sale process.

The table below sets out transaction area, transaction amount and average price of land transactions in Hebei province and Hubei province for the years indicated:

<b>Land</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Hebei province:</b>					
Transaction area (million sq.m.)	10.3	11.5	10.5	6.9	5.1
Transaction amount (million RMB)	26,005	28,094	34,915	22,114	20,888
Average price (RMB/sq.m.)	2,525	2,443	3,325	3,205	4,096
<b>Hubei province:</b>					
Transaction area (million sq.m.)	6.8	9.5	7.8	7.1	8.2
Transaction amount (million RMB)	36,406	31,748	41,946	47,574	49,317
Average price (RMB/sq.m.)	5,354	3,342	5,378	6,701	6,014

*Note:* Quarterly data for 2022 is not available

*Source:* National Bureau of Statistics of China

For Hebei Province, the land transaction market began to shrink since 2019, with total land transaction area decreasing significantly from approximately 10.5 million sq.m. in 2019 to approximately 5.1 million sq.m. in 2021. Although the average price of land transactions increased by approximately 23.2% from approximately RMB3,325 per sq.m. in 2019 to approximately RMB4,096 per sq.m. in 2021, total land transaction amount decreased by approximately 40.2% to approximately RMB20,888 million in 2021 from approximately RMB34,915 million in 2019.

In contrast, the land transaction market in Hubei province recorded growth in 2021 in terms of land transaction area and total land transaction amount as compared to those in 2019. In 2021, Hubei province's total land transaction amount reached a high of approximately RMB49,317 million.

The land demand from real estate developers is affected by the housing market. The China VAST Group is also engaged in property sales and property leasing. The table below sets out transaction area, transaction amount and average price of residence in Hebei province and Hubei province for the years indicated:

<b>Residence</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Hebei province:</b>					
Transaction area (million sq.m.)	55.8	47.1	47.7	55.7	57.8
Transaction amount (million RMB)	392,537	356,727	371,457	459,791	481,432
Average price (RMB/sq.m.)	7,035	7,574	7,787	8,255	8,329

Residence	2017	2018	2019	2020	2021
<b>Hubei province:</b>					
Transaction area (million sq.m.)	73.6	81.0	79.7	59.6	73.3
Transaction amount (million RMB)	538,031	659,136	690,370	544,732	667,193
Average price (RMB/sq.m.)	7,310	8,137	8,662	9,140	9,102

*Note:* Quarterly data for 2022 is not available

*Source:* National Bureau of Statistics of China

For Hebei province, transaction area of residence decreased from approximately 55.8 million sq.m. in 2017 to approximately 47.7 million sq.m. in 2019 and then rebounded to approximately 57.8 million sq.m. in 2021. The average price of residence continued to grow steadily during the years, resulting in the growth in transaction amount from approximately RMB392,537 million in 2017 to approximately RMB481,432 million in 2021.

For Hubei province, as affected by the COVID-19 outbreak in the first half of 2020, transaction area of residence fell significantly to approximately 59.6 million sq.m. in 2020 from approximately 79.7 million sq.m. in 2019, which led to a significant decrease in total transaction amount. In line with the economic recovery in 2021, total transaction area of residence in Hubei province recovered to approximately 73.3 million sq.m. in 2021. Due to the general growth in the average price of residence, transaction amount increased from approximately RMB538,031 million in 2017 to approximately RMB667,193 million in 2021.

In the past years, the PRC real estate developers have aggressively increased their debt levels to acquire lands to build their land banks, leading to higher land and property prices. To establish the long-term mechanism for healthy and sustainable development of the PRC real estate market and maintain the long-term stability of housing prices, the PRC government imposed the three red lines guidance (the “**Three Red Lines Guidance**”) on real estate developers by assessing their financial situation against three ratios, namely liability-to-asset ratio, net gearing ratio and cash-to-short-term debt ratio, in August 2020. Many real estate developers had to deleverage so as to comply with the requirements under the Three Red Lines Guidance, which has adversely affected their liquidity and therefore demand for lands. This may in turn affect the China VAST Group’s fee income derived from development of industrial town projects.

### *(iii) Outlook*

Longhe Park, the primary revenue source of the China VAST Group, is located in Langfang, Hebei province, the PRC. While the real GDP growth in Hebei province rebounded to 6.5% in 2021 from 3.8% in 2020, Hebei province’s economy only grew by 3.7% in the first three quarters of 2022. For Hebei province, the land transaction market

began to shrink since 2019, with total land transaction area decreasing significantly from approximately 10.5 million sq.m. in 2019 to approximately 5.1 million sq.m. in 2021 and total land transaction amount decreased by approximately 40.2% to approximately RMB20,888 million in 2021 from approximately RMB34,915 million in 2019.

The PRC's economic situation is changing rapidly in 2022. The continuous outbreak of COVID-19's variants in the PRC, the Russia-Ukraine geopolitical conflicts and global inflation have created uncertainties to the recovery of the global economy. In addition, the Three Red Lines Guidance, which was introduced in August 2020 and officially implemented in January 2021, has had significant impact on the development of the PRC real estate industry. It has adversely affected many real estate developers' liquidity and therefore their demand for lands, which may in turn affect the China VAST Group's fee income derived from development of industrial town projects. The growth of the PRC real estate industry is expected to slow down given the deteriorating economy and strict government regulations in the short term. As such, we consider the operating performance of the China VAST Group is uncertain in the near term.

In respect of the medium- and long-term development of the PRC real estate market and the business development of the China VAST Group, we have considered the following macroeconomic and socio factors. Firstly, it is unlikely that the PRC government will significantly ease its restriction policies, especially the Three Red Lines Guidance, given the PRC government will maintain its regulatory policies according to the press conference held by State Council Information Office about advancing high-quality development in the housing and urban-rural development sector in February 2022. In addition, the long-term development of the PRC real estate market primarily depends on the growth of the population. The population growth rate in the PRC has recorded a downward trend from 5.58 per thousand in 2017 to 0.34 per thousand in 2021 and it is expected that the population would start to shrink ahead of 2025, according to the National Health Commission of the PRC. Given the PRC government's dedication to stabilising the PRC real estate market under the principle of "houses are for inhabitation, not for speculation", we consider the outlook of the PRC real estate market and the China VAST Group to be cautiously positive in the long run.

## **5. Valuation of the Property Interests and the Reassessed NAV of the China VAST Group**

### ***(a) Valuation of the Property Interests***

The valuation of the Property Interests as at 31 August 2022 was conducted by Savills, an independent valuer.

We have conducted an interview with Savills to enquire its experience in valuing similar property interests in the PRC and Hong Kong and its independence. We have also reviewed the terms of engagement of Savills, in particular its scope of work. We noted

that its scope of work is appropriate to form the opinion required to be given and there are no limitations on the scope of work which might adversely affect the degree of assurance given by Savills in the Valuation Report set out in Appendix II to the Scheme Document.

Savills confirmed that it has performed site visits to each of the properties set out in the Valuation Report. We have discussed with the management of the China VAST Group to understand the latest status and/or the development plans of the Property Interests.

As set out in the Valuation Report, the total market value of the Property Interests in existing state attributable to the China VAST Group as at 31 August 2022 was approximately RMB5,363.5 million (equivalent to approximately HK\$6,110.1 million, using an exchange rate of RMB1: HK\$1.1392 as at the 31 August 2022 extracted from Bloomberg), as set out below:

		<b>Market value of the Property Interest in existing state attributable to the China VAST Group</b>	<b>Proportion of total</b>
<b>Property interests in the PRC</b>			
<i>(RMB)</i>			
Properties held for investment	<i>(i)</i>	1,285,900,000	24.0%
Properties held for occupation	<i>(ii)</i>	951,700,000	17.7%
Properties held for sale	<i>(iii)</i>	979,520,000	18.3%
Properties under development	<i>(iv)</i>	1,189,400,000	22.2%
Properties held for future development	<i>(v)</i>	913,100,000	17.0%
<b>Sub-total</b>		<b>5,319,620,000</b>	<b>99.2%</b>
<b>Property interests in Hong Kong</b>			
<i>(HK\$)</i>			
Property held for occupation	<i>(vi)</i>	<b>50,000,000</b>	<b>0.8%</b>
<b>Total</b>			
– <i>in RMB</i>		5,363,510,449	100%
– <i>in HK\$</i>		6,110,111,104	100%

*Notes:*

- (i) Properties held for investment in the PRC are located in Langfang City, Hebei province and comprise (1) Phase I and II of SME Entrepreneurial Base (中小企業創業基地), Chengxiang Building (城鄉大廈), Jinyue Building (金悅酒樓), Tianfu Center (天賦中心), Meishu Complex (美樹綜合樓), Fuao Data Center (富奧數據中心) and Bangte Environmental Protection Data Center (邦特環保數據中心), which were valued on the basis of capitalisation of incomes with due allowance for reversionary income potential of these properties by making reference to comparable rental evidences which were subject to appropriate adjustments including but not limited to time, location, size, floor level, building age and building quality; (2) Phase III of SME Entrepreneurial Base (中小企業創業基地) and portions of Longhe Era (龍河時代), which was valued with the direct comparison method by making reference to comparable sales transactions as available in the market (the “**Direct Comparison Method**”) subject to appropriate adjustments including but not limited to plot ratio, land use term, accessibility, surrounding environment, location, use, site area and time; and (3) a multi-functional building of Longhe Era (龍河時代), which was valued on the basis that it will be developed and completed in accordance with the latest development plan of the China VAST Group, taking into account the costs incurred and to be incurred to complete the development. The market value as if completed was in turn assessed using the Direct Comparison Method subject to appropriate adjustments including but not limited to time, location, size, floor level, building age and building quality.
- (ii) Properties held for occupation in the PRC comprise (1) Building No. 18 of Mansion No. 1 (壹號公館) located in Beijing and Room 313, Block B, Xiyuan located in Shijiazhuang, Hebei province, which were valued by the Direct Comparison Method subject to appropriate adjustments including but not limited to time, location, size, floor level, building age and building quality; and (2) Shijiazhuang International Aviation Engineering Center (石家莊國際航空工程中心) located in Shijiazhuang, Hebei province and Wuhan Vast International Aeronautical Engineering Center (武漢宏泰國際航空工程中心) located in Wuhan, Hubei province, which were valued by the depreciated replacement cost method (the “**DRC Method**”) based on an estimate of the market value for the existing use of the land plus the current replacement costs of the buildings and structures, from which deductions are then made to allow for physical deterioration and all relevant forms of obsolescence and optimisation. The DRC Method was adopted as there were no readily available market comparables due to the specific uses of the properties.
- (iii) Properties held by the China VAST Group for sale in the PRC comprise 15 properties located in Hebei province and Hubei province including Chuangye Plaza Phase II (創業大廈), portions of Electronic Information Industrial Park Phase I in Longhe Park (龍河高新區電子信息產業園), portions of Longhe Park – Talent Home (龍河高新區人才家園), portions of Tanghai Yuehu Bay (唐海悅湖灣) and Langfang Zhanyao Building (廊坊展耀大廈), which were valued by the Direct Comparison Method subject to appropriate adjustments including but not limited to time, location, size, floor level, building age and building quality.
- (iv) Properties held under development in the PRC comprise (1) Foxconn City Phase III (富士康城), Longhe Center Phase I (龍河中心), Electronic Information Industrial Park Phase II in Longhe Park (龍河高新區電子信息產業園) and Longhe Conference Center (龍河會議中心) located in Langfang, Hebei province; (2) Ezhou Huineng Project Phase I (鄂州匯能項目) and Hubei Changjiang Zhihui Port Innovation Startup Base Phase II (湖北長江智匯港創新創業基地) located in Ezhou, Hubei province, which were valued on the basis that they will be developed and completed in accordance with the latest development plans of the China VAST Group, taking into account the costs incurred and to be incurred to complete the development. The market value as if completed was in turn assessed using the Direct Comparison Method subject to appropriate adjustments including but not limited to time, location, size, floor level, building age and building quality.
- (v) Properties held for future development in the PRC are located in Hebei province and Hubei province and mainly comprise Longhe Center Phases II and III (龍河中心), Electronic Information Industrial Park in Longhe Park Phase III (龍河高新區電子信息產業園), Qingnianhui (青年匯), Chengde Yulong Bay Phases II and III (承德御龍灣), Tanghai Project (唐海項目) and Ezhou Huineng Project Phase II (鄂州匯能項目), which are valued by the Direct Comparison Method subject to appropriate adjustments including but not limited to plot ratio, land use term, accessibility, surrounding environment, location, use, site area and time.
- (vi) Property held for occupation in Hong Kong comprises a flat and car parking space in Wanchai, Hong Kong, which was valued by the Direct Comparison Method subject to appropriate adjustments including but not limited to time, location, size, floor level, building age and building quality.



As stated in the Valuation Report, the valuation is conducted in compliance with the standards and guidelines set out in the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors, Rule 11 of the Takeovers Code and Chapter 5 and Practice Note 12 of the Listing Rules. We have reviewed and discussed the property valuation with Savills regarding the methodology, basis and assumptions adopted in arriving at the values of the Property Interests. In particular, we have discussed with Savills to assess whether the approaches, being the Direct Comparison Method and the DRC Method, are appropriate for each type of properties stated above. We have also reviewed the valuation methodologies adopted for different types of properties of certain property companies and noted that the methodologies adopted in the Valuation Report are usual. Taking into account the nature of the properties and that the valuation is conducted in accordance with the aforesaid requirements, we consider that the methodologies and basis adopted by Savills for determining the values of the Property Interests are appropriate.

**(b) Reassessed NAV of the China VAST Group**

The unaudited consolidated financial statements of the China VAST Group as at 30 June 2022 are incorporated in Appendix I to the Scheme Document and extracted in the section headed “3. Financial information of the China VAST Group” above. The unaudited NAV of the China VAST Group as at 30 June 2022 was approximately RMB5,747.4 million (equivalent to approximately HK\$6,732.5 million, using an exchange rate of RMB1: HK\$1.1714 as at 30 June 2022 extracted from Bloomberg).

Some of the China VAST Group’s property interests were stated at cost basis in accordance with International Financial Reporting Standards. We consider that the appraised value of all property interests held by the China VAST Group is more appropriate in assessing the net asset backing of the China VAST Group. For this purpose, we have reviewed the Reassessed NAV of the China VAST Group, based on the unaudited NAV of the China VAST Group as at 30 June 2022 and the adjustments set out in the table below, including the net revaluation surplus arising from property valuation, net of estimated deferred tax:

	<i>RMB’ million</i>
<b>The unaudited NAV of the China VAST Group as at 30 June 2022</b>	<b>5,747.4</b>
<i>Adjustments:</i>	
– Net revaluation surplus arising from the valuation of the Property Interests attributable to the China VAST Group as at 31 August 2022	(i) 144.4
– Net deferred tax on revaluation surplus attributable to the China VAST Group	(ii) (64.0)
<b>The Reassessed NAV</b>	<b>5,827.8</b>
<b>The Reassessed NAV per China VAST Share (RMB)</b>	(iii) 3.53
<b>The Reassessed NAV per China VAST Share (HK\$)</b>	(iv) 4.13
– Discount of the Non-Controlling Shareholder Cancellation Price of HK\$2.40 to the Reassessed NAV per China VAST Share	(41.89%)

*Notes:*

- (i) Represents the net revaluation surplus (the “**Revaluation Surplus**”) arising from the net excess of the market value of the Property Interests held by the China VAST Group in existing state attributable to the China VAST Group as at 31 August 2022, as appraised by Savills, over their corresponding book values attributable to the China VAST Shareholders as at 30 June 2022.
- (ii) Represents deferred tax (the “**Deferred Tax**”) on temporary differences between the market values of the Property Interests and the corresponding tax base used in computation of taxable profit, except that no deferred tax is provided for investment properties as the market value of such properties are presumed to be recovered through sale. The Deferred Tax is calculated at tax rates of 16.5% for Hong Kong profits tax and 25% for PRC corporate income tax, while land appreciation tax is estimated at progressive rates ranging from 30% to 60% of appreciation value with certain allowable deductions according to the relevant PRC tax laws and regulations.
- (iii) Based on 1,651,237,491 issued China VAST Shares as at the Latest Practicable Date.
- (iv) Based on an exchange rate of RMB1: HK\$1.1714 as at 30 June 2022 extracted from Bloomberg.

As shown above, the Non-Controlling Shareholder Cancellation Price represents a discount of approximately 41.89% to the Reassessed NAV per China VAST Share of approximately HK\$4.13. We have reviewed the computation of the Reassessed NAV per China VAST Share prepared by the management of the China VAST Group and discussed the computation in respect of the Revaluation Surplus and the Deferred Tax with the management of the China VAST Group. We therefore consider that the calculation of the Reassessed NAV to be appropriate. Further analysis in this regard is set out in the section headed “6. Evaluation of the Non-Controlling Shareholder Cancellation Price – (f) Privatisation Precedents” below.

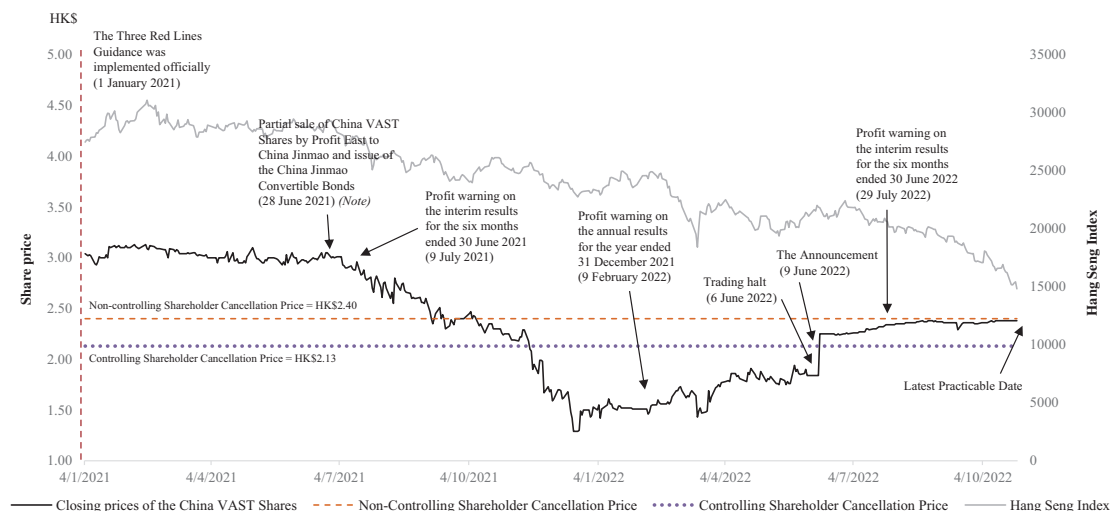
## **6. Evaluation of the Non-Controlling Shareholder Cancellation Price**

### ***(a) China VAST Share price performance***

Set out below are the charts showing (i) the movements of the daily closing prices of the China VAST Shares and the Hang Seng Index (chart 1); and (ii) the comparison of the performance of the daily closing prices of the China VAST Shares with the Hang Seng Index (chart 2), from 1 January 2021 up to the Latest Practicable Date (the “**Review Period**”), being approximately 22 months.

We consider such Review Period to be fair, representative and meaningful given (i) the Three Red Lines Guidance, which was introduced in August 2020 and officially implemented in January 2021, has had a significant impact on the development of the PRC real estate industry; and (ii) the Review Period starting from January 2021 could reflect the prevailing market condition under the background of the Three Red Lines Guidance.

Chart 1: China VAST Share price performance



Note: The announcement is dated 28 June 2021, while the share purchase was completed on 30 June 2021 and the China Jinmao Convertible Bonds subscription was completed on 16 July 2021

Chart 2: Comparison of performance of China VAST Share prices  
with the Hang Seng Index

Source: Bloomberg

During the period from 1 January 2021 to the Last Trading Day (the “**Pre-Announcement Period**”), the closing price of the China VAST Shares fluctuated with a general decreasing trend between HK\$1.29 and HK\$3.13 with an average of approximately HK\$2.37. After the Three Red Lines Guidance was implemented officially on 1 January 2021, the China VAST Share price slightly increased from HK\$3.04 on 4 January 2021, the beginning of the Review Period, to the highest of HK\$3.13 on 8 February 2021, and then dropped to HK\$2.90 on 8 July 2021. Following the publication

of the profit warning announcement dated 9 July 2021 in relation to the interim results for the six months ended 30 June 2021, the China VAST Share price exhibited an accelerated downward trend and reached a low of HK\$1.29 on 17 December 2021. The China VAST Share price then rebounded and was closed at HK\$1.84 on the Last Trading Day.

During the Pre-Announcement Period, subsequent to the implementation of the Three Red Lines Guidance, the Hang Seng Index reached the highest of 31,085 points on 17 February 2021, from 27,473 points on 4 January 2021. The Hang Seng Index then demonstrated a general downward trend and dropped to 21,082 points on the Last Trading Day, representing a decrease of approximately 32.2% from the peak. During the Pre-Announcement Period, the Hang Seng Index decreased by approximately 23.3% and the China VAST Share price decreased by approximately 39.5%. The China VAST Share price generally underperformed the Hang Seng Index during the Pre-Announcement Period.

During the Pre-Announcement Period, the highest closing price of the China VAST Shares was HK\$3.13 on 8 February 2021, which represented a premium of approximately 30.4% over the Non-Controlling Shareholder Cancellation Price. The lowest closing price of the China VAST Shares during the Pre-Announcement Period was HK\$1.29 on 17 December 2021, which represented a discount of approximately 46.3% to the Non-Controlling Shareholder Cancellation Price.

The China VAST Share price closed at HK\$1.84 on the Last Trading Day and surged by approximately 22.3% to HK\$2.25 on 10 June 2022, the trading day following the publication of the Announcement. The closing price of the China VAST Shares increased gradually from HK\$2.25 on 10 June 2022 to HK\$2.37 on 24 August 2022, on which China VAST published the interim results announcement for 2022 H1. The China VAST Shares closed at HK\$2.38 as at the Latest Practicable Date.

We are of the view that the aforesaid surge in the China VAST Share price was driven by the announcement of the Proposal, in particular, the Non-Controlling Shareholder Cancellation Price of HK\$2.40. The Scheme Shareholders should note that the China VAST Shares were traded below the Non-Controlling Shareholder Cancellation Price of HK\$2.40 from 11 October 2021 to Last Trading Day and the prevailing China VAST Share prices may not be sustained if the Scheme is not approved or the Proposal otherwise lapses.

The premiums/discounts as represented by the Non-Controlling Shareholder Cancellation Price over/to the closing price of the China VAST Shares on the Last Trading Day, the average closing prices of the China VAST Shares for various periods in the 180 trading days up to and including the Last Trading Day and the NAV per Share are summarised as follows:

	<b>Closing price/ average closing price up to and including the Last Trading Day/NAV per Share HK\$</b>	<b>Premiums/ (discount) as represented by the Non-Controlling Shareholder Cancellation Price of HK\$2.40</b>
Last Trading Day	1.84	30.43%
5 trading days	1.86	29.17%
10 trading days	1.86	28.82%
30 trading days	1.83	31.39%
60 trading days	1.75	36.90%
90 trading days	1.69	42.07%
120 trading days	1.65	45.78%
180 trading days	1.84	30.66%
Latest Practicable Date	2.38	0.84%
NAV per Share as at 30 June 2022	4.08	(41.18%)

*(b) Trading volume of the China VAST Shares*

The following table sets out the monthly average daily trading volume of the China VAST Shares and the percentages of such average daily trading volume to the total issued China VAST Shares and the public float during the Review Period:

	Average daily trading volume	Approximately % of average daily trading volume to the total issued Shares (Note 1)	Approximately % of average daily trading volume to the public float (Note 2)
<b>2021</b>			
January	391,450	0.0237%	0.0912%
February	100,167	0.0061%	0.0233%
March	369,652	0.0224%	0.0861%
April	281,158	0.0170%	0.0655%
May	465,100	0.0282%	0.1083%
June (Note 3)	507,810	0.0308%	0.1182%
July	340,707	0.0206%	0.0793%
August	116,364	0.0070%	0.0271%
September	171,093	0.0104%	0.0398%
October	88,667	0.0054%	0.0206%
November	1,404,136	0.0850%	0.3268%
December	265,409	0.0161%	0.0618%
<b>2022</b>			
January	71,238	0.0043%	0.0166%
February	153,765	0.0093%	0.0358%
March	393,826	0.0239%	0.0917%
April	881,056	0.0534%	0.2051%
May	453,800	0.0275%	0.1056%
June	3,170,118	0.1920%	0.7378%
July	365,700	0.0221%	0.0851%
August	197,087	0.0119%	0.0459%
September	218,286	0.0132%	0.0508%
1 October to the Latest Practicable Date	98,737	0.0060%	0.0230%

Source: Bloomberg

Notes:

1. Based on the number of total issued China VAST Shares as at each month end or the Latest Practicable Date.
2. Based on the number of China VAST Shares held by the public as calculated by deducting the China VAST Shares held by China Jinmao, Profit East, Tai Shing and Mr. Huang Peikun from the number of total issued China VAST Shares as at each month end or the Latest Practicable Date. Mr. Huang Peikun was the then executive director of China VAST who resigned from his positions with effect from 19 July 2021.
3. 493,720,010 China VAST Shares sold by Profit East to China Jinmao as announced on 28 June 2021 was excluded.

As illustrated in the above table, the average daily trading volume of the China VAST Shares during the above period represented approximately 0.0043% to 0.1920% of the total issued China VAST Shares and approximately 0.0166% to 0.7378% of the issued China VAST Shares held by the public. Since the publication of the Announcement, there has also been a surge in trading volume of the China VAST Shares, reflecting the market reaction to the Proposal.

In view of the above, the trading of the China VAST Shares was considered to be inactive. Given the thin liquidity of the China VAST Shares, it may be difficult for the Scheme Shareholders to dispose of a significant number of China VAST Shares without exerting downward pressure on the market prices of China VAST Shares. The Proposal represents an opportunity for the Scheme Shareholders to exit at the fixed cancellation prices which are substantially above the market prices prior to the issue of the Announcement.

*(c) Comparable Companies*

The number of issued China VAST Shares was 1,651,237,491 as at the Latest Practicable Date. Based on the Non-Controlling Shareholder Cancellation Price of HK\$2.40, the implied market capitalisation of China VAST is approximately HK\$3,962.97 million.

In assessing the fairness and reasonableness of the Non-Controlling Shareholder Cancellation Price, we have identified an exhaustive list of companies listed on the Stock Exchange which (i) are principally engaged in real estate development and generated all of their revenue from the PRC in their respective latest financial year before the Last Trading Day; and (ii) have market capitalisation ranging from HK\$3.0 billion to HK\$5.0 billion on the Last Trading Day. Based on the aforesaid criteria, we have identified eight companies (the “**Comparable Companies**”).

We consider that the Comparable Companies are fair and representative for comparison purpose as (i) they are all engaged in the property sector as the China VAST Group does; (ii) they generate all of their revenue from the PRC; and (iii) their sizes are generally comparable to that of China VAST in terms of market capitalisation implied by the Non-Controlling Shareholder Cancellation Price.

The price-to-earnings multiples (“P/E(s)”) and the price-to-book multiples (“P/B(s)”) are the two most commonly used benchmarks in valuing a company. P/E is usually adopted for judging valuations for companies which are profit making. On the other hand, P/B is typically applied for valuing capital intensive business where the value of the company largely depends on its net asset backing, which includes real estate companies. Given China VAST is profit making for the latest financial year and is engaged in property-related businesses, we consider valuing China VAST using P/B and P/E is appropriate. Other valuations methodologies, such as price-to-sales multiples and enterprise value to earnings before interest, tax, depreciation and amortisation multiples, are normally suitable for valuing companies which are loss making.

The table below illustrates (i) the P/E; (ii) the P/B; and (iii) the premium over/discount to NAV per share, of the Comparable Companies based on their respective NAV per share as derived from their respective latest published financial statements before the Last Trading Day and the closing share prices of the Comparable Companies on the Last Trading Day:

Comparable Companies (stock code)	Principal activities	Market capitalisation on the Last Trading Day (HK\$' million)	P/E (times)	P/B (times)	Premium/ (discount) of share price over/(to) NAV per share
China SCE Group Holdings Limited (1966)	Property development, property investment and property management in China	4,771.01	1.32	0.19	(81.41%)
Times China Holdings Limited (1233)	Property development	4,708.07	1.14	0.19	(80.63%)
China Electronics Optics Valley Union Holding Company Limited (798)	Property development	4,544.61	6.03	0.52	(47.80%)
Greenland Hong Kong Holdings Limited (337)	Property businesses	4,327.42	1.68	0.26	(74.04%)
Yincheng International Holding Company Limited (1902)	Development and sales of properties and leasing investment properties	3,602.94	20.67	1.12	12.34%
Ronshine China Holdings Limited (3301)	Property development	3,417.37	2.23	0.16	(84.15%)
Shanghai Industrial Urban Development Group Limited (563)	Development of residential and commercial properties, property investment and hotel operation	3,364.43	5.88	0.22	(77.89%)
Sunkwan Properties Group Limited (6900)	Development and sales of residential buildings	3,171.60	10.82	1.08	7.64%
	<b>Comparable Companies:</b>	<b>High</b>	<b>20.67</b>	<b>1.12</b>	<b>12.34%</b>
		<b>Low</b>	<b>1.14</b>	<b>0.16</b>	<b>(84.15%)</b>
		<b>Average</b>	<b>6.22</b>	<b>0.47</b>	<b>(53.24%)</b>
		<b>Median</b>	<b>4.06</b>	<b>0.24</b>	<b>(75.97%)</b>



Comparable Companies (stock code)	Principal activities	Market capitalisation on the Last Trading Day (HK\$' million)	P/E (times)	P/B (times)	Premium/ (discount) of share price over/(to) NAV per share
	China VAST (6166)	3,038.3 as at the Last Trading Day			
		3,929.9 as at the Latest Practicable Date			
	- based on the Non-Controlling Shareholder Cancellation Price of HK\$2.40	<b>3,962.97</b>	<b>19.20</b> (Note 1)	<b>0.59</b> (Note 2)	<b>(41.18%)</b>

Source: Bloomberg

Notes:

- Based on (i) the Non-Controlling Shareholder Cancellation Price of HK\$2.40; (ii) 1,651,237,491 issued China VAST Shares as at the Latest Practicable Date; (iii) the profit attributable to the China VAST Shareholders of approximately RMB171.3 million for FY2021; and (iv) the average exchange rate of RMB1: HK\$1.2051 for FY2021.
- Based on (i) the Non-Controlling Shareholder Cancellation Price of HK\$2.40; (ii) 1,651,237,491 issued China VAST Shares as at the Latest Practicable Date; (iii) the equity attributable to the China VAST Shareholders of approximately RMB5,747.4 million as at 30 June 2022; and (iv) the exchange rate of RMB1: HK\$1.1714 as at 30 June 2022.

As illustrated in the table above, the P/Es of the Comparable Companies ranged from approximately 1.14 times to approximately 20.67 times, with an average of approximately 6.22 times and a median of approximately 4.06 times. The P/E as implied by the Non-Controlling Shareholder Cancellation Price was approximately 19.20 times, which is significantly higher than the average and median of those of the Comparable Companies and close to the high end of those of the Comparable Companies on the Last Trading Day.

The P/Bs of the Comparable Companies ranged from approximately 0.16 time to approximately 1.12 times, with an average of approximately 0.47 time and a median of approximately 0.24 time. The P/B as implied by the Non-Controlling Shareholder Cancellation Price was approximately 0.59 time, which is higher than the average and median of those of the Comparable Companies on the Last Trading Day.

The Non-Controlling Shareholder Cancellation Price represents a discount of approximately 41.18% to the NAV per Share as at 30 June 2022, which is lower than the average and median of those of the Comparable Companies.

The adjusted NAV of the Comparable Companies that are supported by independent valuation are not available from public source. As such, no comparison of P/B based on the Reassessed NAV of the China VAST Group and those of the Comparable Companies can be performed.

Taking into account (i) the P/E as implied by the Non-Controlling Shareholder Cancellation Price is significantly higher than the average and median of those of the Comparable Companies on the Last Trading Day; (ii) the P/B as implied by the Non-Controlling Shareholder Cancellation Price is higher than the average and median of those of the Comparable Companies on the Last Trading Day; and (iii) the discount represented by the Non-Controlling Shareholder Cancellation Price to the NAV per Share is lower than the average and median of those of the Comparable Companies, we consider the Non-Controlling Shareholder Cancellation Price to be fair and reasonable.

***(d) Dividend payout ratio and dividend yield***

For FY2021, the China VAST did not declare any interim and final dividend. As such, the dividend payout ratio and dividend yield of China VAST are both nil for FY2021. We have reviewed the dividend payout ratios and dividend yields of the Comparable Companies on the Last Trading Day, as illustrated below:

<b>Comparable Companies (stock code)</b>	<b>Dividend payout ratio</b> <i>(Note 1)</i>	<b>Dividend yield</b> <i>(Note 2)</i>
China SCE Group Holdings Limited (1966)	20.5%	15.9%
Times China Holdings Limited (1233)	4.6%	4.1%
China Electronics Optics Valley Union Holding Company Limited (798)	24.6%	4.2%
Greenland Hong Kong Holdings Limited (337)	31.9%	19.4%
Yincheng International Holding Company Limited (1902)	Nil	Nil
Ronshine China Holdings Limited (3301)	Nil	Nil

<b>Comparable Companies (stock code)</b>	<b>Dividend payout ratio</b> <i>(Note 1)</i>	<b>Dividend yield</b> <i>(Note 2)</i>
Shanghai Industrial Urban Development Group Limited (563)	17.6%	3.0%
Sunkwan Properties Group Limited (6900)	Nil	Nil
<b>China VAST (6166)</b>	<b>Nil</b>	<b>Nil</b>

*Source: Bloomberg and the website of the Stock Exchange*

*Notes:*

1. Calculated based on the total dividends per share (excluding any special dividend) and the basic earnings per share of the Comparable Companies for FY2021.
2. Calculated based on the total dividends per share (excluding any special dividend) for FY2021 and the closing share prices of the Comparable Companies on the Last Trading Day.

As shown above, the dividend payout ratios of the Comparable Companies ranged from nil to approximately 31.9%, whereas the dividend yields of the Comparable Companies ranged from nil to approximately 19.4%.

If the Scheme becomes effective and the Proposal is implemented, the Scheme Shareholders who place a high priority on dividend income would have the opportunity to re-invest the proceeds in similar companies that have higher historical dividend payout ratios and dividend yields.

***(e) Comparison of the closing prices of China VAST Shares with the NAV per China VAST Share***

We have compared the closing prices of the China VAST Shares, against the then latest NAV per China VAST Share for the Review Period, as follows:

<b>Period</b>	<b>NAV per China VAST Share</b> <i>(Note 2)</i>	<b>Closing price of China VAST Shares</b> <b>Low      High</b>		<b>Discount to NAV per China VAST Share</b> <b>Highest      Lowest</b>	
04/01/2021 – 31/03/2021 <i>(Note 3)</i>	3.96	2.93	3.13	(26.0%)	(21.0%)
01/04/2021 – 19/08/2021 <i>(Note 1)</i>	4.49	2.55	3.1	(43.2%)	(31.0%)
20/08/2021 – 28/03/2022 <i>(Note 1)</i>	4.44	1.29	2.66	(70.9%)	(40.1%)

Period	NAV per China VAST Share (Note 2)	Closing price of China VAST Shares		Discount to NAV per China VAST Share	
		Low	High	Highest	Lowest
29/03/2022 – Last Trading Day (Note 1)	4.38	1.73	1.94	(60.5%)	(55.7%)
			<b>Range</b>	<b>(70.9%)</b>	<b>(21.0%)</b>
10/06/2022 – 24/08/2022	4.38	2.24	2.38	(48.9%)	(45.7%)
25/08/2022 – Latest Practicable Date (Note 1)	4.08	2.29	2.38	(43.9%)	(41.7%)

**Discount to the NAV per Share as at 30 June 2022 of:**

– the Non-Controlling Shareholder Cancellation Price of  
HK\$2.40

**(41.2%)**

*Source: Bloomberg and the website of the Stock Exchange*

*Notes:*

1. Each period commenced from the time after China VAST published its annual or interim results announcement.
2. Extracted from China VAST's annual or interim results announcements and based on the then exchange rates as extracted from Bloomberg.
3. 1 January 2021 to 3 January 2021 are not trading days.

As shown in the table above, the China VAST Shares were traded at discounts to the underlying NAV per China VAST Share at all times from 1 January 2021 to the Last Trading Day, with discounts ranging from approximately 21.0% to approximately 70.9%, indicating that the China VAST Shareholders could not realise their investments in the China VAST Shares at the entire underlying NAV per China VAST Share on the market. In addition, such discount has generally escalated since January 2021.

The discount of the Non-Controlling Shareholder Cancellation Price to the NAV per Share as at 30 June 2022 of approximately 41.2%, is within the historical discounts of the market prices to the then NAV per China VAST Share as set out above.

Based on the above, we consider the discount as represented by the Non-Controlling Shareholder Cancellation Price to the NAV per Share as at 30 June 2022 is fair and reasonable.

*(f) Privatisation Precedents*

In view of the fact that the China VAST Group is an asset-heavy property company, which falls under the kind of business having “significant property interests” under Rule 11 of the Takeovers Code, it would be more appropriate to evaluate the Non-Controlling Shareholder Cancellation Price based on privatisation precedents involving property companies, of which reassessed net asset values were available for comparison with the Reassessed NAV of the China VAST Group.

We have, on an exhaustive basis, reviewed a list of successfully completed privatisation precedents of which (i) the offer/cancellation prices were settled by cash only; and (ii) the companies were listed on the Stock Exchange and were principally engaged in property development and investment businesses, which were announced since 25 August 2014, being the listing date of China VAST on the Main Board of the Stock Exchange, and up to the Latest Practicable Date (the “**Privatisation Precedents**”). We choose such review period starting from 25 August 2014, mainly because (i) the China VAST Shares have been listed on the Main Board of the Stock Exchange since 25 August 2014 and we would like to review all the relevant privatisation precedents since the listing of China VAST; and (ii) due to the scarcity of successful privatisation case for companies engaged in property development and investment businesses, the longer period would be more likely to provide sufficient precedents for comparable analysis.

Based on the aforesaid criteria, we identified seven privatisation precedents. Given (i) the Privatisation Precedents are selected from a period of over five years which is of a reasonable length to obtain a sufficiently sized sample and include all relevant privatisation precedents since the listing of China VAST for comparison purpose; (ii) the Privatisation Precedents were successfully completed, indicating that the terms of the privatisation proposals in the Privatisation Precedents were accepted by the market; (iii) consistent with the terms of the Proposal, the offer/cancellation prices of the Privatisation Precedents were settled by cash only; and (iv) the listed issuers involved in the Privatisation Precedents have engaged in the similar sector as the China VAST Group does, we consider that the Privatisation Precedents are fair, representative and meaningful.

The table below illustrates the premiums/discounts of the offer/cancellation prices offered by the Privatisation Precedents over/to the prevailing share prices prior to the issue of the relevant privatisation announcements as well as the NAV and the adjusted NAV per share of the Privatisation Precedents:

Date of initial announcement	Company (stock code)	Principal activities	Offer/cancellation price (HK\$)	Premium of offer/cancellation price over the share price on the last trading day prior to announcement of privatisation	Premium of offer/cancellation price over 30-day average share price prior to announcement of privatisation	Premium of offer/cancellation price over 90-day average share price prior to announcement of privatisation	Premium of offer/cancellation price over 180-day average share price prior to announcement of privatisation	Premium/(discount) of offer/cancellation price over/(to) adjusted NAV per share
9 July 2021	Beijing Capital Land Limited (2868) ("Capital Land")	Real estate development and investment, commercial real estate operation, property consulting services and investment holding	2.8	62.8%	127.6%	143.5%	122.2%	(49.04%)
21 January 2021	Polytec Asset Holdings Limited (208) ("Polytec")	Property business, ice and cold storage business, the oil business and the financial investment business	1.50	61.3%	72.6%	104.1%	99.1%	(54.61%)
17 January 2021	HKC (Holdings) Limited (190) ("HKC")	Property development and investment and renewable energy investment and operation	8.0	120.4%	119.8%	100.0%	79.0%	(68.27%)

Date of initial announcement	Company (stock code)	Principal activities	Offer/cancellation price (HK\$)	Premium of offer/cancellation price over the share price on the last trading day prior to announcement of privatisation	Premium of offer/cancellation price over 30-day average share price prior to announcement of privatisation	Premium of offer/cancellation price over 90-day average share price prior to announcement of privatisation	Premium of offer/cancellation price over 180-day average share price prior to announcement of privatisation	Premium/(discount) of offer/cancellation price over/(to) NAV per share	Premium/(discount) of offer/cancellation price over/(to) adjusted NAV per share
5 December 2018	Hopewell Holdings Limited (54) (“Hopewell”)	Property development, property investment, investments in power plants, hotel ownership and management	38.8	46.7%	55.5%	49.6%	45.1%	(35.56%)	(42.98%)
20 March 2017	Goldin Properties Holdings Limited (283) (“Goldin Properties”)	Property development, property investment and operation of hotel and polo club	9.0	36.8%	33.9%	36.6%	49.5%	101.34%	28.57%
30 March 2016	Dalian Wanda Commercial Properties Company Limited (3699) (“Dalian Wanda”)	Property leasing and management, development and sales of properties	52.8	36.1%	50.2%	32.7%	16.0%	13.31%	(10.81%)

Date of initial announcement	Company (stock code)	Principal activities	Offer/cancellation price (HK\$)	Premium of offer/cancellation price over the share price on the last trading day prior to announcement of privatisation	Premium of offer/cancellation price over 30-day average share price prior to announcement of privatisation	Premium of offer/cancellation price over 90-day average share price prior to announcement of privatisation	Premium of offer/cancellation price over 180-day average share price prior to announcement of privatisation	Premium/ (discount) of offer/cancellation price over/(to) adjusted NAV per share
6 January 2016	New World China Land Limited (917) ("New World")	Property arm of New World Development in the PRC and is one of the large-scale national developers in the PRC	7.8	25.6%	40.8%	53.8%	56.9%	(29.41%)
				120.4%	127.6%	143.5%	122.2%	(10.81%)
				25.6%	40.8%	32.7%	16.0%	(68.27%)
				58.8%	77.8%	80.6%	69.7%	(42.52%)
				54.0%	64.1%	76.9%	68.0%	(46.01%)
				30.4%	31.4%	42.1%	30.7%	(41.89%)
9 June 2022	China VAST (6166)	Land development and development and operation of large-scale industrial towns	Based on the Non-Controlling Shareholder Cancellation Price of 2.40					

Source: Scheme documents, circulars and Bloomberg



As shown in the table above, all the offer/cancellation prices of the Privatisation Precedents represent premiums over the then prevailing market prices of the relevant shares prior to the initial announcements of the privatisations over the periods indicated.

We also noted that other than Goldin Properties, the offer/cancellation prices offered by the Privatisation Precedents ranged from a discount of approximately 10.81% to approximately 68.27% to the then adjusted NAV per share of the respective companies. We consider the premium of approximately 28.57% as represented by the offer price of the privatisation of Goldin Properties to the then adjusted NAV per share was primarily because the shares of Goldin Properties had been traded above the then NAV per share before the initial announcement of the privatisation and as a result, the offer price had to be set at a premium to the then prevailing share price and NAV per share to enhance the attractiveness of the privatisation proposal. In contrast, for all the other Privatisation Precedents, their shares were traded below their respective NAV per share before the initial announcement of the privatisation, which is analogous to the situation of China VAST. As stated in the sub-section headed “6. Evaluation of the Non-Controlling Shareholder Cancellation Price – (e) Comparison of the closing prices of China VAST Shares with the NAV per China VAST Share”, the China VAST Shares were traded at discounts to the underlying NAV per China VAST Share at all times from 1 January 2021 to the Last Trading Day. Given the premiums represented by the offer price of the privatisation of Goldin Properties are due to its unique trading position as aforesaid, we consider that Goldin Properties is an outlier and should be excluded for the analysis below.

*Comparison with prevailing market prices prior to initial announcement*

The premiums as represented by the offer/cancellation prices over the closing prices or average closing prices of the Privatisation Precedents for (i) the last trading days prior to the issue of the initial announcements of the privatisation proposals ranged from approximately 25.6% to 120.4% with an average and median of approximately 58.8% and 54.0%; (ii) 30 trading days prior to initial announcements of the privatisation proposals ranged from approximately 40.8% to 127.6% with an average and median of approximately 77.8% and 64.1%; (iii) 90 trading days prior to initial announcements of the privatisation proposals ranged from approximately 32.7% to 143.5% with an average and median of approximately 80.6% and 76.9%; and (iv) 180 trading days prior to initial announcements of the privatisation proposals ranged from approximately 16.0% to 122.2% with an average and median of approximately 69.7% and 68.0%, respectively.

The premiums as represented by the Non-Controlling Shareholder Cancellation Price were (i) approximately 30.4%, 42.1% and 30.7% over the closing price on the Last Trading Day, and the average closing prices for the periods of 90 and 180 trading days up to and including the Last Trading Day, respectively, which are lower than the average and median of, but within the ranges of those of the Privatisation Precedents; and (ii) approximately 31.4% over the average closing price for the period of 30 trading days up to and including the Last Trading Day, which is below the low end of those of the Privatisation Precedents.

Although the relevant premiums as represented by the Non-Controlling Shareholder Cancellation Price over the then prevailing market prices are all lower than the average and median of those of the Privatisation Precedents, we consider such premiums should not be considered on a standalone basis in assessing the fairness and reasonableness of the Non-Controlling Shareholder Cancellation Price as they were largely dependent on the unique trading pattern of the shares of each Privatisation Precedent, but should be considered together with other factors including the discounts of the Non-Controlling Shareholder Cancellation Price to the NAV per Share and the Reassessed NAV per China VAST Share as well as other analyses set out in this section as a whole. The higher premiums of the cancellation price over the then prevailing market prices can be associated with a deeper discount of the cancellation price to the then NAV per share. For instance, (i) while the premiums as represented by the cancellation prices of Polytec and HKC over the then prevailing market prices are significantly higher than those of the Proposal, the discounts of the cancellation prices of Polytec and HKC to their then NAV per share or adjusted NAV per share are higher than those of the Proposal; and (ii) although the premiums as represented the offer/cancellation prices of Hopewell over the then prevailing market prices are significantly higher than those of Dalian Wanda, the discounts of the cancellation price of Hopewell to its then NAV per share or adjusted NAV per share are higher than those of Dalian Wanda.

*Comparison with NAV per share*

The offer/cancellation prices offered by the Privatisation Precedents ranged from a discount of approximately 70.01% to a premium of approximately 14.60% to the NAV per share of the respective companies. The discount as represented by the Non-Controlling Shareholder Cancellation Price to the NAV per Share is higher than the average and median of, but within the range of, those of the Privatisation Precedents. Although the discount represented by the Non-Controlling Shareholder Cancellation Price to the NAV per Share is higher than the average and median of those of the Privatisation Precedents, we do not consider that this is the conclusive factor in determining the fairness and reasonableness of the Non-Controlling Shareholder Cancellation Price given the reported NAV per share does not reflect the market value of the relevant property interests. For example, although the offer prices of Dalian Wanda and New World represent premiums over their respective NAV per share, their offer prices represent discounts to their respective adjusted NAV per share, indicating there were significant difference between the book value and the fair value of their property interests. As such, the comparison of the offer/cancellation prices with the NAV per share only serves to provide an additional reference to the Disinterested Shareholders in respect of the market range of discounts of the offer/cancellation prices to the then NAV per share. Given the Reassessed NAV of the China VAST Group has reflected the latest valuation of the

relevant property interests of the China VAST Group, we consider the Reassessed NAV per China VAST Share serves a better estimate of the fair value of the underlying net asset backing, details of which are set out below.

*Comparison with adjusted NAV per share*

As shown in the table above, other than Goldin Properties, the discounts of the offer/cancellation prices offered by the Privatisation Precedents to the adjusted NAV per share of the respective companies ranged from approximately 10.81% to approximately 68.27% with an average and median of approximately 42.52% and 46.01%, respectively.

The Non-Controlling Shareholder Cancellation Price represents a discount of approximately 41.89% to the Reassessed NAV per China VAST Share of approximately HK\$4.13 which is lower than the average and median of those of the Privatisation Precedents.

*Overall comment*

It is worth mentioning that all of the Privatisation Precedents were successfully completed, indicating that the terms of the privatisation proposals in the Privatisation Precedents were accepted by the market. In other words, if the discounts represented by the Non-Controlling Shareholder Cancellation Price are within the range of those of the Privatisation Precedents, it means that the terms of the Proposal are no less favourable than some of the Privatisation Precedents that were accepted by the market.

It is also worth mentioning that there is a general increasing trend in the discounts of offer/cancellation prices to the adjusted NAV per share under the Privatisation Precedents, which increased from below 30% in 2016 to above 49% in 2021. In this regard, we noted that the discount of the Non-Controlling Shareholder Cancellation Price to the Reassessed NAV per China VAST Share of approximately 41.89% is lower than those of the Privatisation Precedents in 2021 (i.e. Capital Land, Polytec and HKC) which ranged from a discount of approximately 49.04% to approximately 68.27%.

Although the premiums as represented by the Non-Controlling Shareholder Cancellation Price over the then prevailing market prices are all lower than the average and median of those of the Privatisation Precedents and the discount as represented by the Non-Controlling Shareholder Cancellation Price to the NAV per Share is higher than the average and median of those of the Privatisation Precedents, we consider the Non-Controlling Shareholder Cancellation Price to be fair and reasonable, after taking into account (i) the premiums as represented by the Non-Controlling Shareholder Cancellation Price over the prevailing market prices

and the discount as represented by the Non-Controlling Shareholder Cancellation Price to the NAV per Share should not be considered on a standalone basis in assessing the fairness and reasonableness of the Non-Controlling Shareholder Cancellation Price, and should be considered together with other factors including the discount of the Non-Controlling Shareholder Cancellation Price to the Reassessed NAV per China VAST Share and other analyses set out in this section as a whole; (ii) the discount as represented by the Non-Controlling Shareholder Cancellation Price to the Reassessed NAV per China VAST Share is lower than the average and median of those of the Privatisation Precedents; and (iii) the discount as represented by the Non-Controlling Shareholder Cancellation Price to the Reassessed NAV per China VAST Share is lower than those of Capital Land, Polytec and HKC announced in 2021 which ranged from a discount of approximately 49.04% to approximately 68.27%.

**(g) Conclusion**

Taking into consideration of the following:

- (i) the Non-Controlling Shareholder Cancellation Price is higher than the average closing price of the China VAST Shares of approximately HK\$2.37 during the Pre-Announcement Period;
- (ii) the P/E and P/B as implied by the Non-Controlling Shareholder Cancellation Price of approximately 19.20 times and 0.59 time are higher than the average and median of those of the Comparable Companies on the Last Trading Day;
- (iii) the Non-Controlling Shareholder Cancellation Price represents a discount of approximately 41.18% to the NAV per Share as at 30 June 2022, which is lower than the average and median of those of the Comparable Companies;
- (iv) the China VAST Shares were traded at discounts to the underlying NAV of the China VAST Group per China VAST Share at all times from 1 January 2021 to the Last Trading Day and such discount has generally escalated during the period. The discount of approximately 41.18% to the NAV per Share as at 30 June 2022 as represented by the Non-Controlling Shareholder Cancellation Price is within the historical discounts of the market prices to the then NAV per China VAST Share during the period from 1 January 2021 to the Last Trading Day;

- (v) the premiums as represented by the Non-Controlling Shareholder Cancellation Price were (1) approximately 30.4%, 42.1% and 30.7% over the closing price on the Last Trading Day, and the average closing prices for the periods of 90 and 180 trading days up to and including the Last Trading Day, respectively, which are lower than the average and median of, but within the ranges of, those of the Privatisation Precedents; and (2) approximately 31.4% over the average closing price for the period of 30 trading days up to and including the Last Trading Day, which is below the low end of those of the Privatisation Precedents;
- (vi) the Non-Controlling Shareholder Cancellation Price represents a discount of approximately 41.18% to the NAV per Share as at 30 June 2022, which is higher than the average and median of, but within the range of, those of the Privatisation Precedents; and
- (vii) the Non-Controlling Shareholder Cancellation Price represent a discount of approximately 41.89% to the Reassessed NAV per China VAST Share, which is lower than the average and median of those of the Privatisation Precedents,

we consider that the Non-Controlling Shareholder Cancellation Price is fair and reasonable.

