
THIS SUPPLEMENTAL CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or otherwise transferred all your shares in Beijing Jingkelong Company Limited, you should at once hand this supplemental circular together with the enclosed proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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北京京客隆商業集團股份有限公司
BEIJING JINGKELONG COMPANY LIMITED*
(a joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 814)

SUPPLEMENTAL CIRCULAR TO THE AGM CIRCULAR

**(1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTIONS
IN RELATION TO THE 2024 LEASE AGREEMENTS AND
THE SUPPLEMENTAL LEASE AGREEMENTS
AND
(2) SUPPLEMENTAL NOTICE OF 2023 ANNUAL GENERAL MEETING**

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



This supplemental circular should be read together with the circular issued by the Company to the Shareholders dated 30 April 2024 and the notice convening the 2023 Annual General Meeting dated 30 April 2024. A supplemental notice of the 2023 Annual General Meeting, which should be read in conjunction with the notice of the 2023 Annual General Meeting dated 30 April 2024, is set out on pages AGM-1 to AGM-4 of this supplemental circular.

A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 25 to 26 of this supplemental circular. A letter from Maxa Capital to the Independent Board Committee and the Independent Shareholders is set out on pages 27 to 48 of this supplemental circular.

Whether or not you are able to attend the 2023 Annual General Meeting, you are requested to complete and return the enclosed supplemental proxy form in accordance with the instructions printed thereon as soon as practicable and in any event by no less than 24 hours before the time appointed for the holding of the 2023 Annual General Meeting or at any adjournment thereof. Completion and return of the supplemental proxy form will not preclude you from attending and voting in person at the 2023 Annual General Meeting or at any adjournment should you so wish.

7 June 2024

* For identification purposes only

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DEFINITIONS

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

“2023 Annual General Meeting”	the annual general meeting of the Company to be held on Friday, 28 June 2024 or any adjournment thereof, details of which are set out in the AGM Circular
“2023 Chaofu Lease Agreement”	the supplemental agreement to the Original Chaofu Lease Agreements dated 15 December 2023 entered into between the Company and Chaofu Company in relation to the renewal of the lease of the 2023 Chaofu Properties
“2023 Chaofu Properties”	the leased properties under the 2023 Chaofu Lease Agreement, further details of which are set out in the announcement of the Company dated 15 December 2023
“2023 Hongchao Weiye Lease Agreement I”	the supplemental agreement to the Original Hongchao Weiye Lease Agreement I dated 15 December 2023 entered into between the Company and Hongchao Weiye in relation to the renewal of the lease of 2023 Hongchao Weiye Properties I
“2023 Hongchao Weiye Lease Agreement II”	the supplemental agreement to the Original Hongchao Weiye Lease Agreement II dated 15 December 2023 entered into between Chaopi Trading and Hongchao Weiye in relation to the renewal of the lease of 2023 Hongchao Weiye Property II
“2023 Hongchao Weiye Properties I”	the properties leased under the 2023 Hongchao Weiye Lease Agreement I, further details of which are set out in the announcement of the Company dated 15 December 2023
“2023 Hongchao Weiye “Property II”	the property leased under the 2023 Hongchao Weiye Lease Agreement II, further details of which are set out in the announcement of the Company dated 15 December 2023
“2023 Jin Chaoyang Lease Agreement”	the supplemental agreement to the Original Jin Chaoyang Lease Agreement dated 15 December 2023 entered into between the Company and Jin Chaoyang in relation to the renewal of the lease of the 2023 Jin Chaoyang Property
“2023 Jin Chaoyang Property”	the property leased under the 2023 Jin Chaoyang Lease Agreement, further details of which are set out in the announcement of the Company dated 15 December 2023
“2023 Lease Agreements”	collectively, the 2023 Chaofu Lease Agreement, 2023 Hongchao Weiye Lease Agreement I, 2023 Hongchao Weiye Lease Agreement II and 2023 Jin Chaoyang Lease Agreement

DEFINITIONS

“2024 Chaofu Lease Agreement”	the lease agreement dated 10 May 2024 entered into between the Company and Chaofu Company in relation to the lease of the 2024 Chaofu Property
“2024 Chaofu Property”	has the meaning ascribed to it under the section headed “2. The 2024 Lease Agreements – I. 2024 Chaofu Lease Agreement” in the “Letter from the Board” contained in this supplemental circular
“2024 Hongchao Weiye Lease Agreement I”	the lease agreement dated 10 May 2024 entered into between the Company and Hongchao Weiye in relation to the lease of the 2024 Hongchao Weiye Properties I
“2024 Hongchao Weiye Lease Agreement II”	the lease agreement dated 10 May 2024 entered into between Chaopi Trading and Hongchao Weiye in relation to the lease of the 2024 Hongchao Weiye Property II
“2024 Hongchao Weiye Lease Agreement III”	the lease agreement dated 10 May 2024 entered into between the Company and Hongchao Weiye in relation to the lease of the 2024 Hongchao Weiye Property III
“2024 Hongchao Weiye Properties I”	has the meaning ascribed to it under the section headed “2. The 2024 Lease Agreements – II. 2024 Hongchao Weiye Lease Agreement I” in the “Letter from the Board” contained in this supplemental circular
“2024 Hongchao Weiye Property II”	has the meaning ascribed to it under the section headed “2. The 2024 Lease Agreements – III. 2024 Hongchao Weiye Lease Agreement II” in the “Letter from the Board” contained in this supplemental circular
“2024 Hongchao Weiye Property III”	has the meaning ascribed to it under the section headed “2. The 2024 Lease Agreements – IV. 2024 Hongchao Weiye Lease Agreement III” in the “Letter from the Board” contained in this supplemental circular
“2024 Jin Chaoyang Lease Agreement”	the lease agreement dated 10 May 2024 entered into between the Company and Jin Chaoyang in relation to the lease of the 2024 Jin Chaoyang Property
“2024 Jin Chaoyang Property”	has the meaning ascribed to it under the section headed “2. The 2024 Lease Agreements – V. 2024 Jin Chaoyang Lease Agreement” in the “Letter from the Board” contained in this supplemental circular
“2024 Lease Agreements”	collectively, the 2024 Chaofu Lease Agreement, 2024 Hongchao Weiye Lease Agreement I, 2024 Hongchao Weiye Lease Agreement II, 2024 Hongchao Weiye Lease Agreement III and 2024 Jin Chaoyang Lease Agreement, and “2024 Lease Agreement” shall be construed accordingly

DEFINITIONS

“5% Threshold”	the thresholds referred to in Rule 14A.76(2) of the Hong Kong Listing Rules
“AGM Circular”	the circular of the Company dated 30 April 2024 in respect of the 2023 Annual General Meeting
“Board”	the board of Directors of the Company
“Chaofu Company”	北京朝富國有資產管理有限公司 (Beijing Chaofu State-owned Assets Administration Company Limited*) (formerly known as 北京市朝陽副食品總公司 (Beijing Chaoyang Auxiliary Food Company*)), a state-owned enterprise established in the PRC, and the controlling shareholder of the Company, owning approximately 40.61% of the issued share capital of the Company
“Chaofu Group”	Chaofu Company, Hongchao Weiye and Jin Chaoyang
“Chaopi Trading”	北京朝批商貿股份有限公司 (Beijing Chaopi Trading Company Limited*), a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company
“Chaoyang SASAC”	State-owned Assets Supervision and Administration Commission of Beijing Chaoyang District
“Company”	北京京客隆商業集團股份有限公司 (Beijing Jingkelong Company Limited*), a joint stock limited company incorporated in the PRC, the H Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	the ordinary share(s) issued by the Company, with a denominated par value of RMB1.00 each, which are subscribed for or credited as fully paid in RMB
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign ordinary share(s) of nominal value of RMB1.00 each in the share capital of the Company, which are subscribed for and traded in HK\$ and listed on the Stock Exchange

DEFINITIONS

“H-Share Registrar”	Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Hongchao Weiye”	北京弘朝偉業國有資產經營有限責任公司 (Beijing Hongchao Weiye State-owned Assets Management Co., Ltd*), a company established in the PRC with limited liability and a wholly-owned subsidiary of Chaofu Company
“Independent Board Committee”	a committee of the Board comprising Mr. Wang Liping, Mr. Chen Liping and Mr. Kot Man Tat
“Independent Financial Adviser” or “Maxa Capital”	Maxa Capital Limited, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the relevant general meeting of the Company held to consider, and if thought fit, approve the 2024 Lease Agreements and the Supplemental Lease Agreements
“Independent Valuer”	Beijing CEA Real Estate & Assets Appraisal Co., Ltd.* (北京中企華土地房地產資產評估有限公司), the independent qualified property valuer appointed by the Company
“Jin Chaoyang”	北京金朝陽國有資本運營管理有限公司 (Beijing Jin Chaoyang State-owned Capital Operation Management Co., Ltd.*) (formerly known as 北京金朝陽商貿國有資本運營公司 (Beijing Jin Chaoyang Commerce State-owned Capital Operation Company*)), a company established in the PRC with limited liability and a wholly-owned subsidiary of Chaofu Company
“Latest Practicable Date”	3 June 2024, being the latest practicable date prior to the printing of this supplemental circular for ascertaining certain information contained in this supplemental circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Original Chaofu Lease Agreements”	collectively, the lease agreement dated 30 April 2004, the supplemental agreements dated 12 March 2005, 25 July 2005, 24 March 2006 and 18 June 2012, the lease agreement dated 25 July 2005, the confirmation letter dated 19 March 2007, and the modification agreement dated 1 July 2011, entered into between the Company and Chaofu Company
“Original Hongchao Weiye Lease Agreement I”	the lease agreement dated 1 July 2011 entered into between the Company and Hongchao Weiye as supplemented by four supplemental agreements dated 13 June 2012, 18 December 2013, 25 November 2014 and 11 June 2021, respectively
“Original Hongchao Weiye Lease Agreement II”	the lease agreement dated 1 July 2011 entered into between Chaopi Trading and Hongchao Weiye as supplemented by the supplemental agreements dated 13 June 2012 and 25 November 2014, respectively
“Original Jin Chaoyang Lease Agreement”	the lease agreement dated 10 May 2004 entered into between the Company and Jin Chaoyang as supplemented by the supplemental agreement dated 7 August 2019
“PRC”	the People’s Republic of China (excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this supplemental circular only)
“Property Valuation Report”	the property valuation report dated 7 June 2024 issued by the Independent Valuer in relation to (i) the properties leased under the 2024 Lease Agreements (excluding one property with nil rent), and (ii) the properties which are within the scope of the Supplemental Lease Agreements but outside the scope of the 2024 Lease Agreements, the text of which is set out in Appendix III headed “Property Valuation Report” in this supplemental circular
“RMB”	Renminbi, the lawful currency of the PRC
“Secretary to the Board”	secretary to the board of directors of the Company
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	Domestic Share(s) and H Share(s), as the context may require
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company

DEFINITIONS

“Supplemental Chaofu Lease Agreement”	the supplemental agreement to the 2023 Chaofu Lease Agreements dated 10 May 2024 entered into between the Company and Chaofu Company
“Supplemental Hongchao Weiye Lease Agreement I”	the supplemental agreement to the 2023 Hongchao Weiye Lease Agreement I dated 10 May 2024 entered into between the Company and Hongchao Weiye
“Supplemental Hongchao Weiye Lease Agreement II”	the supplemental agreement to the 2023 Hongchao Weiye Lease Agreement II dated 10 May 2024 entered into between Chaopi Trading and Hongchao Weiye
“Supplemental Jin Chaoyang Lease Agreement”	the supplemental agreement to the 2023 Jin Chaoyang Lease Agreement dated 10 May 2024 entered into between the Company and Jin Chaoyang
“Supplemental Lease Agreements”	collectively, the Supplemental Chaofu Lease Agreement, Supplemental Hongchao Weiye Lease Agreement I, Supplemental Hongchao Weiye Lease Agreement II and Supplemental Jin Chaoyang Lease Agreement, and “Supplemental Lease Agreement” shall be construed accordingly
“sq.m.”	square metre(s)
“%”	per cent.

* *For identification purposes only*

LETTER FROM THE BOARD



北京京客隆商業集團股份有限公司
BEIJING JINGKELONG COMPANY LIMITED*
(a joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 814)

Executive Directors:

Mr. Zhang Liwei (*Chairman*)
Ms. Wang Hong
Mr. Zhang Hongbo
Mr. Yang Wensheng

Registered office:

Block No. 45
Xinyuan Street
Chaoyang District
Beijing, PRC

Non-executive Directors

Mr. Li Jianwen
Ms. Zhang Yan

Principal place of business in

Hong Kong:
17th Floor
One Island East
Taikoo Place
18 Westlands Road
Quarry Bay, Hong Kong

Independent Non-executive Directors:

Mr. Kot Man Tat
Mr. Wang Liping
Mr. Chen Liping

7 June 2024

To the Shareholders

Dear Sir or Madam,

**(1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTIONS
IN RELATION TO THE 2024 LEASE AGREEMENTS AND
THE SUPPLEMENTAL LEASE AGREEMENTS
AND
(2) SUPPLEMENTAL NOTICE OF 2023 ANNUAL GENERAL MEETING**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 10 May 2024 in relation to the 2024 Lease Agreements and the Supplemental Lease Agreements.

* *For identification purposes only*

LETTER FROM THE BOARD

The purpose of this supplemental circular is to provide you with, among other things, details of the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder, a letter from the Independent Board Committee, the recommendations from Maxa Capital and the Property Valuation Report prepared by the Independent Valuer.

A supplemental notice of the 2023 Annual General Meeting is set out on pages AGM-1 to AGM-4 to this supplemental circular.

2. BACKGROUND

As the 2023 Lease Agreements will expire on 30 June 2024 and the Board intends to continue to lease certain properties leased under the 2023 Lease Agreements, on 10 May 2024, (a) the Company (as lessee) entered into (i) the 2024 Chaofu Lease Agreement with Chaofu Company (as lessor), (ii) the 2024 Jin Chaoyang Lease Agreement with Jin Chaoyang (as lessor), and (iii) the 2024 Hongchao Weiye Lease Agreement I and 2024 Hongchao Weiye Lease Agreement III with Hongchao Weiye (as lessor); and (b) Chaopi Trading (a non-wholly owned subsidiary of the Company, as lessee) entered into the 2024 Hongchao Weiye Lease Agreement II with Hongchao Weiye (as lessor). For the purpose of determining the basis of the rentals under the 2024 Lease Agreements, the Independent Valuer has been engaged to conduct the valuation of the level of rentals in respect of the relevant properties concerned.

On the same date (10 May 2024), (a) the Company (as lessee) entered into the Supplemental Chaofu Lease Agreement, Supplemental Hongchao Weiye Lease Agreement I and Supplemental Jin Chaoyang Lease Agreement with Chaofu Company, Hongchao Weiye and Jin Chaoyang (each as lessor), respectively; and (b) Chaopi Trading (as lessee) entered into the Supplemental Hongchao Weiye Lease Agreement II with Hongchao Weiye (as lessor), to revise the fixed total rentals under the 2023 Lease Agreements (which were previously determined without having a valuation of the level of rentals by an independent professional valuer), with a view to setting the rentals (per sq.m. per day) of the 2023 Lease Agreements on the same or a similar level as those of the 2024 Lease Agreements or on the prevailing market level, with reference to the abovementioned rental valuation, thereby enhancing the willingness and incentives of Chaofu Company, Hongchao Weiye and Jin Chaoyang (as the case may be) to enter into the relevant 2024 Lease Agreements with the Company and Chaopi Trading (as the case may be).

3. THE 2024 LEASE AGREEMENTS

Set out below is a summary of the principal terms of each of the 2024 Lease Agreements:

I. 2024 Chaofu Lease Agreement

Date:	10 May 2024
Lessee:	The Company
Lessor:	Chaofu Company

LETTER FROM THE BOARD

Property to be leased: The property located at No. 14, Zone 2, Gaojiayuan, Chaoyang District, Beijing* (北京市朝陽區高家園二區14號), including the ancillary utility facilities, with a gross floor area of 584.18 sq.m. (the “**2024 Chaofu Property**”). *(Note)*

Note: For details of the 2024 Chaofu Property, please refer to item 1 of category one of the Property Valuation Report.

Lease term: The lease term of the 2024 Chaofu Property will be for five (5) years, commencing on 1 July 2024 and ending on 30 June 2029.

Rental: The total rental payable for the entire five-year lease term is RMB2,933,260.67 (tax inclusive; the total rental amount exclusive of tax is RMB2,793,581.59), with the breakdown (tax inclusive) as follows:

Lease period	Rental payable (RMB)
1 July 2024 to 30 September 2024	Nil (three months’ rent-free period)
1 October 2024 to 30 June 2025	457,369.13
1 July 2025 to 30 June 2026	609,825.50
1 July 2026 to 30 June 2027	609,825.50
1 July 2027 to 30 June 2028	628,120.27
1 July 2028 to 30 June 2029	628,120.27
Total:	2,933,260.67

II. 2024 Hongchao Weiye Lease Agreement I

Date: 10 May 2024

Lessee: The Company

Lessor: Hongchao Weiye

Properties to be leased: A total of 32 properties located in Chaoyang District, Beijing, the PRC, including the ancillary utility facilities, with a total gross floor area of 57,633.75 sq.m. (the “**2024 Hongchao Weiye Properties I**”). *(Note)*

Note: For details of the 2024 Hongchao Weiye Properties I (excluding one property leased by the Company with nil rent), please refer to:

(i) descriptions under items 2 to 26, 27 of category one of the Property Valuation Report specifying the relevant properties leased by the Company, and

(ii) items 28 to 32 of category one of the Property Valuation Report.

LETTER FROM THE BOARD

Lease term: The lease term of the 2024 Hongchao Weiye Properties I will be for five (5) years, commencing on 1 July 2024 and ending on 30 June 2029.

Rental: The total rental payable for the entire five-year lease term is RMB346,567,769.81 (tax inclusive; the total rental amount exclusive of tax is RMB330,064,542.68), with the breakdown (tax inclusive) as follows:

Lease period	Rental payable (RMB)
1 July 2024 to 30 September 2024	Nil (three months' rent-free period)
1 October 2024 to 30 June 2025	54,038,633.55
1 July 2025 to 30 June 2026	72,051,511.39
1 July 2026 to 30 June 2027	72,051,511.39
1 July 2027 to 30 June 2028	74,213,056.74
1 July 2028 to 30 June 2029	74,213,056.74
Total:	346,567,769.81

Among the 2024 Hongchao Weiye Properties I, it is expected that six properties with a total gross floor area of 4,340.74 sq.m. will be used for operating six convenience stores, 16 properties with a total gross floor area of 43,737.09 sq.m. will be used for operating 15 supermarkets, and 10 properties with a total gross floor area of 9,555.92 sq.m. will be leased out by the Group.

III. 2024 Hongchao Weiye Lease Agreement II

Date: 10 May 2024

Lessee: Chaopi Trading

Lessor: Hongchao Weiye

Property to be leased: Block No. 204, Shuanglong South Lane, Chaoyang District, Beijing* (北京市朝陽區雙龍南里204號樓), including the ancillary utility facilities, with a gross floor area of 9,051.6 sq.m. (the “**2024 Hongchao Weiye Property II**”). *(Note)*

Note: For details of the 2024 Hongchao Weiye Property II, please refer to descriptions under item 27 of category one of the Property Valuation Report specifying the relevant property leased by the Company.

Lease term: The lease term of the 2024 Hongchao Weiye Property II will be for five (5) years, commencing on 1 July 2024 and ending on 30 June 2029.

LETTER FROM THE BOARD

Rental: The total rental payable for the entire five-year lease term is RMB45,608,437.23 (tax inclusive; the total rental amount exclusive of tax is RMB43,436,606.89), with the breakdown (tax inclusive) as follows:

Lease period	Rental payable (RMB)
1 July 2024 to 30 September 2024	Nil (three months' rent-free period)
1 October 2024 to 30 June 2025	7,111,502.69
1 July 2025 to 30 June 2026	9,482,003.58
1 July 2026 to 30 June 2027	9,482,003.58
1 July 2027 to 30 June 2028	9,766,463.69
1 July 2028 to 30 June 2029	9,766,463.69
Total:	45,608,437.23

IV. 2024 Hongchao Weiye Lease Agreement III

Date: 10 May 2024

Lessee: The Company

Lessor: Hongchao Weiye

Properties to be leased: Nine blocks (including block no. 1) at Yaojia Garden West Kou (Food Company), Chaoyang District, Beijing* (北京市朝陽區姚家園西口(食品公司)1幢等9幢房屋), including the ancillary utility facilities, with a gross floor area of 12,239.16 sq.m. (the "2024 Hongchao Weiye Property III"). ^(Note)

Note: For details of the 2024 Hongchao Weiye Property III, please refer to item 34 of category one of the Property Valuation Report.

Lease term: The lease term of the 2024 Hongchao Weiye Property III will be for one (1) year, commencing on 1 July 2024 and ending on 30 June 2025.

LETTER FROM THE BOARD

Rental: The total rental payable for the one-year lease term is RMB1,252,649.21 (tax inclusive; the total rental amount exclusive of tax is RMB1,192,999.25), with the breakdown (tax inclusive) as follows:

Lease period	Rental payable (RMB)
1 July 2024 to 30 September 2024	Nil (three months' rent-free period)
1 October 2024 to 30 June 2025	1,252,649.21
Total:	1,252,649.21

V. 2024 Jin Chaoyang Lease Agreement

Date: 10 May 2024

Lessee: The Company

Lessor: Jin Chaoyang

Property to be leased: The commercial premises located at Block No. 211, Wangjing South Lake Central Park, Chaoyang District, Beijing* (北京市朝陽區望京南湖中園211樓商業用房), including the ancillary utility facilities, with a gross floor area of 14,494.6 sq.m. (the "2024 Jin Chaoyang Property").
(Note)

Note: For details of the 2024 Jin Chaoyang Property, please refer to item 33 of category one of the Property Valuation Report.

Lease term: The lease term of the 2024 Jin Chaoyang Property will be for five (5) years, commencing on 1 July 2024 and ending on 30 June 2029.

LETTER FROM THE BOARD

Rental: The total rental payable for the entire five-year lease term is RMB76,342,333.47 (tax inclusive; the total rental amount exclusive of tax is RMB72,706,984.26), with the breakdown (tax inclusive) as follows:

Lease period	Rental payable (RMB)
1 July 2024 to 30 September 2024	Nil (three months' rent-free period)
1 October 2024 to 30 June 2025	11,903,690.25
1 July 2025 to 30 June 2026	15,871,587.00
1 July 2026 to 30 June 2027	15,871,587.00
1 July 2027 to 30 June 2028	16,347,734.61
1 July 2028 to 30 June 2029	16,347,734.61
Total:	76,342,333.47

In addition to the above terms, each of the 2024 Lease Agreements has stipulated the following terms (except the different uses stated below):

Uses of the properties: *For the 2024 Lease Agreements (other than the 2024 Hongchao Weiye Lease Agreement II):*

The lessee may use the leased property(ies) for retail related purposes, including but not limited to, operating supermarkets, storage and warehouses, investment promotion, joint operations, partial letting, and developing new operational projects.

For the 2024 Hongchao Weiye Lease Agreement II:

The lessee may use the leased property for wholesale related purposes, including but not limited to, office, storage and warehouses, investment promotion, joint operations, partial letting, and developing new operational projects.

Payment: The rentals shall be paid in advance on a half-yearly basis.

Condition precedent: The effectiveness of the relevant 2024 Lease Agreement shall be conditional upon obtaining the approval of the Independent Shareholders in respect of such agreement at a general meeting of the Company.

LETTER FROM THE BOARD

Variation or termination: Any variation or early termination of the relevant 2024 Lease Agreement shall be notified to the other party in writing three months in advance, and the variation or early termination shall be made only after a written agreement is entered into between the parties, and the party requesting the variation or early termination shall compensate the loss caused to the other party as a result of such variation or early termination.

Further, the rentals payable in respect of the 2024 Lease Agreements have been arrived at after arm's length negotiations between the parties thereto, with reference to, *inter alia*, (i) the valuation of the rentals conducted by the Independent Valuer as set out in the Property Valuation Report, (ii) rental discount offered by Hongchao Weiye for the 2024 Hongchao Weiye Lease Agreement III (as compared to the appraised rental per annum), (iii) the prevailing market rentals of comparable properties in the area where the relevant properties are situated, and (iv) the expected inflation during the lease terms of the 2024 Lease Agreements.

The full text of the Property Valuation Report prepared by the Independent Valuer is set out in the Appendix III to this supplemental circular, which sets out, among others, the addresses and appraised rentals of (i) the properties leased under the 2024 Lease Agreements (excluding one property with nil rent), and (ii) the properties which are within the scope of the Supplemental Lease Agreements but outside the scope of the 2024 Lease Agreements (see below for details).

4. THE SUPPLEMENTAL LEASE AGREEMENTS

Set out below is a summary of the principal terms of each of the Supplemental Lease Agreements:

I. Supplemental Chaofu Lease Agreement

Date: 10 May 2024

Lessee: The Company

Lessor: Chaofu Company

Revision of the total fixed rental: The fixed total rental under the 2023 Chaofu Lease Agreement shall be revised from RMB333,559.57 to RMB2,461,157.83, which is based on:

- (i) the total gross floor area of the 2023 Chaofu Properties of 5,606.92 sq.m., and among which, the lease of a part (with gross floor area of 2,230 sq.m.) of a particular property (Block No. 4, Hongmiao North Lane, Chaoyang District, Beijing* (北京市朝陽區紅廟北里4號樓)) was discontinued on 2 April 2024; and
- (ii) revised rental per sq.m. per day ranging from RMB2.86 to RMB3.7, depending on the relevant properties concerned, with reference to:

LETTER FROM THE BOARD

- (a) the appraised level of rental of approximately RMB2.86 per sq.m. per day for the 2024 Chaofu Property; and
- (b) (for the other four properties which are not within the scope of the 2024 Lease Agreements) the appraised levels of rentals of approximately RMB2.90 to RMB3.7 per sq.m. per day. ^(Note)

Note: For details of the relevant properties leased, please refer to items 1 to 5 of category two of the Property Valuation Report.

The Company shall pay the difference in the amount of RMB2,127,598.26. in one lump sum upon the agreement taking effect.

Condition precedent: The effectiveness of the Supplemental Chaofu Lease Agreement shall be conditional upon obtaining the approvals of the Independent Shareholders at the general meeting of the Company in respect of the Supplemental Chaofu Lease Agreement and the 2024 Chaofu Lease Agreement.

Other Save as amended per the above, other terms of the 2023 Chaofu Lease Agreement shall remain unchanged.

II. Supplemental Hongchao Weiye Lease Agreement I

Date: 10 May 2024

Lessee: The Company

Lessor: Hongchao Weiye

Revision of the total fixed rental: The fixed total rental under the 2023 Hongchao Weiye Lease Agreement I shall be revised from RMB4,225,047.81 to RMB40,960,512.59, which is based on:

- (i) the total gross floor area of the 2023 Hongchao Weiye Properties I of 77,794.46 sq.m., and among which, the lease of three properties (with total gross floor area of 1,168.86 sq.m.) was discontinued on 27 March 2024; and
- (ii) revised rental per sq.m. per day ranging from RMB0.37 to RMB10, depending on the relevant properties concerned ^(Note 1), with reference to:

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- (a) (for the properties which are the same as the 2024 Hongchao Weiye Properties I) the appraised levels of rentals ranging from approximately RMB1.44 ^(Note 2) to RMB10 per sq.m. per day for the 2024 Hongchao Weiye Properties I;
- (b) (for one property being the same as the 2024 Hongchao Weiye Property III) the rental of approximately RMB0.37 per sq.m. per day for the 2024 Hongchao Weiye Property III, which is less than the appraised rental of RMB2.15 per sq.m. per day; and
- (c) (for other nine properties which are not within the scope of the 2024 Lease Agreements) the appraised levels of rentals of approximately RMB1.88 to RMB6.04 per sq.m. per day. ^(Note 3)

Notes:

- 1: Excluding two properties with nil rent
- 2: Excluding one property with nil rent
- 3: For details of the relevant properties leased, please refer to items 6 to 13 and 15 of category two of the Property Valuation Report.

The Company shall pay the difference in the amount of RMB36,735,464.78 in one lump sum upon the agreement taking effect.

Condition precedent:

The effectiveness of the Supplemental Hongchao Weiye Lease Agreement I shall be conditional upon obtaining the approvals of the Independent Shareholders at the general meeting of the Company in respect of the Supplemental Hongchao Weiye Lease Agreement I, the 2024 Hongchao Weiye Lease Agreement I and the 2024 Hongchao Weiye Lease Agreement III.

Other

Save as amended per the above, other terms of the 2023 Hongchao Weiye Lease Agreement I shall remain unchanged.

III. Supplemental Hongchao Weiye Lease Agreement II

Date: 10 May 2024

Lessee: Chaopi Trading

Lessor: Hongchao Weiye

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Revision of the total fixed rental:	<p>The fixed total rental under the 2023 Hongchao Weiye Lease Agreement II shall be revised from RMB472,260.37 to RMB4,741,001.79, which is based on:</p> <p>(i) the gross floor area of the 2023 Hongchao Weiye Property II of 9,051.6 sq.m.; and</p> <p>(ii) revised rental of RMB2.87 per sq.m. per day (with reference to the appraised rental of RMB2.87 per sq.m. per day for the 2024 Hongchao Weiye Property II). ^(Note)</p> <p><i>Note:</i> For details of the 2024 Hongchao Weiye Property II, please refer to descriptions under item 27 of category one of the Property Valuation Report specifying the relevant property leased by the Company.</p> <p>Chaopi Trading shall pay the difference in the amount of RMB4,268,741.42 in one lump sum upon the agreement taking effect.</p>
Condition precedent:	<p>The effectiveness of the Supplemental Hongchao Weiye Lease Agreement II shall be conditional upon obtaining the approvals of the Independent Shareholders at the general meeting of the Company in respect of the Supplemental Hongchao Weiye Lease Agreement II and the 2024 Hongchao Weiye Lease Agreement II.</p>
Other	<p>Save as amended per the above, the other terms of the 2023 Hongchao Weiye Lease Agreement II shall remain unchanged.</p>

IV. Supplemental Jin Chaoyang Lease Agreement

Date:	10 May 2024
Lessee:	The Company
Lessor:	Jin Chaoyang
Revision of the total fixed rental:	<p>The fixed total rental under the 2023 Jin Chaoyang Lease Agreement shall be revised from RMB1,834,125 to RMB8,212,500, which is based on:</p> <p>(i) the gross floor area of the 2023 Jin Chaoyang Property of 15,000 sq.m.; and</p> <p>(ii) revised rental of RMB3 per sq.m. per day (with reference to the appraised level of RMB3 per sq.m. per day for the 2024 Jin Chaoyang Property). ^(Note)</p>

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Note: For details of the 2024 Jin Chaoyang Property, please refer to item 33 of category one of the Property Valuation Report.

The Company shall pay the difference in the amount of RMB6,378,375 in one lump sum upon the agreement taking effect.

Condition precedent:

The effectiveness of the Supplemental Jin Chaoyang Lease Agreement shall be conditional upon obtaining the approvals of the Independent Shareholders at the general meeting of the Company in respect of the Supplemental Jin Chaoyang Lease Agreement and the 2024 Jin Chaoyang Lease Agreement.

Other

Save as amended per the above, the other terms of the 2023 Jin Chaoyang Lease Agreement shall remain unchanged.

5. REASONS FOR AND BENEFITS OF ENTERING INTO THE 2024 LEASE AGREEMENTS AND THE SUPPLEMENTAL LEASE AGREEMENTS

As the Group is principally engaged in retail and wholesale distribution of daily consumer products, mainly operating supermarkets and convenience stores, the Group has ongoing operational needs to continue to lease certain properties leased under the 2023 Lease Agreements to maintain its current retail and wholesale operations. Given that the Group has long-term strategic and stable business relationships with Chaofu Company, Hongchao Weiye and Jin Chaoyang, the Directors (including the independent non-executive Directors) are of the view that it is beneficial for the Group to continue to lease the properties from Chaofu Group under the 2024 Lease Agreements (with a term of five (5) years, except the 2024 Hongchao Weiye Lease Agreement III which shall be with a term of one (1) year), which will ensure the stability and continuity of the Group's operations (such that the business and revenue of the Group will not be seriously affected as a result of potential large scale relocation), save administrative costs associated with searching for comparable replacement of properties and capital expenditure in relocation and renovation.

Further, as stated above, the rentals payable in respect of the 2024 Lease Agreements have been arrived at after arm's length negotiations between the parties thereto, with reference to, *inter alia*, (i) the valuation of the rentals conducted by the Independent Valuer, (ii) rental discount offered by Hongchao Weiye for the 2024 Hongchao Weiye Lease Agreement III (as compared to the appraised rental per annum), (iii) the prevailing market rentals of comparable properties in the area where the relevant properties are situated, and (iv) the expected inflation during the lease terms of the 2024 Lease Agreements.

During the negotiation and preparatory stage of the 2024 Lease Agreements, the Independent Valuer has been engaged to conduct the valuation of the rentals in respect of the relevant properties under the 2024 Lease Agreements. The parties noted the significant difference between appraised level of rentals (forming the basis of the rentals under the 2024 Lease Agreements) and the rentals under the 2023 Lease Agreements (which were previously determined without having obtained a valuation by an independent professional valuer). Since the 2024 Lease Agreements are essentially a continuation of the 2023 Lease Agreements with certain scope adjustments taking into account actual business

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needs, as part of the commercial negotiations between the Group and the lessors, the relevant lessors required an act for good faith from the Group and requested that the rentals under the 2023 Lease Agreements be revised, with a view to setting the rentals (per sq.m. per day) of the 2023 Lease Agreements on the same or a similar level as those of the 2024 Lease Agreements or on the prevailing market level, with reference to the abovementioned rental valuation. While, as a result of the aforesaid scope adjustment, certain properties under the 2023 Chaofu Lease Agreement and 2023 Hongchao Weiye Lease Agreement I will no longer be leased (with further details set out in the principal terms of the relevant Supplemental Lease Agreements above) and thus are not within the scope of the 2024 Lease Agreements, the fixed total rentals of such properties are also adjusted to the prevailing market level (based on the said rental valuation) since they were previously determined based on the rental levels of the relevant Original Chaofu Lease Agreements and the Original Hongchao Weiye Lease Agreement I (as the case may be). The Group considers that the Supplemental Lease Agreements and the 2024 Lease Agreements are part of the same commercial package, which, as a whole, brings commercial benefits to the Group, and the entering into of the Supplemental lease Agreements will enhance the willingness and incentives of Chaofu Group to enter into the 2024 Lease Agreements. In this regard, the effectiveness of each of the Supplemental Lease Agreements is subject to the Independent Shareholders' approvals of not only the relevant Supplemental Lease Agreement but also the relevant 2024 Lease Agreement.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the 2024 Lease Agreements and the Supplemental Lease Agreements have been entered into on normal commercial terms or better and in the ordinary and usual course of business of the Group, and the terms of the 2024 Lease Agreements and the Supplemental Lease Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Group intends to use its internal resources to settle the rentals payable under the 2024 Lease Agreements and the Supplemental Lease Agreements.

