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If you have sold or transferred all your shares in Suxin Joyful Life Services Co., Ltd., you should immediately send this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



Suxin Joyful Life Services Co., Ltd.

蘇新美好生活服務股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2152)

**DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF EQUITY INTEREST IN
SUZHOU HUIRONG BUSINESS TRAVEL DEVELOPMENT CO., LTD.
THROUGH PUBLIC TENDER**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

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



A notice convening the Extraordinary General Meeting of the Company to be held at 10:00 a.m. on Tuesday, 31 October 2023 at Room 3001, 30/F, SND International Commerce Tower, 28 Shishan Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC is set out on pages EGM-1 to EGM-2 of this circular, and is also published and available for download on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company's website (www.suxinfuwu.com).

Whether or not you are able to attend the Extraordinary General Meeting, please complete and sign the proxy form in accordance with the instructions printed thereon, and return it to the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 24 hours before the time appointed for convening the Extraordinary General Meeting or any adjournment thereof (as the case may be) (i.e. not later than 10:00 a.m. on Monday, 30 October 2023). Completion and return of the proxy form will not preclude you from attending and voting in person at the Extraordinary General Meeting or any adjourned meeting (as the case may be) thereof if you so wish.

29 September 2023

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DEFINITIONS

In this circular, unless the context otherwise requires, the following words and expressions have the following meanings.

“Agreement”	the asset transaction agreement dated 3 August 2023 entered into between the Vendor and the Purchaser in relation to the Disposal
“associate(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“Base Price”	the base price for the proposed Disposal as stipulated in the Public Tender Announcement, being RMB60,302,500
“Board”	the board of Directors
“Company”	Suxin Joyful Life Services Co., Ltd. (蘇新美好生活服務股份有限公司), a company established in the PRC as an enterprise owned by the whole people (全民所有制企業) on 12 April 1994, converted into a company with limited liability on 25 March 2004 and then converted into a joint stock company with limited liability on 23 April 2021, the H Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2152)
“connected person(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“controlling shareholder(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Equity by the Vendor to the Purchaser pursuant to the terms and conditions of the Agreement
“Domestic Shares”	ordinary shares in the Company’s capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“Domestic Shareholder(s)”	the holders of Domestic Share(s)

DEFINITIONS

“EGM” or “Extraordinary General Meeting”	the extraordinary general meeting to be convened and held at 10:00 a.m. on Tuesday, 31 October 2023 at Room 3001, 30/F, SND International Commerce Tower, 28 Shishan Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC (or any adjournment thereof) for the purpose of considering and, if thought fit, approving, the Agreement and the transactions contemplated thereunder
“Final Bid Price”	the final bid price for the Disposal pursuant to the Agreement, being RMB60,302,500
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“H Shareholder(s)”	the holder(s) of H Share(s)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee established by the Board, comprising all the independent non-executive Directors, namely Ms. Zhou Yun, Ms. Xin Zhu and Mr. Liu Xin, to advise the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Grand Moore Capital”	Grand Moore Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	the Shareholders who are not required to abstain from voting at the EGM for the relevant resolution with respect to the Agreement and the transactions contemplated thereunder
“Latest Practicable Date”	28 September 2023, being the latest practicable date for the purpose of ascertaining certain information in this circular prior to its publication

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC” or “China”	the People’s Republic of China
“Public Tender Announcement”	the public tender announcement published on the website of the Suzhou Exchange Centre on 15 June 2023 setting out, including but not limited to, (i) the Base Price; (ii) major terms of the tender in respect of the proposed Disposal; and (iii) descriptions and qualification criterion of the prospective bidders
“Purchaser”	Suzhou Jianrong Group Co., Ltd* (蘇州建融集團有限公司), a direct non-wholly owned subsidiary of SND Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Equity”	3.167% equity interest in the Target Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	shares in the share capital of our Company, with a nominal value of RMB1.00 each, comprising our Domestic Shares and our H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“SND Company”	Suzhou Sugaoxin Group Co., Ltd.* (蘇州蘇高新集團有限公司), a wholly state-owned company established in the PRC with limited liability on 8 February 1988 and a controlling shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Suzhou Exchange Centre”	Suzhou Public Resources Exchange Centre (蘇州市公共資源交易中心)
“Target Company”	Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司), a company established in the PRC with limited liability and 3.167% equity interest of which is held by the Vendor as at the Latest Practicable Date

DEFINITIONS

“Valuation Report”	the valuation report on the Sale Equity as at 30 September 2022 prepared by the Valuer, the text of which is set out in Appendix II to this circular
“Valuer”	Zhongtongcheng Assets Evaluation Co., Ltd. (中通誠資產評估有限公司), the independent valuer engaged by the Company for the valuation of the Sale Equity
“Vendor”	Suzhou Golden Lion Building Development Management Co., Ltd.* (蘇州金獅大廈發展管理有限公司), a company established in the PRC with limited liability on 28 October 1992 and a direct wholly-owned subsidiary of the Company
“working days”	working days in the PRC, except Saturdays, Sundays and statutory holidays in the PRC
“%”	per cent

* *For identification purpose only*

LETTER FROM THE BOARD



Suxin Joyful Life Services Co., Ltd.

蘇新美好生活服務股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2152)

Executive Directors:

Mr. Cui Xiaodong (*Chairman*)

Mr. Zhou Jun

Ms. Zhou Lijuan

Non-executive Directors:

Ms. Li Xin

Mr. Cao Bin

Mr. Zhang Jun

Independent Non-executive Directors:

Ms. Zhou Yun

Ms. Xin Zhu

Mr. Liu Xin

Registered office in the PRC:

Room 3001, 30/F

SND International Commerce Tower

28 Shishan Road

Gaoxin District, Suzhou

Jiangsu Province

PRC

Principal place of business in Hong Kong:

40/F, Dah Sing Financial Centre

248 Queen's Road East

Wan Chai

Hong Kong

29 September 2023

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF EQUITY INTEREST IN
SUZHOU HUIRONG BUSINESS TRAVEL DEVELOPMENT CO., LTD.
THROUGH PUBLIC TENDER
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

References are made to the announcements of the Company dated 15 June 2023 and 3 August 2023 in relation to, among other things, the proposed disposal of 3.167% equity interest in the Target Company through public tender at the Suzhou Exchange Centre.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among others, (i) further information on the Disposal; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) an equity valuation report from the Valuer; and (v) a notice of the EGM.

BACKGROUND

On 3 August 2023 (after trading hours), the Vendor (a wholly-owned subsidiary of the Company) and the Purchaser (being the successful bidder of the Sale Equity) entered into the Agreement pursuant to which the Vendor has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to purchase, 3.167% equity interest in the Target Company (i.e. the Sale Equity) at the Final Bid Price of RMB60,302,500.

THE AGREEMENT

Summary of the principal terms of the Agreement is as follows:

Date

3 August 2023 (after trading hours)

Parties

- (a) The Vendor (a wholly-owned subsidiary of the Company); and
- (b) the Purchaser.

Assets to be disposed of

The Vendor has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to purchase, 3.167% equity interest in the Target Company (i.e. the Sale Equity).

Consideration

The consideration, i.e. the Final Bid Price, being RMB60,302,500, is equivalent to the Base Price, which was determined with reference to the valuation of the Sale Equity by the Valuer as at 30 September 2022 based on asset-based approach as contained in the Valuation Report.

On 27 July 2023, the Purchaser had already paid a deposit of RMB6,500,000 to the Suzhou Exchange Centre in accordance with its regulations for public tenders. The Purchaser shall pay to the Suzhou Exchange Centre the balance of the Final Bid Price amounting to RMB53,802,500 within 5 working days from the date of the Agreement becoming effective after having obtained all necessary approvals in accordance with applicable laws, rules and regulations. On 9 August 2023, such balance of the Final Bid Price had been paid by the Purchaser. Upon fulfilment of the conditions precedent to the Agreement, the Suzhou Exchange Centre will pay the Final Bid Price to the Vendor.

LETTER FROM THE BOARD

Conditions precedent

Completion of the Disposal shall be conditional upon the fulfilment of the following conditions:

- (a) all necessary internal approvals and consents from third parties (if any) having been obtained by both parties;
- (b) all necessary consents and approvals pursuant to applicable laws, rules and regulations (including but not limited to the Listing Rules) having been obtained by the Company (including but not limited to the obtaining of Independent Shareholders' approval at the EGM by the Company pursuant to the Listing Rules, if necessary); and
- (c) all necessary approvals in respect of the Agreement and the transactions contemplated thereunder having been obtained from the state-owned asset supervision and administration department or relevant authority.

As at the Latest Practicable Date, conditions (a) and (c) have been fulfilled.

The Vendor shall procure the Target Company to commence the registration procedures for the transfer of the Sale Equity to the Purchaser within 5 working days upon receipt of the confirmation certificate issued by the Suzhou Exchange Centre in relation to the transaction contemplated under the Agreement.

REASONS FOR AND THE BENEFITS OF THE DISPOSAL

Since the Group's investment in the Target Company in 2012, the Group has not received any dividend from the Target Company. In 2022, the Target Company even recorded a substantial operating loss as a result of its compliance with the local government's rent relief policy in response to the COVID-19 pandemic. In view of the past performance of the Target company and the investment return in connection with the Group's investment in the Target Company, the Group intends to recoup its investment towards the Target Company through the Disposal. Although the Disposal would preclude the Group from receiving possible positive investment return in the event the Target Company's performance improves, in light of the uncertainty, the Company considers it an appropriate timing to dispose of the Sale Equity now and re-deploy its resources to the development of the Group's principal business.

The Directors (including the independent non-executive Directors after taking into account the advice of the Independent Financial Adviser) are of the view that the terms and conditions of the Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE DISPOSAL

It is estimated that the Group will record a gain on the Disposal of approximately RMB1 million. The gain is calculated with reference to the difference between the Final Bid Price and the carrying amount of the investment in the Target Company of approximately RMB59 million. However, the actual gain or loss on the Disposal is subject to audit by the Company's auditor. The Company intends to use the proceeds from the Disposal as general working capital of the Group.

FINANCIAL INFORMATION ON THE TARGET COMPANY

The financial information of the Target Company for the two years ended 31 December 2022 and the six months ended 30 June 2023 is set out below.

	For the year ended		For the six
	31 December		months ended
	2021	2022	30 June
	(Audited)	(Audited)	(Unaudited)
	(RMB'000)	(RMB'000)	(RMB'000)
Profit/(Loss) before tax	4,168	(17,570)	(3,534)
Profit/(Loss) after tax	4,129	(17,570)	(3,534)

The Company wishes to clarify that as at 30 June 2023, the unaudited net assets of the Target Company is RMB1,731,162,896 instead of RMB1,734,696,433 as disclosed in the Company's announcement dated 3 August 2023. RMB1,734,696,433 as disclosed in such announcement was in fact the unaudited net assets of the Target Company as at 31 December 2022. Save as the aforementioned inadvertent error, all other contents of the Company's announcement dated 3 August 2023 remain true and accurate.

Immediately upon completion of the Disposal, the Company will cease to hold any equity interest in the Target Company.

INFORMATION ON THE PARTIES

The Group

The Company together with its subsidiaries are providers of comprehensive city services and property management services to a wide variety of properties in the PRC, including (i) city services offered to local governments and public authorities to satisfy local residents' daily living needs and improve their living standards and experience; (ii) commercial property management services offered to industrial parks, office buildings, apartments and commercial complexes; and (iii) residential property management service.

LETTER FROM THE BOARD

The Purchaser

The Purchaser is a company established in the PRC with limited liability and is principally engaged in investment and assets management. As at the Latest Practicable Date, the Purchaser is owned as to 50% by SND Company, a wholly state-owned company established in the PRC and a controlling shareholder of the Company, and as to 50% by Suzhou Xinxu Asset Management Co., Ltd.* (蘇州新濬資產管理有限公司), the ultimate beneficial owner of which is the People's Government of Huqiu District, Suzhou City and the Jiangsu Finance Bureau.

The Target Company

The Target Company is a company established in the PRC with limited liability and is principally engaged in property leasing. As at the Latest Practicable Date, the Target Company is owned as to 3.167% by the Group, 60.722% by Suzhou Xinxu Investment Development Co., Ltd.* (蘇州新濬投資發展有限公司) (“**Suzhou Xinxu**”), 27.777% by the Purchaser, 4.167% by Suzhou Xushuguan Modern Agricultural Comprehensive Development Co., Ltd.* (蘇州市濬墅關現代農業綜合開發有限公司) (“**Suzhou Xushuguan**”) and 4.167% by Suzhou Gaoxin District Xutong Municipal Service Co. Ltd.* (蘇州高新區濬通市政服務有限公司) (“**Suzhou Gaoxin Xutong**”). The ultimate beneficial owner of both Suzhou Xinxu and the Purchaser is the People's Government of Huqiu District, Suzhou City and the Jiangsu Finance Bureau. The ultimate beneficial owner of Suzhou Xushuguan is the People's Government of Huqiu District, Suzhou City. The ultimate beneficial owner of Suzhou Gaoxin Xutong is Suzhou Xushuguan Economic and Technological Development Zone Management Committee* (蘇州濬墅關經濟技術開發區管理委員會). Prior to the Disposal, the equity interest in the Target Company held by the Group was recorded as equity investments designated at fair value through other comprehensive income in the Company's consolidated financial statements.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Purchaser is a direct non-wholly owned subsidiary of SND Company, a controlling shareholder of the Company, and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. As such, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14A.07 of the Listing Rules) in respect of the Disposal exceeds 5%, the Disposal shall be subject to the reporting, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, the Disposal also constitutes a discloseable transaction of the Company and shall be subject to the reporting and announcement requirements but exempt from circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

BOARD APPROVAL

None of the Directors was considered as having any material interest in the Agreement and the transactions contemplated thereunder. Hence, none of the Directors was required to abstain from voting on the relevant Board resolutions approving the Agreement and the transactions contemplated thereunder.

RECOMMENDATION OF THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, has been established and considers that (i) the terms of the Agreement are on normal commercial terms and are fair and reasonable; and (ii) the transactions contemplated under the Agreement are in the interests of the Company and the Shareholders as a whole, but are not in the ordinary and usual course of business of the Group. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution in relation to the Agreement proposed at the EGM. The text of the letter from the Independent Board Committee is set out on page 12 of this circular.

THE EGM

The Company will convene and hold the EGM at 10:00 a.m. on Tuesday, 31 October 2023 at Room 3001, 30/F, SND International Commerce Tower, 28 Shishan Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC to consider and, where appropriate, approve the Agreement and the transactions contemplated thereunder. A notice of the EGM is set out on pages EGM-1 to EGM-2 of this circular. The Company will publish an announcement of the poll results in the manner required under Rule 13.39(5) of the Listing Rules after the conclusion of the EGM.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, the resolutions to be proposed at the EGM will be voted on by poll.

As at the Latest Practicable Date, SND Company and its associates, holding 75,000,000 Domestic Shares, representing approximately 74.22% of the total issued share capital of the Company, shall abstain from voting at the EGM on the resolution in relation to the Agreement and the transactions contemplated thereunder. Apart from SND Company, none of the other Shareholders has a material interest in the Agreement and the transactions contemplated thereunder and is required to abstain from voting on the relevant resolution in the EGM.

The register of members of the Company will be closed from Thursday, 26 October 2023 to Tuesday, 31 October 2023, both days inclusive, during which no transfer of Shares will be effected. Shareholders whose names appear on the register of members of the Company to Tuesday, 31 October 2023 shall be entitled to attend and vote at the EGM. To be eligible for attending and voting at the EGM, all share transfer documents accompanied by the relevant share certificates and other appropriate documents must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders), or the registered office of the Company at Room 3001, 30/F, SND International Commerce Tower, 28 Shishan Road, Gaoxin District, Suzhou Jiangsu Province, the PRC (for Domestic Shareholders) not later than 4:30 p.m. on Wednesday, 25 October 2023 for registration.

LETTER FROM THE BOARD

If you intend to appoint a proxy to attend the EGM, you are required to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the form. If the instrument appointing the proxy is signed by a person authorised by the appointer, the power of attorney authorizing the execution of the instrument or other authorization documents shall be notarized and must be served concurrently with the instrument. The form of proxy, together with the copies of the notarized power of attorney or other authorization documents, shall be deposited at the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders), or the registered office of the Company at Room 3001, 30/F, SND International Commerce Tower, 28 Shishan Road, Gaoxin District, Suzhou Jiangsu Province, the PRC (for Domestic Shareholders) no later than 24 hours before the time designated for the EGM or any adjournment thereof (as the case may be) before the form becomes effective. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any adjourned meeting thereof should you so wish.

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out in this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder; and (ii) the letter from the Independent Financial Adviser set out in this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder, as well as the principal factors and reasons taken into account by the Independent Financial Adviser in arriving at its advice. Having taken into account the terms of the Agreement, the information provided in the letter from the Board and the letter from the Independent Financial Adviser, the Independent Board Committee considers that (i) the terms of the Agreement are on normal commercial terms and are fair and reasonable; and (ii) the transactions contemplated under the Agreement are in the interests of the Company and the Shareholders as a whole, but are not conducted in the ordinary and usual course of business of the Group. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favor of the ordinary resolution as set out in the notice of EGM and to be proposed at the EGM for approving the Agreement and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors, after considering the advice from the Independent Financial Adviser) are of the view that the Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and although not in the ordinary and usual course of business of the Group, they are in the interests of the Company and its Shareholders as a whole and therefore recommends you to vote in favour of the ordinary resolutions to be proposed at the EGM.

By Order of the Board
Suxin Joyful Life Services Co., Ltd.
Mr. Cui Xiaodong
Chairman and executive Director



Suxin Joyful Life Services Co., Ltd.

蘇新美好生活服務股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2152)

29 September 2023

To the Independent Shareholders

Dear Sir/Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF EQUITY INTEREST IN
SUZHOU HUIRONG BUSINESS TRAVEL DEVELOPMENT CO., LTD.
THROUGH PUBLIC TENDER**

We refer to the circular issued by the Company to the Shareholders dated 29 September 2023 (the “**Circular**”) which this letter forms a part of. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as the members of the Independent Board Committee to consider the Agreement and to advise you in respect of the Agreement and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” on page 5 to 11 of the Circular. Grand Moore Capital Limited has been appointed as the Independent Financial Adviser in this regard.

We wish to draw your attention to the “Letter from the Board” and the “Letter from Independent Financial Adviser” as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser as set out in their letter of advice, we are of the view that (i) the terms of the Agreement are on normal commercial terms and are fair and reasonable; and (ii) the transactions contemplated thereunder, although not conducted in the ordinary and usual course of business of the Group, are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders vote in favour of the ordinary resolution for approving the Agreement and the transactions contemplated thereunder at the EGM.

Yours faithfully,
For and on behalf of
the Independent Board Committee of
Suxin Joyful Life Services Co., Ltd.

Ms. Zhou Yun
*Independent non-executive
Director*

Ms. Xin Zhu
*Independent non-executive
Director*

Mr. Liu Xin
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal, and prepared for the purpose of incorporation into this circular.



Unit 1401, 14/F, Lippo Sun Plaza, 28 Canton Road
Tsim Sha Tsui, Kowloon, Hong Kong

29 September 2023

*To the Independent Board Committee and
the Independent Shareholders of
Suxin Joyful Life Services Co., Ltd.*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF EQUITY INTEREST IN SUZHOU HUIRONG BUSINESS TRAVEL DEVELOPMENT CO., LTD. THROUGH PUBLIC TENDER

INTRODUCTION

We refer to our engagement by the Company as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal, the particulars of which have been set out in the “Letter from the Board” (the “**Board Letter**”) in a circular to the Shareholders dated 29 September 2023 (the “**Circular**”) and in which this letter forms part. Unless the context requires otherwise, capitalized terms used in this letter shall have the same meanings as those defined in the Circular.

On 3 August 2023 (after trading hours), the Vendor (a wholly-owned subsidiary of the Company) and the Purchaser (being the successful bidder of the Sale Equity) entered into the Agreement pursuant to which the Vendor has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to purchase, 3.167% equity interest in the Target Company (i.e. the Sale Equity) at the Final Bid Price of RMB60,302,500.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Ms. Zhou Yun, Ms. Xin Zhu and Mr. Liu Xin, being all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Disposal. We, Grand Moore Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

As at the Latest Practicable Date, we were not connected with the Company or any of its respective substantial Shareholders, Directors or chief executives, or any of their respective associates and accordingly, are considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the Disposal.

In the past two years, we have not acted in any financial adviser role to the Company. Save for the appointment as the Independent Financial Adviser, there was no other relationship and/or engagement between the Company and us in the past two years.

With regards to our independence from the Company, it is noted that (i) apart from normal professional fees paid or payable to us in connection with the current appointment as the Independent Financial Adviser, no other arrangements exist whereby we had received or will receive any fees or benefits from the Company, its subsidiaries or their respective controlling Shareholders that could reasonably be regarded as relevant to our independence; and (ii) the aggregate professional fees paid or to be paid to us do not make up a significant portion of our revenue during the relevant period which would affect our independence. Accordingly, we consider that we are independent to act as the Independent Financial Adviser in respect of the Disposal pursuant to Rule 13.84 of the Listing Rules.

BASIS OF ADVICE

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the Company's interim results announcement for the six months ended 30 June 2023 (the "**2023 Interim Results Announcement**"); (iii) the Valuation Report dated 9 January 2023 in relation to valuation of the Sale Equity as at 30 September 2022 (the "**Valuation Date**") as prepared by the Valuer in Appendix II to the Circular, an independent professional valuer; (iv) other information provided by the Directors and/or the management of the Company (the "**Management**"); and (v) the opinions expressed by and the representations of the Management. We have assumed that all information and representations that have been provided by the Management, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers, the Directors and/or the Management (where applicable), which have been provided to us.

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The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading.

We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Chapters 13 and 14A of the Listing Rules.

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information, opinions or representations given or made by or on behalf of the Company, nor conducted any independent in-depth investigation into the business affairs, assets and liabilities or future prospects of the Company and its respective subsidiaries or associates (if applicable) or any of the other parties involved in the Disposal, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Disposal. The Company has been separately advised by its own professional advisers with respect to the Disposal and the preparation of the Circular (other than this letter).

We have assumed that the Disposal will be consummated in accordance with the terms and conditions set forth in the Circular without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all necessary consents, authorizations and approvals in respect of the Disposal, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Disposal. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

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PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the following principal factors and reasons:

1. Background information and financial overview of the Group

As stated in the Board Letter, the Company together with its subsidiaries are providers of comprehensive city services and property management services to a wide variety of properties in the PRC, including (i) city services offered to local governments and public authorities to satisfy local residents' daily living needs and improve their living standards and experience; (ii) commercial property management services offered to industrial parks, office buildings, apartments and commercial complexes; and (iii) residential property management service. Set out below is the key consolidated financial information of the Group for the six months ended 30 June 2022 and 2023 as extracted from the 2023 Interim Results Announcement.