## **7. Special deal**

As the Rollover Arrangement, the payment of the Controlling Shareholder Cancellation Price and the Shareholder Arrangements are special arrangements only offered to the China VAST Controlling Shareholders and not offered to all China VAST Shareholders, the Rollover Arrangement, the Controlling Shareholder Cancellation Price and the Shareholder Arrangements, together constitute a special deal and require the consent of the Executive under Rule 25 of the Takeovers Code and the passing of an ordinary resolution by the Independent Shareholders at the China VAST EGM to approve the Rollover Arrangement, the Controlling Shareholder Cancellation Price and the Shareholder Arrangements.

### ***(a) The Rollover Arrangement***

China Jinmao proposes to allow Profit East, a China VAST Controlling Shareholder and a China Jinmao Concert Party, to retain the 163,472,511 Rollover Shares, representing approximately 9.90% of the total number of issued China VAST Shares after the Scheme becomes effective. As at the Latest Practicable Date, Profit East holds approximately 43.79% of the total number of issued China VAST Shares, and together with the other China VAST Controlling Shareholders, collectively hold in aggregate approximately 44.08% of the total number of issued China VAST Shares.

As stated in the Explanatory Memorandum, the China VAST Controlling Shareholders have been a long-term controlling shareholder of China VAST since February 2014. China Jinmao is of the view that it is important for China VAST to retain Profit East as a China VAST Shareholder after the completion of the Scheme so that China Jinmao can draw upon the experience and long-term involvement of Profit East in the management of the business and operations of China VAST to ensure that the benefits of synergies and collaboration between China Jinmao and China VAST continue to be realised, which will enhance the competitiveness of China Jinmao and China VAST in the market and benefit the long-term sustainable development and growth of China Jinmao and China VAST.

In assessing the fairness and reasonableness of the Rollover Arrangement, we have considered the following factors:

- (i) *Reduced protection and potential risks for the Independent Shareholders in an unlisted company*

In the case where the Independent Shareholders were given the opportunity to retain interests in China VAST, subsequent to the Scheme becoming effective and the withdrawal of listing of the China VAST Shares, their interests would no longer be safeguarded by regulations relating to minority shareholder protection applicable to listed companies on the Stock Exchange, in particular, the existing shareholder approval requirements under Chapter 13, Chapter 14 and Chapter 14A of the Listing Rules regarding issuance of shares, notifiable transactions and connected transactions, respectively, that are currently applicable to China VAST as a listed company. For a listed company, in relation to dilution of shareholdings, under the Listing Rules, an annual general mandate (the granting of which also requires shareholders' approval) for issuing new shares is limited to a maximum of 20% of the issued share capital on the date of approving the general mandate and a special mandate (the granting of which requires a separate shareholders' approval) is required if such limit has been exceeded. China VAST will also be no longer subject to the mandatory disclosure requirement of financial and operation information under Chapter 13 of the Listing Rules and Independent Shareholders may have difficulties in assessing the performance of China VAST. In addition, the Takeovers Code would only remain applicable to China VAST as long as China VAST remains a public company in Hong Kong (as defined under the Takeovers Code). In the event that China VAST ceases to be a public company in Hong Kong, for example due to the cessation of the primary listing of the China VAST Shares in Hong Kong, it would no longer be subject to the Takeovers Code. In that case, the interests of the Independent Shareholders would only be safeguarded primarily by the constitutional documents of China VAST and provisions regarding minority shareholders' interest protection under the Companies Act of the Cayman Islands, which do not necessarily provide the same level of minority protections that would be available had the Listing Rules and the Takeovers Code continued to apply.

In conclusion, in the case where the Independent Shareholders retained interests in China VAST, the Independent Shareholders' interests would not have the same level of protections that would be available had the Listing Rules and the Takeovers Code continued to apply. In contrast, Profit East is in a unique position enabling it to justify itself for the risks from reduced protection level due to its close relationship with the management team of the China VAST Group. For details of the relationship, please refer to paragraph headed "(ii) Uncertainties on the prospects of the China VAST Group" below.

In addition, the Independent Shareholders might find it difficult to realise their shareholdings as no public trading of the China VAST Shares would be available;

*(ii) Uncertainties on the prospects of the China VAST Group*

Profit East is beneficially owned by Ms. Zhao who is a former non-executive director of China VAST and the spouse of Mr. Wang Jianjun (an executive director of China VAST) and the mother of Ms. Wang Wei (an executive director of China VAST). As stated in the section headed "4. Industry overview and outlook – (iii) Outlook" above, there are uncertainties on the future prospect of the real estate industry in the PRC as affected by the uncertain macroeconomic and geopolitical environment as well as the government policies in short or medium term. Prospects and future performance of the China VAST Group would, to a certain extent, hinge on the capabilities and performance of its management and how they formulate and implement the business growth strategies and react to the market challenges in the future. As such, Profit East, as compared with the Independent Shareholders, is in a unique position enabling it to justify itself for the risks for remaining as a China VAST Shareholder against the certainty of immediate return to be brought about by the Scheme; and

*(iii) Premium of the Non-Controlling Shareholder Cancellation Price over the market price*

Under the Scheme, the Independent Shareholders will be offered the opportunity to realise their holdings at the Non-Controlling Shareholder Cancellation Price of HK\$2.40 per Non-Controlling Shareholder Scheme Share, which (1) is not available to the Rollover Shares; and (2) represents a significant premium in the range of approximately 28.82% to 45.78% over the average closing prices of the China VAST Shares for various periods in the 180 trading days up to and including the Last Trading Day.

We understand that the Proposal and the Scheme are conditional upon, among other things, the approval of the Rollover Arrangement by the Independent Shareholders which cannot be waived. In the case that the Rollover Arrangement

was vetoed by the Independent Shareholders, the Proposal and the Scheme will lapse and the Independent Shareholders will lose all the benefits from the Proposal and the Scheme as discussed in the section headed “2. Reasons for and benefits of the Proposal” above.

The approval by the Independent Shareholders of the terms of the Rollover Arrangement is one of the Conditions, therefore it is part and parcel of the Proposal and the Scheme. Considering that (i) the Independent Shareholders’ interests in China VAST would no longer be safeguarded by regulatory mechanisms applicable to listed companies on the Stock Exchange subsequent to the withdrawal of listing of the China VAST Shares in the event that the Independent Shareholders were given the opportunity to retain their China VAST Shares; (ii) Profit East, as compared with the Independent Shareholders, is in a unique position enabling it to justify itself for the risks for remaining as a China VAST Shareholder against the certainty of immediate return to be brought about by the Scheme; and (iii) the Proposal and the Scheme are conditional upon, among other things, the approval of the Rollover Arrangement by the Independent Shareholders which cannot be waived, we are of the view that the Rollover Arrangement is fair and reasonable so far as the Independent Shareholders are concerned.

***(b) The Controlling Shareholder Cancellation Price***

As part of the Rollover Arrangement, the 564,373,143 Controlling Shareholder Scheme Shares held by the China VAST Controlling Shareholders (representing approximately 34.18% of the total number of issued China VAST Shares) will be cancelled in exchange for the payment of the Controlling Shareholder Cancellation Price of HK\$2.13 per Controlling Shareholder Scheme Share. The aggregate Controlling Shareholder Cancellation Price will be payable by China Jinmao in accordance with the Controlling Shareholder Payment Terms, which provides for the payment of the aggregate Controlling Shareholder Cancellation Price in two equal instalments: the first within one month of the Effective Date, and the second within one month after the third anniversary of the Effective Date against which China Jinmao shall set-off any amounts claimed against the China VAST Controlling Shareholders pursuant to the Controlling Shareholder Irrevocable Undertaking.

In contrast, the latest time to dispatch cheques for cash payment of the Non-Controlling Shareholder Cancellation Price is on or before 14 December 2022 which is within seven Business Days from the Effective Date. As such, the payment of the Non-Controlling Shareholder Cancellation Price is to be made at a time which is earlier than the latest payment date of the Controlling Shareholder Cancellation Price in accordance with the Controlling Shareholder Payment Terms.

As stated in the Explanatory Memorandum, the China VAST Controlling Shareholders have agreed to the Controlling Shareholder Payment Terms, which appropriately incentivises Profit East to continue its involvement in the management of



the business and operations of China VAST, and to take actions which would be advantageous to China VAST and duly fulfil its obligations under the Controlling Shareholder Irrevocable Undertaking, to further demonstrate the commitment to support the long-term development of China VAST.

As stated in the Explanatory Memorandum, the Controlling Shareholder Cancellation Price is determined after arm's length negotiations in good faith between China Jinmao and the China VAST Controlling Shareholders with a main consideration being the potential upside and benefits the China VAST Controlling Shareholders may enjoy after the Scheme becoming effective, which includes the potential investment returns of the retained stake.

Given (i) the Controlling Shareholder Cancellation Price is determined after arm's length negotiations in good faith between China Jinmao and the China VAST Controlling Shareholders; (ii) the Non-Controlling Shareholder Cancellation Price itself is fair and reasonable based on our analyses set out above; (iii) the operating performance of the China VAST Group's businesses is uncertain in the near term as stated in the section headed "4. Industry overview and outlook – (iii) Outlook" above; (iv) the premium of the Non-Controlling Shareholder Cancellation Price over the Controlling Shareholder Cancellation Price represents a better exit to the Independent Shareholders who could enjoy higher cancellation price without having to suffer any illiquidity discount, settlement risk or the risk associated with the operating performance of the China VAST Group in the near term; and (v) the Controlling Shareholder Cancellation Price of HK\$2.13 per Controlling Shareholder Scheme Share is lower than the Non-Controlling Shareholder Cancellation Price of HK\$2.40 per Non-Controlling Shareholder Scheme Share and the payment of the Non-Controlling Shareholder Cancellation Price is to be made at a time which is earlier than the latest payment date of the Controlling Shareholder Cancellation Price in accordance with the Controlling Shareholder Payment Terms such that no favourable condition has been extended to the China VAST Controlling Shareholders in terms of the cancellation price of the Proposal and the payment terms, we are of the view that the Controlling Shareholder Cancellation Price and the Controlling Shareholder Payment Terms are fair and reasonable so far as the Independent Shareholders are concerned.

***(c) The Shareholder Arrangements***

As part of the Rollover Arrangement, China Jinmao has also agreed to the following Shareholder Arrangements to reflect the change in shareholding in China VAST (including the change in the capacities of the China VAST Controlling Shareholders) following the implementation of the Scheme, subject to the Scheme becoming effective: (i) within 30 days after the Scheme becoming effective and to the extent permissible under the applicable PRC Laws, procure the repayment by the relevant member of the China VAST Group of part of an outstanding loan extended to the China VAST Group by Profit East as is equal to China Jinmao's ownership percentage in China VAST after the

Scheme becomes effective with accrued interest, and the repayment of the remaining part of such loan and accrued interest by the end of a six-month extension period (the “**Loan Repayment**”); (ii) procure that all existing shareholder loans of the China VAST Group (including the redemption of the China Jinmao Convertible Bonds) shall be funded by China Jinmao and Profit East based on their respective shareholding percentage in China VAST from time to time in accordance with the requirements of applicable PRC laws (the “**Funding Obligation**”); (iii) the waiver of certain obligations of the China VAST Controlling Shareholders with respect to operational matters of the China VAST Group under the share purchase agreement entered into between, amongst others, Profit East and China Jinmao pursuant to which China Jinmao initially acquired an interest in China VAST from Profit East (the “**Waiver**”); (iv) use commercially reasonable efforts to procure the release of existing guarantees provided by any of the China VAST Controlling Shareholders or their affiliates in their capacities as the controlling shareholders of China VAST in relation to loans entered into by any member of the China VAST Group (the “**Release of Guarantees**”); and (v) the following continuing shareholder arrangements after the Effective Date for so long as Profit East remains a China VAST Shareholder:

- (i) **Dividend arrangement.** China Jinmao shall procure China VAST to distribute dividends or other distributions to China VAST Shareholders on a pro rata basis in an amount equal to the total distributable profits of China VAST for a financial year multiplied by a dividend distribution ratio of around 40% which is determined by the China VAST Board in good faith taking into account the financial performance, cash flow, paid special dividends (if any) and capital commitments of the China VAST Group, provided that the dividend distribution ratio shall be no less than 20%, subject to compliance with the requirements under the laws of the Cayman Islands and the PRC applicable to China Jinmao and China VAST;
- (ii) **Pre-emptive arrangement.** Profit East shall have a pre-emptive right to participate in any issuance of new securities by China VAST to maintain its shareholding interest, provided that such pre-emptive right shall not apply to an issue of securities which is in connection with the exercise of the conversion rights pursuant to the China Jinmao Convertible Bonds or the Chance Talent Convertible Notes;
- (iii) **Lock-up and transfer arrangement.** Profit East shall not transfer its China VAST securities during the Lock-up Period, and if it proposes to transfer any such China VAST securities, China Jinmao shall have a right to acquire any such China VAST securities on such terms and conditions as the parties may agree, failing which Profit East may not transfer any China VAST securities. After the expiry of the Lock-up Period, China Jinmao shall have a right of first refusal to acquire the China VAST securities which Profit East proposes to transfer;

- (iv) **Tag-along arrangement.** Profit East shall have tag-along rights if China Jinmao proposes to dispose of all of its securities in China VAST to any bona fide third party purchaser, to require such third party purchaser to acquire the securities in China VAST which Profit East holds;
- (v) **Drag-along arrangement.** China Jinmao shall have drag-along rights if China Jinmao proposes to dispose of all of its securities in China VAST to any bona fide third party purchaser, to require Profit East to sell its securities in China VAST; and
- (vi) **Funding arrangement.** If China VAST requires further funding for its future development and capital needs, China Jinmao and Profit East shall fund any amounts which is not financed by third party debt financing on a pro rata basis based on their respective shareholding percentage in China VAST from time to time.

In assessing the reasonableness of the Shareholder Arrangements, we have considered the following factors:

- (i) Profit East has been extending shareholder loans to the China VAST Group to support its operation and business development and as a result has been benefiting the China VAST Group and minority shareholders of China VAST in the first place. The reason for the Loan Repayment, the Funding Obligation, the Waiver and the Release of Guarantees is that China Jinmao will become a controlling shareholder of China VAST while the China VAST Controlling Shareholders will cease to be the controlling shareholders of China VAST upon the Scheme becoming effective. As the China VAST Controlling Shareholders will no longer control the majority of the voting rights in China VAST upon the Scheme becoming effective, it is commercially unreasonable for the China VAST Controlling Shareholders to bear the primary responsibility for providing the shareholder loans and guarantees for loans entered into by any member of the China VAST Group. These arrangements simply reflect the new ownership structure of China VAST and are not possible to offer to other China VAST Shareholders;
- (ii) for the dividend arrangement, China Jinmao shall procure China VAST to distribute dividends or other distributions to China VAST Shareholders on a pro rata basis in an amount equal to the total distributable profits of China VAST for a financial year multiplied by a dividend distribution ratio of around 40% which is determined by the China VAST Board in good faith and shall be no less than 20%. As stated in the section headed “6. Evaluation of the Non-Controlling Shareholder Cancellation Price – (d) Dividend payout ratio and dividend yield” above, three out of the eight Comparable Companies also have dividend payout ratios of above 20%. As such, Independent Shareholders

who place a high priority on dividend income would have the opportunity to re-invest the proceeds from the Proposal in other listed companies that have historical dividend payout ratios of above 20%; and

- (iii) there is no substantial benefit conferred to China Jinmao under other arrangements from the perspective of the Independent Shareholders, having considered that (1) it may be financially burdensome for the Independent Shareholders, as minority shareholders, to enjoy the benefits under the pre-emptive arrangement or fulfill the obligations under the funding arrangement; (2) the lock-up and transfer arrangement would further limit the liquidity of the China VAST Shares; and (3) the terms of any potential disposal under the tag-along arrangement or the drag-along arrangement may not be more favourable to the Independent Shareholders than those under the Proposal and the Scheme.

Taking into account (i) the factors as stated above; (ii) the Non-Controlling Shareholder Cancellation Price is fair and reasonable; and (iii) the Proposal and the Scheme are conditional upon, among other things, the approval of the Shareholder Arrangements by the Independent Shareholders which cannot be waived, we are of the view that the Shareholder Arrangements are fair and reasonable so far as the Independent Shareholders are concerned.

## **RECOMMENDATION AND OPINION**

In arriving at our recommendation in respect of the Proposal, the Scheme, the Rollover Arrangement, the Controlling Shareholder Cancellation Price and the Shareholder Arrangements, we have considered the principal factors and reasons as discussed above and in particular the following (which should be read in conjunction with and interpreted in the full context of this letter):

- *the Scheme provides an opportunity for the Scheme Shareholders to dispose of their China VAST Shares for cash at significant premiums over the closing prices of the China VAST Shares prior to the issue of the Announcement without having to suffer any illiquidity discount and settlement risk*

The premiums as represented by the Non-Controlling Shareholder Cancellation Price were approximately 30.43%, 31.39%, 42.07% and 30.66% over the closing price on the Last Trading Day, and the average closing prices for the periods of 30, 90 and 180 trading days up to and including the Last Trading Day, respectively.

The China VAST Share price closed at HK\$1.84 on the Last Trading Day and surged by approximately 22.3% to HK\$2.25 on 10 June 2022, the trading day following the publication of the Announcement. From 10 June 2022 to the Latest Practicable Date, the China VAST Shares were traded between HK\$2.24 and HK\$2.38 with an average of approximately HK\$2.33. The China VAST Shares closed at HK\$2.38 as at the Latest Practicable Date.

The prevailing China VAST Share prices may not be sustained if the Scheme is not approved or otherwise lapses.

The monthly average daily trading volume between January 2021 and the Latest Practicable Date (excluding the China VAST Shares sold by Profit East to China Jinmao in June 2021) ranged from 71,238 China VAST Shares to 3,170,118 China VAST Shares, representing approximately 0.0043% to 0.1920% of the total issued China VAST Shares and approximately 0.0166% to 0.7378% of the China VAST Shares held by the public, respectively. Given the thin liquidity of the China VAST Shares in general, it may be difficult for the Scheme Shareholders to dispose of a significant number of China VAST Shares on market without exerting downward pressure on the market prices of China VAST Shares;

- *the outlook the China VAST Group's industrial town development business*

The revenue of the China VAST Group is to a large extent driven by its industrial town development business, which is ultimately affected by the fee income from Longhe Park given that the remaining seven projects are in the early stage of planning and development and unable to generate a large sum of revenue in the short run. Longhe Park contributed approximately 78.3%, 82.1% and 72.9% of the China VAST Group's total revenue for the three years ended 31 December 2021, respectively. The revenue stream from Longhe Park in a particular year is largely dependent on the area of land sold by the relevant local government in that year. For 2022 H1, due to the absence of land sale in Longhe Park, no fee income was recognised from Longhe Park.

As affected by the outbreak of COVID-19, international political risks and the challenging conditions in the PRC real estate industry, the area of land in Longhe Park sold by the relevant local government and the total land premium have gradually decreased for the three years ended 31 December 2021, resulting in a decrease in the total revenue recorded by the China VAST Group. Profit attributable to the China VAST Shareholders declined significantly in FY2021. The financial performance of the China VAST Group deteriorated in 2022 H1 with a significant decrease in revenue by approximately 89.5% and loss attributable to the China VAST Shareholders of approximately RMB411.3 million, primarily attributable to the absence of land sales in Longhe Park during the period. As discussed with the management of China VAST, the land sales in Longhe Park are expected to remain subdued in second half of 2022.

Longhe Park is located in Langfang, Hebei province, the PRC. While the real GDP growth in Hebei province rebounded to 6.5% in 2021 from 3.8% in 2020, Hebei province's economy only grew by 3.7% in the first three quarters of 2022. For Hebei province, the land transaction market began to shrink since 2019, with total land transaction area decreasing significantly from approximately 10.5 million sq.m. in 2019 to approximately 5.1 million sq.m. in 2021 and total land transaction amount decreased by approximately 40.2% to approximately RMB20,888 million in 2021 from approximately RMB34,915 million in 2019.

The PRC government imposed the Three Red Lines Guidance on real estate developers by assessing their financial situation against three ratios, namely liability-to-asset ratio, net gearing ratio and cash-to-short-term debt ratio, in August 2020, which have adversely affected their liquidity and therefore demand for lands. This may in turn affect the China VAST Group's fee income derived from development of industrial town projects.

Given (i) Longhe Park remains as the primary source of revenue of the China VAST Group which is largely dependent on the area of land sold by the relevant local government; (ii) the decreasing trend of revenue recorded by the China VAST Group for the three years ended 31 December 2021 and 2022 H1 as affected by COVID-19 outbreak, international political risks and the challenging conditions in the PRC real estate industry; (iii) the significant decrease in profit in FY2021 and the loss making position in 2022 H1; (iv) the slowdown of the economic growth in Hebei province in the first three quarters of 2022 and the shrink of land transaction amount in Hebei province since 2019; and (v) the restrictions imposed by the PRC government on the PRC real estate developers, we consider the operating performance of the China VAST Group is uncertain in the near term.

In respect of the medium- and long-term development of the PRC real estate market and the business development of the China VAST Group, we have considered the following macroeconomic and socio factors. Firstly, it is unlikely that the PRC government will significantly ease its restriction policies, especially the Three Red Lines Guidance, given the PRC government will maintain its regulatory policies according to the press conference held by State Council Information Office about advancing high-quality development in the housing and urban-rural development sector in February 2022. In addition, the long-term development of the PRC real estate market primarily depends on the growth of the population. The population growth rate in the PRC has recorded a downward trend from 5.58 per thousand in 2017 to 0.34 per thousand in 2021 and it is expected that the population would start to shrink ahead of 2025, according to the National Health Commission of the PRC. Given the PRC government's dedication to stabilising the PRC real estate market under the principle of "houses are for inhabitation, not for speculation", we consider the outlook of the PRC real estate market and the China VAST Group to be cautiously positive in the long run.

- *the Non-Controlling Shareholder Cancellation Price is fair and reasonable*

For evaluation of the Non-Controlling Shareholder Cancellation Price, we have taken into consideration of the following:

- (i) the Non-Controlling Shareholder Cancellation Price is higher than the average closing price of the China VAST Shares of approximately HK\$2.37 during the Pre-Announcement Period;
- (ii) the P/E and P/B as implied by the Non-Controlling Shareholder Cancellation Price of approximately 19.20 times and 0.59 time are higher than the average and median of those of the Comparable Companies on the Last Trading Day;
- (iii) the Non-Controlling Shareholder Cancellation Price represents a discount of approximately 41.18% to the NAV per Share as at 30 June 2022, which is lower than the average and median of those of the Comparable Companies;
- (iv) the China VAST Shares were traded at discounts to the underlying NAV of the China VAST Group per China VAST Share at all times from 1 January 2021 to the Last Trading Day and such discount has generally escalated during the period. The discount of approximately 41.18% to the NAV per Share as at 30 June 2022 as represented by the Non-Controlling Shareholder Cancellation Price is within the historical discounts of the market prices to the then NAV per China VAST Share during the period from 1 January 2021 to the Last Trading Day;
- (v) the premiums as represented by the Non-Controlling Shareholder Cancellation Price were (1) approximately 30.4%, 42.1% and 30.7% over the closing price on the Last Trading Day, and the average closing prices for the periods of 90 and 180 trading days up to and including the Last Trading Day, respectively, which are lower than the average and median of, but within the ranges of, those of the Privatisation Precedents; and (2) approximately 31.4% over the average closing price for the period of 30 trading days up to and including the Last Trading Day, which is below the low end of those of the Privatisation Precedents;
- (vi) the Non-Controlling Shareholder Cancellation Price represents a discount of approximately 41.18% to the NAV per Share as at 30 June 2022, which is higher than the average and median of, but within the range of, those of the Privatisation Precedents; and
- (vii) the Non-Controlling Shareholder Cancellation Price represents a discount of approximately 41.89% to the Reassessed NAV per China VAST Share, which is lower than the average and median of those of the Privatisation Precedent;

- *the Rollover Arrangement, the Controlling Shareholder Cancellation Price and the Shareholder Arrangements are fair and reasonable*

The approval by the Independent Shareholders of the terms of the Rollover Arrangement is one of the Conditions, therefore it is part and parcel of the Proposal and the Scheme. Considering that (i) the Independent Shareholders' interests in China VAST would no longer be safeguarded by regulatory mechanisms applicable to listed companies on the Stock Exchange subsequent to the withdrawal of listing of the China VAST Shares in the event that the Independent Shareholders were given the opportunity to retain their China VAST Shares; (ii) Profit East, as compared with the Independent Shareholders, is in a unique position enabling it to justify itself for the risks for remaining as a China VAST Shareholder against the certainty of immediate return to be brought about by the Scheme; and (iii) the Proposal and the Scheme are conditional upon, among other things, the approval of the Rollover Arrangement by the Independent Shareholders which cannot be waived, we are of the view that the Rollover Arrangement is fair and reasonable so far as the Independent Shareholders are concerned.

Given (i) the Controlling Shareholder Cancellation Price is determined after arm's length negotiations in good faith between China Jinmao and the China VAST Controlling Shareholders; (ii) the Non-Controlling Shareholder Cancellation Price itself is fair and reasonable based on our analyses set out above; (iii) the operating performance of the China VAST Group's businesses is uncertain in the near term as stated in the section headed "4. Industry overview and outlook – (iii) Outlook" above; (iv) the premium of the Non-Controlling Shareholder Cancellation Price over the Controlling Shareholder Cancellation Price represents a better exit to the Independent Shareholders who could enjoy higher cancellation price without having to suffer any illiquidity discount, settlement risk or the risk associated with the operating performance of the China VAST Group in the near term; and (v) the Controlling Shareholder Cancellation Price of HK\$2.13 per Controlling Shareholder Scheme Share is lower than the Non-Controlling Shareholder Cancellation Price of HK\$2.40 per Non-Controlling Shareholder Scheme Share and the payment of the Non-Controlling Shareholder Cancellation Price is to be made at a time which is earlier than the latest payment date of the Controlling Shareholder Cancellation Price in accordance with the Controlling Shareholder Payment Terms such that no favourable condition has been extended to the China VAST Controlling Shareholders in terms of the cancellation price of the Proposal and the payment terms, we are of the view that the Controlling Shareholder Cancellation Price and the Controlling Shareholder Payment Terms are fair and reasonable so far as the Independent Shareholders are concerned.



We are of the view that the Shareholder Arrangements are fair and reasonable after considering the following:

- (i) the reason for the Loan Repayment, the Funding Obligation, the Waiver and the Release of Guarantees is that China Jinmao will become a controlling shareholder of China VAST while the China VAST Controlling Shareholders will cease to be the controlling shareholders of China VAST upon the Scheme becoming effective. As the China VAST Controlling Shareholders will no longer control the majority of the voting rights in China VAST upon the Scheme becoming effective, it is commercially unreasonable for the China VAST Controlling Shareholders to bear the primary responsibility for providing the shareholder loans and guarantees for loans entered into by any member of the China VAST Group. These arrangements simply reflect the new ownership structure of China VAST and are not possible to offer to other China VAST Shareholders;
- (ii) Independent Shareholders who place a high priority on dividend income would have the opportunity to re-invest the proceeds from the Proposal in other listed companies that have historical dividend payout ratios of above 20%;
- (iii) there is no substantial benefit conferred to China Jinmao under other arrangements from the perspective of the Independent Shareholders, having considered that (1) the Independent Shareholders, as minority shareholders, may not have the financial resources to enjoy the benefits under the pre-emptive arrangement or fulfill the obligations under the funding arrangement; (2) lock-up and transfer arrangement would further limit the liquidity of the China VAST Shares; and (3) the terms of any potential disposal under the tag-along arrangement or the drag-along arrangement may not be more favorable to the Independent Shareholders than those under the Proposal and the Scheme;
- (iv) the Non-Controlling Shareholder Cancellation Price is fair and reasonable; and
- (v) the Proposal and the Scheme is conditional upon, among other things, the approval of the Shareholder Arrangements by the Independent Shareholders which cannot be waived.

Based on the above, we consider that (i) the terms of the Proposal and the Scheme (including the Non-Controlling Shareholder Cancellation Price) are fair and reasonable so far as the Disinterested Shareholders are concerned; and (ii) the Rollover Arrangement, the Controlling Shareholder Cancellation Price and the Shareholder Arrangements are fair and reasonable so far as Independent Shareholders are concerned.

Accordingly, we advise the China VAST Independent Board Committee to recommend (i) the Disinterested Shareholders to vote in favour of the relevant resolutions to be proposed at the Court Meeting and the China VAST EGM to approve and give effect to the reduction of the share capital and implement the Proposal and the Scheme; and (ii) the Independent Shareholders to vote in favour of the relevant resolution to approve the Rollover Arrangement, the Controlling Shareholder Cancellation Price and the Shareholder Arrangements.

**The Independent Shareholders and the Disinterested Shareholders should note that as stated in the Part IV – Letter from the China VAST Board in the Scheme Document, China Jinmao will not increase the Non-Controlling Shareholder Cancellation Price and the Controlling Shareholder Cancellation Price, and does not reserve the right to do so. If the Scheme is withdrawn or not approved or the Proposal otherwise lapses, neither China Jinmao nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for China VAST, except with the consent of the Executive.**

Yours faithfully,  
For and on behalf of  
**Rainbow Capital (HK) Limited**  
**Larry Choi**  
*Managing Director*

*Mr. Larry Choi is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over ten years of experience in the corporate finance industry.*

*This Explanatory Memorandum constitutes the statement required under Order 102, rule 20(4)(e) of the Rules of the Court of the Cayman Islands 1995 (revised).*

**SCHEME OF ARRANGEMENT TO CANCEL ALL OF THE SCHEME SHARES  
IN CONSIDERATION OF CHINA JINMAO AGREEING TO PAY  
THE CONTROLLING SHAREHOLDER CANCELLATION PRICE AND  
THE NON-CONTROLLING SHAREHOLDER CANCELLATION PRICE  
(AS APPLICABLE)**

**AND**

**SPECIAL DEAL RELATING TO THE ROLLOVER ARRANGEMENT,  
CONTROLLING SHAREHOLDER CANCELLATION PRICE AND SHAREHOLDER  
ARRANGEMENTS**

**1. INTRODUCTION**

On 9 June 2022, in response to the Proposal of China Jinmao put forward to the China VAST Board, China VAST provided the Implementation Undertaking in favour of China Jinmao, pursuant to which China VAST irrevocably undertook to China Jinmao to put forward the Scheme to the Scheme Shareholders which, if approved and implemented, will result in China VAST being privatised by China Jinmao by way of a scheme of arrangement under section 86 of the Companies Act and the withdrawal of the listing of the China VAST Shares on the Stock Exchange, and to take all such actions to implement the Proposal on the terms and subject to the Pre-Conditions and Conditions and to give effect to the matters specified in the Announcement, the Scheme Document and any order of the Court.

All of the Pre-Conditions have been satisfied by 17 October 2022. Reference is made to the joint announcements issued by China Jinmao and China VAST dated 29 July 2022, 12 October 2022 and 17 October 2022 in relation to, among other things, the satisfaction of the Pre-Conditions.

The Scheme comprises the cancellation of approximately 60.20% of the total number of issued China VAST Shares as at the Latest Practicable Date, comprising the Non-Controlling Shareholder Scheme Shares (being all of the China VAST Shares held by the Scheme Shareholders (excluding the China VAST Controlling Shareholders), which represent approximately 26.02% of the total number of issued China VAST Shares as at the Latest Practicable Date) and the Controlling Shareholder Scheme Shares (being all of the China VAST Shares held by the China VAST Controlling Shareholders (excluding the Rollover Shares), which represent approximately 34.18% of the total number of issued China VAST Shares as at the Latest Practicable Date).

The purpose of this Explanatory Memorandum is to explain the terms and effects of the Proposal and the special deal relating to the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements and to provide the Scheme Shareholders with other relevant information in relation to the Proposal.

The particular attention of the Scheme Shareholders is drawn to the following sections of this Scheme Document: (a) a letter from the China VAST Board set out in Part IV of this Scheme Document; (b) a letter from the China VAST Independent Board Committee set out in Part V of this Scheme Document; (c) a letter from the China VAST Independent Financial Adviser set out in Part VI of this Scheme Document; and (d) the terms of the Scheme set out in Appendix VI to this Scheme Document.

## **2. TERMS OF THE PROPOSAL**

### **The Scheme**

If the Scheme is approved and becomes effective and is implemented:

- (a) all of the Non-Controlling Shareholder Scheme Shares will be cancelled and extinguished in exchange for the payment of the Non-Controlling Shareholder Cancellation Price of HK\$2.40 in cash per Non-Controlling Shareholder Scheme Share to each Scheme Shareholder (other than the China VAST Controlling Shareholders) by China Jinmao;
- (b) all of the Controlling Shareholder Scheme Shares held by the China VAST Controlling Shareholders will be cancelled and extinguished in exchange for the payment in accordance with the Controlling Shareholder Payment Terms of the Controlling Shareholder Cancellation Price of HK\$2.13 in cash per Controlling Shareholder Scheme Share to the China VAST Controlling Shareholders by China Jinmao;
- (c) upon such cancellation and extinguishment of the Scheme Shares, the issued share capital of China VAST will be increased and restored to the amount prior to the cancellation and extinguishment of the Scheme Shares by the allotment and issuance at par to China Jinmao, credited as fully paid, of the aggregate number of China VAST Shares as is equal to the number of Scheme Shares cancelled and extinguished;
- (d) the reserve created in the books of account of China VAST as a result of the cancellation and extinguishment of the Scheme Shares will be applied in paying up in full at par the new China VAST Shares so allotted and issued, credited as fully paid, to China Jinmao;
- (e) approximately 90.10% of the total number of issued China VAST Shares will be held by China Jinmao, and approximately 9.90% of the total number of issued China VAST Shares will continue to be held by Profit East, a China VAST Controlling Shareholder and a China Jinmao Concert Party; and
- (f) China VAST will make an application to the Stock Exchange for the withdrawal of the listing of the China VAST Shares on the Stock Exchange pursuant to Rule 6.15(2) of the Listing Rules, with effect immediately following the Effective Date.

China Jinmao has appointed CICC as its financial adviser in connection with the Proposal.

The Scheme provides that all of the Non-Controlling Shareholder Scheme Shares will be cancelled in exchange for the Non-Controlling Shareholder Cancellation Price of HK\$2.40 per Non-Controlling Shareholder Scheme Share, and all of the Controlling Shareholder Scheme Shares held by the China VAST Controlling Shareholders will be cancelled in exchange for the Controlling Shareholder Cancellation Price of HK\$2.13 per Controlling Shareholder Scheme Share which will be paid in accordance with the Controlling Shareholder Payment Terms.

### **Comparisons of value**

The Non-Controlling Shareholder Cancellation Price represents:

- a premium of approximately 0.84% over the closing price of HK\$2.38 per China VAST Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 30.43% over the closing price of HK\$1.84 per China VAST Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 29.17% over the average closing price of approximately HK\$1.86 per China VAST Share based on the daily closing prices as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Day;
- a premium of approximately 31.39% over the average closing price of approximately HK\$1.83 per China VAST Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 36.90% over the average closing price of approximately HK\$1.75 per China VAST Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 42.07% over the average closing price of approximately HK\$1.69 per China VAST Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 45.78% over the average closing price of approximately HK\$1.65 per China VAST Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;

- a discount of approximately 45.23% to the audited consolidated net asset value attributable to China VAST Shareholders per issued China VAST Share of approximately RMB3.73 (equal to approximately HK\$4.38, using an exchange rate of RMB1 = HK\$1.1746 as at the Announcement Date) as at 31 December 2021;
- a discount of approximately 41.18% to the unaudited consolidated net asset value attributable to China VAST Shareholders per issued China VAST Share of approximately RMB3.48 (equal to approximately HK\$4.08, using an exchange rate of RMB1 = HK\$1.1714 as at 30 June 2022) as at 30 June 2022; and
- a discount of approximately 41.89% to the Reassessed NAV per issued China VAST Share of approximately HK\$4.13 based on the unaudited net asset value as at 30 June 2022 and the total number of issued China VAST Shares as at the Latest Practicable Date.

#### **Basis for determining the Non-Controlling Shareholder Cancellation Price and the Controlling Shareholder Cancellation Price**

The Non-Controlling Shareholder Cancellation Price has been determined on a commercial basis after taking into account, among other things, recent and historic traded prices of the China VAST Shares, and with reference to other privatisation transactions in Hong Kong in recent years.

The implementation of the “Three Red Lines Policy”, which was introduced by the PRC government in August 2020 and officially implemented in January 2021 has had a negative impact on both the industry outlook and China VAST’s business performance since beginning of 2021, which has also been reflected in the trading price of the China VAST Shares.

The range of premiums offered by relevant privatisation precedents has reference value and was considered, although each case was conducted under different market conditions and factors and considerations that affect premiums or discounts of cancellation prices vary on a case-by-case basis, and may be different from those applicable to the Proposal.

The proportion of the China VAST Shares in public hands (including those held by institutional investors which are not core connected persons of China VAST as defined in the Listing Rules) which form the basis of daily trading only amounted to 26.02% of the total number of issued China VAST Shares as of the Last Trading Day, which is close to the minimum requirement of 25% public float as prescribed by the Listing Rules. Besides, prolonged low trading liquidity also has had a negative impact on China VAST’s share price. The average daily trading volume of China VAST Shares for the six-month period, 12-month period and 24-month period up to and including the Last Trading Day were approximately 0.36 million China VAST Shares, 2.42 million China VAST Shares and 1.54 million China VAST Shares per day, respectively, representing only approximately 0.02%, 0.15% and 0.09%, respectively of the total number of issued China VAST Shares.

The discount of the Non-Controlling Shareholder Cancellation Price to the audited consolidated net asset value attributable to China VAST Shareholders per China VAST Share as at 31 December 2021 of approximately 45.23% is in line with the range of corresponding premium/(discount) from (70.01%) to 101.34% offered by precedent privatisation proposals for comparable companies operating in similar industry sectors since 1 January 2016, and reflects the consideration of the industry-specific characteristic that companies within the real estate development industry are normally asset intensive and hold considerable amounts of physical assets. Furthermore, the prevailing market trading price of the China VAST Shares, which has been at a discount ranging between 55.7% and 60.5% to the audited consolidated net asset value attributable to China VAST Shareholders per issued China VAST Share as at 31 December 2021 during the period from 29 March 2022 (the day after China VAST published its annual results announcement for the year ended 31 December 2021) up to and including the Last Trading Day, indicates that the markets have not been taking the net asset value of China VAST to be a meaningful representation of China VAST's value.

The Controlling Shareholder Cancellation Price is a result of arm's length negotiations in good faith between China Jinmao and the China VAST Controlling Shareholders with a main consideration being the potential upside and benefits the China VAST Controlling Shareholders may enjoy after the Scheme becoming effective, which includes the potential investment returns of the 9.90% shareholding to be retained by Profit East under the Rollover Arrangement as well as a series of Shareholder Arrangements (including but not limited to the right to receive any future dividends).

Having given due consideration to the above factors, the China VAST Directors (excluding members of the China VAST Independent Board Committee whose views are set out in Part V of this Scheme Document) are of the view that the Controlling Shareholder Cancellation Price and the Non-Controlling Shareholder Cancellation Price (including the discount of the Non-Controlling Shareholder Cancellation Price to the audited consolidated net asset value attributable to China VAST Shareholders per issued China VAST Share as at 31 December 2021) are fair and reasonable.

### **The Option Offer**

As at the Announcement Date, there were an aggregate number of 39,750,000 outstanding China VAST Options granted under the China VAST Share Option Scheme, each relating to one China VAST Share and exercisable at an exercise price of HK\$3.02. All 39,750,000 China VAST Options outstanding as at the Announcement Date have lapsed on 31 July 2022 in accordance with the terms of the China VAST Share Option Scheme and the relevant grant letters.

As (i) no China VAST Option was outstanding as at the Latest Practicable Date, and (ii) China VAST does not intend to and has confirmed that it will not grant any further China VAST Options between the Latest Practicable Date and the Effective Date, China Jinmao is no longer required to and will not make (or procure to be made on its behalf) the Option Offer as defined and described in the Announcement in accordance with Rule 13 of the Takeovers Code.

### The Convertible Note Offer

On 9 January 2018, China VAST issued to the holder(s) of the Chance Talent Convertible Notes the Chance Talent Convertible Notes in the principal amount of US\$50 million with a coupon rate of 6% per annum, which will mature on 31 December 2022. Based on the conversion price as at the Latest Practicable Date of HK\$2.82 per China VAST Share, the Chance Talent Convertible Notes can be converted into an aggregate of 138,297,873 China VAST Shares. As at the Latest Practicable Date, the holder(s) of the Chance Talent Convertible Notes has not exercised its conversion right under the Chance Talent Convertible Notes, and hence the outstanding principal amount of the Chance Talent Convertible Notes remains at US\$50 million.

As (i) Chance Talent was the only holder of Chance Talent Convertible Notes as at the Latest Practicable Date, and (ii) Chance Talent has agreed after the Announcement Date pursuant to the terms of the Chance Talent Irrevocable Undertaking that, among other things, it will waive the Convertible Note Offer as defined and described in the Announcement in respect of the Chance Talent Convertible Notes which China Jinmao is required to make under the Takeovers Code, and it will not dispose of any interest in the Chance Talent Convertible Notes in which it is interested unless an event of default under, or a right of early redemption of, the Chance Talent Convertible Notes (which has not been amended or waived by Chance Talent) has occurred or has been triggered, and it shall be a condition to such disposal that the transferee shall undertake to waive the Convertible Note Offer, hence the Convertible Note Offer as defined and described in the Announcement will not be accepted by holder(s) of the Chance Talent Convertible Notes even if it is made. China Jinmao is therefore no longer required to and will not make (or procure to be made on its behalf) the Convertible Note Offer as defined and described in the Announcement in accordance with Rule 13 of the Takeovers Code.

China VAST does not have any declared but unpaid dividend as at the Latest Practicable Date, and does not intend to declare, make or pay any dividend or other distribution (whether in cash or in kind) to the China VAST Shareholders between the Latest Practicable Date and the Effective Date. If, after the Latest Practicable Date, any dividend or other distribution (whether of profit or capital) is made or paid in respect of the Scheme Shares, China Jinmao reserves the right to reduce the Non-Controlling Shareholder Cancellation Price and the Controlling Shareholder Cancellation Price by an amount equal to the amount of such dividend or other distribution made or paid on each Scheme Share.

**China Jinmao will not increase the Non-Controlling Shareholder Cancellation Price or the Controlling Shareholder Cancellation Price and does not reserve the right to do so. China Jinmao Shareholders, China VAST Shareholders and/or potential investors should be aware that, following the making of this statement, China Jinmao will not be allowed to increase the Non-Controlling Shareholder Cancellation Price or the Controlling Shareholder Cancellation Price.**

### The China Jinmao Convertible Bonds

No offer for the China Jinmao Convertible Bonds is made by China Jinmao under Rule 13 of the Takeovers Code as the China Jinmao Convertible Bonds are held by China Jinmao.



**Highest and lowest prices**

During the Relevant Period, the highest closing price of the China VAST Shares as quoted on the Stock Exchange was HK\$2.38 per China VAST Share<sup>(1)</sup>, and the lowest closing price of the China VAST Shares as quoted on the Stock Exchange was HK\$1.29 per China VAST Share<sup>(2)</sup>.

*Notes:*

- (1) *The highest closing price of the China VAST Shares of HK\$2.38 was last recorded on 28 October 2022 during the Relevant Period.*
- (2) *The lowest closing price of the China VAST Shares of HK\$1.29 was recorded on 17 December 2021 and 20 December 2021 during the Relevant Period.*

**3. CONDITIONS OF THE PROPOSAL AND THE SCHEME**

The Proposal and the Scheme will only become effective and binding on China VAST, China Jinmao and all Scheme Shareholders subject to the satisfaction or a valid waiver (as applicable) of the following Conditions:

- (a) the approval of the Scheme (by way of poll) by the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting, either in person or by proxy, at the Court Meeting;
- (b) (i) the approval of the Scheme (by way of poll) by the Disinterested Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Shareholders that are voted, either in person or by proxy, at the Court Meeting; and  
  
(ii) the number of votes cast (by way of poll) by the Disinterested Shareholders present and voting, either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all Disinterested Shareholders;
- (c) the passing by the China VAST Shareholders at the China VAST EGM of: (i) a special resolution (by a majority of not less than three-fourths of the votes cast by the China VAST Shareholders present and voting, either in person or by proxy, at the China VAST EGM) to approve any reduction of the issued share capital of China VAST by the cancellation and extinguishment of the Scheme Shares; and (ii) an ordinary resolution (by a simple majority of the votes cast by the China VAST Shareholders present and voting, either in person or by proxy, at the China VAST EGM) to apply the reserve created by the cancellation and extinguishment of the Scheme Shares to contemporaneously restore the issued share capital of China VAST to the amount prior to the cancellation and extinguishment of the Scheme Shares by the allotment and issue to China Jinmao of such number of new China VAST Shares (credited as fully paid at par) as is equal to the number of the Scheme Shares cancelled and extinguished;

- (d) the sanction of the Scheme (with or without modifications) and the confirmation of the reduction of the issued share capital of China VAST by the Court and the delivery of a copy of the order of, and minutes approved by, the Court to the Registrar of Companies for registration;
- (e) compliance with the procedural requirements and conditions, if any, under the Companies Act in relation to the reduction of the issued share capital of China VAST and the Scheme, respectively;
- (f) (i) the receipt of an opinion from the China VAST Independent Financial Adviser to the China VAST Independent Board Committee confirming that the Rollover Arrangement, the Controlling Shareholder Cancellation Price and the Shareholder Arrangements are fair and reasonable, (ii) the passing of an ordinary resolution by the Independent Shareholders at a general meeting of China VAST to approve the Rollover Arrangement, the Controlling Shareholder Cancellation Price and the Shareholder Arrangements, and (iii) the consent from the Executive under Rule 25 of the Takeovers Code to the Rollover Arrangement, the Controlling Shareholder Cancellation Price and the Shareholder Arrangements;
- (g) all Authorisations (if any) in connection with the Proposal or the Scheme having been obtained from the relevant Governmental Authorities in the Cayman Islands and any other relevant jurisdiction;
- (h) the Authorisations (if any) in connection with the Proposal or the Scheme remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any relevant Governmental Authority which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each case up to the Effective Date;
- (i) between the Announcement Date up to the Effective Date, no Governmental Authority having taken or instituted any action, proceeding, suit, investigation or enquiry, or enacted, made, proposed, issued, enforced or imposed (including without limitation through interpreting, amending, restating or supplementing) any laws, rules, regulations or codes, or other legal restraint or prohibition that would make the Proposal or its implementation in accordance with its terms void, unenforceable or illegal, or which would impose any material and adverse conditions or obligations with respect to the Proposal or its implementation in accordance with its terms, or otherwise restrain or prohibit the implementation of the Proposal, or cause any transaction contemplated by the Proposal to be rescinded or otherwise disposed of after its implementation; and

- (j) since the Announcement Date, there having been no adverse change in the business, assets, financial or trading positions, profits or prospects of any member of the China VAST Group (to an extent which is material in the context of the China VAST Group taken as a whole or in the context of the Proposal).

Conditions (a) to (f) cannot be waived. Subject to the requirements of the Executive, China Jinmao reserves the right (but is in no way obliged) to waive Conditions (g) to (j) in whole or in part, either generally or in respect of any particular matter. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, China Jinmao may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Condition are of material significance to China Jinmao in the context of the Proposal.

Each Scheme Shareholder who is a China Jinmao Concert Party and each Scheme Shareholder who is a China VAST Controlling Shareholder holding Controlling Shareholder Scheme Shares (i.e. each of Profit East and Tai Shing) has provided undertakings to the Court at the directions hearing for the convening of the Court Meeting before the Court prior to the despatch of this Scheme Document to be bound by the Scheme.

As at the Latest Practicable Date, with respect to the Condition in:

- paragraph (g), each of China Jinmao and China VAST is not aware of any requirement for Authorisations outside of the PRC other than those set out in Conditions in paragraphs (a) to (f); and
- paragraph (i), each of China Jinmao and China VAST is not aware of any such action, proceeding, suit, investigation, enquiry, laws, rules, regulations, codes or other legal restraint or prohibition.

As at Latest Practicable Date, none of the Conditions have been satisfied.

In the event that any amendments to the Laws or regulations in the Cayman Islands, Hong Kong and any other relevant jurisdictions become effective after the Latest Practicable Date of the Scheme Document and prior to the Court Meeting such that the Conditions above shall be amended to reflect such amendments, further announcement(s) will be made regarding such amendments to the Conditions above as soon as practicable and when necessary.

All of the Conditions above will have to be satisfied or waived (as applicable) on or before the Conditions Long Stop Date (or such later date as China Jinmao and China VAST may agree or, to the extent applicable, as the Executive may consent and the Court may direct), failing which the Proposal and the Scheme will lapse. When all of the Conditions above are satisfied or waived (as applicable), the Scheme will become effective and binding on China VAST, China Jinmao and all Scheme Shareholders (irrespective of whether or not he, she or it attends or votes at the Court Meeting or the China VAST EGM).

**WARNING: China Jinmao Shareholders, China VAST Shareholders and/or potential investors should be aware that the implementation of the Scheme and Proposal will only become effective after all of the Conditions being satisfied or waived (as applicable) and thus the Proposal and the Scheme may or may not become effective. China Jinmao Shareholders, China VAST Shareholders and/or potential investors should therefore exercise caution when dealing in China Jinmao Shares and/or China VAST Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.**

#### **4. IMPLEMENTATION UNDERTAKING**

China VAST provided the Implementation Undertaking in favour of China Jinmao, pursuant to which China VAST irrevocably undertook to China Jinmao to put forward the Scheme to the Scheme Shareholders, and to take all such actions to implement the Proposal on the terms and subject to the Pre-Conditions (all of which have been satisfied as of the Latest Practicable Date) and Conditions and to give effect to the matters specified in the Announcement, the Scheme Document and any order of the Court, including to:

- (a) convene all necessary board meetings and/or pass such board resolutions as may be required to enable the Proposal to be implemented, and to convene general meetings of China VAST Shareholders in accordance with the Takeovers Code, the Listing Rules and the articles of association of China VAST, to the extent permitted by relevant Laws and the articles of association of China VAST;
- (b) engage relevant advisers and property valuers to prepare all such letters and reports as are required under the Takeovers Code or the Listing Rules for the inclusion into the Scheme Document;
- (c) procure, to the extent relevant to the China VAST Group, the satisfaction of the Pre-Conditions and the Conditions as soon as reasonably practicable after the date of the Implementation Undertaking before the Pre-Conditions Long Stop Date and the Conditions Long Stop Date (as appropriate) and to provide all such information as China Jinmao may reasonably require in order for China Jinmao to satisfy the Pre-Conditions and the Conditions relevant to it, and to notify China Jinmao of any notices or notifications relating to the progress and satisfaction of the Pre-Conditions and the Conditions;
- (d) obtain all necessary consents and waivers from noteholders, lenders and other counterparties of the China VAST Group with respect to the relevant notes, material debt facilities or other material contracts of the China VAST Group in relation to the Proposal on or prior to the Effective Date;
- (e) promptly issue notices as may be required under the rules of the China VAST Share Option Scheme;

- (f) subject to and only upon clearance by the Executive and the approval, release and authorization by China Jinmao, issue subsequent announcements, the Scheme Document and other document required in connection with the Proposal as soon as reasonably practicable in accordance with the requirements of the Takeovers Code, the Executive or the Listing Rules;
- (g) provide to China Jinmao all such information relating to it and/or the China VAST Group required to be included in the Announcement, the Scheme Document and any other document, announcement or circular of China Jinmao relating to or in connection with the Proposal;
- (h) provide to China Jinmao all necessary undertakings to the Court as may be required, and not to proceed with any hearing of the Court without the prior written consent of China Jinmao;
- (i) ensure that during the period between the date of the Implementation Undertaking and the Effective Date, China VAST and each member of the China VAST Group shall continue to operate in the same manner as before, and no member of the China VAST Group shall, without the written consent of China Jinmao and subject to certain exceptions, commit to or do or permit certain non-ordinary course matters as stipulated in the Implementation Undertaking (including the entering into or adoption of a plan or agreement of liquidation or dissolution, the making of any alteration to its constitutional documents, the declaration, the making of any material changes to the accounting procedures or principles by reference to which its accounts are prepared or its accounting reference date, and the taking of certain other frustrating actions (as defined in Rule 4 of the Takeovers Code)) to occur;
- (j) not to take any action or make any statement which has or may have the effect of prejudicing, preventing, delaying or disrupting the Proposal, otherwise causing the Proposal not to become effective at the earliest practicable time or at all;
- (k) take all actions as is required to enable the withdrawal of listing of the China VAST Shares from the Stock Exchange;
- (l) provide certain customary representations, warranties and indemnities in relation to the capital structure, accounts, financial status, compliance, material contracts, intellectual property, real estate, environmental, employment and tax matters of the China VAST Group and undertakings to China Jinmao with respect to operational and financial matters of the China VAST Group; and
- (m) to provide China Jinmao with such assistance in order to appoint, effective as of the Effective Date, new directors and officers nominated by China Jinmao, to China VAST.