6. LISTING RULES IMPLICATION

As at the Latest Practicable Date, Chaofu Company is the controlling shareholder of the Company (and hence a connected person of the Company), owning approximately 40.61% of the issued share capital of the Company. As both Hongchao Weiye and Jin Chaoyang are wholly-owned subsidiaries of Chaofu Company, Hongchao Weiye and Jin Chaoyang are therefore connected persons of the Company. Further, Chaopi Trading is a non-wholly owned subsidiary of the Company.

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Pursuant to the PRC Accounting Standards for Business Enterprises No. 21 – Leases, the lease of the properties under the 2024 Lease Agreements will be recognised as right-of-use assets, the total value of which is estimated to be RMB417,176,413.23, with details as follows:

Name of the agreement	Unaudited value of the right-of-use assets (RMB)	Incremental rate of borrowing applied
(i) 2024 Chaofu Lease Agreement	2,593,008.75	3.19%
(ii) 2024 Hongchao Weiye Lease Agreement I	306,366,654.99	3.19%
(iii) 2024 Hongchao Weiye Lease Agreement II	39,552,589.05	4.04%
(iv) 2024 Hongchao Weiye Lease Agreement III	1,177,373.22	3.19%
(v) 2024 Jin Chaoyang Lease Agreement	<u>67,486,787.22</u>	3.19%
Total:	<u><u>417,176,413.23</u></u>	

The above values of the right-of-use assets are based on preliminary assessment by the Company which have not been audited and may be subject to possible changes and adjustments. The entering into of the 2024 Lease Agreements will be regarded as acquisitions of right-of-use assets by the Group under the Listing Rules.

Given that (i) the transactions under the 2023 Lease Agreements (as supplemented by the Supplemental Lease Agreements) and the 2024 Lease Agreements are of a similar nature and were all entered into within 12 months, and (ii) the lessors under the 2024 Lease Agreements are the same as those under the 2023 Lease Agreements and they belong to the same group of connected persons of the Company as set out above, the transactions under the 2023 Lease Agreements (as supplemented by the Supplemental Lease Agreements) and the 2024 Lease Agreements are required to be aggregated pursuant to the Listing Rules.

On an aggregate basis, as the highest applicable percentage ratio in respect of the 2023 Lease Agreements (as supplemented by the Supplemental Lease Agreements) and the 2024 Lease Agreements is more than 100%, the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder constitute very substantial acquisitions of the Company under Chapter 14 of the Listing Rules, and are therefore subject to the reporting, announcement, circular, and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

In view of the connected relationship set out above, the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder also constitute connected transactions of the Company. On an aggregate basis, as the highest applicable percentage ratio in respect of the 2023 Lease Agreements (as supplemented by the Supplemental Lease Agreements) and the 2024 Lease Agreements exceeds the 5% Threshold, the 2024 Lease Agreements, the Supplemental Lease

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Agreements and the transactions contemplated thereunder are also subject to the reporting, announcement, circular, independent financial advice and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Save for Ms. Zhang Yan (being non-executive Director) who has abstained from voting on the relevant Board resolution by reason of her position in Chaofu Company, none of the other Directors (i) has any material interest in any of the 2024 Lease Agreements and the Supplemental Lease Agreements, and (ii) was required to abstain from voting on the relevant Board resolution of the Company in respect of the 2024 Lease Agreements and the Supplemental Lease Agreements.

7. FINANCIAL EFFECTS OF THE TRANSACTIONS CONTEMPLATED UNDER THE 2024 LEASE AGREEMENTS AND THE SUPPLEMENTAL LEASE AGREEMENTS

Upon the 2024 Lease Agreements taking effect, the consolidated total assets of the Group will increase by the value of the right-of-use assets to be recognised (which is RMB417,176,413.23), and a corresponding amount of lease liabilities of approximately RMB417.2 million will be recognised at the same time. The right-of-use assets will be depreciated on a straight-line basis. The Group expects that the earnings of the Group will be affected by the transactions contemplated under the 2024 Lease Agreements, as the Group will incur depreciation expenses of approximately RMB76.5 million and finance costs in relation to the lease liabilities by approximately RMB11.3 million in the first year (i.e. 1 July 2024 to 30 June 2025) of the 2024 Lease Agreements.

After the Supplemental Lease Agreements taking effect, the Group will be required to pay a total sum of RMB49,510,179.46 to the Chaofu Group and the consolidated total assets of the Group will be reduced by such amount accordingly. Such amount will be recorded as expenses and hence the earnings of the Group will also be reduced by such amount. As the Group intends to finance the rentals payable by using its internal resources, the Group is not expected to incur liabilities for the transactions contemplated under the Supplemental Lease Agreements.

8. INFORMATION OF THE COMPANY AND CHAOPI TRADING

The Company

The Company is a joint stock limited company incorporated in the PRC. Chaofu Company is the controlling shareholder of the Company, owning approximately 40.61% of the issued share capital of the Company. The Company and its subsidiaries are principally engaged in retail and wholesale distribution of daily consumer products.

Chaopi Trading

Chaopi Trading is a limited company established in the PRC and a non-wholly owned subsidiary of the Company, where the Company owns approximately 79.85% of its equity interests. Chaopi Trading is principally engaged in the wholesale distribution of fast-moving consumer goods.

LETTER FROM THE BOARD

9. INFORMATION OF CHAOFU COMPANY, HONGCHAO WEIYE AND JIN CHAOYANG

Chaofu Company

Chaofu Company is a state-owned enterprise ultimately managed and controlled by the Chaoyang SASAC. Chaofu Company is principally engaged in investment holding, provision of property management service and property leasing.

Hongchao Weiye

Hongchao Weiye is a company established in the PRC with limited liability and is a wholly-owned subsidiary of Chaofu Company. Hongchao Weiye is principally engaged in accepting entrustment of operation and management of state-owned assets and collective assets.

Jin Chaoyang

Jin Chaoyang is a company established in the PRC with limited liability and is a wholly-owned subsidiary of Chaofu Company. Jin Chaoyang is principally engaged in leasing business.

10. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising all independent non-executive Directors (namely, Mr. Wang Liping, Mr. Chen Liping and Mr. Kot Man Tat) has been established to advise the Independent Shareholders on whether or not the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder are conducted in the ordinary and usual course of business and on normal commercial terms or better, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Maxa Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders regarding the same.

11. 2023 ANNUAL GENERAL MEETING

A supplemental notice of the 2023 Annual General Meeting to be held at 9:00 a.m. on Friday, 28 June 2024 at the Conference Room, 4th Floor, Block No. 45, Xinyuan Street, Chaoyang District, Beijing, the People's Republic of China, is set out on pages AGM-1 to AGM-4 of this supplemental circular.

A supplemental form of proxy for the 2023 Annual General Meeting is also enclosed herewith. Whether or not you are able to attend the 2023 Annual General Meeting, you are requested to complete and return the supplemental proxy form to the Company (in the case of the holders of Domestic Shares) or to the H-Share Registrar (in the case of the holders of H Shares) in accordance with the instructions printed thereon as soon as possible but not less than 24 hours before the time appointed for the holding of the 2023 Annual General Meeting or at any adjournment thereof. Completion and return of the supplemental proxy form will not preclude you from attending and voting in person at the 2023 Annual General Meeting or at any adjournment should you so wish.

LETTER FROM THE BOARD

Shareholders whose names appear on the register of members of the Company as at 4:30 p.m., the close of business of Friday, 21 June 2024 are entitled to attend and vote at the 2023 Annual General Meeting. The register of members of the Company will be closed from Saturday, 22 June 2024 to Friday, 28 June 2024, both days inclusive, during which no transfer of Shares will be effective. In order to be eligible to attend the 2023 Annual General Meeting and to vote thereat as Shareholders, all transfers of H Shares together with the relevant share certificates must be delivered to the H-Share Registrar no later than 4:30 p.m. on Friday, 21 June 2024. Holders of Domestic Shares should contact the Secretary to the Board for details concerning registration of transfers of Domestic Shares. The contact details of the Secretary to the Board are: 3rd Floor, Block No. 45, Xinyuan Street, Chaoyang District, Beijing, the PRC; telephone No.: 86(10) 64603046; and facsimile No.: 86(10) 64611370.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the voting on all resolutions at the 2023 Annual General Meeting will be conducted by way of poll.

As at the Latest Practicable Date, Chaofu Company owned approximately 40.61% of the issued share capital of the Company. Chaofu Company and its associates will abstain from voting in relation to the resolutions concerning the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder at the 2023 Annual General Meeting. To the best of the Directors' knowledge, information and belief, other than Chaofu Company, no Shareholders will be required to abstain from voting at the 2023 Annual General Meeting in respect of the resolutions concerning the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder.

12. RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 25 to 26 of this supplemental circular which contains the recommendations of the Independent Board Committee to the Independent Shareholders in relation to the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder, and (ii) the letter of advice from Maxa Capital set out on pages 27 to 48 of this supplemental circular which contains the advice of Maxa Capital to the Independent Board Committee and the Independent Shareholders in relation to the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder.

Having considered the reasons set out herein, the Directors, including the independent non-executive Directors (having considered the advice of Maxa Capital), are of the opinion that the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder are fair and reasonable, in the ordinary and usual course of business of the Group, on normal commercial terms or better, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolutions regarding the same.

LETTER FROM THE BOARD

13. FURTHER INFORMATION

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

By Order of the Board
Beijing Jingkelong Company Limited
Zhang Liwei
Chairman

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the 2024 Lease Agreements and the Supplemental Lease Agreements, which has been prepared for the purpose of inclusion in this supplemental circular.



北京京客隆商業集團股份有限公司
BEIJING JINGKELONG COMPANY LIMITED*
(a joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 814)

To the Independent Shareholders

7 June 2024

Dear Sir or Madam,

**VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTIONS
IN RELATION TO THE 2024 LEASE AGREEMENTS AND
THE SUPPLEMENTAL LEASE AGREEMENTS**

We refer to the circular issued by the Company to the Shareholders dated 7 June 2024 (the “**Circular**”) of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee to consider the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder, and to advise the Independent Shareholders whether the same are fair and reasonable so far as the Independent Shareholders are concerned and are in interests of the Company and the Shareholders as a whole, and to recommend whether or not you should approve the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder. Maxa Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to the “Letter from the Board”, the advice of Maxa Capital to the Independent Board Committee and the Independent Shareholders in respect of the matters relating to 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder as set out in the “Letter from Maxa Capital” as well as other additional information set out in other parts of the Circular.

Having taken into consideration the terms of the 2024 Lease Agreements, the Supplemental Lease Agreements and the advice of the Maxa Capital, we concur with the view of Maxa Capital and consider that the terms of the 2024 Lease Agreements and the Supplemental Lease Agreements are fair and reasonable, and the transaction contemplated thereunder are conducted in the ordinary and usual course of the

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Company's business and are on normal or better commercial terms, and in the interest of the Company and its Shareholders as a whole. We therefore recommend that you vote in favour of the resolutions to be proposed at the 2023 Annual General Meeting to approve the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder.

Yours faithfully,
The Independent Board Committee

Wang Liping
Independent
non-executive Director

Chen Liping
Independent
non-executive Director

Kot Man Tat
Independent
non-executive Director

LETTER FROM MAXA CAPITAL

The following is the full text of the letter from Maxa Capital Limited, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders, setting out its advice in respect of the terms of the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.



Unit 2602, 26/F, Golden Centre
188 Des Voeux Road Central
Sheung Wan
Hong Kong

7 June 2024

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTIONS IN RELATION TO THE 2024 LEASE AGREEMENTS AND THE SUPPLEMENTAL LEASE AGREEMENTS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 7 June 2024 (“**the Circular**”) of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the announcement of the Company dated 15 December 2023 in relation to the 2023 Lease Agreements. As the 2023 Lease Agreements will expire on 30 June 2024 and the Board intends to continue to lease certain properties leased under the 2023 Lease Agreements, on 10 May 2024, the Group (as lessee) entered into the 2024 Lease Agreements with the Chaofu Group (as lessor).

On the same date (10 May 2024), the Group (as lessee) entered into the Supplemental Lease Agreements with the Chaofu Group (as lessor), to revise the fixed total rentals under the 2023 Lease Agreements.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Chaofu Company is the controlling shareholder of the Company (and hence a connected person of the Company), owning approximately 40.61% of the issued share capital of the Company. As both Hongchao Weiye and Jin Chaoyang are wholly-owned subsidiaries of Chaofu Company, Hongchao Weiye and Jin Chaoyang are therefore connected persons of the Company. Further, Chaopi Trading is a non-wholly owned subsidiary of the Company.

LETTER FROM MAXA CAPITAL

Pursuant to the PRC Accounting Standards for Business Enterprises No. 21 – Leases, the lease of the properties under the 2024 Lease Agreements will be recognised as right-of-use assets, the total value of which is estimated to be RMB417,176,413.23. The entering into of the 2024 Lease Agreement will be regarded as acquisitions of right-of-use assets by the Group under the Listing Rules.

Given that (i) the transactions under the 2023 Lease Agreements (as supplemented by the Supplemental Lease Agreements) and the 2024 Lease Agreements are of a similar nature and were all entered into within 12 months, and (ii) the lessors under the 2024 Lease Agreements are the same as those under the 2023 Lease Agreements and they belong to the same group of connected persons of the Company as set out above, the transactions under the 2023 Lease Agreements (as supplemented by the Supplemental Lease Agreements) and the 2024 Lease Agreements are required to be aggregated pursuant to the Listing Rules.

On an aggregate basis, as the highest applicable percentage ratio in respect of the 2023 Lease Agreements (as supplemented by the Supplemental Lease Agreements) and the 2024 Lease Agreements is more than 100%, the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder constitute very substantial acquisitions of the Company under Chapter 14 of the Listing Rules, and are therefore subject to the reporting, announcement, circular, and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

In view of the connected relationship set out above, the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder also constitute connected transactions of the Company. On an aggregate basis, as the highest applicable percentage ratio in respect of the 2023 Lease Agreements (as supplemented by the Supplemental Lease Agreements) and the 2024 Lease Agreements exceeds the 5% Threshold, the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder are also subject to the reporting, announcement, circular, independent financial advice and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. Wang Liping, Mr. Chen Liping and Mr. Kot Man Tat, being all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the terms of the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder. We, Maxa Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company, its subsidiaries and any other parties that could reasonably be regarded as relevant to our independence in accordance with Rule 13.84 of the Listing Rules and accordingly, were qualified to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder. Save for this appointment as the Independent Financial Adviser in respect of the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder, there was no other

LETTER FROM MAXA CAPITAL

engagement between the Company and us in the past two years. Apart from normal advisory fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have reviewed, among other things: (i) the 2024 Lease Agreements; (ii) the Supplemental Lease Agreements; (iii) the annual reports of the Company for the year ended 31 December 2022 (the “**2022 AR**”) and the year ended 31 December 2023 (the “**2023 AR**”); and (iv) the valuation report of (a) the 2024 Chaofu Property; (b) the 2024 Hongchao Weiye Properties I; (c) the 2024 Hongchao Weiye Property II; (d) the 2024 Hongchao Weiye Property III; and (e) the 2024 Jin Chaoyang Property (collectively, the “**Leased Properties**”) conducted by Beijing CEA Real Estate & Assets Appraisal Co., Ltd.* (北京中企華土地房地產資產評估有限公司). We consider that we have reviewed sufficient and relevant information and documents, and have taken reasonable steps as required under Rule 13.80 of the Listing Rules to reach an informed view and to provide a reasonable basis for our recommendation. We have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Group (the “**Management**”). We have reviewed, inter alia, the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the Management. We have assumed that (i) all statements, information and representations provided by the Directors and the Management; and (ii) the information referred to in the Circular, for which they are solely responsible, were true and accurate at the time when they were provided and continued to be so as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such information and representations before the AGM. We have also assumed that all statements of belief, opinion, intention and expectation 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 representations and opinions expressed by the Company, its advisers and/or the Directors. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the Management nor have we conducted any form of in-depth investigation into the business and affairs or the future prospects of the Group.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not be used out of context.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

1. Background information of the Group

The Group is principally engaged in the retail and wholesale distribution of daily consumer products. The Company's revenue is classified by three segments: (i) the retailing business segment is mainly engaged in the distribution of food, untagged food, daily necessities, drinks and cigarettes, hardware and household appliances through department stores, hypermarkets, supermarkets and convenience stores; (ii) the wholesale business segment is mainly engaged in the wholesales supply of daily consumer products, including food, untagged food, beverage, drinks and cigarettes and daily necessities; and (iii) the others business segment is principally engaged in selling of plastic packing products, hotel services and school training services. As at 31 December 2023, the Group had 133 retail outlets in Beijing city and certain parts of Northern China peripheral to Beijing with a net operating area of 171,031 square metres ("sq.m.").

Set out below is a summary of the consolidated financial information of the Group for the years ended 31 December 2021 ("FY2021"), 31 December 2022 ("FY2022") and 31 December 2023 ("FY2023") as extracted from the 2022 AR and 2023 AR:

	For the year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)
Revenue	11,056,555	9,541,354	9,467,889
– Retail	3,243,963	3,398,362	2,977,313
– Wholesale	6,843,854	5,245,554	5,495,746
– Others	12,495	17,166	18,095
Profit for the year	13,903	(65,039)	(52,740)

FY2022 vs FY2021

As illustrated in the table above, the Group's revenue amounted to approximately RMB9,541.4 million for FY2022, representing a decrease of approximately 13.7% as compared to approximately RMB11,056.6 million for FY2021. The decrease in the Group's revenue was mainly attributable to (i) decrease in revenue derived from the wholesale business by approximately RMB1,598.3 million, or approximately 23.4%, to approximately RMB5,245.6 million for FY2022 as compared to FY2021 mainly due to (a) the inability to accept or distribute commodity normally due to the pandemic restriction measures for the sales business and the reduction of sales orders under the continuous impact of the COVID-19 pandemic throughout FY2022, which had greater impact on the cross-border e-commerce business; (b) the adjustment to the commodity structure; and (c) the decline of the sales of commodities such as wine, beverage, etc. due to the impact of the COVID-19 pandemic; and was

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partially offset by (ii) increase in revenue derived from the retail business by approximately RMB154.4 million, or approximately 4.8%, to approximately RMB3,398.4 million for FY2022 as compared to FY2021, which was mainly attributable to (a) an overall same-store sales increase of approximately 6.3% during FY2022; and (b) the Group, as a daily necessities support enterprise, has been benefited from an increase in retail sales during the pandemic period. As at 31 December 2022, the net operating area of the Group's retail outlets was 182,164 sq.m., representing a decrease of 23.7% as compared to 238,691 sq.m. as at 31 December 2021, which was mainly attributable to the close down of four supermarkets, 18 directly-operated convenience stores and a franchise-operated convenience store due to the expiration of leases and modifications to the operation strategy.

The Group recorded net loss of approximately RMB65.0 million for FY2022 as compared to the net profit of approximately RMB13.9 million for FY2021. The deterioration in the Group's financial performance for FY2022 was mainly due to the combined effects of (i) a one-off amortization of improvement expenses in the amount of approximately RMB23.4 million in connection with the Group's decision to cease rental of a premise from January 2022 which was mainly used for the operation of a supermarket and to early terminated a lease agreement entered into with a lessor; (ii) during FY2022, the loss on changes in fair value of the financial assets which have been held by the Company's non-wholly subsidiary since April 2018, in the amount of approximately RMB31.2 million when compared to the loss on changes in fair value of such financial assets in the amount of approximately RMB25.6 million during FY2021, due to the mark-to-market effect; (iii) the rentals waived by the Group (as lessor) during FY2022 in an aggregate amount of approximately RMB53.5 million (tax inclusive) pursuant to the rental waiver plan adopted by the Group on 27 May 2022 which was determined in accordance with the government policies relating to the mandatory rental waiver for the micro- or small-sized enterprises and individual business operators in the service industries, resulting in corresponding decrease in the other operating income for FY2022.

FY2023 vs FY2022

The total revenue of the Group was approximately RMB9,467.9 million for FY2023, representing a decrease of approximately RMB73.5 million, or approximately 0.8%, as compared to approximately RMB9,541.4 million for FY2022. Such decrease in the revenue was primarily attributable to (i) the decrease in revenue derived from the retail business by approximately RMB421.0 million to approximately RMB2,977.3 million for FY2023 as compared to FY2022, which was mainly attributable to (a) the domestic social and economic activities began to return to normal (including the recovery of catering consumption), resulting in a decline in customer flow in the Group's stores and corresponding decrease in the Group's store sales in FY2023 compared to FY2022, resulting in a decrease in same-store sales of approximately 13.8%; and (b) due to lease expiration and business strategy adjustment, 8 supermarkets and 21 convenience stores have been closed since the beginning of 2022 and up to the present, resulting in a decline in sales; and was partially offset by (ii) the increase in revenue derived from the wholesale business by approximately RMB250.2 million, or approximately 4.8%, to approximately RMB5,495.7 million for FY2023 as compared to FY2022 mainly attributable to the increase in cross-border e-commerce business.

The Group recorded net loss of approximately RMB52.7 million for FY2023, representing a decrease of approximately RMB12.3 million, as compared to net loss of approximately RMB65.0 million for FY2022. The decrease of the Group's net loss for FY2023 was mainly attributable to the combined

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effects of (i) decrease in gross profit from operations by approximately RMB115.2 million for FY2023 mainly due to the decline in sales of the retail business and increase in low-price promotions, leading to both decrease in gross profit and gross profit margin; (ii) decrease in selling expenses by approximately RMB111.8 million primarily due to (a) the reduction of market cost input borne by the Company and the change of the accounting method of downstream promotion cost; and (b) the closure of some leased stores resulting in the reduction of depreciation and amortization in selling expenses and energy and transportation expenses; and (iii) increase in non-operating income by approximately RMB23.1 million mainly due to the one off demolition compensation of approximately RMB19.3 million from the government during FY2023.

	As at 31 December		
	2021	2022	2023
	<i>RMB'000</i> <i>(audited)</i>	<i>RMB'000</i> <i>(audited)</i>	<i>RMB'000</i> <i>(audited)</i>
Non-current assets	2,998,068	2,629,618	2,184,094
Current assets	4,846,983	4,864,324	4,947,950
Total assets	7,845,051	7,493,942	7,132,045
Non-current liabilities	1,351,599	719,235	473,160
Current liabilities	4,423,720	4,843,813	4,826,017
Total liabilities	5,775,319	5,563,048	5,299,177
Net current assets	423,263	20,512	121,933
Net assets	2,069,732	1,562,508	1,486,220

Total assets

The Group had total assets of approximately RMB7,493.9 million as at 31 December 2022, which mainly comprised of (i) inventories of approximately RMB1,596.8 million; (ii) prepayment of approximately RMB1,022.7 million; (iii) accounts receivable of approximately RMB1,014.1 million; (iv) cash and bank balance of approximately RMB890.6 million; and (v) right-of-use assets of approximately RMB763.6 million. The decrease in the total assets by approximately RMB351.1 million to approximately RMB7,493.9 million as at 31 December 2022 as compared to that as at 31 December 2021 was mainly attributable to (i) decrease in right-of-use assets by approximately RMB218.0 million, mainly due to reduction of the book value of right-of-use asset caused by early termination of store lease and lease expires; (ii) decrease in long-term prepaid expenses by approximately RMB69.3 million, mainly due to disposal of construction in progress; and (iii) decrease in other non-current assets by approximately RMB53.3 million.

The Group had total assets of approximately RMB7,132.0 million as at 31 December 2023, which mainly comprised of (i) inventories of approximately RMB1,615.0 million; (ii) prepayment of approximately RMB1,006.4 million; (iii) accounts receivable of approximately RMB984.1 million; (iv) cash and bank balance of approximately RMB965.7 million; and (v) fixed assets of approximately RMB711.8 million. The decrease in the total assets by approximately RMB362.0 million to approximately RMB7,132.0 million as at 31 December 2023 as compared to that as at 31 December 2022 was mainly attributable to (i) decrease in right-of-use assets by approximately RMB231.6 million, mainly due to reduction of the book value of right-of-use assets caused by early

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termination of store lease and lease expires; (ii) decrease in fixed assets by approximately RMB75.0 million; (iii) decrease in long-term prepaid expenses by approximately RMB66.0 million, mainly due to disposal of construction in progress; and was partially offset by (iv) increase in cash and bank balances by approximately RMB75.1 million.

Total liabilities

The Group had total liabilities of approximately RMB5,563.0 million as at 31 December 2022, which mainly comprised of (i) short-term borrowings of approximately RMB2,213.5 million; (ii) accounts payable of approximately RMB857.2 million; (iii) notes payable of approximately RMB846.6 million; and (iv) lease liabilities of approximately RMB670.6 million. The decrease in the total liabilities by approximately RMB212.3 million to approximately RMB5,563.0 million as at 31 December 2022 as compared to that as at 31 December 2021 was mainly due to the combined effects of (i) decrease in bonds payables by approximately RMB403.5 million; (ii) decrease in leases liabilities by approximately 226.7 million; and was partially offset by (iii) increase in notes payable by approximately RMB379.2 million.

The Group had total liabilities of approximately RMB5,299.2 million as at 31 December 2023, which mainly comprised of (i) short-term borrowings of approximately RMB3,148.0 million; (ii) accounts payable of approximately RMB528.7 million; (iii) lease liabilities of approximately RMB445.1 million; and (iv) contract liabilities of approximately RMB312.2 million. The decrease in the total liabilities by approximately RMB263.9 million to approximately RMB5,299.2 million as at 31 December 2023 as compared to that as at 31 December 2022 was mainly due to (i) decrease in notes payable by approximately RMB544.6 million; (ii) decrease in accounts payable by approximately RMB328.5 million; (iii) decrease in lease liabilities by approximately RMB225.4 million; and was partially offset by (iv) increase in short-term borrowings by approximately RMB934.5 million.

Liquidity Position

The Group's current ratios, calculated by dividing current assets by current liabilities, remained fairly stable at approximately 1.10 times, 1.00 times and 1.03 times as at each of 31 December 2021, 2022 and 2023, respectively.

2. Background information of Chaopi Trading, Chaofu Company, Hongchao Weiye and Jin Chaoyang

Chaopi Trading is a limited company established in the PRC and a non-wholly owned subsidiary of the Company, where the Company owns approximately 79.85% of its equity interests. Chaopi Trading is principally engaged in the wholesale distribution of fast-moving consumer goods.

Chaofu Company is a state-owned enterprise ultimately managed and controlled by the Chaoyang SASAC. Chaofu Company is principally engaged in investment holding, provision of property management service and property leasing.

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Hongchao Weiye is a company established in the PRC with limited liability and is a wholly-owned subsidiary of Chaofu Company. Hongchao Weiye is principally engaged in accepting entrustment of operation and management of state-owned assets and collective assets.

Jin Chaoyang is a company established in the PRC with limited liability and is a wholly-owned subsidiary of Chaofu Company. Jin Chaoyang is principally engaged in leasing business.

3. Reasons for and benefits of entering into the 2024 Lease Agreements and the Supplemental Lease Agreements

3.1 The entering into of the 2024 Lease Agreements

As disclosed in the Letter from the Board, as the Group is principally engaged in retail and wholesale distribution of daily consumer products, mainly operating supermarkets and convenience stores, the Group has ongoing operational needs to continue to lease certain properties leased under the 2023 Lease Agreements to maintain its current retail and wholesale operations. Given that the Group has long-term strategic and stable business relationships with Chaofu Group, the Directors are of the view that it is beneficial for the Group to continue to lease the properties from Chaofu Group under the 2024 Lease Agreements (with a term of five (5) years, except the 2024 Hongchao Weiye Lease Agreement III with a term of one (1) year), which will ensure the stability and continuity of the Group's operations (such that the business and revenue of the Group will not be seriously affected as a result of potential large scale relocation), save administrative costs associated with searching for comparable replacement of properties and capital expenditure in relocation and renovation.

We understand from the Management, the Group has established a long-term and stable relationship of leasing properties from Chaofu Group. Based on our review of the Company's prospectus dated 29 June 2007 in relation to the listing by way of introduction of the H Shares on the Main Board of the Stock Exchange, we note that the Group entered into various lease agreements since 2004 to lease certain properties situated in the Chaoyang District, Beijing, from Chaofu Group for terms of between 10 years to 20 years. The Management advised that such relatively long-term leases were beneficial to the Group's retail and wholesale business as the Group was able to secure the tenure of the leased properties at relatively stable rental cost in the past.

Based on our review of the 2024 Lease Agreements, we note that the total gross floor area ("GFA") of the properties to be leased from Chaofu Group was approximately 84,952 sq.m. (excluding the properties leased under the 2024 Hongchao Weiye Lease Agreement II which are intended for the wholesale related business). As disclosed in the 2023 AR, the net operating area of the Group's retail outlets as at 31 December 2023 was 171,031 sq.m. Therefore, the GFA leased under the 2024 Lease Agreements was material to the Group's retail business as it accounts for approximately 49.7% of the net operating area of the Group's retail outlets as at 31 December 2023. The Management advised that it would take considerable amount of time and administrative costs in order for the Group to identify suitable or comparable properties for relocation having considered the substantial amount of GFA involved under the 2024 Lease Agreements. In additions, the Group's financial performance

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would be negatively impacted due to the disruption of the retail business and significant amount of capital expenditures required for renovation as a result of the relocation of the retail outlets.

In light of the above, we concur with the Directors' view that the stability and continuity of the Group's operations, particularly its retail outlet business, would be seriously affected should the Group failed to renew the lease terms of the properties under the 2024 Lease Agreements.

3.2 *The entering into of the Supplemental Lease Agreements*

As disclosed in the Letter from the Board, during the negotiation and preparatory stage of the 2024 Lease Agreements, the Independent Valuer has been engaged to conduct the valuation of the rentals in respect of the relevant properties under the 2024 Lease Agreements. The parties noted the significant difference between appraised level of rentals (forming the basis of the rentals under the 2024 Lease Agreements) and the rentals under the 2023 Lease Agreements (which were previously determined without having obtained a valuation by an independent professional valuer). Since the 2024 Lease Agreements are essentially a continuation of the 2023 Lease Agreements with certain scope adjustments taking into account actual business needs, as part of the commercial negotiations between the Group and the lessors, the relevant lessors required an act for good faith from the Group and requested that the rentals under the 2023 Lease Agreements be revised, with a view to setting the rentals (per sq.m. per day) of the 2023 Lease Agreements on the same or a similar level as those of the 2024 Lease Agreements or on the prevailing market level, with reference to the abovementioned rental valuation. While, as a result of the aforesaid scope adjustment, certain properties under the 2023 Chaofu Lease Agreement and 2023 Hongchao Weiye Lease Agreement I will no longer be leased (with further details set out in the principal terms of the relevant Supplemental Lease Agreements above) and thus are not within the scope of the 2024 Lease Agreements, the fixed total rentals of such properties are also adjusted to the prevailing market level (based on the said rental valuation) since they were previously determined based on the rental levels of the relevant Original Chaofu Lease Agreement and the Original Hongchao Weiye Lease Agreement I (as the case may be). The Group considers that the Supplemental Lease Agreements and the 2024 Lease Agreements are part of the same commercial package, which, as a whole, brings commercial benefits to the Group, and the entering into of the Supplemental lease Agreements will enhance the willingness and incentives of Chaofu Group to enter into the 2024 Lease Agreements. In this regard, the effectiveness of each of the Supplemental Lease Agreements is subject to the Independent Shareholders' approvals of not only the relevant Supplemental Lease Agreement but also the relevant 2024 Lease Agreement.

We have discussed with the Management and understand that, at the time of entering into of the 2023 Lease Agreements, both Chaofu Group and the Group had decided not to formally engage an independent professional valuer to appraise the rentals under the 2023 Lease Agreements given the relatively short tenure of the lease renewal (i.e. six months). In order to expedite the negotiation process, both parties agreed to determine the rentals under the 2023 Lease Agreements with reference to the rental level under the Original Chaofu Lease Agreements, the Original Hongchao Weiye Lease Agreement I, the Original Hongchao Weiye Lease Agreement II and the Original Jin Chaoyan Lease Agreement (collectively, the

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“**Original Lease Agreements**”). Given that the Original Lease Agreements were entered back in 2004 and/or 2011 with relatively long leases terms ranging from 12 years to 20 years, the fixed rental near the end of the lease terms under the Original Lease Agreements would not precisely reflect the then prevailing market rents. Therefore, the rental rates of the 2023 Lease Agreements, which were determined with reference to the rental level of the Original Lease Agreements, could deviate from the prevailing market rents at the time of entering into the 2023 Lease Agreements. As per the Supplemental Lease Agreements, the revised fixed rentals, which are determined with reference to the market rentals appraised by the Independent Valuer, are substantially higher than the fixed rentals under the 2023 Lease Agreements. Therefore, it is apparent that the rental rates of the 2023 Lease Agreements were lower than the then prevailing market rates, which should be beneficial to the Group from the operating cost perspective.

Against this backdrop, the Management advised that Chaofu Group, at the time of negotiating the 2024 Lease Agreements, requested the Group to revise the existing rentals under the 2023 Lease Agreements to align with the prevailing market rents. From the legal perspective, we understand that the Group is not obliged to revise the rentals under the existing 2023 Lease Agreements. However, from the commercial standpoint, having regarded the long-standing relationship between Chaofu Group and the Group and the commercial benefits brought by the 2024 Lease Agreements, the Management considered that entering into of the Supplemental Lease Agreements plays a pivotal role in the commercial negotiation of the 2024 Lease Agreements with Chaofu Group. In additions, we note that the Supplement Lease Agreements are conditional upon the effectiveness of the 2024 Lease Agreements, which we consider to be in line with the Management’s assertion that the Supplemental Lease Agreements is part of the commercial arrangement under the 2024 Lease Agreements. Hence, we consider that, the entering into of the Supplemental Lease Agreements is justifiable as it incentives Chaofu Group and increase its willingness to enter into the 2024 Lease Agreement with the Group.

