

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX III

PROPERTY VALUATION

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this document received from King Kee Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at January 31, 2024 of the property interests held by the Group.



King Kee Appraisal and Advisory Limited
Rm 1502–G16 Easey Comm Bldg,
253-261 Hennessy Road, Hong Kong

April 15, 2024

The Board of Directors
Tianjin Construction Development Group Co., Ltd.
Room 507, Building 13, Zone B1,
Corporate Headquarters Base, Zhongguancun Science Park
(former Ronghui Business District 3), Binhai,
Economic Technological Development Area,
Tianjin, PRC

Dear Sirs,

INSTRUCTIONS, PURPOSE & VALUATION DATE

In accordance with the instructions of Tianjin Construction Development Group Co., Ltd. (天津建设发展集团股份公司) (referred to as the “**Company**”) for us to carry out the valuation of the property interests held by the Company and its subsidiaries (hereinafter together referred to as the “**Group**”) in the People’s Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interest (the “**Report**”) as at January 31, 2024 (the “**Valuation Date**”).

BASIS OF VALUATION

In arriving at our opinion of a market value, we followed “The RICS Valuation — Global Standards” issued by The Royal Institution of Chartered Surveyors (“**RICS**”) with reference to the “International Valuation Standards” published by the International Valuation Standards Council. Under the said standards, market value is defined as:

“the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

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

APPENDIX III

PROPERTY VALUATION

VALUATION METHODOLOGY

We have valued the property interests by the direct comparison approach assuming sale of the property interests in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

SOURCE OF INFORMATION

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Company or its legal adviser, Jingtian & Gongcheng (“**PRC Legal Adviser**”) or other professional advisers on such matters as statutory notices, planning approval, zoning, easements, tenure, completion date of building, development proposal identification of property, particulars of occupation, site areas, floor areas, matters relating to tenure, tenancies and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore approximations and for reference only. We have not searched original plans, developer brochures and the like to verify them.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect that any material information has been withheld.

TITLE INVESTIGATION

We have been provided with copies of the title documents relating to the properties but have not carried out any land title searches. Moreover, we have not inspected the original documents to verify ownership or to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the properties in the PRC and we have therefore relied on the advice given by the Company regarding its interests in the properties.

In the course of our valuation, we have relied to a considerable extent on the information given by the Company and its legal adviser in respect of the title to the properties in the PRC.

SITE INSPECTION

Ms. Nancy Yang (our valuer with relevant experience over 9 years), inspected the exterior and, where possible, the interior of the properties on June 8, 2023. However, no structural survey has been made, but during our inspection, we did not note any serious defects. We are, however, not able to report that the properties are free of rot, infestation, or other structural defects. No test was carried out on any of the services. We have assumed that utility services, such as electricity, telephone, water, etc., are available and free from defect. Our valuations are prepared on the assumption that these aspects are satisfactory. We have not arranged for any investigation to be carried out to determine

APPENDIX III**PROPERTY VALUATION**

whether high alumina cement concrete or calcium chloride additive or pulverized fly ash, or any other deleterious material has been used in the construction of the properties. We are therefore unable to report that the properties are free from risk in this respect. For the purpose of this valuation, we have assumed that deleterious material has not been used in the construction of the properties.

Unless otherwise stated, we have not carried out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

Continued uses assumes the properties will be used for the purposes for which the properties are designed and built, or to which they are currently adapted. The valuation on the property in continued uses does not represent the amount that might be realized from piecemeal disposition of the property in the open market.

It is also assumed that all applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined and considered in the Report. In addition, it is assumed that the utilization of the land and improvements are within the boundaries of the properties described and that no encroachment or trespass exists, unless noted in the Report.

No allowance has been made in our Report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their value.

We have further assumed that the properties were not transferred or involved in any contentious or non-contentious dispute as at the Valuation Date. We have also assumed that there was not any material change of the properties in between dates of our inspection and the Valuation Date.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX III**PROPERTY VALUATION**

CURRENCY

Unless otherwise stated, all monetary amounts stated in our Report are in Renminbi (“**RMB**”), the official currency of the PRC. Our valuations are summarized below and the valuation certificates are attached.

Yours faithfully,
Richard Zhang
Managing Director
ASA MRICS CPV
For and on behalf of
King Kee Appraisal and Advisory Limited

Note: Mr. Richard Zhang is a chartered surveyor who has 29 years’ experience in the valuation of properties in Mainland China, Hong Kong and the Asia-Pacific region.