## **5. SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT, CONTROLLING SHAREHOLDER CANCELLATION PRICE AND SHAREHOLDER ARRANGEMENTS**

### **The Rollover Arrangement**

China Jinmao proposes to allow Profit East, a China VAST Controlling Shareholder and a China Jinmao Concert Party, to retain the 163,472,511 Rollover Shares, representing approximately 9.90% of the total number of issued China VAST Shares after the Scheme becomes effective. As at the Latest Practicable Date, Profit East holds approximately 43.79% of the total number of issued China VAST Shares, and together with the other China VAST Controlling Shareholders, collectively hold in aggregate approximately 44.08% of the total number of issued China VAST Shares.

The China VAST Controlling Shareholders have been a long-term controlling shareholder of China VAST since February 2014. China Jinmao is of the view that it is important for China VAST to retain Profit East as a China VAST Shareholder after the completion of the Scheme so that China Jinmao can draw upon the experience and long-term involvement of Profit East in the management of the business and operations of China VAST to ensure that the benefits of synergies and collaboration between China Jinmao and China VAST continue to be realized, which will enhance the competitiveness of China Jinmao and China VAST in the market and benefit the long-term sustainable development and growth of China Jinmao and China VAST.

### **The Controlling Shareholder Cancellation Price**

As part of the Rollover Arrangement, the 564,373,143 Controlling Shareholder Scheme Shares held by the China VAST Controlling Shareholders (representing approximately 34.18% of the total number of issued China VAST Shares) will be cancelled in exchange for the payment of the Controlling Shareholder Cancellation Price of HK\$2.13 per Controlling Shareholder Scheme Share, which is lower than the Non-Controlling Shareholder Cancellation Price of HK\$2.40 per Non-Controlling Shareholder Scheme Share. The aggregate Controlling Shareholder Cancellation Price will be payable by China Jinmao in accordance with the Controlling Shareholder Payment Terms, which provides for the payment of the aggregate Controlling Shareholder Cancellation Price in two equal instalments: the first within one month of the Effective Date, and the second within one month after the third anniversary of the Effective Date against which China Jinmao shall set-off any amounts claimed against the China VAST Controlling Shareholders pursuant to the Controlling Shareholder Irrevocable Undertaking.

The China VAST Controlling Shareholders have agreed to the Controlling Shareholder Payment Terms, which appropriately incentivises Profit East to continue its involvement in the management of the business and operations of China VAST, and to take actions which would be advantageous to China VAST and duly fulfil its obligations under the Controlling Shareholder Irrevocable Undertaking, to further demonstrate the commitment to support the long-term development of China VAST.

### The Shareholder Arrangements

As part of the Rollover Arrangement, China Jinmao has also agreed to the following Shareholder Arrangements to reflect the change in shareholding in China VAST (including the change in the capacities of the China VAST Controlling Shareholders) following the implementation of the Scheme, subject to the Scheme becoming effective: (i) within 30 days after the Scheme becoming effective and to the extent permissible under the applicable PRC Laws, procure the relevant member of the China VAST Group to repay such part of an outstanding loan extended to the China VAST Group by Profit East (which was entered into following arm's length negotiations and on normal commercial terms) as is equal to China Jinmao's ownership percentage in China VAST after the Scheme becomes effective, and accrued interest in accordance with its terms without any additional benefit to Profit East; and to repay any remaining portion of such loan and accrued interest by the end of a six-month extension period (and simple interest in respect of such amount shall be calculated at a reduced eight per cent. per annum from the date the majority of such loan is repaid to the date of repayment of the remaining portion of such loan); (ii) procure that all existing shareholder loans of the China VAST Group (including the redemption of the China Jinmao Convertible Bonds) shall be funded by China Jinmao and Profit East based on their respective shareholding percentage in China VAST from time to time in accordance with the requirements of applicable PRC Laws; (iii) the waiver of certain obligations of the China VAST Controlling Shareholders with respect to operational matters of the China VAST Group under the share purchase agreement entered into between, amongst others, Profit East and China Jinmao pursuant to which China Jinmao initially acquired an interest in China VAST from Profit East, including in relation to the restructuring of certain insignificant business operations of the China VAST Group and the maintenance of the public float of China VAST which are no longer required to be undertaken; (iv) within nine months after the Effective Date and subject to compliance with the requirements under PRC Laws, use commercially reasonable efforts to procure the release of the existing guarantees provided by any of the China VAST Controlling Shareholders or their affiliates in their capacities as the controlling shareholders of China VAST in relation to any loan entered into by any member of the China VAST Group, and (v) the following continuing shareholder arrangements after the Effective Date for so long as Profit East remains a China VAST Shareholder:

- (a) **Dividend arrangement.** China Jinmao shall procure China VAST to distribute dividends or other distributions to China VAST Shareholders on a pro rata basis in an amount equal to the total distributable profits of China VAST for a financial year multiplied by a dividend distribution ratio of around 40% which is determined by the China VAST Board in good faith taking into account the financial performance, cash flow, paid special dividends (if any) and capital commitments of the China VAST Group, provided that the dividend distribution ratio shall be no less than 20%, subject to compliance with the requirements under the Laws of the Cayman Islands and the PRC applicable to China Jinmao and China VAST.

- (b) **Pre-emptive arrangement.** Profit East shall have a pre-emptive right to participate in any issuance of new securities by China VAST to maintain its shareholding interest, provided that such pre-emptive right shall not apply to an issue of securities which is in connection with the exercise of the conversion rights pursuant to the China Jinmao Convertible Bonds or the Chance Talent Convertible Notes.
- (c) **Lock-up and transfer arrangement.** Profit East shall not transfer its China VAST securities during the Lock-up Period, and if it proposes to transfer any such China VAST securities, China Jinmao shall have a right to acquire any such China VAST securities on such terms and conditions as the parties may agree, failing which Profit East may not transfer any China VAST securities. After the expiry of the Lock-up Period, China Jinmao shall have a right of first refusal to acquire the China VAST securities which Profit East proposes to transfer.
- (d) **Tag-along arrangement.** Profit East shall have tag-along rights if China Jinmao proposes to dispose of all of its securities in China VAST to any bona fide third party purchaser, to require such third party purchaser to acquire the securities in China VAST which Profit East holds.
- (e) **Drag-along arrangement.** China Jinmao shall have drag-along rights if China Jinmao proposes to dispose of all of its securities in China VAST to any bona fide third party purchaser, to require Profit East to sell its securities in China VAST.
- (f) **Funding arrangement.** If China VAST requires further funding for its future development and capital needs, China Jinmao and Profit East shall fund any amounts which is not financed by third party debt financing on a pro rata basis based on their respective shareholding percentage in China VAST from time to time.

As the Rollover Arrangement, the payment of the Controlling Shareholder Cancellation Price and the Shareholder Arrangements are either (i) arrangements between China Jinmao and the China VAST Controlling Shareholders as agreed in the Controlling Shareholder Irrevocable Undertaking to which China VAST is not a party or (ii) conditional upon the Scheme becoming effective and are expected only to take effect after the withdrawal of the listing of the China VAST Shares on the Stock Exchange, none of these arrangements will constitute a connected transaction of China VAST under Chapter 14A of the Listing Rules.

### **Independent Shareholders' Approval**

As the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements are special arrangements only offered to the China VAST Controlling Shareholders and not offered to all China VAST Shareholders, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements, together constitute a special deal and require the consent of the Executive under Rule 25 of the Takeovers Code. China Jinmao has made an application for consent from the Executive in relation to the Rollover Arrangement, Controlling Shareholder Cancellation Price and



Shareholder Arrangements conditional on the China VAST Independent Financial Adviser confirming to the China VAST Independent Board Committee that the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements are fair and reasonable, and the passing of an ordinary resolution by the Independent Shareholders at a general meeting of China VAST to approve the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements. Accordingly, as set out in Condition (e), the Proposal and the Scheme are subject to (i) the receipt of an opinion from the China VAST Independent Financial Adviser to the China VAST Independent Board Committee confirming that the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements are fair and reasonable, (ii) the passing of an ordinary resolution by the Independent Shareholders at a general meeting of China VAST to approve the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements, and (iii) the consent from the Executive under Rule 25 of the Takeovers Code to the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements.

The China VAST Independent Financial Adviser has stated in the letter from the China VAST Independent Financial Adviser in Part VI of this Scheme Document that in its opinion, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements are fair and reasonable. If the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements is not approved through an ordinary resolution by the Independent Shareholders at a general meeting of China VAST and/or the consent from the Executive under Rule 25 of the Takeovers Code to the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements is not obtained, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements will not be implemented, and the Proposal and the Scheme will also lapse.

## **6. IRREVOCABLE UNDERTAKINGS**

### **Controlling Shareholder Irrevocable Undertaking**

China Jinmao and the China VAST Controlling Shareholders have entered into the Controlling Shareholder Irrevocable Undertaking (as amended and/or supplemented by the deed of amendment in relation to the controlling shareholder irrevocable undertaking entered into between China Jinmao and the China VAST Controlling Shareholders on 17 October 2022), pursuant to which the parties agreed that:

- (a) subject to, among others, the Independent Shareholders' approval as set out in the section headed "5. Special Deal Relating to Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements – Independent Shareholders' Approval" above, Profit East will remain as a China VAST Shareholder with respect to the 163,472,511 Rollover Shares (representing approximately 9.90% of the total number of issued China VAST Shares) immediately after the Scheme becomes effective, and the other 559,620,143 China VAST Shares held by Profit East (representing approximately 33.89% of the total number of the issued China VAST Shares) and all of the China VAST Shares held

by Tai Shing (representing approximately 0.29% of the total number of the issued China VAST Shares) will constitute Scheme Shares which will be cancelled for the Controlling Shareholder Cancellation Price. The aggregate Controlling Shareholder Cancellation Price will be payable by China Jinmao in two equal instalments: the first within one month of the Effective Date, and the second within one month after the third anniversary of the Effective Date against which China Jinmao shall set-off any amounts claimed against the China VAST Controlling Shareholders pursuant to the Controlling Shareholder Irrevocable Undertaking (the “**Controlling Shareholder Payment Terms**”);

- (b) the Rollover Arrangement and the Shareholder Arrangements will be implemented between China Jinmao and Profit East upon the Scheme becoming effective; and
- (c) each of the China VAST Controlling Shareholders has unconditionally and irrevocably undertaken, subject to the Controlling Shareholder Irrevocable Undertaking:
  - (i) to do all such acts and provide all such assistance and information to China Jinmao as may be required by, and in accordance with, the Takeovers Code, the Listing Rules and the articles of association of China VAST and within its power to implement the Proposal to the extent permitted by relevant Laws and the articles of association of China VAST;
  - (ii) not to take any action or make any statement which has or may have the effect of prejudicing, preventing, delaying or disrupting the Proposal, otherwise causing the Proposal not to become effective at the earliest practicable time or at all;
  - (iii) to agree to and assist in implementing the Rollover Arrangement and the cancellation of the Controlling Shareholder Scheme Shares held by it in consideration for the Controlling Shareholder Cancellation Price;
  - (iv) to receive the Controlling Shareholder Cancellation Price in consideration for the cancellation of the Controlling Shareholder Scheme Shares under the Scheme;
  - (v) to the extent permitted under the Takeovers Code, the Listing Rules and applicable Laws, to exercise, or, as the case may be, to procure the exercise of the voting rights in respect of any China VAST Shares held by her/it or her/its affiliates to vote in favour of any resolutions to be proposed at the China VAST EGM to approve and give effect to the reduction of the share capital of China VAST, to assist the implementation of the Proposal or which are necessary for the Proposal and the Scheme to become effective;

- (vi) to the extent permitted under the Takeovers Code, the Listing Rules and applicable Laws, to exercise, or, as the case may be, to procure the exercise of the voting rights in respect of any China VAST Shares held by her/it or her/its affiliates to vote against any resolution which might prevent or delay the implementation of the Proposal, or purports to approve or give effect to a proposal by a person other than China Jinmao to acquire any China VAST Shares, as well as to take all actions necessary to implement the Scheme;
- (vii) not to, directly or indirectly, sell, transfer, charge, create or grant any option over or otherwise dispose of any interest in any of the China VAST Shares held by it; purchase, acquire, subscribe for or otherwise deal in the securities of China VAST; enter into any agreement or arrangement in respect of the votes or other rights attached to any of the China VAST Shares held by it; or enter into any discussion, negotiation, agreement or arrangement or incur any obligation with any person in relation to any of the China VAST Shares held by it, in each case without the prior consent of China Jinmao, nor will it accept or otherwise agree to any other offer, scheme of arrangement, merger or other business combination in respect of all or any of such China VAST Shares held by it;
- (viii) she/it has no rights to receive the Non-Controlling Shareholder Cancellation Price for her/its respective Controlling Shareholder Scheme Shares and to waive any and all claims that she/it may have against China Jinmao or China VAST with respect to the receipt of the Controlling Shareholder Cancellation Price for her/its respective Controlling Shareholder Scheme Shares and not receiving the Non-Controlling Shareholder Cancellation Price for her/its respective Controlling Shareholder Scheme Shares;
- (ix) to ensure that during the period between the date of the Controlling Shareholder Irrevocable Undertaking and the Effective Date, China VAST and each member of the China VAST Group shall continue to operate in the same manner as before, and no member of the China VAST Group shall, without the written consent of China Jinmao and subject to certain exceptions, commit to or do or permit certain non-ordinary course matters as stipulated in the Controlling Shareholder Irrevocable Undertaking (including the entering into or adoption of a plan or agreement of liquidation or dissolution, the making of any alteration to its constitutional documents, the declaration, the making of any material changes to the accounting procedures or principles by reference to which its accounts are prepared or its accounting reference date, and the taking of certain other frustrating actions (as defined in Rule 4 of the Takeovers Code)) to occur;

- (x) to provide certain customary representations, warranties and indemnities in relation to the ownership of the Controlling Shareholder Scheme Shares, the capital structure, accounts, financial status, compliance, material contracts, intellectual property, real estate, environmental, employment and tax matters of the China VAST Group and undertakings to China Jinmao with respect to operational and financial matters of the China VAST Group (including the assistance in the recovery of certain accounts receivables owed to the China VAST Group and payment of tax liabilities);
- (xi) to provide China Jinmao with such assistance in order to appoint, effective as of the Effective Date, new directors and officers nominated by China Jinmao, to China VAST;
- (xii) to make indirect transfer tax filings as may be required by the PRC Laws and regulations;
- (xiii) to refrain from soliciting, inducing, employing or engaging the customers, suppliers, directors, employees or officers of the China VAST Group, subject to certain customary exceptions; and
- (xiv) not to carry on or be engaged, concerned or interested economically in any manner in any business or undertaking which is in direct competition with the business of the China VAST Group in Langfang City and/or Shijiazhuang City in the Hebei Province of the PRC, and to refer all corporate opportunities or offers pertaining to such business which have been presented or offered to her/it or her/its affiliates to the China VAST Group.

The Controlling Shareholder Irrevocable Undertaking will be terminated if the Scheme lapses or is withdrawn in accordance with its terms or may be terminated by mutual written consent between the parties.

#### **Chance Talent Irrevocable Undertaking**

Chance Talent is a China VAST Shareholder holding 8,060,000 China VAST Shares (representing approximately 0.49% of the total number of issued China VAST Shares) as at the Latest Practicable Date. Chance Talent also holds all of the Chance Talent Convertible Notes and the Chance Talent Notes as at the Latest Practicable Date.

China Jinmao, China VAST and Chance Talent have entered into the Chance Talent Irrevocable Undertaking on 12 October 2022, pursuant to which Chance Talent has unconditionally and irrevocably undertaken, subject to the Chance Talent Irrevocable Undertaking:

- (a) to waive the Convertible Note Offer (as defined and described in the Announcement) in respect of all of the Chance Talent Convertible Notes it holds which China Jinmao is required to make under the Takeovers Code;
- (b) not to, and to procure its affiliates not to, during the period starting from the date of the Chance Talent Irrevocable Undertaking and ending on the date the Chance Talent Convertible Notes are redeemed on its maturity date in accordance with its terms (both days inclusive), exercise any conversion right in respect of any of the Chance Talent Convertible Notes it or its affiliates hold;
- (c) to procure the exercise of the voting rights in respect of the Committed Shares in which it is interested to vote in favour of any resolutions to be proposed at the Court Meeting and the China VAST EGM to approve and give effect to the Proposal and the Scheme (including to give effect to the reduction of the share capital of China VAST), to assist the implementation of the Proposal or which are necessary for the Proposal and the Scheme to become effective;
- (d) to procure the exercise of the voting rights in respect of the Committed Shares in which it is interested to vote against any resolution which might prevent or delay the implementation of the Proposal, or purports to approve or give effect to a proposal by a person other than China Jinmao to acquire any China VAST Shares (unless such proposal offers a higher cancellation price as compared to the Proposal); and
- (e) not to, directly or indirectly, sell, transfer, charge, create or grant any option over or otherwise dispose of any interest in any of the Committed Shares, the Chance Talent Convertible Notes and the Chance Talent Notes in which it is interested, save that Chance Talent may dispose of any of its interests in the Chance Talent Convertible Notes and the Chance Talent Notes when an event of default under, or a right of early redemption of, the Chance Talent Convertible Notes and the Chance Talent Notes (which has not been amended or waived by Chance Talent) has occurred or has been triggered and Chance Talent has procured the transferee to unconditionally and irrevocably provide the same undertakings as set out in (a) and (b) above to China Jinmao and China VAST; enter into any agreement or arrangement in respect of the votes or other rights attached to any of the Committed Shares in which it is interested, unless an event of default under, or a right of early redemption of, the Chance Talent Convertible Notes and the Chance Talent Notes (which has not been amended or waived by Chance Talent) has occurred or has been triggered; enter into any discussion, negotiation, agreement or arrangement or incur any obligation with any person in relation to any of the Committed Shares, the Chance Talent Convertible Notes and the Chance Talent Notes in which it is interested, nor will it accept or otherwise agree to any other offer, scheme of arrangement, merger or other business combination in respect of all or any of the Committed Shares in which it is interested (unless such offer, scheme of arrangement, merger or business combination offers a higher cancellation price as compared to the Proposal).

The Chance Talent Irrevocable Undertaking will be terminated immediately if the Conditions are not satisfied by the Conditions Long Stop Date, the Scheme lapses or is withdrawn in accordance with its terms or the Scheme is not approved at the Court Meeting.

In connection with the Proposal, Chance Talent, China VAST, China Jinmao, and certain China VAST Controlling Shareholders have also entered into amendments and waivers for the amendment and waiver of certain provisions of the existing underlying agreements, instruments and documents with respect to the Chance Talent Convertible Notes and Chance Talent Notes which may not be complied with, or a breach or default of which may be triggered as a result of the implementation of the Proposal, and/or are no longer applicable after the Scheme becomes effective. The guarantee obligations in connection with the Chance Talent Convertible Notes and Chance Talent Notes will also be amended to reflect the respective interests of the China VAST Controlling Shareholders and China Jinmao upon completion of the Proposal. The amendments will only take effect upon satisfaction or waiver of all of the Conditions.

### **Celestial Ocean Irrevocable Undertaking**

Celestial Ocean is a China VAST Shareholder interested in 95,141,336 China VAST Shares (representing approximately 5.76% of the total number of issued China VAST Shares) as at the Latest Practicable Date.

China Jinmao and Celestial Ocean have entered into the Celestial Ocean Irrevocable Undertaking on 25 October 2022, pursuant to which Celestial Ocean has unconditionally and irrevocably undertaken in respect of its Committed Shares:

- (a) to procure the exercise of the voting rights in respect of the Committed Shares in which it is interested to vote in favour of the resolutions to be proposed at the Court Meeting in accordance with Conditions (a) and (b) and at the China VAST EGM in accordance with Conditions (c) and (f);
- (b) to procure the exercise of the voting rights in respect of the Committed Shares in which it is interested to vote against any resolution to be proposed at the Court Meeting and/or the China VAST EGM which might prevent or delay the Proposal, or purports to approve or give effect to a proposal by a person other than China Jinmao to acquire any China VAST Shares (unless such proposal offers a higher cancellation price as compared to the Proposal); and
- (c) not to, directly or indirectly, sell, transfer, charge, create or grant any option over or otherwise dispose of any interest in any of the Committed Shares in which it is interested; enter into any agreement or arrangement in respect of the voting rights attached to any of the Committed Shares in which it is interested; or accept or otherwise agree to any other offer, scheme of arrangement, merger or other business combination in respect of all or any of the Committed Shares in which it is interested (unless such offer, scheme of arrangement, merger or business combination offers a higher cancellation price as compared to the Proposal).

The Celestial Ocean Irrevocable Undertaking will be terminated immediately upon occurrence of any one of the following (whichever is earlier): if the Conditions are not satisfied by the Conditions Long Stop Date, the Scheme lapses or is withdrawn in accordance with its terms, the Scheme is not approved at the Court Meeting, the Scheme is not sanctioned by the Court, or the Scheme does not become effective within 6 months after the signing of the Celestial Ocean Irrevocable Undertaking.

## **7. CONFIRMATION OF FINANCIAL RESOURCES**

On the basis of the Non-Controlling Shareholder Cancellation Price of HK\$2.40 per Non-Controlling Shareholder Scheme Share with respect to 429,671,827 Non-Controlling Shareholder Scheme Shares, and the Controlling Shareholder Cancellation Price of HK\$2.13 per Controlling Shareholder Scheme Share with respect to 564,373,143 Controlling Shareholder Scheme Shares held by the China VAST Controlling Shareholders, as at the Latest Practicable Date, the Scheme Shares are in aggregate valued at approximately HK\$2,233,327,179.39 and the Scheme Shares held by Independent Shareholders are in aggregate valued at approximately HK\$1,031,212,384.80.

The maximum cash consideration payable under the Scheme is therefore approximately HK\$2,233,327,179.39, and the maximum cash consideration payable under the Scheme to Independent Shareholders is therefore approximately HK\$1,031,212,384.80.

China Jinmao intends to finance the entire cash amount required to implement the Scheme (with respect to the Scheme Shares held by Independent Shareholders) using the proceeds of the CIB Facility, and (with respect to the Scheme Shares held by the China VAST Controlling Shareholders) using the proceeds of the CIB Facility and its group's internal cash resources, regarding which CICC has performed relevant due diligence. The payment of interest on, repayment of, or security for any liability arising from, the CIB Facility Agreement will not depend to any significant extent on the business of China VAST.

CICC, the financial adviser to China Jinmao in connection with the Proposal, is satisfied that sufficient financial resources are available to China Jinmao for satisfying in full its payment obligations in respect of the cash consideration payable to Independent Shareholders under the Scheme in accordance with its terms.

## **8. SHAREHOLDING STRUCTURE OF CHINA VAST**

As at the Latest Practicable Date:

- (a) the authorised share capital of China VAST is HK\$50,000,000 divided into 5,000,000,000 China VAST Shares. China VAST has 1,651,237,491 China VAST Shares in issue;
- (b) China Jinmao holds 493,720,010 China VAST Shares, representing approximately 29.90% of the total number of issued China VAST Shares, and the China VAST Controlling Shareholders hold 727,845,654 China VAST Shares, representing approximately 44.08% of the total number of issued China VAST Shares; and
- (c) the 559,620,143 China VAST Shares held by Profit East, the 4,753,000 China VAST Shares held by Tai Shing, together with the 429,671,827 China VAST Shares held by the remaining Scheme Shareholders constitute the Scheme Shares, altogether representing approximately 60.20% of the total number of issued China VAST Shares.

On the assumption that no conversion rights in respect of the Chance Talent Convertible Notes are exercised on or before the Scheme Record Date and there is no change in shareholding of China VAST before the Effective Date, the table below sets out the shareholding structure of China VAST as at the Latest Practicable Date and immediately upon completion of the Proposal:

	As at the Latest Practicable Date		Immediately upon completion of the Proposal	
	Number of China VAST Shares held	Approximate % of the total issued China VAST Shares	Number of China VAST Shares held	Approximate % of the total issued China VAST Shares
<b>China VAST Shareholders</b>				
<b>China Jinmao and China Jinmao Concert Parties</b>				
<i>China VAST Shares held not subject to the Scheme</i>				
– China Jinmao <sup>(1)</sup>	493,720,010	29.90	1,487,764,980	90.10
– Profit East <sup>(2)</sup>	163,472,511	9.90	163,472,511	9.90
Sub-total	657,192,521	39.80	1,651,237,491	100.00
<i>China VAST Shares held subject to the Scheme</i>				
– Profit East	559,620,143	33.89	–	–
– Tai Shing <sup>(3)</sup>	4,753,000	0.29	–	–
Sub-total	564,373,143	34.18	–	–
<b>Sub-total: China Jinmao and China Jinmao Concert Parties<sup>(5)</sup></b>	<b>1,221,565,664</b>	<b>73.98</b>	<b>1,651,237,491</b>	<b>100.00</b>
<b>Disinterested Shareholders</b>				
– Celestial Ocean	95,141,336	5.76	–	–
– Chance Talent	8,060,000	0.49	–	–
– Other Disinterested Shareholders <sup>(5)</sup>	326,470,491	19.77	–	–
<b>Sub-total: Disinterested Shareholders<sup>(5)</sup></b>	<b>429,671,827</b>	<b>26.02</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>1,651,237,491</b>	<b>100.00</b>	<b>1,651,237,491<sup>(4)</sup></b>	<b>100.00</b>

Notes:

- (1) Held through a member of the CICC group which is an exempt principal trader acting as a custodian on a non-discretionary basis.
- (2) Profit East is a China Jinmao Concert Party and is wholly-owned by Ms. Zhao, who is also a China Jinmao Concert Party. Profit East holds, as at the Latest Practicable Date, 723,092,654 China VAST Shares, among which, 559,620,143 China VAST Shares will form part of the Scheme Shares and will be cancelled upon the Scheme becoming binding and effective in accordance with its terms, and the remaining 163,472,511 China VAST Shares are Rollover Shares which will not form part of the Scheme Shares.



- (3) Tai Shing is wholly-owned by Lily Charm Holding Limited, which is wholly-owned by TMF (Cayman) Ltd. on trust for The Hope Trust, established by Ms. Zhao for the benefit of Ms. Zhao and her issue. As such, Ms. Zhao, a China Jinmao Concert Party, is deemed to be interested in the China VAST Shares held by Tai Shing, and Tai Shing is therefore also a China Jinmao Concert Party. The 4,753,000 China VAST Shares held by Tai Shing will form part of the Scheme Shares and will be cancelled upon the Scheme becoming binding and effective in accordance with its terms.
- (4) Under the Scheme, issued share capital of China VAST will, on the Effective Date, be reduced by cancelling the Scheme Shares. On the assumption that (i) the conversion rights of the Chance Talent Convertible Notes have not been exercised on or before the Scheme Record Date, and (ii) there is no change in shareholding of China VAST before the Effective Date, immediately upon such reduction, the issued share capital of China VAST will be increased to its former amount prior to the cancellation of the Scheme Shares by the issue at par to China Jinmao, credited as fully paid, of the same number of new China VAST Shares as is equal to the number of Scheme Shares cancelled and extinguished. The reserve created in the books of account of China VAST as a result of the capital reduction will be applied in paying up in full at par the new China VAST Shares so issued to China Jinmao.
- (5) CICC is the financial adviser to China Jinmao in connection with the Proposal. Accordingly, CICC and the relevant members of the CICC group which hold China VAST Shares on an own account or discretionary managed basis are presumed to be acting in concert with China Jinmao in relation to China VAST in accordance with class 5 of the definition of “acting in concert” under the Takeovers Code (except in respect of China VAST Shares held by members of the CICC group which are exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code). Members of the CICC group which are exempt principal traders and exempt fund managers which are connected for the sole reason that they control, are controlled by or are under the same control as CICC are not presumed to be acting in concert with China Jinmao.

As the 493,720,010 China VAST Shares beneficially owned by China Jinmao are held through a member of the CICC group which is an exempt principal trader acting as a custodian on a non-discretionary basis, such 493,720,010 China VAST Shares are counted towards the number of China VAST Shares held by China Jinmao and China Jinmao Concert Parties rather than the number of China VAST Shares held by Disinterested Shareholders.

China VAST Shares held by any member of the CICC group acting in the capacity of an exempt principal trader connected with China Jinmao or China VAST shall not be voted at the Court Meeting or the China VAST EGM in accordance with the requirement of Rule 35.4 of the Takeovers Code, and the China VAST Shares held by any member of the CICC group in the capacity of an exempt principal trader for and on behalf of non-discretionary investment clients (that are not China Jinmao or China Jinmao Concert Parties) shall not be voted at the Court Meeting or the China VAST EGM unless otherwise confirmed with the Executive. China VAST Shares held by such exempt principal traders may, subject to consent of the Executive, be allowed to be voted at the Court Meeting and the China VAST EGM if (i) the relevant connected exempt principal trader holds the China VAST Shares as a simple custodian for and on behalf of non-discretionary clients; and (ii) there are contractual arrangements in place between the relevant connected exempt principal trader and its clients that strictly prohibit the relevant connected exempt principal trader from exercising any voting discretion over the relevant China VAST Shares, and all voting instructions originate from the client only (if no instructions are given, then no votes shall be cast for the relevant China VAST Shares held by the relevant connected exempt principal trader).

- (6) The aggregate of the percentage figures in the table above may not add up to the relevant sub-total or total percentage figures shown due to rounding of the percentage figures to two decimal places.

Immediately following the Effective Date, China Jinmao and Profit East will together hold 100% of the issued share capital of China VAST.

## 9. REASONS FOR AND BENEFITS OF THE PROPOSAL

### Benefits of the Proposal to the Scheme Shareholders

*An attractive opportunity for Scheme Shareholders to realize their investment in the China VAST Shares at a compelling premium in light of macro headwinds and current challenging financial market conditions.*

The average daily trading volume of China VAST Shares for the six-month period, 12-month period and 24-month period up to and including the Last Trading Day were approximately 0.36 million China VAST Shares, 2.42 million China VAST Shares and 1.54 million China VAST Shares per day, representing only approximately 0.02%, 0.15% and 0.09% respectively of the total number of issued China VAST Shares as at the Latest Practicable Date.

The low trading liquidity of the China VAST Shares could make it difficult for Scheme Shareholders to execute substantial on-market disposals without adversely affecting the price of the China VAST Shares. As such, the Scheme presents an immediate opportunity for Scheme Shareholders to monetize their investments for cash and redeploy the proceeds from accepting the Scheme into other investment opportunities.

The Proposal allows an exit for the Scheme Shareholders at a compelling premium to the current market price. As set out in the section headed “2. Terms of the Proposal – Comparisons of value” of this Explanatory Memorandum, the Non-Controlling Shareholder Cancellation Price represents a significant premium of approximately 31.39% and 42.07% over the average closing price of approximately HK\$1.83 and HK\$1.69 per China VAST Share for the 30 and 90 trading days up to and including the Last Trading Day, respectively, and a premium of 23.71% over the highest closing price of HK\$1.94 per China VAST Share during the six-month period ending on the Last Trading Day.

### Benefits of the Proposal to China VAST

The privatisation of China VAST will permit China Jinmao and China VAST to, following the review by China Jinmao of the financial position and operations of the China VAST Group, make strategic decisions on, among others, business development, investment or capital raising and/or disposal or redeployment of assets of the China VAST Group, focusing on long-term growth and benefits, and free from the pressure of market expectations and share price fluctuations which arise from China VAST being a publicly listed company. In addition, with China VAST becoming a private company jointly wholly-owned by China Jinmao and Profit East following the implementation of the Proposal, China Jinmao, as a leading city operator and large-scale developer and operator of quality real estate projects in the PRC, shall be better positioned to provide greater support and synergy to the long-term development of China VAST.

The Proposal, which entails the delisting of China VAST, is also expected to reduce the administrative costs and management resources associated with maintaining China VAST's listing status and compliance with regulatory requirements and, in turn, allow greater flexibility for China Jinmao and China VAST to manage the China VAST Group's business.

### **Benefits of the Proposal to China Jinmao**

China VAST is one of the pioneer providers in the planning, development and operation of large-scale industrial town projects under the long-term leadership of the China VAST Controlling Shareholders. China VAST cooperates with local governments under long-term cooperation agreements to (i) plan and design industrial towns with selected industry themes, (ii) convert land planned for development into land suitable for sale by the local governments, (iii) promote the sale of such land to attract target customers to set up businesses in its industrial town projects, and (iv) provide follow-up management and operation services to enterprise customers in its industry towns. China VAST is currently working together with local governments of Langfang and Shijiazhuang of Hebei Province, and Ezhou and Wuhan of Hubei Province in respect of development of eight industrial town projects with project planning areas of approximately 123 sq. km. Having operated in the planning, development and operation of industrial town projects for over 15 years, China VAST and the China VAST Controlling Shareholders have amassed vast experience, talented workforce and suitable resources, and developed good relationships with business partners and local governments in this specialized field, and have developed comparative advantages through unique abilities in industrial town planning, designing and positioning, infrastructure investment and construction, marketing and promotion, and related auxiliary facilities for logistics, residential and commercial properties.

China Jinmao may, through the privatisation of China VAST, increase its control and further realize the benefits of investing in China VAST. China Jinmao has been positioning itself as a city operator, and is therefore committed to building up its relevant capabilities and acquiring new city operation projects. The privatisation of China VAST would facilitate the implementation of China Jinmao's city operation strategies, and allow China Jinmao to (i) secure the relevant experience, workforce, resources and relationships with business partners of China VAST and the China VAST Controlling Shareholders in the specialized business of planning, development and operation of industrial town projects and integrate these with the wider China Jinmao Group; (ii) achieve the acquisition of multiple large-scale industrial town projects to enhance and compliment China Jinmao's existing city operations portfolio, with the eight industrial town projects which China VAST are developing located in areas with great geographical advantages and covering a wide range of industry themes including but not limited to intelligent equipment manufacturing, new energy, electronic information, general aviation and new material industries, healthcare, elderly and tourism industries as well as vacation home, business headquarters and property development industries; and (iii) build upon the relationship with local governments developed by China VAST and the China VAST Controlling Shareholders and further strengthen government-enterprise cooperation across the businesses of China VAST and China Jinmao. All of these benefits are in line with China Jinmao's city operations strategies, which include without

limitation integrating the world's leading premium resources and introducing the concept of mutually beneficial city planning to achieve overall enhancement in regional functions and city vitality, working with governments to shape a new city core through the principle of "In City We Gather People and Boost Business", and focusing on industries such as big culture, big healthcare and big technology.

The China Jinmao Directors (including the independent non-executive directors of China Jinmao) consider that the Proposal is on normal commercial terms, fair and reasonable and the implementation of which is in the interests of China Jinmao and its shareholders as a whole.

#### **10. CHINA JINMAO'S INTENTION IN RELATION TO THE CHINA VAST GROUP**

China Jinmao intends for the China VAST Group to maintain its existing business following the implementation of the Proposal, other than to continue any restructuring of insignificant business operations already being undertaken by the China VAST Group. As at Latest Practicable Date, China Jinmao has no immediate plans, in the event the Scheme becomes effective, to make any material changes to the business and/or disposal or redeployment of assets of the China VAST Group, or to make any significant changes to the employment of employees of the China VAST Group as a result of the implementation of the Proposal.

After the Scheme becomes effective, however, China Jinmao will conduct a review of the financial position and operations of the China VAST Group in order to formulate a long-term strategy for the China VAST Group. China Jinmao may explore business, investment or capital raising opportunities and consider whether any asset disposals, asset acquisitions, business divestment, restructuring and/or diversification will be appropriate for enhancing its future development and strengthening its revenue bases. Any disposal or redeployment of assets or businesses of the China VAST Group in the future, if any, will be conducted in compliance with the constitutional documents of the China VAST Group and the Takeovers Code (if applicable).

#### **11. INFORMATION ON THE CHINA VAST GROUP, CHINA JINMAO AND THE CHINA VAST CONTROLLING SHAREHOLDERS**

##### **Information on China VAST and the China VAST Group**

China VAST is a limited liability company incorporated in the Cayman Islands, whose China VAST Shares are listed on the Main Board of the Stock Exchange. The China VAST Group operates in the PRC. The China VAST Group is principally engaged in the business of (a) planning, development and operation of large-scale industrial towns, (b) property development, and (c) property leasing, in the PRC.

Your attention is also drawn to Appendix I headed "Financial Information of the China VAST Group" and Appendix IV headed "General Information on the China VAST Group" to this Scheme Document.

**Information on China Jinmao**

China Jinmao is a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 00817). It is a large-scale developer and operator of quality real estate projects in the PRC and the platform enterprise of Sinochem Holdings Corporation Ltd. in the development of real estate business. China Jinmao is currently principally engaged in city operations, property development, commercial leasing, retail operations, hotel operations and technology and services.

**Information on the China VAST Controlling Shareholders**

Profit East and Tai Shing are both companies incorporated in the British Virgin Islands and principally engaged in investment holding, with the principal investment of Profit East being its interest in China VAST. Their respective ultimate beneficial owner is Ms. Zhao, who is a former non-executive director of China VAST and the spouse of Mr. Wang Jianjun (an executive director of China VAST) and the mother of Ms. Wang Wei (an executive director of China VAST). The directors of Profit East are Ms. Zhao and Ms. Wang Wei, while Ms. Zhao is the sole director of Tai Shing. Each of Ms. Zhao, Mr. Wang Jianjun and Ms. Wang Wei has extensive experience in business operations and investments in the real estate industry, and in particular the development of large-scale industrial town projects in the PRC given their long history of investment in and management of the business of the China VAST Group.

China VAST and the China VAST Controlling Shareholders and their respective ultimate Beneficial Owners are third parties independent of China Jinmao and its connected persons.

**12. CHINA VAST INDEPENDENT BOARD COMMITTEE AND CHINA VAST INDEPENDENT FINANCIAL ADVISER****The China VAST Independent Board Committee**

The China VAST Independent Board Committee, which comprises Dr. Wong Wing Kuen, Albert, Ms. Hsieh Yafang and Professor Wang Yijiang, being all of the non-executive China VAST Directors who are not China Jinmao Concert Parties, has been established by the China VAST Board to make a recommendation to the Disinterested Shareholders and the Independent Shareholders (as the case may be) as to whether the Proposal, the Scheme and the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements are, or are not, fair and reasonable and as to voting in respect of the Scheme at the Court Meeting and the Proposal at the China VAST EGM.

Mr. Song Liuyi, a non-executive director of China VAST, is also an executive director of China Jinmao and therefore a China Jinmao Concert Party, and is considered to be interested in the Proposal and does not form part of the China VAST Independent Board Committee for the purpose of giving advice or recommendation to the Disinterested Shareholders and the Independent Shareholders (as the case may be).

**The China VAST Independent Financial Adviser**

The China VAST Board, with the approval of the China VAST Independent Board Committee, has appointed Rainbow Capital (HK) Limited as the China VAST Independent Financial Adviser to advise the China VAST Independent Board Committee on the Proposal, the Scheme, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements pursuant to Rule 2.1 of the Takeovers Code.

The China VAST Independent Financial Adviser has advised the China VAST Independent Board Committee that it considers the terms of the Proposal, the Scheme, and the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements are fair and reasonable as far as the Disinterested Shareholders and the Independent Shareholders (as the case may be) are concerned, and advises the China VAST Independent Board Committee to recommend the Disinterested Shareholders and the Independent Shareholders (as the case may be) to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the China VAST EGM to approve and give effect to the reduction of the share capital and implement the Proposal, the Scheme, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements.

The full text of the letter from the China VAST Independent Financial Adviser is set out in Part VI of this Scheme Document.

The China VAST Independent Board Committee, having been so advised, considers that the terms of the Proposal, the Scheme, and the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements are fair and reasonable as far as the Disinterested Shareholders and the Independent Shareholders (as the case may be) are concerned. Accordingly, the China VAST Independent Board Committee recommends the Disinterested Shareholders and the Independent Shareholders (as the case may be) to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the China VAST EGM to approve and give effect to the reduction of the share capital and implement the Proposal, the Scheme, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements.

The full text of the letter from the China VAST Independent Board Committee in relation to its recommendations with respect to the Proposal, the Scheme, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements is set out in Part V of this Scheme Document.

**13. ACTIONS TO BE TAKEN**

The summary of actions to be taken by the China VAST Shareholders can be found in Part II of this Scheme Document headed “Actions to be Taken”.

#### 14. COURT MEETING AND THE CHINA VAST EGM

##### Court Meeting

In accordance with the directions of the Court, the Court Meeting will be held at 10:00 a.m. (Hong Kong time) on Wednesday, 23 November 2022 at Theatre A, 22/F, United Centre, 95 Queensway, Admiralty, Hong Kong for the purpose of considering and, if thought fit, passing a resolution to approve the Scheme (with or without modifications). The notice of Court Meeting is set out in Appendix VII to this Scheme Document.

The Cayman Islands has gazetted the Companies (Amendment) Act 2021 (the “**Amendment Act**”) on 16 December 2021. Pursuant to the Amendment Act, a new section 86(2A) of the Companies Act will apply to members’ schemes (such as the Scheme) and will provide that:

*“If seventy-five per cent in value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting, agree to any compromise or arrangement, the compromise or arrangement shall, if sanctioned by the Court, be binding on all the members or class of members, as the case may be, and also on the company or, where a company is in the course of being wound up, on the liquidator and contributories of the company.”*

Pursuant to the Companies (Amendment) Act 2021 (Commencement) Order 2022 gazetted on 29 July 2022 (the “**Commencement Order**”), the Amendment Act came into effect on 31 August 2022, including the new section 86(2A) of the Companies Act in the form described above. Accordingly, the Scheme will only require the approval of not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy (the “**Value Test**”) at the Court Meeting which is to be held after 31 August 2022.

As a result of the Amendment Act that came into effect on 31 August 2022, the requirement of approval of a members’ scheme of arrangement under section 86 of the Companies Act by a majority in number of the members or class of members subject to such scheme of arrangement present and voting either in person or by proxy at a meeting summoned at the direction of the Court pursuant to section 86 of the Companies Act, being the headcount test, no longer applies from 31 August 2022. The Value Test will be the only test applicable to the Scheme under the Companies Act at the Court Meeting to be held after 31 August 2022. Beneficial Owners who wish to individually vote in their own name for the purpose of the Value Test should make arrangements to be registered as a member of China VAST in their own name prior to the Meeting Record Date.

In addition to satisfying any requirements imposed by law as summarised above, other than with the consent of the Executive to dispense with compliance or strict compliance therewith, Rule 2.10 of the Takeovers Code requires that the Scheme may only be implemented if:

- (a) the Scheme is approved (by way of poll) by the Disinterested Shareholders holding at least 75% of the votes attaching to the China VAST Shares held by the Disinterested Shareholders that are voted, either in person or by proxy, at the Court Meeting; and
- (b) the number of votes cast (by way of poll) by the Disinterested Shareholders present and voting, either in person or by way of proxy, at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all China VAST Shares held by all Disinterested Shareholders.

For the purpose of counting the votes for (a) and (b) above, Disinterested Shareholders comprise all holders of China VAST Shares as at the Meeting Record Date other than China Jinmao and the China Jinmao Concert Parties (the China VAST Shares held by Disinterested Shareholders exclude the China VAST Shares held by the CICC group for and on behalf of its non-discretionary investment clients which are China Jinmao or the China Jinmao Concert Parties (i.e the 493,720,010 China VAST Shares beneficially owned by China Jinmao and held through a member of the CICC group which is an exempt principal trader acting as a custodian on a non-discretionary basis), which are counted towards the number of China VAST Shares held by China Jinmao and China Jinmao Concert Parties rather than the number of China VAST Shares held by Disinterested Shareholders).

China VAST Shares held by any member of the CICC group acting in the capacity of an exempt principal trader connected with China Jinmao or China VAST shall not be voted at the Court Meeting or the China VAST EGM in accordance with the requirement of Rule 35.4 of the Takeovers Code, and the China VAST Shares held by any member of the CICC group in the capacity of an exempt principal trader for and on behalf of non-discretionary investment clients (that are not China Jinmao or China Jinmao Concert Parties) shall not be voted at the Court Meeting or the China VAST EGM unless otherwise confirmed with the Executive. China VAST Shares held by such exempt principal traders may, subject to consent of the Executive, be allowed to be voted at the Court Meeting and the China VAST EGM if (i) the relevant connected exempt principal trader holds the China VAST Shares as a simple custodian for and on behalf of non-discretionary clients; and (ii) there are contractual arrangements in place between the relevant connected exempt principal trader and its clients that strictly prohibit the relevant connected exempt principal trader from exercising any voting discretion over the relevant China VAST Shares, and all voting instructions originate from the client only (if no instructions are given, then no votes shall be cast for the relevant China VAST Shares held by the relevant connected exempt principal trader).



As at the Latest Practicable Date, the Disinterested Shareholders held in aggregate 429,671,827 China VAST Shares. On that basis, 10% of the votes attached to all China VAST Shares held by all the Disinterested Shareholders referred to in (b) above therefore represent approximately 42,967,182 China VAST Shares as at the Latest Practicable Date.

Scheme Shareholders who are China Jinmao Concert Parties and Scheme Shareholders who are China VAST Controlling Shareholders holding Controlling Shareholder Scheme Shares will abstain from voting on the Scheme at the Court Meeting. Each Scheme Shareholder who is a China Jinmao Concert Party and each Scheme Shareholder who is a China VAST Controlling Shareholder holding Controlling Shareholder Scheme Shares (i.e. each of Profit East and Tai Shing) has provided undertakings to the Court at the directions hearing for the convening of the Court Meeting before the Court prior to the despatch of this Scheme Document to be bound by the Scheme. China Jinmao as offeror has also undertaken to the Court to be bound by the Scheme.

Each of Chance Talent and Celestial Ocean has given an irrevocable undertaking to China Jinmao that, among other things, it will vote in favour of the Scheme at the Court Meeting.

### **China VAST EGM**

The China VAST EGM will be held at the same place and on the same date at 11:00 a.m. (or as soon as practicable after the Court Meeting shall have concluded or been adjourned, whichever is later). The notice of China VAST EGM is set out in Appendix VII to this Scheme Document.

The China VAST EGM will be held for the purpose of considering and, if thought fit, passing, among other things, (i) a special resolution of the China VAST Shareholders to approve any reduction of the issued share capital of China VAST by the cancellation and extinguishment of the Scheme Shares; (ii) an ordinary resolution of the China VAST Shareholders to apply the reserve created by the cancellation and extinguishment of the Scheme Shares to contemporaneously restore the issued share capital of China VAST to the amount prior to the cancellation and extinguishment of the Scheme Shares by the allotment and issue to China Jinmao of such number of new China VAST Shares (credited as fully paid at par) as is equal to the number of the Scheme Shares cancelled and extinguished, and (iii) an ordinary resolution of the Independent Shareholders to approve the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements.

All China VAST Shareholders whose names appear on the register of members of China VAST as at the Meeting Record Date shall be entitled to attend the China VAST EGM and vote, in person or by proxy, on the resolutions to be proposed at the China VAST EGM. The special resolution described under (i) in the paragraph above will be passed if not less than 75% of the votes cast by the China VAST Shareholders, present and voting, in person or by proxy, at the China VAST EGM, are in favour of the special resolution. The ordinary resolutions described under (ii) and (iii) in the paragraph above will be passed if more than 50% of the votes are cast in favour of the ordinary resolutions by the China VAST Shareholders, present and voting, either in person or by proxy, at the China VAST EGM.

At the China VAST EGM, a poll will be taken and each China VAST Shareholder present and voting, either in person or by proxy, will be entitled to vote all of his/her/its China VAST Shares in favour of (or against) the special resolution and/or the ordinary resolutions. Alternatively, such China VAST Shareholder may vote some of his/her/its China VAST Shares in favour of the special resolution and/or the ordinary resolutions and any or all of the balance of their China VAST Shares against the special resolution and/or the ordinary resolutions (and vice versa).

China Jinmao and all of the China Jinmao Concert Parties (being the only China VAST Shareholders who are interested or involved in the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements) will abstain from voting on the special deal relating to the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements, at the China VAST EGM.

Each of Profit East, Tai Shing, Chance Talent and Celestial Ocean has given an irrevocable undertaking to China Jinmao that, among other things, to the extent permitted by applicable Laws (including the Takeovers Code and the Listing Rules), it will vote in favour of the resolutions to be proposed at the China VAST EGM to approve and give effect to the reduction of the share capital of China VAST. Profit East, Tai Shing and Chance Talent have also undertaken to vote in favour of any resolutions proposed at the China VAST EGM which would assist the implementation of the Proposal or which are necessary for the Proposal and the Scheme to become effective (excluding the resolution to approve the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements), and only Chance Talent and Celestial Ocean have additionally undertaken to China Jinmao that they will vote in favour of the resolution to approve the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements.

Assuming that the Conditions are satisfied (or, as applicable, waived in whole or in part), it is expected that the Scheme will become effective on or about Monday, 5 December 2022 (Cayman Islands time). Further announcements will be made in relation to, among other things, the results of the Court Meeting and the China VAST EGM and, if all the resolutions are passed at those meetings, the outcome of the hearing of the petition to sanction the Scheme by the Court and the confirmation of the reduction of capital as a result of the cancellation of the China VAST Shares by the Court and if the Scheme is sanctioned, the Scheme Record Date, the Effective Date, and the date of withdrawal of the listing of the China VAST Shares on the Stock Exchange, in accordance with the requirements of the Takeovers Code and the Listing Rules.

#### **Closure of the register of members of China VAST**

For the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the China VAST Shareholders to attend and vote at the China VAST EGM, the register of members of China VAST will be closed from Friday, 18 November 2022 to Wednesday, 23 November 2022 (both days inclusive) and during such period, no transfer of China VAST Shares will be effected. In order to qualify to vote at the Court Meeting

and the China VAST EGM, all transfers accompanied by the relevant share certificates must be lodged with China VAST's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Thursday, 17 November 2022. A subsequent purchaser of China VAST Shares will need to obtain forms of proxy from the transferor if he or she wishes to attend or vote at the Court Meeting or the China VAST EGM.

### **Binding Effect of the Scheme**

When all of the Conditions set out in the section headed "3. Conditions of the Proposal and the Scheme" in Part VII – Explanatory Memorandum of this Scheme Document are satisfied or validly waived (as applicable), the Scheme will become effective, and binding on China VAST and all Scheme Shareholders, regardless of how they voted (or whether they voted) at the Court Meeting and the China VAST EGM.

### **15. WITHDRAWAL OF LISTING OF THE CHINA VAST SHARES**

Upon the Scheme becoming effective, all the Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

China VAST will make an application to the Stock Exchange for the withdrawal of the listing of the China VAST Shares on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect immediately from 4:00 p.m. on Tuesday, 6 December 2022. The Scheme Shareholders will be notified by way of a public announcement of the exact dates of the last day of dealing in the China VAST Shares and on which the Scheme and the withdrawal of the listing of the China VAST Shares will become effective.

### **16. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES**

Subject to the requirements of the Takeovers Code, the Proposal and the Scheme will lapse if any of the Conditions has not been satisfied or waived (as applicable) on or before the Conditions Long Stop Date (or such later date as China Jinmao and China VAST may agree or, to the extent applicable, as the Executive may consent and the Court may direct).

If the Scheme is withdrawn or not approved or the Proposal otherwise lapses, an announcement will be made by China Jinmao and China VAST, and:

- (a) no Scheme Shares will be cancelled or extinguished, the shareholding structure of China VAST will not change as a result of the Proposal, and China VAST will continue to have sufficient public float as required by the Listing Rules;
- (b) the listing of the China VAST Shares on the Stock Exchange will not be withdrawn; and

- (c) there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither China Jinmao nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for China VAST, except with the consent of the Executive.