In view of the abovementioned, we concur with the Directors that entering into the 2024 Lease Agreements and the Supplemental Lease Agreements are in the interests of the Company and the Shareholders as a whole.

4. Principal Terms of the 2024 Lease Agreements and the Supplemental Lease Agreements

The following information has been extracted from the Letter from the Board:

The 2024 Lease Agreements

2024 Chaofu Lease Agreement

Date:	10 May 2024
Lessee:	The Company
Lessor:	Chaofu Company

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Property to be leased: The property located at No. 14, Zone 2, Gaojiayuan, Chaoyang District, Beijing* (北京市朝陽區高家園二區14號), including the ancillary utility facilities, with a gross floor area of 584.18 sq.m. (the “**2024 Chaofu Property**”).

Lease term: The lease term of the 2024 Chaofu Property will be for five (5) years, commencing on 1 July 2024 and ending on 30 June 2029.

Rental: The total rental payable for the entire five-year lease term is RMB2,933,260.67 (tax inclusive; the total rental amount exclusive of tax is RMB2,793,581.59), with the breakdown (tax inclusive) as follows:

Lease period	Rental payable (RMB)
1 July 2024 to 30 September 2024	Nil (three months’ rent-free period)
1 October 2024 to 30 June 2025	457,369.13
1 July 2025 to 30 June 2026	609,825.50
1 July 2026 to 30 June 2027	609,825.50
1 July 2027 to 30 June 2028	628,120.27
1 July 2028 to 30 June 2029	628,120.27
Total:	2,933,260.67

2024 Hongchao Weiye Lease Agreement I

Date: 10 May 2024

Lessee: The Company

Lessor: Hongchao Weiye

Properties to be leased: A total of 32 properties located in Chaoyang District, Beijing, the PRC, including the ancillary utility facilities, with a total gross floor area of 57,633.75 sq.m. (the “**2024 Hongchao Weiye Properties I**”)

Lease term: The lease term of the 2024 Hongchao Weiye Properties I will be for five (5) years, commencing on 1 July 2024 and ending on 30 June 2029.

Rental: The total rental payable for the entire five-year lease term is RMB346,567,769.81 (tax inclusive; the total rental amount exclusive of tax is RMB330,064,542.68), with the breakdown (tax inclusive) as follows:

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Lease period	Rental payable (RMB)
1 July 2024 to 30 September 2024	Nil (three months' rent-free period)
1 October 2024 to 30 June 2025	54,038,633.55
1 July 2025 to 30 June 2026	72,051,511.39
1 July 2026 to 30 June 2027	72,051,511.39
1 July 2027 to 30 June 2028	74,213,056.74
1 July 2028 to 30 June 2029	74,213,056.74
Total:	346,567,769.81

Among the 2024 Hongchao Weiye Properties I, it is expected that 6 properties with a total gross floor area of 4,340.74 sq.m. will be used for operating 6 convenience stores, 16 properties with a total gross floor area of 43,737.09 sq.m. will be used for operating 15 supermarkets, and 10 properties with a total gross floor area of 9,555.92 sq.m. will be leased out by the Group.

2024 Hongchao Weiye Lease Agreement II

Date:	10 May 2024
Lessee:	Chaopi Trading
Lessor:	Hongchao Weiye
Property to be leased:	Block No. 204, Shuanglong South Lane, Chaoyang District, Beijing* (北京市朝陽區雙龍南里204號樓), including the ancillary utility facilities, with a gross floor area of 9,051.6 sq.m. (the “ 2024 Hongchao Weiye Property II ”).
Lease term:	The lease term of the 2024 Hongchao Weiye Property II will be for five (5) years, commencing on 1 July 2024 and ending on 30 June 2029.
Rental:	The total rental payable for the entire five-year lease term is RMB45,608,437.23 (tax inclusive; the total rental amount exclusive of tax is RMB43,436,606.89), with the breakdown (tax inclusive) as follows:

Lease period	Rental payable (RMB)
1 July 2024 to 30 September 2024	Nil (three months' rent-free period)
1 October 2024 to 30 June 2025	7,111,502.69
1 July 2025 to 30 June 2026	9,482,003.58
1 July 2026 to 30 June 2027	9,482,003.58

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Lease period	Rental payable (RMB)
1 July 2027 to 30 June 2028	9,766,463.69
1 July 2028 to 30 June 2029	9,766,463.69
Total:	45,608,437.23

2024 Hongchao Weiye Lease Agreement III

Date:	10 May 2024
Lessee:	The Company
Lessor:	Hongchao Weiye
Properties to be leased:	Nine blocks (including block no. 1) at Yaojia Garden West Kou (Food Company), Chaoyang District, Beijing* (北京市朝陽區姚家園西口(食品公司)1幢等9幢房屋), including the ancillary utility facilities, with a gross floor area of 12,239.16 sq.m. (the “ 2024 Hongchao Weiye Property III ”).
Lease term:	The lease term of the 2024 Hongchao Weiye Property III will be for one (1) year, commencing on 1 July 2024 and ending on 30 June 2025.
Rental:	The total rental payable for the one-year lease term is RMB1,252,649.21 (tax inclusive; the total rental amount exclusive of tax is RMB1,192,999.25), with the breakdown (tax inclusive) as follows:

Lease period	Rental payable (RMB)
1 July 2024 to 30 September 2024	Nil (three months' rent-free period)
1 October 2024 to 30 June 2025	1,252,649.21
Total:	1,252,649.21

2024 Jin Chaoyang Lease Agreement

Date:	10 May 2024
Lessee:	The Company
Lessor:	Jin Chaoyang

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Property to be leased: The commercial premises located at Block No. 211, Wangjing South Lake Central Park, Chaoyang District, Beijing, the PRC* (北京市朝陽區望京南湖中園211樓商業用房), including the ancillary utility facilities, with a gross floor area of 14494.6 sq.m. (the “**2024 Jin Chaoyang Property**”).

Lease term: The lease term of the 2024 Jin Chaoyang Property will be for five (5) years, commencing on 1 July 2024 and ending on 30 June 2029.

Rental: The total rental payable for the entire five-year lease term is RMB76,342,333.47 (tax inclusive; the total rental amount exclusive of tax is RMB72,706,984.26), with the breakdown (tax inclusive) as follows:

Lease period	Rental payable (RMB)
1 July 2024 to 30 September 2024	Nil (three months' rent-free period)
1 October 2024 to 30 June 2025	11,903,690.25
1 July 2025 to 30 June 2026	15,871,587.00
1 July 2026 to 30 June 2027	15,871,587.00
1 July 2027 to 30 June 2028	16,347,734.61
1 July 2028 to 30 June 2029	16,347,734.61
Total:	76,342,333.47

In addition to the above terms, each of the 2024 Lease Agreements has stipulated the following terms (except the different uses stated below):

Uses of the properties: *For the 2024 Lease Agreements (other than the 2024 Hongchao Weiye Lease Agreement II):*

The lessee may use the leased property(ies) for retail related purposes, including but not limited to, operating supermarkets, storage and warehouses, investment promotion, joint operations, partial letting, and developing new operational projects.

For the 2024 Hongchao Weiye Lease Agreement II:

The lessee may use the leased property for wholesale related purposes, including but not limited to, office, storage and warehouses, investment promotion, joint operations, partial letting, and developing new operational projects.

Payment: The rentals shall be paid in advance on a half-yearly basis.

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Condition precedent: The effectiveness of the relevant 2024 Lease Agreement shall be conditional upon obtaining the approval of the Independent Shareholders in respect of such agreement at a general meeting of the Company.

Variation or termination: Any variation or early termination of the relevant 2024 Lease Agreement shall be notified to the other party in writing three months in advance, and the variation or early termination shall be made only after a written agreement is entered into between the parties, and the party requesting the variation or early termination shall compensate the loss caused to the other party as a result of such variation or early termination.

Further, the rentals payable in respect of the 2024 Lease Agreements have been arrived at after arm's length negotiations between the parties thereto, with reference to, inter alia, (i) the valuation of the rentals conducted by the Independent Valuer, (ii) rental discount offered by Hongchao Weiye for the 2024 Hongchao Weiye Lease Agreement III (as compared to the appraised rental per annum), (iii) the prevailing market rentals of comparable properties in the area where the relevant properties are situated, and (iv) the expected inflation during the lease terms of the 2024 Lease Agreements.

The Supplemental Lease Agreements

Supplemental Chaofu Lease Agreement

Date: 10 May 2024

Lessee: The Company

Lessor: Chaofu Company

Revision of the total fixed rental: The fixed total rental under the 2023 Chaofu Lease Agreement shall be revised from RMB333,559.57 to RMB2,461,157.83, which is based on:

- (i) the total gross floor area of the 2023 Chaofu Properties of 5,606.92 sq.m., and among which, the lease of a part (with gross floor area of 2,230 sq.m.) of a particular property (Block No. 4, Hongmiao North Lane, Chaoyang District, Beijing* (北京市朝陽區紅廟北里4號樓)) was discontinued on 2 April 2024; and
- (ii) revised rental per sq.m. per day ranging from RMB2.86 to RMB3.7, depending on the relevant properties concerned, with reference to:

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- (a) the appraised level of rental of approximately RMB2.86 per sq.m. per day for the 2024 Chaofu Property; and
- (b) (for the other four properties which are not within the scope of the 2024 Lease Agreements) the appraised levels of rentals of approximately RMB2.90 to RMB3.7 per sq.m. per day.

The Company shall pay the difference in the amount of RMB2,127,598.26. in one lump sum upon the agreement taking effect.

Condition precedent: The effectiveness of the Supplemental Chaofu Lease Agreement shall be conditional upon obtaining the approvals of the Independent Shareholders at the general meeting of the Company in respect of both the Supplemental Chaofu Lease Agreement and the 2024 Chaofu Lease Agreement.

Other: Save as the above, other terms of the 2023 Chaofu Lease Agreement shall remain unchanged.

Supplemental Hongchao Weiye Lease Agreement I

Date: 10 May 2024

Lessee: The Company

Lessor: Hongchao Weiye

Revision of the total fixed rental: The fixed total rental under the 2023 Hongchao Weiye Lease Agreement I shall be revised from RMB4,225,047.81 to RMB40,960,512.59, which is based on:

- (i) the total gross floor area of the 2023 Hongchao Weiye Properties I of 77,794.46 sq.m., and among which, the lease of three properties (with total gross floor area of 1,168.86 sq.m.) was discontinued on 27 March 2024; and
- (ii) revised rental per sq.m. per day ranging from RMB0.37 to RMB10, depending on the relevant properties concerned^(Note 1), with reference to:

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- (a) (for the properties which are the same as the 2024 Hongchao Weiye Properties I) the appraised levels of rentals ranging from approximately RMB1.44^(Note 2) to RMB10 per sq.m. per day for the 2024 Hongchao Weiye Properties I;
- (b) (for one property being the same as the 2024 Hongchao Weiye Property III) the rental of approximately RMB0.37 per sq.m. per day for the 2024 Hongchao Weiye Property III, which is less than the appraised rental of RMB2.15 per sq.m. per day; and
- (c) (for other nine properties which are not within the scope of the 2024 Lease Agreements) the appraised levels of rentals of approximately RMB1.88 to RMB6.04 per sq.m. per day.

Note 1: Excluding two properties with nil rent

Note 2: Excluding one property with nil rent

The Company shall pay the difference in the amount of RMB36,735,464.78 in one lump sum upon the agreement taking effect.

Condition precedent: The effectiveness of the Supplemental Hongchao Weiye Lease Agreement I shall be conditional upon obtaining the approvals of the Independent Shareholders at the general meeting of the Company in respect of both the Supplemental Hongchao Weiye Lease Agreement I, the 2024 Hongchao Weiye Lease Agreement I and the 2024 Hongchao Weiye Lease Agreement III.

Other: Save as the above, other terms of the 2023 Hongchao Weiye Lease Agreement I shall remain unchanged.

Supplemental Hongchao Weiye Lease Agreement II

Date: 10 May 2024

Lessee: Chaopi Trading

Lessor: Hongchao Weiye

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Revision of the total fixed rental: The fixed total rental under the 2023 Hongchao Weiye Lease Agreement II shall be revised from RMB472,260.37 to RMB4,741,001.79, which is based on:

- (i) the gross floor area of the 2023 Hongchao Weiye Property II of 9,051.6 sq.m.; and
- (ii) revised rental of RMB2.87 per sq.m. per day (with reference to the appraised rental of RMB2.87 per sq.m. per day for the 2024 Hongchao Weiye Property II).

Chaopi Trading shall pay the difference in the amount of RMB4,268,741.42 in one lump sum upon the agreement taking effect.

Condition precedent: The effectiveness of the Supplemental Hongchao Weiye Lease Agreement II shall be conditional upon obtaining the approvals of the Independent Shareholders at the general meeting of the Company in respect of both the Supplemental Hongchao Weiye Lease Agreement II and the 2024 Hongchao Weiye Lease Agreement II.

Other: Save as the above, other terms of the 2023 Hongchao Weiye Lease Agreement II shall remain unchanged.

Supplemental Jin Chaoyang Lease Agreement

Date: 10 May 2024

Lessee: The Company

Lessor: Jin Chaoyang

Revision of the total fixed rental: The fixed total rental under the 2024 Jin Chaoyang Lease Agreement shall be revised from RMB1,834,125 to RMB8,212,500, which is based on:

- (i) the gross floor area of the 2023 Jin Chaoyang Property of 15,000 sq.m.; and
- (ii) revised rental of RMB3 per sq.m. per day (with reference to the appraised level of RMB3 per sq.m. per day for the 2024 Jin Chaoyang Property).

The Company shall pay the difference in the amount of RMB6,378,375 in one lump sum upon the agreement taking effect.

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- Condition precedent:** The effectiveness of the Supplemental Jin Chaoyang Lease Agreement shall be conditional upon obtaining the approvals of the Independent Shareholders at the general meeting of the Company in respect of both the Supplemental Jin Chaoyang Lease Agreement and the 2024 Jin Chaoyang Lease Agreement.
- Other:** Save as the above, other terms of the 2023 Jin Chaoyang Lease Agreement shall remain unchanged.

5. Assessment of the terms of 2024 Lease Agreements and Supplemental Lease Agreement

5.1 Basis of the rental

As disclosed in the Letter from the Board, (i) the rentals payable in respect of the 2024 Lease Agreements have been arrived at after arm's length negotiations between the parties thereto, with reference to, inter alia, (a) the valuation of the rentals conducted by the Independent Valuer, (b) rental discount offered by Hongchao Weiye for the 2024 Hongchao Weiye Lease Agreement III (as compared to the appraised rental per annum), (c) the prevailing market rentals of comparable properties in the area where the relevant properties are situated, and (d) the expected inflation during the lease terms of the 2024 Lease Agreements; and (ii) the revised fixed rentals of the surrendered properties in respect of the Supplemental Lease Agreement (the "**Surrendered Properties**", together with the Leased Properties, the "**Appraised Properties**") have been arrived after arm's length negotiations between the parties with reference to the valuation of the rentals conducted by the Independent Valuer.

Independent Shareholders' attention is drawn to the full text of the valuation report (the "**Valuation Report**") conducted by Beijing CEA Real Estate & Assets Appraisal Co., Ltd.* (北京中企華土地房地產資產評估有限公司) the Independent Valuer, as set out in Appendix III to the Circular. We have reviewed the Valuation Report and save for the annual rental for the 2024 Hongchao Weiye Lease Agreement III is different from the appraised annual rental due to the discount offered by Hongchao Weiye, we did not identify any difference between (i) the annual rentals for the first three years and the appraised annual rental of the Leased Properties; and (ii) the revised annual rentals and the appraised annual rental of the Surrendered Properties.

The Valuation Report

In order to assess the expertise and independence of the Independent Valuer, we have obtained and reviewed (i) the engagement letter of the Independent Valuer; and (ii) the Independent Valuer's relevant qualifications and experience. We understand that the Independent Valuer is a long-established professional valuation firm since 1994 with possession of relevant professional qualifications and experience required to perform the Valuation Report and the person in-charge of the valuation, being Mr. Liu Hongshuai, is a Certified China Real Estate Appraiser, a director of the China Institute of Real Estate Appraiser and Agent, and a member of the Hong Kong Institute of Surveyors with over 20 years of experience in the property valuation and advisory services in the Mainland China. For due diligence purpose, we have

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conducted telephone discussion with the working team of the Independent Valuer to understand its previous experiences on valuation projects, the methodologies, basis and assumptions they have adopted in the Valuation Report as well as the steps and measures taken by the Independent Valuer in conducting the valuation. We also understand from the Independent Valuer that it has carried out on-site inspections and made relevant enquiries and researches for preparing the Valuation Report. The Independent Valuer confirmed that it is independent from the Group and their respective associates. Based on the above, we consider that the Independent Valuer is qualified and possesses relevant experience in conducting the valuations, and the terms and scope of the engagement between the Company and the Independent Valuer are appropriate to the opinion the Independent Valuer is required to give.

We have reviewed the Valuation Report and discussed with the Independent Valuer on the methodologies of, and basis and assumptions adopted therein. We understand that the Independent Valuer has adopted the direct comparison method by making reference to comparable market rentals as available in the subject locality. The direct comparison method rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors. Given that the rentals of the Appraised Properties under valuation have sufficient comparable transactions in the relevant market, the Independent Valuer considers that the direct comparison method is a suitable method for valuing the rentals of the Leased Properties. We understand from the Independent Valuer that direct comparison method is fully in line with the relevant valuation and market standards for appraising the annual rentals of properties in the PRC.

We have discussed with the Independent Valuer and understand that the Appraised Properties consist of 50 properties with lease area ranging from 52.2 sq.m. to 16,919.69 sq.m. and the Independent Valuer has identified three comparable properties for each of the Appraised Properties. We have reviewed the list of comparable properties identified by the Independent Valuer for each of the Appraised Properties. We understand from the Independent Valuer that each list of three comparable properties form an exhaustive list of the properties most comparable to each of the Appraised Properties in terms of nature of transaction, time, location, usage, lease area, floor level and other relevant factors (the “**Selected Comparable Properties**”). We note that (i) the Selected Comparable Properties are of commercial use with the locations in the same district of the Appraised Properties in Beijing; (ii) the daily rents of Selected Comparable Properties is gathered by the Independent Valuer from on-site inspection or telephone inquiry with real estate agencies in March 2024 before the date of the 2024 Lease Agreements and Supplemental Lease Agreements. The Independent Valuer has made relevant adjustments, including degree of business prosperity, street frontage condition, location, year of construction, decoration, lease area and floor level of the properties to take into account the differences between the comparable properties and each of the Appraised Properties, and then use the average adjusted daily rent of the three comparable properties multiplied by the lease area and multiplied by 365 days to calculate the valuation of the annual rental of each of the Appraised Properties.

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In order to cross-check the market annual rentals of the Appraised Properties, we have conducted a search of comparable properties for each of the Appraised Properties on an online real estate agency platform in late April 2024 for commercial real estates in close proximity to the Appraised Properties and located within the Chaoyang District, Beijing, being the area where the Appraised Properties are situated, with lease area within the range of (i) less than 1,000 sq.m.; (ii) 1,000 sq.m. to 3,400 sq.m.; (iii) 3,401 sq.m. to 10,000 sq.m. and (iv) over 10,000 sq.m., considering different lease area of each of the Appraised Properties and currently available for lease in the real estate lease market. The separate range of lease area is determined with reference to the average operating area of different scale of retail outlets as disclosed in the 2023 AR. According to the 2023 AR, the Company is principally operating convenience stores, supermarkets, hypermarkets and department stores with average operating area of approximately 192 sq.m., 1,742 sq.m., 5,026 sq.m. and 27,800 sq.m., respectively. Therefore, we consider that the lease area range adopted above will be suitable for identifying comparable properties which match with the type of retail outlets operated by the Group. Based on such selection criteria, on a best effort basis, we have identified a list of three to five comparable properties for each of the Appraised Properties (the “**Reference Properties**”) and we note that (i) the average adjusted daily rents of 47 properties of the Appraised Properties are not higher than the average daily rents of the Reference Properties; and (ii) the average adjusted daily rents of 3 properties of the Appraised Properties are higher than the average daily rents of the Reference Properties but within the range of daily rents of the Reference Properties.

In light of the above, we are of the view that the valuation methodologies adopted, together with the bases and assumptions for appraising the Appraised Properties are reasonable and acceptable.

Furthermore, we noted that a 3% increment on the annual rentals for every three years for the Lease Properties with reference to the expected inflation during the lease terms of the 2024 Lease Agreements has been taken into account by the Company. We have reviewed the consumer price index (the “**CPI**”) released by Beijing Municipal Bureau of Statistic and we noted that the CPI of Beijing has increased by approximately 1.1%, 1.8% and 0.4% for 2021, 2022 and 2023 and therefore the compound rate of increase between 2021 and 2023 (being a three-year period) would be approximately 3.3%. Taking into account that the CPI growth rate may have relevant impact on the rental market, we consider that the 3% increment on the annual rentals for every three years for the Lease Properties with reference to the expected inflation during the lease terms of the 2024 Lease Agreements to be reasonable.

5.2 Basis of the lease term of 2024 Lease Agreements

The lease term of the 2024 Lease Agreement (except for the 2024 Hongchao Weiye Lease Agreement III) will be for five years, commencing on 1 July 2024 and ending on 30 June 2029.

In order to assess the reasonableness of the lease term of the 2024 Lease Agreements (except for the 2024 Hongchao Weiye Lease Agreement III), we have obtained and reviewed three randomly selected lease agreements entered into by the Company with independent third

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parties and we note that the lease term of such lease agreements ranged from five years to fifteen years. As the lease term of the 2024 Lease Agreements will allow the Group to sustain stable daily operation of retail and wholesale business and it is normal for the Group to enter into lease agreement with lease term exceeding five years, we consider the lease term of the 2024 Lease Agreements is fair and reasonable.

Taking into account (i) the methodology, bases and assumptions adopted by the Independent Valuer in determining the market annual rental of the Leased Properties are appropriate; (ii) the rental payable under the 2024 Lease Agreements and the revised fixed rental payable under the Supplemental Lease Agreement is made with reference to the valuation of the Leased Properties which is fairly and reasonably determined by the Independent Valuer; and (iii) the 3% increment on the annual rentals for every three years for the Lease Properties with reference to the expected inflation is reasonably determined, we consider the terms of 2024 Lease Agreements and the Supplemental Lease Agreements to be fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the view that (i) the terms of the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder, are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the entering into the 2024 Lease Agreements and the Supplemental Lease Agreements is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolution to be proposed at the AGM for approving the 2024 Lease Agreements, the Supplemental Lease Agreements and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Maxa Capital Limited
Dominic Cheung
Managing Director

Mr. Dominic Cheung is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Maxa Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 17 years of experience in corporate finance industry.

1. FINANCIAL INFORMATION OF THE GROUP FOR THE THREE FINANCIAL YEARS ENDED 31 DECEMBER 2023

Details of the financial information of the Group for each of the financial years ended 31 December 2021, 2022 and 2023 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk/) and the Company (<http://www.jkl.com.cn/>):

- (a) the Company's annual report for the year ended 31 December 2021 published on 21 April 2022 (pages 144 to 404)
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0421/2022042100673.pdf>)
- (b) the Company's annual report for the year ended 31 December 2022 published on 25 April 2023 (pages 138 to 392)
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0425/2023042500271.pdf>)
- (c) the Company's annual report for the year ended 31 December 2023 published on 30 April 2024 (pages 156 to 408)
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0430/2024043001354.pdf>)

2. LIQUIDITY, FINANCIAL RESOURCES AND FINANCING ACTIVITIES

As at 31 December 2023 the Group had non-current assets of RMB2,184,094,253 (mainly comprising of fixed assets, investment properties and land use rights of RMB1,098,121,430), and non-current liabilities of RMB473,159,659 (mainly comprising of leases liabilities of RMB445,145,916).

As at 31 December 2023, the Group had current assets of RMB4,947,950,438. Current assets mainly comprised of cash and cash equivalents of RMB839,268,396, inventories of RMB1,614,980,748, accounts receivable and notes receivable of RMB984,080,370 and prepayments and other receivables of RMB1,161,815,914. The Group had current liabilities of RMB4,826,017,295. Current liabilities mainly comprised of accounts payable and notes payables of RMB830,620,505, short-term borrowings of RMB3,148,009,496, contract liabilities of RMB312,190,012 and other payables of RMB267,363,145.

3. INDEBTEDNESS STATEMENT

As at the close of business on 30 April 2024, being the most recent practicable date for this indebtedness statement prior to the printing of this supplemental circular, the total borrowings of the Group amounted to RMB2,726,674,707, including bank loans of RMB2,726,674,707, total lease liabilities of RMB548,101,044 (including those in the sum of RMB134,869,511 which will be due within one year), of which:

Item	As at 30 April 2024
Accounts receivable secured loan (unguaranteed)	2,758,617
Guaranteed loan (unsecured)	1,795,667,162
Unsecured loan (unguaranteed)	854,770,950
Pledged loan	63,320,420
Undue interest payable	<u>10,157,558</u>
Total bank loans	<u><u>2,726,674,707</u></u>
Non-current lease liabilities	413,231,533
Lease liabilities due within one year	<u>134,869,511</u>
Total lease liabilities	<u><u>548,101,044</u></u>

Save as disclosed above and apart from intra-group liabilities, normal trade payables and notes payable in the ordinary course of the business, as at the close of business on 30 April 2024, the Group did not have any other outstanding mortgages, charges or pledges, debentures or other debt securities (including those authorised or otherwise created but unissued), term loans, loan capital, other borrowings or other similar indebtedness (including bank loans and overdrafts, hire purchase commitments, acceptance liabilities or acceptance credits), or any guarantees or other material contingent liabilities.

4. PLEDGE OF ASSETS

The Group's deposits of RMB53,135,440 were pledged for notes payable of RMB301,955,528 as at 31 December 2023.

5. GEARING RATIO

As at 31 December 2023, the Group's gearing ratio* was approximately 74.3%, remaining stable compared to 74.2% as at 31 December 2022.

* Represented by: *Total Debt/Total Asset*

6. WORKING CAPITAL SUFFICIENCY

The Directors, after due and careful consideration, are of the opinion that, after taking into account the Group's existing cash and bank balances, other internal resources, the presently available banking facilities and the effects of the transactions contemplated under the 2024 Lease Agreements and the Supplemental Lease Agreements, the Group will have sufficient working capital to meet its present requirements for at least the next twelve (12) months from the date of this supplemental circular.

7. FINANCIAL AND TRADING PROSPECT

The Group is principally engaged in the retail and wholesale distribution of daily consumer products.

In 2023, along with full recovery and normalisation of China's society and economy, consumption promotional policies gained strong effects, consumption potentials were released continuously, various regions carefully implemented the consumption boosting measures initiated by the central government, made efforts in expanding domestic demands, optimised structure, and the economy and the market demand have been improving, and the consumption sector kept stable prices in general. According to the data published by National Bureau of Statistics of China, in 2023, the per capita consumption expenditure of residents nationwide reached RMB26,796, representing a nominal increase of 9.2% year on year, and a real increase of 9.0% after deducting price factors, and the recovery of consumption expenditure accelerated. In 2023, the total retail sales value of consumer goods reached RMB47,149.5 billion, representing a year-on-year increase of 7.2%, but based on the categories of retail, the retail sales value of supermarkets segment decreased by 0.4% year on year, indicating that for the traditional wholesale and retail industry, the development environment and competitive pressure were still not optimistic. The Group continues to look for new economic growth points and strives to find a way out of the difficult situation through various initiatives such as continuous promotion of category management, continuous improvement of store operation level, digital and intelligent empowerment, and strengthening online and offline integration.

During the year ended 31 December 2023, in order to solve the pain points of the operation and make up for operational deficiencies, the Group worked with a third party with rich technical and operational experience in onsite production projects, to launch a pilot project of on-site cooking and sales focusing on cooked food, pastry, light food and bean products. Through three months of operation, the Group basically completed the work of building a system, building a process, learning techniques, and leading a team, laying the foundation for the next step to promote the full implementation of the on-site cooking projects and build Jingkelong into a "neighborhood kitchen".

During the year ended 31 December 2023, the Group continued to promote a high degree of integration of the retail segment, with the integrated operation of comprehensive supermarket stores, community stores and Langfang stores, resulting in a significant improvement in operating results. The Group strengthened online business training, attached great importance to customer feedback, and improved the quality of online services; added the in-store inspection mode, with focus on weekend promotion goods, strong attraction products, and late business conditions. The Group enlarged investment in store publicity signs, display tables, tasting tables and other beauty display properties;

promoted online display in food, daily chemical and other categories, improved category relevance, and optimised shelf resources. The Group further enhanced stores' awareness of "data and details" in operation and management, and effectively improved basic management level.

8. SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year ended 31 December 2023, the Group did not have any significant investments (including significant investments which accounted for 5% or more of the total assets of the Group), material acquisitions and disposals of subsidiaries, associates and joint ventures.

9. SEGMENT INFORMATION

Retail Business of the Group

During the year ended 31 December 2023, the retail principal operating income of the Group was approximately RMB2,977.3 million which decreased by approximately 12.4%, which was mainly attributable to: (i) in 2022, due to the impact of epidemic prevention and control, consumers generally reserved purchases of daily necessities and reduced eating out, which led to the growth of supermarket business sales, with same-store sales increasing by about 6.26%. However, in 2023, domestic social and economic activities began to return to normal (including the recovery of catering consumption), resulting in a decline in customer flow in the Group's stores and in a decrease in the Group's store sales compared to 2022 with a decrease in same-store sales of approximately 13.82%; and (ii) due to lease expiration and business strategy adjustment, 8 supermarkets and 21 convenience stores have been closed since the beginning of 2022 and up to the present, resulting in a decline in sales.

The gross profit margin generated from the directly-operated retail business (excluding department stores) decreased slightly from approximately 17.0% in 2022 to approximately 15.5% for the year ended 31 December 2023, mainly because of changes in retail promotions that resulted in a decrease in gross margin.

Wholesale Business of the Group

During the year ended 31 December 2023, the wholesale principal operating income recognized by Chaopi Trading and its subsidiaries ("Chaopi Group") was approximately RMB5,495.7 million, which increased by approximately 4.8% and was mainly due to the increase in cross-border e-commerce business.

During the year ended 31 December 2023, the gross profit margin of wholesale business recognized by Chaopi Group was 9%, compared to 11.0% in the corresponding period in 2022 mainly because, as a result of the effect of the overall economic downturn, the traditional channel sales were not optimistic, and the increase in low-price promotions led to a decrease in gross margin.

10. EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group employed 4,370 employees in the PRC (31 December 2022: 4,458). The total staff costs (including directors' and supervisors' remunerations) of the Group for the year ended 31 December 2023 amounted to approximately RMB720,988,340 (2022: RMB729,020,479). The staff emolument (including directors and supervisors) of the Group are based on position, duty, experience, performance, and market rates, in order to maintain their remunerations at a competitive level.

As required by the PRC laws and regulations, the Group participates in the defined contribution retirement benefits scheme for its employees operated by the relevant local government authorities in the PRC. The Group is required to make contributions for those employees who are registered as permanent residents in the PRC at a rate of 16% (2022: 16%) of the employees' salaries, bonuses and certain allowances. The Group has no further obligation associated with the said defined contribution retirement benefits scheme beyond the above mentioned annual contributions. The Group's contributions to the defined contribution retirement benefits schemes amounted to approximately RMB68,332,543 for the year ended 31 December 2023 (2022: RMB67,901,952).

11. FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this supplemental circular, the Group has no other plans for material investments or capital assets.

12. FOREIGN CURRENCY RISK

The Group's operating revenues and expenses are principally denominated in RMB.

During the year ended 31 December 2023, the Group did not encounter any material effect on its operation or liquidity as a result of fluctuation in currency exchange rates.

1. RESPONSIBILITY STATEMENT

This supplemental 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 supplemental 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 supplemental circular misleading.

2. DISCLOSURE OF INTEREST

Directors', chief executive's and Supervisors' interests in securities

As at the Latest Practicable Date, the interests and short positions of the Directors, chief executives and Supervisors in the Shares, underlying Shares and debentures of the Company notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (as if it were applicable also to the Supervisors) were as follows:

Long positions in the Domestic Shares

Name	Capacity	Number of Domestic Shares held	Approximate percentage of total issued Domestic Shares (%)	Approximate percentage of total issued Shares (%)
Zhang Liwei	Beneficial owner	400,100	0.17	0.10
Wang Hong	Beneficial owner	186,696	0.08	0.05
Zhang Hongbo	Beneficial owner	100,000	0.04	0.02
Li Jianwen	Beneficial owner	2,022,579	0.88	0.49
Yang Baoqun	Beneficial owner	1,042,086	0.45	0.25
Niu Hongyan	Beneficial owner	70,000	0.03	0.02
Li Chunyi	Beneficial owner	50,000	0.02	0.01

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, the chief executive nor the Supervisors had an interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations that was recorded in the register required to be kept pursuant to section 352 of the SFO, or as otherwise notified to the Company pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers.

Substantial Shareholders' interests in securities

The register required to be kept by the Company pursuant to section 336 of the SFO (including interests filed with the Stock Exchange) shows that as at the Latest Practicable Date, the following persons (other than the Directors, the chief executive and the Supervisors) had the following interests and short positions (if any) in the Shares and underlying Shares of the Company:

Long positions in the Domestic Shares

Name	Capacity	Number of Domestic Shares held	Approximate percentage of total issued Domestic Shares (%)	Approximate percentage of total issued Shares (%)
Beijing Chaofu State-owned Assets Administration Company Limited* (北京朝富國有資產管理有限公司)	Beneficial owner	167,409,808	72.77	40.61

Long positions in the H Shares

Name	Capacity	Number of H Shares held	Approximate percentage of total issued H Shares (%)	Approximate percentage of total issued Shares (%)
China Galaxy International Asset Management (Hong Kong) Co., Limited	Investment manager	24,970,000	13.71	6.06
China Galaxy International SPC (acting for and on behalf of China Galaxy Value Fund I SP)	Investment manager	24,970,000	13.71	6.06

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or the chief executive of the Company, there was no other person, other than Directors, the chief executive or Supervisors of the Company and (in the case of the other members of the Group) other than the Company, who had an interest or short position in the Shares and underlying Shares which would fall

to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

As at the Latest Practicable Date, save for Ms. Zhang Yan (being a non-executive Director) who has a position as a director of the audit department in Chaofu Company, none of the Directors is also a director or employee of substantial Shareholders of the Company as set out above.