	For the six months ended	
	30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue	341,420	243,242
Gross profit	75,344	56,124
Profit attributable to owners of the parent	34,759	28,506

Revenue of the Group amounted to approximately RMB341,420,000 for the six months ended 30 June 2023 which represents an increase of approximately RMB98,178,000 or 40.4%, from approximately RMB243,242,000 for the six months ended 30 June 2022. As per the 2023 Interim Results Announcement, the Group's diversified revenue mainly includes revenue from city services, revenue from commercial property management services, revenue from residential property management services and revenue from property leasing. The 2023 Interim Results Announcement carries on to explain that (i) the increase in revenue from city services was mainly due to the increase in revenue from municipal infrastructure services as a result of the expansion of integrated city services, as well as the expansion of the Group's public facility management services as it began to manage (among others) a cultural and sports complex, a university and several primary schools and kindergartens; (ii) the increase in revenue from commercial property management services was mainly due to the expansion of the Group's commercial property management services as it began to manage (among others) a commerce and office complex, an office building and four industrial parks; (iii) the increase in revenue from residential property management services was mainly due to the addition of a residential project and the increase in income from temporary parking and advertising for other projects; and (iv) the decrease in revenue from property leasing was primarily due to the fact that the renovation of the electrical facilities in the Company's largest property leasing project, Jinlin Apartment (金鄰公寓), affected the rental space available.

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Gross profit of the Group amounted to approximately RMB75,344,000 for the six months ended 30 June 2023, which represents an increase of approximately RMB19,220,000 or 34.2%, from approximately RMB56,124,000 for the six months ended 30 June 2022. The gross profit margin for the six months ended 30 June 2023 was approximately 22.1%, representing a slight decrease of approximately 1.0%, from approximately 23.1% for the six months ended 30 June 2022. The increase in gross profit was mainly due to the Group's business expansion.

Profit attributable to owners of the parent amounted to approximately RMB34,759,000 for the six months ended 30 June 2023, representing an increase of approximately RMB6,253,000 or 21.9%, as compared to the profit attributable to owners of the parent of approximately RMB28,506,000 recorded for the six months ended 30 June 2022. Such increase in profit attributable to owners of the parent was mainly attributable to (i) the increase in gross profit as discussed above; and (ii) an increase in other income and gains of approximately RMB8,487,000 or 281.6%, as compared to that for the six months ended 30 June 2022.

Set out below are certain key consolidated financial information of the Group as extracted from the consolidated balance sheet set out in the 2023 Interim Results Announcement.

	As at 30 June 2023	As at 31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Cash and cash equivalents	311,752	350,909
Current assets	649,307	579,965
Net current assets	240,164	208,055
Total assets	1,494,665	1,436,246
Current liabilities	409,143	371,910
Total liabilities	708,372	672,568
Equity attributable to owners of the parent	775,190	756,954

The Group's cash and cash equivalents amounted to approximately RMB311,752,000 as at 30 June 2023, representing a decrease of approximately RMB39,157,000 or 11.2%, as compared to that of approximately RMB350,909,000 as at 31 December 2022. The Group recorded net current assets of approximately RMB240,164,000 as at 30 June 2023, representing an increase of approximately RMB32,109,000 or 15.4%, as compared to that of approximately RMB208,055,000 as at 31 December 2022. Such increase was mainly attributable to the combined effects from an increase in current assets of approximately RMB69,342,000 or 12.0% and an increase in current liabilities of approximately RMB37,233,000 or 10.0% as at 30 June 2023. We note from the 2023 Interim Results Announcement that the increase in current assets is mainly attributable to an increase in due from related parties, and a substantial increase in trade receivables. Meanwhile, the increase in current liabilities is mainly due to the combined effects of the increase in trade payables, other payables and accruals, and the decrease in tax payable and contract liabilities. The improvement in liquidity and solvency gives rise to a slight increase in current ratio from approximately 1.56 times as at 31 December 2022 to approximately 1.59 times as at 30 June 2023.

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The Group's total liabilities increased by approximately RMB35,804,000 or 5.3%, from approximately RMB672,568,000 as at 31 December 2022 to approximately RMB708,372,000 as at 30 June 2023. Such increase was mainly attributable to the combined effects of the aforementioned factors related to the increase in current liabilities.

The Group recorded equity attributable to owners of the parent of approximately RMB775,190,000 as at 30 June 2023, which represents an increase of approximately RMB18,236,000 or 2.4%, from equity attributable to owners of the parent of approximately RMB756,954,000 as at 31 December 2022. This was mainly attributable to the combined effects from the increase in the Group's trade receivables and trade payables, and decreases in cash and cash equivalents and interest-bearing bank loans (non-current portion) as at 30 June 2023.

2. Information on the Purchaser

As stated in the Board Letter, the Purchaser is a company established in the PRC with limited liability and is principally engaged in investment and assets management. As at the Latest Practicable Date, the Purchaser is owned as to 50% by SND Company, a wholly state-owned company established in the PRC and a controlling shareholder of the Company, and as to 50% by Suzhou Xinxu Asset Management Co., Ltd.* (蘇州新濬資產管理有限公司), the ultimate beneficial owner of which is the People's Government of Huqiu District, Suzhou City and the Jiangsu Finance Bureau.

3. Background information and financial overview of the Target Company

As stated in the Board Letter, the Target Company is a company established in the PRC with limited liability and is principally engaged in property leasing. As at the Latest Practicable Date, the Target Company is owned as to 3.167% by the Group, 60.722% by Suzhou Xinxu Investment Development Co., Ltd.* (蘇州新濬投資發展有限公司) (“**Suzhou Xinxu**”), 27.777% by the Purchaser, 4.167% by Suzhou Xushuguan Modern Agricultural Comprehensive Development Co., Ltd.* (蘇州市濬墅關現代農業綜合開發有限公司) (“**Suzhou Xushuguan**”) and 4.167% by Suzhou Gaoxin District Xutong Municipal Service Co. Ltd.* (蘇州高新區濬通市政服務有限公司) (“**Suzhou Gaoxin Xutong**”). The ultimate beneficial owner of both Suzhou Xinxu and the Purchaser is the People's Government of Huqiu District, Suzhou City and the Jiangsu Finance Bureau. The ultimate beneficial owner of Suzhou Xushuguan is the People's Government of Huqiu District, Suzhou City. The ultimate beneficial owner of Suzhou Gaoxin Xutong is Suzhou Xushuguan Economic and Technological Development Zone Management Committee* (蘇州濬墅關經濟技術開發區管理委員會). Prior to the Disposal, the equity interest in the Target Company held by the Group was recorded as equity investments designated at fair value through other comprehensive income in the Company's consolidated financial statements. Set out below is the key financial information of the Target Company for the two years ended 31 December 2021 and 2022 and the six months ended 30 June 2023 as extracted from the Board Letter and as advised by the Management.

* For identification purposes only

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	For the six months ended	For the year ended	
	30 June	31 December	31 December
	2023	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)	(audited)
Profit/(Loss) before tax	(3,534)	(17,570)	4,168
Profit/(Loss) after tax	(3,534)	(17,570)	4,129

The Target Company recorded a loss after tax of approximately RMB17,570,000 for the year ended 31 December 2022 as compared to a profit after tax of approximately RMB4,129,000 for the year ended 31 December 2021. Such turnaround in profit after tax was mainly attributable to rental concession amid COVID-19 resulting in decrease in revenue in the year ended 31 December 2022. The Target Company recorded a loss after tax of approximately RMB3,534,000 for the six months ended 30 June 2023 mainly due to decline in occupancy rate of the Target Company's investment properties.

	As at	As at
	30 June	31 December
	2023	2022
	<i>RMB</i>	<i>RMB</i>
	(unaudited)	(unaudited)
Net asset value	1,731,162,896	1,734,696,433

The Target Company recorded net asset value of approximately RMB1,731,162,896 as at 30 June 2023, which represents a decrease of approximately RMB3,533,538 or 0.2%, from net asset value of approximately RMB1,734,696,433 as at 31 December 2022. This was attributable to the loss-making position of the Target Company during the six months ended 30 June 2023.

Immediately upon completion of the Disposal, the Company will cease to hold any equity interest in the Target Company.

3.1 The Valuation Report

The Valuer has been appointed by the Company as an independent professional valuer to assess the appraised value of the Target Company as at the Valuation Date of 30 September 2022, the details of which are set out in the Valuation Report. Please refer to Appendix II of the Circular for more information on the Valuation Report. According to the Valuation Report, the market value of the Sale Equity is RMB60,302,500 as at the Valuation Date. In relation to the roughly 10-month period between the Valuation Date and the date of the Agreement, we note that the Disposal was originally contemplated by the Company in around October 2022. But due to the Company's state-owned background, it had to go through various internal and external processes, procedures and approvals before the Disposal could go ahead which culminated in the Public Tender Announcement

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dated 15 June 2023. Given the loss-making position of the Target Company during the year ended 31 December 2022 and the six months ended 30 June 2023, changes in market value (if any) of the Target Company from the Valuation Date up to the date of the Agreement would have likely been downward instead of upward which appears to be favorable to the Company within the context of the Disposal. Under such circumstances, we consider the aforementioned time lag between the Valuation Date and the date of the Agreement to be acceptable.

In assessing the fairness and the reasonableness of the Valuation Report, we have considered the following factors:

3.1.1 Independence, qualification and scope of work of the Valuer

We have reviewed and enquired into the qualifications and experience of the Valuer in relation to the preparation of the Valuation Report, and noted that the Valuer (company website: <http://www.tccpv.com>) is well-established in the PRC with headquarters in Beijing and branch office presences in Jiangsu, Guangxi and Ningxia, and subsidiaries in Tianjin and Shanxi. The Valuer is qualified as, amongst others, “資產評估資格證書” (Asset Appraisal Qualification Certificate) of the 中華人民共和國財政部 (Ministry of Finance of the PRC) and “一級房地產評估機構資質” (Grade 1 Real Estate Appraisal Entity Qualification) by the 中華人民共和國住房和城乡建设部 (Ministry of Housing and Urban-Rural Development of the PRC), and possesses extensive experience in, among others, asset valuations since 1994. Based on the information provided by the Valuer, the responsible persons in charge of the Valuation Report, namely Mr. Yao Xueyong (姚雪勇) and Ms. Lu Qianru (陸茜茹), are “註冊資產評估師” (Registered Asset Appraiser) with about 30 years and 7 years of experience respectively in asset valuation in the PRC.

We have enquired the Valuer whether the Valuer had any concern on the accuracy and completeness of information the Valuer relied upon throughout the valuation process, and whether the Valuer had any concern on the reasonableness of any representation made by the Management or any other party to the Valuer. After discussion with and confirmation made by the Valuer, we understand that (i) the Valuer had no negative concern on the accuracy and completeness of information the Valuer relied upon throughout the valuation process, and (ii) the Valuer had no negative concern on the reasonableness of any representation made by the Management or any other party to the Valuer.

We have also reviewed the Valuer’s terms of engagement with the Company in relation to the Valuation Report and in particular, the scope of work, and noted that it is appropriate to the opinion required to be given and there is no limitation on the scope of work which might adversely impact on the degree of assurance given by the Valuer in the Valuation Report.

Besides, the Valuer also confirmed that it is independent of and not connected with the Group, the Target Company and their respective associates.

3.1.2 Valuation approach

From our review of the Valuation Report and as per our discussion with the Valuer, the Valuer has considered three generally accepted approaches to obtain the market value of the Sale Equity in performing the valuation, namely the market approach, the income approach and the asset-based approach. From our review of the Valuation Report and based on discussion with the Valuer, we understand that the selection of valuation approach is based on, among others, the quantity and quality of information provided, availability of relevant market transactions, type and nature of subject assets, operation status of the valuation subject entity and professional judgement.

We have further enquired the Valuer of the factors considered in selecting the valuation methodology. We understand from the Valuer that the asset-based approach is adopted for the valuation of the Sale Equity, with the following reasons: (i) the asset and liability structure of the Target Company is clear; (ii) the value of each asset and liability can be assessed and recognised separately; and (iii) the selection of economic and technical parameters involved in the valuation of these assets has sufficient data as the basis.

The assumption of asset-based approach is that when each element of: (i) working capital; (ii) tangible assets; and (iii) intangible assets is individually valued, the gross amount represents the value of a business entity and equals to the value of its invested capital. In particular, the entire equity value of the valuation subject entity, i.e. the Sale Equity, is arrived at by first summing up the appraised values of each component of the assets owned by it and then deducting the appraised values of its liabilities. Therefore, the asset-based approach values each item of the subject entity's asset and liability with the end product being the appraised net asset value of the subject entity, i.e. the Sale Equity.

Based on our discussion with the Valuer and our review of the Valuation Report, we understand that the asset-based approach was adopted to value each item of the assets and liabilities of the Target Company, except for its investment properties. The Valuer primarily adopted the income approach to derive the appraised values of the investment properties, and adopted the market approach and cost approach (when market comparables are not available) for cross-checking purposes.

In view of the above, in particular: (i) the investment properties (which are the key components of the non-current assets) of the Target Company were appraised separately primarily using the income approach; (ii) the lack of sufficient comparable transactions of the Sale Equity makes it inappropriate to adopt the market approach; (iii) the Target Company is loss-making for the year ended 31 December 2022 and therefore make income approach for the Sale Equity inapplicable; and (iv) the asset-intensive nature of the Target Company makes it appropriate to adopt the asset-based approach for the Sale Equity, with value of the Target Company's investment properties being primarily appraised by the income approach which is commonly

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adopted for similar properties with stable and predictable income streams, we concur with the Valuer that the asset-based approach (inclusive of primarily the income approach for the Target Company's investment properties) is the most appropriate method for valuing the Sale Equity.

Taking into account the factors as discussed above, (i) we are of the view that the bases and assumptions adopted by the Valuer are fair and reasonable; and (ii) we concur with the Valuer that the adoption of the asset-based approach for the valuation of the Sale Equity (while the investment properties of the Target Company were appraised separately primarily using the income approach, results of which were cross-checked against cost approach and market approach, as appropriate) is appropriate and in line with market practice. Having considered (i) the Valuer is a well-established firm with PRC presence and has 19 years of local asset valuation experience; (ii) the basis and assumptions adopted by the Valuer are fair and reasonable; and (iii) the asset-based approach and primarily income approach as adopted in the Valuation Report for the Sale Equity and investment properties of the Target Company respectively are fair and reasonable, and in line with market practice, we consider the Valuation Report constitutes fair and reasonable representations in assessing the appraised value of the Target Company.

3.1.3 Conclusion on the Valuation Report

With regards to the Valuation Report, we have complied with the requirements under note 1(d) to Rule 13.80 of the Listing Rules and paragraph 5.3 of the Corporate Finance Adviser Code of Conduct by performing, including but not limited to, the following works: (i) discussed with the Valuer regarding the methodology applied and principal bases and assumptions adopted in the Valuation Report; (ii) assessed the experience and expertise of the persons responsible for the Valuation Report, namely Mr. Yao Xueyong (姚雪勇) and Ms. Lu Qianru (陸茜茹), and the Valuer's recent valuation assignments; (iii) enquired on any current or prior relationships with the Company, the Target Company and core connected persons of either the Company and noted that save for the current engagement, no other relationship exists; and (iv) reviewed the terms of engagement in respect of the Valuation Report.

Based on aforementioned works performed by us, we are of the view that (i) methodology applied and principal bases and assumptions adopted in the Valuation Report are fair and reasonable; (ii) the scope of services as illustrated in the engagement letter is appropriate; (iii) the Valuer, Mr. Yao Xueyong (姚雪勇) and Ms. Lu Qianru (陸茜茹), being the responsible persons of the Valuation Report, have adequate qualifications, experience and expertise, and hence are competent to issue the Valuation Report. Nothing has come to our attention that causes us to doubt the fairness and reasonableness of the Valuation Report.

The aggregate appraised value of the Sale Equity as set out in the Valuation Report of RMB60,302,500 is therefore considered indicative to the Final Bid Price and the consideration under the Agreement.

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4. The Agreement and the Disposal

4.1 Reasons for and the benefits of the Disposal

As stated in the Board Letter, since the Group's investment in the Target Company in 2012, the Group has not received any dividend from the Target Company. In 2022, the Target Company even recorded a substantial operating loss as a result of its compliance with the local government's rent relief policy in response to the COVID-19 pandemic. In view of the past performance of the Target Company and the investment return in connection with the Group's investment in the Target Company, the Group intends to recoup its investment towards the Target Company through the Disposal. Although the Disposal would preclude the Group from receiving possible positive investment return in the event the Target Company's performance improves, in light of the uncertainty, the Company considers it an appropriate timing to dispose of the Sale Equity now and re-deploy its resources to the development of the Group's principal business.

The Directors are of the view that the terms and conditions of the Disposal are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

4.2 Principal terms of the Agreement

The principal terms of the Agreement as extracted from the Board Letter are set out as follows:

Date:	3 August 2023 (after trading hours)
Parties:	(a) the Vendor (a wholly-owned subsidiary of the Company); and (b) the Purchaser
Assets to be disposed of:	The Vendor has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to purchase, 3.167% equity interest in the Target Company (i.e. the Sale Equity).
Consideration:	The consideration, i.e. the Final Bid Price, being RMB60,302,500, is equivalent to the Base Price, which was determined with reference to the valuation of the Sale Equity by the Valuer as at 30 September 2022 based on asset-based approach as contained in the Valuation Report.

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On 27 July 2023, the Purchaser had already paid a deposit of RMB6,500,000 to the Suzhou Exchange Centre in accordance with its regulations for public tenders. The Purchaser shall pay to the Suzhou Exchange Centre the balance of the Final Bid Price amounting to RMB53,802,500 within 5 working days from the date of the Agreement becoming effective after having obtained all necessary approvals in accordance with applicable laws, rules and regulations. On 9 August 2023, such balance of the Final Bid Price had been paid by the Purchaser. Upon fulfilment of the conditions precedent to the Agreement, the Suzhou Exchange Centre will pay the Final Bid Price to the Vendor.

Conditions precedent:

Completion of the Disposal shall be conditional upon the fulfilment of the following conditions:

- (a) all necessary internal approvals and consents from third parties (if any) having been obtained by both parties;
- (b) all necessary consents and approvals pursuant to applicable laws, rules and regulations (including but not limited to the Listing Rules) having been obtained by the Company (including but not limited to the obtaining of Independent Shareholders' approval at the EGM by the Company pursuant to the Listing Rules, if necessary); and
- (c) all necessary approvals in respect of the Disposal having been obtained from the state-owned asset supervision and administration department or relevant authority.

As at the Latest Practicable Date, conditions (a) and (c) have been fulfilled.

The Vendor shall procure the Target Company to commence the registration procedures for the transfer of the Sale Equity to the Purchaser within 5 working days upon receipt of the confirmation certificate issued by the Suzhou Exchange Centre in relation to the Disposal.

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5. Comparables

In order to provide the Shareholders with a general reference regarding the valuation of companies engaging in a business similar to that of the Target Company, we performed our independent analysis on the valuation of the Sale Equity. We noted that the trading multiples analysis such as price-to-book (“**P/B**”) ratio and price-to-earnings (“**P/E**”) ratio, are commonly adopted valuation methods in the market. As mentioned in the section headed “Background information and financial overview of the Target Company” above, the Target Company was loss-making for the year ended 31 December 2022 and for the six months ended 30 June 2023 and accordingly, the P/E ratio is deemed inappropriate to be adopted for our analysis. In addition to the asset-based approach we have discussed in the section headed “Valuation Approach” above, taking into account that the Target Company is asset intensive, we consider that the P/B ratio is an appropriate benchmark for our trading multiples analysis.

Based on (i) the appraised value of 100% equity interest in the Target Company of approximately RMB1,904,290,769, as indicated in the Valuation Report; and (ii) the net asset value of the Target Company as at 30 June 2023 of approximately RMB1,731,162,896, as mentioned in the section headed “Background information and financial overview of the Target Company” above, the implied P/B ratio of the Target Company is approximately 1.10 times (the “**Implied P/B Ratio**”).

We have conducted a search on Bloomberg for other listed companies or real estate investment trusts (“**REITs**”) which (i) are listed on the Stock Exchange; (ii) are principally engaged in a similar or comparable principal business as the Target Company (i.e. having no less than 50% of total revenue generated from property leasing); and (iii) have similar principal place of business as the Target Company (i.e. having no less than 50% of total revenue generated from the PRC) as at the date of the announcement of the Disposal, i.e. 3 August 2023, and compiled a list of the following 5 comparable companies or REITs (the “**Comparables**”) meeting our aforementioned selection criteria as identified by us based on our best information, knowledge and belief. We noted that KEYNE LTD. (stock code: 9) met our aforementioned selection criteria, but was in a net liabilities position based on the latest published financial results and/or reports. Its negative P/B ratio is therefore deemed inappropriate to be adopted in our analysis (the “**Excluded Company**”). Save for the Excluded Company, we consider the following list of Comparables to be exhaustive and the following table sets out the comparison of P/B ratios of the Comparables and the Target Company:

Company name (stock code)	Principal business ^(Note 1)	Market capitalisation (RMB million) (as at the date of the announcement of the Disposal, i.e. 3 August 2023)	P/B ratio ^(Note 2)
China Merchants Commercial Real Estate Investment Trust (stock code: 1503)	Invests primarily in income- generating properties and uses the income to provide stable returns to its unitholders	1,832.44	0.50

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Company name (stock code)	Principal business <i>(Note 1)</i>	Market capitalisation (RMB million) (as at the date of the announcement of the Disposal, i.e. 3 August 2023)	P/B ratio <i>(Note 2)</i>
Spring Real Estate Investment Trust (stock code: 1426)	Own and invest in high quality income-producing real estate	2,924.90	0.45
Yuexiu Real Estate Investment Trust (stock code: 405)	Invests in a diverse portfolio of income producing properties which are used primarily for office, retail, and other commercial purposes	6,966.17	0.43
Hui Xian Real Estate Investment Trust (stock code: 87001)	Sole real estate investment interest at the time of its listing is its investment interest in the Oriental Plaza in Beijing	5,933.84	0.26
Red Star Macalline Group Corporation Ltd. (stock code: 1528)	Leasing floor areas, providing consultation and management services, sales of merchandise, strategy consultation, home design consultation, and construction service	21,353.38	0.23
		Minimum	0.23
		Maximum	0.50
		Average	0.37
		Median	0.43
The Target Company	Property leasing		1.10 <i>(Note 3)</i>

Source: Bloomberg

Notes:

1. The principal activities of the Comparables are sourced from Bloomberg.
2. P/B ratios of the Comparables are calculated from data extracted from Bloomberg.
3. The Implied P/B Ratio is based on the appraised value of 100% equity interest in the Target Company with reference to the Valuation Report and the Target Company's net asset value as at 30 June 2023.
4. The Target Company was loss-making for the year ended 31 December 2022 and for the six months ended 30 June 2023, and accordingly, the P/E ratio is deemed inappropriate to be adopted for our analysis.

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As depicted from the above table, the P/B ratios of the Comparables ranged from approximately 0.23 times to approximately 0.50 times, with an average of approximately 0.37 times and a median of approximately 0.43 times.

We noted that the Implied P/B Ratio of approximately 1.10 times is (i) higher than the average, median and maximum P/B ratio of the Comparables of approximately 0.37 times, approximately 0.43 times and approximately 0.50 times, respectively; and (ii) more than double of the maximum P/B ratio of the Comparables of approximately 0.50 times, and is considered favorable to the Group.

Taking into account the principal factors as discussed above, we consider that the terms of the Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

6. Financial effects of the Disposal

As stated in the Board Letter, it is estimated that the Group will record a gain on the Disposal of approximately RMB1 million. The gain is calculated with reference to the difference between the Final Bid Price and the carrying amount of the investment in the Target Company of approximately RMB59 million. However, the actual gain or loss on the Disposal is subject to audit by the Company's auditor. The Company intends to use the proceeds from the Disposal as general working capital of the Group.