## **17. REGISTRATION AND PAYMENT**

### **Closure of the register of members of China VAST**

Assuming that the Scheme Record Date falls on Monday, 5 December 2022, it is proposed that the register of members of China VAST will be closed from Thursday, 1 December 2022 (or such other date as China VAST Shareholders may be notified by an announcement) onwards in order to determine entitlements to qualify under the Scheme. In order to qualify for entitlements under the Scheme, Scheme Shareholders should ensure that the transfers of China VAST Shares to them are lodged with the Hong Kong branch share registrar of China VAST, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration in their names or in the names of their nominees no later than 4:30 p.m. (Hong Kong time) on Wednesday, 30 November 2022.

### **Payment of cancellation price to Scheme Shareholders**

Subject to the Scheme becoming effective, the Non-Controlling Shareholder Cancellation Price will be paid to the Scheme Shareholders (other than the China VAST Controlling Shareholders who will be paid in accordance with the Controlling Shareholder Payment Terms) whose names appear in the register of members of China VAST on the Scheme Record Date as soon as possible but in any event within seven (7) Business Days following the Effective Date. On the basis that the Scheme becomes effective on Monday, 5 December 2022 (Cayman Islands time), the cheques for the payment of the Non-Controlling Shareholder Cancellation Price are expected to be despatched on or before Wednesday, 14 December 2022.

Cheques for the payment of such cancellation price will be sent by ordinary post in postage pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses or, in the case of joint holders, to the registered address of that joint holder whose name then stands first in the register of members of China VAST in respect of the joint holding. All such cheques will be posted at the risk of the persons entitled thereto and none of China Jinmao, China VAST, CICC and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal will be responsible for any loss or delay in transmission.

On or after the day being six calendar months after the posting of such cheques, China Jinmao shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed and shall place all monies represented thereby in a deposit account in the name of China Jinmao with a licensed bank in Hong Kong selected by China Jinmao. China Jinmao shall hold such monies on trust until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to the Scheme to persons who satisfy China Jinmao that they are respectively entitled thereto. Any payments made by China Jinmao shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to this Scheme. China Jinmao shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled and a certificate of China Jinmao to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies. On the expiry of six years from the Effective Date, China Jinmao shall be released from any further obligation to make any payments under the Scheme and China Jinmao shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit account in its name, including accrued interest subject to, if applicable, any deduction of interest, tax or any withholding tax or any other deduction required by law and expenses incurred.

The aggregate Controlling Shareholder Cancellation Price will be paid separately by or at the instructions of China Jinmao to the China VAST Controlling Shareholders in accordance with the Controlling Shareholder Payment Terms, and such payment arrangement will not be applicable to the payment of the Non-Controlling Shareholder Cancellation Price.

Assuming that the Scheme becomes effective, the register of members of China VAST will be updated accordingly to reflect the cancellation of all the Scheme Shares and all existing certificates for the Scheme Shares will cease to have effect as documents or evidence of title as from the Effective Date, which is expected to be on Monday, 5 December 2022 (Cayman Islands time).

Save for the Controlling Shareholder Payment Terms which are applicable to the China VAST Controlling Shareholders only, settlement of the cancellation price to which any other Scheme Shareholder is entitled will be implemented in full in accordance with the terms of the Proposal without regard to any lien, right of set-off, counterclaim or other analogous right to which China Jinmao may otherwise be, or claim to be, entitled against such Scheme Shareholder.

## **18. COSTS OF THE SCHEME**

Since the Proposal is recommended by the China VAST Independent Board Committee, and is recommended as fair and reasonable by the China VAST Independent Financial Adviser, China VAST and China Jinmao have agreed that each party will bear their own costs, charges and expenses.

**19. OVERSEAS HOLDER OF THE SCHEME SHARES**

This Scheme Document has been prepared for the purposes of complying with the laws of Hong Kong and the Cayman Islands, the Takeovers Code and the Listing Rules, and the information disclosed may not be the same as that which would have been disclosed if this Scheme Document had been prepared in accordance with the laws of any other jurisdiction.

The making of the Proposal to and acceptance of the Proposal by the holders of the Scheme Shares who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such holders of the Scheme Shares are located. Such holders of the Scheme Shares should inform themselves about and observe any applicable legal or regulatory requirements of their own jurisdictions. China Jinmao and China VAST do not represent that this Scheme Document may be lawfully distributed in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering.

It is the responsibility of any overseas holders of the Scheme Shares wishing to accept the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any taxes, duties and other amounts required to be paid by holders of the Scheme Shares in such jurisdictions. China Jinmao and China VAST expressly decline any liability for breach of any of these restrictions by any persons.

As at the Latest Practicable Date, there was no overseas China VAST Shareholder whose address as shown in the register of members of China VAST was outside Hong Kong.

Any acceptance by the Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to China Jinmao and China VAST and their respective advisers, including CICC, that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

**Notice to U.S. investors**

The Proposal and the Scheme relate to the cancellation of the securities of a company incorporated under the laws of the Cayman Islands by way of a scheme of arrangement provided for under the Companies Act. The Proposal and the Scheme are subject to Hong Kong procedural disclosure requirements and practices which are different from those of the United States.

The China VAST Shares are listed on the Stock Exchange and are not listed on a United States national securities exchange or registered under the United States Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules of the Exchange Act. Accordingly, the Proposal and the Scheme are subject to the procedural and disclosure requirements and practices applicable in the Cayman Islands and Hong Kong to schemes of arrangement and securities offer, which differ from the disclosure and procedural and practice requirements applicable under United States federal securities laws.

The receipt of cash pursuant to the Proposal or the Scheme by a U.S. holder of Scheme Shares may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other tax laws. Each holder of Scheme Shares is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of the Proposal and the Scheme applicable to him/her/it.

It may be difficult for U.S. holders of Scheme Shares to enforce his/her/its rights and claims arising out of the U.S. federal securities laws, as China Jinmao and China VAST are incorporated in a country other than the United States, and some or all of their respective officers and directors may be residents of a country other than the United States. A U.S. holder of the Scheme Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, it may be difficult for a U.S. holder of the Scheme Shares to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court’s judgement.

Neither the U.S. Securities and Exchange Commission nor any U.S. state securities commission has approved or disapproved the Proposal or the Scheme, or determined if this Scheme Document is accurate or complete. Any representation to the contrary is a criminal offence in the United States.

This Scheme Document is not intended to, and does not, constitute, or form part of, an offer or invitation to purchase or subscribe for any securities of China Jinmao or China VAST in the United States.

This Scheme Document may include forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “envisages”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts and include statements regarding China Jinmao’s, China VAST’s or their respective affiliates’ intentions, beliefs or current expectations. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Readers are cautioned that forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those made in or suggested by the forward-looking statements contained in this Scheme Document,

and may not be indicative of results or developments in subsequent periods. The forward-looking statements and information contained in this Scheme Document are made as of the Latest Practicable Date and each of China Jinmao and China VAST undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws or the Takeovers Code.

Financial information disclosed in respect of the Proposal and the Scheme has been or will have been prepared in accordance with non-U.S. accounting standards that may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

In accordance with the Takeovers Code, CICC and some of its affiliates may continue to act as exempt principal traders and exempt fund managers in the China VAST Shares on the Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that any such purchase or arrangement complies with applicable law and is made outside the United States. Any information about such purchases will be reported to the SFC and, to the extent required to be publicly disclosed under the Takeovers Code, will be available on the websites of the SFC at <http://www.sfc.hk> and the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

## **20. TAXATION AND INDEPENDENT ADVICE**

As the Scheme does not involve the sale and purchase of Hong Kong stock, no Hong Kong stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) on the cancellation of the Scheme Shares upon the Scheme becoming effective.

All holders of the Scheme Shares, whether in Hong Kong or in other jurisdictions, are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Proposal and, in particular, whether the receipt of the Controlling Shareholder Cancellation Price or the Non-Controlling Shareholder Cancellation Price would make such holders of the Scheme Shares liable to taxation in Hong Kong or in other jurisdictions.

**It is emphasised that none of China Jinmao, China VAST, CICC or any of their respective directors, officers, employees, agents, affiliates, advisers or associates or any other persons involved in the Proposal accepts any responsibility or has any liability for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal.**



**21. RECOMMENDATIONS**

Your attention is drawn to the recommendations of the China VAST Independent Board Committee in respect of the Proposal, the Scheme, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements as set out in the letter from the China VAST Independent Board Committee to the Disinterested Shareholders and the Independent Shareholders (as the case may be) in Part V of this Scheme Document.

Your attention is also drawn to the recommendations of the China VAST Independent Financial Adviser in respect of the Proposal, the Scheme, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements as set out in Part VI of this Scheme Document. We would advise you to read this letter carefully before you take any action in respect of the Proposal.

**22. FURTHER INFORMATION**

Further information in relation to the Proposal is set out in the Appendices to, and elsewhere in, this Scheme Document, all of which form part of this Explanatory Memorandum.

China VAST Shareholders should rely only on the information contained in this Scheme Document. None of China Jinmao, China VAST, CICC or any of their respective directors, employees, officers, agents, advisers, associates and affiliates and any other person involved in the Proposal has authorised anyone to provide you with information that is different from what is contained in this Scheme Document.

**23. LANGUAGE**

In case of inconsistency, the English language text of this Scheme Document and the accompany forms of proxy shall prevail over the Chinese language text.

**1. FINANCIAL SUMMARY**

Set out below is a summary of the audited consolidated financial information of the China VAST Group for each of the three years ended 31 December 2019, 31 December 2020 and 31 December 2021, and the unaudited consolidated financial information of the China VAST Group for the six months ended 30 June 2022. The figures for the years ended 31 December 2019, 31 December 2020 and 31 December 2021 are extracted from the annual reports of the China VAST Group for the respective years, and the figures for the six months ended 30 June 2021 and 30 June 2022 are extracted from the interim reports of the China VAST Group for the respective periods.

The auditors' reports issued by the auditors of the China VAST Group, Deloitte Touche Tohmatsu, in respect of the audited consolidated financial statements of the China VAST Group for each of the three years ended 31 December 2019, 31 December 2020 and 31 December 2021 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

There was no item which was exceptional because of its size, nature or incidence that was recorded in the audited consolidated financial statements of the China VAST Group for each of the financial years ended 31 December 2019, 2020 and 2021.

Save as disclosed below, there are no other items of income or expenses which are material to the China VAST Group for each of the three years ended 31 December 2019, 2020 and 2021.

## Summary Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Six months ended		Year ended 31 December		
	30 June		2021	2020	2019
	2022	2021	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)			
Revenue					
Goods and services	52,746	658,341	1,486,781	2,364,364	2,635,830
Leases	18,327	20,712	41,046	34,264	34,177
<b>Total Revenue</b>	<b>71,073</b>	<b>679,053</b>	<b>1,527,827</b>	<b>2,398,628</b>	<b>2,670,007</b>
Cost of sales and services	(59,257)	(264,999)	(547,876)	(726,447)	(799,339)
Gross profit	11,816	414,054	979,951	1,672,181	1,870,668
Other income	64,284	80,709	160,504	201,336	160,936
Other expenses	(2,955)	(6,834)	(7,067)	(5,213)	(3,781)
Other gains and losses	(79,166)	38,342	61,434	115,923	(74,295)
Selling and marketing expenses	(35,273)	(26,388)	(77,697)	(87,889)	(61,250)
Administrative expenses	(114,272)	(153,170)	(337,217)	(322,943)	(366,623)
Finance costs	(119,689)	(160,228)	(313,010)	(339,135)	(256,408)
Impairment losses under expected credit loss model, net of reversal	(93,642)	300	(77,045)	(46,789)	(13,745)
Change in fair value of trade receivables at fair value through profit or loss ("FVTPL")	(32,218)	(33,070)	(100,556)	(115,686)	(38,395)
Change in fair value of other financial assets at FVTPL	(14,569)	(5,700)	(10,737)	397	(6,616)
Change in fair value of derivative financial instruments	(38,091)	(1,200)	38,452	1,520	21,890
Change in fair value of investment properties	2,526	(6,731)	(10,772)	132,806	56,844
Share of results of associates	(1,120)	1,456	(200)	(1,756)	(2,006)
Share of results of joint ventures	(1,702)	(2,250)	(4,526)	(1,010)	(111)

	Six months ended		Year ended 31 December		
	30 June		2021	2020	2019
	2022	2021	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)			
Profit (loss) before tax	(454,071)	139,290	301,514	1,203,742	1,287,108
Income tax (expense) credit	42,268	(42,968)	(142,482)	(359,126)	(458,702)
Profit (loss) and total comprehensive income (expense) for the year/period	<u>(411,803)</u>	<u>96,322</u>	<u>159,032</u>	<u>844,616</u>	<u>828,406</u>
Profit (loss) and total comprehensive income (expense) for the year/period attributable to:					
Owners of					
China VAST	(411,269)	103,525	171,313	846,531	830,423
Non-controlling interests	(534)	(7,203)	(12,281)	(1,915)	(2,017)
<b>Total comprehensive income (expense) for the year/period</b>	<u>(411,803)</u>	<u>96,322</u>	<u>159,032</u>	<u>844,616</u>	<u>828,406</u>
Earnings (loss) per share					
Basic (RMB)	(0.25)	0.06	0.10	0.51	0.50
Diluted (RMB)	<u>(0.25)</u>	<u>0.06</u>	<u>0.09</u>	<u>0.49</u>	<u>0.48</u>
Dividend per share (HKD)	<u>–</u>	<u>–</u>	<u>–</u>	<u>0.18</u>	<u>0.20</u>
Amount of dividend distributed to owners of China VAST (RMB)	<u>–</u>	<u>–</u>	<u>–</u>	<u>247,668,000</u>	<u>287,011,000</u>

## 2. CONSOLIDATED FINANCIAL STATEMENTS

The unaudited consolidated interim financial statements of the China VAST Group for the six months ended 30 June 2022 and the notes thereto (including the notes on basis of preparation and principal accounting policies) are set out on pages 4 to 46 of the interim report of the China VAST Group for the six months ended 30 June 2022 (the “**Interim Report 2022**”), which was published on 28 September 2022. The Interim Report 2022 is posted on China VAST’s website at <http://www.vastiud.com> and the website of the Stock Exchange at <http://www.hkexnews.hk>. Please also see below a direct link to the Interim Report 2022:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0928/2022092800815.pdf>

The audited consolidated financial statements of the China VAST Group for the year ended 31 December 2021 and the notes thereto (including the note on basis of preparation of consolidated financial statements and significant accounting policies) are set out on pages 91 to 251 of the annual report of the China VAST Group for the year ended 31 December 2021 (the “**Annual Report 2021**”), which was published on 22 April 2022. The Annual Report 2021 is posted on China VAST’s website at <http://www.vastiud.com> and the website of the Stock Exchange at <http://www.hkexnews.hk>. Please also see below a direct link to the Annual Report 2021:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0422/2022042200671.pdf>

The unaudited consolidated interim financial statements of the China VAST Group for the six months ended 30 June 2021 and the notes thereto (including the notes on basis of preparation and principal accounting policies) are set out on pages 4 to 44 of the interim report of the China VAST Group for the six months ended 30 June 2021 (the “**Interim Report 2021**”), which was published on 9 September 2021. The Interim Report 2021 is posted on China VAST’s website at <http://www.vastiud.com> and the website of the Stock Exchange at <http://www.hkexnews.hk>. Please also see below a direct link to the Interim Report 2021:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0909/2021090901255.pdf>

The audited consolidated financial statements of the China VAST Group for the year ended 31 December 2020 and the notes thereto (including the note on basis of preparation of consolidated financial statements and significant accounting policies) are set out on pages 88 to 243 of the annual report of the China VAST Group for the year ended 31 December 2020 (the “**Annual Report 2020**”), which was published on 16 April 2021. The Annual Report 2020 is posted on China VAST’s website at <http://www.vastiud.com> and the website of the Stock Exchange at <http://www.hkexnews.hk>. Please also see below a direct link to the Annual Report 2020:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0416/2021041600942.pdf>

The audited consolidated financial statements of the China VAST Group for the year ended 31 December 2019 and the notes thereto (including the note on significant accounting policies) are set out on pages 91 to 243 of the annual report of the China VAST Group for the year ended 31 December 2019 (the “**Annual Report 2019**”), which was published on 24 April 2020. The Annual Report 2019 is posted on China VAST’s website at <http://www.vastiud.com> and the website of the Stock Exchange at <http://www.hkexnews.hk>. Please also see below a direct link to the Annual Report 2019:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0424/2020042401432.pdf>

The audited consolidated financial statements of the China VAST Group for each of the three financial years ended 31 December 2019, 2020 and 2021 and the unaudited consolidated financial statements of the China VAST Group for each of the six months ended 30 June 2022 and 30 June 2021 are incorporated by reference into this Scheme Document and form part of this Scheme Document.

### 3. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 August 2022, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Scheme Document, the China VAST Group had an aggregate outstanding borrowings of approximately RMB6,858.5 million comprising:

		<i>RMB'000</i>
<b>Bank borrowings</b>	<i>(a)</i>	4,474,359
<b>Other borrowings</b>	<i>(a)</i>	62,979
<b>Convertible bonds and notes</b>	<i>(b)</i>	1,344,501
<b>Lease liabilities</b>		7,140
<b>Loan from related party</b>	<i>(c)</i>	969,490
		<u>6,858,469</u>

- (a) China VAST Group's bank and other borrowings included approximately (i) RMB3,445,705,000 which were secured by the China VAST Group's property under development for sale, completed properties for sale, investment properties, right-of-use assets and property, plant and equipment; (ii) RMB222,439,000 secured by trade receivables; (iii) RMB247,031,000 secured by restricted bank deposits; (iv) RMB30,782,000 secured by the equity interest in a joint venture; and (v) RMB591,381,000 being unsecured. Additionally, approximately RMB4,259,524,000 of the bank and other borrowings are jointly guaranteed by a China VAST Controlling Shareholder, a China VAST Director and/or a number of subsidiaries in the China VAST Group, and approximately RMB277,814,000 are unguaranteed.
- (b) The convertible bonds and notes of the China VAST Group are jointly guaranteed by the China VAST Controlling Shareholders, a China VAST Director and a number of subsidiaries in the China VAST Group.
- (c) The loan from related party included a guaranteed loan of approximately RMB222,904,000 from a joint venture, and a shareholder's loan of approximately RMB746,586,000 from a China VAST Controlling Shareholder.
- (d) The China VAST Group has provided guarantees to banks of approximately RMB483,697,000 for mortgage loans in favor of the China VAST Group's customers. Such guarantees are provided as transitional arrangements for property buyers prior to the completion of their mortgage registration and are secured by property interests, and are immediately released upon completion of the relevant mortgage registration.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities, intra-group guarantees and normal trade payables in the ordinary course of business, as at the close of business on 31 August 2022, the China VAST Group did not have any material outstanding (i) debt securities, whether issued and outstanding, authorised or otherwise created but unissued, or term loans, whether guaranteed, unguaranteed, secured (whether the security is provided by the China VAST Group or by third parties) or unsecured; (ii) other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, whether guaranteed, unguaranteed, secured or unsecured; (iii) mortgage or charges; or (iv) guarantees or other contingent liabilities.

#### 4. REASSESSED NET ASSET VALUE OF THE CHINA VAST GROUP

The China VAST Group has engaged Savills to prepare a report in connection with its opinion of the value of the properties held by the China VAST Group, a copy of which is set out in Appendix II to this Scheme Document (the “**Property Valuation Report**”). Having reviewed (i) the qualifications and the experience of the responsible staff of Savills in relation to the preparation of the Property Valuation Report, (ii) the track record of Savills in conducting property valuations for other companies listed on the Stock Exchange, and (iii) the terms of Savills’ engagement, in particular its scope of work in relation to the valuation of the China VAST Group’s property interests, and having enquired into (i) the bases, methodology and assumptions adopted by Savills when conducting the property valuation for the China VAST Group and (ii) the absence of any other past or current relationship between Savills and the China VAST Group, China Jinmao, any of the China Jinmao Concert Parties or their respective directors, the China VAST Board is of the view that Savills is competent and independent in performing the property valuation for the China VAST Group and providing the Property Valuation Report.

The reassessed net asset value attributable to China VAST Shareholders (the “**Reassessed NAV**”) per issued China VAST Share (as adjusted with reference to, *inter alia*, the results of the valuation of the China VAST Group’s property interests conducted by Savills as set out in the property valuation report set forth in Appendix II to this Scheme Document) of approximately RMB3.53 (equal to approximately HK\$4.13, using an exchange rate of RMB1 = HK\$1.1714 extracted from Bloomberg as at 30 June 2022) based on the unaudited net asset value as at 30 June 2022 and the total number of issued China VAST Shares as at the Latest Practicable Date is derived from the calculations below:

	<i>RMB’ million</i>
<b>The unaudited net asset value as at 30 June 2022</b>	5,747.4
<i>Adjustments:</i>	
– Net revaluation surplus arising from the valuation of the property interests attributable to the China VAST Group as at 31 August 2022	(i) 144.4
– Net deferred tax on revaluation surplus attributable to the China VAST Group	(ii) (64.0)
<b>The Reassessed NAV</b>	5,827.8
The Reassessed NAV per China VAST Share ( <i>RMB</i> )	(iii) 3.53
<b>The Reassessed NAV per China VAST Share (<i>HK\$</i>)</b>	(iv) 4.13
<b>Discounts of the cancellation prices to the Reassessed NAV per China VAST Share</b>	
– <b>based on the Non-Controlling Shareholder Cancellation Price of HK\$2.40</b>	(41.89%)
– <b>based on the Controlling Shareholder Cancellation Price of HK\$2.13</b>	(48.43%)

*Notes:*

- (1) Represents the net revaluation surplus arising from the net excess of the market value of the property interests held by the China VAST Group in existing state attributable to the China VAST Group as at 31 August 2022, as appraised by Savills, over their corresponding book values attributable to the China VAST Shareholders as at 30 June 2022.
- (2) Represents deferred tax (the “**Deferred Tax**”) on temporary differences between the market values of the property interests and the corresponding tax base used in computation of taxable profit, except that no deferred tax is provided for investment properties as the market value of such properties are presumed to be recovered through sale. The Deferred Tax is calculated at tax rates of 16.5% for Hong Kong profits tax and 25% for PRC corporate income tax, while land appreciation tax is estimated at progressive rates ranging from 30% to 60% of appreciation value with certain allowable deductions according to the relevant PRC tax laws and regulations.
- (3) Based on 1,651,237,491 issued China VAST Shares as at the Latest Practicable Date.
- (4) Based on an exchange rate of RMB1: HK\$1.1714 extracted from Bloomberg as at 30 June 2022.



## 5. MATERIAL CHANGE

The China VAST Directors confirm that, save as disclosed below, there had been no material change in the financial or trading position or outlook of the China VAST Group since 31 December 2021, being the date to which the latest published audited financial statements of the China VAST Group were made up, up to the Latest Practicable Date:

- (i) as disclosed in the interim report of China VAST for the six months ended 30 June 2022 (“**2022 Interim Report**”), the China VAST Group recorded a loss attributable to the China VAST Shareholders of approximately RMB411.3 million for the six months ended 30 June 2022 (“**2022 H1**”) as compared to a profit attributable to the China VAST Shareholders of approximately RMB103.5 million for the six months ended 30 June 2021 (“**2021 H1**”), primarily attributable to the net effect of the following:
  - (a) the decrease in revenue to approximately RMB71.1 million for 2022 H1 from approximately RMB679.1 million for 2021 H1. Such decrease was primarily attributable to (1) the decrease in revenue from industrial town development of approximately RMB474.8 million from approximately RMB484.9 million for 2021 H1 to approximately RMB10.1 million for 2022 H1, mainly due to (i) the absence of land sale in Longhe Park in the first half of 2022, resulting in the decrease in related fee and other services income of approximately RMB364.8 million; and (ii) the decrease in the overall revenue of other parks of approximately RMB105.9 million as the China VAST Group focused on collection of receivables and balanced investments in other parks in the first half of 2022; and (2) the decrease in revenue from property development of approximately RMB130.7 million, mainly due to the decrease in area of property delivered from 18,835 sq.m. for 2021 H1 to 5,746 sq.m. for 2022 H1, amid the continuing downturn in the property market in the pan-Beijing area resulting from COVID-19 and policies restricting the purchase of properties;
  - (b) the decrease in the gross profit margin to approximately 16.6% for 2022 H1 from approximately 61.0% for 2021 H1, primarily attributable to the significant decrease in revenue from land sales in Longhe Park which generally entail higher gross profit margin than that of other parks and property development business;
  - (c) the decrease in other income to approximately RMB64.3 million for 2022 H1 from approximately RMB80.7 million for 2021 H1, mainly due to the decrease in discounted interest income on other receivables and interest income on bank deposits and other investments;
  - (d) other losses of approximately RMB79.2 million for 2022 H1 as compared to other gains of approximately RMB38.3 million for 2021 H1, primarily attributable to the net exchange losses of approximately RMB86.0 million for 2022 H1 as compared to net exchange gains of approximately RMB19.1 million and the gain of approximately RMB18.2 million from disposal of the equity interest in an associate for 2021 H1;

- (e) the increase in selling and marketing expenses to approximately RMB35.3 million for 2022 H1 from approximately RMB26.4 million for 2021 H1, mainly due to the increase in advertising costs and investment promotion expenses;
- (f) the decrease in administrative expenses to approximately RMB114.3 million for 2022 H1 from approximately RMB153.2 million for 2021 H1, mainly due to the decrease in number of employees and the decrease in performance salaries, employee insurance and daily operating expenses as some employees were required to be quarantined at home due to the impact of COVID-19;
- (g) the decrease in finance costs to approximately RMB119.7 million for 2022 H1 from approximately RMB160.2 million for 2021 H1, mainly due to the decrease in the average costs of bank loans and offshore financing;
- (h) the increase in impairment losses under expected credit loss model, net of reversal, to approximately RMB93.6 million for 2022 H1 from a reversal of losses of approximately RMB0.3 million for 2021 H1, mainly because the China VAST Group was more cautious in predicting future credit losses and cash collection time due to the impact of COVID-19 and the current real estate market situation;
- (i) the increase in fair value loss of investments at fair value through profit or loss to approximately RMB14.6 million for 2022 H1 from approximately RMB5.7 million for 2021 H1, mainly due to the decrease in valuation of the investment in a limited partnership fund as a result of the loss it incurred;
- (j) the fair value loss of derivative financial instruments of approximately RMB38.1 million for 2022 H1 as compared to approximately RMB1.2 million for 2021 H1, mainly due to the significant increase in the China VAST Share price at the end of 2022 H1, giving rise to the increase in the fair value of derivative financial instruments (mainly representing the conversion options of convertible bonds issued by China VAST);
- (k) the fair value gain of investment properties of approximately RMB2.5 million for 2022 H1 as compared to the fair value loss of investment properties of approximately RMB6.7 million for 2021 H1, mainly due to the slight increase in rents stated in the lease agreements as at 30 June 2022 as compared to those as at 31 December 2021; and
- (l) the income tax credit of approximately RMB42.3 million for 2022 H1 as compared to the income tax expense of approximately RMB43.0 million for 2021 H1, mainly due to the deferred income tax of RMB75.0 million arising from the recognition of tax losses for 2022 H1;

- (ii) as disclosed in the 2022 Interim Report, net current assets of the China VAST Group decreased to approximately RMB2.7 billion as at 30 June 2022 from approximately RMB4.4 billion as at 31 December 2021, primarily attributable to the net effect of the following:
- (a) the decrease in current assets to approximately RMB8.6 billion as at 30 June 2022 from approximately RMB9.0 billion as at 31 December 2021, mainly due to the decrease in bank balances and cash of approximately RMB583.4 million as a result of (1) the net cash outflow from operating activities; (2) the net cash outflow from investing activities primarily resulting from the increase in the net deposits with original maturity over three months; and (3) the net cash outflow from financing activities primarily due to the repayment of bank and other borrowings; and
  - (b) the increase in current liabilities to approximately RMB6.0 billion as at 30 June 2022 from approximately RMB4.6 billion as at 31 December 2021, mainly due to the increase in bank and other borrowings which are repayable within one year; and
- (iii) as disclosed in the 2022 Interim Report, net assets of the China VAST Group decreased to approximately RMB5.7 billion as at 30 June 2022 from approximately RMB6.2 billion as at 31 December 2021, primarily attributable to the loss recorded for 2022 H1.

*The following is the text of a letter, summary of values and valuation report prepared for the purpose of incorporation in this Scheme Document received from Savills Valuation and Professional Services Limited, an independent valuer, in connection with their opinion of values of the properties held by the Group as at 31 August 2022.*



The Directors  
China VAST Industrial Urban Development  
Company Limited  
Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

Savills Valuation and  
Professional Services Limited  
Room 1208, 12/F  
1111 King's Road  
Taikoo Shing, Hong Kong  
T : (852) 2801 6100  
F : (852) 2530 0756

31 October 2022

EA Licence: C-023750

savills.com

Dear Sirs,

In accordance with your instructions for us to value the properties situated in the People's Republic of China (the "PRC") or in Hong Kong in which China VAST Industrial Urban Development Company Limited (the "Company") and/or its subsidiaries (hereinafter together referred to as the "Group") have interests, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of market value of the properties as at 31 August 2022 (the "valuation date") for incorporation in a scheme document.

#### **BASIS OF VALUATION**

Our valuation of each of the properties is our opinion of its market value which we would define as intended to mean "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".

Moreover, 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.

Our valuation has been undertaken in accordance with the HKIS Valuation Standards 2020 of The Hong Kong Institute of Surveyors (“HKIS”), which incorporates the International Valuation Standards (“IVS”), and (where applicable) the relevant HKIS or jurisdictional supplement. We have also complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Rule 11 of the Code on Takeovers and Mergers published by the Securities and Futures Commission in Hong Kong (the “Takeovers Code”).

### **IDENTIFICATION AND STATUS OF THE VALUER**

The subject valuation exercise is handled by our Mr. Anthony C.K. Lau. Mr. Lau is a Director of Savills Valuation and Professional Services Limited (“SVPSL”) and a Member of the HKIS (General Practice Division) with over 29 years’ experience in valuation of properties in the PRC and Hong Kong and has sufficient knowledge of the relevant market, the skills and understanding to handle the subject valuation exercise competently.

Prior to your instructions for us to provide this valuation services in respect of the properties, SVPSL had been involved in valuation of Property Nos. 1 – 11 for the Company’s accounting purposes in the past 12 months.

We are independent of the Company and its subsidiaries. We are not aware of any instances which would give rise to potential conflict of interest from SVPSL or Mr. Lau in the subject exercise. We confirm SVPSL and Mr. Lau are in the position to provide objective and unbiased valuation for the properties.

### **VALUATION METHODOLOGY**

In valuing Property Nos. 1 – 8 in Group I, which are held by the Group for investment in the PRC, we have valued these properties on the basis of capitalization of incomes as shown on the schedules handed to us with due allowance for reversionary income potential of these properties.

In valuing Property Nos. 9 and 11 in Group I which are vacant and will be held by the Group for investment in the PRC, Property Nos. 12 and 15 in Group II which are held by the Group for occupation in the PRC and Property Nos. 16 – 22 and 24 – 30 in Group III which are held by the Group for sale in the PRC, Property Nos. 37 – 39 and 41 – 43 in Group V which are held by the Group for future development in the PRC and Property No. 44 in Group VI which is held by the Group for occupation in Hong Kong, we have valued these properties by the Direct Comparison Method by making reference to sales of comparable properties as available in the markets.

In valuing Property No. 10 in Group I which is under development and will be held by the Group for investment in the PRC and Property Nos. 31 – 36 in Group IV which are held by the Group under development in the PRC, we have valued these properties on the basis that they will be developed and completed in accordance with the latest development proposals 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 Method by making reference to comparable sales transactions as available in the markets and also taken into account the costs that will be incurred to complete the developments to reflect the quality of the completed developments.

In valuing Property Nos. 13 and 14 in Group II, which are held by the Group for occupation in the PRC, due to the specific purpose for which these properties have been constructed, there are no readily available market comparables and thus these properties cannot be valued on the basis of direct comparison. They have been valued by the Depreciated Replacement Cost (“DRC”) Method. The DRC Method is based on an estimate of the market value for the existing use of the land plus the current replacement costs of the buildings and structures, from which deductions are then made to allow for physical deterioration and all relevant forms of obsolescence and optimization. The DRC Method is subject to adequate potential profitability of the business. Our valuation applies to the whole of the complex or development as a unique interest and no piecemeal transaction of the complex or development is assumed.

We have ascribed no commercial value to Property No. 23 which is held by the Group for sale in the PRC as the property lacks valid title documents. We have also ascribed no commercial value to Property No. 40 in Group V which is held by the Group for future development in the PRC as the property is intended to be developed into a student dormitory and shall not be transferred or leased to other parties in the market.

## **TITLE INVESTIGATION**

In respect of the properties in the PRC, we have been provided with copies of the title documents relating to the properties. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies provided to us. In the course of our valuation, we have relied on the information and advice given by the Group and the legal opinion issued by Jingtian & Gongcheng (the “Group’s PRC legal adviser”) on 28 October 2022 regarding the titles to the properties.

In respect of the property in Hong Kong, we have not been provided with copies of title documents relating to the property but we have caused searches of the property at the Land Registry. We have not, however, searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. As advised by the Group and to the best of their knowledge, there are no significant investigations, notices, pending litigation, breaches of law or title defects against the property.

**SOURCE OF INFORMATION**

In the course of our valuation, we have relied to a considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, development proposals, total and outstanding construction costs, estimated completion dates, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on the information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Group, which is material to our valuation. We are also advised by the Group that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view.

**VALUATION ASSUMPTIONS**

In valuing the properties in the PRC, unless otherwise stated, we have relied on the legal opinion issued by the Group's PRC legal adviser and prepared our valuation on the basis that transferable land use rights in respect of the properties for their respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable has already been fully paid. The Group's PRC legal adviser has also concluded that the Group's project companies have obtained the land use right and building ownership rights for the portions which have been covered by title documents and no limitations for selling or leasing out those portions (except Property No. 40 which has the land use rights in allocation land basis) have been found. Therefore, unless otherwise stated, we have also prepared our valuation on the basis that the owners of the properties have good legal titles and have free and uninterrupted rights to occupy, use, transfer, lease or assign the properties for the whole of the respective unexpired terms as granted.

In valuing the property in Hong Kong, unless otherwise stated, we have relied on the land searches carried out at the Land Registry and information such as owner name, transaction date and price, land use term, etc. can be identified. Therefore, we have prepared the valuation on the basis that this property has good legal title and is freely transferable in the market. We do not accept a liability for any interpretation which we have placed on such information which is more properly the sphere of your legal advisers.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

**SITE INSPECTION**

We have inspected the exterior and where possible, the interior of the properties. Site inspections of the properties were carried out by Mr. James Woo, Ms. Bekki Li, Mr. Bruce Zhang, Ms. Yang Yang, Ms. Elsa Wang, Ms. Jenny Liu and Mr. Benny Chim in July 2022. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report that the properties are free from rot, infestation or any other structural defect. No test has been carried out to any of the services. We have also not carried out investigations on site to determine the suitability of the ground conditions and the services for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

Relevant experiences for each of the valuers who carried out the site inspections are as below:

Mr. James Woo	Over 25 years' experience in valuation of properties in the PRC
Ms. Bekki Li	Over 17 years' experience in valuation of properties in the PRC
Mr. Bruce Zhang	Over 19 years' experience in valuation of properties in the PRC
Ms. Yang Yang	Over 14 years' experience in valuation of properties in the PRC
Ms. Elsa Wang	Over 14 years' experience in valuation of properties in the PRC
Ms. Jenny Liu	Over 17 years' experience in valuation of properties in the PRC
Mr. Benny Chim	Over 10 years' experience in valuation of properties in Hong Kong

**POTENTIAL TAX LIABILITIES**

For the purpose of compliance with the Rule 11.3 of the Takeovers Code and as advised by the Group, in respect of the properties in the PRC, the potential tax liabilities which would arise from the sale of the properties in the PRC comprise value-added tax at 5% or 9% and the surcharge taxes at 10% to 12% of the value-added tax paid on the transaction amount and stamp duty at 0.05% on the transaction amount; land appreciation tax at progressive rates from 30% to 60% on the appreciation in property value; and corporate income tax at 25%. In respect of the property in Hong Kong, the potential tax liabilities which would arise from the sale of the property in Hong Kong comprise stamp duty at progressive rates up to 15% on the transaction amount; and profit tax at 16.5% on gain.

In respect of the properties which are intended to be sold, it is likely that the relevant tax liabilities will be crystallised upon sale. In respect of other properties held by the Group, the likelihood of the relevant potential tax liabilities being crystallised is remote as the Group has no plans for sale of such properties.



**NOVEL CORONAVIRUS (COVID-19)**

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a ‘Global Pandemic’ on the March 11, 2020, has impacted many aspects of daily life and the global economy – with some real estate markets experiencing significantly lower levels of transactional activity and liquidity. It is expected that property values will be very sensitive to the development of the pandemic and its impact on the economy. The extents of impact on different sectors of the market are different and the time for marketing and negotiating sale of a property will be longer than usual time.

Our valuations of the properties are valid only as at the valuation date (i.e. 31 August 2022). However, there will be less certainty as to how long a valuation may sustain and property price may fluctuate rapidly and materially over a short period of time. Any changes in market conditions and impacts on property values subsequent to the valuation date cannot be taken into account. If any party intends to make reference to our valuations when entering into any transaction, he must beware of the high market volatility during this period and that property values may or may not have changed since the valuation date. Given the unknown future impact that COVID-19 might have on the real estate market and the difficulty in differentiating between short term impacts and long-term structural changes, we recommend that you keep the valuations contained within this report under frequent review.

**CURRENCY**

Unless otherwise stated, all money amounts stated are in Renminbi (“RMB”) or in Hong Kong Dollars (“HK\$”), as appropriate. The exchange rate adopted in our valuation is RMB1 = HK\$1.14, which was the approximate exchange rate prevailing at the valuation date.

We enclose herewith our summary of values and valuation report.

Yours faithfully,

For and on behalf of

**Savills Valuation and Professional Services Limited**

**Anthony C.K. Lau**

*MRICS MHKIS RPS(GP)*

Director

*Note:* Mr. Anthony C.K. Lau is a professional surveyor who has over 29 years’ experience in valuation of properties in the PRC and Hong Kong.

Encl.

## SUMMARY OF VALUES

No.	Property	Market value in existing state as at 31 August 2022	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 August 2022
<b>Group I – Properties held by the Group for investment in the PRC</b>				
1.	Phase 1 of SME Entrepreneurial Base (中小企業創業基地), No. 29 Ruixue Street, Anci District, Langfang, Hebei Province, PRC	RMB134,800,000 (or equivalent to HK\$153,672,000)	100%	RMB134,800,000 (or equivalent to HK\$153,672,000)
2.	Phase 2 of SME Entrepreneurial Base (中小企業創業基地), No. 29 Ruixue Street, Anci District, Langfang, Hebei Province, PRC	RMB463,000,000 (or equivalent to HK\$527,820,000)	100%	RMB463,000,000 (or equivalent to HK\$527,820,000)
3.	Chengxiang Building (城鄉大廈), No. 66 Xinhua Road, Guangyang District, Langfang, Hebei Province, PRC	RMB103,100,000 (or equivalent to HK\$117,534,000)	100%	RMB103,100,000 (or equivalent to HK\$117,534,000)
4.	Jinyue Building (金悅酒樓), Northwestern corner of the junction of Heping Road and Guangyang Road, Guangyang District, Langfang, Hebei Province, PRC	RMB13,400,000 (or equivalent to HK\$15,276,000)	100%	RMB13,400,000 (or equivalent to HK\$15,276,000)

No.	Property	Market value in existing state as at 31 August 2022	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 August 2022
5.	Tianfu Center (天賦中心), South of South Outer Ring, North of Longhe, East of Yinhe Road and west of Changfu Road, Longhe Park, Anci District, Langfang, Hebei Province, PRC	RMB68,200,000 (or equivalent to HK\$77,748,000)	100%	RMB68,200,000 (or equivalent to HK\$77,748,000)
6.	Meishu Complex (美樹綜合樓) South of Yunpeng Road and east of Jinyun Road, Langfang Economic and Technological Development Zone, Guangyang District, Langfang, Hebei Province, PRC	RMB53,200,000 (or equivalent to HK\$60,648,000)	100%	RMB53,200,000 (or equivalent to HK\$60,648,000)
7.	Fuao Data Center (富奧數據中心), No. 80 Yunqi Street, Longhe Park, Anci District, Langfang, Hebei Province, PRC	RMB85,000,000 (or equivalent to HK\$96,900,000)	100%	RMB85,000,000 (or equivalent to HK\$96,900,000)

No.	Property	Market value in existing state as at 31 August 2022	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 August 2022
8.	Bangte Environmental Protection Data Center (邦特環保數據中心), No. 159 Fukang Road, Longhe Park, Anci District, Langfang, Hebei Province, PRC	RMB105,500,000 (or equivalent to HK\$120,270,000)	100%	RMB105,500,000 (or equivalent to HK\$120,270,000)
9.	Phase 3 of SME Entrepreneurial Base (中小企業創業基地), No. 29 Ruixue Street, Anci District, Langfang, Hebei Province, PRC	RMB41,700,000 (or equivalent to HK\$47,538,000)	100%	RMB41,700,000 (or equivalent to HK\$47,538,000)
10.	A Multi-functional Building of Longhe Era (龍河時代), North of Ruixue Road, West of Huiming Road, South of Longpan Road and east of Fuyuan Road, Anci District, Langfang, Hebei Province, PRC	RMB58,000,000 (or equivalent to HK\$66,120,000)	100%	RMB58,000,000 (or equivalent to HK\$66,120,000)

No.	Property	Market value in existing state as at 31 August 2022	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 August 2022
11.	Portions of Longhe Era (龍河時代), North of Ruixue Road, West of Huiming Road, South of Longpan Road and east of Fuyuan Road, Anci District, Langfang, Hebei Province, PRC	RMB160,000,000 (or equivalent to HK\$182,400,000)	100%	RMB160,000,000 (or equivalent to HK\$182,400,000)
	<b>Sub-Total:</b>	<b>RMB1,285,900,000</b> (or equivalent to <b>HK\$1,465,926,000</b> )	<b>100%</b>	<b>RMB1,285,900,000</b> (or equivalent to <b>HK\$1,465,926,000</b> )

No.	Property	Market value in existing state as at 31 August 2022	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 August 2022
<b>Group II – Properties held by the Group for occupation in the PRC</b>				
12.	Building No. 18 of Mansion No. 1 (壹號公館), Zone 3 of Wangjing East Garden, Chaoyang District, Beijing, PRC	RMB399,000,000 (or equivalent to HK\$454,860,000)	100%	RMB399,000,000 (or equivalent to HK\$454,860,000)
13.	Shijiazhuang International Aviation Engineering Center (石家莊國際航空工程中心), No. 100 Zhongxing Avenue, Luancheng District, Shijiazhuang, Hebei Province, PRC	RMB245,000,000 (or equivalent to HK\$279,300,000)	100%	RMB245,000,000 (or equivalent to HK\$279,300,000)
14.	Wuhan Vast International Aeronautical Engineering Center (武漢宏泰國際航空工程中心), East of Tonghang Avenue, Shamao Street, Hannan District, Wuhan, Hubei Province, PRC	RMB305,000,000 (or equivalent to HK\$347,700,000)	100%	RMB305,000,000 (or equivalent to HK\$347,700,000)
15.	Room 313, Block B, Xiyuan, No. 109 Yuhua West Road, Qiaoxi District, Shijiazhuang, Hebei Province, PRC	RMB2,700,000 (or equivalent to HK\$3,078,000)	100%	RMB2,700,000 (or equivalent to HK\$3,078,000)
	<b>Sub-Total:</b>	<b>RMB951,700,000 (or equivalent to HK\$1,084,938,000)</b>	<b>100%</b>	<b>RMB951,700,000 (or equivalent to HK\$1,084,938,000)</b>

No.	Property	Market value in existing state as at 31 August 2022	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 August 2022
<b>Group III – Properties held by the Group for sale in the PRC</b>				
16.	Portions of Phases 1 and 2 of Foxconn City (富士康城), No. 39 Fukang Road, Anci District, Langfang, Hebei Province, PRC	RMB72,800,000 (or equivalent to HK\$82,992,000)	100%	RMB72,800,000 (or equivalent to HK\$82,992,000)
17.	Phase 2 of Chuangye Plaza (創業大廈), No. 39 Nanlong Road, Anci District, Langfang, Hebei Province, PRC	RMB147,000,000 (or equivalent to HK\$167,580,000)	100%	RMB147,000,000 (or equivalent to HK\$167,580,000)
18.	Portions of Phases 1 and 2 of Hongtai Longdi (宏泰龍邸), No. 259 South Yinhe Road, Anci District, Langfang, Hebei Province, PRC	RMB3,800,000 (or equivalent to HK\$4,332,000)	100%	RMB3,800,000 (or equivalent to HK\$4,332,000)

No.	Property	Market value in existing state as at 31 August 2022	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 August 2022
19.	Portions of Phase 1 of Electronic Information Industrial Park in Longhe Park (龍河高新區電子信息產業園), No. 89 Fukang Road, Longhe High-tech Industrial Development Zone, Anci District, Langfang, Hebei Province, PRC	RMB160,000,000 (or equivalent to HK\$182,400,000)	100%	RMB160,000,000 (or equivalent to HK\$182,400,000)
20.	Portions of Longhe Park – Talent Home (龍河高新區人才家園), No. 125 Furao Road, Longhe High-tech Industrial Development Zone, Anci District, Langfang, Hebei Province, PRC	RMB143,000,000 (or equivalent to HK\$163,020,000)	100%	RMB143,000,000 (or equivalent to HK\$163,020,000)
21.	Portions of Zone A of Yihejiayuan (頤和佳苑), No. 300 Xichang Road, Guangyang District, Langfang, Hebei Province, PRC	RMB9,200,000 (or equivalent to HK\$10,488,000)	100%	RMB9,200,000 (or equivalent to HK\$10,488,000)
22.	Portions of Mingren Garden (名人小區), No. 76 Heping Road, Guangyang District, Langfang, Hebei Province, PRC	RMB3,700,000 (or equivalent to HK\$4,218,000)	100%	RMB3,700,000 (or equivalent to HK\$4,218,000)



No.	Property	Market value in existing state as at 31 August 2022	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 August 2022
23.	Portions of Phases 1 and 2 of Hongtai Meishuguan (宏泰美樹館), No. 28 Huaxiang Road, Development Zone, Guangyang District, Langfang, Hebei Province, PRC	No commercial value	100%	No commercial value
24.	Portions of Phase 1 of Chengde Yulong Bay (承德御龍灣), Junction of southwest of Wuwei Road and Siliujing Road, New District, Chengde, Hebei Province, PRC	RMB19,100,000 (or equivalent to HK\$21,774,000)	100%	RMB19,100,000 (or equivalent to HK\$21,774,000)
25.	Portions of Tanghai Yuehu Bay (唐海悅湖灣), North of Tonggang Reservoir, Qi Nongchang, Caofeidian District, Tangshan, Hebei Province, PRC	RMB122,000,000 (or equivalent to HK\$139,080,000)	100%	RMB122,000,000 (or equivalent to HK\$139,080,000)
26.	Portions of Phase 1 of Hubei Changjiang Zhihui Port Innovation Startup Base (湖北長江智匯港創新創業基地), East of Wuchu Road and north of Yanghu Road Central West Portion, Ezhou, Hubei Province, PRC	RMB95,000,000 (or equivalent to HK\$108,300,000)	100%	RMB95,000,000 (or equivalent to HK\$108,300,000)

No.	Property	Market value in existing state as at 31 August 2022	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 August 2022
27.	Portions of Wuhan Hangyaohong Technology Project (武漢航耀弘科技項目), East of Middle Xingfu Road and south of Xingcheng Avenue, Hannan District, Wuhan, Hubei Province, PRC	RMB25,100,000 (or equivalent to HK\$28,614,000)	100%	RMB25,100,000 (or equivalent to HK\$28,614,000)
28.	Langfang Zhanyao Building (廊坊展耀大廈), No. 1 Fukang Road, Longhe High-tech Industrial Development Zone, Anci District, Langfang, Hebei Province, PRC	RMB176,000,000 (or equivalent to HK\$200,640,000)	100%	RMB176,000,000 (or equivalent to HK\$200,640,000)
29.	Portions of Yishujia Community (逸樹家小區), No. 155 Guangyang Road, Guangyang District, Langfang, Hebei Province, PRC	RMB2,240,000 (or equivalent to HK\$2,553,600)	100%	RMB2,240,000 (or equivalent to HK\$2,553,600)
30.	Portions of Shangbei Jinjie (尚北金街), Shangbei Jinli, Guangyang District, Langfang, Hebei Province, PRC	RMB580,000 (or equivalent to HK\$661,200)	100%	RMB580,000 (or equivalent to HK\$661,200)
	<b>Sub-total:</b>	<b>RMB979,520,000 (or equivalent to HK\$1,116,652,800)</b>		<b>RMB979,520,000 (or equivalent to HK\$1,116,652,800)</b>

No.	Property	Market value in existing state as at 31 August 2022	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 August 2022
<b>Group IV – Properties held by the Group under development in the PRC</b>				
31.	Phase 3 of Foxconn City (富士康城), No. 39 Fukang Road, Anci District, Langfang, Hebei Province, PRC	RMB584,000,000 (or equivalent to HK\$665,760,000)	100%	RMB584,000,000 (or equivalent to HK\$665,760,000)
32.	Phase 1 of Longhe Center (龍河中心), South of South Outer Ring, North of Long River, East of Yinhe Road and west of Changfu Road, Anci District, Langfang, Hebei Province, PRC	RMB166,000,000 (or equivalent to HK\$189,240,000)	100%	RMB166,000,000 (or equivalent to HK\$189,240,000)
33.	Phase 2 of Electronic Information Industrial Park in Longhe Park (龍河高新區電子信息產業園), No. 89 Fukang Road, Longhe High-tech Industrial Development Zone, Anci District, Langfang, Hebei Province, PRC	RMB134,000,000 (or equivalent to HK\$152,760,000)	100%	RMB134,000,000 (or equivalent to HK\$152,760,000)
34.	Phase 1 of Ezhou Huineng Project (鄂州匯能項目), East of Xuguang Avenue and north of Xuejia Gou, Ezhou, Hubei Province, PRC	RMB47,300,000 (or equivalent to HK\$53,922,000)	100%	RMB47,300,000 (or equivalent to HK\$53,922,000)

No.	Property	Market value in existing state as at 31 August 2022	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 August 2022
35.	Phase 2 of Hubei Changjiang Zhihui Port Innovation Startup Base (湖北長江智匯港創新創業基地), East of Wuchu Road and north of Yanghu Road Central West Portion, Ezhou, Hubei Province, PRC	RMB48,100,000 (or equivalent to HK\$54,834,000)	100%	RMB48,100,000 (or equivalent to HK\$54,834,000)
36.	Longhe Conference Center (龍河會議中心), North of Ruixue Road and east of Fuyuan Road, Longhe High-tech Industrial Development Zone, Anci District, Langfang, Hebei Province, PRC	RMB210,000,000 (or equivalent to HK\$239,400,000)	100%	RMB210,000,000 (or equivalent to HK\$239,400,000)
	<b>Sub-total:</b>	<b>RMB1,189,400,000 (or equivalent to HK\$1,355,916,000)</b>	<b>100%</b>	<b>RMB1,189,400,000 (or equivalent to HK\$1,355,916,000)</b>

No.	Property	Market value in existing state as at 31 August 2022	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 August 2022
<b>Group V – Properties held by the Group for future development in the PRC</b>				
37.	Phases 2 and 3 of Longhe Center (龍河中心), South of South Outer Ring, North of Long River, East of Yinhe Road and west of Changfu Road, Anci District, Langfang, Hebei Province, PRC	RMB163,000,000 (or equivalent to HK\$185,820,000)	100%	RMB163,000,000 (or equivalent to HK\$185,820,000)
38.	Phase 3 of Electronic Information Industrial Park in Longhe Park (龍河高新區電子信息產業園), No. 89 Fukang Road, Longhe High-tech Industrial Development Zone, Anci District, Langfang, Hebei Province, PRC	RMB29,000,000 (or equivalent to HK\$33,060,000)	100%	RMB29,000,000 (or equivalent to HK\$33,060,000)
39.	Qingnianhui (青年匯), No. 170 Aimin East Road, Guangyang District, Langfang, Hebei Province, PRC	RMB26,100,000 (or equivalent to HK\$29,754,000)	100%	RMB26,100,000 (or equivalent to HK\$29,754,000)
40.	Huahang Apartment (華航公寓), No. 170 Aimin East Road, Guangyang District, Langfang, Hebei Province, PRC	No commercial value	100%	No commercial value

No.	Property	Market value in existing state as at 31 August 2022	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 August 2022
41.	Phases 2 and 3 of Chengde Yulong Bay (承德御龍灣), Junction of southwest of Wuwei Road and Siliujing Road, New District, Chengde, Hebei Province, PRC	RMB404,000,000 (or equivalent to HK\$460,560,000)	100%	RMB404,000,000 (or equivalent to HK\$460,560,000)
42.	Tanghai Project (唐海項目), North of Tonggang Reservoir, Qi Nongchang, Caofeidian District, Tangshan, Hebei Province, PRC	RMB281,000,000 (or equivalent to HK\$320,340,000)	100%	RMB281,000,000 (or equivalent to HK\$320,340,000)
43.	Phase 2 of Ezhou Huineng Project (鄂州匯能項目), East of Xuguang Avenue and north of Xuejia Gou, Ezhou, Hubei Province, PRC	RMB10,000,000 (or equivalent to HK\$11,400,000)	100%	RMB10,000,000 (or equivalent to HK\$11,400,000)
	<b>Sub-total:</b>	<b>RMB913,100,000</b> (or equivalent to <b>HK\$1,040,934,000</b> )		<b>RMB913,100,000</b> (or equivalent to <b>HK\$1,040,934,000</b> )
	<b>Total (Groups I to V):</b>	<b>RMB5,319,620,000</b> (or equivalent to <b>HK\$6,064,366,800</b> )		<b>RMB5,319,620,000</b> (or equivalent to <b>HK\$6,064,366,800</b> )

No.	Property	Market value in existing state as at 31 August 2022	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 August 2022
<b>Group VI – Property held by the Group for occupation in Hong Kong</b>				
44.	Flat B with Flat Roof(s) on 38th Floor of Tower 1 and Residential Car Parking Space No. R08, The Avenue, No. 200 Queen’s Road East, Wanchai, Hong Kong	HK\$50,000,000	100%	HK\$50,000,000
<b>Total (Group VI):</b>		<b>HK\$50,000,000</b>		<b>HK\$50,000,000</b>

## VALUATION REPORT

## Group I – Properties held by the Group for investment in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022
1.	Phase 1 of SME Entrepreneurial Base (中小企業創業基地), No. 29 Ruixue Street, Anci District, Langfang, Hebei Province, PRC	<p>SME Entrepreneurial Base (the “Development”) is an industrial development being erected on a parcel of land with a site area of approximately 181,500.00 sq.m.</p> <p>The Development is situated on the southern side of Ruixue Street in Anci District of Langfang. Developments in the vicinity are dominated by various industrial buildings. It takes about a 25-minute drive from the Development to the city center of Langfang.</p> <p>According to the information provided by the Group, the property comprises various workshops with a total gross floor area of approximately 22,422.56 sq.m.</p> <p>As advised by the Group, the property was completed in 2012.</p> <p>The land use rights of the property have been granted for a term expiring on 12 April 2060 for industrial use.</p>	<p>As at the valuation date, the property was subject to various tenancies with the latest one due to expire on 30 November 2040 at a total monthly rental of approximately RMB670,000.</p>	<p>RMB134,800,000 (Renminbi One Hundred Thirty Four Million and Eight Hundred Thousand)</p> <p>(100% interest attributable to the Group: RMB134,800,000 (Renminbi One Hundred Thirty Four Million and Eight Hundred Thousand))</p> <p>or equivalent to: HK\$153,672,000 (Hong Kong Dollars One Hundred Fifty Three Million Six Hundred and Seventy Two Thousand)</p> <p>(100% interest attributable to the Group: HK\$153,672,000 (Hong Kong Dollars One Hundred Fifty Three Million Six Hundred and Seventy Two Thousand))</p>

*Notes:*

- Pursuant to the Land Use Rights Certificate – Lang An Guo Yong (2010) No. 00008, the land use rights of a parcel of land of the Development with a site area of 181,500.00 sq.m. have been granted to Langfang Hongsheng Property Development Co., Ltd. (廊坊市宏盛房地產開發有限公司) (“Langfang Hongsheng”), which is a wholly-owned subsidiary of the Company, for a term expiring on 12 April 2060 for industrial use.
- Pursuant to 24 Building Ownership Certificates – Lang Fang Shi Fang Quan Zheng Lang Zi Nos. 201209286 to 201209292, 201209295 to 201209302 and 201209305 to 201209313, the building ownership rights of various buildings of the Development with a total gross floor area of 126,394.89 sq.m. are vested in Langfang Hongsheng for workshop, dormitory, composite and basement uses respectively.