3. DIRECTORS' INTEREST IN ASSETS OR CONTRACTS

- (a) As at the Latest Practicable Date, none of the Directors was interested, directly or indirectly, in any assets which, since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.
- (b) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position of the Group since 31 December 2023, the date to which the latest audited consolidated financial statements of the Group were made up.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interest in a business which competed or might compete with the business of the Company.

6. DIRECTORS' SERVICE CONTRACT

None of the Directors has entered into any service contract with the Group, which is not expiring or determinable by the Group within one year without payment of compensation (other than the payment of statutory compensation).

7. LITIGATION

As disclosed in the 2023 Annual Report, in 2002, the Company entered into a land acquisition and compensation agreement with the People's Government of Guanzhuang Township, Chaoyang District, Beijing* (北京市朝陽區管莊鄉人民政府) (the "**Guanzhuang Township Government**"), pursuant to which the Guanzhuang Township Government transferred 243.71 unit of area (in mu) of collective land under the jurisdiction of Guanzhuang Township Government to the Company for the construction of a distribution and fresh food processing center, and the Company shall pay the

total compensation of RMB60,440,000 to the Guanzhuang Township Government. On 13 November 2006, the Company and the Guanzhuang Township Government entered into a supplementary agreement in respect of the above land transfer, and the Guanzhuang Township Government increased the compensation to RMB97,484,000. On 20 November 2006, the Company entered into a supplementary agreement with the Guanzhuang Township Government and the Guanzhuang Agricultural, Industrial and Commercial Joint Corporation of Chaoyang District, Beijing* (北京市朝陽區管莊農工商聯合公司) (the “AICC”) in respect of the above land transfer matters, and the Guanzhuang Township Government authorized the AICC to collect compensation. Upon the signing of the above agreements, the Company has paid a total compensation of RMB45,132,000 to Guanzhuang Township Government and the AICC. Due to the change of planned use and other reasons, the contract purpose of the Company (i.e construction of distribution and fresh processing center) cannot be fulfilled, and the above agreements cannot be continued to perform. In order to recover the compensation paid and safeguard the legal rights of the Company, the Company filed a lawsuit with the Beijing Chaoyang District People’s Court* (北京市朝陽區人民法院) in July 2022, requiring that the land compensation agreement and supplementary agreement entered into with the Guanzhuang Township Government be held invalid, and requiring the Guanzhuang Township Government and AICC to return the compensation fee of RMB45,132,000 and related interest during the period of their retention of compensation fee. The Company has returned the land to Guanzhuang Township Government on 24 November 2022. On 27 May 2024, the Company received the judgment from the Beijing Chaoyang District People’s Court (being the first instance court), requiring the Company to pay the land leveling fees in an amount of RMB206,700 to the Guanzhuang Township Government and restore the land to conditions suitable for cultivation. The Company does not agree with the said judgment and will apply for appeal in accordance with the applicable legal procedures. As at the Latest Practicable Date, the legal proceedings were still in progress.

Save as disclosed above, no member of the Group was engaged in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACT

As at the Latest Practicable Date, save for the 2024 Lease Agreements and the Supplemental Lease Agreements (details of which are set out in the “Letter from the Board” contained in this supplemental circular), no material contract (not being a contract entered into in the ordinary course of business) was entered into by members of the Group within the two years immediately preceding the Latest Practicable Date.

9. EXPERTS AND CONSENTS

- (a) The following are the qualifications of the experts which have given opinion or advice which is contained in this supplemental circular:

Name	Qualification
Maxa Capital Limited	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Beijing CEA Real Estate & Assets Appraisal Co., Ltd.	Qualified property valuer in the PRC

- (b) As at the Latest Practicable Date, each of the above experts had given and had not withdrawn its written consent to the issue of this supplemental circular with the inclusion herein of its letter, report and/or opinion dated the date of this supplemental circular and references to its name in the form and context in which they appear.
- (c) The letter of Maxa Capital contained herein was issued on 7 June 2024 and was made by Maxa Capital for incorporation in this supplemental circular. The Property Valuation Report contained herein was issued on 7 June 2024 and was made by the Independent Valuer for incorporation in this supplemental circular.
- (d) As at the Latest Practicable Date, each of the above experts did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (e) As at the Latest Practicable Date, each of the above experts did not have any interests, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by, or leased to any member of the Group since 31 December 2023, the date to which the latest published audited consolidated financial statements of the Group were made up.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of (i) the Stock Exchange (www.hkexnews.hk) and (ii) the Company (<http://www.jkl.com.cn>) for a period of 14 days from the date of this supplemental circular:

- (a) the 2024 Lease Agreements;
- (b) the Supplemental Lease Agreements;

- (c) the Property Valuation Report prepared by the Independent Valuer, the text of which is set out in Appendix III to this supplemental circular;
- (d) the letter from Maxa Capital, the text of which is set out on pages 27 to 48 in this supplemental circular; and
- (e) the written consents referred to in section 9 “EXPERTS AND CONSENTS” of this appendix.

11. MISCELLANEOUS

- (a) The company secretary of the Company is Ms. Pan Xuemin.
- (b) The registered office of the Company is Block No. 45, Xinyuan Street, Chaoyang District, Beijing, PRC
- (c) The Company’s H-share registrar and transfer office is Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (d) In the event of any inconsistency, the English text of this supplemental circular shall prevail over the Chinese text.

The following is the text of the Property Valuation Report, prepared for the purpose of inclusion in this supplemental circular, received from the Independent Valuer.



北京中企華土地房地產資產評估有限公司

BEIJING CEA REAL ESTATE & ASSETS APPRAISAL CO., LTD

9th Floor, Units 910-911
Prime Tower
No. 22 Chaoyang gate street,
Chaoyang District, Beijing, China

To:

BEIJING JINGKELONG COMPANY LIMITED
Building No. 45, Xinyuan Street, Chaoyang District,
Beijing, China

Dear Sir/Madam,

INSTRUCTIONS, PURPOSES, AND DATE OF VALUATION

Beijing CEA Real Estate Assets Appraisal Co., Ltd. (hereinafter referred to as “**CEA**”), in compliance with the instructions from Beijing Jingkelong company limited (hereinafter referred to as “**Jingkelong**”), has conducted a valuation of the market rental values for 34 properties located in China. These properties are intended for lease renewal by Jingkelong and its subsidiary, Beijing Chaopi Trading Company Limited (hereinafter referred to as “**Chaopi Trading**”), with the major shareholder being Beijing Chaofu State-owned Assets Administration Company Limited (hereinafter referred to as “**Chaofu Company**”), and its subsidiaries Beijing Hongchaoweiyi State-owned Assets Management Co., Ltd. (hereinafter referred to as “**Hongchaoweiyi Company**”), and Beijing Jinchao Yang State-owned Capital Operation Management Co., Ltd. (hereinafter referred to as “**Jinchao Yang Company**”). Furthermore, this valuation extends to 16 properties located in China slated for lease termination. Collectively, these properties are referred to as “the aforementioned properties,” and detailed information is provided in the accompanying valuation certificate. CEA confirms that comprehensive on-site surveys of these properties have been conducted, relevant inquiries have been made, and all necessary additional information has been obtained to provide our opinion on the market rental values of these properties as of March 31, 2024 (the valuation date) to Jingkelong.

BASIS OF VALUATION

The valuation conducted by CEA concerns our opinion on the market rental values of the properties. According to the “Valuation Standards” issued by the Hong Kong Institute of Surveyors (HKIS) Valuation Standards 2020, “market rental value” is defined as “the estimated amount for leasing an interest in real property, determined by appropriate marketing, in a transaction between a willing lessor and a willing lessee, both acting prudently, knowledgeably, and without compulsion, as of the valuation date.”

ASSUMPTIONS AND LIMITING CONDITIONS OF VALUATION

Unless otherwise specified, the valuation results provided by CEA do not account for any fluctuations in rental prices resulting from special terms or circumstances, such as non-standard financing or any special considerations or incentives provided by individuals associated with the lease.

In preparing the valuation report, CEA has adhered to the provisions of Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Listing Rules**”) and the “Valuation Standards” issued by the Hong Kong Institute of Surveyors (2020 edition).

Unless otherwise stated, CEA assumes that the properties can be leased legally on the open market as they currently exist, and the valuation is based on relevant market transactions of a similar nature. CEA relies on the data and information provided by Jingkelong regarding property rights. When valuing the properties, CEA assumes that “Chaofu Company,” “Hongchaoweiye Company,” and “Jinchao Yang Company” have legal and enforceable rights to lease the properties freely and without interference. CEA’s valuation assumptions do not involve any form of forced leasing.

We have not considered the impact of the existing leasing situation of these properties on the valuation results. Unless otherwise specified, CEA assumes that there are no factors such as rights, debts, or other restrictions that would affect the market rental values of the properties.

Information regarding ownership documents provided by Jingkelong, as well as legal opinions provided by Beijing Tianxun Law Firm, Jingkelong’s legal counsel, is included in the notes to each valuation certificate.

METHODOLOGY OF VALUATION

For the properties in China that Jinkelong intends to renew or terminate leases, we have carried out market comparison approach to assess the market rent. This involved referencing comparable lease transactions within the local market.

SOURCE OF INFORMATION

CEA heavily relies on the information provided by Jinkelong regarding the properties including property title certificates, relevant planning approvals, and statutory notices. Matters related to confirming lease agreements, usage terms, land identification data, completion dates, occupancy status, location, and building areas have been acknowledged based on suggestions provided. Jinkelong has confirmed that our data has not been withheld or subjected to significant omissions of material facts.

CEA has not independently verified the original property ownership certificates. We rely on property ownership certificates and other documents provided by Jinkelong, as well as the legal opinion provided by Beijing Tianxun Law Firm, Jinkelong’s legal counsel, in the document titled “Legal Opinion on Lease Renewal/Termination of Properties Managed by Beijing Chaofu State-owned Assets Administration Co., Ltd.” (2024) TX-F-0408-1).

ON-SITE INSPECTION

Our appraisers conducted external inspections of each property and, where possible, internal inspections as well. However, investigations into whether the land condition and facilities were suitable for development were not conducted. Structural measurements were not taken, and areas that were obscured, concealed, or inaccessible were left uninspected. Despite this, no significant damage was observed during the inspections. We cannot confirm that the properties are free from decay, infestation, or any other structural damage, nor did it evaluate any facilities.

On-site inspections of these properties were carried out in April 2024 by Mr. Di Chunyang, a certified real estate appraiser in China, in collaboration with several other real estate appraisers from Beijing CEA Real Estate & Assets Appraisal Co., Ltd.

CURRENCY

Unless otherwise specified, all amounts listed in the valuation are in Chinese legal currency, Renminbi (RMB). The exchange rate used for the valuation of the properties located in China on March 31, 2024, was 1 RMB to 1.10308 Hong Kong dollar.

Enclosed with this letter are the valuation summary and valuation certificates.

BEIJING CEA REAL ESTATE & ASSETS APPRAISAL CO., LTD

Legal Representative: Mr. Liu Hongshuai

June 7, 2024

Note: Mr. Liu Hongshuai is a registered real estate appraiser in China, a member of the China Institute of Real Estate Appraisers and Agents, and a member of the Hong Kong Institute of Surveyors. He has over 20 years of experience in property valuation and advisory services in mainland China.

SUMMARY OF VALUATIONS

Property	Market Rent Value State as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
Category One: 34 properties intended for lease renewal, Beijing, China		
34 properties planned for lease renewal, Beijing, China	108,413,051.81	119,588,607.13
Subtotal for Category One:	<u>108,413,051.81</u>	<u>119,581,396.76</u>
Category Two: 16 properties intended for lease termination, Beijing China		
16 properties planned for lease termination, Beijing China	13,546,013.62	14,942,378.94
Subtotal for Category Two:	<u>13,546,013.62</u>	<u>14,942,378.94</u>
Total:	<u>121,959,065.43</u>	<u>134,530,986.07</u>

Note:

1. In this valuation, the 34 properties intended for lease renewal and the 16 properties intended for lease termination are all located in Beijing, China.
2. According to the information provided by Jinkelong, among the properties intended for lease renewal, 33 properties have obtained the "Property Ownership Certificate," with a total building area of 87,200.59 square meters. One property has only obtained the "State-owned Land Use Certificate" and has not yet obtained the "Property Ownership Certificate," with a building area of 6,802.74 square meters. All properties intended for lease termination have obtained the "Property Ownership Certificate," with a total building area of 11,448.42 square meters.
3. CEA has received legal opinions from Jinkelong's legal counsel in China regarding the property rights involved in the lease renewal and termination, which include the following:
 - ① Among the properties intended for lease renewal or termination, there are various restrictions on property rights, including mortgages that have not been pledged, mortgages that have been canceled, and mortgages that have been pledged. However, the registration time of the mortgages reflected in the existing documents is after the signing of the original lease contract. Domestic lawyers believe that since mortgages belong to security rights that do not transfer possession, they do not affect the disposal and benefits of the property. Mortgages and leasing rights do not conflict and can coexist. Therefore, even if there is a mortgage, a lease contract can still be signed. However, it should be noted that during the performance of the lease contract, if a mortgagee exercises the mortgage rights before the property is leased, resulting in a change in property ownership, Jinkelong cannot demand continued performance according to the lease contract.
 - ② Among the properties intended for lease renewal, one property has obtained the "State-owned Land Use Certificate," while the rest of the properties have not yet been certified and are land allocated for use. Domestic lawyers believe that efforts should be made to perfect the approval procedures as much as possible, but these approval procedures do not affect the signing of the lease contract.

- ③ Among the properties intended for lease renewal, except for the houses in Guanzhuang Dongli, all have obtained the “Property Ownership Certificate.” Although the houses in Guanzhuang Dongli have not obtained the “Property Ownership Certificate,” they have obtained the “State-owned Land Use Certificate.” At the same time, the three companies as lessors have confirmed that all rented houses have a legal source. Therefore, domestic lawyers believe that for houses that have obtained the “Property Ownership Certificate,” a lease renewal contract can be signed according to the law. For houses that have not obtained the “Property Ownership Certificate,” signing a lease renewal contract is not affected, but follow-up certification procedures should be completed, and this should be stipulated in the lease contract.
- ④ All properties intended for lease termination have obtained the “Property Ownership Certificate.”

VALUATION CERTIFICATE

Category One: Properties in Beijing, China, Intended for Lease Renewal by Jinkelong

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 (RMB: Yuan/Year)	Market Rent Value State as at March 31, 2024 (HKD: Yuan/Year)
1. Located at No.14, Zone 2, Gaojiayuan, Chaoyang District, Beijing	<p>The property is located at No. 14, Zone 2, Gaojiayuan, Chaoyang District, Beijing. The building was completed in 1988 and comprises a total of four floors above ground, with a total construction area of 2,255.7 square meters.</p> <p>Jinkelong intends to lease a portion of the first floor of this building from Beijing Chaofu State-owned Assets Administration Co., Ltd. The leased area of the property amounts to 584.18 square meters.</p> <p>As of the valuation date, the 584.18 square meters property is being used as Jinkelong's "Jing Jie Fresh Convenience Store, Gaojiayuan 2nd Community".</p> <p>According to the "Supplementary Agreement" (Lease Type 202312042012) signed between Jinkelong and Beijing Chaofu State-owned Assets Administration Co., Ltd. on December 15, 2023, the property currently holds a leasing right. The lessor is Beijing Chaofu State-owned Assets Administration Co., Ltd., and the lease term is from January 1, 2024, to June 30, 2024.</p>	609,825.50	672,688.21

Note:

1. Based on the Property Ownership Certificate provided by Jinkelong (Document No. 00717), the property, located at 1st Floor, Building 14, No. 14, Gaojiayuan 2nd District, Chaoyang District, Beijing, is owned by Beijing Chaofu State-owned Assets Administration Co., Ltd. The total construction area of the building is 2,255.7 square meters, and it is designated for commercial use. Jinkelong intends to lease a portion of the first floor of this building from Beijing Chaofu State-owned Assets Administration Co., Ltd., with a leased area of 584.18 square meters.
2. The valuation includes a lease term of 5 years, with a rent-free period of 3 months. Rent payment is semi-annual, with a rent escalation of 3% every 3 years, inclusive of value-added tax.
3. The “Legal Opinion on Lease Renewal/Termination of Properties Managed by Beijing Chaofu State-owned Assets Administration Co., Ltd.” issued by Beijing Tianxun Law Firm outlines (including but not limited to) the following points:
 - ① According to the Property Ownership Certificate (Document No. 00717) issued by the former Beijing Municipal Bureau of Land and Housing Management on November 17, 2000, Chaofu Company holds full ownership of the property at 1st Floor, Building 14, No. 14, Gaojiayuan 2nd District, Chaoyang District, Beijing. The property spans an area of 2,255.70 square meters and is designated for commercial use, under the sole ownership of Chaofu Company. Based on this documentation, legal experts conclude that Chaofu Company has validly acquired the Property Ownership Certificate for the aforementioned property.

Based on this documentation, legal experts conclude that Chaofu Company has validly acquired the “Property Ownership Certificate” for the aforementioned property.
 - ② The land occupied by the properties intended for lease renewal has not yet obtained the “State-owned Land Use Certificate” and is designated as land allocated for use.

Domestic lawyers suggest striving to complete the approval procedures whenever possible, but these procedures do not affect the signing of the lease contract. However, it should be noted that they may affect the subsequent performance of the contract, and it is recommended that both parties include corresponding provisions in the contract terms.
 - ③ According to the “Property Ownership Certificate” (Certificate Number: 00717) for the property at 1st Floor, Building 14, No. 14, Gaojiayuan 2nd District, there is no mortgage registration.

Domestic lawyers believe that even if there is a mortgage, it is still possible to sign a lease contract. However, it should be noted that during the performance of the lease contract, if the mortgagee, established before the lease, exercises the mortgage right resulting in a change of property ownership, Jinkelong cannot demand continued performance according to the lease contract.
4. According to the opinion of domestic lawyers and the information provided by Jinkelong, the status of rights, as well as the issuance of major approvals and permits, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available
5. The property was inspected by Mr. Gong Xiangyun, a certified real estate appraiser in China, on April 1, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
2. Located at No. 28, 28 Building, Songyuli, Wusheng Road, Chaoyang District, Beijing	<p>The property is situated at 28 Building, No. 28, Songyuli, Wusheng Road, Chaoyang District, Beijing. The building was completed in 1992, comprising a total of 3 floors with a total floor area of 3,540.03 square meters.</p> <p>Jinkelong intends to lease the entire area of the building from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a total leased area of 3,540.03 square meters.</p> <p>On the valuation date, the property measuring 3,540.03 square meters is currently being used as “Jinkelong Songyuli Store”.</p> <p>According to the supplementary agreement (Leasing Type 202312042013) signed by Jinkelong and Beijing Hongchao Weiye State-Owned Assets Management Co., Ltd. on December 15, 2023, the property currently holds a leasehold right. The lessor is Beijing Hongchao Weiye State-owned Asset Management Co., Ltd., and the lease term extends from January 1, 2024, to June 30, 2024.</p>	3,876,332.85	4,275,917.32

Note:

1. According to the Property Ownership Certificate provided by Jinkelong (Property Ownership Certificate Document No. 1037304), the property is owned by Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The total construction area of the building is 3,540.03 square meters, and the building is designated for commercial use. Jinkelong intends to lease all the properties within this building from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a total leased area of 3,540.03 square meters.

2. The valuation for this leasing includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, and there is a rent increase of 3% every 3 years. The valuation also includes value-added tax.

3. The “Legal Opinion on Lease Renewal/Termination of Properties Managed by Beijing Chaofu State-owned Assets Administration Co., Ltd.” issued by Beijing Tianxun Law Firm states (including but not limited to) the following:

- ① According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Document No. 1037304) issued by the Beijing Municipal Commission of Housing and Urban-Rural Development on September 16, 2011, Hongchao Weiye Company holds ownership of the property located at 28 Building, No. 28, Songyuli, Wusheng Road, Chaoyang District, Beijing. As recorded in the “Property Ownership Certificate,” the building area of the aforementioned property is 3,540.03 square meters. The land use right was obtained through allocation, and the property is categorized as state-owned with a commercial land-use planning designation. Hongchao Weiye Company is the sole owner of the property.

Based on this, domestic lawyers believe that Hongchao Weiye Company has legally obtained the “Property Ownership Certificate” for the aforementioned property.

- ② The land on which the property intended for lease renewal is situated has not yet obtained the “State-owned Land Use Certificate,” and it is land allocated for use.

Domestic lawyers recommend completing the approval procedures whenever feasible. However, the lack of these procedures does not affect the signing of the lease contract. This could impact future contract performance; thus, both parties should address this issue in the lease agreement.

- ③ According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Document No. 1037304) of the property at 28 Building, No. 28, Songyuli, it was registered as a mortgage on September 16, 2011.

Domestic lawyers believe that even with the existing mortgage, a lease contract can still be signed. However, it should be noted that during the performance of the lease contract, if the mortgagee exercises the right of mortgage before the property is leased, resulting in a change in ownership, Jinkelong cannot demand continuation of the lease contract as per the original terms.

4. As per legal opinions from China and the information furnished by Jinkelong, the status of rights and interests, along with the issuance of major permits and licenses, is outlined as follows:

- | | |
|------------------------------------|---------------|
| ① State-owned Land Use Certificate | Not available |
| ② Property Ownership Certificate | Available |

5. The property was inspected by Mr. Gong Xiangyun, a certified real estate appraiser in China, on April 1, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
3. Located in Courtyard No. 11 and No. 17, Fatoutou Neighborhood, Chaoyang District, Beijing	<p>The property is located at No. 11 and No. 17, Fatoutou Neighborhood, Chaoyang District, Beijing. It comprises a total of 7 buildings, built in the 1960s to 1970s. Building 1 has a total of 3 floors above ground, while the other properties are single-story houses. The total construction area is 2,474.60 square meters.</p> <p>Jinkelong intends to lease Building 1 of the property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a lease area of 2,196.2 square meters.</p> <p>As of the valuation date, the property measuring 2,196.2 square meters is currently being used as “Jinkelong Fatou Store”.</p> <p>According to the supplementary agreement (leasing category 202312042013) signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023, there is an existing lease right for the property. The lessor is Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., and the lease term is from January 1, 2024, to June 30, 2024.</p>	2,404,839.00	2,652,737.3

Note:

1. According to the Property Ownership Certificate provided by Jinkelong (Document No. 07159), Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. owns the properties within the courtyard. The total construction area of the properties within the courtyard is 2,474.60 square meters, and the buildings are designated for commercial use. Jinkelong intends to lease Building 1 of this property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a leasing area of 2,196.2 square meters.
2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.
3. The law firm of Beijing Tianxun has issued a “Legal Opinion on Renewal/Termination of Lease Agreement for Properties Managed by Beijing Chaofu State-owned Assets Administration Co., Ltd.”, which includes the following points:
 - ① According to the “Property Ownership Certificate” (Document No. 07159) issued by the former Beijing Municipal Real Estate Administration on August 30, 1991, Hongchao Weiye Company owns the property located at No. 11 and No. 17, Fatoutou Neighborhood, Chaoyang District, Beijing. As recorded in the “Property Ownership Certificate,” the building area of the aforementioned property is 2,474.6 square meters, with the ownership characterized as public and the planned use designated for commercial purposes.

Therefore, based on this, domestic lawyers believe that Hongchao Weiye Company has legally obtained the “Property Ownership Certificate” for the aforementioned property.
 - ② The land occupied by the property has not obtained the “State-owned Land Use Certificate” yet, and it is designated as land allocated for use.

Domestic lawyers recommend completing the approval procedures whenever feasible, although the absence of these procedures does not hinder the signing of the lease contract. However, it should be noted that this may affect the fulfillment of the contract subsequently. Therefore, it is advisable for both parties involved in the lease to make corresponding agreements in the contract terms.
 - ③ According to the “Property Ownership Certificate” (Document No. 07159) for the property at No. 11 and No. 17, Fatoutou Neighborhood, it was registered as collateral on August 19, 1996, and the mortgage registration was canceled on May 20, 2001.

Domestic lawyers believe that even in the presence of a mortgage, signing a lease agreement is still feasible. However, it should be noted that during the performance of the lease contract, if the mortgagee exercises the mortgage right before the lease, resulting in a change in property ownership, Jinkelong cannot demand continuation of the lease contract.
4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available
5. The property was inspected by Mr. Gong Xiangyun, a certified real estate appraiser in China, on April 1, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
4. Located at Buildings 1-2, No. 12, Huagong Community, Chaoyang District, Beijing	<p>The property is located at No. 12, Buildings 1-2, Huagong Community, Chaoyang District, Beijing. Building 1 was completed in the 1970s, while Building 2 was completed in the 1950s. Both buildings have 1 floor above ground, with a total construction area of 432.7 square meters.</p> <p>Jinkelong intends to lease all properties from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a total leased area of 432.7 square meters.</p> <p>As of the valuation date, the property measuring 432.7 square meters, evaluated in this instance, is currently being utilized as “Jinkelong Fatou Store”.</p> <p>According to the supplementary agreement (Leasing Type 202312042013) signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023, the property currently holds a leasing right. The lessor is Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., and the lease term extends from January 1, 2024, to June 30, 2024.</p>	238,482.61	263,066.14

Note:

1. Based on the information provided by Jinkelong, including the “Property Ownership Certificate” (X Beijing Property Right Certificate, Document No. 1036706), the property is owned by Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The total construction area is 432.7 square meters, and the property is designated for commercial use. Jinkelong intends to lease the entire property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a lease area of 432.7 square meters.

2. The valuation for this lease assumes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are semi-annual, with a 3% rent escalation every 3 years. The valuation also includes value-added tax.

3. The law firm of Beijing Tianxun has issued a “Legal Opinion on Renewal/Termination of Lease Agreement for Properties Managed by Beijing Chaofu State-owned Assets Administration Co., Ltd.”, which includes the following points:

- ① According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Document No. 1036706) issued by the Beijing Municipal Commission of Housing and Urban-Rural Development on September 15, 2011, Hongchao Weiye Company holds ownership of the property located at Building 1-2, No. 12, Huagongli, Chaoyang District, Beijing. As per the certificate, the recorded building area of the property is 432.7 square meters. The land use right was obtained through allocation, and the property belongs to state-owned assets with a commercial designation. Hongchao Weiye Company is the sole owner of the property.

Based on this, domestic lawyers believe that Hongchao Weiye Company has legally obtained the “Property Ownership Certificate” for the mentioned property.

- ② The property’s land, intended for lease renewal, has not yet obtained the “State-owned Land Use Certificate,” and the land was allocated.

Domestic lawyers advise to strive for completing approval procedures if possible, although the absence of such procedures does not affect the signing of the lease contract. However, it’s crucial to note that it may impact the execution of the contract subsequently, and it’s recommended for both parties to include relevant provisions in the contract terms.

- ③ According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Document No. 1036706) for Buildings 1-2, No. 12, Huagong Community, there is no record of mortgage registration.

Even in the presence of a mortgage, domestic lawyers suggest that the lease contract can still be signed. However, it’s essential to be aware that during the execution of the lease contract, if the mortgagee exercises their rights, leading to a change in property ownership before the lease, Jinkelong cannot demand continued performance according to the lease contract.

4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

① State-owned Land Use Certificate Not available

② Property Ownership Certificate Available

5. The property was inspected by Mr. Gong Xiangyun, a certified real estate appraiser in China, on April 1, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
5. Located at Building 1-2, No. 8, Chuiyangliu West Community, Chaoyang District, Beijing	<p>The property is situated at Building 1-2, No. 8, Chuiyangliu West Community, Chaoyang District, Beijing. Building 1 was completed in 1978, while Building 8 was completed in 1959. Both buildings have a total of 4 floors above ground, while Building 1 has only 1 floor above ground. The total construction area is 413.24 square meters.</p> <p>Jinkelong intends to lease from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a rental area of 413.24 square meters.</p> <p>As of the valuation date, the property measuring 413.24 square meters, assessed in this valuation, is currently being utilized as “Jinkelong Chuiyangliu Store.”</p> <p>According to the supplementary agreement (Leasing Type 202312042013) signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023, the property currently holds a leasehold right. The lessor is Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., and the lease term extends from January 1, 2024, to June 30, 2024.</p>	663,663.44	732,075.94

Note:

1. According to the documents provided by Jinkelong, including the “Property Ownership Certificate” (X Beijing Property Right Certificate, Document No. 1036962), the ownership of the property belongs to Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The total floor area is 413.24 square meters, and the property is designated for commercial use. Jinkelong intends to lease the entire property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a lease area of 413.24 square meters.
2. The valuation for this lease includes a 5-year term, with a 3-month rent-free period. Rent payments are semi-annual, with a 3% increase every 3 years, inclusive of value-added tax.
3. The law firm of Beijing Tianxun has issued a “Legal Opinion on Renewal/Termination of Lease Agreement for Properties Managed by Beijing Chaofu State-owned Assets Administration Co., Ltd.”, which includes the following points:
 - ① According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Document No. 1036962) issued by the Beijing Municipal Commission of Housing and Urban-Rural Development on September 16, 2011, Hongchao Weiye Company owns the properties located at Building 1-2, No. 8, Chuiyangliu West Community, Chaoyang District, Beijing. The total floor area of these properties is 413.24 square meters, acquired through land use rights allocation. They are state-owned and designated for commercial use. The property is solely owned by Hongchao Weiye Company.

Based on this, domestic lawyers believe that Hongchao Weiye Company has legally obtained the “Property Ownership Certificate” for these properties.
 - ② The land occupied by the property intended for lease has not yet obtained the “Certificate of State-owned Land Use,” and the land is land allocated for use.

Domestic lawyers suggest completing approval procedures to the extent possible. However, the absence of these procedures does not affect the signing of the lease contract. It should be noted that it may affect the performance of the subsequent contract. It is recommended that both parties to the lease make corresponding agreements in the contract terms.
 - ③ According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Document No. 1036962) for Building 1-2, No. 8, Chuiyangliu West Community, there is no mortgage registration.

Local lawyers believe that even if there is a mortgage, signing a lease contract is still possible. However, it should be noted that during the performance of the lease contract, if the mortgagee exercises the mortgage right before the property is leased, resulting in a change in property ownership, Jinkelong cannot demand continued performance of the lease contract.
4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available
5. The property was inspected by Mr. Di Chunyang (Chinese Real Estate Appraiser) on April 1, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
6. Located at Building No. 2, Jia 2, Hujialou North Street, Chaoyang District, Beijing	<p>This property is located at Building 1, No. 2, Jia 2, Hujialou North Street, Chaoyang District, Beijing. The building was completed in 1990, with a total of 2 floors above ground and a total floor area of 1,824.20 square meters.</p> <p>Jinkelong intends to lease the entire area of the building from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a total leased area of 1,824.2 square meters.</p> <p>As of the valuation date, this property measuring 1,824.2 square meters, assessed in this valuation, is currently being utilized as “Jinkelong Zhenzhi Road Store”.</p> <p>According to the supplementary agreement (Leasing Type 202312042013) signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023, the property currently holds a leasing right. The lessor is Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., and the lease term extends from January 1, 2024, to June 30, 2024.</p>	2,636,698.68	2,908,497.80

Note:

1. According to the property ownership certificate (X Beijing Property Right Certificate, Document No. 1037297) provided by Jinkelong, the ownership of the property belongs to Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The total construction area is 1,824.2 square meters, and the property is designated for commercial use. Jinkelong intends to lease all properties within the building from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a rental area of 1,824.2 square meters.
2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.
3. The “Legal Opinion on Lease Renewal/Termination of Properties Managed by Beijing Chaofu State-owned Assets Administration Co., Ltd.” issued by Beijing Tianxun Law Firm states (including but not limited to) the following:
 - ① According to the Property Ownership Certificate (Property Ownership Certificate, Document No. 1037297) issued by the Beijing Municipal Commission of Housing and Urban-Rural Development on September 16, 2011, Hongchao Weiye Company holds ownership of the property located at Building No. 2, Jia 2, Hujialou North Street, Chaoyang District, Beijing. As per the certificate, the building has a total construction area of 1,824.2 square meters, and the land use rights were obtained through allocation. The property is categorized as collectively owned and designated for commercial purposes. Hongchao Weiye Company is the sole owner of the property.

Based on this, local lawyers believe that Hongchao Weiye Company has legally obtained the “Property Ownership Certificate” for these properties.
 - ② The land occupied by the property intended for lease has not yet obtained the “Certificate of State-owned Land Use,” and the land is land allocated for use.

Local lawyers suggest completing approval procedures to the extent possible. However, the absence of these procedures does not affect the signing of the lease contract. It should be noted that it may affect the performance of the subsequent contract. It is recommended that both parties to the lease make corresponding agreements in the contract terms.
 - ③ According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Document No. 1037297) for Building No. 2, Jia 2, Hujialou North Street, the property was mortgaged on September 16, 2011.

Local lawyers believe that even if there is a mortgage, signing a lease contract is still possible. However, it should be noted that during the performance of the lease contract, if the mortgagee exercises the mortgage right before the property is leased, resulting in a change in property ownership, Jinkelong cannot demand continued performance of the lease contract.
4. According to the legal advice from China and the information provided by Jinkelong the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available
5. The property was inspected by Mr. Di Chunyang (Chinese Real Estate Appraiser) on April 1, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 (RMB: Yuan/Year)	Market Rent Value State as at March 31, 2024 (HKD: Yuan/Year)
7. Located at Buildings 1 to 4 in the backyard of No. 8 Tuanjiehu Road, Chaoyang District, Beijing.	<p>This property is located at No. 8, Tuanjiehu Road, Rear Courtyard, Chaoyang District, Beijing. It comprises buildings 1 to 4, which were all completed in the 1980s. Each building has 1 floor above ground, with a total floor area of 310.6 square meters.</p> <p>Jinkelong intends to lease all properties in the building from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a total leased area of 310.6 square meters.</p> <p>As of the valuation date, this property measuring 310.6 square meters, assessed in this valuation, is currently being utilized as “Jinkelong Tuanjie Road Store”.</p> <p>According to the supplementary agreement (Leasing Type 202312042013) signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023, the property currently holds a leasing right. The lessor is Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., and the lease term extends from January 1, 2024, to June 30, 2024.</p>	233,540.14	257,614.19

Note:

1. According to the property ownership certificate (X Beijing Property Right Certificate, Document No. 1036715) and other documents provided by Jinkelong, the property is owned by Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a total floor area of 310.6 square meters, and the property is designated for commercial use. Jinkelong intends to lease all properties from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a leased area of 310.6 square meters.
2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.
3. The “Legal Opinion on Lease Renewal/Termination of Properties Managed by Beijing Chaofu State-owned Assets Administration Co., Ltd.” issued by Beijing Tianxun Law Firm states (including but not limited to) the following:
 - ① According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Document No. 1036715) issued by the Beijing Municipal Commission of Housing and Urban-Rural Development on September 15, 2011, Hongchao Weiye Company holds ownership of the property located at Buildings 1-4, Rear Courtyard, No. 8, Tuanjiehu Road, Chaoyang District, Beijing. According to the certificate, the total floor area of the aforementioned buildings is 310.6 square meters. The land use right was acquired through allocation, and the property belongs to the public, with the designated use for commercial purposes.