7. Conclusion on the Disposal

Taking into account of the above principal factors and in particular:

- i. since the Group's investment in the Target Company in 2012, the Group has not received any dividend from the Target Company;
- ii. the Target Company was loss-making for the financial year ended 31 December 2022 and for the six months period ended 30 June 2023;
- iii. the valuation of the Sale Equity as set out in the Valuation Report in aggregate of RMB60,302,500 is considered indicative to the Final Bid Price and the consideration under the Agreement;
- iv. the Implied P/B Ratio of approximately 1.10 times is (i) higher than the average, median and maximum P/B ratio of the Comparables of approximately 0.37 times, approximately 0.43 times and approximately 0.50 times, respectively; and (ii) more than double of the maximum P/B ratio of the Comparables of approximately 0.50 times, and is considered favorable to the Group; and
- v. the Group is expected to record a gain on the Disposal of approximately RMB1 million,

we are of the view that the terms of the Disposal are fair and reasonable and are in the interest of the Company and Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

CONCLUSION

Having considered the above principal factors, we are of the opinion that (i) the Disposal is, although not in the ordinary and usual course of business of the Group, on normal commercial terms; and (ii) the terms of the Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Therefore, we would recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favor of the ordinary resolution(s) to approve the Disposal at the EGM.

Yours faithfully,
For and on behalf of
Grand Moore Capital Limited
Kevin So **Florence Ng**
Managing Director — Associate Director
Investment Banking
Department

Notes:

Mr. Kevin So is a licensed person under the SFO to undertake type 6 regulated activity (advising on corporate finance) and is a responsible officer in respect of Grand Moore Capital Limited's type 6 regulated activity (advising on corporate finance). Mr. So has over 20 years of experience in the corporate finance industry in Hong Kong.

Ms. Florence Ng is a licensed person under the SFO to undertake type 6 regulated activity (advising on corporate finance) and is a responsible officer in respect of Grand Moore Capital Limited's type 6 regulated activity (advising on corporate finance). Ms. Ng has over 10 years of experience in the corporate finance industry in Hong Kong.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors, Supervisors and the chief executive of the Company in the registered capital of the Company and its associated corporations

As at the Latest Practicable Date, none of the Directors, Supervisors or chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities) which will be required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the persons (other than Directors, Supervisors and chief executives of the Company) or corporations who had an interest or short position in the shares and/or underlying shares of the Company which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of Shareholder	Nature of interest	Class of Shares	Shares held in the relevant class of Shares of the Company ⁽¹⁾		Percentage of the total issued share capital of the Company (Approximate)
			Number	Percentage (Approximate)	
SND Company ⁽²⁾	Beneficial owner	Domestic Shares	69,846,825 (L)	93.13%	69.12%
	Interest in a controlled corporation	Domestic Shares	5,153,175 (L)	6.87%	5.10%
Sugaixin Chengjian Development (Suzhou) Co., Ltd. ⁽²⁾	Beneficial owner	Domestic Shares	5,153,175 (L)	6.87%	5.10%
Caitong Securities Co., Limited ^{*(3)}	Interest in a controlled corporation	H Shares	6,652,000 (L)	25.54%	6.58%
Caitong Fund Management Co., Ltd. ^{*(3)}	Other	H Shares	6,652,000 (L)	25.54%	6.58%

Name of Shareholder	Nature of interest	Class of Shares	Shares held in the relevant class of Shares of the Company ⁽¹⁾		Percentage of the total issued share capital of the Company (Approximate)
			Number	Percentage (Approximate)	
Chen Aihua ^{*(4)}	Interest in a controlled corporation	H Shares	2,707,500 (L)	10.39%	2.68%
Suzhou Zhongshe Construction Group Co., Ltd. ^{*(4)}	Beneficial owner	H Shares	2,707,500 (L)	10.39%	2.68%
Chen Jie ⁽⁵⁾	Interest in a controlled corporation	H Shares	1,359,500 (L)	5.22%	1.35%
Suzhou Qianmo Village Development Construction Tourism Co., Ltd. ^{*(5)}	Beneficial owner	H Shares	1,359,500 (L)	5.22%	1.35%
Xiamen International Bank Co., Ltd. ⁽⁶⁾	Interest in a controlled corporation	H Shares	2,325,500 (L)	8.93%	2.30%
Xiamen International Investment Limited ⁽⁶⁾	Interest in a controlled corporation	H Shares	2,325,500 (L)	8.93%	2.30%
Chiyu International Financial Holdings Limited ⁽⁶⁾	Interest in a controlled corporation	H Shares	2,325,500 (L)	8.93%	2.30%
Chiyu Banking Corporation Limited ⁽⁶⁾	Interest in a controlled corporation	H Shares	2,325,500 (L)	8.93%	2.30%
Chiyu International Capital Limited ⁽⁶⁾	Beneficial owner	H Shares	2,325,500 (L)	8.93%	2.30%
SDIC Taikang Trust Co., Ltd. ^{*(7)}	Trustee	H Shares	4,076,500 (L)	15.65%	4.03%
CCB Principal Asset Management Co., Ltd. ^{*(8)}	Investment manager	H Shares	2,682,000 (L)	10.30%	2.65%
Jin Weikang ^{*(9)}	Interest in a controlled corporation	H Shares	2,682,000 (L)	10.30%	2.65%
Suzhou Jianxin Construction Group Co., Ltd. ^{*(9)}	Beneficial owner	H Shares	2,682,000 (L)	10.30%	2.65%
Liu Chunming ⁽¹⁰⁾	Interest in a controlled corporation	H Shares	1,351,000 (L)	5.19%	1.34%
Jiangsu Guowei Security Service Co., Ltd. ^{*(10)}	Beneficial owner	H Shares	1,351,000 (L)	5.19%	1.34%
Lu Jianchao ^{*(11)}	Interest in a controlled corporation	H Shares	1,351,000 (L)	5.19%	1.34%
Suzhou Zhonggang Construction Co., Ltd.*	Beneficial owner	H Shares	1,351,000 (L)	5.19%	1.34%

Name of Shareholder	Nature of interest	Class of Shares	Shares held in the relevant class of Shares of the Company ⁽¹⁾		Percentage of the total issued share capital of the Company (Approximate)
			Number	Percentage (Approximate)	
Shanghai International Trust Co., Ltd.* ⁽¹²⁾	Trustee	H Shares	6,764,000 (L)	25.97%	6.69%
Wu Xiangying	Beneficial owner	H Shares	1,335,000 (L)	5.13%	1.32%
Yu Chaoquan ⁽¹³⁾	Interest in a controlled corporation	H Shares	1,335,000 (L)	5.13%	1.32%
Zhao Guo ⁽¹³⁾	Interest in a controlled corporation	H Shares	1,335,000 (L)	5.13%	1.32%
Shanghai Yuanyuan Rongrong Enterprise Management Partnership (Limited Partnership)* ⁽¹³⁾	Beneficial owner	H Shares	1,335,000 (L)	5.13%	1.32%
Zheng Weidong* ⁽¹⁴⁾	Interest in a controlled corporation	H Shares	1,358,500 (L)	5.22%	1.34%
Suzhou Dongyu Construction Development Co., Ltd.* ⁽¹⁴⁾	Beneficial owner	H Shares	1,358,500 (L)	5.22%	1.34%
Zhou Gang ⁽¹⁵⁾	Interest in a controlled corporation	H Shares	1,359,500 (L)	5.22%	1.35%
Suzhou Guanglin Construction Co., Ltd.* ⁽¹⁵⁾	Beneficial owner	H Shares	1,359,500 (L)	5.22%	1.35%
Chen Hongguang ⁽¹⁶⁾	Interest in a controlled corporation	H Shares	2,682,000 (L)	10.30%	2.65%
Xu Xuelei	Beneficial owner	H Shares	1,358,500 (L)	5.22%	1.34%
Wu Ye* ⁽¹⁷⁾	Interest in a controlled corporation	H Shares	2,702,500 (L)	10.38%	2.67%
Suzhou Shangyang Environmental Technology Co., Ltd.* ⁽¹⁷⁾	Beneficial owner	H Shares	2,702,500 (L)	10.38%	2.67%

Notes:

- (1) The letter “L” denotes a long position in the Shares, and the letter “S” denoted a short position in the Shares.
- (2) Sugaoxin Chengjian Development (Suzhou) Co., Ltd.* is wholly-owned by SND Company. By virtue of the SFO, SND Company is deemed to be interested in the shares of the Company held by Sugaoxin Chengjian Development (Suzhou) Co., Ltd.*.
- (3) Caitong Fund Management Co., Ltd.* is owned as to 40% by Caitong Securities Co., Limited*. By virtue of the SFO, Caitong Securities Co., Limited* is deemed to be interested in the Shares held by Caitong Fund Management Co., Ltd.*. According to the disclosure of interests filed by Caitong Fund Management Co., Ltd.* on 26 August 2022, Caitong Fund Management Co., Ltd.* as an asset manager of Caitong Fund Yuanrong Overseas No. 160 (QDII) Single Asset

Management Plan*, Caitong Fund Smart Select Overseas No. 161 (QDII) Single Asset Management Plan*, Caitong Fund Special Overseas No. 162 (QDII) Single Asset Management Plan* and Caitong Fund Yitong Overseas No. 163 (QDII) Single Asset Management Plan*, held 1,335,000 H Shares, 1,335,000 H Shares, 2,682,000 H Shares and 1,300,000 H Shares of the Company through these QDII asset management plans, respectively.

- (4) Suzhou Zhongshe Construction Group Co., Ltd.* is owned as to 84% by Chen Aihua*. By virtue of the SFO, Chen Aihua* is deemed to be interested in the Shares held by Suzhou Zhongshe Construction Group Co., Ltd.*.
- (5) Based on publicly available record, Suzhou Qianmo Village Development Construction Tourism Co., Ltd.* is owned as to 85% by Chen Jie. By virtue of the SFO, Chen Jie is deemed to be interested in the Shares held by Suzhou Qianmo Village Development Construction Tourism Co., Ltd.*.
- (6) Chiyu International Capital Limited is wholly owned by Chiyu Banking Corporation Limited, which is in turn owned as to 69.63% by Chiyu International Financial Holdings Limited. Chiyu International Financial Holdings Limited is wholly-owned by Xiamen International Investment Limited, which is in turn wholly-owned by Xiamen International Bank Co., Ltd.. By virtue of the SFO, each of Xiamen International Bank Co., Ltd., Xiamen International Investment Limited, Chiyu International Financial Holdings Limited and Chiyu Banking Corporation Limited is deemed to be interested in the Shares held by Chiyu International Capital Limited.
- (7) According to the notice of equity disclosure filed by SDIC Taikang Trust Co., Ltd.* on 26 August 2022, SDIC Taikang Trust Co., Ltd.* as a trustee of SDIC Taikang Trust — Ruijin No. 40 QDII Single Fund Trust, SDIC Taikang Trust — Ruijin No. 41 QDII Single Fund Trust and SDIC Taikang Trust — Ruijin No. 42 QDII Single Fund Trust, held 1,358,500 H Shares, 1,359,500 H Shares and 1,358,500 H Shares of the Company through these trusts, respectively.
- (8) According to the disclosure of interests filed by CCB Principal Asset Management Co., Ltd.* on 26 August 2022, the Shares are held by CCB Principal Asset Management Co., Ltd.* for the No.91 Nuggets Fund* managed by it.
- (9) Suzhou Jianxin Construction Group Co., Ltd. is owned as to 62.37% by Jin Weikang*. By virtue of the SFO, Jin Weikang* is deemed to be interested in the Shares held by Suzhou Jianxin Construction Group Co., Ltd.*.
- (10) Jiangsu Guowei Security Service Co., Ltd.* is owned as to 90% by Liu Chunming. By virtue of the SFO, Liu Chunming is deemed to be interested in the Shares held by Jiangsu Guowei Security Service Co., Ltd.*.
- (11) According to the disclosure of interests filed by Lu Jianchao* on 30 August 2022, Lu Jianchao* is interested in the Shares through the corporation controlled by him.
- (12) According to the disclosure of interests filed by Shanghai International Trust Co., Ltd.* on 21 September 2022, Shanghai International Trust Co., Ltd.* as a trustee of the Single Fund Trust in Hong Kong Market under the Platinum Collection of Shanghai Trust (GJ-13-22010)*, the Single Fund Trust in Hong Kong Market under the Platinum Collection of Shanghai Trust (GJ-13-22011)*, the Single Fund Trust in Hong Kong Market under the Platinum Collection of Shanghai Trust (GJ-13-22012)* and the Single Fund Trust in Hong Kong Market under the Platinum Collection of Shanghai Trust (GJ-13-22013)*, held 1,351,000 H Shares, 2,702,500 H Shares, 1,351,000 H Shares and 1,359,500 H Shares of the Company through these trusts, respectively.
- (13) Shanghai Yuanyuan Rongrong Enterprise Management Partnership (Limited Partnership)* is owned as to 80% and 20% by Zhao Guo and Yu Chaoquan, respectively. By virtue of the SFO, Zhao Guo and Yu Chaoquan are deemed to be interested in the Shares held Shanghai Yuanyuan Rongrong Enterprise Management Partnership (Limited Partnership)*, a corporation controlled by them.

- (14) Suzhou Dongyu Construction Development Co., Ltd.* is owned as to 80% by Zheng Weidong*. By virtue of the SFO, Zheng Weidong* is deemed to be interested in the Shares held by Suzhou Dongyu Construction Development Co., Ltd.*.
- (15) Suzhou Guanglin Construction Co., Ltd.* is owned as to 85.01% by Zhou Gang. By virtue of the SFO, Zhou Gang is deemed to be interested in the Shares held by Suzhou Guanglin Construction Co., Ltd.*.
- (16) Suzhou Chenguang Construction Group Co., Ltd.* directly holds 2,682,000 H Shares. Suzhou Chenguang Construction Group Co., Ltd. is owned as to 90% by Chen Hongguang. By virtue of the SFO, Chen Hongguang is deemed to be interested in the Shares held by Suzhou Chenguang Construction Group Co., Ltd.*.
- (17) Suzhou Shangyang Environmental Technology Co., Ltd.* is owned as to 70% by Wu Ye*. By virtue of the SFO, Wu Ye* is deemed to be interested in the Shares held by Suzhou Shangyang Environmental Technology Co., Ltd.*.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons (other than Directors, Supervisors and chief executives of the Company) who had an interest or short position in the Shares or underlying Shares which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein. Save as disclosed above, none of the Directors is a director or employee of a company which has an interest in the Shares and underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors, Supervisors nor their respective close associates had any direct or indirect interests in any business that constitutes or may constitute a competing business of the Company.

4. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

As at the Latest Practicable Date, no Director or Supervisor had entered into any service contract or letter of appointment with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

5. DIRECTORS' AND SUPERVISORS' INTEREST IN ASSETS/CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date:

- (a) none of the Directors or Supervisors had any direct or indirect interest in any assets which have been, since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or are proposed to be acquired, disposed of by, or leased to any member of the Group; and

- (b) none of the Directors or Supervisors is also an employee or director of any substantial shareholder of the Company.

None of the Directors or Supervisors was materially interested, directly or indirectly, in any contract or arrangement subsisting as at the date of this circular which is significant in relation to the business of the Group.

6. QUALIFICATION OF EXPERT AND CONSENT

The qualification of the expert who has given an opinion or advice in this circular is as follow:

Name	Qualification
Grand Moore Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Zhongtongcheng Assets Evaluation Co., Ltd.	independent professional valuer

As at the Latest Practicable Date, each of the Independent Financial Adviser and the Valuer mentioned above (i) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or opinion and the references to its names included herein in the form and context in which it is respectively included; (ii) has no direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group; and (iii) has no direct or indirect interests in any assets which have been, since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors have confirmed that there is no material adverse change in the financial or trading position of the Company since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. DOCUMENTS ON DISPLAY

A copy of the Agreement will be available on display online on the Stock Exchange's website (www.hkexnews.hk) and on the Company's website (<https://www.suxinfuwu.com/>) from the date of this circular up to and including the date of the EGM (being a period of not less than 14 days).

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from the Valuer, an independent professional valuer, in connection with its valuation as at 30 September 2022 of the Sale Equity to be disposed of by the Group.

This report is prepared in accordance with China Asset Valuation Standards

**TOTAL SHAREHOLDERS' EQUITY INTEREST OF
SUZHOU HUIRONG BUSINESS TRAVEL DEVELOPMENT CO., LTD.*
INVOLVED IN THE PROPOSED TRANSFER OF EQUITY**

ASSET VALUATION REPORT

Zhong Tong Ping Bao Zi [2023] No. 21009

**VOLUME 1 of 1
STATEMENT, HIGHLIGHTS, TEXT and ANNEX**

**Zhongtongcheng Assets Evaluation Co., Ltd.
9 January 2023**

* *For identification purpose only*

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STATEMENT

- I. This asset valuation report is prepared in accordance with the Asset Valuation Basic Standards issued by the Ministry of Finance and the Asset Valuation Practising Standards and Professional Ethics Standards issued by the China Appraisal Society.
- II. The client or other users of the asset valuation report shall use the asset valuation report in accordance with the provisions of laws, administrative regulations and the scope of use set out in the asset valuation report; if the client or other users of the asset valuation report fail to use the asset valuation report in accordance with the aforesaid requirements, the Asset Valuation Institution and the Asset Valuer shall not be liable.

This asset valuation report shall only be used by the client, other users of the asset valuation report as agreed in the Asset Valuation Engagement Contract and users of the asset valuation report as stipulated by laws and administrative regulations. Except for the above, no other institution or individual shall be a user of the asset valuation report.

The asset valuation institution and the asset valuer advise that users of the asset valuation report should correctly understand the valuation conclusion, which is not equivalent to the realisable price of the valuation target, and the valuation conclusion should not be regarded as a guarantee for the realisable price of the valuation target.

- III. The asset valuation institution and the asset appraisers adhere to the principles of independence, objectivity and impartiality, comply with laws, administrative regulations and asset valuation standards, and assume responsibility for the asset valuation report issued in accordance with the law.
- IV. The list of assets and liabilities and other relevant information of the valuation target shall be reported by the client and the appraised entity and confirmed by signing, sealing or other means permitted by law; the client and other relevant parties shall be responsible for the authenticity, completeness and legality of the information provided by them in accordance with the law.
- V. The asset valuation institution and the asset valuer have no existing or expected interest relationship with the valuation target in the asset valuation report; they have no existing or expected interest relationship with the relevant parties and have no prejudice against the relevant parties.
- VI. The asset valuer has conducted on-site investigation on the valuation target and the assets involved in the asset valuation report; has paid necessary attention to the legal ownership status of the valuation target and the assets involved, verified the legal ownership information of the valuation target and the assets involved, and truthfully disclosed the issues identified, and has requested the client and other relevant parties to perfect the ownership to meet the requirements for issuing the asset valuation report.

VII. The analysis, judgement and conclusion in the asset valuation report issued by the asset valuation institution are subject to the assumptions and restrictions in the asset valuation report. Users of the asset valuation report shall fully consider the assumptions, restrictions and descriptions of special matters set out in the asset valuation report and their impact on the valuation conclusion.

HIGHLIGHTS

I. ECONOMIC BEHAVIOUR CORRESPONDING TO THIS VALUATION

The economic activity corresponding to this valuation is the proposed transfer of 3.167% equity interest in Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司) held by Suzhou Golden Lion Building Development Management Co., Ltd.* (蘇州金獅大廈發展管理有限公司) to Suzhou Jianrong Group Co., Ltd.* (蘇州建融集團有限公司).

II. PURPOSE OF VALUATION

The purpose of this valuation is for the proposed equity transfer of Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司). Suzhou Golden Lion Building Development Management Co., Ltd.* (蘇州金獅大廈發展管理有限公司) and Suzhou Jianrong Group Co., Ltd.* (蘇州建融集團有限公司) entrusted Zhongtongcheng Assets Evaluation Co., Ltd. to conduct a valuation on the market value of the entire shareholders' equity of Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司) as at 30 September 2022 involved in such economic activity, so as to provide a basis for value reference.

III. OBJECT AND SCOPE OF VALUATION

The object and scope of the valuation are consistent with those involved in economic activities.

The valuation target is the total shareholders' equity value of Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司), and its book value is RMB1,723.0753 million.

The scope of valuation includes all assets and liabilities declared by Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司) corresponding to the valuation target on the valuation benchmark date.

IV. TYPE OF VALUE

Market value.

V. VALUATION BENCHMARK DATE

30 September 2022.

VI. VALUATION METHODOLOGY

Cost approach (asset-based approach). AEON Mall, the main asset of which is the investment property, is valued by income approach and market approach respectively, and the results of income approach are adopted as the appraised value; The valuation of the investment property, Huirong Plaza Hotel, was conducted using the cost approach and the income approach, respectively, and the valuation was based on the results of the income approach; The

office building and the podium of the investment property were valued using the income approach and the market approach, respectively, and the results of the income approach were adopted as the appraised value.

VII. VALUATION CONCLUSION AND ITS VALIDITY PERIOD

As at the valuation benchmark date on 30 September 2022, the book value of assets of Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司) was RMB5,921.8898 million, the book value of liabilities was RMB4,198.8146 million, and the book value of total shareholders' equity was RMB1,723.0753 million; the appraised value of assets was RMB6,103.1053 million, the appraised value of liabilities was RMB4,198.8146 million, and the appraised value of total shareholders' equity was RMB1,904.2908 million, which was RMB one billion, nine hundred and four million, two hundred and ninety thousand, eight hundred round. The appraised value of assets increased by RMB181.2155 million or 3.06% over the book value; the appraised value of total shareholders' equity increased by RMB181.2155 million or 10.52% over the book value. Details of the valuation conclusion are as follows:

Summary of asset valuation results (cost approach)

Valuation benchmark date: 30 September 2022

Appraised entity: Suzhou Huirong Business Travel Development Co., Ltd.*
(蘇州匯融商旅發展有限公司)

Unit: RMB'0,000

Item	Carrying amount A	Appraised value B	Impairment C = B-A	Appreciation rate D = C/A×100%
1 Current assets	386,883.09	386,883.09	—	0.00%
2 Non-current assets	205,305.89	223,427.44	18,121.55	8.83%
3 Long-term equity investments	573.18	575.96	2.78	0.48%
4 Investment property	204,732.18	222,851.14	18,118.96	8.85%
5 Fixed assets	0.53	0.34	-0.19	-36.19%
6 Total assets	592,188.98	610,310.53	18,121.55	3.06%
7 Current liabilities	335,881.46	335,881.46	—	0.00%
8 Non-current liabilities	84,000.00	84,000.00	—	0.00%
9 Total liabilities	419,881.46	419,881.46	—	0.00%
10 Net assets (owners' equity)	172,307.53	190,429.08	18,121.55	10.52%

The valuation conclusion disclosed in this report is valid for one year from the valuation benchmark date of 30 September 2022 to 29 September 2023.

VIII. SPECIAL MATTERS AFFECTING THE VALUATION CONCLUSION**(i) Important use of expert work and relevant reports**

The accounting statements corresponding to the assets and liabilities on the balance sheet reported by Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司) were audited by Tianheng Certified Public Accountants LLP Suzhou Branch (天衡會計師事務所(特殊普通合夥)蘇州分所), which issued the audit report (Tian Heng Su Zhuan Zi (2022) No. 00181).

(ii) Incomplete or defective ownership information

Nil.

(iii) Restrictions on valuation procedures

Nil.

(iv) Incomplete valuation information

Nil.