As advised by the Group, the property only comprises portion of the buildings with a total gross floor area of approximately 22,422.56 sq.m. as stated in the above-mentioned certificates while the remaining portion is occupied by Phase 2 of the Development.



3. We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal adviser, which contains, inter alias, the following information:
  - i. the property is subject to mortgages;
  - ii. Langfang Hongsheng has legally obtained the land use rights and building ownership rights of the property as stated in the above-mentioned title documents; and
  - iii. there is no limitation for selling or leasing out the property as shown in the above-mentioned title documents.
4. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The monthly unit rents of these market comparables are in a range between RMB28 to 35 per sq.m. for industrial units. Due adjustments to the unit rents of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.
5. The property has also been valued by us on 19 August 2022 for accounting purpose and the market value was RMB134,800,000 as at 30 June 2022.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022										
2.	Phase 2 of SME Entrepreneurial Base (中小企業創業基地), No. 29 Ruixue Street, Anci District, Langfang, Hebei Province, PRC	<p>SME Entrepreneurial Base (the “Development”) is an industrial development being erected on a parcel of land with a site area of approximately 181,500.00 sq.m.</p> <p>The Development is situated on the southern side of Ruixue Street in Anci District of Langfang. Developments in the vicinity are dominated by various industrial buildings. It takes about a 25-minute drive from the Development to the city center of Langfang.</p> <p>According to the information provided by the Group, the property has a total gross floor area of approximately 103,972.33 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Industrial</td> <td>67,228.23</td> </tr> <tr> <td>Dormitory</td> <td>20,163.60</td> </tr> <tr> <td>Office</td> <td>16,580.50</td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>103,972.33</u></b></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area (sq.m.)	Industrial	67,228.23	Dormitory	20,163.60	Office	16,580.50	<b>Total:</b>	<b><u>103,972.33</u></b>	<p>As at the valuation date, portions of the property with a total gross floor area of approximately 39,161.59 sq.m. were subject to various tenancies with the latest one due to expire on 7 January 2027 at a total monthly rental of approximately RMB870,000 whilst the remaining portions of the property were vacant.</p>	<p>RMB463,000,000 (Renminbi Four Hundred and Sixty Three Million)</p> <p>(100% interest attributable to the Group: RMB463,000,000 (Renminbi Four Hundred and Sixty Three Million))</p> <p>or equivalent to: HK\$527,820,000 (Hong Kong Dollars Five Hundred Twenty Seven Million Eight Hundred and Twenty Thousand)</p> <p>(100% interest attributable to the Group: HK\$527,820,000 (Hong Kong Dollars Five Hundred Twenty Seven Million Eight Hundred and Twenty Thousand))</p>
Use	Approximate Gross Floor Area (sq.m.)													
Industrial	67,228.23													
Dormitory	20,163.60													
Office	16,580.50													
<b>Total:</b>	<b><u>103,972.33</u></b>													
		<p>As advised by the Group, the property was completed in 2012.</p> <p>The land use rights of the property have been granted for a term expiring on 12 April 2060 for industrial use.</p>												

## Notes:

- Pursuant to the Land Use Rights Certificate – Lang An Guo Yong (2010) No. 00008, the land use rights of a parcel of land of the Development with a site area of 181,500.00 sq.m. have been granted to Langfang Hongsheng Property Development Co., Ltd. (廊坊市宏盛房地產開發有限公司) (“Langfang Hongsheng”), which is a wholly-owned subsidiary of the Company, for a term expiring on 12 April 2060 for industrial use.
- Pursuant to 24 Building Ownership Certificates – Lang Fang Shi Fang Quan Zheng Lang Zi Nos. 201209286 to 201209292, 201209295 to 201209302 and 201209305 to 201209313, the building ownership rights of various buildings of the Development with a total gross floor area of 126,394.89 sq.m. are vested in Langfang Hongsheng for workshop, dormitory, composite and basement uses respectively.

As advised by the Group, the property only comprises portion of the buildings with a total gross floor area of approximately 103,972.33 sq.m. as stated in the above-mentioned certificates while the remaining portion is occupied by Phase 1 of the Development.

3. We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
  - i. the property is subject to mortgages;
  - ii. Langfang Hongsheng has legally obtained the land use rights and building ownership rights of the property as stated in the above-mentioned title documents; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title documents.
4. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The monthly unit rents of these market comparables are in a range between RMB28 to 32 per sq.m. for industrial units, RMB19 to 25 per sq.m. for residential units and RMB27 to 47 per sq.m. for office units. Due adjustments to the unit rents of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.
5. The property has also been valued by us on 19 August 2022 for accounting purpose and the market value was RMB463,000,000 as at 30 June 2022.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022
3.	Chengxiang Building (城鄉大廈), No. 66 Xinhua Road, Guangyang District, Langfang, Hebei Province, PRC	<p>Chengxiang Building is a 12-storey office building plus a basement erected on a parcel of land with a site area of approximately 2,235.95 sq.m.</p> <p>The property is situated on the southwestern side of the intersection between Jiefang Road and Xinhua Road in Guangyang District of Langfang. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 5-minute drive from the property to the city center of Langfang.</p> <p>According to the information provided by the Group, the property has a total gross floor area of approximately 11,365.00 sq.m.</p> <p>As advised by the Group, the property was completed in 2004.</p> <p>The land use rights of the property have been granted for a term expiring in September 2045 for commercial and residential uses respectively.</p>	<p>As at the valuation date, the property was subject to a tenancy for a term due to expire on 9 June 2026 at a monthly rental of approximately RMB480,000.</p>	<p>RMB103,100,000 (Renminbi One Hundred Three Million and One Hundred Thousand)</p> <p>(100% interest attributable to the Group: RMB103,100,000 (Renminbi One Hundred Three Million and One Hundred Thousand)</p> <p>or equivalent to: HK\$117,534,000 (Hong Kong Dollars One Hundred Seventeen Million Five Hundred and Thirty Four Thousand)</p> <p>(100% interest attributable to the Group: HK\$117,534,000 (Hong Kong Dollars One Hundred Seventeen Million Five Hundred and Thirty Four Thousand))</p>

*Notes:*

- Pursuant to the Land Use Rights Certificate – Lang Guo Yong (1995) Zi No. 00688, the land use rights of a parcel of land of the property with a site area of 2,235.95 sq.m. have been granted to Langfang City Property Development Co., Ltd. (廊坊市中心區房地產開發有限公司) (“Langfang City Property”), which is a wholly-owned subsidiary of the Company, for a term expiring in September 2045 for commercial and residential uses respectively.
- Pursuant to the Building Ownership Certificate – Lang Fang Shi Fang Quan Zheng Zi No. C4074, the building ownership rights of the property with a gross floor area of 11,365.00 sq.m. are vested in Langfang City Property for office use.

3. We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal adviser, which contains, inter alias, the following information:
  - i. the property is subject to a mortgage;
  - ii. Langfang City Property has legally obtained the land use rights and building ownership rights of the property as stated in the above-mentioned title documents; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title documents.
4. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The monthly unit rents of these market comparables are in a range between RMB36 to 75 per sq.m. for office units. Due adjustments to the unit rents of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.
5. The property has also been valued by us on 19 August 2022 for accounting purpose and the market value was RMB103,100,000 as at 30 June 2022.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022
4.	Jinyue Building (金悦酒樓), Northwestern corner of the junction of Heping Road and Guangyang Road, Guangyang District, Langfang, Hebei Province, PRC	<p>Jinyue Building is a 3-storey commercial building plus a basement erected on a parcel of land with a site area of approximately 21,104.44 sq.m.</p> <p>The property is situated on the northwestern side of the intersection between Heping Road and Guangyang Road in Guangyang District of Langfang. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 10-minute drive from the property to the city center of Langfang.</p> <p>According to the information provided by the Group, the property comprises various retail units with a total gross floor area of approximately 2,094.00 sq.m.</p> <p>As advised by the Group, the property was completed in 2002.</p> <p>The land use rights of the property have been granted for a term expiring on 3 April 2072 for residential use.</p>	<p>As at the valuation date, the property was subject to a tenancy for a term due to expire on 30 April 2025 at a monthly rental of approximately RMB90,000.</p>	<p>RMB13,400,000 (Renminbi Thirteen Million and Four Hundred Thousand)</p> <p>(100% interest attributable to the Group: RMB13,400,000 (Renminbi Thirteen Million and Four Hundred Thousand))</p> <p>or equivalent to: HK\$15,276,000 (Hong Kong Dollars Fifteen Million Two Hundred and Seventy Six Thousand)</p> <p>(100% interest attributable to the Group: HK\$15,276,000 (Hong Kong Dollars Fifteen Million Two Hundred and Seventy Six Thousand))</p>

*Notes:*

1. Pursuant to the Land Use Rights Certificate – Lang Guo Yong (2002) Zi No. 00750, the land use rights of a parcel of land of the property with a site area of 21,104.44 sq.m. have been granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) (“Langfang City Property”), which is a wholly-owned subsidiary of the Company, for a term expiring on 3 April 2072 for residential use.
2. Pursuant to the Building Ownership Certificate – Lang Fang Shi Fang Quan Zheng Lang Zi No. 201500707, the building ownership rights of the property with a gross floor area of 2,094.00 sq.m. are vested in Langfang City Property.
3. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
  - i. the property is subject to a mortgage;
  - ii. Langfang City Property has legally obtained the land use rights and building ownership rights of the property as stated in the above-mentioned title documents; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title documents.
4. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The monthly unit rents of these market comparables are in a range between RMB40 to 57 per sq.m. for retail units. Due adjustments to the unit rents of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.
5. The property has also been valued by us on 19 August 2022 for accounting purpose and the market value was RMB13,400,000 as at 30 June 2022.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022
5.	Tianfu Center (天賦中心), South of South Outer Ring, North of Longhe, East of Yinhe Road and west of Changfu Road, Longhe Park, Anci District, Langfang, Hebei Province, PRC	<p>Tianfu Center is a 4-storey commercial building erected on a parcel of land with a site area of approximately 8,632.51 sq.m.</p> <p>The property is situated on the southern side of Nanlong Road in Anci District of Langfang. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 20-minute drive from the property to the city center of Langfang.</p> <p>According to the information provided by the Group, the property comprises various commercial units with a total gross floor area of approximately 8,895.33 sq.m.</p> <p>As advised by the Group, the property was completed in 2012.</p> <p>The land use rights of the property have been granted for a term expiring on 31 March 2050 for commercial finance use.</p>	<p>As at the valuation date, the property was subject to a tenancy for a term due to expire on 30 April 2032 at a monthly rental of approximately RMB290,000.</p>	<p>RMB68,200,000 (Renminbi Sixty Eight Million and Two Hundred Thousand)</p> <p>(100% interest attributable to the Group: RMB68,200,000 (Renminbi Sixty Eight Million and Two Hundred Thousand))</p> <p>or equivalent to: HK\$77,748,000 (Hong Kong Dollars Seventy Seven Million Seven Hundred and Forty Eight Thousand)</p> <p>(100% interest attributable to the Group: HK\$77,748,000 (Hong Kong Dollars Seventy Seven Million Seven Hundred and Forty Eight Thousand))</p>

*Notes:*

1. Pursuant to the Land Use Rights Certificate – Lang An Guo Yong (2014) No. 00004, the land use rights of a parcel of land of the property with a site area of 8,632.51 sq.m. have been granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) (“Langfang City Property”), which is a wholly-owned subsidiary of the Company, for a term expiring on 31 March 2050 for commercial finance use.
2. Pursuant to the Building Ownership Certificate – Lang Fang Shi Fang Quan Zheng Lang Zi No. 201507898, the building ownership rights of the property with a gross floor area of 8,895.33 sq m are vested in Langfang City Property for commercial use.
3. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
  - i. the property is subject to a mortgage;
  - ii. Langfang City Property has legally obtained the land use rights and building ownership rights of the property as stated in the above-mentioned title documents; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title documents.

4. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The monthly unit rents of these market comparables are in a range between RMB45 to 58 per sq.m. for retail units. Due adjustments to the unit rents of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.
5. The property has also been valued by us on 19 August 2022 for accounting purpose and the market value was RMB68,200,000 as at 30 June 2022.



## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022
6.	Meishu Complex (美樹綜合樓) South of Yunpeng Road and east of Jinyun Road, Langfang Economic and Technological Development Zone, Guangyang District, Langfang, Hebei Province, PRC	<p>Meishu Complex is a 6-storey multi-functional building erected on a parcel of land with a site area of approximately 4,143.20 sq.m.</p> <p>The property is situated on the south of Yunpeng Road and east of Jinyun Road in Guangyang District of Langfang. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 20-minute drive from the property to the city center of Langfang.</p> <p>According to the information provided by the Group, the property comprises a multi-functional building with a gross floor area of approximately 9,361.52 sq.m.</p> <p>As advised by the Group, the property was completed in 2008.</p> <p>The land use rights of the property have been granted for a term expiring on 15 March 2044 for commercial service use.</p>	As at the valuation date, the property was vacant.	<p>RMB53,200,000 (Renminbi Fifty Three Million and Two Hundred Thousand)</p> <p>(100% interest attributable to the Group: RMB53,200,000 (Renminbi Fifty Three Million and Two Hundred Thousand))</p> <p>or equivalent to: HK\$60,648,000 (Hong Kong Dollars Sixty Million Six Hundred and Forty Eight Thousand)</p> <p>(100% interest attributable to the Group: HK\$60,648,000 (Hong Kong Dollars Sixty Million Six Hundred and Forty Eight Thousand))</p>

*Notes:*

1. Pursuant to the Land Use Rights Certificate – Lang Kai Guo Yong (2010) No. 029, the land use rights of the property with a site area of 4,143.20 sq.m. have been granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) (“Langfang City Property”), which is a wholly-owned subsidiary of the Company, for a term expiring on 15 March 2044 for commercial service use.
2. Pursuant to the Building Ownership Certificate – Lang Fang Shi Fang Quan Zheng Lang Kai Zi No. H5074, the building ownership rights of the property with a gross floor area of 9,361.52 sq.m. are vested in Langfang City Property.
3. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
  - i. the property is subject to a mortgage;
  - ii. Langfang City Property has legally obtained the land use rights and building ownership rights of the property as stated in the above-mentioned title documents; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title documents.

4. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The monthly unit rents of these market comparables are in a range between RMB40 to 49 per sq.m. for retail units. Due adjustments to the unit rents of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.
5. The property has also been valued by us on 19 August 2022 for accounting purpose and the market value was RMB53,200,000 as at 30 June 2022.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022
7.	Fuao Data Center (富奧數據中心), No. 80 Yunqi Street, Longhe Park, Anci District, Langfang, Hebei Province, PRC	<p>Fuao Data Center comprises two 3-storey industrial buildings erected on a parcel of land with a site area of approximately 23,024.43 sq.m.</p> <p>The property is situated on the northeastern side of Fuwen Road in Anci District of Langfang. Developments in the vicinity are dominated by various industrial buildings. It takes about a 25-minute drive from the property to the city center of Langfang.</p> <p>According to the information provided by the Group, the property has a total gross floor area of approximately 13,732.55 sq.m.</p> <p>As advised by the Group, the property was completed in 2019.</p> <p>The land use rights of the property have been granted for a term expiring on 24 April 2065 for industrial use.</p>	<p>As at the valuation date, the property was subject to a tenancy due to expire on 22 November 2039 at a monthly rental of approximately RMB380,000.</p>	<p>RMB85,000,000 (Renminbi Eighty Five Million)</p> <p>(100% interest attributable to the Group: RMB85,000,000 (Renminbi Eighty Five Million))</p> <p>or equivalent to: HK\$96,900,000 (Hong Kong Dollars Ninety Six Million and Nine Hundred Thousand)</p> <p>(100% interest attributable to the Group: HK\$96,900,000 (Hong Kong Dollars Ninety Six Million and Nine Hundred Thousand))</p>

*Notes:*

1. Pursuant to the Building Ownership Certificate – Ji (2019) Lang Fang Shi Bu Dong Chan Quan No. 0058650, the building ownership rights of the property with a gross floor area of 13,732.55 sq.m. together with its corresponding land use rights with a site area of 23,024.43 sq.m. have been granted to Langfang Guowen Fuao Auto Parts Co., Ltd. (廊坊國文富奧汽車部件有限公司) (“Guowen Fuao”), which is a wholly-owned subsidiary of the Company, for a term expiring on 24 April 2065 for industrial use.
2. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
  - i. the property is subject to a mortgage;
  - ii. Guowen Fuao has legally obtained the land use rights and building ownership rights of the property as stated in the above-mentioned title document; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title document.
3. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The monthly unit rents of these market comparables are in a range between RMB28 to 35 per sq.m. for industrial units. Due adjustments to the unit rents of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.
4. The property has also been valued by us on 19 August 2022 for accounting purpose and the market value was RMB85,000,000 as at 30 June 2022.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022
8.	Bangte Environmental Protection Data Center (邦特環保數據中心), No. 159 Fukang Road, Longhe Park, Anci District, Langfang, Hebei Province, PRC	<p>Bangte Environmental Protection Data Center comprises two 2-storey industrial buildings and a 5-storey office building erected on a parcel of land with a site area of approximately 13,338.00 sq.m.</p> <p>The property is situated on the southwestern side of Fukang Road in Anci District of Langfang. Developments in the vicinity are dominated by various industrial buildings. It takes about a 25-minute drive from the property to the city center of Langfang.</p> <p>According to the information provided by the Group, the property has a total gross floor area of approximately 13,602.93 sq.m.</p> <p>As advised by the Group, the property was completed in 2013.</p> <p>The land use rights of the property have been granted for a term expiring on 15 July 2060 for industrial use.</p>	<p>As at the valuation date, the property was subject to a tenancy due to expire on 11 August 2040 at a monthly rental of approximately RMB530,000.</p>	<p>RMB105,500,000 (Renminbi One Hundred Five Million and Five Hundred Thousand)</p> <p>(100% interest attributable to the Group: RMB105,500,000 (Renminbi One Hundred Five Million and Five Hundred Thousand))</p> <p>or equivalent to: HK\$120,270,000 (Hong Kong Dollars One Hundred Twenty Million Two Hundred and Seventy Thousand)</p> <p>(100% interest attributable to the Group: HK\$120,270,000 (Hong Kong Dollars One Hundred Twenty Million Two Hundred and Seventy Thousand))</p>

*Notes:*

1. Pursuant to the Building Ownership Certificate – Ji (2020) Lang Fang Shi Bu Dong Chan Quan No. 0040839, the building ownership of the property with a gross floor area of 13,602.93 sq.m. together with its corresponding land use rights with a site area of 13,338.00 sq.m. have been granted to Langfang Bangte Environmental Technology Co., Ltd. (廊坊市邦特環保科技有限公司) (“Langfang Bangte”), which is a wholly-owned subsidiary of the Company, for a term expiring on 15 July 2060 for industrial use.
2. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
  - i. the property is subject to a mortgage;
  - ii. Langfang Bangte has legally obtained the land use rights and building ownership rights of the property as stated in the above-mentioned title document; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title document.

3. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The monthly unit rents of these market comparables are in a range between RMB28 to 35 per sq.m. for industrial units. Due adjustments to the unit rents of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.
4. The property has also been valued by us on 19 August 2022 for accounting purpose and the market value was RMB105,500,000 as at 30 June 2022.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022
9.	Phase 3 of SME Entrepreneurial Base (中小企業創業基地), No. 29 Ruixue Street, Anci District, Langfang, Hebei Province, PRC	SME Entrepreneurial Base (the “Development”) is an industrial development being erected on a parcel of land with a site area of approximately 181,500.00 sq.m.  The Development is situated on the southern side of Ruixue Street in Anci District of Langfang. Developments in the vicinity are dominated by various industrial buildings. It takes about a 25-minute drive from the Development to the city center of Langfang.  According to the information provided by the Group, the property will have a total gross floor area of approximately 64,489.00 sq.m. upon completion.  The land use rights of the property have been granted for a term expiring on 12 April 2060 for industrial use.	As at the valuation date, the property was vacant land.	RMB41,700,000 (Renminbi Forty One Million and Seven Hundred Thousand)  (100% interest attributable to the Group: RMB41,700,000 (Renminbi Forty One Million and Seven Hundred Thousand))  or equivalent to: HK\$47,538,000 (Hong Kong Dollars Forty Seven Million Five Hundred and Thirty Eight Thousand)  (100% interest attributable to the Group: HK\$47,538,000 (Hong Kong Dollars Forty Seven Million Five Hundred and Thirty Eight Thousand))

*Notes:*

- Pursuant to the Land Use Rights Certificate – Lang An Guo Yong (2010) No. 00008, the land use rights of a parcel of land of the Development with a site area of 181,500.00 sq.m. have been granted to Langfang Hongsheng Property Development Co., Ltd. (廊坊市宏盛房地產開發有限公司) (“Langfang Hongsheng”), which is a wholly-owned subsidiary of the Company, for a term expiring on 12 April 2060 for industrial use.

As advised by the Group, the property only comprises portion of the land parcel with a site area of approximately 64,193.29 sq.m. as stated in the above-mentioned certificate while the remaining portions are occupied by Phases 1 and 2 of the Development.

- Pursuant to the Construction Land Planning Permit – Di Zi No. 131002201000001, Langfang Hongsheng was permitted to use a parcel of land of the Development with a site area of 181,500.00 sq.m. for industrial development.

As advised by the Group, the property only comprises portion of the land parcel with a site area of approximately 64,193.29 sq.m. as stated in the above-mentioned permit while the remaining portion are occupied by Phases 1 and 2 of the Development.

3. We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal adviser, which contains, inter alias, the following information:
  - i. the property is subject to a mortgage;
  - ii. Langfang Hongsheng has legally obtained the land use rights of the property as stated in the above-mentioned title document; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title document.
4. In undertaking our valuation of the property, we have made reference to various industrial land sales transactions which have characteristics comparable to the property. The land values of the comparables are in a range from RMB680 to RMB700/sq.m. Due adjustments to the land values of these transactions have been made to reflect factors including but not limited to plot ratio, land use term, accessibility, surrounding environment, location, use, site area and time in arriving at key assumptions.
5. The property has also been valued by us on 19 August 2022 for accounting purpose and the market value was RMB41,700,000 as at 30 June 2022.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022								
10.	A multi-functional building of Longhe Era (龍河時代), North of Ruixue Road, West of Huiming Road, South of Longpan Road and east of Fuyuan Road, Anci District, Langfang, Hebei Province, PRC	<p>Longhe Era (the "Development") is a commercial development being erected on a parcel of land with a site area of approximately 28,043.03 sq.m.</p> <p>The Development is situated on the north of Ruixue Road, west of Huiming Road, south of Longpan Road and east of Fuyuan Road in Anci District of Langfang. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 30-minute drive from the Development to the city center of Langfang.</p> <p>According to the information provided by the Group, the property will have a total gross floor area of approximately 4,612.84 sq.m. upon completion. Details of the uses and approximate gross floor areas of the property are as follows:</p>	As at the valuation date, the property was under construction.	<p>RMB58,000,000 (Renminbi Fifty Eight Million)</p> <p>(100% interest attributable to the Group: RMB58,000,000 (Renminbi Fifty Eight Million))</p> <p>or equivalent to: HK\$66,120,000 (Hong Kong Dollars Sixty Six Million One Hundred and Twenty Thousand)</p> <p>(100% interest attributable to the Group: HK\$66,120,000 (Hong Kong Dollars Sixty Six Million One Hundred and Twenty Thousand))</p> <p>(refer to <i>Note 11</i>)</p>								
		<table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Multi-functional Building</td> <td>4,354.33</td> </tr> <tr> <td>Other Ancillary Facilities</td> <td>258.51</td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>4,612.84</u></b></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area (sq.m.)	Multi-functional Building	4,354.33	Other Ancillary Facilities	258.51	<b>Total:</b>	<b><u>4,612.84</u></b>		
Use	Approximate Gross Floor Area (sq.m.)											
Multi-functional Building	4,354.33											
Other Ancillary Facilities	258.51											
<b>Total:</b>	<b><u>4,612.84</u></b>											
		<p>As advised by the Group, the construction of the property was commenced in April 2022 and is scheduled for completion in December 2022.</p> <p>The land use rights of the property have been granted for a term expiring on 2 March 2062 for entertainment, wholesale, retail, catering, commercial finance and hotel uses respectively.</p>										



*Notes:*

1. Pursuant to the Land Use Rights Grant Contract – No. C13100220220002, the land use rights of a parcel of land of the Development with a site area of 28,043.03 sq.m. have been granted to Langfang Vast Zhanyao Property Development Co., Ltd. (廊坊宏泰展耀房地產發展有限公司) (“Langfang Vast Zhanyao”), which is a wholly-owned subsidiary of the Company, for a term of 40 years for retail use.  
  
As advised by the Group, the property only comprises portion of the land parcel with a site area of approximately 5,514.80 sq.m. as stated in the above-mentioned contract while the remaining portion with a site area of approximately 22,528.23 sq.m. is occupied by Property No. 11.
2. Pursuant to the Land Use Rights Certificate – Ji (2022) Lang Fang Shi Bu Dong Chan Quan No. 0009907, the land use rights of a parcel of land of the Development with a site area of 28,043.03 sq.m. have been granted to Langfang Vast Zhanyao for a term expiring on 2 March 2062 for entertainment, wholesale, retail, catering, commercial finance and hotel uses respectively.  
  
As advised by the Group, the property only comprises portion of the land parcel with a site area of approximately 5,514.80 sq.m. as stated in the above-mentioned certificate while the remaining portion with a site area of approximately 22,528.23 sq.m. is occupied by Property No. 11.
3. Pursuant to the Construction Land Planning Permit – Di Zi No. 131000202200008, Langfang Vast Zhanyao was permitted to use a parcel of land of the property with a site area of 28,043.03 sq.m. for commercial development.  
  
As advised by the Group, the property only comprises portion of the land parcel with a site area of approximately 5,514.80 sq.m. as stated in the above-mentioned permit while the remaining portion with a site area of approximately 22,528.23 sq.m. is occupied by Property No. 11.
4. As advised by the Group, the total construction cost incurred as at the valuation date was approximately RMB50,200,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB15,900,000. We have taken into account the aforesaid amounts in our valuation.
5. The market value of the property as if completed as at the valuation date is estimated to be RMB81,300,000 (or equivalent to HK\$92,682,000).
6. As advised by the Group, the relevant Construction Work Planning Permit and Construction Work Commencement Permit have not been obtained at the present stage of the construction for the property.
7. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
  - i. the property is subject to a mortgage;
  - ii. Langfang Vast Zhanyao has legally obtained the land use rights of the property as stated in the above-mentioned title document;
  - iii. there is no limitation for selling or leasing out the property as shown in the title document; and
  - iv. in respect of the commencement of construction works for the property without obtaining any construction permits, the risk of being punished by the relevant administrative department is low.
8. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit rates of these comparables are in a range from RMB14,000 to 25,000/sq.m. for retail unit. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.
9. The property has also been valued by us on 19 August 2022 for accounting purpose and the market value, together with Property No. 11, was RMB219,000,000 as at 30 June 2022.
10. The property, which was held under development as at the valuation date and will be held for investment upon completion, is placed into “Group I – Properties held by the Group for investment in the PRC” so as to keep consistent with the Group’s management account.
11. We have ascribed no commercial value to the ancillary facilities of the property with a gross floor area of approximately 258.51 sq.m. as this portion lacks valid title documents.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022
11.	Portions of Longhe Era (龍河時代), North of Ruixue Road, West of Huiming Road, South of Longpan Road and east of Fuyuan Road, Anci District, Langfang, Hebei Province, PRC	Longhe Era (the "Development") is a commercial development being erected on a parcel of land with a site area of approximately 28,043.03 sq.m.  The Development is situated on the north of Ruixue Road, west of Huiming Road, south of Longpan Road and east of Fuyuan Road in Anci District of Langfang. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 30-minute drive from the Development to the city center of Langfang.  According to the information provided by the Group, the property will have a total gross floor area of approximately 79,774.76 sq.m. upon completion.  The land use rights of the property have been granted for a term expiring on 2 March 2062 for entertainment, wholesale, retail, catering, commercial finance and hotel uses respectively.	As at the valuation date, the property was vacant land.	RMB160,000,000 (Renminbi One Hundred and Sixty Million)  (100% interest attributable to the Group: RMB160,000,000 (Renminbi One Hundred and Sixty Million))  or equivalent to: HK\$182,400,000 (Hong Kong Dollars One Hundred Eighty Two Million and Four Hundred Thousand)  (100% interest attributable to the Group: HK\$182,400,000 (Hong Kong Dollars One Hundred Eighty Two Million and Four Hundred Thousand))

*Notes:*

- Pursuant to Land Use Rights Grant Contract – No. C13100220220002, the land use rights of a parcel of land of the Development with a site area of 28,043.03 sq.m. have been granted to Langfang Vast Zhanyao Property Development Co., Ltd. (廊坊宏泰展耀房地產發展有限公司) ("Langfang Vast Zhanyao"), which is a wholly-owned subsidiary of the Company, for a term of 40 years for retail use.

As advised by the Group, the property only comprises portion of the land parcel with a site area of approximately 22,528.23 sq.m. as stated in the above-mentioned contract while the remaining portion with a site area of approximately 5,514.80 sq.m. is occupied by Property No. 10.

- Pursuant to the Land Use Rights Certificate – Ji (2022) Lang Fang Shi Bu Dong Chan Quan No. 0009907, the land use rights of a parcel of land of the Development with a site area of 28,043.03 sq.m. have been granted to Langfang Vast Zhanyao for a term expiring on 2 March 2062 for entertainment, wholesale, retail, catering, commercial finance and hotel uses respectively.

As advised by the Group, the property only comprises portion of the land parcel with a site area of approximately 22,528.23 sq.m. as stated in the above-mentioned certificate while the remaining portion with a site area of approximately 5,514.80 sq.m. is occupied by Property No. 10.

3. Pursuant to the Construction Land Planning Permit – Di Zi No. 131000202200008, Langfang Vast Zhanyao was permitted to use a parcel of land of the property with a site area of 28,043.03 sq.m. for commercial development.  
  
As advised by the Group, the property only comprises portion of the land parcel with a site area of approximately 22,528.23 sq.m. as stated in the above-mentioned permit while the remaining portion with a site area of approximately 5,514.80 sq.m. is occupied by Property No. 10.
4. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
  - i. the property is subject to a mortgage;
  - ii. Langfang Vast Zhanyao has legally obtained the land use rights of the property as stated in the above-mentioned title document; and
  - iii. there is no limitation for selling or leasing out the property as shown in the above-mentioned title document.
5. In undertaking our valuation of the property, we have made reference to various commercial land sales transactions which have characteristics comparable to the property. The accommodation values of the comparables are in a range from RMB2,000 to RMB2,100/sq.m. Due adjustments to the accommodation values of these transactions have been made to reflect factors including but not limited to plot ratio, land use term, accessibility, surrounding environment, location, use, site area and time in arriving at key assumptions.
6. The property has also been valued by us on 19 August 2022 for accounting purpose and the market value, together with Property No. 10, was RMB219,000,000 as at 30 June 2022.
7. The property, which was held for future development as at the valuation date and will be held for investment upon completion, is placed into “Group I – Properties held by the Group for investment in the PRC” so as to keep consistent with the Group’s management account.

## VALUATION REPORT

## Group II – Properties held by the Group for occupation in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022								
12.	Building No. 18 of Mansion No. 1 (壹號公館), Zone 3 of Wangjing East Garden, Chaoyang District, Beijing, PRC	<p>Mansion No. 1 (the “Development”) is an office development completed in 2013.</p> <p>The Development is situated on the south of Wangtong Road and east of Hongtai East 2nd Road in Beijing. Developments in the vicinity are dominated by various residential and office buildings. It takes about a 25-minute drive from the Development to the city center of Beijing.</p> <p>According to the information provided by the Group, the property has a total gross floor area of approximately 4,477.19 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td>3,051.28</td> </tr> <tr> <td>Car Parking Space</td> <td>1,425.91</td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>4,477.19</u></b></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for a term expiring on 18 April 2060 for office and underground car parking uses respectively.</p>	Use	Approximate Gross Floor Area (sq.m.)	Office	3,051.28	Car Parking Space	1,425.91	<b>Total:</b>	<b><u>4,477.19</u></b>	As at the valuation date, the property was occupied by the Group for office use.	<p>RMB399,000,000 (Renminbi Three Hundred and Ninety Nine Million)</p> <p>(100% interest attributable to the Group: RMB399,000,000 (Renminbi Three Hundred and Ninety Nine Million))</p> <p>or equivalent to: HK\$454,860,000 (Hong Kong Dollars Four Hundred Fifty Four Million Eight Hundred and Sixty Thousand)</p> <p>(100% interest attributable to the Group: HK\$454,860,000 (Hong Kong Dollars Four Hundred Fifty Four Million Eight Hundred and Sixty Thousand))</p>
Use	Approximate Gross Floor Area (sq.m.)											
Office	3,051.28											
Car Parking Space	1,425.91											
<b>Total:</b>	<b><u>4,477.19</u></b>											

*Notes:*

1. Pursuant to five Building Ownership Certificates – Jing (2018) Chao Bu Dong Chan Quan Nos. 0010324, 0010349, 0011677, 0011689 and 0011703, the building ownership rights of the property with a total gross floor area of 4,477.19 sq.m. together with its corresponding land use rights are vested in Langfang City Property Development Co., Ltd. (“Langfang City Property”), which is a wholly-owned subsidiary of the Company, for a term expiring on 18 April 2060 for office and underground car parking uses respectively.
2. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
  - i. the property is subject to a mortgage;
  - ii. Langfang City Property has legally obtained the building ownership rights of the property as stated in the above-mentioned title documents; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title documents.
3. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit rates of these comparables are in a range from RMB82,000 to 98,000/sq.m. for office units. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022
13.	Shijiazhuang International Aviation Engineering Center (石家莊國際航空工程中心), No. 100 Zhongxing Avenue, Luancheng District, Shijiazhuang, Hebei Province, PRC	Shijiazhuang International Aviation Engineering Center is an exhibition complex erected on a parcel of land with a site area of approximately 46,242.87 sq.m.  The property is situated on the southern side of Hengjing Road in Luancheng District of Shijiazhuang. It takes about a 40-minute drive from the property to the city center of Shijiazhuang.  According to the information provided by the Group, the property comprises an exhibition center with a gross floor area of approximately 16,911.33 sq.m.  As advised by the Group, the property was completed in 2020.  The land use rights of the property have been granted for a term expiring on 17 November 2069 for cultural, sports and entertainment uses respectively.	As at the valuation date, the property was occupied by the Group for exhibition use.	RMB245,000,000 (Renminbi Two Hundred and Forty Five Million)  (100% interest attributable to the Group: RMB245,000,000 (Renminbi Two Hundred and Forty Five Million))  or equivalent to: HK\$279,300,000 (Hong Kong Dollars Two Hundred Seventy Nine Million and Three Hundred Thousand)  (100% interest attributable to the Group: HK\$279,300,000 (Hong Kong Dollars Two Hundred Seventy Nine Million and Three Hundred Thousand))

*Notes:*

1. Pursuant to the Land Use Rights Grant Contract – Shi Luan Guo Rang (He) Zi (2019) No. 27, the land use rights of a parcel of land of the property with a site area of 46,242.82 sq.m. have been granted to Shijiazhuang Shengxin Weichuang Construction Development Co., Ltd. (石家莊市盛鑫偉創建設發展有限公司) (“Shengxin Weichuang”), which is a wholly-owned subsidiary of the Company, for a term of 50 years for cultural use at a land grant fee of RMB34,600,000.
2. Pursuant to the Land Use Rights Certificate – Ji (2019) Luan Cheng Qu Bu Dong Chan Quan No. 0002450, the land use rights of a parcel of land of the property with a site area of 46,242.87 sq.m. have been granted to Shengxin Weichuang for a term expiring on 17 November 2069 for cultural, sports and entertainment uses respectively.
3. Pursuant to the Building Ownership Certificate – Ji (2020) Luan Cheng Qu Bu Dong Chan Quan No. 0006125, the building ownership rights of the property with a gross floor area of 16,911.33 sq.m. are vested in Shengxin Weichuang.
4. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
  - i. the property is subject to a mortgage;
  - ii. Shengxin Weichuang has legally obtained the land use rights and building ownership rights of the property as stated in the above-mentioned title documents; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title documents.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022										
14.	Wuhan Vast International Aeronautical Engineering Center (武漢宏泰國際航空工程中心), East of Tonghang Avenue, Shamao Street, Hannan District, Wuhan, Hubei Province, PRC	<p>Wuhan Vast International Aeronautical Engineering Center is an aviation supporting facility erected on a parcel of land with a site area of approximately 48,099.76 sq.m.</p> <p>The property is situated on the eastern side of Tonghang Avenue in Hannan District of Wuhan. Developments in the vicinity are dominated by various industrial buildings. It takes about an hour's drive from the property to the city center of Wuhan.</p> <p>According to the information provided by the Group, the property has a total gross floor area of approximately 39,149.13 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:</p>	As at the valuation date, the property was occupied by the Group for aviation supporting use.	<p>RMB305,000,000 (Renminbi Three Hundred and Five Million)</p> <p>(100% interest attributable to the Group: RMB305,000,000 (Renminbi Three Hundred and Five Million))</p> <p>or equivalent to: HK\$347,700,000 (Hong Kong Dollars Three Hundred Forty Three Million and Seven Hundred Thousand)</p> <p>(100% interest attributable to the Group: HK\$347,700,000 (Hong Kong Dollars Three Hundred Forty Three Million and Seven Hundred Thousand))</p>										
		<table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Aircraft Warehouse</td> <td>29,612.47</td> </tr> <tr> <td>Exhibition Center</td> <td>9,253.23</td> </tr> <tr> <td>Ancillary</td> <td>283.43</td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>39,149.13</u></b></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area (sq.m.)	Aircraft Warehouse	29,612.47	Exhibition Center	9,253.23	Ancillary	283.43	<b>Total:</b>	<b><u>39,149.13</u></b>		
Use	Approximate Gross Floor Area (sq.m.)													
Aircraft Warehouse	29,612.47													
Exhibition Center	9,253.23													
Ancillary	283.43													
<b>Total:</b>	<b><u>39,149.13</u></b>													

As advised by the Group, the property was completed in 2018.

The land use rights of the property have been granted for a term expiring on 24 September 2067 for airport use.

*Notes:*

1. Pursuant to the Land Use Rights Grant Contract – E WH (HN Xie Yi Chu Rang) 2017-108, the land use rights of a parcel of land of the property with a site area of 48,099.76 sq.m. have been granted to Wuhan Vast Zhanyao Aviation Investment Co., Ltd. (武漢宏泰展耀航空投資有限公司) (“Wuhan Vast Zhanyao”), which is a wholly-owned subsidiary of the Company, for a term of 50 years for airport use at a land grant fee of RMB54,112,500.
2. Pursuant to the Building Ownership Certificate – E (2018) Wu Han Shi Han Nan Bu Dong Chan Quan No. 0003732, the building ownership rights of the property with a gross floor area of 39,149.13 sq.m. together with its corresponding land use rights with a site area of 48,099.76 sq.m. are vested in Wuhan Vast Zhanyao.
3. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
  - i. the property is subject to a mortgage;
  - ii. Wuhan Vast Zhanyao has legally obtained the land use rights and building ownership rights of the property as stated in the above-mentioned title documents; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title documents.



## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022
15.	Room 313, Block B, Xiyuan, No. 109 Yuhua West Road, Qiaoxi District, Shijiazhuang, Hebei Province, PRC	<p>Xiyuan (the “Development”) is a composite development erected on a parcel of land with a site area of approximately 7,088.85 sq.m.</p> <p>The Development is situated on the northwestern side of the intersection between Yuhua West Road and Chengjiao Street in Qiaoxi District of Shijiazhuang. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 20-minute drive from the Development to the city center of Shijiazhuang.</p> <p>According to the information provided by the Group, the property comprises an office unit of the Development with a gross floor area of approximately 207.48 sq.m.</p> <p>As advised by the Group, the Development was completed in 2015.</p> <p>The land use rights of the property have been granted for a term expiring on 7 November 2052 for other commercial use.</p>	As at the valuation date, the property was occupied by the Group for office use.	<p>RMB2,700,000 (Renminbi Two Million and Seven Hundred Thousand)</p> <p>(100% interest attributable to the Group: RMB2,700,000 (Renminbi Two Million and Seven Hundred Thousand))</p> <p>or equivalent to: HK\$3,078,000 (Hong Kong Dollars Three Million and Seventy Eight Thousand)</p> <p>(100% interest attributable to the Group: HK\$3,078,000 (Hong Kong Dollars Three Million and Seventy Eight Thousand))</p>

*Notes:*

1. Pursuant to the Building Ownership Certificate – Ji (2018) Shi Jia Zhuang Shi Bu Dong Chan Quan No. 0006190, the building ownership rights of the property with a gross floor area of 207.48 sq.m. together with its corresponding land use rights are vested in Shijiazhuang Gaocheng Vast Urban Development Co., Ltd. (石家莊市橋城宏泰產業市鎮發展有限公司) (“Shijiazhuang Gaocheng”), which is a wholly-owned subsidiary of the Company, for a term expiring on 7 November 2052 for other commercial use.
2. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
  - i. the property is not subject to any mortgage;
  - ii. Shijiazhuang Gaocheng has legally obtained the building ownership rights of the property as stated in the above-mentioned title document; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title document.
3. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit rates of these comparables are in a range from RMB11,000 to 14,000/sq.m. for office units. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.

## VALUATION REPORT

## Group III – Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022																
16.	Portions of Phases 1 and 2 of Foxconn City (富士康城), No. 39 Fukang Road, Anci District, Langfang, Hebei Province, PRC	<p>Foxconn City (the “Development”) is a composite development being erected on a parcel of land with a site area of approximately 126,545.00 sq.m.</p> <p>The Development is situated on the southwestern side of the intersection between Fukang Road and Longteng Road in Anci District of Langfang. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 20-minute drive from the Development to the city center of Langfang.</p> <p>According to the information provided by the Group, the property has a total gross floor area of approximately 24,284.33 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:</p> <p><u>Phases 1 and 2</u></p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>183.00</td> </tr> <tr> <td>Serviced Apartment</td> <td>1,919.83</td> </tr> <tr> <td>Policy-related Housing</td> <td>692.16</td> </tr> <tr> <td>Retail</td> <td>7,071.43</td> </tr> <tr> <td>Car Parking Space</td> <td>8,711.75</td> </tr> <tr> <td>Ancillary Facilities</td> <td>5,706.16</td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>24,284.33</u></b></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area (sq.m.)	Residential	183.00	Serviced Apartment	1,919.83	Policy-related Housing	692.16	Retail	7,071.43	Car Parking Space	8,711.75	Ancillary Facilities	5,706.16	<b>Total:</b>	<b><u>24,284.33</u></b>	As at the valuation date, the property was vacant.	<p>RMB72,800,000 (Renminbi Seventy Two Million and Eight Hundred Thousand)</p> <p>(100% interest attributable to the Group: RMB72,800,000 (Renminbi Seventy Two Million and Eight Hundred Thousand))</p> <p>or equivalent to: HK\$82,992,000 (Hong Kong Dollars Eighty Two Million Nine Hundred and Ninety Two Thousand)</p> <p>(100% interest attributable to the Group: HK\$82,992,000 (Hong Kong Dollars Eighty Two Million Nine Hundred and Ninety Two Thousand))</p> <p>(refer to Note 8)</p>
Use	Approximate Gross Floor Area (sq.m.)																			
Residential	183.00																			
Serviced Apartment	1,919.83																			
Policy-related Housing	692.16																			
Retail	7,071.43																			
Car Parking Space	8,711.75																			
Ancillary Facilities	5,706.16																			
<b>Total:</b>	<b><u>24,284.33</u></b>																			
		<p>As advised by the Group, Phases 1 and 2 of the Development were completed in stages between 2012 and 2018 respectively.</p> <p>The land use rights of the property have been granted for a term expiring on 3 February 2081 for residential use.</p>																		

*Notes:*

1. Pursuant to the Land Use Rights Certificates – Lang An Guo Yong (2011) No. 00004, the land use rights of a parcel of land of the Development with a site area of 126,545.00 sq.m. have been granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) (“Langfang City Property”), which is a wholly-owned subsidiary of the Company, for a term expiring on 3 February 2081 for residential use.
2. Pursuant to 17 Completion Certificates, the construction works of various buildings of the Development with a total gross floor area of 186,068.94 sq.m. have been examined and such examination has been recorded.  
  
As advised by the Group, the property only comprises portion of the buildings with a total gross floor area of approximately 24,284.33 sq.m. as stated in the above-mentioned certificates while the remaining portions have already been sold out.
3. Pursuant to three Building Ownership Certificates – Lang Fang Shi Fang Quan Zheng Lang Zi Nos. 201206599 and 201206600 and Ji (2021) Lang Fang Shi Bu Dong Chan Quan No. 0017989, the building ownership rights of various buildings of the Development with a total gross floor area of 17,989.45 sq.m. are vested in Langfang City Property.  
  
As advised by the Group, the property only comprises portion of the buildings with a total gross floor area of approximately 1,598.03 sq.m. as stated in the above-mentioned certificates while the remaining portion has already been sold out.
4. Pursuant to five Real Estate Registration Forms, various buildings of the Development with a total gross floor area of 42,164.18 sq.m. have applied for real estate registration.  
  
As advised by the Group, the property only comprises portion of the buildings with a total gross floor area of approximately 7,501.11 sq.m. as stated in the above-mentioned forms while the remaining portion has already been sold out.
5. As advised by the Group, various residential units with a total gross floor area of 988.59 sq.m. had been pre-sold/subscribed at a total consideration of approximately RMB5,900,000 as at the valuation date. We have taken into account and included the aforesaid amount in our valuation.
6. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
  - i. the property is not subject to any mortgage;
  - ii. Langfang City Property has legally obtained the land use rights and building ownership rights (unsold portion) of the property as stated in the above-mentioned title documents; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title documents.
7. In undertaking our valuation of the property, we have made reference to the sales records of the Development and/or various market comparables of similar developments which have characteristics comparable to the property. The unit rates of these comparables are in a range from RMB8,900 to 11,000/sq.m. for residential units, RMB6,100 to 6,400/sq.m. for apartment units, RMB10,000 to 12,000/sq.m. for retail units (1/F) and RMB1,600 for storerooms. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.
8. We have ascribed no commercial value to the car parking spaces and ancillary facilities of the property with a total gross floor area of approximately 14,417.91 sq.m. as these portions lack valid title documents.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022										
17.	Phase 2 of Chuangye Plaza (創業大廈), No. 39 Nanlong Road, Anci District, Langfang, Hebei Province, PRC	<p>Phase 2 of Chuangye Plaza (the "Development") is a 13-storey office building plus a basement erected on a parcel of land with a site area of approximately 16,840.00 sq.m.</p> <p>The Development is situated on the southwestern side of the intersection between Nanlong Road and Longze Road. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 15-minute drive from the Development to the city center of Langfang.</p> <p>According to the information provided by the Group, the property has a total gross floor area of approximately 23,795.21 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:</p> <p><u>Phase 2</u></p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td>19,447.86</td> </tr> <tr> <td>Car Parking Spaces</td> <td>3,927.21</td> </tr> <tr> <td>Other Ancillary Facilities</td> <td>420.14</td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>23,795.21</u></b></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area (sq.m.)	Office	19,447.86	Car Parking Spaces	3,927.21	Other Ancillary Facilities	420.14	<b>Total:</b>	<b><u>23,795.21</u></b>	<p>As at the valuation date, portions of the property with a total gross floor area of approximately 6,481.88 sq.m. were subject to various tenancies with the latest one due to expire on 29 June 2024 at a total monthly rental of approximately RMB230,000 whilst the remaining portion of the property was vacant.</p>	<p>RMB147,000,000 (Renminbi One Hundred and Forty Seven Million)</p> <p>(100% interest attributable to the Group: RMB147,000,000 (Renminbi One Hundred and Forty Seven Million))</p> <p>or equivalent to: HK\$167,580,000 (Hong Kong Dollars One Hundred Sixty Seven Million Five Hundred and Eighty Thousand)</p> <p>(100% interest attributable to the Group: HK\$167,580,000 (Hong Kong Dollars One Hundred Sixty Seven Million Five Hundred and Eighty Thousand))</p> <p>(refer to Note 5)</p>
Use	Approximate Gross Floor Area (sq.m.)													
Office	19,447.86													
Car Parking Spaces	3,927.21													
Other Ancillary Facilities	420.14													
<b>Total:</b>	<b><u>23,795.21</u></b>													

As advised by the Group, the Development was completed in 2015.