Based on this, local lawyers believe that Hongchao Weiye Company has legally obtained the “Property Ownership Certificate” for these properties.
 - ② The land occupied by the property intended for lease has not yet obtained the “Certificate of State-owned Land Use,” and the land is land allocated for use.

Local lawyers suggest completing approval procedures to the extent possible. However, the absence of these procedures does not affect the signing of the lease contract. It should be noted that it may affect the performance of the subsequent contract. It is recommended that both parties to the lease make corresponding agreements in the contract terms.
 - ③ According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Document No. 1036715) for Buildings 1-4, Rear Courtyard, No. 8, Tuanjiehu Road, there is no record of mortgage registration.

Local lawyers believe that even if there is a mortgage, signing a lease contract is still possible. However, it should be noted that during the performance of the lease contract, if the mortgagee exercises the mortgage right before the property is leased, resulting in a change in property ownership, Jinkelong cannot demand continued performance of the lease contract.
4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available
5. The property was inspected by Mr. Di Chunyang (Chinese Real Estate Appraiser) on April 1, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
8. Located at Building No. 13, East Gongti Road, Chaoyang District, Beijing	<p>This property is located at Building No. 13, East Gongti Road, Chaoyang District, Beijing. The building was completed in 1973 with a total of 3 floors above ground and 1 basement floor. The total floor area of the building is 1,828.70 square meters.</p> <p>Jinkelong intends to lease entire area of this building from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a leased area of 1,828.70 square meters.</p> <p>As of the valuation date, this property measuring 1,828.70 square meters, assessed in this valuation, is currently being utilized as “Jinkelong Dongdaqiao Store”.</p> <p>According to the supplementary agreement (Leasing Type 202312042013) signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023, the property currently holds a leasing right. The lessor is Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., and the lease term extends from January 1, 2024, to June 30, 2024.</p>	3,697,814.27	4,078,996.49

Note:

1. According to the property ownership certificate (X Beijing Property Right Certificate, Document No. 1037312) provided by Jinkelong, the property is owned by Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The total construction area is 1,828.70 square meters, and the property is designated for commercial use. Jinkelong intends to lease all the properties in the building from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a leased area of 1,828.70 square meters.
2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.
3. The “Legal Opinion on Lease Renewal/Termination of Properties Managed by Beijing Chaofu State-owned Assets Administration Co., Ltd.” issued by Beijing Tianxun Law Firm states (including but not limited to) the following:
 - ① According to the Property Ownership Certificate (Property Ownership Certificate, Document No. 1037312) issued by the Beijing Municipal Commission of Housing and Urban-Rural Development on September 16, 2011, Hongchao Weiye Company holds ownership of the property located at Building No. 13, East Gongti Road, Chaoyang District, Beijing. As per the certificate, the building has a total construction area of 1,828.70 square meters, and the land use rights were obtained through allocation. The property is categorized as collectively owned and designated for commercial purposes. Hongchao Weiye Company is the sole owner of the property.

Based on this, local lawyers believe that Hongchao Weiye Company has legally obtained the “Property Ownership Certificate” for these properties.
 - ② The land occupied by the property intended for lease has not yet obtained the “Certificate of State-owned Land Use,” and the land is land allocated for use.

Local lawyers suggest completing approval procedures to the extent possible. However, the absence of these procedures does not affect the signing of the lease contract. It should be noted that it may affect the performance of the subsequent contract. It is recommended that both parties to the lease make corresponding agreements in the contract terms.
 - ③ According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Document No. 1037312) for Building No. 13, East Gongti Road, the property was mortgaged on September 16, 2011.

Local lawyers believe that even if there is a mortgage, signing a lease contract is still possible. However, it should be noted that during the performance of the lease contract, if the mortgagee exercises the mortgage right before the property is leased, resulting in a change in property ownership, Jinkelong cannot demand continued performance of the lease contract.
4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available
5. The property was inspected by Mr. Di Chunyang (Chinese Real Estate Appraiser) on April 1, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 (RMB: Yuan/Year)	Market Rent Value State as at March 31, 2024 (HKD: Yuan/Year)
9. Located at Building 1, West No. 5, Gongti South Road, Chaoyang District, Beijing	<p>This property is located at Buildings 1-3, West No. 5, Gongti South Road, Chaoyang District, Beijing. The buildings were completed in the 1970s. Building 1 has a total of 5 floors above ground, while Buildings 2 and 3 are single-story structures. The total floor area is 448.4 square meters.</p> <p>Jinkelong intends to lease Building 1 of West No. 5 Worker's Stadium South Road from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a leased area of 301.3 square meters.</p> <p>As of the valuation date, the property measuring 301.3 square meters, assessed in this valuation, is currently being utilized as "Jingkelong Gongti South Road Store".</p> <p>According to the supplementary agreement (Leasing Type 202312042013) signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023, the property currently holds a leasing right. The lessor is Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., and the lease term extends from January 1, 2024, to June 30, 2024.</p>	545,473.52	601,702.63

Note:

1. According to the property ownership certificate (Document No. 10819) provided by Jinkelong, the property is owned by Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The total construction area is 448.4 square meters, and the property is designated for commercial use. Jinkelong intends to lease Building 1, West No. 5, Gongti South Road, from Beijing Chaofu State-owned Assets Administration Co., Ltd., with a leased area of 301.3 square meters.

2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.

3. The "Legal Opinion on Lease Renewal/Termination of Properties Managed by Beijing Chaofu State-owned Assets Administration Co., Ltd." issued by Beijing Tianxun Law Firm states (including but not limited to) the following:

① According to the Property Ownership Certificate (Document No. 10819) issued by the former Beijing Municipal Bureau of Real Estate Management on June 10, 1996, Hongchao Weiye Company holds ownership of the property located at Building 1, West No. 5, Gongti South Road, Chaoyang District, Beijing. The certificate records that the building area of the aforementioned property is 448.4 square meters, the ownership nature is public, and the planned use is commercial. Hongchao Weiye Company is the sole owner of the property.

Based on this, domestic lawyers believe that Hongchao Weiye Company has legally obtained the "Property Ownership Certificate" for these properties.

② The land occupied by the property intended for lease has not yet obtained the "Certificate of State-owned Land Use," and the land is land allocated for use.

According to domestic lawyers, it is advisable to complete the approval procedures as much as possible in the event of any possibility, but these procedures do not affect the signing of the lease contract. However, it should be noted that they may affect the subsequent performance of the contract. It is recommended that both parties to the lease include corresponding provisions in the contract terms.

③ According to the Property Ownership Certificate (Document No. 10819) for the building located at Building 1, West No. 5, Gongti South Road, recorded on September 16, 2011, the property underwent mortgage registration on that date.

Domestic lawyers believe that even if there is a mortgage, signing a lease contract is still possible. However, it should be noted that during the performance of the lease contract, if the mortgagee exercises the mortgage right before the property is leased, resulting in a change in property ownership, Jinkelong cannot demand continued performance of the lease contract.

4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

① State-owned Land Use Certificate Not available

② Property Ownership Certificate Available

5. The property was inspected by Mr. Di Chunyang (Chinese Real Estate Appraiser) on April 1, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
10. Located at Buildings 1-2, West No. 5, Gongti South Road, Chaoyang District, Beijing	<p>The property is located at Buildings 1-2, West No. 5, Gongti South Road, Chaoyang District, Beijing. The building was constructed in the 1970s, with 1 floor above ground. The total floor area of the building is 52.2 square meters.</p> <p>Jinkelong intends to lease the entire property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a leased area of 52.2 square meters.</p> <p>As of the valuation date, the property measuring 52.2 square meters, assessed in this valuation, is currently being utilized as “Jinkelong Gongti South Road Store”.</p> <p>According to the supplementary agreement (Leasing Type 202312042013) signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023, the property currently holds a leasing right. The lessor is Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., and the lease term extends from January 1, 2024, to June 30, 2024.</p>	38,487.06	42,454.43

Note:

1. According to the property ownership certificate (X Beijing Property Right Certificate, Document No. 1036704), provided by Jinkelong. The property is owned by Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a total building area of 52.2 square meters, and is designated for commercial use. Jinkelong intends to lease the entire property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a leased building area of 52.2 square meters.

2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.

3. The “Legal Opinion on Lease Renewal/Termination of Properties Managed by Beijing Chaofu State-owned Assets Administration Co., Ltd.” issued by Beijing Tianxun Law Firm states (including but not limited to) the following:

- ① According to the Property Ownership Certificate (X Beijing Property Right Certificate, Document No. 1036704) issued by the Beijing Municipal Commission of Housing and Urban-Rural Development on September 15, 2011, Hongchao Weiye Company holds ownership of the property located at Buildings 1-2, West No. 5, Gongti South Road, Chaoyang District, Beijing. As per the certificate, the building area of the aforementioned property is 52.2 square meters, obtained through land allocation, and designated for commercial use. The property is solely owned by Hongchao Weiye Company.

Based on this, domestic lawyers believe that Hongchao Weiye Company has legally obtained the “Property Ownership Certificate” for these properties.

- ② The land occupied by the property intended for lease has not yet obtained the “Certificate of State-owned Land Use,” and the land is land allocated for use.

Domestic lawyers suggest completing approval procedures to the extent possible. However, the absence of these procedures does not affect the signing of the lease contract. It should be noted that it may affect the performance of the subsequent contract. It is recommended that both parties to the lease make corresponding agreements in the contract terms.

- ③ According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Document No. 1036704) for the buildings located at Buildings 1-2, West No. 5, Gongti South Road, it was recorded that the property was mortgaged on September 16, 2011.

Domestic lawyers believe that even if there is a mortgage, signing a lease contract is still possible. However, it should be noted that during the performance of the lease contract, if the mortgagee exercises the mortgage right before the property is leased, resulting in a change in property ownership, Jinkelong cannot demand continued performance of the lease contract.

4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

- | | |
|------------------------------------|---------------|
| ① State-owned Land Use Certificate | Not available |
| ② Property Ownership Certificate | Available |

5. The property was inspected by Mr. Di Chunyang (Chinese Real Estate Appraiser) on April 1, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
11. Located at Building 1, North Side of Chaoyang Hospital, Tiychang East Road, Chaoyang District, Beijing	<p>The property is located at Building 1, North Side of Chaoyang Hospital, Tiychang East Road, Chaoyang District, Beijing. The building was completed in 1989 and consists of one above-ground floor, with a total building area of 618.75 square meters.</p> <p>Jinkelong intends to lease the entire property of the building from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a leased area of 618.75 square meters.</p> <p>As of the valuation date, this property measuring 618.75 square meters, assessed in this valuation, is currently being utilized as “Jinkelong Gongti East Road Store”.</p> <p>According to the supplementary agreement (Leasing Type 202312042013) signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023, the property currently holds a leasing right. The lessor is Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., and the lease term extends from January 1, 2024, to June 30, 2024.</p>	1,368,613.13	1,509,694.04

Note:

1. According to the documents provided by Jinkelong, including the “Property Ownership Certificate” (X Beijing Property Right Certificate, Document No. 1037299), the property is owned by Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a total construction area of 618.75 square meters, and it is designated for commercial use. Jinkelong intends to lease the entire property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a leased area of 618.75 square meters.

2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.

3. The “Legal Opinion on Lease Renewal/Termination of Properties Managed by Beijing Chaofu State-owned Assets Administration Co., Ltd.” issued by Beijing Tianxun Law Firm states (including but not limited to) the following:
 - ① Based on the “Property Ownership Certificate” (X Beijing Property Right Certificate, Document No. 1037299) issued by the Beijing Municipal Housing and Urban-Rural Development Committee on September 16, 2011, Hongchao Weiye Company holds ownership of the property located at Building 1, North Side of Chaoyang Hospital, Tiyuchang East Road, Chaoyang District, Beijing. According to the certificate, the building area of the property is 618.75 square meters, the land use right was obtained through allocation, the property is categorized as state-owned, and its planned use is commercial. It is solely owned by Hongchao Weiye Company.

Based on this, domestic lawyers believe that Hongchao Weiye Company has legally obtained the “Property Ownership Certificate” for these properties.

 - ② The land occupied by the property intended for lease has not yet obtained the “Certificate of State-owned Land Use,” and the land is land allocated for use.

Domestic lawyers believe that in possible situations, efforts should be made to complete the approval procedures, but these procedures do not affect the signing of the lease contract. However, it should be noted that it may affect the subsequent performance of the contract, and it is suggested that both parties to the lease make corresponding provisions in the contract terms.

 - ③ According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Document No. 1037299) for the property located at Building 1, North Side of Chaoyang Hospital, Tiyuchang East Road, the property was mortgaged on September 16, 2011.

Domestic lawyers believe that even if there is a mortgage, signing a lease contract is still possible. However, it should be noted that during the performance of the lease contract, if the mortgagee exercises the mortgage right before the property is leased, resulting in a change in property ownership, Jinkelong cannot demand continued performance of the lease contract.

4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available

5. The property was inspected by Mr. Ping Yuanshuai (Chinese real estate appraiser) on April 1, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 (RMB: Yuan/Year)	Market Rent Value State as at March 31, 2024 (HKD: Yuan/Year)
12. Located at Building No. 21, Xingfu Second Village, Chaoyang District, Beijing	<p>This property is located at Buildings 1-3, Building No. 21, Xingfu Second Village, Chaoyang District, Beijing. The buildings were completed in 1989. Building 2 has a total of 2 floors above ground, while Buildings 1 and 3 are single-story structures. The total floor area is 833.1 square meters.</p> <p>Jinkelong intends to lease Building 2 of No. 21, Happiness Second Village, with a leased area of 461.7 square meters, from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd.</p> <p>As of the valuation date, this property, covering 461.7 square meters, is being used as “Jinkelong Chunxiu Road Store”.</p> <p>According to the supplementary agreement (Leasing Type 202312042013) signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023, the property currently has a leasing right. The lessor is Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., and the lease term is from January 1, 2024, to June 30, 2024.</p>	679,137.62	749,145.24

Note:

1. According to the documents provided by Jinkelong, including the “Property Ownership Certificate” (Certificate No. 10065), the property is owned by Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a total construction area of 833.1 square meters, and the documented use of the property is for commercial purposes. Jinkelong intends to lease Building 2, Building No. 21, Xingfu Second Village, with a leased area of 461.7 square meters, from Beijing Chaofu State-owned Assets Administration Co., Ltd.
2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.
3. The “Legal Opinion on Lease Renewal/Termination of Properties Managed by Beijing Chaofu State-owned Assets Administration Co., Ltd.” issued by Beijing Tianxun Law Firm states (including but not limited to) the following:
 - ① According to the “Property Ownership Certificate” (Certificate No. 10065) issued by the former Beijing Municipal Real Estate Management Bureau on January 18, 1996, Hongchao Weiye Company holds ownership of the property located at Building No. 21, Xingfu Second Village, Chaoyang District, Beijing. The recorded construction area of the property is 833.1 square meters, the ownership nature is public, and the planned use is commercial. Hongchao Weiye Company is the sole owner.

Based on this, domestic lawyers believe that Hongchao Weiye Company has legally obtained the “Property Ownership Certificate” for these properties.
 - ② The land occupied by the property intended for lease has not yet obtained the “Certificate of State-owned Land Use,” and the land is land allocated for use.

Domestic lawyers believe that in possible situations, efforts should be made to complete the approval procedures, but these procedures do not affect the signing of the lease contract. However, it should be noted that it may affect the subsequent performance of the contract, and it is suggested that both parties to the lease make corresponding provisions in the contract terms.
 - ③ According to the “Property Ownership Certificate” (Certificate No. 10065) for Building No. 21 of Xingfu Second Village, there is no mortgage registration.

Domestic lawyers believe that even if there is a mortgage, signing a lease contract is still possible. However, it should be noted that during the performance of the lease contract, if the mortgagee exercises the mortgage right before the property is leased, resulting in a change in property ownership, Jinkelong cannot demand continued performance of the lease contract.
4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available
5. The property was inspected by Mr. Ping Yuanshuai (Chinese real estate appraiser) on April 1, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
13. Located at Unit No. 85-2, 1st Floor, Building No. 85, East Xibaohe Community, Chaoyang District, Beijing	<p>The property is located at Located at Unit No. 85-2, 1st Floor, Building No. 85, East Xibaohe Community, Chaoyang District, Beijing. The building was completed in 1985, with a total of 1 floor above ground and a total building area of 1,547.51 square meters.</p> <p>Jingkelong intends to lease the entire property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a lease area of 1,547.51 square meters.</p> <p>As of the valuation date, the property of 1,547.51 square meters is being used as “Jingkelong Xibaohe Store.”</p> <p>According to the Supplementary Agreement (Leasing Type 202312042013) signed between Jingkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023, the property currently has a lease, with the lessor being Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., and the lease term is from January 1, 2024, to June 30, 2024.</p>	2,366,684.42	2,610,649.63

Note:

1. According to the information provided by Jinkelong, including the "Property Ownership Certificate" (X Beijing Property Right Certificate, Serial No. 1037290), the property corresponds to the building's ownership belonging to Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a total floor area of 1,547.51 square meters and is designated for commercial use. Jinkelong intends to lease the entire property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a lease area of 1,547.51 square meters.

2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.

3. The "Legal Opinion on Lease Renewal/Termination of Properties Managed by Beijing Chaofu State-owned Assets Administration Co., Ltd." issued by Beijing Tianxun Law Firm states (including but not limited to) the following:

① According to the "Property Ownership Certificate" (X Beijing Property Right Certificate, Serial No. 1037290) issued by the Beijing Municipal Commission of Housing and Urban-Rural Development on September 16, 2011, Hongchao Weiye Company holds ownership of the property located at Unit No. 85-2, 1st Floor, Building No. 85, East Xibaohe Community, Chaoyang District, Beijing. The property has a construction area of 1547.51 square meters, acquired through allocation, with ownership by the state and designated for commercial use. Hongchao Weiye Company holds sole ownership of the property.

Based on this, domestic lawyers believe that Hongchao Weiye Company has legally obtained the "Property Ownership Certificate" for these properties.

② The land occupied by the property intended for lease has not yet obtained the "Certificate of State-owned Land Use," and the land is land allocated for use.

Domestic lawyers suggest striving to complete the approval procedures if possible, but notes that the absence of these procedures does not affect the signing of the lease contract. However, it may impact the fulfillment of the contract in the future, and it recommends both parties to make corresponding agreements in the contract terms.

③ The property located at Unit No. 85-2, 1st Floor, Building No. 85, East Xibaohe Community, was registered with a mortgage on September 16, 2011, according to the "Property Ownership Certificate" (X Beijing Property Right Certificate, Serial No. 1037290).

Domestic lawyers believe that even if there is a mortgage, signing a lease contract is still possible. However, it should be noted that during the performance of the lease contract, if the mortgagee exercises the mortgage right before the property is leased, resulting in a change in property ownership, Jinkelong cannot demand continued performance of the lease contract.

4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

① State-owned Land Use Certificate Not available

② Property Ownership Certificate Available

5. The property was inspected by Mr. Ping Yuanshuai (Chinese real estate appraiser) on April 1, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
14. Located at Unit No. 83-1, 1st Floor, Building No. 83, East Xibaohe Community, Chaoyang District, Beijing	<p>The property is located at Unit No. 83-1, 1st Floor, Building No. 83, East Xibaohe Community, Chaoyang District, Beijing. The building was completed in 1985, with a total of 1 above-ground floor and a total floor area of 235.47 square meters.</p> <p>Jinkelong intends to lease the entire property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a leased area of 235.47 square meters.</p> <p>As of the valuation date, this property, totaling 235.47 square meters, is being used “Jinkelong Xibaohe Store.”</p> <p>According to the supplementary agreement (lease type 202312042013) signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023, the property is currently under lease. The lessor is Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., and the lease term is from January 1, 2024, to June 30, 2024.</p>	360,116.04	397,237.92

Note:

1. Based on the information provided by Jinkelong, the property corresponding to the building's ownership certificate (X Beijing Property Right Certificate, Serial No. 1036711) belongs to Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The total floor area is 235.47 square meters, and it is designated for commercial use. Jinkelong intends to lease the entire property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a leased area of 235.47 square meters. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.
2. The "Legal Opinion on Lease Renewal/Termination of Properties Managed by Beijing Chaofu State-owned Assets Administration Co., Ltd." issued by Beijing Tianxun Law Firm states (including but not limited to) the following:
 - ① According to the property ownership certificate issued by the Beijing Municipal Commission of Housing and Urban-Rural Development on September 15, 2011 (X Beijing Property Right Certificate, Serial No. 1036711), Hongchao Weiye Company holds ownership of the property located at Unit No. 83-1, 1st Floor, Building No. 83, East Xibaohe Community, Chaoyang District, Beijing. The building's floor area is 235.47 square meters, obtained through land allocation, designated as state-owned property, and intended for commercial use. Hongchao Weiye Company holds ownership of the property independently.

Based on this, domestic lawyers believe that Hongchao Weiye Company has legally obtained the "Property Ownership Certificate" for these properties.
 - ② The land occupied by the property intended for lease has not yet obtained the "Certificate of State-owned Land Use," and the land is land allocated for use.

Domestic lawyers suggest striving to complete the approval procedures if possible, but notes that the absence of these procedures does not affect the signing of the lease contract. However, it may impact the fulfillment of the contract in the future, and it recommends both parties to make corresponding agreements in the contract terms.
 - ③ The property's ownership certificate (X Beijing Property Right Certificate, Serial No. 1036711) of Unit No. 83-1, 1st Floor, Building No. 83, East Xibaohe Community, there is no mortgage registration recorded.

The law firm notes that even if there were mortgages, signing the lease agreement is still possible. However, it's essential to note that if a mortgage holder exercises their rights before the property is leased, resulting in a change of property ownership, Jinkelong cannot demand continued fulfillment of the lease agreement.
3. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:
 - ① State-owned Land Use Certificate Not available
 - ② Property Ownership Certificate Available
4. The property was inspected by Mr. Ping Yuanshuai (Chinese real estate appraiser) on April 1, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 (RMB: Yuan/Year)	Market Rent Value State as at March 31, 2024 (HKD: Yuan/Year)
15. Located at Building No. 34, Zaoying North Community, Chaoyang District, Beijing	<p>The property is located at Building No. 34, Zaoying North Community, Chaoyang District, Beijing. It was completed in 1994, with a total of 4 floors above ground and a total floor area of 1,599.30 square meters.</p> <p>Jinkelong intends to lease the entire property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The leased area covers a building space of 1,599.30 square meters.</p> <p>As of the valuation date, this property, spanning 1,599.30 square meters, is intended for use as “Jingkelong Zaoying North Lane Store”.</p> <p>According to the supplementary agreement (leasing type 202312042013) signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023, there is an existing lease agreement for the property, with the lessor being Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., and the lease term running from January 1, 2024, to June 30, 2024.</p>	1,891,332.18	2,086,296.60

Note:

1. According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Serial No. 1037303) provided by Jinkelong, the property is owned by Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The total building area is 1,599.30 square meters, and it is designated for commercial use. Jinkelong intends to lease the entire property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a leased area of 1,599.30 square meters.
2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.
3. The “Legal Opinion on Lease Renewal/Termination of Properties Managed by Beijing Chaofu State-owned Assets Administration Co., Ltd.” issued by Beijing Tianxun Law Firm states (including but not limited to) the following:
 - ① According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Serial No. 1037303) issued by the Beijing Municipal Commission of Housing and Urban-Rural Development on September 16, 2011, Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. holds the ownership of the property located at Building No. 34, Zaoying North Community, Chaoyang District, Beijing. As per the certificate, the aforementioned property has a total building area of 1,599.3 square meters, acquired through land allocation. The property is state-owned and designated for commercial use. It is solely owned by Beijing Hongchao Weiye State-owned Assets Management Co., Ltd.

Based on this, domestic lawyers believe that Hongchao Weiye Company has legally obtained the “Property Ownership Certificate” for these properties.
 - ② The land occupied by the property intended for lease has not yet obtained the “Certificate of State-owned Land Use,” and the land is land allocated for use.

Domestic lawyers suggest striving to complete the approval procedures if possible, but notes that the absence of these procedures does not affect the signing of the lease contract. However, it may impact the fulfillment of the contract in the future, and it recommends both parties to make corresponding agreements in the contract terms.
 - ③ According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Serial No. 1037303) of Building No. 34, Zaoying North Community, it was registered for mortgage on September 16, 2011.

The law firm notes that even if there were mortgages, signing the lease agreement is still possible. However, it’s essential to note that if a mortgage holder exercises their rights before the property is leased, resulting in a change of property ownership, Jinkelong cannot demand continued fulfillment of the lease agreement.
4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available
5. The property was inspected by Mr. Ping Yuanshuai (Chinese real estate appraiser) on April 1, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
16. Located at Ground Floor, Building No. 1, Gaojiayuan Third Community (First Grocery Store), Chaoyang District, Beijing	<p>The property is located at Ground Floor, Building No. 1, Gaojiayuan Third Community (First Grocery Store), Chaoyang District, Beijing. It was completed in 1982, with a total of 1 floor and a total building area of 782.4 square meters.</p> <p>Jinkelong intends to lease the entire area of this building from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a lease area of 782.4 square meters.</p> <p>As of the valuation date, the property of 782.4 square meters is being used as Jinkelong's "Jinkelong Zao Ying North Store".</p> <p>According to the supplementary agreement signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023 (Leasing Type 202312042013), the property is currently leased, with the lessor being Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., and the lease term is from January 1, 2024, to June 30, 2024.</p>	862,439.52	951,342.47

Note:

1. According to the "Property Ownership Certificate" (X Beijing Property Right Certificate, Serial No. 1036720) provided by Jinkelong, the property is owned by Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The total building area is 782.4 square meters, and the property is designated for commercial use. Jinkelong intends to lease all the properties to Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a lease area of 782.4 square meters.
2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.
3. The "Legal Opinion on Lease Renewal/Termination of Properties Managed by Beijing Chaofu State-owned Assets Administration Co., Ltd." issued by Beijing Tianxun Law Firm states (including but not limited to) the following:
 - ① According to the "Property Ownership Certificate" (X Beijing Property Right Certificate, Serial No. 1036720) issued by the Beijing Municipal Housing and Urban-Rural Development Commission on September 15, 2011, Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. owns the property located at Ground Floor, Building No. 1, Gaojiayuan Third Community (First Grocery Store), Chaoyang District, Beijing. According to the certificate, the building area of the property is 782.4 square meters, the land use right was obtained through allocation, the property belongs to the state, and the planned use is for commercial purposes. It is solely owned by Beijing Hongchao Weiye State-owned Assets Management Co., Ltd.

Based on this, domestic lawyers believe that Hongchao Weiye Company has legally obtained the "Property Ownership Certificate" for these properties.
 - ② The land occupied by the property intended for lease has not yet obtained the "Certificate of State-owned Land Use," and the land is land allocated for use.

Domestic lawyers suggest striving to complete the approval procedures if possible, but notes that the absence of these procedures does not affect the signing of the lease contract. However, it may impact the fulfillment of the contract in the future, and it recommends both parties to make corresponding agreements in the contract terms.
 - ③ According to the "Property Ownership Certificate" (X Beijing Property Right Certificate, Serial No. 1036720) for the property located at Ground Floor, Building No. 1, Gaojiayuan Third Community (First Grocery Store), there are no records of mortgage registration.

The law firm notes that even if there were mortgages, signing the lease agreement is still possible. However, it's essential to note that if a mortgage holder exercises their rights before the property is leased, resulting in a change of property ownership, Jinkelong cannot demand continued fulfillment of the lease agreement.
4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available
5. The property was inspected by Mr. Chu Yongqiang (Chinese real estate appraiser) on April 1, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
17. Located at No. 1, Capital Airport South Road, Chaoyang District, Beijing	<p>This property is located at Buildings 1-9, No. 1, Capital Airport South Road, Chaoyang District, Beijing. The buildings were completed in the 1970s. Building 5 has a total of 3 floors above ground, while the rest are single-story buildings. The total floor area is 4,426.4 square meters.</p> <p>Jinkelong plans to lease a portion of the property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The leased area covers 3,994.5 square meters. As of the valuation date, this 3,994.5 square meters property is being used as “Jingkelong Airport Store.”</p> <p>According to the supplementary agreement signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023 (Leasing Type 202312042013), there is an existing lease right for the property. The lessor is Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., and the lease term is from January 1, 2024, to June 30, 2024.</p>	3,003,464.55	3,313,071.04

Note:

1. Based on the information provided by Jinkelong’s “Property Ownership Certificate” (Certificate No. 09471), the property corresponds to a building owned by Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a total floor area of 4,426.4 square meters, designated for commercial use. Jinkelong intends to lease a portion of the property, with a rental area of 3,994.5 square meters, from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd.
2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.
3. The “Legal Opinion on Lease Renewal/Termination of Properties Managed by Beijing Chaofu State-owned Assets Administration Co., Ltd.” issued by Beijing Tianxun Law Firm states (including but not limited to) the following:
 - ① According to the “Property Ownership Certificate” (Registration No. 09471) issued by the Beijing Municipal Bureau of Real Estate Administration on January 18, 1996, Hongchao Weiye Company owns the property located at No. 1 Capital Airport South Road, Chaoyang District, Beijing. According to the record of the “Property Ownership Certificate”, the building area of the aforementioned property is 4,426.4 square meters, and the ownership nature is public, with the planned use for commercial purposes. The property is solely owned by Hongchao Weiye Company.

Based on this, domestic lawyers believe that Hongchao Weiye Company has legally obtained the “Property Ownership Certificate” for these properties.
 - ② The land occupancy rights for the property have not been granted a “Certificate of State-owned Land Use,” as the land is allocated.

Domestic lawyers suggest striving to complete the approval procedures if possible, but notes that the absence of these procedures does not affect the signing of the lease contract. However, it may impact the fulfillment of the contract in the future, and it recommends both parties to make corresponding agreements in the contract terms.
 - ③ The property at No. 1, Capital Airport South Road, was registered with a mortgage on August 19, 1996, and the mortgage registration was canceled on May 30, 2001.

The law firm notes that even if there were mortgages, signing the lease agreement is still possible. However, it’s essential to note that if a mortgage holder exercises their rights before the property is leased, resulting in a change of property ownership, Jinkelong cannot demand continued fulfillment of the lease agreement.
4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available
5. The property was inspected by Mr. Chuyong Qiang, a Chinese real estate appraiser, on April 1, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
18. Located at Building No. 1, East Yinghuayuan Street, Chaoyang District, Beijing	<p>The property is located at Building No. 1, East Yinghuayuan Street, Chaoyang District, Beijing. The building was completed in 1987, with a total of 2 floors above ground and a total floor area of 862.62 square meters.</p> <p>Jinkelong intends to lease the entire property in this building from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a rental area of 862.62 square meters.</p> <p>As of the valuation date, this 862.62 square meter property is being used as “Jinkelong Yinghua East Street Store”.</p> <p>According to the supplemental agreement signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023 (Leasing Type 202312042013), there is an existing lease on the property, with the lessor being Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., and the lease term is from January 1, 2024, to June 30, 2024.</p>	1,854,503.61	2,045,671.62

Note:

1. According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Serial No. 1036709) provided by Jinkelong, the property corresponds to the ownership of the building by Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The total floor area is 862.62 square meters, and the certificate states that the property is intended for commercial use. Jinkelong intends to lease the entire property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a rental area of 862.62 square meters.

2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are to be made every six months, with a rental increase of 3% every 3 years. This valuation also includes the value-added tax.

3. The “Legal Opinion on Lease Renewal/Termination of Properties Managed by Beijing Chaofu State-owned Assets Administration Co., Ltd.” issued by Beijing Tianxun Law Firm states (including but not limited to) the following:

- ① According to the Property Ownership Certificate (X Beijing Property Right Certificate, Serial No. 1036709), Beijing Hongchao Weiye Company owns the property located at Building No. 1, East Yinguayuan Street, Chaoyang District, Beijing. As per the certificate, the building area of the aforementioned property is 862.62 square meters. The land use right was obtained through allocation, and the property ownership belongs to the state. The planned use is commercial, and it is solely owned by Beijing Hongchao Weiye Company.

Based on this, the domestic lawyer believes that Beijing Hongchao Weiye Company has lawfully obtained the Property Ownership Certificate for the property.

- ② The land occupied by the property intended for lease has not yet been issued a State-owned Land Use Certificate, as it is land allocated for use.

The domestic lawyer suggests making efforts to complete the approval procedures if possible. However, the absence of such procedures does not affect the signing of the lease contract. It should be noted that this might impact the performance of subsequent contracts, and it is advisable for both parties to make corresponding agreements in the contract terms

- ③ According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Document No. 1036709) for Building No. 1, East Yinguayuan Street, there is no record of mortgage registration.

The domestic lawyer believes that even if there is an existing mortgage, it is still possible to sign the lease contract. However, it is important to note that in the process of fulfilling the lease contract, if the mortgagee exercises their rights before the property is leased, resulting in a change in property ownership, Jinkelong cannot demand continuation of the lease contract according to its terms.

4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

- | | |
|------------------------------------|---------------|
| ① State-owned Land Use Certificate | Not available |
| ② Property Ownership Certificate | Available |

5. The property was inspected by Mr. Chu Yongqiang (Chinese real estate appraiser) on April 1, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 (RMB: Yuan/Year)	Market Rent Value State as at March 31, 2024 (HKD: Yuan/Year)
19. Located at Unit 304-2, 1st Floor, Building No. 304, Huizhongli Community, Chaoyang District, Beijing	<p>The property is located at Unit 304-2, 1st Floor, Building No. 304, Huizhongli Community, Chaoyang District, Beijing. The building was completed in 1991, with a total of 6 floors and a total construction area of 2,134.1 square meters.</p> <p>Jinkelong intends to lease a portion of the property, with a rental area of 2,134.1 square meters.</p> <p>As of the valuation date, the property measuring 2,134.1 square meters is currently being used as “Jingkelong Huizhongli Community Store”.</p> <p>According to the Supplementary Agreement (Lease Type 202312042013) signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023, there is an existing lease right for the property. The lessor is Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., and the lease term is from January 1, 2024, to June 30, 2024.</p>	1,908,418.93	2,105,144.70

Note:

1. Based on the House Ownership Certificate (X Beijing Property Right Certificate, Serial No. 1036710) provided by Jinkelong, the property corresponds to the ownership of Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The total construction area is 2,134.1 square meters, and the property is designated for commercial use. Jinkelong intends to lease a portion of the property, with a rental area of 2,134.1 square meters.
2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.
3. The “Legal Opinion on Lease Renewal/Termination of Properties Managed by Beijing Chaofu State-owned Assets Administration Co., Ltd.” issued by Beijing Tianxun Law Firm states (including but not limited to) the following:
 - ① According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Document No. 1036710) issued by the Beijing Municipal Housing and Urban-Rural Development Committee on September 15, 2011, Hongchao Weiye Company holds ownership of the property located at Unit 304-2, 1st Floor, Building No. 304, Huizhongli Community, Chaoyang District, Beijing. According to the certificate, the building area of the property is 2,134.1 square meters, the land use right was obtained through allocation, the property is categorized as state-owned, and its planned use is commercial. It is solely owned by Hongchao Weiye Company.