(v) Legal, economic and other outstanding matters as at the valuation benchmark date

As at the date of this report, the client and the relevant parties of the valuation report have not provided us with any information on legal, economic and other outstanding matters existing as at the valuation benchmark date, and the valuation professionals have not obtained any information from other means.

(vi) Nature, amount and relationship with the object of valuation of guarantees, leases and contingent liabilities (contingent assets)

- As at the date of this report, the investment property, Central Plaza (Huirong Plaza Hotel and Office Building), was pledged for syndicated loans (Bank of China, Agricultural Bank of China and Industrial and Commercial Bank of China);
- AEON Project is pledged for the financing of the Asset-backed Special Programme. In 2019, Suzhou Sugaoxin Group Co., Ltd.* (蘇州蘇高新集團有限公司) and Huafu Securities Co., Ltd.* (華福證券有限責任公司) jointly launched the “Huafu-Sugaoxin AEON Mall Asset-backed Special Plan (華福—蘇高新永旺夢樂城資產支持專項計劃)” (CMBS) on the Shanghai Stock Exchange. The project is secured by the AEON Project of Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司) and pledged by the right of income from property operation. The special plan has two asset-backed securities: 19 Suxin Preferred and 19 Suxin Subordinated, the basic information is as follows:

Stock Code	Name of securities	Issue size (RMB'000 million)	Coupon rate (%)	Principal and interest Term repayment Way (years)
159990	19 Suxin Preferred	11.5	4.2	17.827 Interest payable semi-annually
159991	19 Suxin Subordinated	0.5	0	17.827 Interest payable semi-annually

Among them, the “19 Suxin Subordinated” securities were subscribed by Suzhou Jianrong Group Co., Ltd* (蘇州建融集團有限公司), the ultimate controller of the appraised entity.

(vii) Significant subsequent events

As of the issue date of this report, the client and relevant parties did not provide us with any significant events after the valuation benchmark date of the appraised entity, nor were we aware of any other significant subsequent events of the appraised entity from other sources. We remind users of this report not to use the valuation conclusion directly if there are significant events after the valuation benchmark date.

(viii) Defects that may have a significant impact on the valuation conclusion in the economic behaviour corresponding to this asset valuation

Nil.

(ix) Other matters to be explained

1. The major assets of Huirong Business Travel are investment properties (commercial properties). In this valuation, the cost approach (asset-based approach) is adopted, and AEON Mall, the investment properties involved by the company, is appraised by the income approach and the market approach, respectively; The valuation of the investment property, Huirong Plaza Hotel, was conducted using cost approach and income approach respectively; The office building and the podium of the investment property were valued using the income approach and the market approach respectively.

Due to the above reasons, the cost approach (asset-based approach) is only adopted for the valuation of the total equity value of the shareholders of Huirong Business Travel.

2. Among the investment properties declared and appraised by Huirong Business Travel, Huirong Plaza Hotel is operated by Rongzhou Tourism, a related party (subsidiary). Both parties entered into the Lease Agreement in 2016, the Supplemental Agreement to the Property Lease Agreement in 2019 and the Supplemental Agreement to the Property Lease Agreement in 2020; Huirong Business Travel shall lease Rooms 101, 103, 104, 105, 106 and 108, 1/F, Building 3, Huirong Plaza to Rongzhou Tourism, and Rongzhou Tourism shall entrust Suzhou Taihu Wetland World Tourism Development Co., Ltd.* (蘇州太湖濕地世界旅遊發展有限公司) with the operation and management services of 1/F, Building 3, Huirong Plaza (Shops C-103, 104b, 105 and 106, Building 3, Suzhou Huirong Plaza Cube Sugar Amusement Park Project* (蘇州匯融廣場方糖樂園項目)); Huirong Business Travel shall lease the whole of 1-23/F, Building 2, Huirong Plaza to Suzhou Xinhui Investment Development Co., Ltd.* (蘇州新濬投資發展有限公司) for use. For details of the lease contract and management agreement, please refer to the “OBJECT AND SCOPE OF VALUATION” of the text of this report.

As the above investment properties are leased to related parties for operation and management, and the operating conditions are poor due to the pandemic, Huirong Business Travel has not been able to collect the relevant rental fees. Therefore, the income approach is adopted for the valuation of investment properties, which is analysed and calculated based on the actual operating conditions of the real estate, without taking into account the impact of the above leases on the appraised value.

3. When the asset-based approach is used for this valuation, it is determined that the value of fixed assets does not include the value-added tax (input tax) required for the purchase and construction of assets.
4. This report does not take into account the tax liability arising from the assessment of additional impairment. When using this report, the client should carefully consider the tax liability and deal with it in accordance with relevant national regulations.

5. The valuers are not aware of any other material defects that may affect the valuation conclusion and are beyond the practising level and capability of the valuers to assess and estimate. However, users of the report should not solely rely on this report, and should make their own independent judgments on the ownership status, value impact factors and relevant contents of the assets, and take appropriate consideration in economic behaviour.

The above content is extracted from the text of the valuation report. To understand the details of this valuation and correctly understand the valuation conclusion, please read the text of the valuation report.

**TOTAL SHAREHOLDERS' EQUITY INTEREST OF
SUZHOU HUIRONG BUSINESS TRAVEL DEVELOPMENT CO., LTD.
INVOLVED IN THE PROPOSED TRANSFER OF EQUITY
ASSET VALUATION REPORT**

Zhong Tong Ping Bao Zi [2023] No. 21009

Suzhou Golden Lion Building Development Management Co., Ltd.*

(蘇州金獅大廈發展管理有限公司):

Suzhou Jianrong Group Co., Ltd* (蘇州建融集團有限公司):

Zhongtongcheng Assets Evaluation Co., Ltd. has been engaged by the Company to appraise the market value of the total shareholders' equity of Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司) involved in the proposed transfer of 3.167% equity interest in Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司) by Suzhou Golden Lion Building Development Management Co., Ltd.* (蘇州金獅大廈發展管理有限公司) to Suzhou Jianrong Group Co., Ltd* (蘇州建融集團有限公司) as at 30 September 2022 by adopting the cost approach (asset-based approach) and following necessary valuation procedures in accordance with the requirements of laws, administrative regulations and asset valuation standards, and adhering to the principles of independence, objectivity and impartiality. The asset valuation is reported as follows.

**I. OVERVIEW OF THE CLIENT, THE APPRAISED ENTITY AND OTHER USERS
OF THE ASSET VALUATION REPORT AS AGREED IN THE ASSET
VALUATION ENGAGEMENT CONTRACT**

The clients of this valuation are Suzhou Golden Lion Building Development Management Co., Ltd.* (蘇州金獅大廈發展管理有限公司) and Suzhou Jianrong Group Co., Ltd* (蘇州建融集團有限公司). The appraised entity is Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司).

(i) Overview of Client I

1. Name of the enterprise: Suzhou Golden Lion Building Development Management Co., Ltd.* (蘇州金獅大廈發展管理有限公司)
2. Unified social credit code: 9132050560819590X1
3. Address: No. 1156 Binhe Road, Gaoxin District, Suzhou, Jiangsu Province
4. Legal representative: Cui Xiao Dong* (崔曉冬)
5. Registered capital: RMB104.2713 million
6. Type: Limited liability company (sole proprietorship invested or controlled by non-natural person)

7. Date of establishment: 28 October 1992
8. Term of operation: 28 October 1992 to 27 October 2032
9. Business scope: management, sale and leasing of office buildings, apartments, residential and commercial complexes; business activities, catering supporting facilities services; Sales: Office supplies and labour protection supplies; undertaking property management and property agency business; Commercial property project management and consultancy; corporate management services and consultancy; Asset operation and management. (For projects subject to approval according to law, operation activities can only be carried out after approval by relevant authorities) General projects: construction of landscape projects; Earthwork construction; Construction of metal doors and windows; Transportation facilities maintenance; construction management services; Car park services (Except for projects subject to approval according to law, self-operated business activities with business licence)

(ii) Overview of the Client II

1. Name of the enterprise: Suzhou Jianrong Group Co., Ltd* (蘇州建融集團有限公司)
2. Unified social credit code: 913205053392450663
3. Address: Room 2201-6, Building 2, No. 21 Chengji Road, Gaoxin District, Suzhou
4. Legal representative: Wang Hua* (王華)
5. Registered capital: RMB1,200 million
6. Type: Limited liability company (state-controlled)
7. Date of establishment: 12 June 2015
8. Term of operation: 12 June 2015 to no fixed term
9. Business scope: Asset management; Development and construction of infrastructure and supporting facilities; lease of self-owned properties; investment in high-tech industry; Property management; Sales: Infrastructure materials and construction materials. Tourism information system consulting, business information consulting services, interior and exterior decoration design and construction; Construction project management; high-tech project investment and consulting, agency, intermediary services; Cultural tourism information consulting, technology information consulting, cultural tourism industry and industry research, management consulting; Plantation of agricultural products. (Projects subject to approval in accordance with the law may only be carried out after approval by relevant authorities)

(iii) Overview of the appraised entity

1. Name of the enterprise: Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司) (hereinafter referred to as “Huirong Business Travel” or the “Company”)
2. Unified social credit code: 913205050551909131
3. Address: Room 2201, Building 2, No. 21 Chengji Road, Gaoxin District, Suzhou
4. Legal representative: Wang Hua* (王華)
5. Registered capital: RMB1,800 million
6. Type: Limited liability company
7. Date of establishment: 15 October 2012
8. Term of operation: 15 October 2012 to no fixed term
9. Business scope: Travel information system consultation; lease of self-owned properties; Property management; Business information consulting services; Design and construction of interior and exterior decoration, property management, construction project management, high-tech project investment, sales of construction materials, metal materials, metal products, metallurgical powder, coal. (Projects subject to approval in accordance with the law may only be carried out after approval by the relevant authorities) Permitted items: Real estate development and operation (Projects subject to approval in accordance with the law may only be carried out after approval by the relevant authorities, and specific projects shall be subject to approval)

10. Shareholders and shareholding ratio as at the valuation benchmark date

No.	Name of shareholder	Committed/ paid-up amount (RMB'0,000)	Percentage of equity interest
1	Suzhou Xinqu Investment Development Co., Ltd.* (蘇州新澁投資發展有限公司)	109,300.00	60.722%
2	Suzhou Jianrong Group Co., Ltd.* (蘇州建融集團有限公司)	50,000.00	27.777%
3	Suzhou Xushuguan Modern Agricultural Comprehensive Development Co., Ltd.* (蘇州市澁墅關現代農業綜合開發有限公司)	7,500.00	4.167%
4	Suzhou Gaoxin District Xutong Municipal Service Co. Ltd.* (蘇州高新區澁通市政服務有限公司)	7,500.00	4.167%
5	Suzhou Golden Lion Building Development Management Co., Ltd.* (蘇州金獅大廈發展管理有限公司)	5,700.00	3.167%
	Total	180,000.00	100.00%

11. Basic information and history of the Company

Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司) was established on 15 October 2012. The Company was jointly invested by Suzhou Golden Lion Building Development Management Co., Ltd.* (蘇州金獅大廈發展管理有限公司), Suzhou Gaoxin District Xutong Municipal Service Co. Ltd.* (蘇州高新區澁通市政服務有限公司) and Suzhou Xushuguan Modern Agricultural Comprehensive Development Co., Ltd.* (蘇州市澁墅關現代農業綜合開發有限公司). The registered capital of the Company was RMB300 million, all of which was contributed in cash. Of which, Suzhou Golden Lion Building Development Management Co., Ltd.* (蘇州金獅大廈發展管理有限公司) contributed RMB150 million, representing 50% of the registered capital; Suzhou Gaoxin District Xutong Municipal Service Co. Ltd.* (蘇州高新區澁通市政服務有限公司) contributed RMB75 million, representing 25% of the registered capital; and Suzhou Xushuguan Modern Agricultural Comprehensive Development Co., Ltd.* (蘇州市澁墅關現代農業綜合開發有限公司) contributed RMB75 million, representing 25% of the registered capital.

On 12 October 2012, Tianheng Certified Public Accountants LLP Suzhou Branch (天衡會計師事務所有限公司蘇州分所) issued the capital verification report (Tian Heng Su Yan Zi [2012] No. 082): Verifying that as of 12 October 2012, Huirong Business Travel received the registered capital of RMB300 million in cash from all shareholders.

Huirong Business Travel obtained the Business Licence for Enterprise Legal Person issued by the Administration for Industry and Commerce of High-tech Zone (Huqiu District) of Suzhou on 15 October 2012.

The shareholding structure of the Company upon its establishment is as follows:

Name of shareholder	Method of capital contribution	Paid-up capital contribution (RMB'0,000)	Percentage of shareholding
Suzhou Golden Lion Building Development Management Co., Ltd.* (蘇州金獅大廈發展管理有限公司)	Monetary funds	15,000.00	50.00%
Suzhou Gaoxin District Xutong Municipal Service Co. Ltd.* (蘇州高新區滄通市政服務有限公司)	Monetary funds	7,500.00	25.00%
Suzhou Xushuguan Modern Agricultural Comprehensive Development Co., Ltd.* (蘇州市澱墅關現代農業綜合開發有限公司)	Monetary funds	7,500.00	25.00%
Total		30,000.00	100.00%

On 5 March 2013, the first equity transfer of the Company was completed. According to the resolution of the general meeting of the Company and the Articles of Association, it was agreed that Suzhou Golden Lion Building Development Management Co., Ltd.* (蘇州金獅大廈發展管理有限公司), a shareholder, would transfer its 31% equity interest in Huirong Business Travel in the amount of RMB93 million to Suzhou Xinqu Investment Development Co., Ltd.* (蘇州新滄投資發展有限公司), a new shareholder, at a consideration of RMB93 million.

After the equity transfer, the shareholding structure of the Company is as follows:

Name of shareholder	Method of capital contribution	Paid-up capital contribution (RMB'0,000)	Percentage of shareholding
Suzhou Xinqu Investment Development Co., Ltd.* (蘇州新澁投資發展有限公司)	Monetary funds	9,300.00	31.00%
Suzhou Gaoxin District Xutong Municipal Service Co. Ltd.* (蘇州高新區澁通市政服務有限公司)	Monetary funds	7,500.00	25.00%
Suzhou Xushuguan Modern Agricultural Comprehensive Development Co., Ltd.* (蘇州市澁墅關現代農業綜合開發有限公司)	Monetary funds	7,500.00	25.00%
Suzhou Golden Lion Building Development Management Co., Ltd.* (蘇州金獅大廈發展管理有限公司)	Monetary funds	5,700.00	19.00%
Total		30,000.00	100.00%

On 6 May 2013, the second equity transfer of the Company was completed. According to the resolution of the general meeting of the Company and the Articles of Association, it was agreed that the original shareholders Suzhou Xinqu Investment Development Co., Ltd.* (蘇州新澁投資發展有限公司) and Suzhou Golden Lion Building Development Management Co., Ltd.* (蘇州金獅大廈發展管理有限公司) would transfer their 31% and 19% equity interests in Huirong Business Travel amounting to RMB150 million to the new shareholders Suzhou Gaoxin District Economic Development Group Corporation* (蘇州高新區經濟發展集團總公司) at a consideration of RMB150 million; It was approved that the original shareholders, Suzhou Gaoxin District Xutong Municipal Service Co. Ltd.* (蘇州高新區澁通市政服務有限公司) and Suzhou Xushuguan Modern Agricultural Comprehensive Development Co., Ltd.* (蘇州市澁墅關現代農業綜合開發有限公司), would transfer their 25% and 25% equity interests in Huirong Business Travel, respectively, in the amount of RMB150 million to Suzhou Gaoxin District Xushuguan Investment Development Company* (蘇州高新區澁墅關投資發展公司), the new shareholder, at a consideration of RMB150 million.

After the equity transfer, the shareholding structure of the Company is as follows:

Name of shareholder	Method of capital contribution	Paid-up capital contribution (RMB'0,000)	Percentage of shareholding
Suzhou Gaoxin District Economic Development Group Corporation* (蘇州高新區經濟發展集團總公司)	Monetary funds	15,000.00	50.00%
Suzhou Gaoxin District Xushuguan Investment Development Company* (蘇州高新區澗墅關投資發展公司)	Monetary funds	15,000.00	50.00%
Total		30,000.00	100.00%

In July 2013, the third equity transfer of the Company was completed. According to the resolution of the general meeting of the Company and the Articles of Association, it was agreed that Suzhou Gaoxin District Economic Development Group Corporation* (蘇州高新區經濟發展集團總公司), the original shareholder, would transfer its 31% and 19% equity interests in Huirong Business Travel (in aggregate 50% equity interests) of RMB93 million and RMB57 million, respectively, to Suzhou Xihu Investment Development Co., Ltd.* (蘇州新澗投資發展有限公司) and Suzhou Golden Lion Building Development Management Co., Ltd.* (蘇州金獅大廈發展管理有限公司), the new shareholders, at a consideration of RMB93 million and RMB57 million, respectively; It was approved that Suzhou Gaoxin District Xushuguan Investment Development Company* (蘇州高新區澗墅關投資發展公司), the original shareholder, would transfer its 25% and 25% equity interests (in aggregate 50% equity interests) in Huirong Business Travel to Suzhou Gaoxin District Xutong Municipal Service Co. Ltd.* (蘇州高新區澗通市政服務有限公司) and Suzhou Xushuguan Modern Agricultural Comprehensive Development Co., Ltd.* (蘇州市澗墅關現代農業綜合開發有限公司), the new shareholders, for a consideration of RMB75 million and RMB75 million, respectively.

After the equity transfer, the shareholding structure of the Company is as follows:

Name of shareholder	Method of capital contribution	Paid-up capital contribution (RMB'0,000)	Percentage of shareholding
Suzhou Xinqu Investment Development Co., Ltd.* (蘇州新澁投資發展有限公司)	Monetary funds	9,300.00	31.00%
Suzhou Gaoxin District Xutong Municipal Service Co. Ltd.* (蘇州高新區澁通市政服務有限公司)	Monetary funds	7,500.00	25.00%
Suzhou Xushuguan Modern Agricultural Comprehensive Development Co., Ltd.* (蘇州市澁墅關現代農業綜合開發有限公司)	Monetary funds	7,500.00	25.00%
Suzhou Golden Lion Building Development Management Co., Ltd.* (蘇州金獅大廈發展管理有限公司)	Monetary funds	5,700.00	19.00%
Total		30,000.00	100.00%

In September 2013, the first capital increase of the Company was completed. According to the resolution of the general meeting of the Company and the Articles of Association, it was agreed that the additional registered capital of RMB500 million shall be subscribed by Suzhou Trust Co., Ltd.* (蘇州信託有限公司), a new shareholder, with the funds from the trust scheme. After the change, the registered capital was RMB800 million. The above capital increase will be contributed in two phases, of which the first instalment of capital contribution of RMB250 million was made on 6 May 2013; 16 September 2013 second instalment of RMB250 million.

On 17 September 2013, Tianheng Certified Public Accountants LLP Suzhou Branch (天衡會計師事務所有限公司蘇州分所) issued the capital verification report (Tian Heng Su Yan Zi [2013] No. 049): As of 16 September 2013, Huirong Business Travel received the registered capital of RMB500 million in two instalments from Suzhou Trust Co., Ltd.* (蘇州信託有限公司), the new shareholder.

After the capital increase, the shareholding structure of the Company is as follows:

Name of shareholder	Method of capital contribution	Paid-up capital contribution (RMB'0,000)	Percentage of shareholding
Suzhou Trust Co., Ltd.* (蘇州信託有限公司)	Monetary funds	50,000.00	62.500%
Suzhou Xinqu Investment Development Co., Ltd.* (蘇州新濬投資發展有限公司)	Monetary funds	9,300.00	11.625%
Suzhou Gaoxin District Xutong Municipal Service Co. Ltd.* (蘇州高新區濬通市政服務有限公司)	Monetary funds	7,500.00	9.375%
Suzhou Xushuguan Modern Agricultural Comprehensive Development Co., Ltd.* (蘇州市濬墅關現代農業綜合開發有限公司)	Monetary funds	7,500.00	9.375%
Suzhou Golden Lion Building Development Management Co., Ltd.* (蘇州金獅大廈發展管理有限公司)	Monetary funds	5,700.00	7.125%
Total		80,000.00	100.00%

In December 2015, the Company repurchased its shares. According to the resolution of the shareholders' meeting and the Articles of Association of the Company, Suzhou Jianrong Asset Management Co., Ltd.* (蘇州建融資產經營管理有限公司) (now renamed as Suzhou Jianrong Group Co., Ltd.* (蘇州建融集團有限公司)) repurchased the entire equity interest held by Suzhou Trust Co., Ltd.* (蘇州信託有限公司) in Huirong Business Travel at a price of 1:1. After the above equity transfer, Suzhou Jianrong Group Co., Ltd.* (蘇州建融集團有限公司) made a paid-up capital contribution of RMB500 million.

After the share repurchase, the shareholding structure of the Company is as follows:

Name of shareholder	Method of capital contribution	Paid-up capital contribution (RMB'0,000)	Percentage of shareholding
Suzhou Jianrong Group Co., Ltd* (蘇州建融集團有限公司)	Monetary funds	50,000.00	62.50%
Suzhou Xinqu Investment Development Co., Ltd.* (蘇州新濬投資發展有限公司)	Monetary funds	9,300.00	11.625%
Suzhou Gaoxin District Xutong Municipal Service Co. Ltd.* (蘇州高新區濬通市政服務有限公司)	Monetary funds	7,500.00	9.375%
Suzhou Xushuguan Modern Agricultural Comprehensive Development Co., Ltd.* (蘇州市濬墅關現代農業綜合開發有限公司)	Monetary funds	7,500.00	9.375%
Suzhou Golden Lion Building Development Management Co., Ltd.* (蘇州金獅大廈發展管理有限公司)	Monetary funds	5,700.00	7.125%
Total		80,000.00	100.00%

In August 2017, the second capital increase of the Company was completed. According to the resolution of the general meeting of the Company and the Articles of Association, it was agreed that the additional registered capital of RMB1,000 million shall be contributed by Suzhou Xinqu Investment Development Co., Ltd.* (蘇州新濬投資發展有限公司), the shareholder, in cash. After the change, the registered capital was RMB1,800 million.

On 15 August 2017, Tianheng Certified Public Accountants LLP Suzhou Branch (天衡會計師事務所(特殊普通合夥)蘇州分所) issued the capital verification report (Tian Heng Su Yan Zi [2017] No. 00015): Verifying that as of 14 August 2017, Huirong Business Travel received registered capital of RMB1,000 million in cash from its shareholder, Suzhou Xinqu Investment Development Co., Ltd.* (蘇州新濬投資發展有限公司).

After the capital increase, the shareholding structure of the Company is as follows:

Name of shareholder	Method of capital contribution	Paid-up capital contribution (RMB'0,000)	Percentage of shareholding
Suzhou Xinqu Investment Development Co., Ltd.* (蘇州新澗投資發展有限公司)	Monetary funds	109,300.00	60.722%
Suzhou Jianrong Group Co., Ltd.* (蘇州建融集團有限公司)	Monetary funds	50,000.00	27.777%
Suzhou Gaoxin District Xutong Municipal Service Co. Ltd.* (蘇州高新區澗通市政服務有限公司)	Monetary funds	7,500.00	4.167%
Suzhou Xushuguan Modern Agricultural Comprehensive Development Co., Ltd.* (蘇州市澗墅關現代農業綜合開發有限公司)	Monetary funds	7,500.00	4.167%
Suzhou Golden Lion Building Development Management Co., Ltd.* (蘇州金獅大廈發展管理有限公司)	Monetary funds	5,700.00	3.167%
Total		180,000.00	100.00%

After the capital increase, the shareholding structure of the Company, as the shareholders and shareholding ratio of the Company as at the valuation benchmark date mentioned above, has no other changes in equity and share capital of the Company as at the valuation benchmark date.