The land use rights of the property have been granted for a term expiring on 15 April 2052 for commercial finance use.

*Notes:*

1. Pursuant to the Land Use Rights Certificate – Lang An Guo Yong (2012) No. 00028, the land use rights of a parcel of land of the Development with a site area of 16,840.00 sq.m. have been granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) (“Langfang City Property”), which is a wholly-owned subsidiary of the Company, for a term expiring on 15 April 2052 for commercial finance use.
2. Pursuant to the Building Ownership Certificate – Lang Fang Shi Fang Quan Zheng Lang Zi Di No. 201621999, the building ownership rights of the Development with a gross floor area of 23,975.89 sq.m. are vested in Langfang City Property.

As advised by the Group, the property only comprises portion of the building with a total gross floor area of approximately 19,447.86 sq.m. as stated in the above-mentioned certificate while the remaining portion has already been sold out.

3. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
  - i. the property is subject to a mortgage;
  - ii. Langfang City Property has legally obtained the land use rights and building ownership rights of the property as stated in the above-mentioned title documents; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title documents.
4. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit rates of these comparables are in a range from RMB8,000 to 10,000/sq.m. for office units. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.
5. We have ascribed no commercial value to the car parking spaces and ancillary facilities of the property with a total gross floor area of approximately 4,347.35 sq.m. as these portions lack valid title documents.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022										
18.	Portions of Phases 1 and 2 of Hongtai Longdi (宏泰龍邸), No. 259 South Yinhe Road, Anci District, Langfang, Hebei Province, PRC	<p>Hongtai Longdi (the "Development") is a composite development erected on a parcel of land with a site area of approximately 126,929.00 sq.m.</p> <p>The Development is situated on the southeastern side of the intersection between South Yinhe Road and Longxing First Road in Anci District of Langfang. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 20-minute drive from the Development to the city center of Langfang.</p> <p>According to the information provided by the Group, the property has a total gross floor area of approximately 20,321.23 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:</p>	As at the valuation date, the property was vacant.	<p>RMB3,800,000 (Renminbi Three Million and Eight Hundred Thousand)</p> <p>(100% interest attributable to the Group: RMB3,800,000 (Renminbi Three Million and Eight Hundred Thousand))</p> <p>or equivalent to: HK\$4,332,000 (Hong Kong Dollars Four Million Three Hundred and Thirty Two Thousand)</p> <p>(100% interest attributable to the Group: HK\$4,332,000 (Hong Kong Dollars Four Million Three Hundred and Thirty Two Thousand))</p> <p>(refer to <i>Note 7</i>)</p>										
		<p><u>Phases 1 and 2</u></p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>276.25</td> </tr> <tr> <td>Car Parking Space</td> <td>19,935.60</td> </tr> <tr> <td>Storeroom</td> <td>109.38</td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>20,321.23</u></b></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area (sq.m.)	Retail	276.25	Car Parking Space	19,935.60	Storeroom	109.38	<b>Total:</b>	<b><u>20,321.23</u></b>		
Use	Approximate Gross Floor Area (sq.m.)													
Retail	276.25													
Car Parking Space	19,935.60													
Storeroom	109.38													
<b>Total:</b>	<b><u>20,321.23</u></b>													
		<p>As advised by the Group, Phases 1 and 2 of the Development were completed in stages between 2014 and 2015 respectively.</p> <p>The land use rights of the property have been granted for two concurrent terms expiring on 31 March 2050 for commercial finance use and 31 March 2080 for residential use respectively.</p>												

*Notes:*

1. Pursuant to the Land Use Rights Certificate – Qi (2017) Lang Fang Shi Bu Dong Chan Quan No. 0016755, the land use rights of a parcel of land of the Development with a site area of 126,929.00 sq.m. have been granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) (“Langfang City Property”), which is a wholly-owned subsidiary of the Company, for two concurrent terms expiring on 31 March 2050 for commercial finance use and 31 March 2080 for residential use respectively.
2. Pursuant to 26 Completion Certificates, the construction works of various buildings of the Development with a total gross floor area of 348,141.98 sq.m. have been examined and such examination has been recorded.  
  
As advised by the Group, the property only comprises portion of the buildings with a total gross floor area of approximately 20,321.23 sq.m. as stated in the above-mentioned certificates while the remaining portion has already been sold out.
3. Pursuant to four Real Estate Registration Forms, various buildings of the Development with a total gross floor area of 41,182.16 sq.m. has applied for real estate registration.  
  
As advised by the Group, the property only comprises portion of the buildings with a total gross floor area of approximately 731.44 sq.m. as stated in the above-mentioned forms while the remaining portion has already been sold out.
4. As advised by the Group, various car parking spaces with a total gross floor area of 345.81 sq.m. had been pre-sold/subscribed at a total consideration of approximately RMB960,000 as at the valuation date. Due to its lack of title, we have not taken into account the aforesaid amount in our valuation.
5. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
  - i. the property is not subject to any mortgage;
  - ii. Langfang City Property has legally obtained the land use rights and building ownership rights (unsold portion) of the property as stated in the above-mentioned title documents; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title documents.
6. In undertaking our valuation of the property, we have made reference to the sales records of the Development and/or various market comparables of similar developments which have characteristics comparable to the property. The unit rates of these comparables are in a range from RMB12,000 to 19,000/sq.m. for retail units (1/F) and RMB600 to 700/sq.m. for storerooms. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.
7. We have ascribed no commercial value to the car parking spaces of the property with a total gross floor area of approximately 19,935.60 sq.m. as these portions lack valid title documents.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022								
19.	Portions of Phase 1 of Electronic Information Industrial Park in Longhe Park (龍河高新區電子信息產業園), No. 89 Fukang Road, Longhe High-tech Industrial Development Zone, Anci District, Langfang, Hebei Province, PRC	<p>Electronic Information Industrial Park (the "Development") is an industrial development being erected on a parcel of land with a site area of approximately 187,814.75 sq.m.</p> <p>The Development is situated on the southwestern side of Fukang Road and northwestern side of Chunyu Road in Anci District of Langfang. Developments in the vicinity are dominated by various industrial buildings. It takes about a 25-minute drive from the Development to the city center of Langfang.</p> <p>According to the information provided by the Group, the property has a total gross floor area of approximately 24,535.23 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:</p> <p><u>Phase 1</u></p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Workshop</td> <td>22,985.11</td> </tr> <tr> <td>Display Center</td> <td>1,550.12</td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>24,535.23</u></b></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area (sq.m.)	Workshop	22,985.11	Display Center	1,550.12	<b>Total:</b>	<b><u>24,535.23</u></b>	<p>As at the valuation date, portions of the property with a total gross floor area of approximately 1,465.37 sq.m. were subject to various tenancies with the latest one due to expire on 25 August 2024 at a total monthly rental of approximately RMB50,000 whilst the remaining portion of the property was vacant.</p>	<p>RMB160,000,000 (Renminbi One Hundred and Sixty Million)</p> <p>(100% interest attributable to the Group: RMB160,000,000 (Renminbi One Hundred and Sixty Million)</p> <p>or equivalent to: HK\$182,400,000 (Hong Kong Dollars One Hundred Eighty Two Million and Four Hundred Thousand)</p> <p>(100% interest attributable to the Group: HK\$182,400,000 (Hong Kong Dollars One Hundred Eighty Two Million and Four Hundred Thousand))</p> <p>(refer to <i>Note 6</i>)</p>
Use	Approximate Gross Floor Area (sq.m.)											
Workshop	22,985.11											
Display Center	1,550.12											
<b>Total:</b>	<b><u>24,535.23</u></b>											
		<p>As advised by the Group, the property was completed in 2015.</p> <p>The land use rights of the property have been granted for a term expiring on 8 November 2061 for industrial use.</p>										



*Notes:*

1. Pursuant to the Land Use Rights Certificates – Ji (2020) Lang Fang Shi Bu Dong Chan Quan No. 0010075, the land use rights of a parcel of land of the Development with a site area of 187,814.75 sq.m. have been granted to Langfang Vast Zhuoyou Development Co., Ltd. (廊坊宏泰卓優房地產發展有限公司) (“Langfang Vast Zhuoyou”), which is a wholly-owned subsidiary of the Company, for a term expiring on 8 November 2061 for industrial use.
2. Pursuant to 47 Building Ownership Certificates, the building ownership rights of various buildings of the Development with a total gross floor area of 22,985.11 sq.m are vested in Langfang Vast Zhuoyou.  
  
As advised by the Group, the buildings as stated in the above-mentioned certificates only comprise portion of the property while the display center with a gross floor area of approximately 1,550.12 sq.m. has not been included in these Building Ownership Certificates.
3. As advised by the Group, various workshops with a total gross floor area of 1,458.99 sq.m. had been pre-sold/subscribed at a total consideration of approximately RMB11,000,000 as at the valuation date. We have taken into account and included the aforesaid amount in our valuation.
4. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
  - i. the property is subject to a mortgage;
  - ii. Langfang Vast Zhuoyou has legally obtained the land use rights and building ownership rights of the property as stated in the above-mentioned title documents; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title documents.
5. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit rates of these comparables are in a range from RMB6,800 to 7,500/sq.m. for industrial units. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.
6. We have ascribed no commercial value to the display center of the property with a gross floor area of approximately 1,550.12 sq.m. as this portion lacks valid title documents.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022										
20.	Portions of Longhe Park – Talent Home (龍河高新區人才家園), No. 125 Furao Road, Longhe High-tech Industrial Development Zone, Anci District, Langfang, Hebei Province, PRC	<p>Longhe Park – Talent Home is a residential development erected on a parcel of land with a site area of approximately 12,666.00 sq.m.</p> <p>The property is situated on Furao Road in Anci District of Langfang. Developments in the vicinity are dominated by various industrial and residential buildings. It takes about a 25-minute drive from the property to the city center of Langfang.</p> <p>According to the information provided by the Group, the property has a total gross floor area of approximately 22,496.44 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>18,990.72</td> </tr> <tr> <td>Retail</td> <td>1,677.62</td> </tr> <tr> <td>Ancillary</td> <td>1,828.10</td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>22,496.44</u></b></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area (sq.m.)	Residential	18,990.72	Retail	1,677.62	Ancillary	1,828.10	<b>Total:</b>	<b><u>22,496.44</u></b>	<p>As at the valuation date, portions of the property with a total gross floor area of approximately 20,063.07 sq.m. were subject to various tenancies with the latest one due to expire on 30 June 2023 at a total monthly rental of approximately RMB310,000 whilst the remaining portion of the property was vacant.</p>	<p>RMB143,000,000 (Renminbi One Hundred and Forty Three Million)</p> <p>(100% interest attributable to the Group: RMB143,000,000 (Renminbi One Hundred and Forty Three Million))</p> <p>or equivalent to: HK\$163,020,000 (Hong Kong Dollars One Hundred Sixty Three Million and Twenty Thousand)</p> <p>(100% interest attributable to the Group: HK\$163,020,000 (Hong Kong Dollars One Hundred Sixty Three Million and Twenty Thousand))</p> <p>(refer to Note 4)</p>
Use	Approximate Gross Floor Area (sq.m.)													
Residential	18,990.72													
Retail	1,677.62													
Ancillary	1,828.10													
<b>Total:</b>	<b><u>22,496.44</u></b>													

As advised by the Group, the property was completed in stages between 2012 and 2014.

The land use rights of the property have been granted for two concurrent terms expiring on 1 December 2055 for commercial use and 1 December 2085 for residential use respectively.

*Notes:*

1. Pursuant to 432 Building Ownership Certificates, the building ownership rights of various buildings of the Development with a total gross floor area of 20,668.34 sq.m and the corresponding land use rights with a site area of 12,666.02 sq.m. are vested in Langfang Hongxuan Jiayuan Property Development Co., Ltd. (廊坊市宏軒嘉園房地產開發有限公司) (“Langfang Hongxuan”), which is a wholly-owned subsidiary of the Company, for two concurrent terms expiring on 1 December 2055 for commercial use and 1 December 2085 for residential use respectively.

As advised by the Group, the buildings as stated in the above-mentioned certificates only comprise portion of the property while the ancillary area with a total gross floor area of approximately 1,828.10 sq.m. has not been included in these Building Ownership Certificates.

2. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
  - i. the property is subject to a mortgage;
  - ii. Langfang Hongxuan has legally obtained the building ownership rights of the property as stated in the above-mentioned title documents; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title documents.
3. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit rates of these comparables are in a range from RMB8,500 to 9,600/sq.m. for residential units and RMB10,000 to 12,000/sq.m. for retail units (1/F). Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.
4. We have ascribed no commercial value to the ancillary facilities of the property with a gross floor area of approximately 1,828.10 sq.m. as these portions lack valid title documents.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022								
21.	Portions of Zone A of Yihejiayuan (颐和佳苑), No. 300 Xichang Road, Guangyang District, Langfang, Hebei Province, PRC	<p>Yihejiayuan (the "Development") is a composite development erected on a parcel of land with a site area of approximately 4,298.85 sq.m.</p> <p>The Development is situated on the southwestern side of the intersection between Xichang Road and Beifeng Street in Guangyang District of Langfang. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 15-minute drive from the Development to the city center of Langfang.</p> <p>According to the information provided by the Group, the property has a total gross floor area of approximately 4,288.95 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>1,149.30</td> </tr> <tr> <td>Ancillary</td> <td>3,139.65</td> </tr> <tr> <td><b>Total:</b></td> <td><b>4,288.95</b></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area (sq.m.)	Retail	1,149.30	Ancillary	3,139.65	<b>Total:</b>	<b>4,288.95</b>	<p>As at the valuation date, the property was subject to various tenancies with the latest one due to expire on 18 May 2026 at a total monthly rental of approximately RMB30,000.</p>	<p>RMB9,200,000 (Renminbi Nine Million and Two Hundred Thousand)</p> <p>(100% interest attributable to the Group: RMB9,200,000 (Renminbi Nine Million and Two Hundred Thousand))</p> <p>or equivalent to: HK\$10,488,000 (Hong Kong Dollars Ten Million Four Hundred and Eighty Eight Thousand)</p> <p>(100% interest attributable to the Group: HK\$10,488,000 (Hong Kong Dollars Ten Million Four Hundred and Eighty Eight Thousand))</p> <p>(refer to Note 5)</p>
Use	Approximate Gross Floor Area (sq.m.)											
Retail	1,149.30											
Ancillary	3,139.65											
<b>Total:</b>	<b>4,288.95</b>											

As advised by the Group, the Development was completed in 2010.

The land use rights of the property have been granted for a term expiring on 24 March 2054 for wholesale and retail uses respectively.

*Notes:*

1. Pursuant to the Land Use Rights Certificate – Lang Guo Yong (2014) No. 00538, the land use rights of a parcel of land of the Development with a site area of 4,298.85 sq.m. have been granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) (“Langfang City Property”), which is a wholly-owned subsidiary of the Company, for a term expiring on 24 March 2054 for wholesale and retail uses respectively.
2. Pursuant to the Building Ownership Certificate – Lang Fang Shi Fang Quan Zheng Lang Zi No. 201409654, the building ownership rights of various buildings of the Development with a total gross floor area of 1,149.30 sq.m are vested in Langfang City Property.  
  
As advised by the Group, the ancillary area with a total gross floor area of approximately 3,139.65 sq.m. has not been included in these Building Ownership Certificates.
3. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
  - i. the property is not subject to any mortgage;
  - ii. Langfang City Property has legally obtained the land use rights and building ownership rights (unsold portion) of the property as stated in the above-mentioned title documents; and
  - iii. there is no limitation for selling or leasing out the property (except for post office and savings office) as shown in the title documents.
4. In undertaking our valuation of the property, we have made reference to the sales records of the Development and/or various market comparables of similar developments which have characteristics comparable to the property. The unit rates of these comparables are in a range from RMB11,000 to 16,000/sq.m. for retail units (1/F). Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.
5. We have ascribed no commercial value to the ancillary facilities of the property with a total gross floor area of approximately 3,139.65 sq.m. as these portions lack valid title documents.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022								
22.	Portions of Mingren Garden (名人小區), No. 76 Heping Road, Guangyang District, Langfang, Hebei Province, PRC	<p>Mingren Garden (the "Development") is a residential development erected on four parcels of land with a total site area of approximately 29,129.82 sq.m.</p> <p>The Development is situated on the southwestern corner of the intersection between Heping Road and Yongfeng Road in Guangyang District of Langfang. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 10-minute drive from the Development to the city center of Langfang.</p> <p>According to the information provided by the Group, the property has a total gross floor area of approximately 424.18 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:</p>	As at the valuation date, the property was vacant.	<p>RMB3,700,000 (Renminbi Three Million and Seven Hundred Thousand)</p> <p>(100% interest attributable to the Group: RMB3,700,000 (Renminbi Three Million and Seven Hundred Thousand))</p> <p>or equivalent to: HK\$4,218,000 (Hong Kong Dollars Four Million Two Hundred and Eighteen Thousand)</p> <p>(100% interest attributable to the Group: HK\$4,218,000 (Hong Kong Dollars Four Million Two Hundred and Eighteen Thousand))</p> <p>(refer to <i>Note 5</i>)</p>								
		<table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>252.47</td> </tr> <tr> <td>Car Parking Space</td> <td>171.71</td> </tr> <tr> <td><b>Total:</b></td> <td><b>424.18</b></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area (sq.m.)	Residential	252.47	Car Parking Space	171.71	<b>Total:</b>	<b>424.18</b>		
Use	Approximate Gross Floor Area (sq.m.)											
Residential	252.47											
Car Parking Space	171.71											
<b>Total:</b>	<b>424.18</b>											

As advised by the Group, the property was completed in 2011.

The land use rights of the property have been granted for four concurrent terms expiring on 18 August 2034 for commercial use and 31 March 2067, 20 October 2067 and 25 November 2068 for residential use respectively.

*Notes:*

1. Pursuant to five Land Use Rights Certificates – Lang Guo Yong (2008) Nos. 01431 and 01436, Lang Guo Yong (2011) No. 01229, Ji (2017) Lang Fang Shi Bu Dong Chan Quan Nos. 0058717 and 0058722, the land use rights of five parcels of land of the Development with a total site area of 29,129.82 sq.m. have been granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) (“Langfang City Property”), which is a wholly-owned subsidiary of the Company, for five concurrent terms expiring on 18 August 2034 for commercial use and 31 March 2067 and 25 November 2068 for residential use respectively.
2. Pursuant to the Building Ownership Certificate – Lang Fang Shi Fang Quan Zheng Lang Zi No. 201310157, the building ownership rights of various buildings of the Development with a total gross floor area of 8,562.88 sq.m are vested in Langfang City Property.

As advised by the Group, the property only comprises portion of the buildings with a total gross floor area of approximately 252.47 sq.m. as stated in the above-mentioned certificate while the remaining portion has already been sold out. Moreover, the car parking spaces with a total gross floor area of approximately 171.71 sq.m. have not been included in this Building Ownership Certificate.

3. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
  - i. the property is not subject to any mortgage;
  - ii. Langfang City Property has legally obtained the land use rights and building ownership rights (unsold portion) of the property as stated in the above-mentioned title documents; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title documents.
4. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit rates of these comparables are in a range from RMB14,000 to 16,000/sq.m. for residential units. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.
5. We have ascribed no commercial value to the car parking spaces of the property with a total gross floor area of approximately 171.71 sq.m. as these portions lack valid title documents.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022								
23.	Portions of Phases 1 and 2 of Hongtai Meishuguan (宏泰美樹館), No. 28 Huaxiang Road, Development Zone, Guangyang District, Langfang, Hebei Province, PRC	<p>Hongtai Meishuguan (the “Development”) is a composite development erected on four parcels of land with a total site area of approximately 116,595.43 sq.m.</p> <p>The Development is situated on the south of Yunpeng Road and east of Jinyun Road in Guangyang District of Langfang. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 25-minute drive from the Development to the city center of Langfang.</p> <p>According to the information provided by the Group, the property has a total gross floor area of approximately 14,061.55 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:</p> <p><u>Phases 1 and 2</u></p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Car Parking Space</td> <td>12,641.76</td> </tr> <tr> <td>Ancillary Facilities</td> <td>1,419.79</td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>14,061.55</u></b></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area (sq.m.)	Car Parking Space	12,641.76	Ancillary Facilities	1,419.79	<b>Total:</b>	<b><u>14,061.55</u></b>	As at the valuation date, the property was vacant.	No commercial value (refer to <i>Note 4</i> )
Use	Approximate Gross Floor Area (sq.m.)											
Car Parking Space	12,641.76											
Ancillary Facilities	1,419.79											
<b>Total:</b>	<b><u>14,061.55</u></b>											
		<p>As advised by the Group, Phases 1 and 2 of the Development were completed in stages between 2013 and 2018 respectively.</p> <p>The land use rights of the property have been granted for four concurrent terms expiring on 19 July 2050 for commercial use, 15 March 2064 and 31 March 2081 for residential use and 1 April 2061 for street use respectively.</p>										



*Notes:*

1. Pursuant to four Land Use Rights Certificates – Lang Kai Guo Yong (2010) Nos. 051 and 075 and Ji (2018) Lang Fang Kai Fa Qu Bu Dong Chan Quan Nos. 0012953 and 0012954, the land use rights of four parcels of land of the Development with a total site area of 116,595.43 sq.m. have been granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) (“Langfang City Property”), which is a wholly-owned subsidiary of the Company, for four concurrent terms expiring on 19 July 2050 for commercial use, 15 March 2064 and 31 March 2081 for residential use and 1 April 2061 for street use respectively.
2. Pursuant to 38 Completion Certificates, the construction works of various buildings of the Development with a total gross floor area of 241,230.14 sq.m. have been examined and such examination has been recorded.

As advised by the Group, the property only comprises portion of the buildings with a total gross floor area of approximately 14,061.55 sq.m. as stated in the above-mentioned certificates while the remaining portion has already been sold out.

3. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
  - i. the property is not subject to any mortgage;
  - ii. Langfang City Property has legally obtained the land use rights of the property as stated in the above-mentioned title documents; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title documents.
4. We have ascribed no commercial value to the property as the property lacks valid title documents.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022												
24.	Portions of Phase 1 of Chengde Yulong Bay (承德御龍灣), Junction of southwest of Wuwei Road and Siliujing Road, New District, Chengde, Hebei Province, PRC	<p>Chengde Yulong Bay (the "Development") is a composite development being erected on three parcels of land with a total site area of approximately 142,841.00 sq.m.</p> <p>The Development is situated on the northwestern side of Daliu Line in New District of Chengde. Developments in the vicinity are dominated by various residential buildings. It takes about a 30-minute drive from the Development to the city center of Chengde.</p> <p>According to the information provided by the Group, the property has a gross floor area of approximately 6,265.67 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:</p> <p><u>Phase 1</u></p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>370.32</td> </tr> <tr> <td>Retail</td> <td>296.68</td> </tr> <tr> <td>Storeroom</td> <td>33.44</td> </tr> <tr> <td>Car Parking Space</td> <td>5,565.23</td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>6,265.67</u></b></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area (sq.m.)	Residential	370.32	Retail	296.68	Storeroom	33.44	Car Parking Space	5,565.23	<b>Total:</b>	<b><u>6,265.67</u></b>	<p>As at the valuation date, the property was vacant.</p>	<p>RMB19,100,000 (Renminbi Nineteen Million and One Hundred Thousand)</p> <p>(100% interest attributable to the Group: RMB19,100,000 (Renminbi Nineteen Million and One Hundred Thousand))</p> <p>or equivalent to: HK\$21,774,000 (Hong Kong Dollars Twenty One Million Seven Hundred and Seventy Four Thousand)</p> <p>(100% interest attributable to the Group: HK\$21,774,000 (Hong Kong Dollars Twenty One Million Seven Hundred and Seventy Four Thousand))</p>
Use	Approximate Gross Floor Area (sq.m.)															
Residential	370.32															
Retail	296.68															
Storeroom	33.44															
Car Parking Space	5,565.23															
<b>Total:</b>	<b><u>6,265.67</u></b>															

As advised by the Group, the Development was completed in 2014.

The land use rights of the property have been granted for four concurrent terms expiring on 22 April 2050 and 7 July 2050 for commercial use and 22 April 2080 and 7 July 2080 for residential use respectively.

*Notes:*

1. Pursuant to three Land Use Rights Certificates – Cheng Shi Guo Yong (2010) Nos. 183 and 184 and Cheng Shi Guo Yong (2011) No. 007, the land use rights of three parcels of land of the Development with a total site area of 142,841.00 sq.m. have been granted to Chengde Yonglun Real Estate Development Co., Ltd. (承德市永倫房地產開發有限公司) (“Chengde Yonglun”), which is a wholly-owned subsidiary of the Company, for four concurrent terms expiring on 22 April 2050 and 7 July 2050 for commercial use and 22 April 2080 and 7 July 2080 for residential use respectively.

2. Pursuant to nine Completion Certificates, the construction works of various buildings of the Development with a total gross floor area of 158,751.54 sq.m. have been examined and such examination has been recorded.

As advised by the Group, the property only comprises portion of the buildings with a total gross floor area of approximately 6,265.67 sq.m. as stated in the above-mentioned certificates.

3. Pursuant to two Building Ownership Certificates – Ji 2018 Cheng De Shi Bu Dong Chan Quan Nos. 0001929 and 0006017, the building ownership rights of various buildings of the Development with a total gross floor area of 89,420.63 sq.m. are vested in Chengde Yonglun.

As advised by the Group, the property only comprises portion of the buildings with a total gross floor area of approximately 6,265.67 sq.m. as stated in the above-mentioned certificates while the remaining portion has already been sold out.

4. As advised by the Group, various residential units, storerooms and car parking spaces with a total gross floor area of 1,759.01 sq.m. had been pre-sold/subscribed at a total consideration of approximately RMB5,700,000 as at the valuation date. We have taken into account and included the aforesaid amount in our valuation.

5. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:

- i. the property is subject to mortgages;
- ii. Chengde Yonglun has legally obtained the land use rights and building ownership rights (unsold portion) of the property as stated in the above-mentioned title documents; and
- iii. there is no limitation for selling or leasing out the property as shown in the title documents.

6. In undertaking our valuation of the property, we have made reference to the sales records of the Development and/or various market comparables of similar developments which have characteristics comparable to the property. The unit rates of these comparables are in a range from RMB6,600 to 8,600/sq.m. for residential units, RMB8,600 to 12,000/sq.m. for retail units (1/F), RMB1,000 to 2,500/sq.m. for storerooms and RMB100,000/lot for car parking spaces. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022										
25.	Portions of Tanghai Yuehu Bay (唐海悦湖灣), North of Tonggang Reservoir, Qi Nongchang, Caofeidian District, Tangshan, Hebei Province, PRC	<p>Tanghai Yuehu Bay (the "Development") is a commercial development erected on a parcel of land with a site area of approximately 42,246.63 sq.m.</p> <p>The Development is situated on the north of Tonggang Reservoir in Caofeidian District of Tangshan. Developments in the vicinity are dominated by various residential buildings and vacant undeveloped lands. It takes about an hour's drive from the Development to the city center of Tangshan.</p> <p>According to the information provided by the Group, the property has a total gross floor area of approximately 15,733.69 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Villa</td> <td>4,980.00</td> </tr> <tr> <td>Townhouse</td> <td>7,102.38</td> </tr> <tr> <td>Clubhouse</td> <td>3,651.31</td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>15,733.69</u></b></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area (sq.m.)	Villa	4,980.00	Townhouse	7,102.38	Clubhouse	3,651.31	<b>Total:</b>	<b><u>15,733.69</u></b>	As at the valuation date, the property was vacant.	<p>RMB122,000,000 (Renminbi One Hundred and Twenty Two Million)</p> <p>(100% interest attributable to the Group: RMB122,000,000 (Renminbi One Hundred and Twenty Two Million))</p> <p>or equivalent to: HK\$139,080,000 (Hong Kong Dollars One Hundred Thirty Nine Million and Eighty Thousand)</p> <p>(100% interest attributable to the Group: HK\$139,080,000 (Hong Kong Dollars One Hundred Thirty Nine Million and Eighty Thousand))</p>
Use	Approximate Gross Floor Area (sq.m.)													
Villa	4,980.00													
Townhouse	7,102.38													
Clubhouse	3,651.31													
<b>Total:</b>	<b><u>15,733.69</u></b>													

As advised by the Group, the Development was completed in 2021.

The land use rights of the property have been granted for a term expiring on 25 August 2048 for commercial use.

*Notes:*

1. Pursuant to the Land Use Rights Certificate – Tang Hai Guo Yong (2010) Zi No. 0710010144, the land use rights of a parcel of land with a site area of 60,403.99 sq.m. have been granted to Tangshan Zhanyao Property Development Co., Ltd. (唐山展耀房地產開發有限公司) (“Tangshan Zhanyao”), which is a wholly-owned subsidiary of the Company, for a term expiring on 25 August 2048 for commercial use.
2. Pursuant to ten Completion Certificates, the construction works of various buildings of the Development with a total gross floor area of 15,631.79 sq.m. have been examined and such examination has been recorded.
3. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
  - i. the property is subject to mortgages;
  - ii. Tangshan Zhanyao has legally obtained the land use rights of the property as stated in the above-mentioned title document; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title document.
4. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit rates of these comparables are in a range from RMB14,000 to 18,000/sq.m. for villa units, RMB7,300 to 11,000/sq.m. for residential units and RMB6,500 to 8,000/sq.m. for retail units (1/F). Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022
26.	Portions of Phase 1 of Hubei Changjiang Zhihui Port Innovation Startup Base (湖北長江智匯港創新創業基地), East of Wuchu Road and north of Yanghu Road Central West Portion, Ezhou, Hubei Province, PRC	<p>Hubei Changjiang Zhihui Port Innovation Startup Base is an industrial development being erected on a parcel of land with a site area of approximately 71,129.48 sq.m.</p> <p>The property is situated on the east of Wuchu Road and north of Yanghu Road in Ezhou. Developments in the vicinity are dominated by various industrial buildings. It takes about a 30-minute drive from the property to the city center of Ezhou.</p> <p>According to the information provided by the Group, the property comprises various industrial units with a total gross floor area of approximately 23,747.32 sq.m.</p> <p>The land use rights of the property have been granted for a term expiring on 12 December 2067 for industrial use.</p>	As at the valuation date, the property was vacant.	<p>RMB95,000,000 (Renminbi Ninety Five Million)</p> <p>(100% interest attributable to the Group: RMB95,000,000 (Renminbi Ninety Five Million))</p> <p>or equivalent to: HK\$108,300,000 (Hong Kong Dollars One Hundred Eight Million and Three Hundred Thousand)</p> <p>(100% interest attributable to the Group: HK\$108,300,000 (Hong Kong Dollars One Hundred Eight Million and Three Hundred Thousand))</p>

*Notes:*

1. Pursuant to three Land Use Rights Grant Contracts – Nos. 20170021, 20190029 and 20190030, the land use rights of three parcels of land of the property with a total site area of 81,870.00 sq.m. have been granted to Hubei Zhihuigang Technology Incubation Service Co., Ltd. (湖北智匯港科技孵化器有限公司) (“Hubei Zhihuigang”), which is a wholly-owned subsidiary of the Company, for a term of 50 years for industrial use at a total land grant fee of RMB20,080,000.
2. Pursuant to the Land Use Rights Certificate – E (2022) E Zhou Shi Bu Dong Chan Quan No. 0029752, the land use rights of a parcel of land of the property with a site area of 71,129.48 sq.m. have been granted to Hubei Zhihuigang for a term expiring on 12 December 2067 for industrial use.
3. Pursuant to two Completion Certificates, the construction works of the property with a total gross floor area of 23,747.32 sq.m. have been examined and such examination has been recorded.
4. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
  - i. the property is not subject to any mortgage;
  - ii. Hubei Zhihuigang has legally obtained the land use rights of the property as stated in the above-mentioned title document; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title document.
5. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit rates of these comparables are in a range from RMB3,800 to 4,200/sq.m. for industrial units. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022								
27.	Portions of Wuhan Hangyaohong Technology Project (武漢航耀弘科技項目), East of Middle Xingfu Road and south of Xingcheng Avenue, Hannan District, Wuhan, Hubei Province, PRC	<p>Wuhan Hangyaohong Technology Project is an industrial project erected on a parcel of land with a site area of approximately 14,760.46 sq.m.</p> <p>The property is situated on the southeastern side of the intersection between Xingfu Road and Xingcheng Avenue in Hannan District of Wuhan. Developments in the vicinity are dominated by various industrial buildings. It takes about an hour's drive from the property to the city center of Wuhan.</p> <p>According to the information provided by the Group, the property has a total gross floor area of approximately 8,416.72 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:</p> <p><u>Phase 1</u></p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Workshop</td> <td>7,772.19</td> </tr> <tr> <td>Ancillary Facilities</td> <td>644.53</td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>8,416.72</u></b></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area (sq.m.)	Workshop	7,772.19	Ancillary Facilities	644.53	<b>Total:</b>	<b><u>8,416.72</u></b>	<p>As at the valuation date, the property was vacant.</p>	<p>RMB25,100,000 (Renminbi Twenty Five Million and One Hundred Thousand)</p> <p>(100% interest attributable to the Group: RMB25,100,000 (Renminbi Twenty Five Million and One Hundred Thousand))</p> <p>or equivalent to: HK\$28,614,000 (Hong Kong Dollars Twenty Eight Million Six Hundred and Fourteen Thousand)</p> <p>(100% interest attributable to the Group: HK\$28,614,000 (Hong Kong Dollars Twenty Eight Million Six Hundred and Fourteen Thousand))</p> <p>(refer to <i>Note 7</i>)</p>
Use	Approximate Gross Floor Area (sq.m.)											
Workshop	7,772.19											
Ancillary Facilities	644.53											
<b>Total:</b>	<b><u>8,416.72</u></b>											

As advised by the Group, the property was completed in 2021.

The land use rights of the property have been granted for a term expiring on 26 November 2068 for industrial use.

*Notes:*

1. Pursuant to the Land Use Rights Grant Contract – E WH(HN)2018-021, the land use rights of a parcel of land of the property with a site area of 14,760.46 sq.m. have been granted to Wuhan Hangyaohong Technology Service Development Co., Ltd. (武漢航耀弘科技服務發展有限公司) (“Wuhan Hangyaohong”), which is a wholly-owned subsidiary of the Company, for a term of 50 years for industrial use at a land grant fee of RMB5,320,000.
2. Pursuant to the Land Use Rights Certificate – E (2018) Wu Han Shi Han Nan Bu Dong Chan Quan No. 0006832, the land use rights of a parcel of land of the property with a site area of 14,760.46 sq.m. have been granted to Wuhan Hangyaohong for a term expiring on 26 November 2068 for industrial use.
3. Pursuant to four Completion Certificates – Nos.13-0469-19-0027 and 13-0469-19-0027-1 to 13-0469-19-0027-3, the construction works of various buildings of the property with a total gross floor area of 8,449.04 sq.m. have been examined and such examination has been recorded.
4. Pursuant to three Building Ownership Certificates – E (2022) Wu Han Shi Han Nan Bu Dong Chan Quan Nos. 0013090 to 0013092, the building ownership rights of various buildings of the property with a total gross floor area of 7,772.19 sq.m. are vested in Wuhan Hangyaohong.

As advised by the Group, the buildings as stated in the above-mentioned certificates only comprise portions of the property while the ancillary areas have not been included in these Building Ownership Certificates.

5. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
  - i. the property is not subject to any mortgage;
  - ii. Wuhan Hangyaohong has legally obtained the land use rights and building ownership rights of the property as stated in the above-mentioned title documents; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title documents.
6. In undertaking our valuation of the property, we have made reference to the sales records of various market comparables of similar developments which have characteristics comparable to the property. The unit rates of these comparables are in a range from RMB3,500 to 4,300/sq.m. for industrial units. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.
7. We have ascribed no commercial value to the ancillary facilities of the property with a gross floor area of approximately 644.53 sq.m. as this portion lacks valid title documents.



## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022
28.	Langfang Zhanyao Building (廊坊展耀大厦), No. 1 Fukang Road, Longhe High-tech Industrial Development Zone, Anci District, Langfang, Hebei Province, PRC	Langfang Zhanyao Building is an office development erected on a parcel of land with a site area of approximately 9,263.00 sq.m.  The property is situated on the southeastern side of the intersection between Fukang Road and Longteng Road in Anci District of Langfang. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 15-minute drive from the property to the city center of Langfang.  According to the information provided by the Group, the property has a gross floor area of approximately 18,157.95 sq.m.  As advised by the Group, the property was completed in 2020.  The land use rights of the property have been granted for a term expiring on 16 August 2055 for commercial finance use.	As at the valuation date, the property was temporarily provided to the government authority for administration use free of rent. As instructed by the Group, we have valued the property on vacant possession basis.	RMB176,000,000 (Renminbi One Hundred and Seventy Six Million)  (100% interest attributable to the Group: RMB176,000,000 (Renminbi One Hundred and Seventy Six Million)  or equivalent to: HK\$200,640,000 (Hong Kong Dollars Two Hundred Million Six Hundred and Forty Thousand)  (100% interest attributable to the Group: HK\$200,640,000 (Hong Kong Dollars Two Hundred Million Six Hundred and Forty Thousand))

*Notes:*

1. Pursuant to the Building Ownership Certificate – Ji (2020) Lang Fang Shi Bu Dong Chan Quan No. 0032269, the building ownership rights of the property with a gross floor area of 18,157.95 sq.m. together with its corresponding land use rights are vested in Langfang Vast Zhanyao Property Development Co., Ltd. (廊坊宏泰展耀房地產發展有限公司) (“Langfang Vast Zhanyao”), which is a wholly-owned subsidiary of the Company, for a term expiring on 16 August 2055 for commercial finance use.
2. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
  - i. the property is subject to a mortgage;
  - ii. Langfang Vast Zhanyao has legally obtained the land use rights and building ownership rights of the property as stated in the above-mentioned title document; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title document.
3. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit rates of these comparables are in a range from RMB9,900 to 11,000/sq.m. for office units. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022										
29.	Portions of Yishujia Community (逸樹家小區), No. 155 Guangyang Road, Guangyang District, Langfang, Hebei Province, PRC	<p>Yishujia Community (the "Development") is a residential development erected on a parcel of land with a total site area of approximately 94,829.08 sq.m.</p> <p>The Development is situated on the south of Guangyang Road in Guangyang District of Langfang. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 20-minute drive from the Development to the city center of Langfang.</p> <p>According to the information provided by the Group, the property has a total gross floor area of approximately 262.32 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>224.75</td> </tr> <tr> <td>Car Parking Space</td> <td>25.52</td> </tr> <tr> <td>Cycle Parking Space</td> <td>12.05</td> </tr> <tr> <td><b>Total:</b></td> <td><b>262.32</b></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area (sq.m.)	Residential	224.75	Car Parking Space	25.52	Cycle Parking Space	12.05	<b>Total:</b>	<b>262.32</b>	As at the valuation date, the property was vacant.	<p>RMB2,240,000 (Renminbi Two Million Two Hundred and Forty Thousand)</p> <p>(100% interest attributable to the Group: RMB2,240,000 (Renminbi Two Million Two Hundred and Forty Thousand))</p> <p>or equivalent to: HK\$2,553,600 (Hong Kong Dollars Two Million Five Hundred Fifty Three Thousand and Six Hundred)</p> <p>(100% interest attributable to the Group: HK\$2,553,600 (Hong Kong Dollars Two Million Five Hundred Fifty Three Thousand and Six Hundred))</p>
Use	Approximate Gross Floor Area (sq.m.)													
Residential	224.75													
Car Parking Space	25.52													
Cycle Parking Space	12.05													
<b>Total:</b>	<b>262.32</b>													

As advised by the Group, the Development was completed in 2009.

The land use rights of the property have been granted for a term expiring on 25 June 2074 for residential use.

*Notes:*

1. Pursuant to the Land Use Rights Certificate – Lang Guo Yong (2004) No. 07370, the land use rights of a parcel of land of the Development with a site area of 94,829.08 sq.m. have been granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) (“Langfang City Property”), which is a wholly-owned subsidiary of the Company, for a term expiring on 25 June 2074 for residential use.
2. Pursuant to the Building Ownership Certificate – Lang Fang Quan Zheng Zi No. 200910255, the building ownership rights of Building No. 11 of the Development with a gross floor area of 4,266.08 sq.m are vested in Langfang City Property.

As advised by the Group, the property only comprises portion of the building with a total gross floor area of approximately 262.32 sq.m. as stated in the above-mentioned certificate while the remaining portion has already been sold out.

3. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
  - i. the property is not subject to any mortgage;
  - ii. Langfang City Property has legally obtained the land use rights and building ownership rights of the property as stated in the above-mentioned title documents; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title documents.
4. In undertaking our valuation of the property, we have made reference to the sales records of the Development and/or various market comparables of similar developments which have characteristics comparable to the property. The unit rates of these comparables are in a range from RMB9,300 to 12,000/sq.m. for residential units and RMB160,000 to 220,000/lot for car parking spaces. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022								
30.	Portions of Shangbei Jinjie (尚北金街), Shangbei Jinli, Guangyang District, Langfang, Hebei Province, PRC	<p>Shangbei Jinjie (the "Development") is a commercial development erected on a parcel of land with a site area of approximately 15,238.48 sq.m.</p> <p>The Development is situated on the west of Xinhua Road in Guangyang District of Langfang. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 20-minute drive from the Development to the city center of Langfang.</p> <p>According to the information provided by the Group, the property has a total gross floor area of approximately 170.68 sq.m. Details of the uses and approximate gross floor areas of the property are as follows:</p>	As at the valuation date, the property was vacant.	<p>RMB580,000 (Renminbi Five Hundred and Eighty Thousand)</p> <p>(100% interest attributable to the Group: RMB580,000 (Renminbi Five Hundred and Eighty Thousand))</p> <p>or equivalent to: HK\$661,200 (Hong Kong Dollars Six Hundred Sixty One Thousand and Two Hundred)</p> <p>(100% interest attributable to the Group: HK\$661,200 (Hong Kong Dollars Six Hundred Sixty One Thousand and Two Hundred))</p> <p>(refer to Note 5)</p>								
		<table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Apartment</td> <td>82.82</td> </tr> <tr> <td>Ancillary</td> <td>87.86</td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>170.68</u></b></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area (sq.m.)	Apartment	82.82	Ancillary	87.86	<b>Total:</b>	<b><u>170.68</u></b>		
Use	Approximate Gross Floor Area (sq.m.)											
Apartment	82.82											
Ancillary	87.86											
<b>Total:</b>	<b><u>170.68</u></b>											

As advised by the Group, the Development was completed in 2007.

The land use rights of the property have been granted for a term expiring on 26 October 2044 for commercial use.

*Notes:*

1. Pursuant to Land Use Rights Certificate – Lang Guo Yong (2007) No. 01507, the land use rights of a parcel of land of the Development with a site area of 15,238.48 sq.m. have been granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) (“Langfang City Property”), which is a wholly-owned subsidiary of the Company, for a term expiring on 26 October 2044 for commercial use.
2. Pursuant to the Building Ownership Certificate – Lang Fang Quan Zheng Zi No. 200909134, the building ownership rights of various buildings of the Development with a total gross floor area of 7,777.44 sq.m. are vested in Langfang City Property.

As advised by the Group, the property only comprises portion of the buildings with a total gross floor area of approximately 82.82 sq.m. as stated in the above-mentioned certificate while the remaining portion has already been sold out.

3. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
  - i. the property is not subject to any mortgage;
  - ii. Langfang City Property has legally obtained the land use rights and building ownership rights of the property as stated in the above-mentioned title documents; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title documents.
4. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit rates of these comparables are in a range from RMB6,200 to 7,900/sq.m. for residential units. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.
5. We have ascribed no commercial value to the ancillary facilities of the property with a total gross floor area of approximately 87.86 sq.m. as these portions lack valid title documents.

## VALUATION REPORT

## Group IV – Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022																
31.	Phase 3 of Foxconn City (富士康城), No. 39 Fukang Road, Anci District, Langfang, Hebei Province, PRC	<p>Foxconn City (the “Development”) is a composite development being erected on a parcel of land with a site area of approximately 126,545.00 sq.m.</p> <p>The Development is situated on the southwestern side of the intersection between Fukang Road and Longteng Road in Anci District of Langfang. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 20-minute drive from the Development to the city center of Langfang.</p> <p>According to the information provided by the Group, the property will have a total gross floor area of approximately 118,899.07 sq.m. upon completion. Details of the uses and approximate gross floor areas of the property are as follows:</p> <p><u>Phase 3</u></p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>73,300.18</td> </tr> <tr> <td>Policy-related Housing</td> <td>1,411.97</td> </tr> <tr> <td>Retail</td> <td>1,194.81</td> </tr> <tr> <td>Car Parking Spaces</td> <td>26,059.50</td> </tr> <tr> <td>Storerooms</td> <td>9,945.61</td> </tr> <tr> <td>Ancillary Facilities</td> <td>6,987.00</td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>118,899.07</u></b></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area (sq.m.)	Residential	73,300.18	Policy-related Housing	1,411.97	Retail	1,194.81	Car Parking Spaces	26,059.50	Storerooms	9,945.61	Ancillary Facilities	6,987.00	<b>Total:</b>	<b><u>118,899.07</u></b>	As at the valuation date, the property was under construction.	<p>RMB584,000,000 (Renminbi Five Hundred and Eighty Four Million)</p> <p>(100% interest attributable to the Group: RMB584,000,000 (Renminbi Five Hundred and Eighty Four Million))</p> <p>or equivalent to: HK\$665,760,000 (Hong Kong Dollars Six Hundred Sixty Five Million Seven Hundred and Sixty Thousand)</p> <p>(100% interest attributable to the Group: HK\$665,760,000 (Hong Kong Dollars Six Hundred Sixty Five Million Seven Hundred and Sixty Thousand))</p> <p>(refer to Note 12)</p>
Use	Approximate Gross Floor Area (sq.m.)																			
Residential	73,300.18																			
Policy-related Housing	1,411.97																			
Retail	1,194.81																			
Car Parking Spaces	26,059.50																			
Storerooms	9,945.61																			
Ancillary Facilities	6,987.00																			
<b>Total:</b>	<b><u>118,899.07</u></b>																			

As advised by the Group, the construction of the property was commenced in July 2018 and is scheduled for completion in December 2022.

The land use rights of the property have been granted for a term expiring on 3 February 2081 for residential use.

*Notes:*

1. Pursuant to the Land Use Rights Certificate – Lang An Guo Yong(2011)No. 00004, the land use rights of a parcel of land of the Development with a site area of 126,545.00 sq.m. have been granted to Langfang City Property Development Co., Ltd. (廊坊市區房地產開發有限公司) (“Langfang City Property”), which is a wholly-owned subsidiary of the Company, for a term expiring on 3 February 2081 for residential use.
2. Pursuant to the Construction Land Planning Permit – Di Zi No. 131000201100005, Langfang City Property was permitted to use a parcel of land of the Development with a site area of 126,545.00 sq.m. for commercial and residential uses respectively.
3. Pursuant to the Construction Work Planning Permit – Jian Zi No. 1310002019000025, the total approved construction scale of various buildings of the Development is 118,077.50 sq.m.
4. Pursuant to the Construction Work Commencement Permit – No. 131000201912030101, the construction works of various buildings of the Development with a construction scale of 118,077.50 sq.m. were approved for commencement.
5. Pursuant to five Pre-sales Permits for Commodity Housing – (Lang) Fang Yu Shou Zheng Nos. 20220010, 20200082, 20200017, 20210041 and 20220018, various buildings of the Development with a total gross floor area of 73,300.18 sq.m. have been permitted for pre-sale.
6. As advised by the Group, the total construction cost incurred as at the valuation date was approximately RMB315,000,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB58,000,000. We have taken into account the aforesaid amounts in our valuation.
7. As advised by the Group, various residential units and storerooms with a total gross floor area of 58,219.01 sq.m. had been pre-sold/subscribed at a total consideration of approximately RMB481,000,000 as at the valuation date. We have taken into account and included the aforesaid amount in our valuation.
8. The market value of the property as if completed as at the valuation date is estimated to be RMB685,000,000 (or equivalent to HK\$780,900,000).
9. As advised by the Group, the relevant Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit have been obtained at the present stage of the construction for the property.
10. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
  - i. the property is not subject to any mortgage;
  - ii. Langfang City Property has legally obtained the land use rights of the property as stated in the above-mentioned title document; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title document.
11. In undertaking our valuation of the property, we have made reference to the sales records of the Development and/or various market comparables of similar developments which have characteristics comparable to the property. The unit rates of these comparables are in a range from RMB8,900 to 11,000/sq.m. for residential units, RMB10,000 to 12,000/sq.m. for retail units (1/F) and RMB1,600/sq.m. for storerooms. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.
12. We have ascribed no commercial value to the carparking spaces and ancillary facilities of the property with a total gross floor area of approximately 33,046.50 sq.m. as these portions lack valid title documents.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022												
32.	Phase 1 of Longhe Center (龍河中心), South of South Outer Ring, North of Long River, East of Yinhe Road and west of Changfu Road, Anci District, Langfang, Hebei Province, PRC	<p>Longhe Center (the "Development") is a composite development being erected on four parcels of land with a total site area of approximately 66,603.21 sq.m.</p> <p>The Development is situated on the west of Changfu Road in Anci District of Langfang. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 15-minute drive from the Development to the city center of Langfang.</p> <p>According to the information provided by the Group, the property will have a total gross floor area of approximately 69,908.63 sq.m. upon completion. Details of the uses and approximate gross floor areas of the property are as follows:</p> <p><u>Phase 1</u></p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Apartment</td> <td>45,269.86</td> </tr> <tr> <td>Retail</td> <td>1,253.88</td> </tr> <tr> <td>Car Parking Space</td> <td>17,620.17</td> </tr> <tr> <td>Ancillary Facilities</td> <td>5,764.72</td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>69,908.63</u></b></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area (sq.m.)	Apartment	45,269.86	Retail	1,253.88	Car Parking Space	17,620.17	Ancillary Facilities	5,764.72	<b>Total:</b>	<b><u>69,908.63</u></b>	As at the valuation date, the property was under construction.	<p>RMB166,000,000 (Renminbi One Hundred and Sixty Six Million)</p> <p>(100% interest attributable to the Group: RMB166,000,000 (Renminbi One Hundred and Sixty Six Million))</p> <p>or equivalent to: HK\$189,240,000 (Hong Kong Dollars One Hundred Eighty Nine Million Two Hundred and Forty Thousand)</p> <p>(100% interest attributable to the Group: HK\$189,240,000 (Hong Kong Dollars One Hundred Eighty Nine Million Two Hundred and Forty Thousand))</p> <p>(refer to Note 10)</p>
Use	Approximate Gross Floor Area (sq.m.)															
Apartment	45,269.86															
Retail	1,253.88															
Car Parking Space	17,620.17															
Ancillary Facilities	5,764.72															
<b>Total:</b>	<b><u>69,908.63</u></b>															

As advised by the Group, the construction of the property was commenced in December 2019 and is scheduled for completion in September 2023.

The land use rights of the property have been granted for three concurrent terms expiring on 31 March 2050, 15 April 2052 and 16 April 2052 for commercial finance use.



*Notes:*

1. Pursuant to four Land Use Rights Certificates – Lang An Guo Yong (2012) Nos. 00028 and 00043, Lang An Guo Yong (2014) No. 0003 and Ji (2019) Lang Fang Shi Bu Dong Chan Quan No. 0007320, the land use rights of four parcels of land of the Development with a total site area of 66,603.21 sq.m. have been granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) (“Langfang City Property”), which is a wholly-owned subsidiary of the Company, for three concurrent terms expiring on 31 March 2050, 15 April 2052 and 16 April 2052 for commercial finance use.
2. Pursuant to three Construction Land Planning Permits – Di Zi Nos. 131000201200018, 131000201200027 and 131000201200029, Langfang City Property was permitted to use three parcels of land of the Development with a total site area of 257,740.45 sq.m.
3. Pursuant to the Construction Work Planning Permit – Jian Zi No.131000201900010, the total approved construction scale of various buildings of the Development is 69,908.63 sq.m.
4. Pursuant to the Construction Work Commencement Permit – No.131000201912060101, the construction works of various buildings of the Development with a construction scale of 63,677.04 sq.m. were approved for commencement.  
  