Based on this, domestic lawyers believe that Hongchao Weiye Company has legally obtained the “Property Ownership Certificate” for these properties.
 - ② The land occupied by the property intended for lease has not yet obtained the “Certificate of State-owned Land Use,” and the land is land allocated for use.

Domestic lawyers suggest striving to complete the approval procedures if possible, but notes that the absence of these procedures does not affect the signing of the lease contract. However, it may impact the fulfillment of the contract in the future, and it recommends both parties to make corresponding agreements in the contract terms.
 - ③ According to the “Property Ownership Certificate” (Registration No. X Beijing Property Right Certificate Character No. 1036710), there is no mortgage registration recorded for Unit 304-2 on the 1st floor of Building No. 304 in Huizhongli Community.

Even if there is an existing mortgage, the lease agreement can still be signed. However, it should be noted that if the mortgagee exercises their rights before the lease, resulting in a change in property ownership, Jinkelong cannot demand continued performance of the lease agreement.
4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available
5. The property was inspected by Mr. Chu Yongqiang (Chinese real estate appraiser) on April 1, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
20. Located at Building No. 16, Zone 1, Anzhen West Community, Chaoyang District, Beijing	<p>This property is located at Building No. 16, Zone 1, Anzhen West Community, Chaoyang District, Beijing. The building was completed in 1985, with a total of 2 floors above ground. The total floor area of the building is 942.32 square meters.</p> <p>Jinkelong intends to lease the entire property in this building to Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The leased area is 942.32 square meters.</p> <p>As of the valuation date, the property of 942.32 square meters is currently used as the “Jingkelong 26th Store”.</p> <p>According to the Supplementary Agreement (Leasing Type 202312042013) signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023, the property is currently under lease, with Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. as the lessor. The lease term is from January 1, 2024, to June 30, 2024.</p>	1,898,586.34	2,094,298.54

Note:

1. According to the documents provided by Jinkelong, including the Property Ownership Certificate (X Beijing Property Rights Certificate No. 1036965), the property's ownership is associated with Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The total construction area is 942.32 square meters, and the documented usage of the property is for commercial purposes. Jinkelong intends to lease the entire property to Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a leased area of 942.32 square meters.
2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.
3. The "Legal Opinion on Lease Renewal/Termination of Properties Managed by Beijing Chaofu State-owned Assets Administration Co., Ltd." issued by Beijing Tianxun Law Firm states (including but not limited to) the following:
 - ① According to the Property Ownership Certificate (X Beijing Property Right Certificate, Document No. 1036965) issued by the Beijing Municipal Housing and Urban-Rural Development Committee on September 16, 2011, Hongchao Weiye Company holds ownership of the property located at Building No. 16, Zone 1, Anzhen West Community, Chaoyang District, Beijing. The certificate indicates that the building area of the aforementioned property is 942.32 square meters. The land use right was obtained through allocation, and the property is categorized as state-owned, with a planned commercial use. It is solely owned by Hongchao Weiye Company.

Based on this, domestic lawyers believe that Hongchao Weiye Company has legally acquired the Property Ownership Certificate for the above-mentioned property.
 - ② The property intended for lease in this case does not yet have a "State-owned Land Use Certificate"; the land was allocated.

Domestic lawyers suggest striving to complete the approval procedures if possible, but notes that the absence of these procedures does not affect the signing of the lease contract. However, it may impact the fulfillment of the contract in the future, and it recommends both parties to make corresponding agreements in the contract terms.
 - ③ According to the Property Ownership Certificate (X Beijing Property Rights Certificate No. 1036965) for Building No. 16, Zone 1, Anzhen West Community, there is no record of mortgage registration.

Even if there is an existing mortgage, the lease agreement can still be signed. However, it should be noted that if the mortgagee exercises their rights before the lease, resulting in a change in property ownership, Jinkelong cannot demand continued performance of the lease agreement.
4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available
5. The property was inspected by Mr. Di Chunyang (Chinese real estate appraiser) conducted an inspection on April 2, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
21. Located at Building No. 12, Zone 1, Anhua West Community, Chaoyang District, Beijing	<p>The property is located at Building No. 12, Zone 1, Anhua West Community, Chaoyang District, Beijing. The building was completed in 1990 and 1994, with a total of 3 floors above ground and 1 floor below ground. The total building area is 3,917.88 square meters.</p> <p>Jingkelong intends to lease the entire property in this building to Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The leased area is 3,917.88 square meters.</p> <p>As of the valuation date, the property of 3,917.88 square meters is currently used as the “Jingkelong Hua’an Store”.</p> <p>According to the Supplementary Agreement (Leasing Type 202312042013) signed between Jingkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023, the property is currently under lease, with Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. as the lessor. The lease term is from January 1, 2024, to June 30, 2024.</p>	4,533,183.05	5,000,477.69

Note:

1. According to the documents provided by Jinkelong, including the Property Ownership Certificate (X Beijing Property Right Certificate, Serial No. 1037308), the property’s ownership is associated with Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The total construction area is 3,917.88 square meters, and the documented usage of the property is for commercial purposes. Jinkelong intends to lease the entire property to Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a leased area of 3,917.88 square meters.

2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.

3. According to the legal opinion provided by Beijing Tianxun Law Firm in the “Legal Opinion on Renewing/Terminating the Lease of Properties Managed by Beijing Chaofu State-owned Assets Administration Co., Ltd., etc.,” the following points are noted:

- ① Based on the Property Ownership Certificate (X Beijing Property Right Certificate, Serial No. 1037308) issued by the Beijing Municipal Commission of Housing and Urban-Rural Development on September 16, 2011, Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. owns the property located at Building No. 12, Zone 1, Anhua West Community, Chaoyang District, Beijing. According to the Property Ownership Certificate, the construction area of the property is 3,917.88 square meters, the land use right was obtained through allocation, the property is owned by the state, and its designated use is for commercial purposes. The property is solely owned by Beijing Hongchao Weiye State-owned Assets Management Co., Ltd.

Based on this, domestic lawyers believe that Hongchao Weiye Company has legally obtained the “Property Ownership Certificate” for these properties.

- ② The land on which the property intended for lease is situated has not yet obtained a “State-owned Land Use Certificate”; the land was allocated.

It is suggested to strive to complete the approval procedures if possible, although these procedures do not affect the signing of the lease contract. However, it should be noted that they may affect the performance of subsequent contracts, and it is recommended that both parties make corresponding provisions in the contract terms.

- ③ According to the Property Ownership Certificate (X Beijing Property Right Certificate, Serial No. 1037308) for Building No. 12, Zone 1, Anhua West Community, the property was registered with a mortgage on September 16, 2011.

Even if there is an existing mortgage, the lease agreement can still be signed. However, it should be noted that if the mortgagee exercises their rights before the lease, resulting in a change in property ownership, Jinkelong cannot demand continued performance of the lease agreement.

4. According to Chinese law opinions and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, are as follows:

- ① State-owned Land Use Certificate Not available
- ② Property Ownership Certificate Available

5. The property was inspected by Mr. Ping Yuanshuai (Chinese real estate appraiser) on April 2, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
22. Located at Building No. 306A, No. 8 Beilizhuang North Community, Chaoyang District, Beijing	<p>The property is located at Building No. 306A, No. 8 Beilizhuang North Community, Chaoyang District, Beijing. The building was completed in 1990 and consists of 2 floors above ground. The total building area is 890.47 square meters.</p> <p>Jinkelong intends to lease the entire property in this building to Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The leased area is 890.47 square meters.</p> <p>As of the valuation date, the property of 890.47 square meters is currently used as the “Jingkelong Balizhuang North Community Store”.</p> <p>According to the Supplementary Agreement (Leasing Type 202312042013) signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023, the property is currently under lease, with Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. as the lessor. The lease term is from January 1, 2024, to June 30, 2024.</p>	1,300,086.20	1,434,103.14

Note:

1. According to the documents provided by Jinkelong, including the Property Ownership Certificate (X Beijing Property Rights Certificate No. 1037313), the property's ownership is associated with Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The total construction area is 890.47 square meters, and the documented usage of the property is for commercial purposes. Jinkelong intends to lease the entire property to Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a leased area of 890.47 square meters.
2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.
3. The "Legal Opinion on Lease Renewal/Termination of Properties Managed by Beijing Chaofu State-owned Assets Administration Co., Ltd." issued by Beijing Tianxun Law Firm states (including but not limited to) the following:

- ① According to the Property Ownership Certificate (X Beijing Property Rights Certificate No. 1037313) issued by the Beijing Municipal Commission of Housing and Urban-Rural Development on September 16, 2011, Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. owns the property located at Building No. 306A, No. 8 Beilizhuang North Community, Chaoyang District, Beijing. According to the Property Ownership Certificate, the construction area of the property is 890.47 square meters, the land use right was obtained through allocation, the property is owned by the state, and its designated use is for commercial purposes. The property is solely owned by Beijing Hongchao Weiye State-owned Assets Management Co., Ltd.

Based on this, domestic lawyers believe that Hongchao Weiye Company has legally obtained the "Property Ownership Certificate" for these properties.

- ② The land on which the property intended for lease is situated has not yet obtained a "State-owned Land Use Certificate"; the land was allocated.

It is suggested to strive to complete the approval procedures if possible, although these procedures do not affect the signing of the lease contract. However, it should be noted that they may affect the performance of subsequent contracts, and it is recommended that both parties make corresponding provisions in the contract terms.

- ③ According to the Property Ownership Certificate (X Beijing Property Rights Certificate No. 1037313) for Building No. 306A, No. 8 Beilizhuang North Community, the property was registered with a mortgage on September 16, 2011.

Even if there is an existing mortgage, the lease agreement can still be signed. However, it should be noted that if the mortgagee exercises their rights before the lease, resulting in a change in property ownership, Jinkelong cannot demand continued performance of the lease agreement.

4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

① State-owned Land Use Certificate Not available

② Property Ownership Certificate Available

5. The property was inspected by Mr. Chu Yongqiang (Chinese real estate appraiser) on April 2, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
23. Located at Unit 18-2, 1st Floor, Building 18, Ganluyuan South Community, Chaoyang District, Beijing	<p>The property is located at Unit 18-2, 1st Floor, Building 18, Ganluyuan South Community, Chaoyang District, Beijing. The building was completed in 1998 and consists of 1 floor above ground. The total building area is 645.10 square meters.</p> <p>Jinkelong intends to lease the entire property in this building to Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The leased area is 645.10 square meters.</p> <p>As of the valuation date, the property of 645.10 square meters is currently used as the “Jingkelong Ganluyuan Store”.</p> <p>According to the Supplementary Agreement (Leasing Type 202312042013) signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023, the property is currently under lease, with Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. as the lessor. The lease term is from January 1, 2024, to June 30, 2024.</p>	777,022.95	857,120.90

Note:

1. According to the documents provided by Jinkelong, including the Property Ownership Certificate (X Beijing Property Rights Certificate No. 1036707), the property’s ownership is associated with Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The total construction area is 645.10 square meters, and the documented usage of the property is for commercial purposes. Jinkelong intends to lease the entire property to Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a leased area of 645.10 square meters.

2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.

3. The “Legal Opinion on Lease Renewal/Termination of Properties Managed by Beijing Chaofu State-owned Assets Administration Co., Ltd.” issued by Beijing Tianxun Law Firm states (including but not limited to) the following:

① According to the Property Ownership Certificate (X Beijing Property Rights Certificate No. 1036707) issued by the Beijing Municipal Commission of Housing and Urban-Rural Development on September 15, 2011, Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. owns the property located at Unit 18-2, 1st Floor, Building 18, Ganluyuan South Community, Chaoyang District, Beijing. According to the Property Ownership Certificate, the construction area of the property is 645.10 square meters, the land use right was obtained through allocation, the property is owned by the state, and its designated use is for commercial purposes. The property is solely owned by Beijing Hongchao Weiye State-owned Assets Management Co., Ltd.

Based on this, domestic lawyers believe that Hongchao Weiye Company has legally obtained the “Property Ownership Certificate” for these properties.

② The land on which the property intended for lease is situated has not yet obtained a “State-owned Land Use Certificate”; the land was allocated.

It is suggested to strive to complete the approval procedures if possible, although these procedures do not affect the signing of the lease contract. However, it should be noted that they may affect the performance of subsequent contracts, and it is recommended that both parties make corresponding provisions in the contract terms.

③ According to the Property Ownership Certificate (X Beijing Property Rights Certificate No. 1036707) for Unit 18-2, 1st Floor, Building 18, Ganluyuan South Community, there is no record of mortgage registration.

Even if there is an existing mortgage, the lease agreement can still be signed. However, it should be noted that if the mortgagee exercises their rights before the lease, resulting in a change in property ownership, Jinkelong cannot demand continued performance of the lease agreement.

4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

① State-owned Land Use Certificate Not available

② Property Ownership Certificate Available

5. The property was inspected by Mr. Gong Xiangyun (Chinese real estate appraiser) on April 2, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
24. Located at Building 1-7, West Side, No. 8, Dashanzi North Community, Chaoyang District, Beijing	<p>The property is located at Building 1-7, West Side, No. 8, Dashanzi North Community, Chaoyang District, Beijing. The building was completed in 1979 and consists of 3 floors above ground. The total building area is 3,294.31 square meters.</p> <p>Jinkelong intends to lease a portion of the property in this building to Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The leased area is 3,195.23 square meters.</p> <p>As of the valuation date, the property of 3,195.23 square meters is currently used as the “Jingkelong Dashanzi Store”.</p> <p>According to the Supplementary Agreement (Leasing Type 202312042013) signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023, the property is currently under lease, with Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. as the lessor. The lease term is from January 1, 2024, to June 30, 2024.</p>	2,402,493.44	2,650,149.95

Note:

1. According to the documents provided by Jinkelong, including the Property Ownership Certificate (X Beijing Property Rights Certificate No. 1037314), the property's ownership is associated with Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The total construction area is 3,294.31 square meters, and the documented usage of the property is for commercial purposes. Jinkelong intends to lease a portion of the property to Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a leased area of 3,195.23 square meters.
2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.
3. The "Legal Opinion on Lease Renewal/Termination of Properties Managed by Beijing Chaofu State-owned Assets Administration Co., Ltd." issued by Beijing Tianxun Law Firm states (including but not limited to) the following:

- ① According to the Property Ownership Certificate (X Beijing Property Rights Certificate No. 1037314) issued by the Beijing Municipal Commission of Housing and Urban-Rural Development on September 16, 2011, Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. owns the property located at Building 1-7, West Side, No. 8, Dashanzi North Community, Chaoyang District, Beijing. According to the Property Ownership Certificate, the construction area of the property is 3,294.31 square meters, the land use right was obtained through allocation, the property is owned by the state, and its designated use is for commercial purposes. The property is solely owned by Beijing Hongchao Weiye State-owned Assets Management Co., Ltd.

Based on this, domestic lawyers believe that Hongchao Weiye Company has legally obtained the "Property Ownership Certificate" for these properties.

- ② The land on which the property intended for lease is situated has not yet obtained a "State-owned Land Use Certificate"; the land was allocated.

It is suggested to strive to complete the approval procedures if possible, although these procedures do not affect the signing of the lease contract. However, it should be noted that they may affect the performance of subsequent contracts, and it is recommended that both parties make corresponding provisions in the contract terms.

- ③ According to the Property Ownership Certificate (X Beijing Property Rights Certificate No. 1037314) for Building 1-7, West Side, No. 8, Dashanzi North Community, there is a record of mortgage registration dated September 16, 2011.

Even if there is an existing mortgage, the lease agreement can still be signed. However, it should be noted that if the mortgagee exercises their rights before the lease, resulting in a change in property ownership, Jinkelong cannot demand continued performance of the lease agreement.

4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

- | | |
|------------------------------------|---------------|
| ① State-owned Land Use Certificate | Not available |
| ② Property Ownership Certificate | Available |

5. The property was inspected by Mr. Gong Xiangyun, a Chinese real estate appraiser, on April 2, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
25. Located at Unit 7-4, 1st Floor, Building No. 7, Guanghui Community, Jianwai Street, Chaoyang District, Beijing	<p>The property is located at Unit 7-4, 1st Floor, Building No.7, Guanghui Community, Jianwai Street, Chaoyang District, Beijing. The building was completed in 1979 and consists of 1 floor above ground. The total building area is 288.84 square meters.</p> <p>Jinkelong intends to lease the entire property in this building to Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a leased area of 288.84 square meters.</p> <p>As of the valuation date, the property of 288.84 square meters is currently used as the “Jingkelong Jianwai Guanghui Li Store”.</p> <p>According to the Supplementary Agreement (Leasing Type 202312042013) signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023, the property is currently under lease, with Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. as the lessor. The lease term is from January 1, 2024, to June 30, 2024.</p>	737,986.20	814,060.12

Note:

1. According to the documents provided by Jinkelong, including the Property Ownership Certificate (X Beijing Property Rights Certificate No. 1036719), the property's ownership is associated with Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The total construction area is 288.84 square meters, and the documented usage of the property is for commercial purposes. Jinkelong intends to lease the entire property to Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a leased area of 288.84 square meters.
2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.
3. Based on the legal opinion provided by Beijing Tianxun Law Firm regarding the renewal/termination of lease agreements for properties managed by Beijing Chaofu State-owned Assets Administration Co., Ltd., the following points are highlighted:
 - ① According to the Property Ownership Certificate (X Beijing Property Rights Certificate No. 1036719) issued by the Beijing Municipal Housing and Urban-Rural Development Commission on September 15, 2011, Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. holds the ownership rights to the property located at Unit 7-4, 1st Floor, Building No. 7, Guanghui Community, Jianwai Street, Chaoyang District, Beijing. The documented area of the property is 288.84 square meters, and it is designated for commercial use. The property ownership was acquired through allocation of land use rights, and it is categorized as state-owned property. Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. is the sole owner of the property.

Based on this, domestic lawyers believe that Hongchao Weiye Company has legally obtained the "Property Ownership Certificate" for these properties.
 - ② The land on which the property intended for lease is situated has not yet obtained a "State-owned Land Use Certificate"; the land was allocated.

It is suggested to strive to complete the approval procedures if possible, although these procedures do not affect the signing of the lease contract. However, it should be noted that they may affect the performance of subsequent contracts, and it is recommended that both parties make corresponding provisions in the contract terms.
 - ③ According to the Property Ownership Certificate (X Beijing Property Rights Certificate No. 1036719) for the property located at Unit 7-4, 1st Floor, Building No. 7, Guanghui Community, Jianwai Street, there is no record of any mortgage registration as per the documentation.

Even if there is an existing mortgage, the lease agreement can still be signed. However, it should be noted that if the mortgagee exercises their rights before the lease, resulting in a change in property ownership, Jinkelong cannot demand continued performance of the lease agreement.
4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available
5. The property was inspected by Mr. Di Chunyang, a Chinese real estate appraiser, on April 2, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 (RMB: Yuan/Year)	Market Rent Value State as at March 31, 2024 (HKD: Yuan/Year)
26. Located at 1st Floor, Building No. 20, Kangjing Community, Chaoyang District, Beijing	<p>The property is located at 1st Floor, Building No. 20, Kangjing Community, Chaoyang District, Beijing. The building was completed in 1994, consisting of 1 above-ground floor, with a total building area of 1,404.45 square meters.</p> <p>Jinkelong intends to lease a portion of the property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a leased area of 1,194.45 square meters.</p> <p>As of the valuation date, the property measuring 1,194.45 square meters is being used by Jinkelong as “Jingkelong Kangjingli Store”.</p> <p>According to the supplementary agreement signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023 (Lease Type 202312042013), the property is currently under lease, with the lessor being Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., and the lease term is from January 1, 2024, to June 30, 2024.</p>	1,307,922.75	1,442,747.50

Note:

1. According to the documents provided by Jinkelong, including the “Property Ownership Certificate” (X Beijing Property Right Certificate No. 1036716), the property corresponds to the ownership of the building held by Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The total floor area is 1,404.45 square meters, and the property is designated for commercial use. Jinkelong intends to lease a portion of the property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a leased area of 1,194.45 square meters.
2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.
3. Based on the legal opinion provided by Beijing Tianxun Law Firm regarding the renewal/termination of lease agreements for properties managed by Beijing Chaofu State-owned Assets Administration Co., Ltd., the following points are highlighted:
 - ① According to the “Property Ownership Certificate” (X Beijing Property Right Certificate No. 1036716) issued by the Beijing Municipal Housing and Urban-Rural Development Commission on September 15, 2011, Hongchao Weiye Company owns the property located on the 1st Floor, Building No. 20, Kangjing Community, Chaoyang District, Beijing. According to the certificate, the building has a total floor area of 1,404.45 square meters, the land use right was obtained through allocation, the property belongs to state ownership, and it is designated for commercial use. Hongchao Weiye Company is the sole owner of the property.

Based on this, domestic lawyers believe that Hongchao Weiye Company has legally obtained the “Property Ownership Certificate” for these properties.
 - ② The land on which the property intended for lease is situated has not yet obtained a “State-owned Land Use Certificate”; the land was allocated.

It is suggested to strive to complete the approval procedures if possible, although these procedures do not affect the signing of the lease contract. However, it should be noted that they may affect the performance of subsequent contracts, and it is recommended that both parties make corresponding provisions in the contract terms.
 - ③ According to the “Property Ownership Certificate” (Certificate No. X Jing Property Right Certificate Chaozi No. 1036716) for the property on the 1st Floor, Building No. 20, Kangjing Community, there is no record of any mortgage registration.

Even if there is an existing mortgage, the lease agreement can still be signed. However, it should be noted that if the mortgagee exercises their rights before the lease, resulting in a change in property ownership, Jinkelong cannot demand continued performance of the lease agreement.
4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available
5. The property was inspected by Mr. Chu Yongqiang (a certified real estate appraiser in China) on April 2, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 (RMB: Yuan/Year)	Market Rent Value State as at March 31, 2024 (HKD: Yuan/Year)
27. Located at Block No. 204, Shuanglong South Lane, Chaoyang District	<p>The property is located at Block No. 204, Shuanglong South Lane, Chaoyang District, Beijing. The building was completed in 1996 and consists of 4 above-ground floors and 1 basement floor, with a total floor area of 16,919.69 square meters.</p> <p>Jinkelong plans to lease part of such property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a leased building area of 7,868.09 square meters. Beijing Chaopi Trading Company Limited plans to lease part of such property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a leased building area of 9,051.6 square meters</p> <p>As of the valuation date, the property, totaling 7,868.9 square meters, is currently being used as Jinkelong's "Jingkelong Shuanglong Store". The remaining 9051.6 square meters of property is being used as the headquarters building.</p> <p>According to the supplementary agreement signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023, the property is currently leased out by Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with the lease term from January 1, 2024, to June 30, 2024.</p>	17,724,221.26	19,551,289.24

Note:

1. According to the documents provided by Jinkelong, including the “Property Ownership Certificate” (X Beijing Property Right Certificate, Document No. 1037298), the property’s building ownership is under Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The total construction area is 16,919.69 square meters, and the recorded use of the property is for commercial and ancillary purposes. Jinkelong intends to lease the entire property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a leased area of 16,919.69 square meters.
2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.
3. Based on the legal opinion provided by Beijing Tianxun Law Firm regarding the renewal/termination of lease agreements for properties managed by Beijing Chaofu State-owned Assets Administration Co., Ltd., the following points are highlighted:
 - ① According to the Property Ownership Certificate (X Beijing Property Right Certificate, Serial No. 1037298) issued by the Beijing Municipal Housing and Urban-Rural Development Commission on September 16, 2011, Beijing Hongchao Weiye Company holds ownership of the property located at Block No. 204, Shuanglong South Lane, Chaoyang District, Beijing. The recorded building area of the property is 16,919.69 square meters. The land use right was obtained through allocation, and the planned use includes ancillary and commercial purposes. The property is solely owned by Beijing Hongchao Weiye Company.

Based on this, domestic lawyers believe that Hongchao Weiye Company has legally obtained the “Property Ownership Certificate” for these properties.
 - ② The land on which the property intended for lease is situated has not yet obtained a “State-owned Land Use Certificate”; the land was allocated.

It is suggested to strive to complete the approval procedures if possible, although these procedures do not affect the signing of the lease contract. However, it should be noted that they may affect the performance of subsequent contracts, and it is recommended that both parties make corresponding provisions in the contract terms.
 - ③ According to the Property Ownership Certificate (X Beijing Property Right Certificate, Document No. 1037298) for Building No. 204, Shuanglong South Community, a mortgage registration was conducted on September 16, 2011.

Even if there is an existing mortgage, the lease agreement can still be signed. However, it should be noted that if the mortgagee exercises their rights before the lease, resulting in a change in property ownership, Jinkelong cannot demand continued performance of the lease agreement.
4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available
5. The property was inspected by Mr. Ping Yuanshuai (Chinese real estate appraiser) on April 2, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
28. Located at Building South No. 27, North Sanlitun, Chaoyang District, Beijing	<p>The property is located at Building South No. 27, North Sanlitun, Chaoyang District, Beijing. The building was completed in 1973 with a total of 1 floor and a total building area of 1,186.27 square meters.</p> <p>Jinkelong intends to lease the entire property within this building from Beijing Hongchaoweiye State-owned Assets Management Co., Ltd., with a rental area of 1,186.27 square meters.</p> <p>As of the valuation date, the property, measuring 1,186.27 square meters, is currently being used as Jinkelong's "Jinkelong Sanlitun Store."</p> <p>According to the supplemental agreement signed between Jinkelong and Beijing Hongchaoweiye State-owned Assets Management Co., Ltd. on December 15, 2023 (Lease Type 202312042013), there is an existing lease agreement for the property, with Beijing Hongchaoweiye State-owned Assets Management Co., Ltd. as the lessor, valid from January 1, 2024, to June 30, 2024.</p>	1,931,128.93	2,130,195.72

Note:

1. Based on the property ownership certificate (X Beijing Property Right Certificate, Serial No. 1037311) provided by Jinkelong, the property’s building is owned by Beijing Hongchaoweiyi State-owned Assets Management Co., Ltd. The total floor area is 1,186.27 square meters, and the property is designated for commercial use. Jinkelong intends to lease the entire property, with a rental area of 1,186.27 square meters, from Beijing Hongchaoweiyi State-owned Assets Management Co., Ltd.

2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.

3. Based on the legal opinion provided by Beijing Tianxun Law Firm regarding the renewal/termination of lease agreements for properties managed by Beijing Chaofu State-owned Assets Administration Co., Ltd., the following points are highlighted:
 - ① According to the property ownership certificate (X Beijing Property Right Certificate, Serial No. 1037311) issued by the Beijing Municipal Commission of Housing and Urban-Rural Development on September 16, 2011, Hongchaoweiyi Company owns the property located at Building South No. 27, North Sanlitun, Chaoyang District, Beijing. According to the certificate, the building has a total floor area of 1,186.27 square meters. The land use right was obtained through allocation, and the property is classified as state-owned with a planned commercial use. Hongchaoweiyi Company is the sole owner of the property.

Based on this, domestic lawyers believe that Hongchao Weiyi Company has legally obtained the “Property Ownership Certificate” for these properties.
 - ② The land on which the property intended for lease is situated has not yet obtained a “State-owned Land Use Certificate”; the land was allocated.

It is suggested to strive to complete the approval procedures if possible, although these procedures do not affect the signing of the lease contract. However, it should be noted that they may affect the performance of subsequent contracts, and it is recommended that both parties make corresponding provisions in the contract terms.
 - ③ According to the property ownership certificate (X Beijing Property Right Certificate, Serial No. 1037311) for the building at Building South No. 27, North Sanlitun, the mortgage registration for the property was conducted on September 16, 2011, and it was cancelled on November 16, 2017.

Even if there is an existing mortgage, the lease agreement can still be signed. However, it should be noted that if the mortgagee exercises their rights before the lease, resulting in a change in property ownership, Jinkelong cannot demand continued performance of the lease agreement.

4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available

5. The property was inspected by Ms. Jia Jia, a certified real estate appraiser, on April 1, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
29. Located at Building 1-6, No. 11 Gongti North Road, Chaoyang District, Beijing.	<p>The property is located at Building 1-6, No. 11 Gongti North Road, Chaoyang District, Beijing. The building was completed in 1973, with a total of 1 floor above ground and a total floor area of 2,505.54 square meters.</p> <p>Jinkelong intends to lease the entire property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a lease area of 2,505.54 square meters.</p> <p>As of the valuation date, this 2,505.54 square meter property is being used as Jinkelong's "Jingkelong Sanlitun Store".</p> <p>According to the supplementary agreement signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023 (Lease Type 202312042013), the property is currently under lease, with Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. as the lessor, and the lease term is from January 1, 2024, to June 30, 2024.</p>	9,145,221.00	10,087,938.89

Note:

1. Based on the documents provided by Jinkelong, including the “Property Ownership Certificate” (X Beijing Property Right Certificate, Serial No. 1037301), the property’s building ownership is under Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The total floor area is 2,505.54 square meters, and the property is designated for commercial use. Jinkelong intends to lease the entire property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a lease area of 2,505.54 square meters.
2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.
3. Based on the legal opinion provided by Beijing Tianxun Law Firm regarding the renewal/termination of lease agreements for properties managed by Beijing Chaofu State-owned Assets Administration Co., Ltd., the following points are highlighted:
 - ① Based on the “Property Ownership Certificate” (X Beijing Property Right Certificate, Serial No. 1037301) issued by the Beijing Municipal Commission of Housing and Urban-Rural Development on September 16, 2011, Hongchao Weiye Company owns the property located at Building 1-6, No. 11 Gongti North Road, Chaoyang District, Beijing. According to the certificate, the building’s total floor area is 2,505.54 square meters. The land use right was acquired through allocation, and the property is categorized as state-owned with a planned commercial use. Hongchao Weiye Company is the sole owner of the property.

Based on this, domestic lawyers believe that Hongchao Weiye Company has legally obtained the “Property Ownership Certificate” for these properties.
 - ② The land on which the property intended for lease is situated has not yet obtained a “State-owned Land Use Certificate”; the land was allocated.

It is suggested to strive to complete the approval procedures if possible, although these procedures do not affect the signing of the lease contract. However, it should be noted that they may affect the performance of subsequent contracts, and it is recommended that both parties make corresponding provisions in the contract terms.
 - ③ According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Serial No. 1037301) for Building 1-6, No. 11 Gongti North Road, recorded on September 16, 2011, a mortgage registration was conducted on the property on September 16, 2011. However, this mortgage registration was canceled on November 17, 2017.

Even if there is an existing mortgage, the lease agreement can still be signed. However, it should be noted that if the mortgagee exercises their rights before the lease, resulting in a change in property ownership, Jinkelong cannot demand continued performance of the lease agreement.
4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available
5. The property was inspected by Ms. Jia Jia, a certified real estate appraiser, on April 1, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
30. Located at Buildings 1-3, No. 24, Zuojiacun Sanyuanli Community, Chaoyang District, Beijing	<p>The property is located at Buildings 1-3, No. 24, Zuojiacun Sanyuanli Community, Chaoyang District, Beijing. The building was completed in 1983 with a total of 2 floors and a total construction area of 3,353.80 square meters.</p> <p>Jinkelong intends to lease the entire property within this building from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The leased area of the building is 3,353.80 square meters.</p> <p>As of the valuation date, this property, measuring 3,353.80 square meters, is being used as “Jingkelong Jingyuan Store”.</p> <p>According to the supplementary agreement signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023 (Lease Type 202312042013), there is an existing lease right for this property. The lessor is Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., and the lease term is from January 1, 2024, to June 30, 2024.</p>	5,141,375.40	5,671,364.40

Note:

1. According to the documents provided by Jinkelong, including the “Property Ownership Certificate” (X Beijing Property Right Certificate, Serial No. 1037310), the ownership of the building corresponds to Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The total construction area is 3,353.80 square meters, with the property designated for commercial use. Jinkelong intends to lease the entire property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a lease area of 3,353.80 square meters.

2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.

3. Based on the legal opinion provided by Beijing Tianxun Law Firm regarding the renewal/termination of lease agreements for properties managed by Beijing Chaofu State-owned Assets Administration Co., Ltd., the following points are highlighted:

- ① According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Serial No. 1037310) issued by the Beijing Municipal Commission of Housing and Urban-Rural Development on September 16, 2011, Hongchao Weiye Company holds ownership of the property located at Buildings 1-3, No. 24, Zuojiacun Sanyuanli Community, Chaoyang District, Beijing. According to the certificate, the building area of the property is 3,353.8 square meters, acquired through allocation of land use rights, with the property categorized as state-owned and designated for commercial use. It is solely owned by Hongchao Weiye Company.

Based on this, domestic lawyers believe that Hongchao Weiye Company has legally obtained the “Property Ownership Certificate” for these properties.

- ② The land on which the property intended for lease is situated has not yet obtained a “State-owned Land Use Certificate”; the land was allocated.

It is suggested to strive to complete the approval procedures if possible, although these procedures do not affect the signing of the lease contract. However, it should be noted that they may affect the performance of subsequent contracts, and it is recommended that both parties make corresponding provisions in the contract terms.

- ③ According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Serial No. 1037310) for the property located at Buildings 1-3, No. 24, Zuojiacun Sanyuanli Community, the property was registered with a mortgage on September 16, 2011.

Even if there is an existing mortgage, the lease agreement can still be signed. However, it should be noted that if the mortgagee exercises their rights before the lease, resulting in a change in property ownership, Jinkelong cannot demand continued performance of the lease agreement.