12. Financial overview of the company's assets in recent years

Financial position as at 31 December 2018 to 31 December 2021

	Unit: RMB			
Item	31 December 2018	31 December 2019	31 December 2020	31 December 2021
Monetary funds	28,163,774.64	46,612,707.26	20,389,223.24	42,794,261.28
Accounts receivable	195,715,481.18	249,240,404.87	286,903,102.15	170,561,244.73
Prepayments	104,239,208.37	105,812,791.37	105,156,901.12	305,456,170.88
Other receivables	2,457,733,966.29	2,691,858,648.91	3,226,145,078.96	3,423,437,324.71
Other current assets	2,439,736.21	3,660,264.95	1,283,000.00	
Total current assets	2,788,292,166.69	3,097,184,817.36	3,639,877,305.47	3,942,249,001.60
Long-term equity investments	12,206,343.36	3,135,923.67	1,377,615.88	5,388,273.22
Investment property	2,305,619,514.63	2,189,531,656.58	2,131,740,996.96	2,075,015,905.90
Fixed assets	35,868.34	25,593.83	16,512.59	9,293.51
Construction in progress			5,669,449.25	10,994,118.76
Total non-current assets	2,317,861,726.33	2,192,693,174.08	2,138,804,574.68	2,091,407,591.39
Total assets	5,106,153,893.02	5,289,877,991.44	5,778,681,880.15	6,033,656,592.99
Short-term borrowings	200,000,000.00	450,000,000.00	703,000,000.00	1,009,000,000.00
Bills payable				100,000,000.00
Accounts payable	246,462,209.42	66,685,737.96	36,628,791.44	19,205,196.48
Receipts in advance	483,703.44	505,856.50	416,599.42	438,622.77
Contract liabilities				89,758,595.12
Employee benefits payable	1,013,758.51	1,637,155.29		
Tax payable	10,321,586.32	10,535,947.36	13,728,809.17	14,900,804.42
Other payables	184,140,496.41	1,260,815,154.09	1,697,769,840.54	1,357,628,256.45
Non-current liabilities due within one year	595,200,000.00	53,900,000.00	51,000,000.00	61,289,983.33
Other current liabilities				11,668,617.36
Total current liabilities	1,237,621,754.10	1,844,079,851.20	2,502,544,040.57	2,663,890,075.93
Long-term borrowings	2,115,400,000.00	1,699,500,000.00	1,528,000,000.00	1,617,500,000.00
Total non-current liabilities	2,115,400,000.00	1,699,500,000.00	1,528,000,000.00	1,617,500,000.00
Total liabilities	3,353,021,754.10	3,543,579,851.20	4,030,544,040.57	4,281,390,075.93
Total owners' equity (or shareholders' equity)	1,753,132,138.92	1,746,298,140.24	1,748,137,839.58	1,752,266,517.06

Profit and loss from 2018 to 2021

Unit: RMB

Item/Year	2018	2019	2020	2021
I. Operating income	111,066,224.73	644,570,948.47	800,368,659.44	728,299,542.14
Less: Operating cost	62,127,234.65	586,221,980.00	767,619,104.88	677,606,900.01
Tax and surcharges	13,797,950.65	14,136,341.17	11,051,644.04	13,372,273.10
Selling expenses	2,175,880.55	855,338.21	466,680.00	485,065.40
Administrative expenses	4,667,025.30	6,635,976.22	806,224.10	230,686.58
Finance costs	21,272,354.79	33,144,666.54	23,042,404.37	36,448,493.23
Add: Gains on disposal of assets	-789.00			
Other income	677,763.80	50,000.00	7,367,653.88	1,236.36
Investment income	-11,741,839.26	-9,070,419.69	-1,758,307.79	4,010,657.34
II. Operating profit	-4,039,085.67	-5,443,773.36	2,991,948.14	4,168,017.52
Add: Non-operating income	0.05	90,000.50		
Less: Non-operating expenses				
III. Total profit	-4,039,085.62	-5,353,772.86	2,991,948.14	4,168,017.52
Less: Income tax expenses		1,480,225.82	1,152,248.80	39,340.04
IV. Net profit	-4,039,085.62	-6,833,998.68	1,839,699.34	4,128,677.48

Note: The above financial data from 2018 to 2021 were audited by Tianheng Certified Public Accountants LLP Suzhou Branch(天衡會計師事務所(特殊普通合伙)蘇州分所), and the Audit Reports (Tian Heng Su Shen Zi [2020] No. 00324, Tian Heng Su Shen Zi [2021] No. 00234 and Tian Heng Su Shen Zi [2022] No. 00285) were issued respectively.

13. Relationship between the client and the appraised entity

The clients are all shareholders of the appraised entity.

(iv) Overview of other users of the valuation report

This report is for the use of the client and serves the valuation purpose specified in this report, and is submitted to the relevant government authorities for review as required. Unless with the prior written consent of the valuation institution, the valuation institution shall not recognise or assume responsibility for any other purpose or any other person who is presented or has mastered this report.

II. PURPOSE OF VALUATION

The purpose of this valuation is for the proposed equity transfer of Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司). Suzhou Golden Lion Building Development Management Co., Ltd.* (蘇州金獅大廈發展管理有限公司) and Suzhou Jianrong Group Co., Ltd.* (蘇州建融集團有限公司) entrusted Zhongtongcheng Assets Evaluation Co., Ltd. (中通誠資產評估有限公司) to conduct a valuation on the market value of the entire shareholders' equity of Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司) as at 30 September 2022 involved in such economic activity, so as to provide a basis for value reference.

III. OBJECT AND SCOPE OF VALUATION

(i) Object of valuation and scope of valuation

The object and scope of the valuation are consistent with those involved in economic activities.

The valuation target is the total shareholders' equity value of Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司), and its book value is RMB1,723.0753 million.

The scope of valuation includes all assets and liabilities of Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司) corresponding to the valuation target as at the valuation benchmark date. The accounting statements corresponding to the assets and liabilities on the balance sheet reported by the enterprise have been audited by Tianheng Certified Public Accountants LLP Suzhou Branch (天衡會計師事務所(特殊普通合夥)蘇州分所), which has issued the audit report (Tian Heng Su Zhuan Zi (2022) No. 00181). Details are as follows:

Unit: RMB

Item Name	Carrying amount
Total current assets	3,868,830,935.30
Monetary funds	127,731,693.18
Accounts receivable	276,185,906.54
Prepayments	102,825,375.65
Other receivables	3,361,715,470.74
Other current assets	372,489.19
Total non-current assets	2,053,058,884.23
Long-term equity investments	5,731,839.10
Investment property	2,047,321,766.59
Fixed assets	5,278.54
Total assets	5,921,889,819.53
Total liabilities	4,198,814,565.65
Net assets	1,723,075,253.88

(ii) Distribution and features of major assets

The assets declared by Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司) are mainly long-term equity investments, investment properties and fixed assets.

1. Long-term equity investments

The long-term equity investments applied for this valuation are Gaorun Xinze (Suzhou) Commercial Development Co., Ltd.* (高潤新澤(蘇州)商業發展有限公司) and Suzhou Rongzhou Tourism Development Co., Ltd.* (蘇州融洲旅業發展有限公司). As at the valuation benchmark date, the details of the long-term equity investment in Huirong Business Travel are as follows:

No.	Name of investee	Date of investment	Percentage of shareholding	Investment cost (RMB)	Carrying amount (RMB)
1	Gaorun Xinze (Suzhou) Commercial Development Co., Ltd.* (高潤新澤(蘇州)商業發展有限公司)	June 2016	40.00%	2,666,700.00	1,068,875.22
2	Suzhou Rongzhou Tourism Development Co., Ltd.* (蘇州融洲旅業發展有限公司)	January 2016	49.00%	49,000,000.00	4,662,963.88
Total				51,666,700.00	5,731,839.10

The subsidiaries are as follows:

- (1) Gaorun Xinze (Suzhou) Commercial Development Co., Ltd.* (高潤新澤(蘇州)商業發展有限公司)

Name: Gaorun Xinze (Suzhou) Commercial Development Co., Ltd.* (高潤新澤(蘇州)商業發展有限公司) (hereinafter referred to as “Gaorun Xinze”)

Unified credit code: 91320505MA1MH5DT5D

Address: No. 81 Xuyang Road, Hushuguan Town, Hi-tech Zone, Suzhou

Legal representative: Yan Hongfei* (嚴紅飛)

Registered capital: RMB6.6667 million

Term of operation: 31 March 2016 to no fixed term

Principal scope of business: industrial investment, investment management and consulting, asset management, corporate management services, commercial project operation and management, undertaking network engineering, property management. Car park management, conference services, exhibition and display services, mechanical and electrical equipment installation. Marketing planning, construction planning and design consultation, construction engineering design. Real estate leasing, accommodation services, real estate development, market management, organisation and planning of cultural and sports activities. Real estate sales agency, market research, commercial project feasibility study. Corporate brand planning, computer graphic design and production, advertisement production, interior and exterior decoration engineering design and construction; Sales of general merchandise, apparel, leather goods, building materials, decorative materials, hardware and electrical appliances. (Projects subject to approval in accordance with the law may only be carried out after approval by relevant authorities)

The shareholding structure as at the valuation benchmark date is as follows:

No.	Shareholders	Capital contribution (RMB'0,000)	Contribution ratio
1	Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司)	266.67	40.00%
2	Yingze (Shanghai) Investment Development Co., Ltd.* (盈澤(上海)投資發展有限公司)	200.00	30.00%
3	Suzhou Zhongrun Commercial Development Co., Ltd.* (蘇州中潤商業發展有限公司)	200.00	30.00%
	Total	666.67	100.00%

Introduction of Gaorun Xinze

Gaorun Xinze focuses on community commercial investment and development, business solicitation and operation, and whole-process asset management; In addition to investment and business management functions, it also has self-operated supermarkets, children's playgrounds, upgraded vegetable markets, O2O platforms and community business research institutes.

Historical assets, financial and operating conditions:

Historical assets and liabilities of Gaorun Xinze

Unit: RMB

Item	31 December 2019	31 December 2020	31 December 2021
Total current assets	6,114,218.53	8,627,614.27	7,491,691.99
Monetary funds	3,147,088.54	2,585,783.15	3,730,793.76
Accounts receivable	99,300.00	133,312.00	252,312.00
Prepayments	145,300.13	58,748.70	6,727.28
Other receivables	2,530,663.18	5,381,948.15	3,376,330.36
Other current assets	191,866.68	467,822.27	125,528.59
Total non-current assets	12,595.88	32,878.75	17,632,135.39
Fixed assets	12,006.69	8,548.17	20,720.56
Intangible assets	589.19	173.15	
Construction in progress		24,157.43	
Right-of-use assets			17,611,414.83
Total assets	6,126,814.41	8,660,493.02	25,123,827.38
Total current liabilities	4,231,683.70	7,530,972.58	6,446,323.64
Accounts payable	3,985.00	4,201.00	4,201.00
Receipts in advance	639,314.07	3,448,921.04	523,495.34
Employee benefits payable	21,468.16		
Tax payable	3,667.58	3,770.48	98,443.75
Other payables	3,563,248.89	4,074,080.06	4,117,447.78
Non-current liabilities due within one year			1,702,735.77
Total non-current liabilities			15,915,412.47
Lease liabilities			15,915,412.47
Total liabilities	4,231,683.70	7,530,972.58	22,361,736.11
Net assets	1,895,130.71	1,129,520.44	2,762,091.27

Historical profit and loss of Gaorun Xinze

Unit: RMB

Item	2019	2020	2021
I. Operating income	1,484,000.22	1,931,339.62	13,752,862.53
Less: Operating costs	440,148.06	981,922.72	9,526,567.67
Tax and surcharges			10,067.89
Selling expenses	7,704.80		21,832.59
Administrative expenses	1,983,535.34	1,815,930.19	2,804,318.44
Finance costs	-11,690.66	-12,175.78	22,750.39
Add: Other income		88,370.39	86,847.76
II. Operating profit	-935,697.32	-765,967.12	1,454,173.31
Add: Non-operating income	72.27	356.85	179,905.02
Less: Non-operating expenses			
III. Total profit	-935,625.05	-765,610.27	1,634,078.33
Less: Income tax expenses			
IV. Net profit	-935,625.05	-765,610.27	1,634,078.33

Note: The above financial data from 2019 to 2021 were audited by Tianheng Certified Public Accountants LLP Suzhou Branch(天衡會計師事務所(特殊普通合夥)蘇州分所), which issued the Audit Reports (Tian Heng Su Shen Zi [2020] No. 00325, Tian Heng Su Shen Zi [2021] No. 00232 and Tian Heng Su Shen Zi [2022] No. 00279) respectively.

- (2) Suzhou Rongzhou Tourism Development Co., Ltd.* (蘇州融洲旅業發展有限公司)

Name: Suzhou Rongzhou Tourism Development Co., Ltd.* (蘇州融洲旅業發展有限公司) (hereinafter referred to as "Rongzhou Tourism")

Unified social credit code: 91320505MA1MEAMU82

Address: Room 2201-2, No. 21 Chengji Road, Hi-tech Zone, Suzhou

Legal representative: Wang Hua* (王華)

Registered capital: RMB100 million

Economic nature: Other limited liability company

Date of establishment: 12 January 2016

Term of operation: 12 January 2016 to no fixed term

Scope of business: Investment, development, construction and public service facilities of tourism projects and supporting facilities; business information consulting services; infrastructure construction, operation and construction project entrusted management and management; business investment, operation, consulting and management; self-owned housing leasing; property management and asset management. Operation of indoor children's amusement facilities; fitness services; enterprise management information consultation; sales of building materials, amusement equipment, office supplies, arts and crafts, children's products, toys, daily necessities, clothing and clothing, shoes and hats, food, metal materials, metal products, metallurgical powder, coal; catering services; online trading agency. The following operation projects are limited to branch offices: accommodation services, swimming services, non-medical massage services, foot massage, haircare services, retail cigarettes, car park services, laundry services, conference services, ticketing services, sales of travel goods, operation and management of commercial projects, vehicle leasing, chess and card rooms. (Projects subject to approval in accordance with the law may only be carried out after approval by relevant authorities)

Shareholder and shareholding of Rongzhou Tourism as at the benchmark date

Name of shareholder	Committed/ paid-up capital (RMB'0,000)	Percentage of shareholding
Suzhou Jianrong Group Co., Ltd* (蘇州建融集團有限公司)	5,100.00	51.00%
Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司)	4,900.00	49.00%
Total	10,000.00	100.00%

Introduction of Rongzhou Tourism

Suzhou Rongzhou Tourism Development Co., Ltd.* (蘇州融洲旅業發展有限公司) is a limited liability company jointly established by Suzhou Jianrong Group Co., Ltd.* (蘇州建融集團有限公司) and Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司) with a registered capital of RMB100 million and was established in January 2016. It is principally engaged in the operation and management of hotels. Currently, the Group is cooperating with 六洲酒店管理(上海)有限公司 to operate Holiday Inn Huirong Plaza* (匯融廣場假日酒店).

Historical changes in share capital and equity of Rongzhou Tourism

The Company was established in January 2016. Suzhou Rongzhou Tourism Development Co., Ltd.* (蘇州融洲旅業發展有限公司) is a limited liability company jointly established by Suzhou Jianrong Group Co., Ltd.* (蘇州建融集團有限公司) and Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司) with a registered capital of RMB100 million, which was contributed in cash.

On 21 January 2016, the Tianheng Certified Public Accountants LLP Suzhou Branch(天衡會計師事務所(特殊普通合夥)蘇州分所) issued the capital verification report (Tian Heng Su Yan Zi [2016] No. 00004), which verified that as of 21 January 2016, the registered capital jointly contributed by Suzhou Jianrong Asset Management Co., Ltd.* (蘇州建融資產經營管理有限公司) (the predecessor of Suzhou Jianrong Group Co., Ltd.* (蘇州建融集團有限公司)) and Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司) amounted to RMB100 million.

Upon establishment, the shareholding structure of the Company was as follows:

Name of shareholder	Paid-in capital (RMB'0,000)	Percentage of equity interest
Suzhou Jianrong Asset Management Co., Ltd.* (蘇州建融資產經營管理有限公司)	5,100.00	51.00%
Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司)	4,900.00	49.00%
Total	10,000.00	100.00%

Note: Suzhou Jianrong Asset Management Co., Ltd.* (蘇州建融資產經營管理有限公司) was renamed as Suzhou Jianrong Group Co., Ltd.* (蘇州建融集團有限公司) subsequently.

There was no change in the equity and share capital of the Company after the establishment to the valuation benchmark date.

Historical assets, financial and operating conditions

Historical assets and liabilities of Rongzhou Tourism

Unit: RMB

Item	31 December 2019	31 December 2020	31 December 2021	30 September 2022
Total current assets	282,217,702.35	598,082,269.16	450,329,833.72	549,133,808.89
Monetary funds	12,517,947.67	8,656,345.65	9,784,190.37	12,497,903.94
Accounts receivable	2,822,461.72	3,603,991.75	2,753,972.96	3,667,839.99
Prepayments	100,101,241.40	300,624,262.58	200,280,340.79	99,603,014.80
Other receivables	159,302,118.33	278,467,278.21	231,053,456.66	432,146,197.22
Inventories	418,972.42	464,157.55	477,939.55	340,588.03
Other current assets	7,054,960.81	6,266,233.42	5,979,933.39	878,264.91
Total non-current assets	12,669,825.29	7,447,208.99	26,137,743.66	25,716,179.47
Fixed assets	7,115,800.13	4,100,038.63	1,182,935.86	869,240.43
Right-of-use assets			23,066,925.69	23,066,925.69
Intangibles	1,952,636.55	1,713,762.51	1,429,952.91	1,216,160.07
Long-term prepaid expenses	3,601,388.61	1,633,407.85	457,929.20	563,853.28
Total assets	294,887,527.64	605,529,478.15	476,467,577.38	574,849,988.36
Total current liabilities	288,910,131.02	556,525,736.79	348,490,900.68	438,486,678.83
Short-term borrowings		75,000,000.00	80,000,000.00	180,000,000.00
Accounts payable	61,122,785.45	70,111,820.25	4,269,405.78	3,028,974.54
Receipts in advance	776,109.60	102,205,864.67	401,201.80	215,685.45
Employee benefits payable	2,097,797.18	1,341,933.81	911,149.39	340,089.32
Tax payable	18,004.89	53,720.31	249,771.08	11,846.07
Other payables	220,704,678.44	300,607,721.27	247,247,234.74	249,511,943.72
Non-current liabilities due within one year		2,000,000.00	9,978,182.71	
Other current liabilities	4,190,755.46	5,204,676.48	5,433,955.18	5,378,139.73
Total non-current liabilities	17,955.00	46,007,695.00	120,812,182.70	126,790,365.41
Long-term borrowings		46,000,000.00	101,000,000.00	101,000,000.00
Lease liabilities			19,812,182.70	25,790,365.41
Other non-current liabilities	17,955.00	7,695.00		
Total liabilities	288,928,086.02	602,533,431.79	469,303,083.38	565,277,044.24
Net assets	5,959,441.62	2,996,046.36	7,164,494.00	9,572,944.12

Historical profit and loss of Rongzhou Tourism

Unit: RMB

Item	2019	2020	2021	January to September 2022
I. Operating income	55,866,350.06	755,995,315.83	1,113,424,097.39	826,938,661.59
Less: Operating costs	29,615,156.69	725,350,921.03	1,077,269,343.30	806,591,048.92
Tax and surcharges	4,800.70	471,684.78	425,770.20	318,430.06
Selling expenses	29,387,685.98	20,662,074.09	21,494,700.18	10,811,809.63
Administrative expenses	16,123,791.83	11,606,438.98	11,749,964.90	7,899,881.25
Finance costs	-1,514,742.13	2,398,132.67	-2,696,813.44	-81,705.39
Add: Other income	3,077.56	1,530,540.46	1,669,941.23	
II. Operating profit	-17,747,265.45	-2,963,395.26	6,851,073.48	1,399,197.12
Add: Non-operating income				1,009,253.00
Less: Non-operating expenses				
III. Total profit	-17,747,265.45	-2,963,395.26	6,851,073.48	2,408,450.12
Less: Income tax expenses				
IV. Net profit	-17,747,265.45	-2,963,395.26	6,851,073.48	2,408,450.12

Note: The above financial data from 2019 to 2021 were audited by Tianheng Certified Public Accountants LLP Suzhou Branch (天衡會計師事務所(特殊普通合夥)蘇州分所), which issued the Audit Reports (Tian Heng Su Shen Zi [2020] No. 00322, Tian Heng Su Shen Zi [2021] No. 00231 and Tian Heng Su Shen Zi [2022] No. 00283) respectively. The financial data from January to September 2022 were provided by the enterprise.

2. Investment properties

The investment properties reported for valuation include AEON Mall and Suzhou Huirong Plaza (including underground car park) which are self-developed and constructed by Huirong Business Travel as follows:

Unit: RMB

Name of building	Month and year of completion	GFA (m ²)	Available for lease		Original book value	Net book value
			Area (m ²)			
AEON Mall	2016.12	149,001.42	111,563.00		1,334,828,729.96	1,112,763,024.77
Huirong Plaza Hotel	2016.12	33,630.67	33,630.67		506,471,067.77	434,141,215.94
Huirong Plaza Podium	2016.12	15,810.76	9,007.36		242,547,498.46	212,621,222.09
Huirong Plaza Office Building	2016.12	31,967.07	31,967.07		323,529,421.08	287,796,303.79
Underground Car Park	2016.12	550 ^(Note)				
Total					2,407,376,717.27	2,047,321,766.59

Note: The 550 parking spaces include underground civil defence parking spaces.

Xutong Area, where the two projects developed by Huirong Business Travel are located, is one of the three major areas of Suzhou High-tech Zone. It is located in the north of Suzhou High-tech Zone, and is a strategic development area for the implementation of “North Expansion and West Expansion” in the High-tech Zone. The area comprises a national level export processing zone, Hushuguan Economic and Technological Development Zone, Xuguan Town, Xuguan Industrial Group, Tongan Town and Tongan Development Zone with a total site area of approximately 54 sq.km., of which 49.25 sq.km. is for construction and has a planned population capacity of 250,000–300,000. According to the “Detailed Regulatory Plan of Xutong Area in Suzhou High-tech Zone (《蘇州高新區滄通片區控制性詳細規劃》)”, the area will form a planned layout structure of 1 centre, 6 residential communities, 9 industrial groups, 1 bonded logistics park and Yangshan green ecological area.

(1) AEON Mall Project (永旺夢樂城項目)

1 Ownership

AEON Mall replaced the Real Estate Title Certificate (Su (2020) Su Zhou Shi Bu Dong Chan Quan No. 5000141) on 03 January 2020. The details of the certificate are as follows:

Real Estate Title Certificate No.	Su (2020) Su Zhou Shi Bu Dong Chan Quan No. 5000141
Rights holder	Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司)
Location	No. 19 Chengji Road
Type of rights	State-owned construction land use rights/building ownership rights
Usage	Wholesale and retail land/commercial services
Nature of Rights	Assignment/Others
Area	Site Area 97,705.70m ² /Building Gross Floor Area 149,001.42m ²
Date of termination of land use rights	04 May 2054
Attachment	Uncommitted sale of the buildings constructed; completion date was extended to 30 December 2020. Unit S101, Building 1, No. 19 Chengji Road, with a gross floor area of 27,884.46m ² (for garage use); Room 101, Building 1, No. 19 Chengji Road, with a gross floor area of 121,116.96m ² (for commercial use).