As advised by the Group, the building as stated in the above-mentioned Construction Work Commencement Permit only comprises portion of the property while portion of the car parking space with a gross floor area of approximately 6,231.59 sq.m. has not been included in this Construction Work Commencement Permit.
5. As advised by the Group, the total construction cost incurred as at the valuation date was approximately RMB174,000,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB58,100,000. We have taken into account the aforesaid amounts in our valuation.
6. The market value of the property as if completed as at the valuation date is estimated to be RMB288,000,000 (or equivalent to HK\$328,320,000).
7. As advised by the Group, the relevant Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit have been obtained at the present stage of the construction for the property (except portion of the car parking space with a gross floor area of approximately 6,231.59 sq.m.). The aforesaid car parking spaces have not obtained the Construction Work Commencement Permit.
8. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
  - i. the property is subject to mortgages;
  - ii. Langfang City Property has legally obtained the land use rights of the property as stated in the above-mentioned title documents; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title documents.
9. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit rates of these comparables are in a range from RMB5,000 to 6,300/sq.m. for apartment units and RMB11,000 to 13,000/sq.m. for retail units (1/F). Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.
10. We have ascribed no commercial value to the car parking spaces and ancillary facilities of the property with a total gross floor area of approximately 23,384.89 sq.m. as these portions lack valid title documents and those car parking spaces are located inside the civil defence area and are not transferable in the market.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022								
33.	Phase 2 of Electronic Information Industrial Park in Longhe Park (龍河高新區電子信息產業園), No. 89 Fukang Road, Longhe High-tech Industrial Development Zone, Anci District, Langfang, Hebei Province, PRC	<p>Electronic Information Industrial Park in Longhe Park (the "Development") is an industrial development being erected on a parcel of land with a site area of approximately 187,814.75 sq.m.</p> <p>The Development is situated on the southwestern side of Fukang Road and northwestern side of Chunyu Road in Anci District of Langfang. Developments in the vicinity are dominated by various industrial buildings. It takes about a 25-minute drive from the Development to the city center of Langfang.</p> <p>According to the information provided by the Group, the property will have a total gross floor area of approximately 37,924.80 sq.m. upon completion. Details of the uses and approximate gross floor areas of the property are as follows:</p> <p><u>Phase 2</u></p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Workshop</td> <td>33,944.80</td> </tr> <tr> <td>Car Parking Space</td> <td>3,980.00</td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>37,924.80</u></b></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area (sq.m.)	Workshop	33,944.80	Car Parking Space	3,980.00	<b>Total:</b>	<b><u>37,924.80</u></b>	As at the valuation date, the property was under construction.	<p>RMB134,000,000 (Renminbi One Hundred and Thirty Four Million)</p> <p>(100% interest attributable to the Group: RMB134,000,000 (Renminbi One Hundred and Thirty Four Million))</p> <p>or equivalent to: HK\$152,760,000 (Hong Kong Dollars One Hundred Fifty Two Million Seven Hundred and Sixty Thousand)</p> <p>(100% interest attributable to the Group: HK\$152,760,000 (Hong Kong Dollars One Hundred Fifty Two Million Seven Hundred and Sixty Thousand))</p> <p>(refer to <i>Note 10</i>)</p>
Use	Approximate Gross Floor Area (sq.m.)											
Workshop	33,944.80											
Car Parking Space	3,980.00											
<b>Total:</b>	<b><u>37,924.80</u></b>											

As advised by the Group, the construction of the property was commenced in April 2020 and is scheduled for completion in December 2022.

The land use rights of the property have been granted for a term expiring on 8 November 2061 for industrial use.

*Notes:*

1. Pursuant to the Land Use Rights Certificate – Ji (2020) Lang Fang Shi Bu Dong Chan Quan No. 0010075, the land use rights of a parcel of land of the Development with a site area of 187,814.75 sq.m. have been granted to Langfang Vast Zhuoyou Development Co., Ltd. (廊坊宏泰卓優房地產發展有限公司) (“Langfang Vast Zhuoyou”), which is a wholly-owned subsidiary of the Company, for a term expiring on 8 November 2061 for industrial use.
2. Pursuant to two Construction Land Planning Permits – Di Zi Nos. 131002201200012 and 131002201200013, Langfang Vast Zhuoyou was permitted to use two parcels of land of the Development with a total site area of 187,815.00 sq.m. for industrial use.
3. Pursuant to three Construction Work Planning Permits – Jian Zi Nos. 131002201300007, 131002202000001 and 131002202000024, the total approved construction scale of various buildings of the Development is 104,248.00 sq.m.  
  
As advised by the Group, the property only comprise portion of the buildings with a total gross floor area of approximately 37,924.80 sq.m. as stated in the permits mentioned above while the remaining portion is occupied by other phase of the Development.
4. Pursuant to three Construction Work Commencement Permits – Nos. 131002201501150301, 131002202004300101 and 131002202107160101, the construction works of various buildings of the Development with a total construction scale of 60,755.32 sq.m. were approved for commencement.  
  
As advised by the Group, the property only comprises portion of the buildings with a total gross floor area of approximately 37,924.80 sq.m. as stated in the permits mentioned above while the remaining portion is occupied by other phases of the Development.
5. As advised by the Group, the total construction cost incurred as at the valuation date was approximately RMB80,900,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB62,400,000. We have taken into account the aforesaid amounts in our valuation.
6. The market value of the property as if completed as at the valuation date is estimated to be RMB234,000,000 (or equivalent to HK\$266,760,000).
7. As advised by the Group, the relevant Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit have been obtained at the present stage of the construction for the property.
8. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
  - i. the property is subject to a mortgage;
  - ii. Langfang Vast Zhuoyou has legally obtained the land use rights of the property as stated in the above-mentioned title document; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title document.
9. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit rates of these comparables are in a range from RMB6,800 to 7,500/sq.m. for industrial units. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.
10. We have ascribed no commercial value to the car parking spaces of the property with a total gross floor area of approximately 3,980.00 sq.m. as these portions lack valid title documents.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022
34.	Phase 1 of Ezhou Huineng Project (鄂州匯能項目), East of Xuguang Avenue and north of Xuejia Gou, Ezhou, Hubei Province, PRC	<p>Ezhou Huineng Project (the “Development”) is an industrial development being erected on a parcel of land with a site area of approximately 87,349.90 sq.m.</p> <p>The Development is situated on the east of Xuguang Avenue and north in Xuejia Gou of Ezhou. Developments in the vicinity are dominated by various industrial buildings. It takes about a 30-minute drive from the Development to the city center of Ezhou.</p> <p>According to the information provided by the Group, the property will comprise various workshops with a total gross floor area of approximately 26,940.96 sq.m. upon completion.</p> <p>As advised by the Group, the construction of the property was commenced in July 2021 and is scheduled for completion in October 2022.</p> <p>The land use rights of the property have been granted for a term expiring on 20 June 2068 for industrial use.</p>	As at the valuation date, the property was under construction.	<p>RMB47,300,000 (Renminbi Forty Seven Million and Three Hundred Thousand)</p> <p>(100% interest attributable to the Group: RMB47,300,000 (Renminbi Forty Seven Million and Three Hundred Thousand))</p> <p>or equivalent to: HK\$53,922,000 (Hong Kong Dollars Fifty Three Million Nine Hundred and Twenty Two Thousand)</p> <p>(100% interest attributable to the Group: HK\$53,922,000 (Hong Kong Dollars Fifty Three Million Nine Hundred and Twenty Two Thousand))</p>

*Notes:*

- Pursuant to the Land Use Rights Grant Contract – No. 2018009, the land use rights of a parcel of land of the Development with a site area of 87,349.90 sq.m. have been granted to Ezhou Huineng Property Development Co., Ltd. (鄂州匯能房地產開發有限公司) (now renamed as Ezhou Huineng Technology Incubator Co., Ltd. (鄂州匯能科技孵化器有限公司) (“Ezhou Huineng”), which is a wholly-owned subsidiary of the Company) for a term of 50 years for industrial use at a land grant fee of RMB21,780,000.
- Pursuant to the Land Use Rights Certificate – E (2018) E Zhou Shi Bu Dong Chan Quan No. 0051646, the land use rights of a parcel of land of the Development with a site area of 87,349.90 sq.m. have been granted to Ezhou Huineng for a term expiring on 20 June 2068 for industrial use.
- Pursuant to the Construction Land Planning Permit – Di Zi No. 4207042021000010, Ezhou Huineng was permitted to use a parcel of land of the Development with a site area of 87,349.90 sq.m. for industrial use.
- Pursuant to the Construction Work Planning Permit – Jian Zi No. 4207042021000023, the total approved construction scale of various buildings of the Development is 44,407.32 sq.m.

As advised by the Group, the property only comprise portion of the buildings with a total gross floor area of approximately 26,940.96 sq.m. as stated in the permit mentioned above while the remaining portion is occupied by other phase of the Development.

5. Pursuant to the Construction Work Commencement Permit – No. 420704202107260101, the construction works of various buildings of the Development with a construction scale of 26,940.96 sq.m. was approved for commencement.
6. Pursuant to two Pre-sales Permits for Commodity Housing – E Zhou Fang Yu Nos. YS20210123 and YS20210127, various buildings of the Development with a total gross floor area of 26,131.60 sq.m. have been permitted for pre-sale.
7. As advised by the Group, the total construction cost incurred as at the valuation date was approximately RMB28,500,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB2,900,000. We have taken into account the aforesaid amounts in our valuation.
8. The market value of the property as if completed as at the valuation date is estimated to be RMB54,400,000 (or equivalent to HK\$62,016,000).
9. As advised by the Group, the relevant Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit have been obtained at the present stage of the construction for the property
10. We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal adviser, which contains, inter alias, the following information:
  - i. the property is not subject to any mortgage;
  - ii. Ezhou Huineng has legally obtained the land use rights of the property as stated in the above-mentioned title document; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title document.
11. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit rates of these comparables are in a range from RMB3,600 to 4,400/sq.m. for industrial units. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022								
35.	Phase 2 of Hubei Changjiang Zhihui Port Innovation Startup Base (湖北長江智匯港創新創業基地), East of Wuchu Road and north of Yanghu Road Central West Portion, Ezhou, Hubei Province, PRC	<p>Hubei Changjiang Zhihui Port Innovation Startup Base (the “Development”) is an industrial development being erected on a parcel of land with a site area of approximately 71,129.48 sq.m.</p> <p>The Development is situated on the east of Wuchu Road and north of Yanghu Road in Ezhou. Developments in the vicinity are dominated by various industrial buildings. It takes about a 30-minute drive from the Development to the city center of Ezhou.</p> <p>According to the information provided by the Group, the property will have a total gross floor area of approximately 63,889.07 sq.m. upon completion. Details of the uses and approximate gross floor areas of the property are as follows:</p> <p><u>Phase 2</u></p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Industrial</td> <td>52,511.39</td> </tr> <tr> <td>Office</td> <td>11,377.68</td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>63,889.07</u></b></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area (sq.m.)	Industrial	52,511.39	Office	11,377.68	<b>Total:</b>	<b><u>63,889.07</u></b>	As at the valuation date, the property was under construction.	<p>RMB48,100,000 (Renminbi Forty Eight Million and One Hundred Thousand)</p> <p>(100% interest attributable to the Group: RMB48,100,000 (Renminbi Forty Eight Million and One Hundred Thousand))</p> <p>or equivalent to: HK\$54,834,000 (Hong Kong Dollars Fifty Four Million Eight Hundred and Thirty Four Thousand)</p> <p>(100% interest attributable to the Group: HK\$54,834,000 (Hong Kong Dollars Fifty Four Million Eight Hundred and Thirty Four Thousand))</p> <p>(refer to <i>Note 12</i>)</p>
Use	Approximate Gross Floor Area (sq.m.)											
Industrial	52,511.39											
Office	11,377.68											
<b>Total:</b>	<b><u>63,889.07</u></b>											

As advised by the Group, the construction of the property was commenced in September 2017 and is scheduled for completion in May 2023.

The land use rights of the property have been granted for a term expiring on 12 December 2067 for industrial use.

*Notes:*

1. Pursuant to three Land Use Rights Grant Contracts – Nos. 20170021, 20190029 and 20190030, the land use rights of three parcels of land of the Development with a total site area of 81,870.00 sq.m. have been granted to Hubei Zhihuigang Technology Incubation Service Co., Ltd. (湖北智匯港科技孵化器有限公司) (“Hubei Zhihuigang”), which is a wholly-owned subsidiary of the Company, for a term of 50 years for industrial use at a total land grant fee of RMB20,080,000.
2. Pursuant to the Land Use Rights Certificate – E (2022) E Zhou Shi Bu Dong Chan Quan No. 0029752, the land use rights of a parcel of land of the Development with a site area of 71,129.48 sq.m. have been granted to Hubei Zhihuigang for a term expiring on 12 December 2067 for industrial use.
3. Pursuant to the Construction Land Planning Permit – Di Zi No. 4207052022000012, Hubei Zhihuigang was permitted to use a parcel of land of the Development with a site area of 115,810.70 sq.m. for industrial use.
4. Pursuant to two Construction Work Planning Permits – Jian Zi Nos. 420706201800087 and 420704202000011, the total approved construction scale of various buildings of the Development is 102,888.70 sq.m.  
  
As advised by the Group, the property only comprises portion of the buildings with a total gross floor area of approximately 52,511.39 sq.m. as stated in the above-mentioned permits while the remaining portion is occupied by other phase of the Development. Moreover, the office portion with a total gross floor area of approximately 11,377.68 sq.m. has not been included in these Construction Work Planning Permits.
5. Pursuant to two Construction Work Commencement Permits – Nos. 4207101807300110-SX-013 and 420704202011230101 and the Temporary Construction Work Commencement Permits – No. 420705201904240301, the construction works of various buildings of the Development with a construction scale of 102,536.09 sq.m. was approved for commencement.  
  
As advised by the Group, the property only comprises portion of the buildings with a total gross floor area of approximately 63,889.07 sq.m. as stated in the above-mentioned permits while the remaining portion is occupied by other phase of the Development.
6. Pursuant to two Pre-sales Permits for Commodity Housing – E Zhou Fang Yu Nos. YS20180088 and YS20210036, various buildings of the Development with a total gross floor area of 23,266.30 sq.m. have been permitted for pre-sale.
7. As advised by the Group, the total construction cost incurred as at the valuation date was approximately RMB33,000,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB134,000,000. We have taken into account the aforesaid amounts in our valuation.
8. The market value of the property as if completed as at the valuation date is estimated to be RMB227,000,000 (or equivalent to HK\$258,780,000).
9. As advised by the Group, the relevant Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit have been obtained at the present stage of the construction for the industrial portion of the property. However, the relevant Construction Work Planning Permit and Construction Work Commencement Permit have not been obtained for the office portion of the property.
10. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
  - i. the property is not subject to any mortgage;
  - ii. Hubei Zhihuigang has legally obtained the land use rights of the property as stated in the above-mentioned title document; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title document.
11. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit rates of these comparables are in a range from RMB3,800 to 4,200/sq.m. for industrial units. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.
12. In respect of the office portion of the property with a gross floor area of approximately 11,377.68 sq.m. which has not obtained the Construction Work Planning Permit but have obtained the Temporary Construction Work Commencement Permit, as advised by the Group, Hubei Zhihuigang is now discussing with the relevant government department about some of the designs for this portion and it is believed that the Construction Work Planning Permit will be obtained. In this circumstance, it is expected that title document of this portion will be obtained and hence commercial value has been ascribed to this portion.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022
36.	Longhe Conference Center (龍河會議中心), North of Ruixue Road and east of Fuyuan Road, Longhe High-tech Industrial Development Zone, Anci District, Langfang, Hebei Province, PRC	<p>Longhe Conference Center is a composite development being erected on a parcel of land with a site area of approximately 15,042.99 sq.m.</p> <p>The property is situated on the north of Ruixue Road and east of Fuyuan Road in Anci District of Langfang. It takes about a 20-minute drive from the property to the city center of Langfang.</p> <p>According to the information provided by the Group, the property will comprise various conference areas, guest rooms and other ancillary facilities with a total gross floor area of approximately 71,101.99 sq.m. upon completion.</p> <p>As advised by the Group, the construction of the property was commenced in April 2020 and is scheduled for completion in October 2023.</p> <p>The land use rights of the property have been granted for a term expiring on 1 January 2059 for accommodation and catering uses respectively.</p>	<p>As at the valuation date, the property was under construction.</p>	<p>RMB210,000,000 (Renminbi Two Hundred and Ten Million)</p> <p>(100% interest attributable to the Group: RMB210,000,000 (Renminbi Two Hundred and Ten Million)</p> <p>or equivalent to: HK\$239,400,000 (Hong Kong Dollars Two Hundred Thirty Nine Million and Four Hundred Thousand)</p> <p>(100% interest attributable to the Group: HK\$239,400,000 (Hong Kong Dollars Two Hundred Thirty Nine Million and Four Hundred Thousand))</p>

*Notes:*

- Pursuant to the Land Use Rights Grant Contract – No. C13100220180007, the land use rights of a parcel of land of the property with a site area of 15,042.99 sq.m. have been granted to Langfang VAST Urban Development Co., Ltd. (廊坊市宏泰產業市鎮投資有限公司) (“VAST Urban Development”), which is a wholly-owned subsidiary of the Company, for a term of 40 years for accommodation and catering uses respectively at a land grant fee of RMB108,000,000.
- Pursuant to the Land Use Rights Certificate – Ji (2019) Lang Fang Shi Bu Dong Chan Quan No. 0010112, the land use right of a parcel of land of the property with a site area of 15,042.99 sq.m. have been granted to VAST Urban Development for a term expiring on 1 January 2059 for accommodation and catering uses respectively.
- Pursuant to the Construction Land Planning Permit – Di Zi No. 131000201900011, VAST Urban Development was permitted to use a parcel of land of the property with a site area of 15,042.99 sq.m.
- Pursuant to the Construction Work Planning Permit – Jian Zi No. 131000201900045, the approved construction scale of the property is 71,101.99 sq.m.



5. Pursuant to the Construction Work Commencement Permit – No. 131000202003230101, the construction works of various buildings of the Development with a construction scale of 71,101.99 sq.m. were approved for commencement.
6. As advised by the Group, the total construction cost incurred as at the valuation date was approximately RMB182,000,000 and the estimated outstanding construction cost for completion of the property will be approximately RMB498,000,000. We have taken into account the aforesaid amounts in our valuation.
7. The market value of the property as if completed as at the valuation date is estimated to be RMB829,000,000 (or equivalent to HK\$945,060,000).
8. As advised by the Group, the relevant Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit have been obtained at the present stage of the construction for the property.
9. We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
  - i. the property is subject to a mortgage;
  - ii. VAST Urban Development has legally obtained the land use rights of the property as stated in the above-mentioned title document; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title document.
10. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit rates of these comparables are in a range from RMB9,300 to 24,000/sq.m. for commercial units. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.

## VALUATION REPORT

## Group V – Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022
37.	Phases 2 and 3 of Longhe Center (龍河中心), South of South Outer Ring, North of Long River, East of Yinhe Road and west of Changfu Road, Anci District, Langfang, Hebei Province, PRC	<p>Longhe Center (the “Development”) is a composite development being erected on four parcels of land with a total site area of approximately 66,603.21 sq.m.</p> <p>The Development is situated on the west of Changfu Road in Anci District of Langfang. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 15-minute drive from the Development to the city center of Langfang.</p> <p>According to the information provided by the Group, the property will have a total gross floor area of approximately 87,604.37 sq.m. upon completion.</p> <p>The land use rights of the property have been granted for three concurrent terms expiring on 31 March 2050, 15 April 2052 and 16 April 2052 for commercial finance use.</p>	As at the valuation date, the property was vacant land.	<p>RMB163,000,000 (Renminbi One Hundred and Sixty Three Million)</p> <p>(100% interest attributable to the Group: RMB163,000,000 (Renminbi One Hundred and Sixty Three Million))</p> <p>or equivalent to: HK\$185,820,000 (Hong Kong Dollars One Hundred Eighty Five Million Eight Hundred and Twenty Thousand)</p> <p>(100% interest attributable to the Group: HK\$185,820,000 (Hong Kong Dollars One Hundred Eighty Five Million Eight Hundred and Twenty Thousand))</p>

*Notes:*

- Pursuant to four Land Use Rights Certificates – Lang An Guo Yong (2012) Nos. 00028 and 00043, Lang An Guo Yong (2014) No. 0003 and Ji (2019) Lang Fang Shi Bu Dong Chan Quan No. 0007320, the land use rights of four parcels of land of the Development with a total site area of 66,603.21 sq.m. have been granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) (“Langfang City Property”), which is a wholly-owned subsidiary of the Company, for three concurrent terms expiring on 31 March 2050, 15 April 2052 and 16 April 2052 for commercial finance use.

As advised by the Group, the property only comprises portion of the land parcels with a total site area of approximately 31,358.83 sq.m. as stated in the above-mentioned certificates while the remaining portion is occupied by other phase of the Development.

- Pursuant to three Construction Land Planning Permits – Di Zi Nos. 131000201200018, 131000201200027 and 131000201200029, Langfang City Property was permitted to use three parcels of land of the Development with a site area of 257,740.45 sq.m.

As advised by the Group, the property only comprises portion of the land parcels with a total site area of approximately 31,358.83 sq.m. as stated in the above-mentioned permits while the remaining portion is occupied by other phase of the Development.

3. We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal adviser, which contains, inter alias, the following information:
  - i. the property is subject to mortgages;
  - ii. Langfang City Property has legally obtained the land use rights of the property as stated in the above-mentioned title documents; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title documents.
  
4. In undertaking our valuation of the property, we have made reference to various commercial land sales transactions which have characteristics comparable to the property. The accommodation values of the comparables are in a range from RMB2,000 to RMB2,100/sq.m. Due adjustments to the accommodation values of these transactions have been made to reflect factors including but not limited to plot ratio, land use term, accessibility, surrounding environment, location, use, site area and time in arriving at key assumptions.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022
38.	Phase 3 of Electronic Information Industrial Park in Longhe Park (龍河高新區電子信息產業園), No. 89 Fukang Road, Longhe High-tech Industrial Development Zone, Anci District, Langfang, Hebei Province, PRC	Electronic Information Industrial Park in Longhe Park (the "Development") is an industrial development being erected on a parcel of land with a site area of approximately 187,814.75 sq.m.  The Development is situated on the southwestern side of Fukang Road and northwestern side of Chunyu Road in Anci District of Langfang. Developments in the vicinity are dominated by various industrial buildings. It takes about a 25-minute drive from the Development to the city center of Langfang.  According to the information provided by the Group, the property will have a total gross floor area of approximately 44,106.00 sq.m. upon completion.  The land use rights of the property have been granted for a term expiring on 8 November 2061 for industrial use.	As at the valuation date, the property was vacant land.	RMB29,000,000 (Renminbi Twenty Nine Million)  (100% interest attributable to the Group: RMB29,000,000 (Renminbi Twenty Nine Million))  or equivalent to: HK\$33,060,000 (Hong Kong Dollars Thirty Three Million and Sixty Thousand)  (100% interest attributable to the Group: HK\$33,060,000 (Hong Kong Dollars Thirty Three Million and Sixty Thousand))

*Notes:*

- Pursuant to the Land Use Rights Certificate – Ji (2020) Lang Fang Shi Bu Dong Chan Quan No. 0010075, the land use rights of a parcel of land of the Development with a site area of 187,814.75 sq.m. have been granted to Langfang Vast Zhuoyou Development Co., Ltd. (廊坊宏泰卓優房地產發展有限公司) ("Langfang Vast Zhuoyou"), which is a wholly-owned subsidiary of the Company, for a term expiring on 8 November 2061 for industrial use.

As advised by the Group, the property only comprises portion of the land parcel with a site area of approximately 44,106.00 sq.m. as stated in the above-mentioned certificate while the remaining portion with a site area of approximately 143,708.75 sq.m. is occupied by Phase 1 (Property No. 19) and Phase 2 (Property No. 33) of the Development.

- Pursuant to two Construction Land Planning Permits – Di Zi Nos. 131002201200012 and 131002201200013, Langfang Vast Zhuoyou was permitted to use two parcels of land of the Development with a total site area of 187,815.00 sq.m. for industrial use.

As advised by the Group, the property only comprises portion of the land parcels with a site area of approximately 44,106.00 sq.m. as stated in the above-mentioned permits while the remaining portion with a site area of approximately 143,708.75 sq.m. is occupied by Phase 1 (Property No. 19) and Phase 2 (Property No. 33) of the Development.

3. We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal adviser, which contains, inter alias, the following information:
  - i. the property is subject to a mortgage;
  - ii. Langfang Vast Zhuoyou has legally obtained the land use rights of the property as stated in the above-mentioned title document; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title document.
  
4. In undertaking our valuation of the property, we have made reference to various industrial land sales transactions which have characteristics comparable to the property. The land values of the comparables are in a range from RMB680 to RMB700/sq.m. Due adjustments to the land values of these transactions have been made to reflect factors including but not limited to plot ratio, land use term, accessibility, surrounding environment, location, use, site area and time in arriving at key assumptions.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022
39.	Qingnianhui (青年匯), No. 170 Aimin East Road, Guangyang District, Langfang, Hebei Province, PRC	<p>Qingnianhui is a residential development to be erected on a parcel of land with a site area of approximately 4,279.40 sq.m.</p> <p>The property is situated on the northeastern corner of the intersection between Dongan Road and Aimin East Road in Guangyang District of Langfang. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 10-minute drive from the property to the city center of Langfang.</p> <p>According to the information provided by the Group, the property will have a gross floor area of approximately 8,741.04 sq.m. upon completion.</p> <p>The land use rights of the property have been granted for a term expiring on 2 December 2052 for composite use.</p>	As at the valuation date, the property was vacant land.	<p>RMB26,100,000 (Renminbi Twenty Six Million and One Hundred Thousand)</p> <p>(100% interest attributable to the Group: RMB26,100,000 (Renminbi Twenty Six Million and One Hundred Thousand))</p> <p>or equivalent to: HK\$29,754,000 (Hong Kong Dollars Twenty Nine Million Seven Hundred and Fifty Four Thousand)</p> <p>(100% interest attributable to the Group: HK\$29,754,000 (Hong Kong Dollars Twenty Nine Million Seven Hundred and Fifty Four Thousand))</p>

*Notes:*

1. Pursuant to the Land Use Rights Certificate – Lang Guo Yong (2010) No. 01290, the land use rights of a parcel of land of the property with a site area of 4,279.40 sq.m. have been granted to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) (“Langfang City Property”), which is a wholly-owned subsidiary of the Company, for a term expiring on 2 December 2052 for composite use.
2. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
  - i. the property is not subject to any mortgage;
  - ii. Langfang City Property has legally obtained the land use rights of the property as stated in the above-mentioned title document; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title document.
3. In undertaking our valuation of the property, we have made reference to various commercial land sales transactions which have characteristics comparable to the property. The accommodation values of the comparables are in a range from RMB3,000 to RMB3,600/sq.m. Due adjustments to the accommodation values of these transactions have been made to reflect factors including but not limited to plot ratio, land use term, accessibility, surrounding environment, location, use, site area and time in arriving at key assumptions.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022
40.	Huahang Apartment (華航公寓), No. 170 Aimin East Road, Guanyang District, Langfang, Hebei Province, PRC	<p>Huahang Apartment is a residential development to be erected on a parcel of land with a site area of approximately 10,557.10 sq.m.</p> <p>The property is situated on the northeastern corner of the intersection between Dongan Road and Aimin East Road in Guanyang District of Langfang. Developments in the vicinity are dominated by various residential and commercial buildings. It takes about a 10-minute drive from the property to the city center of Langfang.</p> <p>According to the information provided by the Group, the property will have a total gross floor area of approximately 11,000.00 sq.m. upon completion.</p> <p>The land use rights of the property have been allocated for residential use.</p>	As at the valuation date, the property was vacant land.	No commercial value (refer to <i>Note 3</i> )

*Notes:*

1. Pursuant to the Land Use Rights Certificate – Lang Guo Yong (2010) No. 01291, the land use rights of the property with a site area of 10,557.10 sq.m. have been allocated to Langfang City Property Development Co., Ltd. (廊坊市城區房地產開發有限公司) (“Langfang City Property”), which is a wholly-owned subsidiary of the Company, for residential use.
2. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
  - i. the property is not subject to any mortgage; and
  - ii. Langfang City Property has legally obtained the land use rights of the property by means of allocation as stated in the above-mentioned title document.
3. We have ascribed no commercial value to the property as the property is intended to be developed into a student dormitory and shall not be transferred or leased to other parties in the market.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022
41.	Phases 2 and 3 of Chengde Yulong Bay (承德御龍灣), Junction of southwest of Wuwei Road and Siliujing Road, New District, Chengde, Hebei Province, PRC	<p>Chengde Yulong Bay (the "Development") is a composite development being erected on three parcels of land with a total site area of approximately 142,841.00 sq.m.</p> <p>The Development is situated on the northwestern side of Daliu Line in New District of Chengde. Developments in the vicinity are dominated by various residential buildings. It takes about a 30-minute drive from the Development to the city center of Chengde.</p> <p>According to the information provided by the Group, the property will have a gross floor area of approximately 227,750.60 sq.m. upon completion.</p> <p>The land use rights of the property have been granted for four concurrent terms expiring on 22 April 2050 and 7 July 2050 for commercial use and 22 April 2080 and 7 July 2080 for residential use respectively.</p>	As at the valuation date, the property was vacant land.	<p>RMB404,000,000 (Renminbi Four Hundred and Four Million)</p> <p>(100% interest attributable to the Group: RMB404,000,000 (Renminbi Four Hundred and Four Million)</p> <p>or equivalent to: HK\$460,560,000 (Hong Kong Dollars Four Hundred Sixty Million Five Hundred and Sixty Thousand)</p> <p>(100% interest attributable to the Group: HK\$460,560,000 (Hong Kong Dollars Four Hundred Sixty Million Five Hundred and Sixty Thousand))</p>

*Notes:*

- Pursuant to three Land Use Rights Certificates – Cheng Shi Guo Yong (2010) Nos. 183 and 184 and Cheng Shi Guo Yong (2011) No. 007, the land use rights of three parcels of land of the Development with a total site area of 142,841.00 sq.m. have been granted to Chengde Yonglun Real Estate Development Co., Ltd. (承德市永倫房地產開發有限公司) ("Chengde Yonglun"), which is a wholly-owned subsidiary of the Company, for four concurrent terms expiring on 22 April 2050 and 7 July 2050 for commercial use and 22 April 2080 and 7 July 2080 for residential use respectively.

As advised by the Group, the property only comprises portion of the land parcels with a total site area of approximately 103,523.00 sq.m. as stated in the above-mentioned certificates while the remaining portion with a site area of approximately 39,318.00 sq.m. is occupied by Phase 1 (Property No. 24) of the Development.

- We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
  - the property is subject to mortgages;
  - Chengde Yonglun has legally obtained the land use rights of the property as stated in the above-mentioned title documents; and
  - there is no limitation for selling or leasing out the property as shown in the title documents.
- In undertaking our valuation of the property, we have made reference to various residential land sales transactions which have characteristics comparable to the property. The accommodation values of the comparables are in a range from RMB1,600 to RMB2,600/sq.m. Due adjustments to the accommodation values of these transactions have been made to reflect factors including but not limited to plot ratio, land use term, accessibility, surrounding environment, location, use, site area and time in arriving at key assumptions.



## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022
42.	Tanghai Project (唐海項目), North of Tonggang Reservoir, Qi Nongchang, Caofeidian District, Tangshan, Hebei Province, PRC	<p>Tanghai Project (the “Development”) is a composite development to be erected on eight parcels of land with a total site area of approximately 623,709.47 sq.m.</p> <p>The Development is situated on the north of Tonggang Reservoir in Caofeidian District of Tangshan. Developments in the vicinity are dominated by various residential buildings and vacant lands. It takes about an hour’s drive from the Development to the city center of Tangshan.</p> <p>According to the information provided by the Group, the property will have a gross floor area of approximately 190,385.58 sq.m. upon completion.</p> <p>The land use rights of the property have been granted for two concurrent terms expiring on 25 August 2048 for commercial use and 25 August 2078 for residential use respectively.</p>	As at the valuation date, the property was vacant land.	<p>RMB281,000,000 (Renminbi Two Hundred and Eighty One Million)</p> <p>(100% interest attributable to the Group: RMB281,000,000 (Renminbi Two Hundred and Eighty One Million))</p> <p>or equivalent to: HK\$320,340,000 (Hong Kong Dollars Three Hundred Twenty Million Three Hundred and Forty Thousand)</p> <p>(100% interest attributable to the Group: HK\$320,340,000 (Hong Kong Dollars Three Hundred Twenty Million Three Hundred and Forty Thousand))</p>

*Notes:*

- Pursuant to eight Land Use Rights Certificates – Tang Cao Guo Yong (2013) Nos. 0710011778, 0710020249, 0710021779, 0710030248 and 0710031780, Ji (2019) Cao Fei Dian Qu Bu Dong Chan Quan No. 0010630, Ji (2020) Cao Fei Dian Qu Bu Dong Chan Quan No. 0002703 and Tang Hai Guo Yong (2010) Zi No. 0710010144, the land use rights of eight parcels of land of the Development with a total site area of 665,956.10 sq.m. have been granted to Tangshan Zhanyao Property Development Co., Ltd. (唐山展耀房地產開發有限公司) (“Tangshan Zhanyao”), which is a wholly-owned subsidiary of the Company, for two concurrent terms expiring on 25 August 2048 for commercial use and 25 August 2078 for residential use respectively.

As advised by the Group, the property only comprises portion of the land parcels with a total site area of approximately 623,709.47 sq.m. as stated in the above-mentioned certificates while the remaining portion with a site area of approximately 42,246.63 sq.m. is occupied by Phase I (Property No. 25) of the Development.

- We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
  - the property is subject to mortgages;
  - Tangshan Zhanyao has legally obtained the land use rights of the property as stated in the above-mentioned title documents; and
  - there is no limitation for selling or leasing out the property as shown in the title documents.
- In undertaking our valuation of the property, we have made reference to various land sales transactions which have characteristics comparable to the property. The accommodation values of the comparables are in a range from RMB1,600 to RMB1,800/sq.m. for residential use and RMB600 to RMB1,000/sq.m. for commercial use. Due adjustments to the accommodation values of these transactions have been made to reflect factors including but not limited to plot ratio, land use term, accessibility, surrounding environment, location, use, site area and time in arriving at key assumptions.

## VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022
43.	Phase 2 of Ezhou Huineng Project (鄂州匯能項目), East of Xuguang Avenue and north of Xuejia Gou, Ezhou, Hubei Province, PRC	<p>Ezhou Huineng Project (the “Development”) is an industrial development being erected on a parcel of land with a total site area of approximately 87,349.90 sq.m.</p> <p>The Development is situated on the east of Xuguang Avenue and north of Xuejia Gou in Ezhou. Developments in the vicinity are dominated by various industrial buildings. It takes about a 30-minute drive from the Development to the city center of Ezhou.</p> <p>According to the information provided by the Group, the property will have a total gross floor area of approximately 43,168.26 sq.m. upon completion.</p> <p>The land use rights of the property have been granted for a term expiring on 20 June 2068 for industrial use.</p>	As at the valuation date, the property was vacant land.	<p>RMB10,000,000 (Renminbi Ten Million)</p> <p>(100% interest attributable to the Group: RMB10,000,000 (Renminbi Ten Million))</p> <p>or equivalent to: HK\$11,400,000 (Hong Kong Dollars Eleven Million and Four Hundred Thousand)</p> <p>(100% interest attributable to the Group: HK\$11,400,000 (Hong Kong Dollars Eleven Million and Four Hundred Thousand))</p>

*Notes:*

- Pursuant to the Land Use Rights Grant Contract – No. 2018009, the land use rights of a parcel of land of the Development with a site area of 87,349.90 sq.m. have been granted to Ezhou Huineng Property Development Co., Ltd. (鄂州匯能房地產開發有限公司) (now renamed as Ezhou Huineng Technology Incubator Co., Ltd. (鄂州匯能科技孵化器有限公司) (“Ezhou Huineng”), which is a wholly-owned subsidiary of the Company) for a term of 50 years for industrial use at a land grant fee of RMB21,780,000.

As advised by the Group, the property only comprises portion of the land parcels with a site area of approximately 42,535.20 sq.m. as stated in the above-mentioned contract while the remaining portion with a site area of approximately 44,814.70 sq.m. is occupied by Phase 1 (Property No. 34) of the Development.

- Pursuant to the Land Use Rights Certificate – E (2018) E Zhou Shi Bu Dong Chan Quan No. 0051646, the land use rights of a parcel of land of the Development with a site area of 87,349.90 sq.m. have been granted to Ezhou Huineng for a term expiring on 20 June 2068 for industrial use.

As advised by the Group, the property only comprises portion of the land parcels with a site area of approximately 42,535.20 sq.m. as stated in the above-mentioned certificate while the remaining portion with a site area of approximately 44,814.70 sq.m. is occupied by Phase 1 (Property No. 34) of the Development.

3. Pursuant to the Construction Land Planning Permit – Di Zi No. 4207042021000010, Ezhou Huineng was permitted to use a parcel of land of the Development with a site area of 87,349.90 sq.m. for industrial use.  
  
As advised by the Group, the property only comprises portion of the land parcel with a site area of approximately 42,535.20 sq.m. as stated in the above-mentioned permit while the remaining portion is occupied by other phase of the Development.
4. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
  - i. the property is not subject to any mortgage;
  - ii. Ezhou Huineng has legally obtained the land use rights of the property as stated in the above-mentioned title document; and
  - iii. there is no limitation for selling or leasing out the property as shown in the title documents.
5. In undertaking our valuation of the property, we have made reference to various industrial land sales transactions which have characteristics comparable to the property. The land values of the comparables are in a range from RMB260 to 280/sq.m. Due adjustments to the land values of these transactions have been made to reflect factors including but not limited to plot ratio, land use term, accessibility, surrounding environment, location, use, site area and time in arriving at key assumptions.

## VALUATION REPORT

## Group VI – Property held by the Group for occupation in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022
44.	Flat B with Flat Roof(s) on 38th Floor of Tower 1 and Residential Car Parking Space No. R08, The Avenue, No. 200 Queen's Road East, Wanchai, Hong Kong  59/36306th equal and undivided shares of and in Inland Lot No. 9018.	<p>The Avenue is a private residential development comprising four high-rise residential blocks built over two podiums in Phase 1 and Phase 2 of the development respectively. Tower 1 of Phase 2 is a 29-storey (including a refuge floor) residential block over a 9-level commercial/car parking/communal/recreational podium (including four basement levels) completed in 2015.</p> <p>The property comprises one of the three domestic units on the 38th Floor of Tower 1 with saleable area of about 1,126 sq.ft. (104.61 sq.m.) together with bay windows, flat roofs and stairhood of total area about 1,271 sq.ft. (118.08 sq.m.).</p> <p>Moreover, the property also comprises a covered private car parking space on Basement 5 of the development.</p> <p>Inland Lot No. 9018 is held from the Government under the Conditions of Exchange No. 20099 for a term of 50 years from 25 February 2010 with an annual rent at 3% of the rateable value for the time being of the lot.</p>	As at the valuation date, the property was occupied by the Group for residential use.	<p>HK\$50,000,000 (Hong Kong Dollars Fifty Million)</p> <p>(100% interest attributable to the Group: HK\$50,000,000 (Hong Kong Dollars Fifty Million))</p>

*Notes:*

- The current registered owner of the property is Brighten Up (HK) Limited (萬盈(香港)有限公司), which is a wholly-owned subsidiary of the Company, held under Assignments in considerations of HK\$44,866,600 and HK\$3,150,000 vide memorials nos. 16092201930272 and 17081801630119 dated 31 August 2016 and 1 August 2017 in respect of "Flat B with Flat Roof(s) on 38th Floor of Tower 1" and "Residential Car Parking Space No. R08" of the property respectively.
- As registered in the Land Registry, the property is subject to a Mortgage in favour of Industrial and Commercial Bank of China (Asia) Limited to the extent of all moneys vide memorial no. 16092201930285 dated 31 August 2016 in respect of "Flat B with Flat Roof(s) on 38th Floor of Tower 1" of the property.
- In undertaking our valuation of the property, we have made reference to the sales records of the Development and/or various market comparables of similar developments which have characteristics comparable to the property. The unit rates of these comparables are in a range from HK\$26,887 to HK\$37,926/sq.ft. for residential units and HK\$2,980,000 to HK\$3,100,000/lot for car parking spaces. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size/ancillary areas, floor level, building age and building quality in arriving at the key assumptions.

## 1. RESPONSIBILITY STATEMENT

This Scheme Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Scheme, the Proposal, Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements and the China Jinmao Group.

The directors of China Jinmao are Mr. Li Fanrong (Chairman), Mr. Li Fuli, Mr. An Hongjun, Mr. Cheng Yong and Mr. Liu Pengpeng as non-executive directors; Mr. Li Congrui, Mr. Jiang Nan and Mr. Song Liuyi as executive directors; Mr. Su Xijia, Mr. Suen Man Tak, Mr. Gao Shibin and Mr. Zhong Wei as independent non-executive directors, who jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than that relating to the China VAST Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those expressed by the China VAST Directors in their capacity as China VAST Directors), have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement in this Scheme Document misleading.

## 2. DISCLOSURE OF INTERESTS

### 2.1 Interests of China Jinmao and the China Jinmao Concert Parties in the China VAST Shares

As at the Latest Practicable Date, China Jinmao, the China Jinmao Directors and China Jinmao Concert Parties who held securities of China VAST were as follows:

Name of China VAST Shareholder	As at the Latest Practicable Date	
	Number of China VAST Shares held	Approximate % of the total issued share capital of China VAST
China Jinmao <sup>(1)</sup>	493,720,010	29.90
Profit East <sup>(2)</sup>	723,092,654	43.79
Tai Shing <sup>(3)</sup>	4,753,000	0.29
<b>Total:</b>	<b>1,221,565,664</b>	<b>73.98</b>

Notes:

- (1) Held through a member of the CICC group which is an exempt principal trader acting as a custodian on a non-discretionary basis.

- (2) Profit East is a China Jinmao Concert Party and is wholly-owned by Ms. Zhao, who is also a China Jinmao Concert Party. Profit East holds, as at the Latest Practicable Date, 723,092,654 China VAST Shares, among which, 559,620,143 China VAST Shares will form part of the Scheme Shares and will be cancelled upon the Scheme becoming binding and effective in accordance with its terms, and the remaining 163,472,511 China VAST Shares are Rollover Shares which will not form part of the Scheme Shares.
- (3) Tai Shing is wholly-owned by Lily Charm Holding Limited, which is wholly-owned by TMF (Cayman) Ltd. on trust for The Hope Trust, established by Ms. Zhao for the benefit of Ms. Zhao and her issue. As such, Ms. Zhao, a China Jinmao Concert Party, is deemed to be interested in the China VAST Shares held by Tai Shing, and Tai Shing is therefore also a China Jinmao Concert Party. The 4,753,000 China VAST Shares held by Tai Shing will form part of the Scheme Shares and will be cancelled upon the Scheme becoming binding and effective in accordance with its terms.
- (4) The aggregate of the percentage figures in the table above may not add up to the relevant sub-total or total percentage figures shown due to rounding of the percentage figures to two decimal places.

Save as disclosed above and save for China Jinmao's interest in the China Jinmao Convertible Bonds, as at the Latest Practicable Date, none of China Jinmao, the China Jinmao Directors or China Jinmao Concert Parties (excluding CICC group entities that are exempt principal traders or exempt fund managers) owned or controlled any China VAST Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into China VAST Shares.

## 2.2 Interest and dealings in the securities of China VAST

During the Relevant Period:

- (a) none of China Jinmao, the China Jinmao Directors or the China Jinmao Concert Parties had dealt for value in any China VAST Shares, convertible securities, warrants, options and derivatives in respect of the China VAST Shares;
- (b) save for the interests of the China VAST Controlling Shareholders in the China VAST Shares as set out in the section headed "8. Shareholding Structure of China VAST" in Part VII – Explanatory Memorandum of this Scheme Document which remained unchanged throughout the Relevant Period, no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with China Jinmao or the China Jinmao Concert Parties owned or controlled any China VAST Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into China VAST Shares;
- (c) no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with China Jinmao or the China Jinmao Concert Parties had any dealings in any China VAST Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into China VAST Shares; and
- (d) save for the sales of an aggregate of 1,400,000 China VAST Shares conducted by Chance Talent on 10 June 2022 at an average price of HK\$2.225 per China VAST Share (comprising the sales of 255,000 China VAST Shares at the price of HK\$2.210

per China VAST Share, 645,000 China VAST Shares at the price of HK\$2.220 per China VAST Share, 427,000 China VAST Shares at the price of HK\$2.230 per China VAST Share, and 73,000 China VAST Shares at the price of HK\$2.240 per China VAST Share) as disclosed in the public disclosure form dated 16 June 2022 pursuant to Rule 22 of the Takeovers Code, neither Chance Talent nor Celestial Ocean had any dealings in any China VAST Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into China VAST Shares.

### **2.3 Other Interests**

As at the Latest Practicable Date, there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in China VAST which China Jinmao or any of the China Jinmao Concert Parties had borrowed or lent, save for any borrowed China VAST Shares which have been either on-lent or sold.

### **2.4 Other arrangements in relation to the Proposal**

As at the Latest Practicable date:

- (a) save for the Proposal, the Scheme, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements, and the Irrevocable Undertakings, there was no agreement, arrangement or understanding between China Jinmao or the China Jinmao Concert Parties on the one hand, and any China VAST Shareholders or recent China VAST Shareholders on the other hand, having any connection with or was dependent upon the Proposal;
- (b) save for the Implementation Undertaking and the Controlling Shareholder Irrevocable Undertaking, there were no agreements or arrangements to which China Jinmao or any of the China Jinmao Concert Parties was a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Proposal;
- (c) there was no agreement, arrangement or understanding between China Jinmao and any other person in relation to the transfer, charge or pledge of the China VAST Shares to be acquired pursuant to the Proposal, and China Jinmao had no intention to transfer, charge or pledge any China VAST Shares acquired pursuant to the Proposal to any other person;
- (d) save for the Proposal and the Controlling Shareholder Irrevocable Undertaking, there are no arrangements (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the China VAST Shares or the China Jinmao Shares which might be material to the Proposal;

- (e) save for the Chance Talent Irrevocable Undertaking and the Celestial Ocean Irrevocable Undertaking, neither China Jinmao nor any of the China Jinmao Concert Parties had received any irrevocable commitment from any Disinterested Shareholder to vote for the Proposal;
- (f) save for the Non-Controlling Shareholder Cancellation Price, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements, there is no other consideration, compensation or benefit in whatever form paid or to be paid by China Jinmao or any of the China Jinmao Concert Parties to the Scheme Shareholders or any person acting in concert with the Scheme Shareholders in connection with the cancellation of the Scheme Shares; and
- (g) save for the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between China Jinmao or any of the China Jinmao Concert Parties on the one hand, and any China VAST Shareholder on the other hand.

### 3. EXPERT AND CONSENT

The following are the name and qualification of the expert who had been engaged by China Jinmao and has given its opinion or advice, which is contained in this Scheme Document:

<b>Name</b>	<b>Qualifications</b>
China International Capital Corporation Hong Kong Securities Limited	a licensed corporation under the SFO, registered to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO

The expert mentioned above has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion of its opinions and references to its name in the form and context in which it appears.

### 4. MISCELLANEOUS

As at the Latest Practicable Date:

- (a) China Jinmao is a company incorporated in Hong Kong with limited liability. The registered office of China Jinmao is at Rooms 4702-03, 47th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.



- (b) The directors of China Jinmao comprise Mr. Li Fanrong (Chairman), Mr. Li Fuli, Mr. An Hongjun, Mr. Cheng Yong and Mr. Liu Pengpeng as non-executive directors; Mr. Li Congrui, Mr. Jiang Nan and Mr. Song Liuyi as executive directors; Mr. Su Xijia, Mr. Suen Man Tak, Mr. Gao Shibin and Mr. Zhong Wei as independent non-executive directors.
- (c) As at the Latest Practicable Date, SASAC held 100% of Sinochem Holdings Corporation Ltd., which held 100% of Sinochem Group Co., Ltd. Sinochem Group Co., Ltd. wholly owned Sinochem Corporation, which held 100% of Sinochem Hong Kong (Group) Company Limited, which in turn held 35.27% equity interests in China Jinmao. The ultimate controlling shareholder of China Jinmao was SASAC. The directors of Sinochem Holdings Corporation Ltd. as at the Latest Practicable Date were Mr. Li Fanrong, Mr. Li Qing, Mr. Wang Binghua, Mr. Li Yinquan, Mr. Deng Zhixiong, Mr. Lei Dianwu and Mr. Wang Mingfeng.
- (d) Save for the current listing of the China Jinmao Shares on the Main Board of the Stock Exchange (stock code: 00817), no part of China Jinmao's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.
- (e) The principal place of business of CICC is situated at 29/F One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.
- (f) The registered office of Profit East, a China Jinmao Concert Party, is at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands. The Hong Kong correspondence address of Profit East is Unit 3708, 37/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The directors of Profit East are Ms. Zhao and Ms. Wang Wei.
- (g) The registered office of Tai Shing, a China Jinmao Concert Party, is at Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands. The Hong Kong correspondence address of Tai Shing is Unit 3708, 37/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. Ms. Zhao is the sole director of Tai Shing.
- (h) The address of Ms. Zhao, a China Jinmao Concert Party and the ultimate controlling shareholder of Profit East and Tai Shing, is at Unit 3708, 37/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

## 1. RESPONSIBILITY STATEMENT

This Scheme Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Scheme, the Proposal, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements and the China VAST Group.

The China VAST Directors jointly and severally accept full responsibility for the accuracy of information contained in this Scheme Document in relation to the China VAST Group and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Scheme Document by the China VAST Directors, in their capacity as China VAST Directors, have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement in this Scheme Document misleading.

## 2. SHARE CAPITAL AND OPTIONS

### Share Capital

As at the Latest Practicable Date:

- (a) the authorised share capital of China VAST was HK\$50,000,000 divided into 5,000,000,000 China VAST Shares;
- (b) the issued and paid-up share capital of China VAST was HK\$16,512,374.91 divided into 1,651,237,491 China VAST Shares;
- (c) all the issued China VAST Shares are fully paid and rank pari passu in all respects including, in particular, the rights in respect of capital, dividends and voting;
- (d) the China VAST Shares are listed on the Main Board of the Stock Exchange and no China VAST Shares are listed or dealt in on any other stock exchange and no such listing or permission to deal is being or is proposed to be sought;
- (e) no new China VAST Shares have been issued by China VAST since 31 December 2021, being the end of the last financial year of China VAST, up to the Latest Practicable Date;
- (f) all 39,750,000 China VAST Options outstanding as of the Announcement Date have lapsed on 31 July 2022 in accordance with the terms of the China VAST Share Option Scheme and the relevant grant; and
- (g) save for the Chance Talent Convertible Notes and China Jinmao Convertible Bonds, China VAST had no other outstanding convertible securities, options, warrants, derivatives or any other conversion rights in issue affecting the China VAST Shares.

### 3. MARKET PRICES

The table below shows the closing prices of the China VAST Shares quoted on the Stock Exchange on (i) the last Business Day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date.

Date	Closing price per China VAST Shares (HK\$)
31 December 2021	1.53
31 January 2022	1.51
28 February 2022	1.69
31 March 2022	1.73
29 April 2022	1.88
31 May 2022	1.90
2 June 2022 (Last Trading Day)	1.84
30 June 2022	2.25
29 July 2022	2.34
31 August 2022	2.38
30 September 2022	2.35
28 October 2022 (Latest Practicable Date)	2.38

During the Relevant Period, the highest closing price of the China VAST Shares as quoted on the Stock Exchange was HK\$2.38 per China VAST Share<sup>(1)</sup> and the lowest closing price of the China VAST Shares as quoted on the Stock Exchange was HK\$1.29 per China VAST Share<sup>(2)</sup>.

The Non-Controlling Shareholder Cancellation Price of HK\$2.40 in cash for every Non-Controlling Shareholder Scheme Share represents a premium of approximately 0.84% over the closing price of HK\$2.38 per China VAST Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Controlling Shareholder Cancellation Price of HK\$2.13 in cash for every Controlling Shareholder Scheme Share represents a discount of approximately 10.50% over the closing price of HK\$2.38 per China VAST Share as quoted on the Stock Exchange on the Latest Practicable Date.