4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

- | | |
|------------------------------------|---------------|
| ① State-owned Land Use Certificate | Not available |
| ② Property Ownership Certificate | Available |

5. The property was inspected by Ms. Jia Jia, a certified real estate appraiser in China, on April 1, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 (RMB: Yuan/Year)	Market Rent Value State as at March 31, 2024 (HKD: Yuan/Year)
31. Located at 1st to 2nd floor, No. 10, Zaoying South Community, Chaoyang District, Beijing	<p>The property is located at 1st to 2nd floor, No. 10, Zaoying South Community, Chaoyang District, Beijing. The building was completed in 1986 and consists of 2 above-ground floors, with a total building area of 2,517.5 square meters.</p> <p>Jinkelong intends to lease a portion of the property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The leased area is 1,707.5 square meters.</p> <p>As of the valuation date, this 1,707.5 square meters of property is being used by Jinkelong's "Jingkelong Zaoying Road Store".</p> <p>According to the supplementary agreement signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023 (Leasing Type 202312042013), there is an existing lease on the property. The lessor is Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., and the lease term is from January 1, 2024, to June 30, 2024.</p>	3,222,137.88	3,554,285.90

Note:

1. According to the documents provided by Jinkelong, including the Property Ownership Certificate (X Beijing Property Right Certificate, Serial No. 1037296), the property is owned by Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The total floor area is 2,517.5 square meters, and the property is designated for commercial use. Jinkelong intends to lease a portion of the property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The leased area is 1,707.5 square meters.

2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.

3. Based on the legal opinion provided by Beijing Tianxun Law Firm regarding the renewal/termination of lease agreements for properties managed by Beijing Chaofu State-owned Assets Administration Co., Ltd., the following points are highlighted:

① According to the Property Ownership Certificate (X Beijing Property Right Certificate, Serial No. 1037296) issued by the Beijing Municipal Housing and Urban-Rural Development Commission on September 16, 2011, Hongchao Weiye Company holds ownership of the property located at 1st to 2nd floor, No. 10, Zaoying South Community, Chaoyang District, Beijing. The certificate records the building area of the aforementioned property as 2,517.5 square meters. The land use right was obtained through allocation, and the property is classified as state-owned with a planned commercial use. It is solely owned by Hongchao Weiye Company.

Based on this, domestic lawyers believe that Hongchao Weiye Company has legally obtained the "Property Ownership Certificate" for these properties.

② The land on which the property intended for lease is situated has not yet obtained a "State-owned Land Use Certificate"; the land was allocated.

It is suggested to strive to complete the approval procedures if possible, although these procedures do not affect the signing of the lease contract. However, it should be noted that they may affect the performance of subsequent contracts, and it is recommended that both parties make corresponding provisions in the contract terms.

③ According to the Property Ownership Certificate (X Beijing Property Right Certificate, Serial No. 1037296) for the property located at 1st to 2nd floor, No. 10, Zaoying South Community, the property was registered for mortgage on September 16, 2011, and the mortgage registration was canceled on November 17, 2017.

Even if there is an existing mortgage, the lease agreement can still be signed. However, it should be noted that if the mortgagee exercises their rights before the lease, resulting in a change in property ownership, Jinkelong cannot demand continued performance of the lease agreement.

4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

- ① State-owned Land Use Certificate Not available
② Property Ownership Certificate Available

5. Ms. Jia Jia, a certified real estate appraiser in China, conducted an inspection on April 2, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
32. Located at East Community of Guanzhuang, Chaoyang District, Beijing	<p>The property is located in East Community, Guanzhuang Dongli, Chaoyang District, Beijing. The building was completed in 2005 with a total of 2 floors and a total construction area of 6,802.74 square meters.</p> <p>Jinkelong intends to lease the entire property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a leased area of 6,802.74 square meters.</p> <p>As of the valuation date, this property, measuring 6,802.74 square meters, is being used by Jinkelong for “Jingkelong Guanzhuang Store” and associated facilities.</p> <p>According to the supplementary agreement signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. on December 15, 2023 (Lease Type 202312042013), there is an existing lease on the property. The lessor is Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., and the lease term is from January 1, 2024, to June 30, 2024.</p>	3,575,520.14	3,944,095.90

Note:

1. According to the approval from the Chaoyang District People's Government of Beijing on May 29, 2006, and the "Certificate of State-owned Land Use" (No. 0150) issued by the Beijing Municipal Bureau of Land and Resources on May 29, 2006, Chao Fu Company holds the land use right for the property located at Guanzhuang Dongli, Chaoyang District, Beijing (adjacent to the Chaoyang District Food Company). The land use right covers an area of 13,483.19 square meters and was obtained through allocation. The designated land use is for commercial and residential purposes.

Although the property is situated on the mentioned land, as of the valuation date, the "Certificate of Property Ownership" has not yet been processed. According to the information provided by Jinkelong, the total construction area of the property is 6,802.74 square meters. Jinkelong intends to lease the entire property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a leased area of 6,802.74 square meters.

2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.
3. Based on the legal opinion provided by Beijing Tianxun Law Firm regarding the renewal/termination of lease agreements for properties managed by Beijing Chaofu State-owned Assets Administration Co., Ltd., the following points are highlighted:

- ① According to the approval issued by the Chaoyang District People's Government of Beijing on May 29, 2006, and the "Certificate of Land Use" (No. 0150) issued by the Beijing Municipal Bureau of Land and Resources on May 29, 2006, Chaofu Company holds the land use right for the property located in East Community, Guanzhuang Dongli, Chaoyang District, Beijing (adjacent to the Chaoyang District Food Company). The land use right covers an area of 13483.19 square meters and was obtained through allocation. The designated land use is for commercial and residential purposes.

Based on this, domestic lawyers believe that Jinkelong's intended lease of the property covering an area of 6,802.74 square meters in East Community, Guanzhuang Dongli, Chaoyang District, Beijing (without a property ownership certificate), has lawfully obtained the "Certificate of State-owned Land Use" for the land on which the property is situated.

- ② The properties in East Community, Guanzhuang Dongli, Chaoyang District, Beijing, do not have property ownership certificates.

Even though the properties in East Community, Guanzhuang Dongli have not obtained property ownership certificates, they have acquired land use certificates. Additionally, all three rental companies have provided evidence that all rental properties have a legal source. According to the "Interpretation of Several Issues Concerning the Application of Law in the Trial of Disputes over Urban Housing Lease Contracts" issued by the Supreme People's Court, Article 2 states: "If the lessor enters into a lease contract with the lessee for a house that has not obtained a construction project planning permit or has not been constructed in accordance with the provisions of the construction project planning permit, the lease contract shall be invalid. However, if the construction project planning permit is obtained or the construction is approved by the competent authority before the end of the debate in the first-instance court, the people's court shall deem it valid." Article 3 states: "If the lessor leases a temporary building that has not been approved or has not been constructed in accordance with the approved content, the lease contract with the lessee shall be invalid. However, if it is approved by the competent authority before the end of the debate in the first-instance court, the people's court shall deem it valid."

Based on this, domestic lawyers believe that the lack of a property ownership certificate does not affect the signing of a lease renewal contract. However, subsequent procedures should be completed, and provisions regarding this should be included in the lease agreement.

- ③ Although the domestic lawyer did not mention the mortgage information for this property.

However, the domestic lawyer believes that even if there is a mortgage, it is still possible to sign a lease agreement. However, it should be noted that during the performance of the lease contract, if the property ownership changes due to the exercise of the pre-existing mortgage rights by the mortgagee before the lease, the company cannot demand continued performance according to the lease agreement.

4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

① State-owned Land Use Certificate Not available

② Property Ownership Certificate Available

5. The property was inspected by Ms. Jia Jia (Chinese real estate appraiser) on April 2, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 (RMB: Yuan/Year)	Market Rent Value State as at March 31, 2024 (HKD: Yuan/Year)
33. Located at Block No. 211, Wangjing South Lake Central park, Chaoyang District, Beijing, the PRC	<p>The property is located at Block No. 211, Wangjing South Lake Central park, Chaoyang District, Beijing. The building was completed in 2000 and comprises 5 floors above ground and 1 basement floor, with a total floor area of 14,494.60 square meters.</p> <p>Jinkelong plans to lease the entire area of the building from Beijing Jinchaoyang State-Owned Capital Operation and Management Co., Ltd., with a lease area of 14,494.60 square meters.</p> <p>As of the valuation date, this property, totaling 14,494.60 square meters, is being used as Jinkelong's "Jingkelong Wangjing Store".</p> <p>According to the supplementary agreement signed between Jinkelong and Beijing Jinchaoyang State-Owned Capital Operation and Management Co., Ltd. on December 15, 2023 (Lease Type Lease Type 202312042014), there is an existing lease right for this property. The lessor is Beijing Jinchaoyang State-Owned Capital Operation and Management Co., Ltd., and the lease term is from January 1, 2024, to June 30, 2024.</p>	15,871,587.00	17,507,679.66

Note:

1. Based on the documents provided by Jinkelong, including the “Property Ownership Certificate” (Beijing Property Ownership Certificate, Character Code 05, Document Number 002113), the property corresponds to the ownership of the building held by Beijing Jinchaoyang State-Owned Capital Operation and Management Co., Ltd. The total floor area is 14,494.60 square meters, and the documented use of the property is for commercial purposes. Jinkelong intends to lease all the properties within the building from Beijing Jinchaoyang State-Owned Capital Operation and Management Co., Ltd., with a lease area of 14,494.60 square meters.
2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.
3. The “Legal Opinion on Lease Renewal/Termination of Properties Managed by Beijing Chaofu State-owned Assets Administration Co., Ltd.” issued by Beijing Tianxun Law Firm states (including but not limited to) the following:
 - ① Based on the “Property Ownership Certificate” (Beijing Property Ownership Certificate, Character Code 05, Document Number 002113.) issued by the former Beijing Municipal Construction Committee on November 3, 2005, Jinchaoyang Company owns the property located at No. 211, Nanhu Zhongyuan, Chaoyang District, Beijing. According to this certificate, the building has a total floor area of 14,494.6 square meters, the property belongs to the state, and its intended use is commercial. It is solely owned by Jinchaoyang Company.

Based on this, domestic lawyers believe that Hongchao Weiye Company has legally obtained the “Property Ownership Certificate” for these properties.
 - ② The land on which the property intended for lease is situated has not yet obtained a “State-owned Land Use Certificate”; the land was allocated.

It is suggested to strive to complete the approval procedures if possible, although these procedures do not affect the signing of the lease contract. However, it should be noted that they may affect the performance of subsequent contracts, and it is recommended that both parties make corresponding provisions in the contract terms.
 - ③ According to the property ownership certificate (Beijing Property Ownership Certificate, Character Code 05, Document Number 002113) of Building No. 211 in Nanhu Zhongyuan, the property was registered for mortgage on January 20, 2011, and the mortgage registration was cancelled on August 14, 2017.

The law firm notes that even if there were mortgages, signing the lease agreement is still possible. However, it’s essential to note that if a mortgage holder exercises their rights before the property is leased, resulting in a change of property ownership, Jinkelong cannot demand continued fulfillment of the lease agreement.
4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available
5. The property was inspected by Ms. Jia Jia (Chinese real estate appraiser) on April 2, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
34. Nine blocks (including block no.1) at Yaojia Garden West Kou (Food Company), Chaoyang District, Beijing	<p>The property is located at Nine blocks (including block no.1) at Yaojia Garden West Kou (Food Company), Chaoyang District, Beijing. The building was completed over several decades, with a total of 1-5 floors above ground and a total building area of 12,293.30 square meters.</p> <p>Jinkelong intends to lease part of the property from Beijing Hongchaoweiye State-owned Assets Management Co., Ltd., with a leased area of 12,239.20 square meters.</p> <p>As of the valuation date, the property measuring 12,239.20 square meters is currently being used as Jinkelong’s “Fresh Food Distribution Center.”</p> <p>According to the supplementary agreement signed between Jinkelong and Beijing Hongchaoweiye State-owned Assets Management Co., Ltd. on December 15, 2023 (Leasing Type 202312042013), there is an existing leasing right for the property, with the lessor being Beijing Hongchaoweiye State-owned Assets Management Co., Ltd., and the lease term extending from January 1, 2024, to June 30, 2024.</p>	9,604,712.20	10,594,795.87

Note:

1. Based on the documentation provided by Jinkelong, including the "Property Ownership Certificate" (X Beijing Property Right Certificate, Document No. 1039608), the property's building ownership belongs to Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., covering a total area of 12,293.30 square meters, designated for commercial purposes. Jinkelong plans to lease a portion of the property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a leased area of 12,239.20 square meters.

2. The valuation for this lease includes a lease term of 5 years, with a rent-free period of 3 months. Rent payments are made semi-annually, with a rent escalation of 3% every 3 years. The valuation also includes value-added tax.

3. The "Legal Opinion on Lease Renewal/Termination of Properties Managed by Beijing Chaofu State-owned Assets Administration Co., Ltd." issued by Beijing Tianxun Law Firm states (including but not limited to) the following:

① According to the "Property Ownership Certificate" (X Beijing Property Right Certificate, Document No. 1039608) issued by the Beijing Municipal Commission of Housing and Urban-Rural Development on September 23, 2011, Hongchao Weiye Company owns the properties located at Buildings 1-9, West Entrance of Yaojiayuan (Food Company), Chaoyang District, Beijing. As per the "Property Ownership Certificate," the total area of these properties is 12,293.3 square meters, obtained through land allocation, and designated for commercial purposes. Hongchao Weiye Company holds sole ownership of these commercial properties.

Based on this, domestic lawyers believe that Hongchao Weiye Company has legally obtained the "Property Ownership Certificate" for these properties.

② The land on which the property intended for lease is situated has not yet obtained a "State-owned Land Use Certificate"; the land was allocated.

It is suggested to strive to complete the approval procedures if possible, although these procedures do not affect the signing of the lease contract. However, it should be noted that they may affect the performance of subsequent contracts, and it is recommended that both parties make corresponding provisions in the contract terms.

③ According to the "Property Ownership Certificate" (X Beijing Property Ownership Certificate No. 1039608) for Buildings 1-9, West Entrance of Yaojiayuan (Food Company), the properties were registered for mortgage on September 16, 2011.

The law firm notes that even if there were mortgages, signing the lease agreement is still possible. However, it's essential to note that if a mortgage holder exercises their rights before the property is leased, resulting in a change of property ownership, Jinkelong cannot demand continued fulfillment of the lease agreement.

4. According to the legal advice from China and the information provided by Jinkelong, the status of rights and interests, as well as the issuance of major permits and licenses, is as follows:

① State-owned Land Use Certificate Not available

② Property Ownership Certificate Available

5. The property was inspected by Ms. Jia Jia (Chinese real estate appraiser) on April 2, 2024.

VALUATION CERTIFICATE

Category Two: The properties intended for lease termination by Jinkelong in Beijing, China.

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 (RMB: Yuan/Year)	Market Rent Value State as at March 31, 2024 (HKD: Yuan/Year)
1. Located on the south side of Building No. 22, Nongguang Community, Chaoyang District, Beijing	<p>The property is located on the south side of Building No. 22, Nongguang Community, Chaoyang District, Beijing. The building was completed in 1977, consisting of 1 above-ground floor with a total floor area of 270.55 square meters.</p> <p>Jinkelong intends to terminate the lease with Beijing Chaofu State-owned Assets Administration Co., Ltd. for all leased area, which constitutes a portion of the first floor, with a leased area of 165 square meters.</p> <p>As of the valuation date, the 165-square-meter property has ceased operations.</p> <p>According to the supplementary agreement signed between Jinkelong and Beijing Chaofu State-owned Assets Administration Co., Ltd. on December 15, 2023 (Lease Type 202312042012), the property currently has a leasing right, with Beijing Chaofu State-owned Assets Administration Co., Ltd. as the lessor, and the lease term is from January 1, 2024, to June 30, 2024.</p>	222,832.50	245,802.77

Note:

1. According to the documents provided by Jinkelong, including the "Property Ownership Certificate" (Property Rights Certificate No. 001915) issued by Beijing Property Rights Bureau, the property's building ownership is under Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The total floor area is 270.55 square meters, and the property is designated for commercial use. Jinkelong intends to terminate the lease with Beijing Chaofu State-owned Assets Administration Co., Ltd. for all leased properties, with a leased area of 165 square meters.

2. The valuation conducted for this lease period spans six months without any rent-free period. Rent payments are made semi-annually without any increment and include value-added tax (VAT).

3. Beijing Tianxun Law Firm issued a legal opinion on the renewal/termination of the lease of properties owned by Beijing Chaofu State-owned Asset Management Co., Ltd., including the following items:

① According to the "Property Ownership Certificate" (No. 001915) issued by the former Beijing Municipal Construction Committee on May 28, 2005, Chaofu Company owns the property located on the south side of Building No. 22, Nongguang Community, Chaoyang District, Beijing. According to the certificate, the building area of the aforementioned property is 270.55 square meters, owned by the state, and designated for commercial use, owned by Chaofu Company.

Based on this, domestic lawyers believe that Chaofu Company has lawfully obtained the "Property Ownership Certificate" for the aforementioned property.

② According to the "Property Ownership Certificate" (No. 001915) for the property located on the south side of Building No. 22, Nongguang Community, Chaoyang District, Beijing, there is no record of mortgage registration for this property.

4. According to the opinion of domestic lawyers and the information provided by Jinkelong, the status of property right, as well as the issuance of major approvals and permits, is as follows:

① State-owned Land Use Certificate Not available

② Property Ownership Certificate Available

5. The property was inspected by Mr. Gong Xiangyun, a Chinese real estate appraiser, on April 3, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
2. Located at Building No.22, Nongguang Community, Chaoyang District, Beijing	<p>This property is located at Unit 22-5, Building No. 22, Nongguan Community, Chaoyang District, Beijing. The building was completed in 1977 and has a total of 5 floors. The property is situated on the 1st floor with a total floor area of 182.52 square meters.</p> <p>Jinkelong intends to terminate the lease agreement with Beijing Chaofu State-owned Assets Administration Co., Ltd., for the entire leased property, with a leased area of 182.52 square meters.</p> <p>As of the valuation date, this property, measuring 182.52 square meters, has ceased operations.</p> <p>According to the supplementary agreement signed between Jinkelong and Beijing Chaofu State-owned Assets Administration Co., Ltd., on December 15, 2023 (Lease Type 202312042012), the property is currently under lease, with Beijing Chaofu State-owned Assets Administration Co., Ltd. as the lessor. The lease term is from January 1, 2024, to June 30, 2024.</p>	246,493.26	271,902.55

Note:

- 1. Based on the information provided by Jinkelong, the property’s building ownership, as stated in the “Property Ownership Certificate” (Beijing Property Ownership Certificate, Character Code 05, Document Number 001936), the property belongs to Beijing Chaofu State-owned Assets Administration Co., Ltd. The total floor area is 182.52 square meters, and the property is designated for commercial use. Jinkelong intends to terminate the lease agreement with Beijing Chaofu State-owned Assets Administration Co., Ltd., for the entire leased property, with a leased area of 182.52 square meters.
- 2. The valuation conducted for this lease period spans six months without any rent-free period. Rent payments are made semi-annually without any increment and include value-added tax (VAT).
- 3. Beijing Tianxun Law Firm issued a legal opinion on the renewal/termination of the lease of properties owned by Beijing Chaofu State-owned Asset Management Co., Ltd., including the following items:
 - ① According to the “Property Ownership Certificate” (Beijing Property Ownership Certificate, Character Code 05, Document Number 001936) issued by the Beijing Municipal Construction Commission on June 3, 2005, Chao Fu Company owns the property located at Building No. 22, Nongguang Community, Chaoyang District, Beijing. According to the “Property Ownership Certificate,” the building area of the above-mentioned property is 182.52 square meters, the property ownership is state-owned, and the planned use is commercial. The property is owned by Chao Fu Company.

Based on this, domestic lawyers believe that Chaofu Company has lawfully obtained the “Property Ownership Certificate” for the aforementioned property.
 - ② According to the “Property Ownership Certificate” (Beijing Property Ownership Certificate, Character Code 05, Document Number 001936) of Building No. 22, Nongguang Community, Chaoyang District, Beijing, there is no mortgage registration information recorded for this property.
- 4. According to the opinion of domestic lawyers and the information provided by Jinkelong, the status of property right, as well as the issuance of major approvals and permits, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available
- 5. The property was inspected by Mr. Gong Xiangyun, a Chinese real estate appraiser, on April 3, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
3. Located at Building No. 9, Fatou Beili Community, Chaoyang District, Beijing	<p>The property is located at Building No. 9, Fatou Beili Community, Chaoyang District, Beijing. The building was completed in 1987, comprising 3 above-ground floors, with a total building area of 1,972.4 square meters.</p> <p>Jinkelong intends to terminate the lease with Beijing Chaofu State-owned Asset Management Co., Ltd., for all the leased properties, specifically the properties on the 1st and 2nd floors, with a total leased area of 1,510.4 square meters.</p> <p>As of the valuation date, the property of 1,510.4 square meters has ceased operations.</p> <p>According to the “Supplementary Agreement” (Lease Type 202312042012) signed between Jinkelong and Beijing Chaofu State-owned Asset Management Co., Ltd., on December 15, 2023, the property currently holds a lease agreement. The lessor is Beijing Chaofu State-owned Asset Management Co., Ltd., and the lease term extends from January 1, 2024, to June 30, 2024.</p>	1,653,888.00	1,824,375.93

Note:

1. According to the documents provided by Jinkelong, including the “Property Ownership Certificate” (No. 00452), the property corresponding to the building belongs to Beijing Chaofu State-owned Asset Management Co., Ltd. The total building area is 1,972.4 square meters, and the documented use of the property is commercial. Jinkelong intends to terminate the lease with Beijing Chaofu State-owned Asset Management Co., Ltd., for all the leased properties, specifically the properties on the 1st and 2nd floors, with a total leased area of 1,510.4 square meters.

2. The valuation conducted for this lease period spans six months without any rent-free period. Rent payments are made semi-annually without any increment and include value-added tax (VAT).

3. Beijing Tianxun Law Firm issued a legal opinion on the renewal/termination of the lease of properties owned by Beijing Chaofu State-owned Asset Management Co., Ltd., including the following items:
 - ① According to the “Property Ownership Certificate” (No. 00452) issued by the Beijing Municipal Bureau of Real Estate Administration on July 19, 2000, Chao Fu Company owns the property located at Building No. 9, Fatou Beili Community, Chaoyang District, Beijing. As per the details recorded in the “Property Ownership Certificate,” the building area of the aforementioned property is 1,972.4 square meters. It is categorized as state-owned property and designated for commercial use, owned by Chao Fu Company.

Based on this, domestic lawyers believe that Chaofu Company has lawfully obtained the “Property Ownership Certificate” for the aforementioned property.

 - ② According to the “Property Ownership Certificate” (No. 00452) of Building No. 9, Fatou Beili Community, Chaoyang District, Beijing, there is no mortgage registration information recorded for this property.

4. According to the opinion of domestic lawyers and the information provided by Jinkelong, the status of property right, as well as the issuance of major approvals and permits, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available

5. The property was inspected by Mr. Di Chunyang, a Chinese real estate appraiser, on April 3, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 (RMB: Yuan/Year)	Market Rent Value State as at March 31, 2024 (HKD: Yuan/Year)
4. Located at Building No. 4, Hongmiao North Community, Chaoyang District, Beijing	<p>The property is located at Building No. 4, Hongmiao North Community, Chaoyang District, Beijing. The building was completed in 1988 and comprises 4 above-ground floors, with a total building area of 3,243.4 square meters. Among this, the documented area is 2,953.3 square meters.</p> <p>Jinkelong intends to terminate the lease with Beijing Chaofu State-owned Asset Management Co., Ltd., for all the leased area, specifically the properties on floors 1 to 4, with a total leased area of 2,953.3 square meters.</p> <p>As of the valuation date, the property of 2,953.3 square meters has ceased operations.</p> <p>According to the “Supplementary Agreement” (Lease Type 202312042012) signed between Jinkelong and Beijing Chaofu State-owned Asset Management Co., Ltd., on December 15, 2023, the property currently holds a lease agreement. The lessor is Beijing Chaofu State-owned Asset Management Co., Ltd., and the lease term extends from January 1, 2024, to June 30, 2024.</p>	3,126,068.05	3,448,312.89

Note:

1. According to the documents provided by Jinkelong, including the “Property Ownership Certificate” (No. 12129), the property’s ownership is associated with Beijing Chaofu State-owned Assets Administration Co., Ltd. The total building area is 3,243.4 square meters, with the documented area being 2,953.3 square meters. The documented use of the property is commercial. Jinkelong intends to terminate the lease with Beijing Chaofu State-owned Asset Management Co., Ltd., for all the leased properties, specifically the properties on floors 1 to 4, with a total leased area of 2,953.3 square meters.

2. The valuation conducted for this lease period spans six months without any rent-free period. Rent payments are made semi-annually without any increment and include value-added tax (VAT).

3. Beijing Tianxun Law Firm issued a legal opinion on the renewal/termination of the lease of properties owned by Beijing Chaofu State-owned Asset Management Co., Ltd., including the following items:
 - ① According to the “Property Ownership Certificate” (No. 12129) issued by the Beijing Municipal Bureau of Housing and Land Management on June 9, 1997, Chao Fu Company owns the property located at Building No. 4, Hongmiao North Community, Chaoyang District, Beijing. As per the details recorded in the “Property Ownership Certificate,” the building area of the aforementioned property is 3,243.4 square meters. The ownership nature is public, and the planned use is commercial, owned by Chao Fu Company.

Based on this, domestic lawyers believe that Chaofu Company has lawfully obtained the “Property Ownership Certificate” for the aforementioned property.

 - ② According to the “Property Ownership Certificate” (No. 12129) of Building No. 4, Hongmiao North Community, Chaoyang District, Beijing, there is no mortgage registration information recorded for this property.

4. According to the opinion of domestic lawyers and the information provided by Jinkelong, the status of property right, as well as the issuance of major approvals and permits, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available

5. The property was inspected by Mr. Di Chunyang, a Chinese real estate appraiser, on April 3, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 (RMB: Yuan/Year)	Market Rent Value State as at March 31, 2024 (HKD: Yuan/Year)
5. Located at Building No. 4, Hongmiao North Community, Chaoyang District, Beijing.	<p>The property is located at Building No. 4, Hongmiao North Community, Chaoyang District, Beijing. The building was completed in 1990 and consists of 1 above-ground floor, with a total building area of 283.5 square meters. Among this, the documented area is 52.80 square meters.</p> <p>Jinkelong intends to terminate the lease with Beijing Chaofu State-owned Asset Management Co., Ltd., with an entire leased area of 52.80 square meters.</p> <p>As of the valuation date, the property of 52.80 square meters has ceased operations.</p> <p>According to the “Supplementary Agreement” (Lease Type 202312042012) signed between Jinkelong and Beijing Chaofu State-owned Asset Management Co., Ltd., on December 15, 2023, the property currently holds a lease agreement. The lessor is Beijing Chaofu State-owned Asset Management Co., Ltd., and the lease term extends from January 1, 2024, to June 30, 2024.</p>	55,888.80	61,649.99

Note:

- 1. According to the documents provided by Jinkelong, including the “Property Ownership Certificate” (No. 10963), the property’s ownership is associated with Beijing Chaofu State-owned Assets Administration Co., Ltd. The total building area is 283.5 square meters, with the documented area being 52.80 square meters. The documented use of the property is commercial. Jinkelong intends to terminate the lease with Beijing Chaofu State-owned Asset Management Co., Ltd., for all the leased properties, with a leased area of 52.80 square meters.
- 2. The valuation conducted for this lease period spans six months without any rent-free period. Rent payments are made semi-annually without any increment and include value-added tax (VAT).
- 3. Beijing Tianxun Law Firm issued a legal opinion on the renewal/termination of the lease of properties owned by Beijing Chaofu State-owned Asset Management Co., Ltd., including the following items:
 - ① According to the “Property Ownership Certificate” (No. 10963) issued by the Beijing Municipal Bureau of Real Estate Administration on June 10, 1996, Chao Fu Company owns the property located at Building No. 4, Hongmiao North Community, Chaoyang District, Beijing. As per the details recorded in the “Property Ownership Certificate,” the building area of the aforementioned property is 283.5 square meters. The ownership nature is public, and the planned use is commercial, owned by Chao Fu Company.

Based on this, domestic lawyers believe that Chaofu Company has lawfully obtained the “Property Ownership Certificate” for the aforementioned property.
 - ② According to the “Property Ownership Certificate” (No. 10963) of Building No. 4, Hongmiao North Community, Chaoyang District, Beijing, there is no mortgage registration information recorded for this property.
- 4. According to the opinion of domestic lawyers and the information provided by Jinkelong, the status of property right, as well as the issuance of major approvals and permits, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available
- 5. The property was inspected by Mr. Ping Yuanshuai, a Chinese real estate appraiser, on April 3, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 (RMB: Yuan/Year)	Market Rent Value State as at March 31, 2024 (HKD: Yuan/Year)
6. Located on the west side of Building No. 22, Dongzhimen Outer Street, Chaoyang District, Beijing.	<p>The property is located on the west side of Buildings 1, 2, 3, 4, and 5, Dongzhimen Outer Street, Chaoyang District, Beijing. The buildings were completed between 1987 and 1992. Building 1 consists of 2 above-ground floors, while Buildings 2, 3, 4, and 5 each have 1 above-ground floor. The total building area is 1,490.5 square meters.</p> <p>Jinkelong intends to terminate the lease with Beijing Hongchao Weiye State-owned Asset Management Co., Ltd., for all the leased area, specifically Buildings 1, 2, 4, and 5, with a leased area of 1,310.10 square meters.</p> <p>As of the valuation date, the property of 1,310.10 square meters has ceased operations.</p> <p>According to the “Supplementary Agreement” (Lease Type 202312042013) signed between Jinkelong and Beijing Hongchao Weiye State-owned Asset Management Co., Ltd., on December 15, 2023, the property currently holds a lease agreement. The lessor is Beijing Hongchao Weiye State-owned Asset Management Co., Ltd., and the lease term extends from January 1, 2024, to June 30, 2024.</p>	1,817,108.70	2,004,421.93

Note:

1. According to the documents provided by Jinkelong, including the “Property Ownership Certificate” (No. 10067), the property’s ownership is associated with Beijing Chaofu State-owned Assets Administration Co., Ltd. The total building area is 1,490.5 square meters, and the documented use of the property is commercial. Jinkelong intends to terminate the lease with Beijing Hongchao Weiye State-owned Asset Management Co., Ltd., for all the leased properties, specifically Buildings 1, 2, 4, and 5, with a leased area of 1,310.10 square meters.
2. The valuation conducted for this lease period spans six months without any rent-free period. Rent payments are made semi-annually without any increment and include value-added tax (VAT).
3. Beijing Tianxun Law Firm issued a legal opinion on the renewal/termination of the lease of properties owned by Beijing Chaofu State-owned Asset Management Co., Ltd., including the following items:
 - ① According to the “Property Ownership Certificate” (No. 10067) issued by the Beijing Municipal Bureau of Real Estate Administration on January 18, 1996, Hongchao Weiye Company holds ownership of the property located on the west side of Building No. 22, Dongzhimen Outer Street, Chaoyang District, Beijing. As per the details recorded in the “Property Ownership Certificate,” the building area of the aforementioned property is 1,490.5 square meters. The ownership nature is public, and the planned use is commercial, owned by Hongchao Weiye Company.

Based on this, domestic lawyers believe that Chaofu Company has lawfully obtained the “Property Ownership Certificate” for the aforementioned property.
 - ② According to the “Property Ownership Certificate” (No. 10067) of the west side of Building No. 22, Dongzhimen Outer Street, Chaoyang District, Beijing, a mortgage registration was conducted on August 19, 1996, and the mortgage registration was cancelled on May 30, 2001.
4. According to the opinion of domestic lawyers and the information provided by Jinkelong, the status of property right, as well as the issuance of major approvals and permits, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available
5. The property was inspected by Mr. Ping Yuanshuai, a Chinese real estate appraiser, on April 3, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 (RMB: Yuan/Year)	Market Rent Value State as at March 31, 2024 (HKD: Yuan/Year)
7. Located at Buildings 1-3, East of No. 8 Fangcaodi West Street, Chaoyang District, Beijing	<p>The property is located at Buildings 1-3, East of No. 8 Fangcaodi West Street, Chaoyang District, Beijing. The buildings were completed in the 1950s to 1970s, with each building consisting of 1 above-ground floor. The total building area is 425 square meters.</p> <p>Jinkelong intends to terminate the lease with Beijing Hongchao Weiye State-owned Asset Management Co., Ltd., with a leased area of 425 square meters.</p> <p>As of the valuation date, the property of 425 square meters has ceased operations.</p> <p>According to the “Supplementary Agreement” (Lease Type 202312042013) signed between Jinkelong and Beijing Hongchao Weiye State-owned Asset Management Co., Ltd., on December 15, 2023, the property currently holds a lease agreement. The lessor is Beijing Hongchao Weiye State-owned Asset Management Co., Ltd., and the lease term extends from January 1, 2024, to June 30, 2024.</p>	296,288.75	326,831.12

Note:

1. According to the documents provided by Jinkelong, including the “Property Ownership Certificate” (X Beijing Property Right Certificate, Serial No. 1036714), the property’s ownership is associated with Beijing Chaofu State-owned Assets Administration Co., Ltd. The total building area is 425 square meters, and the documented use of the property is commercial. Jinkelong intends to terminate the lease with Beijing Hongchao Weiye State-owned Asset Management Co., Ltd., for all the leased properties, with a leased area of 425 square meters.
2. The valuation conducted for this lease period spans six months without any rent-free period. Rent payments are made semi-annually without any increment and include value-added tax (VAT).
3. Beijing Tianxun Law Firm issued a legal opinion on the renewal/termination of the lease of properties owned by Beijing Chaofu State-owned Asset Management Co., Ltd., including the following items:
 - ① According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Serial No. 1036714) issued by the Beijing Municipal Commission of Housing and Urban-Rural Development on September 15, 2011, Hongchao Weiye Company holds ownership of the property located at Buildings 1-3, East of No. 8 Fangcaodi West Street, Chaoyang District, Beijing. As per the details recorded in the “Property Ownership Certificate,” the building area of the aforementioned property is 425 square meters. The land use right acquisition method is allocation, and the planned use is commercial, solely owned by Hongchao Weiye Company.