2 Status of the AEON Mall project

AEON Mall is located at No. 19 Chengji Road, High-tech Zone, Suzhou. It is located at the south of the Station Square, Shanghai-Nanjing Intercity Railway New District. The land is adjacent to the Central Elevated Highway in the south, Huirong Plaza in the north, Dongcheng Chengji Road in the east and Shanghai-Nanjing Railway in the west. The total site area of the project is 97,705.70m².

The construction structure of AEON Mall project is a reinforced concrete structure with good building functions such as waterproof, heat preservation, heat insulation, sound insulation, ventilation, lighting and sunlight, with good project quality and good appearance. The exterior of AEON Mall is decorated with dry stones, aluminium plates and wall tiles. The interior is decorated with floor tiles laid on the ground, paint paintings on the wall and pillar, gypsum-shaped ceiling, and is equipped with 38 escalators, 14 lifts, central air conditioning and heating systems, power supply and water supply systems, fire alarm and automatic fire extinguishing systems, and fan coil pipes plus fresh air and air-conditioning systems at all levels.

The buildings mainly consist of commercial main building, underground garage, roof ecological parking lot and main equipment room. The main commercial building is a 3-storey (local 4-storey) above the ground with a height of 253 metres. The outer circle of the above-ground commercial part is dominated by large-scale main stores and amusement parks, while the inner circle is dominated by small-scale stores, with a comprehensive set of open space such as internal walkway and atrium between small and medium-sized businesses. Each business can be arranged in a flexible manner according to the actual tenant sourcing requirements. The function layout of the plan also sets up four functional space for cargo storage according to the external cargo flow line and internal replenishment flow line.

The AEON Mall project has a total gross floor area of 149,001.42 sq.m. and consists of commercial and car park portions from underground level 1 to above ground level. The building is for commercial and car park uses. The GFA breakdown is shown in the table below:

Level	Licence Usage	GFA (m^2)	Rentable Area (m^2)	Actual usage
Basement Level	Garage	27,884.46		Underground garage
1st floor	Commercial	36,964.63	36,964.63	Commercial
2nd floor	Commercial	35,701.28	35,701.28	Commercial
3rd floor	Commercial	35,499.75	35,499.75	Commercial
4th floor	Commercial	12,951.30	3,397.34	Rooftop car park
Total		149,001.42	111,563.00	

The parking lot is located on the first floor and the fourth floor above the ground, with a total of 1,012 parking spaces, of which a total of 765 parking spaces are on the first floor below the ground.

3 Building usage of AEON Mall project

According to the Cooperation Development and Property Leasing Contract and its supplementary contract signed with AEON Mall (Jiangsu) Business Management Co., Ltd.* (永旺夢樂城(江蘇)商業管理有限公司) provided by Huirong Business Travel:

Leased properties: All buildings, structures (including roof and exterior walls) and plazas, and ancillary facilities and equipment thereof, including exclusive parking lots (including flat parking lots), signboards and advertising spaces, which are jointly developed by both parties and leased from Huirong Business Travel.

Lease scope: It refers to the scope of the leased property, including the floor area of each floor of the building, special unloading area and special parking area.

Monthly rental area: It refers to the area of the leased property as the base part of the rental calculation. According to the Supplementary Agreement on Rental Area, the confirmed area is 111,563.00 sq.m. and the area of each floor is shown in the table below:

Leased floors	Rental Area (m^2)
RF	3,397.34
3F	35,499.75
2F	35,701.28
1F	36,964.63
B1F	
Total	111,563.00

Lease term: 20 years from the date of delivery, and the date of delivery is determined in accordance with the Supplementary Contract on the Change of Delivery Date on 07 October 2015.

Lease commencement date: The day following 20 months from the date of delivery of the Leased Property.

Rental standard and rental payment: The rent is payable every three months. The rental standard is shown in the table below:

1st rental year	RMB1.328/day · m ²
2nd rental year	RMB1.353/day · m ²
3rd rental year	RMB1.489/day · m ²
4th rental year	RMB1.489/day · m ²
5th rental year	RMB1.638/day · m ²
6th rental year	RMB1.638/day · m ²
7th rental year	RMB1.801/day · m ²
8th rental year	RMB1.801/day · m ²
9th rental year	RMB1.982/day · m ²
10th rental year	RMB1.982/day · m ²

The rent calculation standard for the 11th rental year (inclusive) will be based on the 10th rental year, with a step-up rate of 7% every 3 years. If there is any real material change in economic conditions, the rent for the subsequent rental period will be re-negotiated within the range of ±10% on the basis of the 10th rental year.

Greenland parking lot outside the red line: The rent standard is RMB4/m²/year and the rental area is 40,898.00m², with the lease term agreed in the lease contract.

4 Construction mortgage situation of AEON Mall project

In 2019, the “Huafu-Sugaixin AEON Mall Asset-backed Special Plan (華福—蘇高新永旺夢樂城資產支持專項計劃)” (CMBS), a cooperation between Suzhou Sugaixin Group Co., Ltd.* (蘇州蘇高新集團有限公司) and Huafu Securities Co., Ltd.* (華福證券有限責任公司) was successfully issued on the Shanghai Stock Exchange. The project is secured by the Company’s AEON Project and is secured by the property operating income rights. There are two types of asset-backed securities in the special plan: 19 Suxin Preferred and 19 Suxin Subordinated, the basic information is as follows:

Stock Code	Name of securities	Issue size (RMB'000 million)	Coupon	Maturity (years)	Repayment method
			rate (%)		
159990	19 Suxin Preferred	11.5	4.2	17.827	Interest payable semi-annually
159991	19 Suxin Subordinated	0.5	0	17.827	Interest payable semi-annually

Among them, “19 Suxin Subordinate” was subscribed by Suzhou Jianrong Group Co., Ltd* (蘇州建融集團有限公司), the ultimate controlling party of the Company.

(2) Suzhou Huirong Plaza Project (蘇州匯融廣場項目)

Suzhou Huirong Plaza Project is located at the western side of Hushuguan Chengji Road and the northern side of Hulian Road in Suzhou High-tech Zone. It is approximately 156 metres long, approximately 139 metres long, approximately 152 metres long and approximately 142 metres long from the north-west side of Suzhou High-tech Zone Intercity Station, and the public bus station on the south-west side of Suzhou High-tech Zone. The project has a total site area of 21,448.30m².

On 18 October 2012, Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司) acquired the land use right of Land Lot No. 2012-G-89 of Suzhou Land at a price of RMB114,379,387.00 by way of open tender auction. The land has a site area of 21,448.30m². The land is located at the west of the Chengji Road and the north of Hulian Road, Xuguan Town, High-tech Zone. The land is for wholesale and retail use and commercial finance, accommodation and catering use. The plot ratio of the land is ≤ 3.85 , the building density is $\leq 50\%$, and the green space rate is $\geq 20\%$.

In the plot ratio area of the Land, the wholesale and retail buildings shall not exceed 20% of the total gross floor area, and the ground floor area shall be 4,500m² for wholesale and retail and shall not be sold separately, and the remaining can be sold separately; Commercial financial buildings shall not exceed 40% of the total gross floor area, which can be sold separately; Accommodation and catering buildings cannot be sold separately. The hotel grade is not lower than the national four-star standard.

The Huirong Plaza Project is divided into two buildings and a podium, of which the main 20-storey building and a podium are used as a hotel, the main 23-storey building and a 4-storey podium are used as office buildings and commercial buildings, respectively.

1 Huirong Plaza Hotel

A Ownership

Huirong Plaza Hotel Project replaced the Real Estate Title Certificate (Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117104) on 12 December 2018. The details of the certificate are as follows:

Real Estate Title Certificate No.	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117104
Rights holder	Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司)
Location	Room 101, Building 1, No. 21 Chengji Road
Type of rights	State-owned construction land use rights/ownership of buildings (structures)
Usage	Accommodation and catering land/ Non-residential
Nature of Rights	Assignment
Area	Apportioned land area 6,992.49m ² / Building gross floor area 33,630.67m ²
Date of termination of land use rights	20 January 2053
Attachment	Unallocated sales

B The current status and usage of the hotel project in Huirong Plaza

The Huirong Plaza Hotel project is located at Room 101, Building 1, No. 21 Chengji Road. The building structure is reinforced concrete structure, with a total of 20 storeys. The building functions such as waterproofing, heat preservation, heat insulation, sound insulation, ventilation, sunlight and sunlight are good, with good quality of work and good appearance.

According to the lease contract signed in 2016, the supplemental agreement to the property lease contract signed in 2019 and the supplemental agreement to the property lease contract signed in 2020 provided by Huirong Business Travel and Suzhou Rongzhou Tourism Development Co., Ltd.* (蘇州融洲旅業發展有限公司) (Suzhou Rongzhou Tourism Development Co., Ltd.* (蘇州融洲旅業發展有限公司) is a subsidiary of Huirong Business Travel, in which Huirong Business Travel holds 49% equity interest).

The lease term is 120 months from 01 October 2016 to 30 September 2026. With effect from 1 October 2019, the monthly rental standard was adjusted to RMB1 million per month.

As agreed by both parties, from 1 May 2020, the rent standard for the remaining lease term shall be adjusted to: charged in the form of “fixed rent” + “floating rent”. Among which, the fixed rent shall be paid in accordance with the standard of RMB500,000 per month and shall continue to be settled on a quarterly basis; The Variable Rent shall be assessed in accordance with the GOP (GOP is gross operating profit = gross operating revenue of the hotel — total operating expenses of the hotel) of the calendar year in which the hotel is operated by Suzhou Rongzhou Tourism Development Co., Ltd.* (蘇州融洲旅業發展有限公司), and settled in accordance with the calendar year. Specifically, both parties shall assess the GOP of the previous year before 15 January of the following year, so as to settle the Variable Rent. The settlement standard is that for the GOP within RMB8 million (inclusive), no additional Variable Rent shall be charged. For the GOP exceeding RMB8 million, the Variable Rent shall be charged at 95% of the excess, which shall be paid by Party B within 15 days after the settlement of both parties. (i.e. to settle the 2020 Variable Rent in accordance with the GOP for 2020 before 15 January 2021, and to settle the 2021 Variable Rent in accordance with the GOP for 2021 before 15 January 2022, so on).

C Pledge of the hotel projects

Pursuant to the Syndicated Fixed Assets Loan Contract of RMB680 million (Contract No.: New District Agricultural Syndicate (2019) No. (0601)) and the Syndicated Maximum Mortgage Contract (Contract No.: 32100201900066754) of Suzhou New District Huirong Plaza entered into by Huirong Business Travel in June 2019, Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司) provided a guarantee in favour of each lender by pledging all its real estate rights (real estate rights of No. 21 Chengji Road, Suzhou New District High-tech Zone) for a period from 12 June 2019 to 19 June 2029.

2 Huirong Plaza Podium

A Ownership

Huirong Plaza Podium is the project located at Building 3, No. 21 Chengji Road, High-tech Zone. The construction of the Podium was completed in December 2016. The building structure is steel-concrete structure and the total floor is 4 storeys. The details are as follows:

Rights holder	Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司)
Shared situation	Individually owned
Location	Building 3, No. 21 Chengji Road
Type of rights	State-owned construction land use rights/ownership of buildings (structures)
Nature of rights	Assignment
Usage	Wholesale and retail land/Non-residential
Area (m ²)	Total apportioned land area 2,645.93m ² / Total building area 1,5810.76m ²
Term of use right	State-owned construction land use right ended on 20 January 2053

Huirong Plaza Podium has a total gross floor area of 15,810.76m², a leased area of 9,007.36m² and a public area of 630.35m², the details of which are as follows:

Level	Real Estate Title Certificate No.	GFA (m ²)	Rentable Area (m ²)	Public area (m ²)
1	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5116692	3,867.90	1,987.34	68.30
2	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5116735	4,613.98	2,626.02	191.53
3	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5116737	4,622.10	2,644.81	204.95
4	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5116741	2,706.78	1,749.19	165.57
Total		15,810.76	9,007.36	630.35

Huirong Plaza Podium is currently leased out as to 6,680.90m², details of which are as follows:

Level	Leased area (m ²)
1	650.00
2	2,432.00
3	2,441.00
4	1,157.90
Total	6,680.90

The occupancy rate of Huirong Plaza Podium is 74.16%. Currently, 24 contracted merchants have been signed, of which the first floor is mainly leased to Suzhou Rongzhou Tourism Development Co., Ltd.* (蘇州融洲旅業發展有限公司) and the operating category is children's amusement park (Cube Sugar Amusement Park). The second and third floors are mainly leased to merchants for children's training. The fourth floor is mainly leased to merchants for education training.

Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司) and Suzhou Rongzhou Tourism Development Co., Ltd.* (蘇州融洲旅業發展有限公司) entered into the Office Building Lease Contract of Huirong Plaza, pursuant to which, Huirong Business Travel shall lease the building located at Rooms 101, 103, 104, 105, 106 and 108, 1/F, Building 3, Huirong Plaza, No. 21 Hushuguan Chengji Road, High-tech Zone, Suzhou City with a gross floor area of 1,831 sq.m. to Rongzhou Tourism for a term from 1 January 2018 to 31 December 2022 at a monthly rent of RMB109,860, of which the tax exclusive amount is RMB104,628.57 and the value-added tax is RMB5,231.43.

According to the Operation and Management Service Agreement of Suzhou Huirong Plaza Children's Park Project entered into between Suzhou Rongzhou Tourism Development Co., Ltd.* (蘇州融洲旅業發展有限公司) and Suzhou Taihu Wetland World Tourism Development Co., Ltd.* (蘇州太湖濕地世界旅遊發展有限公司) (hereinafter referred to as "Taihu Wetland"), Rongzhou Tourism is the lessee of Shops C-103, 104b, 105 and 106 in Building 3, Huirong Plaza, No. 21 Chengji Road, Suzhou, and the "Suzhou Huirong Plaza Cube Sugar Amusement Park Project* (蘇州匯融廣場方糖樂園項目)" was opened at the leased shop and Suzhou Taihu Wetland World Tourism Development Co., Ltd.* (蘇州太湖濕地世界旅遊發展有限公司) was entrusted to operate and manage. The term of cooperation is from 15 December 2020 to 31 December 2022. The mode of cooperation is

that the two parties take the dynamic operating balance^(Note) of the year as the reference value of operating profit and operating loss: when the operating profit is more than 0, the operating profit in excess shall be distributed as to 45% by Rongzhou Tourism; Taihu Wetland was allocated 55%. When the operating profit is less than 0 (i.e. the operating income is less than the operating expenses), the excess of the operating expenses over the operating income shall be borne by Taihu Wetland.

Note: Definition of annual dynamic operating balance: With the annual as the estimation cycle, the project operating expenses (hereinafter referred to as expenses) are equal to the project operating income (hereinafter referred to as revenue), which is the operating balance and can fluctuate according to the operating conditions.

3 Huirong Plaza Office Building

Huirong Plaza Office Building is located at Building 2, No. 21 Chengji Road, Suzhou High-tech Zone. The construction of the office building was completed in December 2016. The building structure is steel-concrete structure and the total floor is 23 floors. The details are as follows:

Rights holder	Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司)
Shared situation	Individually owned
Location	Building 2, No. 21 Chengji Road
Type of rights	State-owned construction land use rights/ownership of buildings (structures)
Nature of rights	Assignment
Usage	Commercial and financial land/Non-residential
Area (m ²)	Total apportioned land area 5,349.47m ² / Total building area 31,967.07m ²
Term of use right	State-owned construction land use right ended on 20 January 2053

Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司) and Suzhou Xinxu Investment Development Co., Ltd.* (蘇州新濬投資發展有限公司) entered into the Office Building Lease Contract of Huirong Plaza, pursuant to which, Huirong Business Travel leased the entire building located at 1-23/F, Tower 2, Huirong Plaza, No. 21 Chengji Road, Hushuguan Town, Gaoxin District, Suzhou, with a gross floor area of 31967.07 sq.m. to Suzhou Xinxu Investment Development Co., Ltd.* (蘇州新濬投資發展有限公司) for a term from 1 January 2018 to 31 December 2022 at a monthly rent of RMB1,918,024.2, of which the tax-exclusive amount was RMB1,826,689.71 and the value-added tax was RMB91,334.49.

Huirong Plaza Office Building has a total GFA of 31,967.07m² and a leased area of 31,967.07m². The details are as follows:

No.	Real Estate Title Certificate No.	Level	GFA (m ²)	Lettable Area (m ²)
1	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117642	1	137.87	137.87
2	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117641	1	60.38	60.38
3	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117640	1	53.84	53.84
4	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117639	1	138.38	138.38
5	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117638	1	108.76	108.76
6	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117637	1	94.30	94.30
7	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117635	1	105.29	105.29
8	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117633	1	125.93	125.93
9	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117632	2	112.03	112.03
10	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117631	2	104.60	104.60
11	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117629	2	109.61	109.61
12	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117628	2	147.28	147.28
13	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117627	2	64.50	64.50
14	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117625	2	64.86	64.86
15	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117624	2	166.41	166.41
16	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117623	2	116.19	116.19
17	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117622	2	103.21	103.21
18	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117621	2	106.30	106.30
19	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117620	2	138.24	138.24
20	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117618	3	573.50	573.50
21	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117609	4	146.36	146.36
22	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117615	4	85.28	85.28
23	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117604	4	89.12	89.12
24	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117603	4	154.59	154.59
25	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117601	4	96.05	96.05
26	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117598	4	95.99	95.99
27	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117597	4	104.85	104.85
28	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117595	4	135.16	135.16
29	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117592	4	59.19	59.19
30	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117588	4	59.52	59.52
31	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117794	4	143.79	143.79
32	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117792	4	105.91	105.91
33	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117791	4	94.08	94.08
34	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117790	4	96.90	96.90
35	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117789	5	1,466.78	1,466.78
36	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117786	6	146.36	146.36
37	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117785	6	85.28	85.28
38	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117783	6	89.12	89.12
39	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117782	6	154.59	154.59
40	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117781	6	96.05	96.05

No.	Real Estate Title Certificate No.	Level	GFA (m ²)	Lettable Area (m ²)
41	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117779	6	95.87	95.87
42	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117778	6	104.96	104.96
43	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117776	6	135.16	135.16
44	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117774	6	59.19	59.19
45	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117773	6	59.52	59.52
46	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117806	6	143.79	143.79
47	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117856	6	105.91	105.91
48	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117770	6	94.08	94.08
49	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117667	6	96.90	96.90
50	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117666	7	146.36	146.36
51	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117665	7	85.28	85.28
52	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117663	7	89.12	89.12
53	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117661	7	154.59	154.59
54	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117660	7	96.05	96.05
55	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117659	7	95.87	95.87
56	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117658	7	104.96	104.96
57	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117657	7	135.16	135.16
58	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117655	7	59.19	59.19
59	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117654	7	59.52	59.52
60	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117653	7	143.79	143.79
61	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117651	7	105.91	105.91
62	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117650	7	94.08	94.08
63	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117647	7	96.90	96.90
64	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117527	8	146.36	146.36
65	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117547	8	85.28	85.28
66	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117546	8	89.12	89.12
67	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117545	8	154.59	154.59
68	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117544	8	96.05	96.05
69	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117541	8	95.87	95.87
70	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117540	8	104.96	104.96
71	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117539	8	135.16	135.16
72	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117538	8	59.19	59.19
73	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117536	8	59.52	59.52
74	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117535	8	143.79	143.79
75	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117533	8	105.91	105.91
76	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117526	8	94.08	94.08
77	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117525	8	96.90	96.90
78	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117797	9	146.36	146.36
79	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117614	9	85.28	85.28
80	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117613	9	89.12	89.12
81	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117611	9	154.59	154.59
82	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117610	9	96.05	96.05
83	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117608	9	95.87	95.87

No.	Real Estate Title Certificate No.	Level	GFA (m^2)	Lettable Area (m^2)
84	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117605	9	104.96	104.96
85	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117602	9	135.16	135.16
86	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117600	9	59.19	59.19
87	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117596	9	59.52	59.52
88	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117594	9	143.79	143.79
89	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117593	9	105.91	105.91
90	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117591	9	94.08	94.08
91	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117590	9	96.90	96.90
92	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117587	10	1,466.78	1,466.78
93	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117585	11	146.36	146.36
94	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117584	11	85.28	85.28
95	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117582	11	89.12	89.12
96	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117581	11	154.59	154.59
97	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117580	11	96.05	96.05
98	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117574	11	95.87	95.87
99	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117572	11	104.96	104.96
100	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117570	11	135.16	135.16
101	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117569	11	59.19	59.19
102	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117568	11	59.52	59.52
103	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117566	11	143.79	143.79
104	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117561	11	105.91	105.91
105	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117560	11	94.08	94.08
106	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117558	11	96.90	96.90
107	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117551	12	146.36	146.36
108	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117550	12	85.28	85.28
109	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117532	12	89.12	89.12
110	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117554	12	154.59	154.59
111	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117567	12	96.05	96.05
112	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117583	12	95.87	95.87
113	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117607	12	104.96	104.96
114	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117672	12	135.16	135.16
115	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117678	12	59.19	59.19
116	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117680	12	59.52	59.52
117	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117682	12	143.79	143.79
118	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117685	12	105.91	105.91
119	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117689	12	94.08	94.08
120	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117690	12	96.90	96.90
121	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117691	13	146.36	146.36
122	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117693	13	85.28	85.28
123	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117694	13	89.12	89.12
124	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117695	13	154.59	154.59
125	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117697	13	96.05	96.05
126	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117698	13	95.87	95.87

No.	Real Estate Title Certificate No.	Level	GFA (m^2)	Lettable Area (m^2)
127	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117699	13	104.96	104.96
128	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117700	13	135.16	135.16
129	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117701	13	59.19	59.19
130	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117703	13	59.52	59.52
131	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117704	13	143.79	143.79
132	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117705	13	105.91	105.91
133	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117707	13	94.08	94.08
134	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117708	13	96.90	96.90
135	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117709	14	146.36	146.36
136	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117710	14	85.28	85.28
137	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117711	14	89.12	89.12
138	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117712	14	154.59	154.59
139	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117713	14	96.05	96.05
140	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117714	14	95.87	95.87
141	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117715	14	104.96	104.96
142	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117716	14	135.16	135.16
143	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117717	14	59.19	59.19
144	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117718	14	59.52	59.52
145	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117719	14	143.79	143.79
146	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117720	14	105.91	105.91
147	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117721	14	94.08	94.08
148	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117722	14	96.90	96.90
149	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117723	15	146.36	146.36
150	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117724	15	85.28	85.28
151	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117725	15	89.12	89.12
152	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117726	15	154.59	154.59
153	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117727	15	96.05	96.05
154	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117728	15	95.87	95.87
155	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117729	15	104.96	104.96
156	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117731	15	135.16	135.16
157	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117732	15	59.19	59.19
158	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117733	15	59.52	59.52
159	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117734	15	143.79	143.79
160	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117735	15	105.91	105.91
161	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117549	15	94.08	94.08
162	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117548	15	96.90	96.90
163	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117557	16	1,466.78	1,466.78
164	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117796	17	1,466.78	1,466.78
165	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117616	18	146.36	146.36
166	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117612	18	85.28	85.28
167	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117617	18	89.12	89.12
168	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117636	18	154.59	154.59
169	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117643	18	96.05	96.05

No.	Real Estate Title Certificate No.	Level	GFA (m ²)	Lettable Area (m ²)
170	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117649	18	95.87	95.87
171	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117652	18	104.96	104.96
172	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117656	18	135.16	135.16
173	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117664	18	59.19	59.19
174	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117668	18	59.52	59.52
175	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117671	18	143.79	143.79
176	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117522	18	105.91	105.91
177	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117521	18	94.08	94.08
178	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117520	18	96.90	96.90
179	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117519	19	146.36	146.36
180	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117518	19	85.28	85.28
181	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117517	19	89.12	89.12
182	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117515	19	154.59	154.59
183	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117500	19	96.05	96.05
184	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117490	19	95.87	95.87
185	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117488	19	104.96	104.96
186	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117486	19	135.16	135.16
187	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117482	19	59.19	59.19
188	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117477	19	59.52	59.52
189	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117475	19	143.79	143.79
190	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117466	19	105.91	105.91
191	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117463	19	94.08	94.08
192	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117458	19	96.90	96.90
193	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117456	20	146.36	146.36
194	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117455	20	85.28	85.28
195	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117453	20	89.12	89.12
196	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117451	20	154.59	154.59
197	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117450	20	96.05	96.05
198	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117446	20	95.87	95.87
199	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117442	20	104.96	104.96
200	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117439	20	135.16	135.16
201	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117437	20	59.19	59.19
202	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117354	20	59.52	59.52
203	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117341	20	143.79	143.79
204	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117338	20	105.91	105.91
205	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117805	20	94.08	94.08
206	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117804	20	96.90	96.90
207	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117802	21	1,466.78	1,466.78
208	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117801	22	1,466.77	1,466.77
209	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117798	23	1,466.77	1,466.77
Total			31,967.07	31,967.07

Huirong Plaza Office Building is currently leased out at 21,674.98m² with an intended self-use area of 4,239.25m². Details are as follows:

Level	Leased Area (m ²)
1	33.40
2	641.23
3	736.68
4	1,138.25
5	1,433.55
6	1,407.26
7	1,466.78
8	1,466.78
9	1,562.83
10	880.31
11	1,292.38
12	1,433.55
13	1,466.78
14	1,062.64
15	732.99
16	—
17	—
18	1,466.78
19	1,466.78
20	1,466.78
21	519.23
22	—
23	—
Total	21,674.98

The occupancy rate of Huirong Plaza Office Building (not considering self-use) is 67.80%, and the occupancy rate (considering self-use) is 81.07%. Currently, there are 59 contracted users, and the major customers are 尚大(蘇州)智能製造研究院有限公司, 蘇州一八九六科創服務有限公司, 中航聯創科技有限公司蘇州分公司, 中軟國際軟件(蘇州)有限公司 etc.