*Notes:*

- (1) The highest closing price of the China VAST Shares of HK\$2.38 was last recorded on 28 October 2022 during the Relevant Period.*
- (2) The lowest closing price of the China VAST Shares of HK\$1.29 was recorded on 17 December 2021 and 20 December 2021 during the Relevant Period.*

#### 4. DISCLOSURE OF INTERESTS

##### 4.1 China VAST Directors' interests and short positions in the China VAST Shares and shares in China VAST's associated corporations

As at the Latest Practicable Date, the interests and short positions of the China VAST Director and chief executive of China VAST in the shares, underlying shares and debentures of China VAST or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to China VAST and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed to have under such provisions of the SFO), or were recorded in the register required to be maintained by China VAST pursuant to section 352 of the SFO, or otherwise notified to China VAST referred to therein and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "Model Code"), or were required to be disclosed under the Takeovers Code were as follows:

Long positions in the China VAST Shares:

<b>Name of China VAST Director</b>	<b>Nature of interest</b>	<b>Number of China VAST Shares held</b>	<b>Approximate percentage of shareholding interest</b>
Mr. Wang Jianjun	Interest of spouse	727,845,654 <sup>(1)</sup>	44.08%

*Note:*

- (1) Mr. Wang Jianjun, the spouse of Ms. Zhao, is deemed to be interested in all the China VAST Shares in which Ms. Zhao is interested. Ms. Zhao is the sole shareholder of Profit East and is deemed to be interested in the 723,092,654 China VAST Shares held by Profit East. In addition, Tai Shing is interested in 4,753,000 China VAST Shares of China VAST. Tai Shing is wholly-owned by Lily Charm Holding Limited, which is wholly owned by TMF (Cayman) Ltd. on trust for The Hope Trust. Ms. Zhao, as the sole settlor and sole member of The Hope Trust's protective committee, established The Hope Trust, which is an irrevocable discretionary trust with TMF (Cayman) Ltd. as the trustee for the benefit of Ms. Zhao and her issue. As such, Ms. Zhao is also deemed to be interested in the China VAST Shares held by Tai Shing.

As at the Latest Practicable Date, save as disclosed above, none of the China VAST Directors nor chief executive of China VAST had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of China VAST or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to China VAST and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the China VAST Director or chief executive of China VAST were deemed to have under such provisions of the SFO); recorded in the register required to be kept by China VAST pursuant to section 352 of the SFO, or otherwise notified to China VAST and the Stock Exchange pursuant to the Model Code; or required to be disclosed under the Takeovers Code.

As at the Latest Practicable Date, save as disclosed above, none of the China VAST Directors nor chief executive of China VAST had any interests in any shares, convertible securities, warrants, options or derivatives of China VAST.

As at the Latest Practicable Date, save for Mr. Song Liuyi who was also a China Jinmao Director, Mr. Zhao Lei who was also an employee of China Jinmao and Ms. Wang Wei who was a director of Profit East, none of the China VAST Directors was a director or employee of a company which had an interest or short position in the China VAST Shares or underlying China VAST Shares which would fall to be disclosed to China VAST and the Stock Exchange under provisions of Divisions 2 and 3 or Part XV of the SFO.

#### 4.2 Interests and short positions of China Jinmao, the China Jinmao Concert Parties and other substantial China VAST Shareholders in the China VAST Shares

As at the Latest Practicable Date, China VAST Shareholders (other than the interest disclosed above in respect of the China VAST Directors or the chief executives of China VAST) who had interests and short positions in the China VAST Shares, underlying China VAST Shares and debentures of China VAST which were required to be notified to China VAST and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by China VAST pursuant to Section 336 of the SFO were as follows:

<b>Name of the China VAST Shareholder</b>	<b>Nature of interest</b>	<b>Number of China VAST Shares interested in</b>	<b>Approximate percentage of shareholding</b>
Ms. Zhao	Interest in a controlled corporation	727,845,654	44.08%
Profit East	Beneficial Owner	723,092,654	43.79%
Sinochem Holdings Corporation Ltd. <sup>(1)</sup>	Interest in a controlled corporation	833,043,460	50.45%
Sinochem Group Co., Ltd. <sup>(1)</sup>	Interest in a controlled corporation	833,043,460	50.45%
Sinochem Corporation <sup>(1)</sup>	Interest in a controlled corporation	833,043,460	50.45%
Sinochem Hong Kong (Group) Company Limited <sup>(1)</sup>	Interest in a controlled corporation	833,043,460	50.45%
China Jinmao <sup>(1)</sup>	Beneficial Owner	833,043,460	50.45%

Name of the China VAST Shareholder	Nature of interest	Number of China VAST Shares interested in	Approximate percentage of shareholding
Central Huijin Investment Ltd. <sup>(2)</sup>	Interest in a controlled corporation	146,357,873	8.86%
China Construction Bank Corporation <sup>(2)</sup>	Interest in a controlled corporation	146,357,873	8.86%
CCB International Group Holdings Limited <sup>(2)</sup>	Interest in a controlled corporation	146,357,873	8.86%
CCB Financial Holdings Limited <sup>(2)</sup>	Interest in a controlled corporation	146,357,873	8.86%
CCB International (Holdings) Limited <sup>(2)</sup>	Interest in a controlled corporation	146,357,873	8.86%
CCBI Investments Limited <sup>(2)</sup>	Interest in a controlled corporation	146,357,873	8.86%
Chance Talent <sup>(2)</sup>	Beneficial Owner	146,357,873	8.86%
Mr. Wang Wei <sup>(3)</sup>	Interest in a controlled corporation	95,141,336	5.76%
Shenzhen Mingde Holding Development Co., Ltd. <sup>(3)</sup>	Interest in a controlled corporation	95,141,336	5.76%
S.F. Holding Co., Ltd. <sup>(3)</sup>	Interest in a controlled corporation	95,141,336	5.76%
Shenzhen S.F. Taisen Holding (Group) Co., Ltd. <sup>(3)</sup>	Interest in a controlled corporation	95,141,336	5.76%
SF Holding Limited <sup>(3)</sup>	Interest in a controlled corporation	95,141,336	5.76%
Celestial Ocean <sup>(3)</sup>	Beneficial Owner	95,141,336	5.76%

*Notes:*

- (1) China Jinmao directly held 493,720,010 China VAST Shares. In addition, it was interested in 339,323,450 China VAST Shares (subject to adjustments) which may be issued upon full conversion of the China Jinmao Convertible Bonds, pursuant to the subscription agreement dated 28 June 2021 entered into by and between, among others, China VAST and China Jinmao. China Jinmao was owned as to approximately 35.3% by Sinochem Hong Kong (Group) Company Limited. Sinochem Hong Kong

(Group) Company Limited was directly wholly-owned by Sinochem Corporation, which was, in turn, directly wholly-owned by Sinochem Group Co., Ltd. Sinochem Holdings Corporation Ltd. held the entire equity interests in Sinochem Group Co., Ltd. Therefore, each of Sinochem Hong Kong (Group) Company Limited, Sinochem Corporation, Sinochem Group Co., Ltd. and Sinochem Holdings Corporation Ltd. was deemed to be interested in the 833,043,460 China VAST Shares in which China Jinmao was interested.

- (2) Chance Talent, the subscriber of the Chance Talent Convertible Notes, was directly interested in 146,357,873 China VAST Shares (the number of shares involved will be affected by the conversion price of the Chance Talent Convertible Notes which is subject to adjustments according to the terms of the agreement). Chance Talent was directly wholly-owned by CCBI Investments Limited, which was, in turn, directly wholly-owned by CCB International (Holdings) Limited. CCB International (Holdings) Limited was directly wholly-owned by CCB Financial Holdings Limited, which was, in turn, directly wholly-owned by CCB International Group Holdings Limited. CCB International Group Holdings Limited was directly wholly-owned by China Construction Bank Corporation, which was owned as to 57.11% by Central Huijin Investment Ltd. Therefore, each of CCBI Investments Limited, CCB International (Holdings) Limited, CCB Financial Holdings Limited, CCB International Group Holdings Limited, China Construction Bank Corporation and Central Huijin Investment Ltd. was deemed to be interested in the 146,357,873 China VAST Shares in which Chance Talent was interested.
- (3) Celestial Ocean was directly interested in 95,141,336 China VAST Shares. Celestial Ocean was directly wholly-owned by SF Holding Limited, which was, in turn, directly wholly-owned by Shenzhen S.F. Taisen Holding (Group) Co., Ltd. Shenzhen S.F. Taisen Holding (Group) Co., Ltd. was directly wholly-owned by S.F. Holding Co., Ltd., which was, in turn, owned as to 54.95% by Shenzhen Mingde Holding Development Co., Ltd. Shenzhen Mingde Holding Development Co., Ltd. was owned as to 99.9% by Mr. Wang Wei. Therefore, each of SF Holding Limited, Shenzhen S.F. Taisen Holding (Group) Co., Ltd., S.F. Holding Co., Ltd., Shenzhen Mingde Holding Development Co., Ltd. and Mr. Wang Wei was deemed to be interested in the 95,141,336 China VAST Shares in which Celestial Ocean was interested.

Save as disclosed above, as at the Latest Practicable Date, there was no person (other than the interest disclosed above in respect of the China VAST Directors or the chief executives of China VAST) who (a) had interests and short positions in the China VAST Shares, underlying China VAST Shares and debentures of China VAST which were required to be notified to China VAST and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by China VAST pursuant to Section 336 of the SFO; or (b) were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying the right to vote in all circumstances at general meetings of China VAST or any options in respect of such capital.

#### **4.3 Dealings in the securities of China VAST**

During the Relevant Period:

- (a) none of the China VAST Directors had any dealings in any China VAST Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into China VAST Shares;
- (b) no subsidiaries of China VAST, pension funds (if any) of any member of the China VAST Group, any person who is presumed to be acting in concert with China VAST by virtue of class (5) of the definition of acting in concert or any associate of China VAST by virtue of class (2) of the definition of “associate” under the Takeovers

Code (excluding any exempt principal trader or exempt fund manager) had any dealings in any China VAST Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into China VAST Shares;

- (c) no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with China VAST or with any person who is presumed to be acting in concert with China VAST by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or with any person who is an associate of China VAST by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, owned or controlled, or had any dealings in, any China VAST Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into China VAST Shares; and
- (d) no fund managers connected with China VAST who managed funds on a discretionary basis (other than exempt fund managers) had any dealings in any China VAST Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into China VAST Shares).

#### **4.4 Interest and dealings in the securities of China Jinmao**

- (a) As at the Latest Practicable Date, none of China VAST or any of the China VAST Directors had any interest in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of China Jinmao.
- (b) During the Relevant Period, none of China VAST or any of the China VAST Directors had any dealings in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of China Jinmao.

#### **4.5 Other interests**

As at the Latest Practicable Date:

- (a) no China VAST Shares or any convertible securities, warrants, options or derivatives issued by China VAST were owned or controlled by a subsidiary of China VAST, a pension fund (if any) of any member of China VAST, a person who is presumed to be acting in concert with China VAST by virtue of class (5) of the definition of “acting in concert”, or an associate of China VAST by virtue of class (2) of the definition of “associate” under the Takeovers Code (other than exempt principal traders and exempt fund managers);
- (b) no China VAST Shares, convertible securities, warrants, options or derivatives of China VAST were managed on a discretionary basis by any fund managers connected with China VAST (other than exempt fund managers);



- (c) none of the China VAST Directors was a Beneficial Owner entitled to vote at the Court Meeting and/or the China VAST EGM; and
- (d) none of China VAST or the China VAST Directors had borrowed or lent any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of China VAST.

#### 4.6 Other arrangements in relation to the Proposal

As at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation) was or would be given to any China VAST Director as compensation for his or her loss of office or otherwise in connection with the Proposal;
- (b) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with China VAST or with any person who is presumed to be acting in concert with China VAST by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” or with any person who is an associate of China VAST by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code;
- (c) there was no material contract which had been entered into by China Jinmao in which any China VAST Director had a material personal interest;
- (d) there was no agreement, arrangement or understanding (including any compensation arrangement) existed between any of the China VAST Directors and any other person which was conditional on or was dependent upon the outcome of the Proposal or otherwise connected with the Proposal;
- (e) save for the Proposal, the Scheme, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements, there was no agreement, arrangement or understanding (including any compensation arrangement) between China Jinmao or the China Jinmao Concert Parties on the other hand, and any China VAST Directors or recent China VAST Directors on the other hand, having any connection with or was dependent upon the Proposal; and
- (f) there is no special deal (as defined under Rule 25 of the Takeovers Code) between any China VAST Shareholder and China VAST, its subsidiaries or associated companies.

## 5. MATERIAL LITIGATION

As at the Latest Practicable Date, none of China VAST or any other member of the China VAST Group was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance was pending or threatened by or against China VAST or any other member of the China VAST Group.

## 6. MATERIAL CONTRACTS

Saved for the contracts as set forth below, the China VAST Group has not entered into any material contract (being contract not entered into in the ordinary course of business carried on or intended to be carried on by the China VAST Group) within the two years immediately preceding the commencement of the Offer Period, and up to and including the Latest Practicable Date, which is or may be material:

- (a) the second amendment deed to the subscription agreement dated 8 January 2021 entered into between China VAST as the issuer, certain members of the China VAST Group and certain China VAST Controlling Shareholders as the guarantors, and Chance Talent as the initial investor in relation to the amendment of the subscription agreement entered into between the parties in relation to the Chance Talent Notes and Chance Talent Convertible Notes;
- (b) the loan agreement dated 11 June 2021 entered into between China VAST as the borrower and Profit East as the lender in relation to an unsecured shareholders' loan (the "**Profit East Loan**") in the amount of US\$95,000,000;
- (c) the subscription agreement dated 28 June 2021 entered into between China VAST as the issuer, certain members of the China VAST Group as the corporate guarantors, and China Jinmao as the initial investor in relation to China Jinmao's subscription of the China Jinmao Convertible Bonds;
- (d) the third amendment deed to the subscription agreement dated 4 October 2021 entered into between China VAST as the issuer, certain members of the China VAST Group and certain China VAST Controlling Shareholders as the guarantors, and Chance Talent as the initial investor in relation to the amendment of the subscription agreement entered into between the parties in relation to the Chance Talent Notes and Chance Talent Convertible Notes;
- (e) the fourth amendment deed to the subscription agreement dated 11 December 2021 entered into between China VAST as the issuer, certain members of the China VAST Group and certain China VAST Controlling Shareholders as the guarantors, and Chance Talent as the initial investor in relation to the amendment of the subscription agreement entered into between the parties in relation to the Chance Talent Notes and Chance Talent Convertible Notes;

- (f) the loan extension agreement dated 15 January 2022 entered into between China VAST as the borrower and Profit East as the lender in relation to the extension of the maturity date under the Profit East Loan;
- (g) the Implementation Undertaking; and
- (h) the fifth amendment deed to the subscription agreement dated 12 October 2022 entered into between China VAST as the issuer, certain members of the China VAST Group and certain China VAST Controlling Shareholders and China Jinmao as the guarantors, and Chance Talent as the initial investor in relation to the amendment of the subscription agreement entered into between the parties in relation to the Chance Talent Notes and Chance Talent Convertible Notes.

## 7. DIRECTORS' SERVICE CONTRACTS

Save as disclosed below, as at the Latest Practicable Date, none of the China VAST Directors had entered into a service contract with any member of the China VAST Group or the associated companies of China VAST which (a) was entered into or amended (including both continuous and fixed term contracts) within six months prior to the commencement of the Offer Period; (b) is a continuous contract with a notice period of 12 months or more; or (c) is a fixed term contract with more than 12 months to run irrespective of the notice period:

<b>Name of Director</b>	<b>Date of service contract</b>	<b>Term of service contract</b>	<b>Amount of remuneration</b>
Song Liuyi	19 July 2021	3 years	Nil
Zhao Lei	19 July 2021	3 years	Nil

*Note:* No remuneration is payable to Mr. Song Liuyi and Mr. Zhao Lei pursuant to the service contracts identified under sub-paragraph (a), (b) and (c) above. The expiry date of their service contracts is 19 July 2024.

## 8. EXPERT AND CONSENT

The following are the names and qualifications of the expert who had been engaged by China VAST and have given their opinion or advice, which are contained in this Scheme Document:

<b>Name</b>	<b>Qualifications</b>
Rainbow Capital (HK) Limited	a licensed corporation under the SFO, registered to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Savills Valuation and Professional Services Limited	independent property valuer

Each of the experts mentioned above has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion in this Scheme Document of the text its letter, report or opinion (as the case may be) and references to its name in the form and context in which it appears.

## 9. MISCELLANEOUS

- (a) The China VAST Directors are:

*Non-executive Director:*

Mr. Song Liuyi (*Chairman*)

*Executive Directors*

Mr. Wang Jianjun

Mr. Zhao Lei

Mr. Yang Yun

Mr. Wang Yagang

Ms. Wang Wei

*Independent non-executive Directors:*

Dr. Wong Wing Kuen, Albert

Ms. Hsieh Yafang

Professor Wang Yijiang

- (b) The company secretary of China VAST is Mr. Lam Wai Tsang.
- (c) The registered office of China VAST is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (d) The principal place of business of China VAST in Hong Kong is at Unit 3708, 37/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.
- (e) The registered office of Profit East is at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands. The Hong Kong correspondence address of Profit East is Unit 3708, 37/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The directors of Profit East are Ms. Zhao and Ms. Wang Wei.
- (f) The registered office of Tai Shing is at Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands. The Hong Kong correspondence address of Tai Shing is Unit 3708, 37/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. Ms. Zhao is the sole director of Tai Shing.
- (g) The address of Ms. Zhao is at Unit 3708, 37/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

- (h) The principal share registrar of China VAST is Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (i) The Hong Kong branch share registrar of China VAST is Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (j) The principal business address of the China VAST Independent Financial Adviser is at Room 5B, 12/F, Tung Ning Building, No. 2 Hillier Street, Sheung Wan, Hong Kong.

Copies of the following documents are available for display from the date of this Scheme Document until the Effective Date or the date on which the Scheme lapses or is withdrawn, whichever is earlier (i) during normal business hours from 9:00 a.m. to 5:30 p.m. (except Saturdays, Sundays and public holidays in Hong Kong) (Hong Kong time) at the principal place of business of China VAST in Hong Kong at Unit 3708, 37/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong; (ii) on the website of China Jinmao ([www.chinajinmao.cn](http://www.chinajinmao.cn)); (iii) on the website of China VAST (<http://www.vastiud.com>); and (iv) on the respective websites of the SFC ([www.sfc.hk](http://www.sfc.hk)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)):

- (a) the memorandum and articles of association of China VAST;
- (b) the articles of association of China Jinmao;
- (c) the annual reports containing the audited consolidated financial statements of China VAST for each of the three years ended 31 December 2019, 31 December 2020 and 31 December 2021;
- (d) the interim reports containing the unaudited consolidated financial statements of China VAST for each of the six months ended 30 June 2021 and 30 June 2022;
- (e) the letter from the China VAST Board, the text of which is set out in Part IV of this Scheme Document;
- (f) the letter from the China VAST Independent Board Committee, the text of which is set out in Part V of this Scheme Document;
- (g) the letter from the China VAST Independent Financial Adviser, the text of which is set out in Part VI of this Scheme Document;
- (h) written consent referred to in the section headed “3. Expert and Consent” in Appendix III – General Information on the China Jinmao Group to this Scheme Document;
- (i) material contracts referred to in the section headed “6. Material Contracts” in Appendix IV – General Information on the China VAST Group to this Scheme Document;
- (j) service contracts referred to in the section headed “7. Directors’ Service Contracts” in Appendix IV – General Information on the China VAST Group to this Scheme Document;
- (k) written consents referred to in the section headed “8. Expert and Consent” in Appendix IV – General Information on the China VAST Group to this Scheme Document;

- (l) the Controlling Shareholder Irrevocable Undertaking;
- (m) the Chance Talent Irrevocable Undertaking;
- (n) the Celestial Ocean Irrevocable Undertaking;
- (o) the CIB Facility Agreement;
- (p) the property valuation report of the China VAST Group prepared by Savills, the text of which is set out in Appendix II to this Scheme Document; and
- (q) this Scheme Document.

IN THE COURT OF THE CAYMAN ISLANDS  
FINANCIAL SERVICES DIVISION  
CAUSE NO. FSD 185 of 2022 (DDJ)

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IN THE MATTER OF  
CHINA VAST INDUSTRIAL URBAN DEVELOPMENT COMPANY LIMITED  
中國宏泰產業市鎮發展有限公司  
AND IN THE MATTER OF  
SECTION 86 OF THE COMPANIES ACT (2022 REVISION)

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SCHEME OF ARRANGEMENT  
between  
CHINA VAST INDUSTRIAL URBAN DEVELOPMENT COMPANY LIMITED  
中國宏泰產業市鎮發展有限公司  
and  
THE SCHEME SHAREHOLDERS

(as hereinafter defined)

PRELIMINARY

- (A) In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the meanings respectively set out opposite them:

“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“China Jinmao”	China Jinmao Holdings Group Limited, a company incorporated in Hong Kong with limited liability, whose China Jinmao Shares are listed on the Main Board of the Stock Exchange (stock code: 00817)
“China Jinmao Concert Party(ies)”	any party(ies) acting in concert with China Jinmao in relation to China VAST (including the China VAST Controlling Shareholders) for the purpose of the Takeovers Code (except for those in the capacity of an exempt principal trader (as defined in the Takeovers Code) or exempt fund manager (as defined in the Takeovers Code))



“China VAST”	China VAST Industrial Urban Development Company Limited, a company incorporated in the Cayman Islands with limited liability, whose China VAST Shares are listed on the Main Board of the Stock Exchange (stock code: 6166)
“China VAST Controlling Shareholder(s)”	Profit East, Tai Shing and Ms. Zhao
“China VAST EGM”	an extraordinary general meeting of China VAST to be duly convened and held in accordance with the articles of association of China VAST to consider and vote on, among other things, the necessary resolutions for the implementation of the Proposal, or any adjournment thereof
“China VAST Independent Board Committee”	the independent board committee of China VAST comprising Dr. Wong Wing Kuen, Albert, Ms. Hsieh Yafang and Professor Wang Yijiang, being all of the non-executive directors of China VAST who are not China Jinmao Concert Parties, formed for the purpose of advising the Disinterested Shareholders and the Independent Shareholders (as the case may be) in respect of the Proposal, the Scheme, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements
“China VAST Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of China VAST
“China VAST Shareholder(s)”	registered holder(s) of Share(s)
“CICC”	China International Capital Corporation Hong Kong Securities Limited, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to China Jinmao in relation to the Proposal

“Companies Act”	the Companies Act (2022 Revision) of the Cayman Islands, as consolidated and revised from time to time
“Condition(s)”	the condition(s) of the Proposal, details of which are set out in the section headed “3. Conditions of the Proposal and the Scheme” in Part VII – Explanatory Memorandum of this Scheme Document
“Conditions Long Stop Date”	31 March 2023 (or such later date as may be agreed between China Jinmao and China VAST or, to the extent applicable, as the Executive may consent to and/or the Court may direct)
“Controlling Shareholder Cancellation Price”	HK\$2.13 for every Controlling Shareholder Scheme Share held by the China VAST Controlling Shareholders payable in cash by China Jinmao to the China VAST Controlling Shareholders pursuant to the Scheme and in accordance with the Controlling Shareholder Payment Terms
“Controlling Shareholder Irrevocable Undertaking”	the controlling shareholder irrevocable undertaking entered into between China Jinmao and the China VAST Controlling Shareholders on 9 June 2022, as amended and/or supplemented by the deed of amendment in relation to the controlling shareholder irrevocable undertaking entered into between China Jinmao and the China VAST Controlling Shareholders on 17 October 2022
“Controlling Shareholder Payment Terms”	the terms of payment of the Controlling Shareholder Cancellation Price which form part of the Rollover Arrangement, details of which are set out in the section headed “6. Irrevocable Undertakings – Controlling Shareholder Irrevocable Undertaking” in Part VII – Explanatory Memorandum of the Scheme Document
“Controlling Shareholder Scheme Shares”	Scheme Share(s) held by the China VAST Controlling Shareholders
“Court”	the Grand Court of the Cayman Islands

“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Court at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof
“Disinterested Shareholder(s)”	the China VAST Shareholders other than China Jinmao and the China Jinmao Concert Parties
“Effective Date”	the date on which the Scheme, if approved and sanctioned by the Court, becomes effective in accordance with its terms and the Companies Act, being the date on which a copy of the orders of the Court sanctioning the Scheme and confirming the reduction of issued share capital resulting from the cancellation of the Scheme Shares is delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to Section 86(3) of the Companies Act, and which is expected to be Monday, 5 December 2022 (Cayman Islands time)
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	the China VAST Shareholders other than (i) China Jinmao, (ii) the China Jinmao Concert Parties, and (iii) any other China VAST Shareholders who are interested or involved in the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements
“Latest Practicable Date”	28 October 2022, being the latest practicable date for ascertaining certain information contained in the Scheme Document

“Ms. Zhao”	Ms. Zhao Ying, a China VAST Controlling Shareholder, the spouse of Mr. Wang Jianjun (an executive director of China VAST) and the mother of Ms. Wang Wei (an executive director of China VAST), and therefore a China Jinmao Concert Party
“New Shares”	new Shares to be issued to China Jinmao pursuant to the Scheme, corresponding to the number of the Scheme Shares
“Non-Controlling Shareholder Cancellation Price”	HK\$2.40 for every Non-Controlling Shareholder Scheme Share payable in cash by China Jinmao to the Scheme Shareholders (other than the China VAST Controlling Shareholders) pursuant to the Scheme
“Non-Controlling Shareholder Scheme Shares”	Scheme Share(s) held by the Scheme Shareholders (excluding the China VAST Controlling Shareholders)
“Profit East”	Profit East Limited, a company incorporated in the British Virgin Islands which is wholly-owned by Ms. Zhao, and a China Jinmao Concert Party
“Proposal”	the proposed privatisation of China VAST by China Jinmao by way of the Scheme, the implementation of the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements and the withdrawal of the listing of the China VAST Shares from the Stock Exchange, in each case, on the terms and subject to the Conditions set out in the Scheme Document
“Register”	the register of members of China VAST
“Rollover Arrangement”	the arrangement between China Jinmao and Profit East under the Controlling Shareholder Irrevocable Undertaking, which includes the arrangement in relation to the Controlling Shareholder Cancellation Price and the Shareholder Arrangements

“Rollover Share(s)”	the 163,472,511 China VAST Share(s) held by Profit East which is subject to the Rollover Arrangement, representing approximately 9.90% of the total number of issued China VAST Shares as at the Latest Practicable Date
“Scheme”	the scheme of arrangement between China VAST and the Scheme Shareholders under section 86 of the Companies Act, involving the cancellation of all of the Scheme Shares in exchange for the Non-Controlling Shareholder Cancellation Price or the Controlling Shareholder Cancellation Price (as applicable) and the simultaneous restoration of the number of issued China VAST Shares in the share capital of China VAST to the number prior to the cancellation and extinguishment of the Scheme Shares, with or subject to any modification, addition or condition approved or imposed by the Court or agreed by China VAST and China Jinmao
“Scheme Document”	this composite scheme document despatched by China VAST to the China VAST Shareholders containing, among other things, further details of the Proposal, a letter from the board of directors of China VAST, a letter of advice from Rainbow Capital (HK) Limited as the independent financial adviser to the China VAST Independent Board Committee in respect of the Proposal, the recommendations of the China VAST Independent Board Committee and notices to convene the Court Meeting and the China VAST EGM
“Scheme Record Date”	Monday, 5 December 2022, being the Effective Date, or such other date as shall have been announced to the Scheme Shareholders, being the record date for the purpose of determining entitlements of the Scheme Shareholders upon the Scheme becoming effective
“Scheme Share(s)”	the Controlling Shareholder Scheme Shares and the Non-Controlling Shareholder Scheme Shares collectively, being the China VAST Shares held by the Scheme Shareholders other than the Rollover Shares

“Scheme Shareholder(s)”	the China VAST Shareholder(s) (including the China Jinmao Concert Parties but excluding China Jinmao)
“SFC”	the Securities and Futures Commission of Hong Kong
“Shareholder Arrangements”	the dividend, pre-emptive, right of first refusal, tag-along and drag-along and funding arrangements as set out in the section headed “5. Special Deal Relating to Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements” in Part VII – Explanatory Memorandum of the Scheme Document
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tai Shing”	Tai Shing International Investment Company Limited, a company incorporated in the British Virgin Islands which is indirectly wholly-owned by TMF (Cayman) Ltd. on trust for The Hope Trust (a trust established by Ms. Zhao for the benefit of Ms. Zhao and her issue), and a China Jinmao Concert Party
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

- (B) China VAST was incorporated in the Cayman Islands on 13 February 2014 under the provisions of the Companies Act as an exempted company with limited liability.
- (C) As at the Latest Practicable Date, the authorised share capital of China VAST was HK\$50,000,000 divided into 5,000,000,000 ordinary shares of a single class with a par value of HK\$0.01 each. As at the Latest Practicable Date, the issued share capital of China VAST was HK\$16,512,374.91 divided into 1,651,237,491 China VAST Shares, with the remainder being unissued. Since 25 August 2014, the issued shares of China VAST have been listed and traded on the Main Board of the Stock Exchange.
- (D) China Jinmao has proposed the privatisation of China VAST by way of the Scheme.
- (E) The primary purpose of the Scheme is to privatise China VAST by cancelling and extinguishing all of the Scheme Shares, comprising the Non-Controlling Shareholder Scheme Shares which will be cancelled and extinguished in consideration of the Non-Controlling Shareholder Cancellation Price, and the Controlling Shareholder Scheme Shares which will be cancelled and extinguished in consideration of the Controlling Shareholder Cancellation Price which will be paid in accordance with the

Controlling Shareholder Payment Terms. Simultaneously with the cancellation and extinguishment of the Scheme Shares, the issued share capital of China VAST will be restored to its former amount prior to the cancellation and extinguishment of the Scheme Shares by the new issuance to China Jinmao at par, credited as fully paid, the same number of New Shares as is equal to the number of Scheme Shares cancelled and extinguished. Immediately upon the implementation of the Scheme, approximately 90.10% of the total number of issued China VAST Shares will be held by China Jinmao, and approximately 9.90% of the total number of issued China VAST Shares will continue to be held by Profit East, a China VAST Controlling Shareholder and a China Jinmao Concert Party.

- (F) As at the Latest Practicable Date, China Jinmao holds 493,720,010 China VAST Shares, representing approximately 29.90% of the total number of issued China VAST Shares, and the China VAST Controlling Shareholders hold 727,845,654 China VAST Shares, representing approximately 44.08% of the total number of issued China VAST Shares.
- (G) The 559,620,143 China VAST Shares held by Profit East, the 4,753,000 China VAST Shares held by Tai Shing, together with the 429,671,827 China VAST Shares held by the remaining Scheme Shareholders constitute the Scheme Shares, altogether representing approximately 60.20% of the total number of issued China VAST Shares.
- (H) Each of the Scheme Shareholders who is a China Jinmao Concert Party will abstain from voting at the Court Meeting and has provided an undertaking to the Court to be bound by the Scheme.
- (I) Each of the Scheme Shareholders who is a holder of the Controlling Shareholder Scheme Shares will abstain from voting at the Court Meeting and has provided an undertaking to the Court to be bound by the Scheme.
- (J) China Jinmao has undertaken to the Court to be bound by the Scheme, and will execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

**THE SCHEME****PART I****Cancellation of the Scheme Shares**

1. On the Effective Date:
  - (a) the issued share capital of China VAST shall be reduced by cancelling and extinguishing all of the Scheme Shares and the Scheme Shareholders shall cease to have any rights with respect to the Scheme Shares except the right to receive the Controlling Shareholder Cancellation Price or the Non-Controlling Shareholder Cancellation Price (as applicable);
  - (b) subject to and forthwith upon such reduction of share capital taking effect, the issued share capital of China VAST will be increased to its former amount by issuing to China Jinmao the same number of New Shares as is equal to the number of Scheme Shares cancelled and extinguished; and
  - (c) China VAST shall apply the credit arising in its books of account as a result of the cancellation and extinguishment of the Scheme Shares in paying up in full at par such number of New Shares as is equal to the number of Scheme Shares cancelled, which shall be allotted and issued to China Jinmao, credited as fully paid, as mentioned in paragraph 1(b) above.

**PART II****Consideration for the cancellation and extinguishment of the Scheme Shares**

2.
  - (a) In consideration of the cancellation and extinguishment of the Non-Controlling Shareholder Scheme Shares, China Jinmao shall pay or cause to be paid to the holders of Non-Controlling Shareholder Scheme Shares, the Non-Controlling Shareholder Cancellation Price for each Non-Controlling Shareholder Scheme Share cancelled.
  - (b) In consideration of the cancellation and extinguishment of the Controlling Shareholder Scheme Shares, China Jinmao shall pay or cause to be paid to the holders of Controlling Shareholder Scheme Shares in accordance with the Controlling Shareholder Payment Terms, the Controlling Shareholder Cancellation Price for each Controlling Shareholder Scheme Share cancelled.



**PART III****General**

3. (a) As soon as possible and not later than seven (7) Business Days after the Effective Date, China Jinmao shall send or cause to be sent to Scheme Shareholders (excluding the China VAST Controlling Shareholders who are holders of the Controlling Shareholder Scheme Shares) cheques in respect of the Non-Controlling Shareholder Cancellation Price payable to such Scheme Shareholders pursuant to Clause 2 of this Scheme. The aggregate Controlling Shareholder Cancellation Price payable pursuant to Clause 2 of the Scheme for the cancellation of the Controlling Shareholder Scheme Shares will be paid in accordance with the Controlling Shareholder Payment Terms.
- (b) Unless otherwise indicated in writing to the branch share registrar of China VAST in Hong Kong, being Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, all such cheques payable to the Scheme Shareholders shall be sent by ordinary post in pre-paid envelopes addressed to such Scheme Shareholders at their respective addresses as appearing on the Register at the Scheme Record Date or, in the case of joint holders, at the address as appearing on the Register at the Scheme Record Date of the joint holder whose name then stands first in the Register in respect of the relevant joint holding.
- (c) Cheques shall be posted at the risk of the addressee and none of China Jinmao, China VAST or CICC and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be responsible for any loss or delay in the despatch of the same.
- (d) Each cheque shall be payable to the order of the person to whom, in accordance with the provisions of paragraph (b) of this Clause 3, the envelope containing the same is addressed and the encashment of any such cheque shall be a good discharge to China Jinmao for the monies represented thereby.
- (e) On or after the day being six (6) calendar months after the posting of the cheques pursuant to paragraph (b) of this Clause 3, China Jinmao shall have the right to cancel or countermand any cheque which has not been encashed or that has been returned uncashed and shall place all monies represented thereby in a deposit account in the name of China Jinmao with a licensed bank in Hong Kong selected by China Jinmao. China Jinmao shall hold such monies on trust for those entitled to it under the terms of this Scheme until the expiration of six years from the Effective Date and shall, prior to such date, make payments thereout of the sums payable pursuant to Clause 2 of this Scheme to persons who satisfy China Jinmao that they are respectively entitled thereto and the cheques referred to in paragraph (b) of this Clause 3 of which they are payees have not been cashed. Any payments made by

China Jinmao shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to this Scheme. China Jinmao shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled and a certificate of China Jinmao to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.

- (f) On the expiration of six (6) years from the Effective Date, China Jinmao shall be released from any further obligation to make any payments under the Scheme and China Jinmao shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit account in its name, including accrued interest subject to, if applicable, any deduction of interest, tax or any withholding tax or any other deduction required by law and expenses incurred.
  - (g) Paragraph (f) of this Clause 3 shall take effect subject to any prohibition or condition imposed by law.
  - (h) Upon cancellation of the Scheme Shares, the Register shall be updated to reflect such cancellation.
4. Each instrument of transfer and certificate existing at the Scheme Record Date in respect of a holding of any number of Scheme Shares shall on the Effective Date cease to be valid for any purpose as an instrument of transfer or a certificate for such Scheme Shares and every holder of such certificate shall be bound at the request of China Jinmao to deliver up the same to China Jinmao for the cancellation thereof.
  5. All mandates or relevant instructions to China VAST in force at the Scheme Record Date relating to any of the Scheme Shares shall cease to be valid as effective mandates or instructions on the Effective Date.
  6. This Scheme shall become effective as soon as a copy of the order of the Court sanctioning this Scheme under Section 86 of the Companies Act is delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to Section 86(3) of the Companies Act.
  7. Unless this Scheme shall have become effective on or before the Conditions Long Stop Date, this Scheme shall lapse.
  8. China VAST and China Jinmao may consent jointly for and on behalf of all concerned to any modification of or addition to this Scheme or to any condition which the Court may think fit to approve or impose.

9. All costs, charges and expenses of the advisers and counsels appointed by China VAST will be borne by China VAST whereas all costs, charges and expenses of the advisers and counsels appointed by China Jinmao will be borne by China Jinmao, and other costs, charges and expenses of the Scheme will be shared between China VAST and China Jinmao equally.

31 October 2022

**IN THE GRAND COURT  
OF THE CAYMAN ISLANDS FINANCIAL SERVICES DIVISION**

Cause No. FSD 185 of 2022 (DDJ)

IN THE MATTER OF SECTIONS 15 AND 86 OF THE COMPANIES ACT (2022 REVISION)

AND IN THE MATTER OF ORDER 102 OF THE GRAND COURT RULES 1995

AND IN THE MATTER OF CHINA VAST INDUSTRIAL URBAN DEVELOPMENT COMPANY LIMITED (中國宏泰產業市鎮發展有限公司)

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NOTICE OF COURT MEETING

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**NOTICE IS HEREBY GIVEN** that, by an order dated 21 October 2022 (the “**Order**”) made in the above matter, the Grand Court of the Cayman Islands (the “**Court**”) has directed a meeting (the “**Court Meeting**”) to be convened of the Scheme Shareholders (as defined in the Scheme mentioned below) of China VAST Industrial Urban Development Company Limited (中國宏泰產業市鎮發展有限公司) (“**China VAST**”) for the purpose of considering and, if thought fit, approving, with or without modifications, a scheme of arrangement (the “**Scheme**”) proposed to be made between China VAST and the Scheme Shareholders and that the Court Meeting will be held at Theatre A, 22/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Wednesday, 23 November 2022 at 10:00 a.m. (Hong Kong time) at which place and time all such Scheme Shareholders are invited to attend.

A copy of the Scheme and a copy of an explanatory memorandum explaining the effect of the Scheme are incorporated in the scheme document of which this Notice forms part. A copy of the scheme document can also be obtained from the Hong Kong branch share registrar of China VAST, Computershare Hong Kong Investor Services Limited.

Scheme Shareholders (other than those required to abstain from voting as detailed in the Scheme) may vote in person at the Court Meeting or they may appoint another person (who must be an individual), whether a member of China VAST or not, as their proxy to attend and vote in their stead. A **PINK** form of proxy for use at the Court Meeting is enclosed with the scheme document dated 31 October 2022 and despatched to members of China VAST on 31 October 2022. The completion and return of the **PINK** form of proxy will not preclude a Scheme Shareholder from attending and voting in person at the Court Meeting, or any adjournment thereof, if he/she so wishes and in such event, the **PINK** form of proxy previously submitted will be revoked by operation of law.

In the case of joint holders of a Scheme Share (as defined in the Scheme), any one of such persons may vote at the Court Meeting, either personally or by proxy, in respect of such Scheme Share as if he were solely entitled thereto. However, if more than one of such joint holders are present at the Court Meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding. For this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register of members of China VAST in respect of such joint holding, the first named shareholder being the most senior. In the case of a Scheme Shareholder which is a corporation, the Scheme Shareholder may by resolution of its directors or other governing body authorize such person as it thinks fit to act as its corporate representative at the Court Meeting and exercise the same powers on behalf of the corporate Scheme Shareholder as if the corporate Scheme Shareholder was an individual Scheme Shareholder of China VAST.

It is requested that the **PINK** form of proxy in respect of the Court Meeting, together with the power of attorney (if any) or other authority (if any) under which it is signed or a certified copy thereof, be deposited at the Hong Kong branch share registrar of China VAST, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event not later than 10:00 a.m. (Hong Kong time) on Monday, 21 November 2022 or be handed to the Chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it).

By the Order, the Court has appointed Dr. Wong Wing Kuen, Albert, a director of China VAST, or failing him, Ms. Hsieh Yafang, or failing whom, any other director of China VAST at the date of the Court Meeting, to act as the chairman of the Court Meeting and has directed the chairman of the Court Meeting to report the results of the Court Meeting to the Court. In the event that a director of China VAST (other than Dr. Wong Wing Kuen, Albert and Ms. Hsieh Yafang) is to act as the chairman of the Court Meeting, such director of China VAST shall not be a person considered to be acting in concert with China Jinmao Holdings Group Limited.

The Scheme will be subject to a subsequent application seeking the sanction of the Court.

By order of the Court  
**China VAST Industrial Urban  
Development Company Limited**

Dated 31 October 2022

*Registered Office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Principal place of business in Hong Kong:*

Unit 3708, 37/F  
West Tower, Shun Tak Centre  
168-200 Connaught Road Central  
Hong Kong

*Notes:*

- (a) Scheme Shareholders whose names appear on the register of members of China VAST on Wednesday, 23 November 2022 are entitled to attend and vote at the Court Meeting. The register of members of China VAST will be closed from Friday, 18 November 2022 to Wednesday, 23 November 2022, both days inclusive, and during such period no share transfer will be registered. In order to qualify to attend and vote at the meeting convened by the above notice, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with China VAST's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, 17 November 2022. A subsequent purchaser of Scheme Shares will need to obtain a proxy form from the transferor if he or she wishes to attend or vote at the Court Meeting.
- (b) Voting at the Court Meeting will be determined by way of a poll.
- (c) **In view of the recent development of the epidemic caused by the coronavirus disease (COVID-19), China VAST will implement the following prevention and control measures at the Court Meeting to protect shareholders from the risk of infection:**
- **compulsory body temperature checks will be conducted for every attending China VAST Shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.3 degrees Celsius or other flu-like symptoms may be denied entry into the venue, but may appoint any person or the chairman of the Court Meeting to attend and vote at the Court Meeting by handing the completed PINK form of proxy for the Court Meeting to the scrutineer at the entrance of the venue who shall pass it to the chairman of the Court Meeting (who shall have absolute discretion as to whether or not to accept it);**
  - **every attending China VAST Shareholder or proxy is required to scan the "LeaveHomeSafe" venue and vaccination record QR codes, comply with the requirements of the "Vaccine Pass Direction" and wear a surgical mask throughout the Court Meeting;**

- each attendee may be asked whether (a) he/she has travelled outside of Hong Kong within the 14-day period immediately before the Court Meeting and (b) he/she is subject to any Hong Kong Government prescribed quarantine. To the extent permissible under applicable Laws, anyone who responds positively to any of these questions may be denied entry into the Court Meeting venue or be required to leave the Court Meeting, but may appoint any person or the chairman of the Court Meeting to attend and vote at the Court Meeting by handing the completed PINK form of proxy for the Court Meeting to the scrutineer at the entrance of the venue who shall pass it to the chairman of the Court Meeting (who shall have absolute discretion as to whether or not to accept it);
- appropriate distancing and spacing in line with the guidance from the Hong Kong Government will be maintained; and
- no refreshments will be served and no corporate gifts will be distributed at the Court Meeting.

Furthermore, China VAST wishes to advise all of the shareholders, particularly any shareholders who are subject to any Hong Kong Government prescribed quarantine in relation to COVID-19, that they may appoint any person or the chairman of the Court Meeting as a proxy to attend and vote on any of the resolutions, instead of attending the Court Meeting in person. Physical attendance by a shareholder is not necessary for the purpose of exercising their voting rights.

China VAST will closely monitor and ascertain the regulations and measures introduced or to be introduced by the Hong Kong Government, and if necessary, will make further announcements in case of any update regarding the precautionary measures to be carried out at the Court Meeting.

- (d) If a tropical cyclone warning signal No. 8 or above or “extreme conditions” caused by typhoons is or is expected to be hoisted or a black rainstorm warning signal is or is expected to be in force at any time after 8:00 a.m. on the date of the Court Meeting, the Court Meeting will be adjourned in accordance with the articles of association of China VAST. China VAST will post an announcement on the respective websites of the Stock Exchange and China VAST to notify the Scheme Shareholders of the date, time and venue of the adjourned Court Meeting.
- (e) As at the date of this notice, the board of directors of China VAST comprises Mr. Wang Jianjun, Mr. Zhao Lei, Mr. Yang Yun, Mr. Wang Yagang and Ms. Wang Wei as executive directors, Mr. Song Liuyi as non-executive director, and Dr. Wong Wing Kuen, Albert, Ms. Hsieh Yafang and Professor Wang Yijiang as independent non-executive directors.

  
**China VAST Industrial Urban Development Company Limited**  
**中國宏泰產業市鎮發展有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 6166)**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that that an extraordinary general meeting (“**China VAST EGM**”) of China VAST Industrial Urban Development Company Limited (“**China VAST**”) will be held at Theatre A, 22/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Wednesday, 23 November 2022 at 11:00 a.m. (Hong Kong time) (or as soon as practicable after the conclusion or adjournment of the Court Meeting convened at the direction of the Grand Court of the Cayman Islands for the same day and place, whichever is later), for the purpose of considering and, if thought fit, passing (with or without modifications) the following as a special resolution and ordinary resolutions, respectively:

**SPECIAL RESOLUTION**

**1. “THAT AS A SPECIAL RESOLUTION OF THE SHAREHOLDERS OF CHINA VAST:**

for the purpose of giving effect to the scheme of arrangement dated 31 October 2022 (the “**Scheme**”) between China VAST and the Scheme Shareholders (as defined in the Scheme) in the form of the print thereof, which has been produced to this meeting and for the purpose of identification signed by the chairman of this meeting, or in such other form and on such terms and conditions as may be approved or imposed by the Grand Court of the Cayman Islands, on the Effective Date (as defined in the Scheme), any reduction of the issued share capital of China VAST as a result of the cancellation and extinguishment of the Scheme Shares (as defined in the Scheme) be and is hereby approved.”

**ORDINARY RESOLUTIONS**

**2. “THAT AS AN ORDINARY RESOLUTION OF THE SHAREHOLDERS OF CHINA VAST:**

(A) subject to and simultaneously with the cancellation and extinguishment of the Scheme Shares, the issued share capital of China VAST will be restored to its former amount by allotting and issuing to China Jinmao Holdings Group Limited the same number of shares in the share capital of China VAST as the number of Scheme Shares cancelled and extinguished;



- (B) China VAST shall apply the credit arising in its books of account as a result of the cancellation and extinguishment of the Scheme Shares in paying up in full at par the new shares issued, credited as fully paid, to China Jinmao Holdings Group Limited and the directors of China VAST be and are hereby authorised to allot and issue the same accordingly;
- (C) any one of the directors of China VAST be and is hereby authorised to do all acts and things considered by him/her to be necessary or desirable in connection with the implementation of the Scheme, including (without limitation) any reduction of the issued share capital of China VAST and the giving of consent to any modification of, or addition to, the Scheme, which the Grand Court of the Cayman Islands may see fit to impose; and
- (D) any one of the directors of China VAST be and is hereby authorised to apply to The Stock Exchange of Hong Kong Limited for the withdrawal of the listing of the shares of China VAST, subject to the Scheme taking effect.”

**3. “THAT AS AN ORDINARY RESOLUTION OF THE INDEPENDENT SHAREHOLDERS (AS DEFINED IN THE SCHEME):**

the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements (as defined in the Scheme), which constitutes a special deal under Rule 25 of the Takeovers Code be and is hereby approved.”

By order of the board of directors of  
**China VAST Industrial Urban  
Development Company Limited**  
**Song Liuyi**  
*Chairman*

Dated 31 October 2022

*Registered Office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Principal place of business in Hong Kong:*

Unit 3708, 37/F  
West Tower, Shun Tak Centre  
168-200 Connaught Road Central  
Hong Kong

*Notes:*

- (a) Any member entitled to attend and vote at the China VAST EGM (or any adjournment thereof) is entitled to appoint one or more proxies (who must be individuals) to attend and, on a poll, vote instead of him. A proxy need not be a member of China VAST. If more than one proxy is so appointed, the appointment shall specify the number of shares of China VAST in respect of which each such proxy is so appointed.
- (b) In the case of joint registered holders of any share of China VAST, any one of such joint holders may vote at the China VAST EGM, either personally or by proxy, in respect of such share(s) as if he were solely entitled thereto. But if more than one of such joint holders are present at the China VAST EGM personally or by proxy, the most senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority will be determined by reference to the order in which the names of the joint holders stand in the register of members of China VAST in respect of the relevant joint holding, the first named shareholder being the most senior.
- (c) A **WHITE** form of proxy for use at the China VAST EGM is enclosed.
- (d) In order to be valid, the **WHITE** form of proxy together with any power of attorney or other authority (if any) under which it is signed or a certified copy of such power or authority, must be completed and deposited with China VAST's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 11:00 a.m. (Hong Kong time) on Monday, 21 November 2022. The completion and return of a form of proxy for the China VAST EGM will not preclude any member from attending and voting in person at the China VAST EGM. In the event that a member of China VAST attends the meeting after having lodged his form of proxy, the returned form of proxy will be deemed to have been revoked.
- (e) Shareholders whose names appear on the register of members of China VAST on Wednesday, 23 November 2022 are entitled to attend and vote at the China VAST EGM. The register of members of China VAST will be closed from Friday, 18 November 2022 to Wednesday, 23 November 2022, both days inclusive, and during such period no share transfer will be registered. In order to qualify to attend and vote at the meeting convened by the above notice, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with China VAST's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Thursday, 17 November 2022. A subsequent purchase of shares of China VAST will need to obtain a proxy form from the transferor if he or she wishes to attend or vote at the China VAST EGM.
- (f) The special resolution and the ordinary resolutions as set out above will be determined by way of a poll.
- (g) **In view of the recent development of the epidemic caused by the coronavirus disease (COVID-19), China VAST will implement the following prevention and control measures at the China VAST EGM to protect shareholders from the risk of infection:**
- (i) **compulsory body temperature checks will be conducted for every attending shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.3 degrees Celsius or other flu-like symptoms may be denied entry into the venue;**
  - (ii) **every attending shareholder or proxy is required to scan the "LeaveHomeSafe" venue and vaccination record QR codes, comply with the requirements of the "Vaccine Pass Direction" and wear a surgical mask throughout the China VAST EGM;**
  - (iii) **each attendee may be asked whether (a) he/she has travelled outside of Hong Kong within the 14-day period immediately before the China VAST EGM and (b) he/she is subject to any Hong Kong Government prescribed quarantine. To the extent permissible under applicable Laws, anyone who responds positively to any of these questions may be denied entry into the China VAST EGM venue or be required to leave the China VAST EGM venue;**
  - (iv) **appropriate distancing and spacing in line with the guidance from the Hong Kong Government will be maintained; and**
  - (v) **no refreshments will be served and no corporate gifts will be distributed at the China VAST EGM.**

Furthermore, China VAST wishes to advise all of the shareholders, particularly any shareholders who are subject to any Hong Kong Government prescribed quarantine in relation to COVID-19, that they may appoint any person or the chairman of the China VAST EGM as a proxy to attend and vote on any of the resolutions, instead of attending the China VAST EGM in person. Physical attendance by a shareholder is not necessary for the purpose of exercising their voting rights.

China VAST will closely monitor and ascertain the regulations and measures introduced or to be introduced by the Hong Kong Government, and if necessary, will make further announcements in case of any update regarding the precautionary measures to be carried out at the China VAST EGM.

- (h) If a tropical cyclone warning signal No. 8 or above or “extreme conditions” caused by typhoons is or is expected to be hoisted or a black rainstorm warning signal is or is expected to be in force at any time after 8:00 a.m. on the date of the China VAST EGM, the China VAST EGM will be adjourned in accordance with the articles of association of China VAST. China VAST will post an announcement on the respective websites of the Stock Exchange and China VAST to notify its shareholders of the date, time and venue of the adjourned China VAST EGM.
- (i) As at the date of this notice, the board of directors of China VAST comprises Mr. Wang Jianjun, Mr. Zhao Lei, Mr. Yang Yun, Mr. Wang Yagang and Ms. Wang Wei as executive directors, Mr. Song Liuyi as non-executive director, and Dr. Wong Wing Kuen, Albert, Ms. Hsieh Yafang and Professor Wang Yijiang as independent non-executive directors.