Based on this, domestic lawyers believe that Chaofu Company has lawfully obtained the “Property Ownership Certificate” for the aforementioned property.
 - ② According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Serial No.1036714) of Buildings 1-3, East of No. 8 Fangcaodi West Street, Chaoyang District, Beijing, there is no mortgage registration information recorded for this property.
4. According to the opinion of domestic lawyers and the information provided by Jinkelong, the status of property right, as well as the issuance of major approvals and permits, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available
5. The property was inspected by Mr. Chu Yongqiang, a Chinese real estate appraiser, on April 3, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
8. Located at 1st to 2nd Floor, Building No. 16, Xijie Dayuan, Chaoyang District, Beijing	<p>This property is located at 1st to 2nd Floor, Building No. 16, Xijie Dayuan, Chaoyang District, Beijing. The building was constructed in the 1990s, with a total of 2 above-ground floors and a total building area of 1,016.6 square meters.</p> <p>Jinkelong intends to terminate the lease with Beijing Hongchao Weiye State-owned Asset Management Co., Ltd. with a leased area of 1,016.6 square meters.</p> <p>As of the valuation date, the property of 1,016.6 square meters has ceased operations.</p> <p>According to the “Supplementary Agreement” (Lease Type 202312042013) signed between Jinkelong and Beijing Hongchao Weiye State-owned Asset Management Co., Ltd., on December 15, 2023, the property currently holds a lease agreement. The lessor is Beijing Hongchao Weiye State-owned Asset Management Co., Ltd., and the lease term extends from January 1, 2024, to June 30, 2024.</p>	1,109,466.41	1,223,833.67

Note:

1. According to the documents provided by Jinkelong, including the “Property Ownership Certificate” (X Beijing Property Right Certificate, Serial No. 1036964), the property’s ownership belongs to Beijing Hongchao Weiye State-owned Asset Management Co., Ltd. The building area of the property is 1,016.6 square meters, and the documented use of the property is commercial. Jinkelong intends to terminate the lease with Beijing Hongchao Weiye State-owned Asset Management Co., Ltd., for all the leased properties, with a leased area of 1,016.6 square meters.
2. The valuation conducted for this lease period spans six months without any rent-free period. Rent payments are made semi-annually without any increment and include value-added tax (VAT).
3. Beijing Tianxun Law Firm issued a legal opinion on the renewal/termination of the lease of properties owned by Beijing Chaofu State-owned Asset Management Co., Ltd., including the following items:
 - ① According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Serial No. 1036964) issued by the Beijing Municipal Commission of Housing and Urban-Rural Development on September 16, 2011, Hongchao Weiye Company holds ownership of the property located at 1st to 2nd Floor, Building No. 16, Xinjie Dayuan, Chaoyang District, Beijing. As per the details recorded in the “Property Ownership Certificate,” the building area of the aforementioned property is 1,016.6 square meters. The land use right acquisition method is allocation, and the planned use is commercial, solely owned by Hongchao Weiye Company.

Based on this, domestic lawyers believe that Chaofu Company has lawfully obtained the “Property Ownership Certificate” for the aforementioned property.
 - ② According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Serial No. 1036964) of 1st to 2nd Floor, Building No. 16, Xinjie Dayuan, Chaoyang District, Beijing, there is no mortgage registration information recorded for this property.
4. According to the opinion of domestic lawyers and the information provided by Jinkelong, the status of property right, as well as the issuance of major approvals and permits, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available
5. The property was inspected by Mr. Chu Yongqiang, a Chinese real estate appraiser, on April 3, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
<p>9. Located on the 1st Floor, Northeast Side (Grocery Store), Building No. 3, Fangyuan Community, Chaoyang District, Beijing</p>	<p>The property is located on the 1st Floor, Northeast Side (Grocery Store), Building No. 3, Fangyuan Community, Chaoyang District, Beijing. The building was completed in 1983, with a total of 1 floor, and the building’s floor area is 296.5 square meters.</p> <p>Jinkelong intends to terminate the lease with Beijing Hongchao Weiye State-owned Asset Management Co., Ltd. with a leased area of 296.5 square meters.</p> <p>As of the valuation date, the property of 296.5 square meters has ceased operations.</p> <p>According to the “Supplementary Agreement” (Lease Type 202312042013) signed between Jinkelong and Beijing Hongchao Weiye State-owned Asset Management Co., Ltd., on December 15, 2023, the property currently holds a lease agreement. The lessor is Beijing Hongchao Weiye State-owned Asset Management Co., Ltd., and the lease term extends from January 1, 2024, to June 30, 2024.</p>	653,663.90	721,045.61

Note:

1. According to the documents provided by Jinkelong, including the “Property Ownership Certificate” (X Beijing Property Right Certificate, Serial No. 1036705), the property’s ownership belongs to Beijing Hongchao Weiye State-owned Asset Management Co., Ltd. The building area of the property is 296.5 square meters, and the documented use of the property is commercial. Jinkelong intends to terminate the lease with Beijing Hongchao Weiye State-owned Asset Management Co., Ltd., for all the leased properties, with a leased area of 296.5 square meters.
2. The valuation conducted for this lease period spans six months without any rent-free period. Rent payments are made semi-annually without any increment and include value-added tax (VAT).
3. Beijing Tianxun Law Firm issued a legal opinion on the renewal/termination of the lease of properties owned by Beijing Chaofu State-owned Asset Management Co., Ltd., including the following items:
 - ① According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Serial No. 1036705) issued by the Beijing Municipal Commission of Housing and Urban-Rural Development on September 15, 2011, Hongchao Weiye Company holds ownership of the property located on the 1st Floor, Northeast Side (Grocery Store), Building No. 3, Fangyuan Community, Chaoyang District, Beijing. According to the certificate, the building area of the mentioned property is 296.5 square meters. The land use rights were obtained through allocation, with the planned use designated as commercial. The property is state-owned and solely owned by Hongchao Weiye Company.

Based on this, domestic lawyers believe that Chaofu Company has lawfully obtained the “Property Ownership Certificate” for the aforementioned property.
 - ② According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Serial No. 1036705) for the property located on the 1st Floor, Northeast Side (Grocery Store), Building No. 3, Fangyuan Community, Chaoyang District, Beijing, there is no recorded mortgage registration information for this property.
4. According to the opinion of domestic lawyers and the information provided by Jinkelong, the status of property right, as well as the issuance of major approvals and permits, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available
5. The property was inspected by Mr. Jia Jia, a Chinese real estate appraiser, on April 3, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
10. Located on the 1-2/F, Building 19, Block 2, Anzhen West Community, Chaoyang District, Beijing	<p>The property is located on ton the 1-2/F, Building 19, Block 2, Anzhen West Community, Chaoyang District, Beijing. The building was completed in 1988, with a total of 2 floors and a building area of 1,289.96 square meters.</p> <p>Jinkelong plans to terminate the lease with Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., for the entire leased property, covering an area of 1,289.96 square meters.</p> <p>As of the valuation date, the property measuring 1,289.96 square meters has ceased operations.</p> <p>According to the supplemental agreement signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., on December 15, 2023 (Lease type: 202312042013), the property is currently under lease, with Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., being the lessor, and the lease term extends from January 1, 2024, to June 30, 2024.</p>	1,464,298.09	1,615,242.50

Note:

1. According to the documents provided by Jinkelong, including the “Property Ownership Certificate” (X Beijing Property Right Certificate, Serial No. 1037300), the property’s ownership belongs to Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., with a total construction area of 1,289.96 square meters, and the property is designated for commercial use. Jinkelong intends to terminate the lease with Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., for the entire leased property, covering an area of 1,289.96 square meters.
2. The valuation conducted for this lease period spans six months without any rent-free period. Rent payments are made semi-annually without any increment and include value-added tax (VAT).
3. Beijing Tianxun Law Firm issued a legal opinion on the renewal/termination of the lease of properties owned by Beijing Chaofu State-owned Asset Management Co., Ltd., including the following items:
 - ① According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Serial No. 1037300) issued by the Beijing Municipal Commission of Housing and Urban-Rural Development on September 16, 2011, Hongchao Weiye Company holds ownership of the property located on the 1-2/F, Building 19, Block 2, Anzhen West Community, Chaoyang District, Beijing. As per the certificate, the building area of the property is 1,289.96 square meters. The land use right was obtained through allocation, and the property is designated for commercial use. It is state-owned property and owned solely by Hongchao Weiye Company.

Based on this, domestic lawyers believe that Chaofu Company has lawfully obtained the “Property Ownership Certificate” for the aforementioned property.
 - ② According to the “Property Ownership Certificate” (X Beijing Property Right Certificate, Serial No. 1037300) for 1-2/F, Building 19, Block 2, Anzhen West Community, Chaoyang District, Beijing, there was a mortgage registration conducted on September 16, 2011.
4. According to the opinion of domestic lawyers and the information provided by Jinkelong, the status of property right, as well as the issuance of major approvals and permits, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available
5. The property was inspected by Mr. Jia Jia, a Chinese real estate appraiser, on April 3, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 (RMB: Yuan/Year)	Market Rent Value State as at March 31, 2024 (HKD: Yuan/Year)
11. Located at Units 1-5, 1st Floor, Building 1, Jin Tai North Street, Chaoyang District, Beijing	<p>The property is located at Units 1-5, 1st Floor, Building 1, No. 1 Jin Tai North Street, Chaoyang District, Beijing. The building was completed in 1989 and has a total of 16 (-2) floors. The property being evaluated is situated on the 1st floor of this building, with a floor area of 262.72 square meters.</p> <p>Jinkelong intends to terminate the lease with Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., for the entire leased property. The leased property has a building area of 262.72 square meters.</p> <p>As of the valuation date, the property of 262.72 square meters being evaluated has ceased operations.</p> <p>According to the Supplementary Agreement (Lease Type 202312042013) signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., on December 15, 2023, the property currently holds a leasing right. The lessor is Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., and the lease term is from January 1, 2024, to June 30, 2024.</p>	421,928.32	465,422.01

Note:

1. According to the documents provided by Jinkelong, including the “Property Ownership Certificate” (X Beijing Property Right Certificate No. 1036713), the property’s ownership belongs to Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The building area is 262.72 square meters, and the certificate states that the building is designated for commercial use. Jinkelong intends to terminate the lease with Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., for the entire leased property, with a building area of 262.72 square meters.
2. The valuation conducted for this lease period spans six months without any rent-free period. Rent payments are made semi-annually without any increment and include value-added tax (VAT).
3. Beijing Tianxun Law Firm issued a legal opinion on the renewal/termination of the lease of properties owned by Beijing Chaofu State-owned Asset Management Co., Ltd., including the following items:
 - ① According to the “Property Ownership Certificate” (X Beijing Property Right Certificate No. 1036713) issued by the Beijing Municipal Commission of Housing and Urban-Rural Development on September 15, 2011, Hongchao Weiye Company holds ownership of the property located at Units 1-5, 1st Floor, Building 1, No. 1 Jin Tai North Street, Chaoyang District, Beijing. According to the certificate, the building area of the mentioned property is 262.72 square meters. The land use right was obtained through allocation, the planned use is for commercial purposes, the property belongs to the state, and it is solely owned by Hongchao Weiye Company.

Based on this, domestic lawyers believe that Chaofu Company has lawfully obtained the “Property Ownership Certificate” for the aforementioned property.
 - ② According to the “Property Ownership Certificate” (X Beijing Property Right Certificate No. 1036713) Units 1-5, 1st Floor, Building 1, No. 1 Jin Tai North Street, Chaoyang District, Beijing, there is no registered mortgage information for the property.
4. According to the opinion of domestic lawyers and the information provided by Jinkelong, the status of property right, as well as the issuance of major approvals and permits, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available
5. The property was inspected by Mr. Di Chunyang, a Chinese real estate appraiser, on April 4, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 (RMB: Yuan/Year)	Market Rent Value State as at March 31, 2024 (HKD: Yuan/Year)
12. Located at Unit 107, 1st Floor, Buildings 5 and 6, No. 6A, Shuguang West Community, Chaoyang District, Beijing	<p>The property is located at Unit 107, 1st Floor, Buildings 5 and 6, No. 6A, Shuguang West Community, Chaoyang District, Beijing. The building was completed in 2005 with a total of 13 floors (excluding the basement). The subject property for valuation is on the 1st floor, with a building area of 424.37 square meters.</p> <p>Jinkelong intends to terminate the lease with Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., for the entire leased property, with a building area of 424.37 square meters.</p> <p>As of the valuation date, the property of 424.37 square meters being evaluated has ceased operations.</p> <p>According to the Supplementary Agreement (Lease Type 202312042013) signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., on December 15, 2023, the property currently holds a leasing right. The lessor is Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., and the lease term is from January 1, 2024, to June 30, 2024.</p>	469,332.00	517,712.21

Note:

1. According to the documents provided by Jinkelong, including the "Property Ownership Certificate" (X Beijing Property Right Certificate No. 1036717), the property's ownership belongs to Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The building area is 424.37 square meters, and the certificate states that the building is designated for commercial use. Jinkelong intends to terminate the lease with Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., for the entire leased property, with a building area of 424.37 square meters.

2. The valuation conducted for this lease period spans six months without any rent-free period. Rent payments are made semi-annually without any increment and include value-added tax (VAT).

3. Beijing Tianxun Law Firm issued a legal opinion on the renewal/termination of the lease of properties owned by Beijing Chaofu State-owned Asset Management Co., Ltd., including the following items:

① According to the "Property Ownership Certificate" (X Beijing Property Right Certificate No. 1036717) issued by the Beijing Municipal Commission of Housing and Urban-Rural Development on September 15, 2011, Hongchao Weiye Company holds ownership of the property located at Unit 107, 1st Floor, Buildings 5 and 6, No. 6A, Shuguang West Community, Chaoyang District, Beijing. According to the certificate, the building area of the mentioned property is 424.37 square meters. The land use right was obtained through compensated transfer, with the planned use designated as commercial. The property belongs to the state and is solely owned by Hongchao Weiye Company.

Based on this, domestic lawyers believe that Chaofu Company has lawfully obtained the "Property Ownership Certificate" for the aforementioned property.

② According to the "Property Ownership Certificate" (X Beijing Property Right Certificate No. 1036717) for Unit 107, 1st Floor, Buildings 5 and 6, No. 6A, Shuguang West Community, Chaoyang District, Beijing, there is no registered mortgage information for the property.

4. According to the opinion of domestic lawyers and the information provided by Jinkelong, the status of property right, as well as the issuance of major approvals and permits, is as follows:

- ① State-owned Land Use Certificate Not available
- ② Property Ownership Certificate Available

5. The property was inspected by Mr. Di Chunyang, a Chinese real estate appraiser, on April 4, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
13. Located at Unit 12-1, Floor 1, Building 12, Dongjunzhuang, Chaoyang District, Beijing.	<p>The property is located at 12-1, 1st Floor, Building 12, Dongjun Zhuang, Chaoyang District, Beijing. The building was completed in 1984, with a total of 6 floors above ground. The property being evaluated is on the 1st floor of the building, with a total area of 481.77 square meters.</p> <p>Jinkelong intends to terminate the lease with Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., for the entire leased property, with a building area of 481.77 square meters.</p> <p>As of the valuation date, the property of 481.77 square meters being evaluated has ceased operations.</p> <p>According to the Supplementary Agreement (Lease Type 202312042013) signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., on December 15, 2023, the property currently holds a leasing right. The lessor is Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., and the lease term is from January 1, 2024, to June 30, 2024.</p>	330,590.57	364,668.88

Note:

1. According to the documents provided by Jinkelong, including the “Property Ownership Certificate” (X Beijing Property Right Certificate No. 1036712), the property’s ownership belongs to Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The building area is 481.77 square meters, and the certificate states that the building is designated for commercial use. Jinkelong intends to terminate the lease with Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., for the entire leased property, with a building area of 481.77 square meters.
2. The valuation conducted for this lease period spans six months without any rent-free period. Rent payments are made semi-annually without any increment and include value-added tax (VAT).
3. Beijing Tianxun Law Firm issued a legal opinion on the renewal/termination of the lease of properties owned by Beijing Chaofu State-owned Asset Management Co., Ltd., including the following items:
 - ① According to the “Property Ownership Certificate” (X Beijing Property Right Certificate No. 1036712) issued by the Beijing Municipal Commission of Housing and Urban-Rural Development on September 15, 2011, Hongchao Weiye Company holds ownership of the property located at 12-1, 1st Floor, Building 12, Dongjun Zhuang, Chaoyang District, Beijing. According to the certificate, the building area of the mentioned property is 481.77 square meters. The land use right was obtained through allocation, with the planned use designated as commercial. The property belongs to the state and is solely owned by Hongchao Weiye Company.

Based on this, domestic lawyers believe that Chaofu Company has lawfully obtained the “Property Ownership Certificate” for the aforementioned property.
 - ② According to the “Property Ownership Certificate” (X Beijing Property Right Certificate No. 1036712) for 12-1, 1st Floor, Building 12, Dongjun Zhuang, Chaoyang District, Beijing, there is no registered mortgage information for the property.
4. According to the opinion of domestic lawyers and the information provided by Jinkelong, the status of property right, as well as the issuance of major approvals and permits, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available
5. The property was inspected by Mr. Ping Yuanshuai, a Chinese real estate appraiser, on April 4, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
14. Located at 1-1, 1st Floor, No. 10 Zaoying South Community, Chaoyang District, Beijing.	<p>The property is located at 1-1, 1st Floor, No. 10 Zaoying South Community, Chaoyang District, Beijing. The building was completed in 1987 with a total of 2 floors, and the total floor area of the building is 168.30 square meters.</p> <p>Jinkelong intends to terminate the lease with Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., for the entire leased property, with a building area of 168.30 square meters.</p> <p>As of the valuation date, the property of 168.30 square meters being evaluated has ceased operations.</p> <p>According to the Supplementary Agreement (Lease Type 202312042013) signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., on December 15, 2023, the property currently holds a leasing right. The lessor is Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., and the lease term is from January 1, 2024, to June 30, 2024.</p>	317,590.52	350,328.74

Note:

- 1. As per the documentation provided by Jinkelong, including the “Property Ownership Certificate” (No. 1036718), the property’s ownership is associated with Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The total area measures 168.30 square meters, designated for commercial use. Jinkelong plans to terminate the lease agreement with Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., encompassing all leased properties, with a leased floor area of 168.30 square meters.
- 2. The valuation conducted for this lease period spans six months without any rent-free period. Rent payments are made semi-annually without any increment and include value-added tax (VAT).
- 3. Beijing Tianxun Law Firm issued a legal opinion on the renewal/termination of the lease of properties owned by Beijing Chaofu State-owned Asset Management Co., Ltd., including the following items:
 - ① According to the “Property Ownership Certificate” (X Beijing Property Right Certificate No. 1036718), issued by the Beijing Municipal Commission of Housing and Urban-Rural Development, Hongchao Weiye Company holds ownership of the property located at 1-1, 1st Floor, No. 10 Zaoying South Community, Chaoyang District, Beijing. According to the certificate, the building area of the mentioned property is 168.3 square meters. The land use right was obtained through allocation, and the property is state-owned. The planned use is for commercial purposes, and it is solely owned by Hongchao Weiye Company.

Based on this, domestic lawyers believe that Chaofu Company has lawfully obtained the “Property Ownership Certificate” for the aforementioned property.
 - ② According to the “Property Ownership Certificate” (X Beijing Property Right Certificate No. 1036718) for 1-1, 1st Floor, No. 10 Zaoying South Community, Chaoyang District, Beijing, there is no registered mortgage information for the property.
- 4. According to the opinion of domestic lawyers and the information provided by Jinkelong, the status of property right, as well as the issuance of major approvals and permits, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available
- 5. The property was inspected by Ms. Jia Jia, a Chinese real estate appraiser, on April 2, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 <i>(RMB: Yuan/Year)</i>	Market Rent Value State as at March 31, 2024 <i>(HKD: Yuan/Year)</i>
15. Located at 1st to 2nd Floor, No. 10 Zao Ying South Community, Chaoyang District, Beijing City.	<p>The property is located at 1st to 2nd Floor, No. 10 Zao Ying South Community, Chaoyang District, Beijing City. The building was completed in 1986 and has a total of 2 floors above ground (partially 3 floors). The total building area of the property is 2,517.5 square meters.</p> <p>Jinkelong intends to terminate the lease with Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., for the middle portion of the building, which is the 2nd floor. The leased area being vacated is 810 square meters.</p> <p>As of the valuation date, the property of 810 square meters being evaluated has ceased operations.</p> <p>According to the Supplementary Agreement (Lease Type 202312042013) signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., on December 15, 2023, the property currently holds a leasing right. The lessor is Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., and the lease term is from January 1, 2024, to June 30, 2024.</p>	1,286,077.50	1,418,650.38

Note:

1. According to the documents provided by Jinkelong, including the “Property Ownership Certificate” (X Beijing Property Right Certificate No. 1037296), Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. owns the property corresponding to the building. The total building area is 2,517.5 square meters, and the certificate states that the building is designated for commercial use. Jinkelong intends to terminate the lease with Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., for a portion of the property, specifically located on the 2nd floor, with a leased area of 810 square meters.

2. The valuation conducted for this lease period spans six months without any rent-free period. Rent payments are made semi-annually without any increment and include value-added tax (VAT).

3. Beijing Tianxun Law Firm issued a legal opinion on the renewal/termination of the lease of properties owned by Beijing Chaofu State-owned Asset Management Co., Ltd., including the following items:
 - ① According to the “Property Ownership Certificate” (X Beijing Property Right Certificate No. 1037296) issued by the Beijing Municipal Commission of Housing and Urban-Rural Development on September 16, 2011, Hongchao Weiye Company holds ownership of the property located at 1st to 2nd Floor, No. 10 Zao Ying South Community, Chaoyang District, Beijing City. According to the certificate, the building area of the mentioned property is 2,517.5 square meters. The land use right was obtained through allocation, and the property is state-owned. The planned use is for commercial purposes, and it is solely owned by Hongchao Weiye Company.

Based on this, domestic lawyers believe that Chaofu Company has lawfully obtained the “Property Ownership Certificate” for the aforementioned property.

 - ② According to the “Property Ownership Certificate” (X Beijing Property Right Certificate No. 1037296) for the 1st to 2nd Floor of No. 10 Zao Ying South Community, there was a mortgage registration conducted on September 16, 2011. However, this mortgage registration was canceled on November 17, 2017.

4. According to the opinion of domestic lawyers and the information provided by Jinkelong, the status of property right, as well as the issuance of major approvals and permits, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available

5. The property was inspected by Ms. Jia Jia, a Chinese real estate appraiser, on April 2, 2024.

VALUATION CERTIFICATE

Property	Overview and Lease Details	Market Rental Value state as at March 31, 2024 (RMB: Yuan/Year)	Market Rent Value State as at March 31, 2024 (HKD: Yuan/Year)
16. Located at Buildings 1-7, West Side, Building No. 8, Dashanzi North Community, Chaoyang District, Beijing	<p>The property is located at Buildings 1-7, West Side, Building No. 8, Dashanzi North Community, Chaoyang District, Beijing. The building was completed in 1979 and has a total of 3 floors above ground. The total building area of the property is 3,294.31 square meters.</p> <p>Jinkelong intends to terminate the lease with Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., for a portion of the building, specifically the 1st to 3rd floors, with a leased area of 99.08 square meters.</p> <p>As of the valuation date, the property of 99.08 square meters under assessment is already closed for business.</p> <p>According to the Supplementary Agreement (Lease Type 202312042013) signed between Jinkelong and Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., on December 15, 2023, the property currently holds a leasing right. The lessor is Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., and the lease term is from January 1, 2024, to June 30, 2024.</p>	74,498.25	82,177.76

Note:

- 1. According to the documents provided by Jinkelong, including the “Property Ownership Certificate” (X Beijing Property Right Certificate No. 1037314), the property corresponding to the building belongs to Beijing Hongchao Weiye State-owned Assets Management Co., Ltd. The total building area is 3,294.31 square meters, and the certificate states that the building is designated for commercial use. Jinkelong intends to lease a portion of the property from Beijing Hongchao Weiye State-owned Assets Management Co., Ltd., specifically the 1st to 3rd floors, with a leased area of 99.08 square meters.
- 2. The valuation conducted for this lease period spans six months without any rent-free period. Rent payments are made semi-annually without any increment and include value-added tax (VAT).
- 3. Beijing Tianxun Law Firm issued a legal opinion on the renewal/termination of the lease of properties owned by Beijing Chaofu State-owned Asset Management Co., Ltd., including the following items:
 - ① According to the “Property Ownership Certificate” (X Beijing Property Right Certificate No. 1037314) issued by the Beijing Municipal Commission of Housing and Urban-Rural Development on September 16, 2011, Hongchao Weiye Company holds ownership of the property located at Buildings 1-7, West Side, Building No. 8, Dashanzi North Community, Chaoyang District, Beijing. According to the certificate, the building area of the mentioned property is 3,294.31 square meters. The land use right was obtained through allocation, and the property is state-owned. The planned use is for commercial purposes, and it is solely owned by Hongchao Weiye Company.

Based on this, domestic lawyers believe that Chaofu Company has lawfully obtained the “Property Ownership Certificate” for the aforementioned property.
 - ② According to the “Property Ownership Certificate” (X Beijing Property Right Certificate No. 1037314) for Buildings 1-7, West Side, Building No. 8, Dashanzi North Community, there was a mortgage registration conducted on September 16, 2011.
- 4. According to the opinion of domestic lawyers and the information provided by Jinkelong, the status of property right, as well as the issuance of major approvals and permits, is as follows:

① State-owned Land Use Certificate	Not available
② Property Ownership Certificate	Available
- 5. The property was inspected by Mr. Gong Xiangyun, a Chinese real estate appraiser, on April 2, 2024.

SUPPLEMENTAL NOTICE OF 2023 ANNUAL GENERAL MEETING



北京京客隆商業集團股份有限公司
BEIJING JINGKELONG COMPANY LIMITED*
(a joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 814)

SUPPLEMENTAL NOTICE OF 2023 ANNUAL GENERAL MEETING

Reference is made to the notice of the annual general meeting of 北京京客隆商業集團股份有限公司 (Beijing Jingkelong Company Limited*) (the “**Company**”) for the year ended 31 December 2023 (the “**2023 Annual General Meeting**”) dated 30 April 2024, which sets out the time and venue of the 2023 Annual General Meeting and contains the resolutions to be tabled before the 2023 Annual General Meeting for shareholders’ approval.

The board of directors (“**Board**”) of the Company received a motion made by 北京朝富國有資產管理有限公司 (Beijing Chaofu State-owned Assets Administration Company Limited)*, a substantial shareholder of the Company, for submitting an additional proposal to the 2023 Annual General Meeting for approval by the shareholders of the Company. After careful deliberation and discussion, and in compliance with the Company’s articles of association, the Board resolved to submit the said additional proposal to the 2023 Annual General Meeting for the shareholders’ consideration and, if thought fit, approval. Unless otherwise indicated, capitalised terms used herein shall have the same meaning as those defined in the supplemental circular of the Company dated 7 June 2024 (the “**Supplemental Circular**”).

SUPPLEMENTAL NOTICE IS HEREBY GIVEN THAT the 2023 Annual General Meeting will be held as originally scheduled at 9:00 a.m. on Friday, 28 June 2024 at the Conference Room, 4th Floor, Block No. 45, Xinyuan Street, Chaoyang District, Beijing, the People’s Republic of China (the “**PRC**”) for the purpose of considering the following resolutions, with or without amendments, as ordinary resolutions of the Company, in addition to the resolutions set out in the notice of the 2023 Annual General Meeting dated 30 April 2024 (the “**Original Notice**”).

AS ORDINARY RESOLUTIONS:

To consider and, if thought fit, approve the following resolutions as ordinary resolutions:

7. “**THAT:**

- (a) the 2024 Lease Agreements (as defined in the Supplemental Circular) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved; and

* For identification purposes only

SUPPLEMENTAL NOTICE OF 2023 ANNUAL GENERAL MEETING

- (b) any one Director be and is hereby authorised to do all such acts and things and execute all such documents or instruments and take all such steps on behalf of the Company as the Director may in his or her sole opinion and absolute discretion consider necessary, appropriate or desirable to implement or give effect to or in connection with the 2024 Lease Agreements and the transactions contemplated thereunder.”

8. **“THAT:**

- (a) the Supplemental Lease Agreements (as defined in the Supplemental Circular) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved; and
- (b) any one Director be and is hereby authorised to do all such acts and things and execute all such documents or instruments and take all such steps on behalf of the Company as the Director may in his or her sole opinion and absolute discretion consider necessary, appropriate or desirable to implement or give effect to or in connection with the Supplemental Lease Agreements and the transactions contemplated thereunder.”

By Order of the Board
Beijing Jingkelong Company Limited
Zhang Liwei
Chairman

Beijing, the People’s Republic of China
7 June 2024

* *For identification purposes only*

Notes:

- (A) The Company will not process registration of transfers of the H shares of the Company (“**H Shares**”) from Saturday, 22 June 2024 to Friday, 28 June 2024 (both days inclusive). Holders of H Shares whose names appear on the register of H Shares kept at the H-share Registrar and Transfer Office Computershare Hong Kong Investor Services Limited (the “**H-Share Registrar**”) at 4:30 p.m., the close of business on Friday, 21 June 2024 are entitled to attend and vote at the 2023 Annual General Meeting following completion of the registration procedures.

To qualify for attendance and voting at the 2023 Annual General Meeting, documents on transfers of H Shares, accompanied by the relevant share certificates, must be lodged with the Company’s H-Share Registrar, not later than 4:30 p.m. on Friday, 21 June 2024. The address of the H-Share Registrar is as follows:

Computershare Hong Kong Investor Services Limited
Shops 1712-16, 17th Floor, Hopewell Centre
183 Queen’s Road East
Wanchai
Hong Kong

The Company will not process registration of transfers of the domestic shares of the Company (“**Domestic Shares**”) from Saturday, 22 June 2024 to Friday, 28 June 2024 (both days inclusive). Holders of Domestic Shares whose names appear on the register of shareholders of the Company at the close of business of Friday, 21 June 2024 are entitled to

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attend and vote at the 2023 Annual General Meeting. Holders of Domestic Shares should contact the secretary to the board (“**Secretary to the Board**”) of directors of the Company for details concerning registration of transfers of Domestic Shares.

The contact details of the Secretary to the Board are as follows:

3rd Floor
Block No. 45, Xinyuan Street
Chaoyang District, Beijing
The People’s Republic of China
Telephone No.: 86(10) 6460 3046
Facsimile No.: 86(10) 6461 1370

- (B) Each holder of H Shares entitled to attend and vote at the 2023 Annual General Meeting may, by completing the proxy form (whether the original form of proxy or the supplemental form of proxy) of the Company, appoint one or more proxies to attend and vote at the 2023 Annual General Meeting on his behalf. A proxy need not be a shareholder of the Company (“**Shareholder**”). With respect to any Shareholder who has appointed more than one proxy, the proxy holders may only vote on a poll.
- (C) Holders of H Shares must use the proxy form (whether the original form of proxy or the supplemental form of proxy) of the Company for appointing a proxy and the appointment must be in writing. The proxy form must be signed by the relevant Shareholder or by a person duly authorised by the relevant Shareholder in writing (a “**power of attorney**”). If the proxy form (whether the original form of proxy or the supplemental form of proxy) is signed by the person authorised by the relevant Shareholder as aforesaid, the relevant power of attorney and other relevant documents of authorisation (if any) must be notarised. If a corporate Shareholder appoints a person other than its legal representative to attend the 2023 Annual General Meeting on its behalf, the relevant proxy form must be affixed with the company seal/chop of the corporate Shareholder or duly signed by its director or any other person duly authorised by that corporate shareholder as required by the articles of association of the Company.
- (D) To be valid, the supplemental proxy form and the relevant notarised power of attorney (if any) and other relevant documents of authorisation (if any) as mentioned in note (C) above must be delivered to the H-Share Registrar, Computershare Hong Kong Investor Services Limited (address: 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong), not less than 24 hours before the time appointed for the 2023 Annual General Meeting.
- (E) Each holder of Domestic Shares who is entitled to attend and vote at the 2023 Annual General Meeting may also, by completing the proxy form (whether the original form of proxy or the supplemental form of proxy) of the Company, appoint one or more proxies to attend and vote at the 2023 Annual General Meeting on his behalf. A proxy need not be a Shareholder. Notes (C) and (D) above also apply to the holders of Domestic Shares, except that, to be valid, the proxy form (whether the original form of proxy or the supplemental form of proxy) and the relevant power of attorney (if any) and other relevant documents of authorisation (if any) must be delivered to the Secretary to the Board by personal delivery or by post, not less than 24 hours before the time appointed for the 2023 Annual General Meeting. The address of the Secretary to the Board is stated in note (A) above.
- (F) A Shareholder or his/her proxy should produce proof of identity when attending the 2023 Annual General Meeting. If a corporate Shareholder’s legal representative or any other person authorised by the board of directors or other governing body of such corporate Shareholder attends the 2023 Annual General Meeting, such legal representative or other person shall produce his/her proof of identity, and proof of designation as legal representative and the valid resolution or authorisation document of the board of directors or other governing body of such corporate Shareholder (as the case may be) to prove the identity and authorisation of that legal representative or other person.
- (G) The 2023 Annual General Meeting is expected to last for not more than half a day. Shareholders who attend the 2023 Annual General Meeting shall bear their own travelling and accommodation expenses.

SUPPLEMENTAL NOTICE OF 2023 ANNUAL GENERAL MEETING

- (H) Since the proxy form sent together with the Original Notice dated 30 April 2024 does not contain the proposed additional resolutions as set out in this supplementary notice of AGM, a supplemental proxy form for use at the 2023 Annual General Meeting is disseminated together with this notice and the Supplemental Circular.
- (I) The supplemental form of proxy only serves as a supplement to the original proxy form for the 2023 Annual General Meeting.
- (J) The supplemental form of proxy will not affect the validity of any form of proxy duly completed and delivered by you in respect of the resolutions set out in the notice of the 2023 Annual General Meeting dated 30 April 2024.
- (K) If you have validly appointed a proxy to attend and act for you at the 2023 Annual General Meeting but do not duly complete and deliver the supplemental form of proxy, your proxy will be entitled to vote at his or her discretion on the ordinary resolutions set out in this supplemental notice of the 2023 Annual General Meeting. If you do not duly complete and deliver the original form of proxy for the 2023 Annual General Meeting but have duly completed and delivered the supplemental form of proxy and validly appointed a proxy to attend and act for you at the 2023 Annual General Meeting, your proxy will be entitled to vote at his or her discretion on all the resolutions set out in the notice of the 2023 Annual General Meeting dated 30 April 2024.
- (L) If the proxy being appointed to attend the 2023 Annual General Meeting under the supplemental form of proxy is different from the proxy appointed under the original form of proxy and both proxies attended the 2023 Annual General Meeting, the proxy validly appointed under the original form of proxy shall be designated to vote at the 2023 Annual General Meeting.