4 Underground Car Park

Underground car park is located on the ground floor of Huirong Plaza, with a total of 550 parking spaces. Each parking space is leased out at RMB200 per month. The two basement floors of Huirong Plaza are steel-concrete structures, of which the real estate ownership certificate has been obtained for the first basement floor. The details are as follows:

Rights holder	Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司)
Shared situation	Individually owned
Location	Building D1, No. 21 Chengji Road
Type of rights	State-owned construction land use rights/ownership of buildings (structures)
Nature of rights	Assignment
Usage	Wholesale and retail land/Non-residential
Area (m ²)	Total apportioned land area 7,275.06m ² / Total gross floor area 14,143.64m ²
Term of use right	State-owned construction land use right ended on 20 January 2053

The first floor of the ground floor of Huirong Plaza is 14,143.64m², which is mainly used for hotel office, motor vehicle parking and non-motor vehicle parking. The details are as follows:

No.	Real Estate Title Certificate No.	Name	GFA (m ²)
1	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117646	Room S101	3,249.40
2	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117645	Room S102	9,884.97
3	Su (2018) Su Zhou Shi Bu Dong Chan Quan No. 5117644	Room S103	1,009.27
Total			14,143.64

The second basement floor of Huirong Plaza with a gross floor area of 14,807.48m² is a civil defence car parking space.

3. *Fixed assets*

The fixed assets of the equipment declared and assessed by Huirong Business Travel are mainly electronic equipment. The fixed assets of equipment declared for valuation are all computers purchased by the Company in the ordinary course of business. The equipment is in good technical conditions such as performance, precision and efficiency. The Company's equipment management and maintenance system is relatively complete. Various equipment is repaired and maintained according to regulations, and regular equipment status inspection is conducted. In use, the operating procedures can be strictly implemented, and the equipment can be used correctly and reasonably. As of the valuation benchmark date, no major equipment accident has occurred, and the equipment is in normal operation and well maintained.

As of the date of inventory check, the above-mentioned appraised equipment was in normal use or in normal condition, and there was no significant difference from the book record.

(iii) Type and quantity of off-balance sheet assets declared by the enterprise

Nil.

(iv) Type, quantity and carrying amount of assets involved in the report conclusions issued by other institutions

Nil.

IV. TYPE OF VALUE

The types of valuation value include the market value and other types of value except for the market value. Other types of value except for the market value generally include (but are not limited to) the investment value, the value in use, the liquidation value and the residual value. The purpose of this valuation is to provide a value reference for normal transactions, and there are no special restrictions and requirements on market conditions and the use of valuation target, etc. Therefore, market value is selected as the type of value of this valuation according to industry practice.

Market value refers to the estimated value of the valuation target in an arm's length transaction made in the ordinary course of business on the valuation benchmark date between a willing buyer and a willing seller who has each acted rationally and without compulsion.

V. VALUATION BENCHMARK DATE

The valuation benchmark date for this valuation is 30 September 2022.

Major factors considered by the client in determining the valuation benchmark date include the time requirement on the implementation of the economic activity.

VI. BASIS OF VALUATION**(i) Basis of Economic Activity**

1. The “Statement on the Economic Activity Corresponding to Asset Valuation” provided by the client.

(ii) Legal Basis Provided by Laws and Regulations

1. The Asset Appraisal Law of the People’s Republic of China;
2. The Enterprise State-owned Asset Law of the People’s Republic of China;
3. The Civil Code of the People’s Republic of China;
4. The Enterprise Income Tax Law of the People’s Republic of China;
5. The Implementation Rules of the Enterprise Income Tax Law of the People’s Republic of China (Issued under Order No. 512 of the State Council and recently amended under Order No. 714 of the State Council);
6. The Measures for the Administration of State-owned Assets Appraisal (Order No. 91 of the State Council and recently amended under Order No. 732 of the State Council);
7. The Detailed Rules for the Implementation of the Measures for the Administration of State-owned Assets Appraisal (Guo Zi Ban Fa [1992] No. 36);
8. The Interim Regulations on the Supervision and Administration of State-owned Assets of Enterprises (Order No. 378 of the State Council and recently amended under Order No. 709 of the State Council);
9. The Opinions on Reforming the Administration of State-owned Assets Appraisal and Strengthening Supervision and Administration of Assets Appraisal (Guo Ban Fa [2001] No. 102);
10. The Interim Measures for the Administration of Assessment of State-owned Assets of Enterprises (Order No. 12 of the SASAC of the State Council);
11. The Provisions on Certain Issues Concerning the Administration of Valuation of State-owned Assets (Ministry of Finance Order No. 14);
12. The Measures for the Supervision and Administration of the Trading of State-owned Assets of Enterprises (Order No. 32 of the SASAC of the State Council and the Ministry of Finance);

13. The Notice on the Guidelines on the Publication and Distribution of the Filing of State-owned Assets Appraisal Projects for Enterprises (Guo Zi Fa Chan Quan [2013] No. 64);
14. The Financial Supervision and Administration Measures on the Assets Evaluation Industry (Order No. 97 of the Ministry of Finance);
15. The Notice on Strengthening the Administration of Valuation of State-owned Assets of Enterprises (Guo Zi Wei Chan Quan [2006] No. 274);
16. The Notice on Relevant Matters Concerning the Examination of Assessment Reports on State-owned Assets of Enterprises (Guo Zi Chan Quan [2009] No. 941);
17. The Interim Regulations on the Value-added Tax of the People's Republic of China (Issued under Order No. 134 of the State Council and recently amended under Order No. 691 of the State Council);
18. The Implementation Rules to the Interim Regulations on the Value-added Tax of the People's Republic of China (Issued under Order No. 50 of the Ministry of Finance and the State Taxation Administration and recently amended under Order No. 65 of the Ministry of Finance and the State Taxation Administration);
19. The Notice on Comprehensively Carrying out the Pilot Project of the Value added Tax-for-Business Tax Reform (Cai Shui [2016] No. 36);
20. The Circular Relating to Furthering Relevant Policies on Reform of Value-added Tax (Circular [2019] No. 39 jointly issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs).

(iii) Basis of Valuation Standards

1. Basic Asset Valuation Standards (Cai Zi [2017] No. 43);
2. Professional Code of Ethics for Asset Valuation (Zhong Ping Xie [2017] No. 30);
3. Practice Guidelines for Asset Valuation — Asset Valuation Procedures (Zhong Ping Xie [2018] No. 36);
4. Practice Guidelines for Asset Valuation — Asset Valuation Report (Zhong Ping Xie [2018] No. 35);
5. Practice Guidelines for Asset Valuation — Asset Valuation Methodology (Zhong Ping Xie [2019] No. 35);
6. Practice Guidelines for Asset Valuation — Asset Valuation Engagement Contract (Zhong Ping Xie [2017] No. 33);

7. Practice Guidelines for Asset Valuation — Engagement of Experts and Relevant Reports (Zhong Ping Xie [2017] No. 35);
8. Practice Guidelines for Asset Valuation — Enterprise Value (Zhong Ping Xie [2018] No. 38);
9. Practice Guidelines for Asset Valuation — Real Estate (Zhong Ping Xie [2017] No. 38);
10. Practice Guidelines for Asset Valuation — Machinery and Equipment (Zhong Ping Xie [2017] No. 39);
11. Practice Guidelines for Asset Valuation — Asset Valuation Files (Zhong Ping Xie [2018] No. 37);
12. Guidance on Valuation Report of State-owned Assets of Enterprises (Zhong Ping Xie [2017] No. 42);
13. Quality Control Guidance on the Business of Asset Valuation Agency (Zhong Ping Xie [2017] No. 46);
14. Guiding Opinions on Types of Value under Asset Valuation (Zhong Ping Xie [2017] No. 47);
15. Guiding Opinions on Legal Ownership of the Asset Valuation Target (Zhong Ping Xie [2017] No. 48);
16. Guiding Opinions on Investment Properties Valuation (Zhong Ping Xie [2017] No. 53).

(iv) Ownership Basis

1. The business licences, the articles of association and the audit report of the corporate legal representative provided by the appraised entity;
2. The property and land ownership certificates provided by the appraised entity;
3. Other relevant information.

(v) Pricing Basis

1. “The Latest Commonly Used Data and Coefficient Handbook in Asset Appraisal”;
2. The financial accounting and operation information provided by the enterprise;
3. The audit report provided by the enterprise;

4. The statistics, technical standards and policy documents issued by relevant national authorities;
5. The relevant enquiry data and capital market parameter data collected by the asset valuation agency;
6. The valuation declaration schedule and relevant information provided by the appraised enterprise;
7. Other information provided by the appraised entity.

(vi) Other Reference Basis

Nil.

VII. VALUATION METHODOLOGY

(i) Selection of Valuation Methodology

In accordance with the Practice Guidelines for Asset Valuation — Enterprise Value, when performing any appraisal of enterprise value, the suitability of the three basic asset valuation methods, namely the income approach, the market approach and the asset-based approach shall be analyzed based on the purpose of valuation, the valuation target, the type of value, information gathering, etc. in its selection of valuation methods

The income approach assesses the value of an asset by its expected profitability, which is the essential basis for determining the prevailing fair market value of the asset. As such, the income approach conforms to the basic definition of an asset. The methodology adopted in the income approach is to determine the market value by capitalizing or discounting the expected revenue of the appraised entity in the future. As the main assets of Huirong Business Travel are real estate, the income approach is adopted separately for the valuation of real estate, the income approach is therefore no longer adopted for the valuation of Huirong as a whole.

The market approach refers to the valuation method that determines the value of the valuation target by comparing the valuation target with comparable listed companies or comparable transaction cases. Two specific methods commonly used in the market approach are listed company comparison method and transaction case comparison method. The market approach assesses the subject value with comparability as the premise and the value ratio as the key. Due to the limitations of the domestic circulation market conditions, it is difficult for us to obtain sufficient information of transaction cases of companies similar to the subject company. Although there are many companies in the same industry, considering that it is difficult to collect detailed information of relevant comparable factors, and it is difficult to quantify the impact of comparable factors on enterprise value, the market approach is excluded in this valuation.

The asset-based approach refers to the valuation method that reasonably evaluates the value of various assets and liabilities of the enterprise and determines the value of the valuation target based on the balance sheet of the valuation target as at the valuation benchmark date. The asset and liability structure of the appraised entity is clear. The value of each asset and liability can be assessed and recognised separately, and the selection of economic and technical parameters involved in the valuation of these assets has sufficient data as the basis and basis. This valuation meets the applicable conditions for adopting the asset-based approach. In addition, the income approach and the market approach were adopted for the valuation of AEON Mall Co., Ltd. (永旺夢樂城), which is an investment property of the major assets involved in the company, and the result of the income approach was adopted as the appraised value. The cost approach and the income approach were adopted for the valuation of Huirong Plaza Hotel, which is an investment property, and the result of the cost approach was adopted as the appraised value. The income approach and the market approach were adopted for the valuation of the office building and the podium of Huirong Plaza, which are the investment properties, and the result of the income approach was adopted as the appraised value.

In conclusion, the asset-based approach is adopted for valuation.

(ii) Asset-based approach

The asset-based approach in the valuation of enterprise value refers to the valuation method that determines the value of the valuation target by reasonably assessing the value of various assets and liabilities on and off the balance sheet of the appraised entity based on the balance sheet of the appraised entity as at the valuation benchmark date. In using the asset-based approach for enterprise value assessment, the value of each asset is derived by adopting appropriate specific valuation methods according to its specific conditions.

The specific valuation methods involved in this valuation are as follows.

1. Monetary funds

The appraised value of monetary funds is determined based on the breakdown of various items provided by the enterprise and the verified book value of RMB deposits as the basis of valuation.

2. Receivables

Receivables mainly include accounts receivable, prepayments and other receivables. According to the breakdown of each project provided by the enterprise, the appraised value is determined based on the amount that each item may be recovered by adopting the method of economic content and ageing analysis based on the verified book value as the basis of valuation.

3. Other current assets

Other current assets reported for valuation are prepaid property tax, and the appraised value is determined based on the verified book value.

4. Long-term equity investments

The long-term equity investments declared by Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司) amounted to 2 companies, details of which are as follows:

No.	Name of investee	Date of investment	Percentage of shareholding	Investment cost (RMB)	Carrying amount (RMB)
1	Gaorun Xinze (Suzhou) Commercial Development Co., Ltd.* (高潤新澤(蘇州)商業發展有限公司)	June 2016	40.00%	2,666,700.00	1,068,875.22
2	Suzhou Rongzhou Tourism Development Co., Ltd.* (蘇州融洲旅業發展有限公司)	January 2016	49.00%	49,000,000.00	4,662,963.88
Total				51,666,700.00	5,731,839.10

The valuers reviewed the legal documents provided by the Company to determine the authenticity and reasonableness of the declaration of long-term equity investments. After analysing factors such as the scale, shareholding percentage and production and operation of its investees, the following methods are adopted for the valuation of long-term equity investments:

- (1) Gaorun Xinze (Suzhou) Commercial Development Co., Ltd.* (高潤新澤(蘇州)商業發展有限公司)

Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司) is its controlling shareholder, holding 40% of its equity interest, with each of the other two shareholders holding 30% of its equity interest. The verified book value of Gaorun Xinze is recognised as the appraised value, mainly due to the following reasons:

- 1 It has a low proportion of physical assets, and the non-current assets of Gaorun Xinze accounts for only 0.91% of the total assets;
- 2 The book value of the long-term equity investment accounts for 0.02% of the total assets of the appraised entity, representing a small proportion;

- 3 The above long-term equity investment is accounted for using the equity method by Huirong Business Travel, taking into account the profits and losses of previous years. Therefore, on the basis of verifying the original investment cost and obtaining the audit report of the investee over the years, the appraised value of the long-term equity investment is determined based on the verified carrying amount.

(2) Suzhou Rongzhou Tourism Development Co., Ltd.* (蘇州融洲旅業發展有限公司)

Rongzhou Tourism was established by Jianrong Group and Huirong Business Travel, with 51% and 49% of the interests contributed by Jianrong Group (as its controlling shareholder) and Huirong Business Travel, respectively. Suzhou Rongzhou Tourism Development Co., Ltd.* (蘇州融洲旅業發展有限公司) is principally engaged in the operation and management of hotels and Cube Sugar Amusement Park, and commenced its trading business in 2020. The appraised value of Rongzhou Tourism is determined by multiplying the book net assets in the financial statements provided by the enterprise by the shareholding ratio, mainly due to the following reasons:

- 1 It has a low proportion of physical assets, and the proportion of non-current assets of Rongzhou Tourism to total assets is 4.47%;
- 2 The book value of the long-term equity investment accounts for 0.08% of the total assets of the appraised entity, representing a small proportion;

This acquisition of the investee's annual financial statements which have not been audited by certified public accountants and appropriate valuation procedures have been implemented for the financial statements. The appraised value of Rongzhou Tourism is determined by multiplying the book net assets in the financial statements provided by the enterprise by the shareholding ratio.

5. *Investment properties*

In this valuation, the income approach and the market approach were adopted for the valuation of AEON Mall Co., Ltd. (永旺夢樂城), which is an investment property of the major assets involved in the company, and the result of the income approach was adopted as the appraised value. The cost approach and the income approach were adopted for the valuation of Huirong Plaza Hotel, which is an investment property, and the result of the cost approach was adopted as the appraised value. The income approach and the market approach were adopted for the valuation of the office building and the podium of Huirong Plaza, which are the investment properties, and the result of the income approach was adopted as the appraised value. The income approach was adopted for the valuation of the underground carpark.

(1) Income approach

The income approach (or income capitalisation approach) refers to a method of valuation whereby the normal net income of the real estate of the valuation target in future periods is discounted to the present value as at the valuation benchmark date using an appropriate discount rate (capitalisation rate) to arrive at the price of the real estate of the valuation target.

The basic formula of the income capitalisation approach is:

$$P = \sum_{i=0.13}^n \frac{a_i}{(1+r)^i}$$

Whereas: P — the price of the appraisal object, i.e. the value of the real estate appraised

a_i — The annual net income of the appraisal object in the i year, being the difference between the annual rental income in the i year less the corresponding taxes, vacancy losses and maintenance management fees.

r — Discount rate

n — Term of earnings

A. Forecast of annual net income of the valuation target

Annual net income = total rental income — tax and surcharges — management fees — maintenance fees

Tax and surcharges = value-added tax + property tax + land use tax + urban maintenance and construction tax + education surcharges

B. Determination of discount rate

The discount rate is the rate used to discount the expected return to its present value.

The discount rate in this valuation is determined based on the risk-free rate plus the risk premium. The risk-free rate is the rate of return of the risk-free capital investment. The risk premium refers to the corresponding adjustment value determined according to the investment risks of different industries.

C. Determination of income period

The discounting period is calculated and determined based on the land termination date specified in the State-owned Land Use Rights Certificate. At the same time, the residual value of the building is determined according to a certain proportion of the replacement cost of the building after the expiration of the land life.

(2) Market approach

The market comparison method refers to a valuation method that compares the object of valuation with similar properties that have recently transacted, and revises the market value of the object of valuation based on the known price of similar properties that have already transacted.

The basic formula for the market comparison approach valuation is:

$$P = PD \times S$$

$$PD = P1 \times I1 + P2 \times I2 + P3 \times I3$$

Whereas: P — total price of the property to be appraised

S — area of the property to be appraised

PD — unit price of the property to be appraised

P1, P2, P3 — adjusted unit price of market transaction cases

I1, I2, I3 — number of market transaction cases

$$\text{In which } P_i = Q_i \times A \times B \times C \times D \times E$$

Whereas: Q_i — unit price of market transaction cases

A — adjustment coefficient of transaction

B — adjustment coefficient of trading date

C — adjustment coefficient of regional factor

D — adjustment coefficient of individual factor

E — adjustment coefficient of equity factor

(3) Cost Approach

Appraised value of real estate projects = appraised value of land use rights + appraised value of buildings

Whereas: appraised value of land use rights is determined by market comparison approach

The appraised value of buildings is determined by the replacement cost method

※ Land use rights

The market comparison approach is adopted for the valuation of land use rights, details of which are as follows:

The market comparison approach is a method of estimating the price of the subject land by comparing the subject land parcel with similar land parcels that are replaceable and traded in the market recently on the valuation date based on the principle of substitution, and adjusting the differences in the transaction prices of similar land parcels.

The basic idea is that when estimating the land price of the land to be appraised, the land to be appraised will be compared with similar properties that are replaceable and traded in the market recently on the valuation date according to the replacement principle, and the land price of the land to be appraised will be revised and evaluated based on the known transaction price of the latter, with reference to the land use, transaction date, transaction method, transaction situation, useful life, regional factors and individual factors of the land to be appraised, and the land price of the land to be appraised on the valuation date will be finally estimated based on the comparable land price of similar properties to be appraised.

The basic calculation formula is:

$$P = PB \times A \times B \times C \times D \times E \times F \times G$$

Whereas:

P — valuation Land Price;

PB — price of comparable cases;

A — adjustment coefficient for transaction purpose;

B — adjustment coefficient of transaction;

C — adjustment coefficient of land price on the transaction date;

D — adjustment coefficient of term;

E — adjustment coefficient of regional factor;

F — adjustment coefficient of individual factor;

G — adjustment coefficient of equity factor.

※ Building

When adopting the replacement cost method for valuation and calculation, the basic formula is:

Appraised value = appraised original value (exclusive of tax) × newness rate

1 Determination of the appraised original value (exclusive of tax)

Appraised original value (exclusive of tax) = construction and installation cost (exclusive of tax) + preliminary and other expenses (exclusive of tax) + capital cost

A Construction and installation cost

According to the final project account information, drawings and financial accounting vouchers provided by the appraised entity, based on the number of projects confirmed in the final project account information, the current price of materials and wages, and in accordance with the Construction and Decoration Project Pricing Table of Jiangsu Province, Installation Project Pricing Table of Jiangsu Province, Municipal Engineering Pricing Table of Jiangsu Province and Construction Project Cost Quota of Jiangsu Province, all the expenses of the projects listed in the bill of quantities, including sub-project fees, measure fees, other project fees, regulations fees and taxes. Recalculating the construction and installation cost, and adding the above data to arrive at the construction cost in accordance with the local charging regulations.

The construction and installation cost of the appraised target does not include the value-added tax (input tax) required for the re-construction of buildings and structures.

B Preliminary and other expenses

Pre-construction and other expenses of buildings and structures: including the construction costs charged by the local government and other expenses incurred by the construction unit for the construction project other than the construction costs.

Government charges include fees for the construction of civil air defence areas (excluding industrial plants), urban infrastructure facilities fees, etc. For buildings without building ownership certificates, the government charges are not taken into account in the valuation. The structures are not subject to government charges.

Other expenses other than the construction cost include the management fees of the construction unit, survey fees and design fees, supervision fees, bidding fees and other relevant expenses.

C Determination of capital cost

The capital cost is the loan interest of the funds invested in the construction during the construction period, which is calculated based on the loan prime rate (LPR) published by the National Interbank Funding Centre on the benchmark date, and the construction period is calculated based on the normal cycle of the construction project, taking into account the even investment of funds during the construction period:

$$\text{Capital cost} = (\text{construction and installation cost} + \text{preliminary and other expenses}) \times \text{reasonable construction period} \times \text{loan interest rate} \times 50\%$$

2 Determination of newness rate

In this valuation, the newness rate of buildings (structures) is determined by two methods, namely on-site survey newness rate and theoretical newness rate, and the integrated newness rate is calculated by the weighted average of both survey and theoretical 6: 4 proportion. In which:

The surveyed newness rate N1: The on-site surveyed newness rate of each building (structure) is determined through the on-site inspection of each building (structure) by the appraisers, and the survey of each part of the building (structure) including the foundation, load-bearing components (beams, plates and columns), wall, ground, roof, doors and windows, wall painting, ceiling and water, ventilation and electrical lighting, combined with the use of the building and repair and maintenance.

The theoretical newness rate is calculated based on the economic useful life and the useful life of buildings (structures).

$$\text{The theoretical newness rate } N2 = (1 - \text{used life} \div \text{economic life}) \times 100\%$$

$$\text{or } N2 = (\text{remaining useful life} \div (\text{used life} + \text{remaining useful life})) \times 100\%$$

After calculation by the above two methods, the newness rate is calculated by weighted average.

Newness rate $N = \text{surveyed newness rate } N1 \times 60\% + \text{theoretical newness rate } N2 \times 40\%$

6. *Fixed assets*

The fixed assets are mainly electronic equipment.

Based on the purpose of the valuation and the characteristics of the assets to be appraised, it is assumed that the assets will continue to be used in their current purposes. On the basis of on-site inspection, the replacement cost method is adopted for the valuation. The basic calculation formula is as follows:

Appraised net value = appraised original value \times newness rate

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (Cai Shui [2016] No. 36), and the Notice on Policies Related to Deepening Value-Added Tax Reform issued by the Ministry of Finance, State Administration of Taxation and General Administration of Customs (Notice No. 39 of the Ministry of Finance, State Administration of Taxation and General Administration of Customs in 2019), the corresponding VAT shall be deducted from the replacement cost of equipment that meets the conditions for VAT deduction. Therefore, in determining the appraised original value of the valuation, the purchase price of the equipment is calculated based on the price excluding value-added tax.

The appraised original value of equipment referred to in this report refers to the general fair cost of purchasing or obtaining new assets with the same or similar functions as the appraised equipment on the valuation base date under current conditions and making them in use.

The newness rate refers to the actual old and new degree of the appraised equipment.

1 Determination of the appraised original value of equipment

The appraised original value of the appraised equipment in this report consists of two parts, part of which is the purchase cost, i.e. the current purchase price; part of which is the ancillary expenses, i.e. transportation and miscellaneous expenses, installation and commissioning fees not included in the current purchase price, etc.

Appraised original value of equipment = current purchase price + ancillary expenses

Determination of the current purchase price:

Obtained through enquiry with relevant manufacturers and product distributors, reviewing the “Mechanical and Electrical Products Quotation Inquiry System” or referring to similar products. For equipment that cannot directly obtain market price information, the scale index method, price index method and other methods are used to adjust them.

Determination of ancillary expenses:

Transportation and miscellaneous fees mainly include freight, loading and unloading fees, insurance fees, etc., which are calculated at a certain ratio of the value, weight, volume and distance of the equipment. If the transportation and miscellaneous fees are included in the quotation, it will not be counted repeatedly.

The installation and commissioning fee is determined based on the complexity of the installation and commissioning of the equipment and the proportion to the prevailing purchase price of the equipment with reference to the general practice. If the installation and commissioning fee is included in the quotation, the calculation will not be repeated.

2 Determination of newness rate

The newness rate (Z) stated in this valuation report is obtained by the weighted average of newness rate (N) determined by service life and newness rate (M) determined by experts' experience:

$$Z=M\times 60\% + N\times 40\%$$

- A. The newness rate is determined based on the remaining service life of the equipment $N:N=1-B/A$ or $N=B/(B+C)$

Whereas: A — economic life

B — useful life

C — remaining useful life

- B. The newness rate of experts' experience is comprehensively determined based on the age, completeness, structure, drive, precision, reliability, operation rate (time) and management status of the equipment.

7. *Liabilities*

On the basis of verification, the appraised value of liabilities shall be the amount of liabilities actually assumed by the appraised entity on the valuation benchmark date. For the liability items that no longer need to be borne by the appraised entity after the valuation purpose is achieved, the appraised value is zero.

VIII. IMPLEMENTATION PROCESS AND STATUS OF THE VALUATION PROCESS

(i) **Acceptance of Entrustment**

After discussion and communication with the client, we understood the basic information of the assets to be appraised, clarified the valuation purpose, the valuation target and the scope of valuation, the valuation benchmark date and other basic matters of the valuation business. After comprehensive analysis of professional capabilities, independence and evaluation of business risks, we determined to accept the entrustment and entered into the asset valuation entrustment contract. Based on the specific circumstances, we determined the type of valuation, formulated the valuation schedule and organised the valuation team.

(ii) **On-site Investigation and Data Collection**

The appraised entity was instructed to check the assets and prepare the valuation information. On this basis, an on-site investigation was conducted on the appraised entity to collect the information required for the asset valuation business, understand the assets, business and financial status of the appraised entity, macro and regional economic factors affecting the operation of the enterprise, the current situation and development prospects of the industry in which the appraised entity operates, and pay attention to the legal ownership of the appraised entity. The data used in asset valuation activities are checked and verified in accordance with the law.

(iii) **Assessment and Estimation**

The valuation information collected is analysed, summarised and sorted according to the specific conditions of the asset valuation business to form the basis for assessment and estimation and the preparation of the valuation report. The valuation method is selected based on the valuation purpose, valuation target, value type, data collection and other relevant conditions in accordance with the Practice Guidelines for Asset Valuation. According to the valuation method adopted, the corresponding formula and parameters are selected for analysis, calculation and judgement, and the valuation assumptions and limiting conditions that may affect the valuation business and the valuation conclusion are analysed and judged to form the estimation results; the estimation results formed by the valuation using one method are comprehensively analysed to form the valuation conclusion.

(iv) Report Issuance

After the assessment and estimation form the valuation conclusion, the project leader prepares the preliminary asset valuation report. The Company conducted internal review on the preliminary asset valuation report in accordance with laws, administrative regulations, asset valuation standards and internal quality control system, and issued a formal asset valuation report after necessary communication with the client and other relevant parties on the relevant contents of the valuation report.

IX. VALUATION ASSUMPTIONS

The major asset valuation assumptions used in this valuation report include:

(i) Basic Assumptions

1. Transaction assumption. The transaction assumption assumes that all assets to be appraised are in the process of transaction, and the valuation is based on simulated market such as the transaction conditions of the assets to be appraised.
2. Open market assumption. Open market assumption refers to the assumption that assets can be freely traded in a fully competitive market, and the price of which depends on the judgement of independent buyers and sellers on the asset value under certain market supply conditions. Open market refers to a fully competitive market with numerous buyers and sellers. In this market, buyers and sellers are treated equally, and each other has the opportunity and time to obtain sufficient market information. The transactions between buyers and sellers are conducted on a voluntary, rational, and non-compulsory or unrestricted basis.
3. Going concern assumption. The going concern assumption refers to the assumption that the operating activities of an operating entity can continue, and the operating activities of such entity will not be suspended or terminated in the foreseeable future.

(ii) Specific Assumptions

1. It is assumed that there are no material changes in the relevant prevailing laws, regulations and policies of the state and the macroeconomic situation of the state, and there are no material changes in the political, economic and social environment of the regions where the parties to the transaction are located.
2. It is assumed that there will be no material adverse impact on the enterprise due to other force majeure and unforeseeable factors.

According to the requirements of asset valuation, these assumptions are determined to be valid on the valuation benchmark date. When the future economic environment changes significantly, the asset valuation professionals will not assume the responsibility for deriving different valuation conclusions due to changes in the assumptions.

X. VALUATION CONCLUSION

As at the valuation benchmark date on 30 September 2022, the book value of assets of Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司), was RMB5,921.8898 million, the book value of liabilities was RMB4,198.8146 million, and the book value of total shareholders' equity was RMB1,723.0753 million; the appraised value of assets was RMB6,103.1053 million, the appraised value of liabilities was RMB4,198.8146 million, and the appraised value of total shareholders' equity was RMB1,904.2908 million (in words: RMB one billion, nine hundred and four million, two hundred and ninety thousand, eight hundred only). The appraised value of assets increased by RMB181.2155 million or 3.06% over the book value; the appraised value of total shareholders' equity increased by RMB181.2155 million or 10.52% over the book value. Details of the valuation conclusion are as follows:

Summary of asset valuation results (cost approach)

Valuation benchmark date: 30 September 2022

Appraised entity: Suzhou Huirong Business Travel Development Co., Ltd.*

(蘇州匯融商旅發展有限公司)

Monetary unit: RMB'0,000

Item	Book value A	Appraised value B	Increment or	
			decrement C = B-A	Increment rate D = C/A×100%
1 Current assets	386,883.09	386,883.09	—	0.00%
2 Non-current assets	205,305.89	223,427.44	18,121.55	8.83%
3 Long-term equity investments	573.18	575.96	2.78	0.48%
4 Investment properties	204,732.18	222,851.14	18,118.96	8.85%
5 Fixed assets	0.53	0.34	-0.19	-36.19%
6 Total assets	592,188.98	610,310.53	18,121.55	3.06%
7 Current liabilities	335,881.46	335,881.46	—	0.00%
8 Non-current liabilities	84,000.00	84,000.00	—	0.00%
9 Total liabilities	419,881.46	419,881.46	—	0.00%
10 Net assets (owners' equity)	172,307.53	190,429.08	18,121.55	10.52%

The main reasons for the increment are as follows:

1. Long-term equity investments increased by RMB27,800 with an increment rate of 0.48%, mainly due to the increment of the invested subsidiaries in proportion to their net assets;
2. Investment properties increased by RMB181.1896 million, with an increment rate of 8.85%, mainly due to the better overall operation of commercial properties and the higher rent level;
3. Fixed assets decreased by RMB1,900, with a decrement rate of 36.19%. The decrement was due to the long service life of some equipment and the decrease in replacement price of electronic equipment.

The valuation conclusion disclosed in this report is valid for one year from the valuation benchmark date of 30 September 2022 to 29 September 2023.

XI. DESCRIPTION OF SPECIAL MATTERS

(i) Important use of expert work and relevant reports

The accounting statements corresponding to the assets and liabilities on the balance sheet reported by Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司) were audited by Tianheng Certified Public Accountants LLP Suzhou Branch (天衡會計師事務所(特殊普通合夥)蘇州分所), which issued the audit report (Tian Heng Su Zhuan Zi (2022) No. 00181).

(ii) Incomplete or defective ownership information

Nil.

(iii) Restrictions on valuation procedures

Nil.

(iv) Incomplete valuation information

Nil.

(v) Legal, economic and other outstanding matters as at the valuation benchmark date

As at the date of this report, the client and the relevant parties of the valuation report have not provided us with any information on legal, economic and other outstanding matters existing as at the valuation benchmark date, and the valuation professionals have not obtained any information from other means.

(vi) Nature, amount and relationship with the object of valuation of guarantees, leases and contingent liabilities (contingent assets)

- As at the date of this report, the investment property, Huirong Plaza Project (Huirong Plaza Hotel and Office Building), was pledged for syndicated loans (Bank of China, Agricultural Bank of China and Industrial and Commercial Bank of China);
- AEON Project is pledged for the financing of the Asset-backed Special Programme. In 2019, Suzhou Sugaoxin Group Co., Ltd.* (蘇州蘇高新集團有限公司) and Huafu Securities Co., Ltd.* (華福證券有限責任公司) jointly launched the “Huafu-Sugaoxin AEON Mall Asset-backed Special Plan (華福—蘇高新永旺夢樂城資產支持專項計劃)” (CMBS) on the Shanghai Stock Exchange. The project is secured by the AEON Project of Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司) and pledged by the right of income from property operation. The special plan has two asset-backed securities: 19 Suxin Preferred and 19 Suxin Subordinated, the basic information is as follows:

Stock Code	Name of securities	Issue size (RMB'000 million)	Coupon rate (%)	Term repayment (years)	Manner of principal and interest
159990	19 Suxin Preferred	11.5	4.2	17.827	Interest payable semi-annually
159991	19 Suxin Subordinated	0.5	0	17.827	Interest payable semi-annually

Among them, the “19 Suxin Subordinated” securities were subscribed by Suzhou Jianrong Group Co., Ltd* (蘇州建融集團有限公司), the ultimate controller of the appraised entity.

(vii) Significant subsequent events

As of the issue date of this report, the client and relevant parties did not provide us with any significant events after the valuation benchmark date of the appraised entity, nor were we aware of any other significant subsequent events of the appraised entity from other sources. We remind users of this report not to use the valuation conclusion directly if there are significant events after the valuation benchmark date.

(viii) Defects that may have a significant impact on the valuation conclusion in the economic behaviour corresponding to this asset valuation

Nil.

(ix) Other matters to be explained

1. The major assets of Huirong Business Travel are investment properties (commercial properties). In this valuation, the cost approach (asset-based approach) is adopted, and AEON Mall, the investment properties involved by the company, is appraised by the income approach and the market approach, respectively; The valuation of the investment property, Huirong Plaza Hotel, was conducted using cost approach and income approach respectively; Huirong Plaza office building and podium of the investment property were valued using the income approach and the market approach respectively.

Due to the above reasons, the cost approach (asset-based approach) is only adopted for the valuation of the total equity value of the shareholders of Huirong Business Travel.

2. Among the investment properties declared and appraised by Huirong Business Travel, Huirong Plaza Hotel is operated by Rongzhou Tourism, a related party (subsidiary). Both parties entered into the Lease Agreement in 2016, the Supplemental Agreement to the Property Lease Agreement in 2019 and the Supplemental Agreement to the Property Lease Agreement in 2020; Huirong Business Travel shall lease Rooms 101, 103, 104, 105, 106 and 108, 1/F, Building 3, Huirong Plaza to Rongzhou Tourism, and Rongzhou Tourism shall entrust Suzhou Taihu Wetland World Tourism Development Co., Ltd.* (蘇州太湖濕地世界旅遊發展有限公司) with the operation and management services of 1/F, Building 3, Huirong Plaza (Shops C-103, 104b, 105 and 106, Building 3, Suzhou Huirong Plaza Cube Sugar Amusement Park Project* (蘇州匯融廣場方糖樂園項目)); Huirong Business Travel shall lease the whole of 1-23/F, Building 2, Huirong Plaza to Suzhou Xinhua Investment Development Co., Ltd.* (蘇州新濤投資發展有限公司) for use. For details of the lease contract and management agreement, please refer to the investment property, Suzhou Huirong Plaza project in the “OBJECT AND SCOPE OF VALUATION” of the text of this report.

As the above investment properties are leased to related parties for operation and management, and the operating conditions are poor due to the pandemic, Huirong Business Travel has not been able to collect the relevant rental fees. Therefore, the income approach is adopted for the valuation of investment properties, which is analysed and calculated based on the actual operating conditions of the real estate, without taking into account the impact of the above leases on the appraised value.

3. When the asset-based approach is used for this valuation, it is determined that the value of fixed assets does not include the value-added tax (input tax) required for the purchase and construction of assets.
4. This report does not take into account the tax liability arising from the assessment of additional impairment. When using this report, the client should carefully consider the tax liability and deal with it in accordance with relevant national regulations.
5. The valuers are not aware of any other material defects that may affect the valuation conclusion and are beyond the practising level and capability of the valuers to assess and estimate. However, users of the report should not solely rely on this report, and should make their own independent judgments on the ownership status, value impact factors and relevant contents of the assets, and take appropriate consideration in economic behaviour.

XII. RESTRICTIONS ON THE USE OF ASSET VALUATION REPORT

- (i) This valuation report shall only be used for the purpose and use of the valuation as stated in the valuation report; if all or part of the contents of the valuation report are extracted, quoted or disclosed in the public media, the valuation institution shall review the relevant contents, unless otherwise provided by laws and regulations and agreed by the relevant parties;
- (ii) If the client or other users of the asset valuation report fail to use the asset valuation report in accordance with the laws, administrative regulations and the scope of use specified in the asset valuation report, the asset valuation agency and its asset valuation professionals shall not be liable;
- (iii) Except for the client, other users of the asset valuation report as agreed in the asset valuation engagement contract and users of the asset valuation report as stipulated by laws and administrative regulations, no other institution or individual shall be a user of the asset valuation report;
- (iv) Users of the Asset Valuation Report shall correctly understand and use the valuation conclusion. The valuation conclusion is not equivalent to the realisable price of the valuation target, and the valuation conclusion shall not be deemed as a guarantee for the realisable price of the valuation target.

XIII. DATE OF ASSET VALUATION REPORT

The date of the asset valuation report is 09 January 2023.

Asset appraiser: Mr. Yao Xueyong

Asset appraiser: Ms. lu Qianru

09 January 2023

ANNEX

- I. Economic behaviour documents corresponding to the purpose of valuation
- II. Audit report of the appraised entity
- III. Statement of valuation breakdown
- IV. Business Licence of the client and the appraised entity
- V. Undertaking letter of the client and other relevant parties
- VI. Undertaking letter of the signed asset appraisers
- VII. Filing announcement of asset valuation institution
- VIII. Copy of business licence of the valuation institution
- IX. Qualification certificate of asset appraiser in charge of the valuation engagement

Undertaking Letter of the asset appraisers

Suzhou Golden Lion Building Development Management Co., Ltd.* (蘇州金獅大廈發展管理有限公司):

Suzhou Jianrong Group Co., Ltd* (蘇州建融集團有限公司):

As commissioned by the Company, we have assessed the total shareholders' equity of Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司) involved in the proposed equity transfer with 30 September 2022 as the benchmark date and prepared an asset valuation report. On the premise that the assumptions disclosed in this report are valid, we undertake as follows:

- I. Having the corresponding professional qualifications;
- II. The object and scope of valuation are consistent with the asset valuation engagement contract;
- III. Having conducted necessary verification on the valuation target and the assets involved;
- IV. Selected valuation methods in accordance with the asset valuation standards;
- V. The factors affecting the appraised value have been fully considered;
- VI. The valuation conclusion is reasonable;
- VII. The valuation work has not been illegally interfered and conducted independently.

Signature of asset appraiser:



Signature of asset appraiser:



13 July 2023

NOTICE OF EXTRAORDINARY GENERAL MEETING



Suxin Joyful Life Services Co., Ltd.

蘇新美好生活服務股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2152)

NOTICE OF EGM

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the “**EGM**”) of Suxin Joyful Life Services Co., Ltd. (the “**Company**”) will be held at Room 3001, 30/F, SND International Commerce Tower, 28 Shishan Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC at 10:00 a.m. on Tuesday, 31 October 2023 for the purpose of considering and, if thought fit, approving the following resolutions.

ORDINARY RESOLUTION

“**THAT** the asset transaction agreement dated 3 August 2023 (the “**Agreement**”) entered into between Suzhou Golden Lion Building Development Management Co., Ltd.* (蘇州金獅大廈發展管理有限公司), a direct wholly-owned subsidiary of the Company (as vendor), and Suzhou Jianrong Group Co., Ltd* (蘇州建融集團有限公司) (as purchaser) in relation to the disposal of 3.167% equity interest in Suzhou Huirong Business Travel Development Co., Ltd.* (蘇州匯融商旅發展有限公司) and the transactions contemplated thereunder be and are hereby confirmed and approved and the Directors be and are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the Agreement and the transactions contemplated thereunder.”

By order of the board
Suxin Joyful Life Services Co., Ltd.
Mr. Cui Xiaodong
Chairman and executive Director

Suzhou, the People's Republic of China, 29 September 2023

As at the date of this notice, the executive directors of the Company are Mr. Cui Xiaodong, Mr. Zhou Jun and Ms. Zhou Lijuan, the non-executive directors of the Company are Ms. Li Xin, Mr. Cao Bin and Mr. Zhang Jun, and the independent non-executive directors of the Company are Ms. Zhou Yun, Ms. Xin Zhu and Mr. Liu Xin.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (1) Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the circular of the Company dated 29 September 2023.
- (2) All votes of resolutions at the EGM will be taken by poll pursuant to the Listing Rules and the results of the poll will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.suxinfuwu.com) in accordance with the Listing Rules.
- (3) For determining eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 26 October 2023 to Tuesday, 31 October 2023, both days inclusive, during which period no transfer of Shares will be registered. To be eligible for attending and voting at the EGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders), or the Company's registered office at Room 3001, 30/F, SND International Commerce Tower, 28 Shishan Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC (for Domestic Shareholders) not later than 4:30 p.m. on Wednesday, 25 October 2023 for registration. Shareholders whose names appear on the register of members of the Company on Tuesday, 31 October 2023 shall be entitled to attend and vote at the EGM.
- (4) Any Shareholders entitled to attend and vote at the EGM can appoint one or more proxies to attend and vote at the EGM on his/her behalf. A proxy need not be a Shareholder. If more than one proxy is so appointed, the appointment shall specify the number and type of Shares in respect of which each proxy is so appointed.
- (5) Shareholders shall appoint their proxies in writing. The form of proxy shall be signed by the shareholder or his/her attorney who has been duly authorized in writing. If the shareholder is a corporation, the form of proxy shall be affixed with the corporation's seal or signed by its director, or its attorney duly authorized in writing. If the form of proxy is signed by an attorney of the shareholder, the power of attorney or other authorization documents shall be notarized. For shareholders of H Shares, the aforementioned documents shall be lodged with our H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 24 hours before the time appointed for holding the EGM (by 10:00 a.m. on Monday, 30 October 2023 (Hong Kong time)) or any adjournment thereof in order to be valid. For shareholders of Domestic Shares, the form or proxy together with the notarized power of attorney or other authorization documents (if any) shall be lodged with the Company at Room 3001, 30/F, SND International Commerce Tower, 28 Shishan Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC not less than 24 hours before the time appointed for holding the EGM (by 10:00 a.m. on Monday, 30 October 2023) or any adjournment thereof (as the case may be) in order to be valid. Completion and delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (6) Shareholders shall produce their identification documents when attending the EGM.
- (7) If a proxy attends the EGM on behalf of a shareholder, he/she should produce his/her identification document and the power of attorney or other documents signed by the appointer or his/her attorney, which specifies the date of its issuance. If a representative of a corporate shareholder attends the EGM, such representative shall produce his/her identification document and the notarized copy of the resolution passed by the board of directors or other authority or notarized copy of authorization documents issued by such corporate shareholder.
- (8) The contact of the Company:

Address: Suxin Joyful Life Services Co., Ltd.
Room 3001, 30/F, SND International Commerce Tower
28 Shishan Road, Gaoxin District
Suzhou, Jiangsu Province, the PRC

Telephone: (86) 0512-68251855

Contact person: Zhao Yu (趙宇)

Email: investors@suxinfuwu.com