APPENDIX III

PROPERTY VALUATION

SUMMARY OF VALUES

Abbreviation:

Group I: Property held and self-occupied by the Group in the PRC

Group II: Property held for investment by the Group in the PRC

Group III: Property held for sale by the Group in the PRC

No.	Property	Market value in existing state as at the Valuation Date RMB Group I	Market value in existing state as at the Valuation Date RMB Group II	Market value in existing state as at the Valuation Date RMB Group III	Interest attributable to the Group	The total market value in existing state as at the Valuation Date RMB
1	A parcel of land and an industrial building located at No. 112, Dongting Road, Binhai New Area, Economic and Technological Development Zone, Tianjin, the PRC	45,361,000	8,547,000	—	100%	53,908,000
2	A commercial unit No. 1078, Buildings 26&27, Bishuizhuangyuan Community, Anyang Road, Central Business District, Binhai New Area, Tianjin, the PRC	—	—	4,238,000	100%	4,238,000
3	A commercial unit No. 202, Buildings 26&27, Bishuizhuangyuan Community, Anyang Road, Central Business District, Binhai New Area, Tianjin, the PRC	—	—	4,540,000	100%	4,540,000
Total		<u>45,361,000</u>	<u>8,547,000</u>	<u>8,778,000</u>		<u>62,686,000</u>

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Property No. 1	Description and tenure	Particulars of occupancy	Market value in existing state as at Valuation Date <i>RMB</i>
<p>A parcel of land and an industrial building located at No. 112, Dongting Road, Binhai New Area, Economic and Technological Development Zone, Tianjin, the PRC</p>	<p>The property comprises a parcel of land with a site area of approximately 10,380.2 sq.m. and an industrial building with a total gross floor area of approximately 12,595.44 sq.m. erected thereon which was completed in about 1991.</p> <p>The land use rights of the property have been granted for a term of 50 years with the expiry date on September 20, 2041 for industrial use.</p> <p>The property is located at Dongting Road of Economic and Technological Development Zone in Tianjin, with approximately 7km to Tanggu Station and 43km to Binhai International Airport. The immediate locality is an industrial area with some low-rise buildings scattering along the main roads of the district.</p> <p>The property owned by Zhongjianke (Tianjin) Co. Ltd. (“Tianjin Zhongjianke”), a wholly-owned subsidiary of the Company with a total gross floor area of approximately 12,595.44 sq.m. have been rented to the Company for a term of 20 years commencing from September 1, 2020 and expiring on August 31, 2040 for industrial use. The monthly rent is approximately RMB268,177.91 as at the Valuation Date, but exclusive of water, electricity, gas and communication charges.</p> <p>The portions of the property with a total gross floor area of approximately 1,997.00 sq.m. have been sub-leased to various independent third parties for a term of 20 years commencing from September 1, 2020 and expiring on August 31, 2040 for office use. The total annual aggregate rent is approximately RMB834,304.68 as at the Valuation Date, inclusive of management fee, but exclusive of water, electricity, gas and communication charges.</p>	<p>As at the Valuation Date, portions of the property with a total gross floor area of approximately 1,997.00 sq.m. have been subleased to various third parties with the latest term expiring on August 31, 2040 for office use, whilst the remaining portion of the property with a total gross floor area of approximately 10,598.44 sq.m. was occupied by the Group for office purpose.</p>	<p>53,908,000</p>

APPENDIX III

PROPERTY VALUATION

Notes:

1. Pursuant to a Real Estate Title Certificate — Jin (2020) Development Zone Real Estate Title No. 1001377 (津(2020)開發區不動產權第1001377號), an industrial building with a total gross floor area of approximately 12,595.44 sq.m. is owned by Tianjin Zhongjianke. The relevant land use rights of the property with a site area of approximately 10,380.2 sq.m. have been granted to the Tianjin Zhongjianke, for a term of 50 years with the expiry date on September 20, 2041 for industrial use.
2. Pursuant to a Building Lease Agreement (“**Lease Agreement A**”), the property owned by Tianjin Zhongjianke with a total gross floor area of approximately 12,595.44 sq.m. have been rented to the Company for a term of 20 years commencing from September 1, 2020 and expiring on August 31, 2040 for industrial use. The monthly rent is approximately RMB268,177.91 as at the Valuation Date, but exclusive of water, electricity, gas and communication charges.
3. Pursuant to a certificate issued by the Tianjin Economic and Technological Development Zone Planning and Human Resources Bureau on June 19, 2023, (1) the property of Tianjin Zhongjianke located at No. 112 Dongting Road in the Development Zone (Real Estate Title Certificate — Jin (2020) Development Zone Real Estate Title No. 1001377 (津(2020)開發區不動產權第1001377號) is registered within the jurisdiction of the Tianjin Economic and Technological Development Zone Planning and Human Resources Bureau; (2) from January 1, 2020 to the date of issuance of the certificate, the Tianjin Economic and Technological Development Zone Planning and Human Resources Bureau has no record of administrative penalties related to land and planning imposed on Tianjin Zhongjianke; and (3) for the industrial land, compatible use is the development direction supported by the current urban renewal policy.
4. Pursuant to a certificate issued by the Housing and Construction Commission of Tianjin Binhai New Area on June 20, 2023, (1) the Company is an enterprise in Binhai New Area, and Tianjin Zhongjianke is a wholly-owned subsidiary of the Company; and (2) as of the date of issuance of the certificate, the Company and its subsidiary Tianjin Zhongjianke have not been subject to administrative penalties by the Commission for violating laws and regulations on construction and housing management.
5. Pursuant to the written undertaking made by Wang Wenbin and Dou Enyan dated on June 29, 2023, the actual controllers of the Company, if the Company, its subsidiaries or other lessees are ordered by the competent authorities to make corrections or make other requirements because the planned use of the housing is industrial, and then cannot continue to use the industrial building as office, Wang Wenbin and Dou Enyan, the actual controllers of the Company, agree to fully compensate the Company or its subsidiaries for all economic losses. If the Company or its subsidiaries are fined by the competent authorities for using the premises as office, the actual controllers of the Company, Wang Wenbin and Dou Enyan, agree to fully compensate the Company or its subsidiaries.
6. Pursuant to a Credit Report No. 202402010841271706748087 on Public Credit Report of Tianjin Legal Persons and Unincorporated Organizations issued by the Tianjin Public Credit Center on February 1, 2024, Tianjin Zhongjianke has no records of violations of laws and regulations in planning and natural resources and housing and urban-rural construction after verification between January 1, 2023 and January 2, 2024.
7. As of the Latest Practicable Date, while the property was planned for industrial use, the industrial building was actually used by Tianjin Zhongjianke, a wholly owned subsidiary and rented to the Group as well as certain tenants for office purposes. As advised by the PRC Legal Adviser, the actual use of the property was not in line with its planned use, according to relevant rules of the Administrative Measures for Commodity Housing Tenancy (商品房屋租賃管理辦法), a property shall not be leased if its usage is changed in violation of applicable regulations. If a property is leased in violation of the above requirement, the competent construction (real estate) administrative authority may urge the violator to

APPENDIX III

PROPERTY VALUATION

make corrections within a specified time limit, and impose a fine below RMB5,000 if no illegal gains have been obtained, or a fine between 3 and 5 times of the illegal gains but below RMB30,000 if illegal gains have been obtained.

8. Pursuant to 2 Building Lease Agreements (“**Lease Agreement B**”), portions of the property with a total gross floor area of approximately 1,997.00 sq.m. were leased to various independent third parties for a term of 20 years commencing from September 1, 2020 and expiring on August 31, 2040 for office use. The total annual aggregate rent is approximately RMB834,304.68 as at the Valuation Date, but exclusive of water, electricity, gas and communication charges. The total annual aggregate management fee is approximately RMB623,505.32.
9. We have identified and analyzed various relevant industrial buildings in the locality which have similar characteristics as the subject property such as nature, use, tenure and accessibility. The selected comparables located in similar locality which were transacted in January 2024. The unit rate of these comparable ranges from about RMB4,000 to RMB4,590 per sq.m. on gross floor area basis. Appropriate adjustments and analysis are considered to the differences in location, size, time and other characters between the comparable properties and the subject property to arrive at our assumed unit rate of about RMB4,280 per sq.m. on gross floor area basis.
10. We have been provided with a legal opinion regarding the property interest by the Company’s PRC Legal Adviser, which contains, *inter alia*, the following:
 - a. Tianjin Zhongjianke legally and effectively held the land use rights of the real estate ownership certificate specified, and may occupy, use or otherwise dispose of such land use rights belonging to Tianjin Zhongjianke in accordance with the law, and there is no mortgage, guarantee or other third-party rights on such land use rights belonging to Tianjin Zhongjianke;
 - b. Tianjin Zhongjianke legally and effectively own the ownership of the building under the real estate ownership certificate, and have the right to occupy, use, rent, transfer, mortgage or otherwise dispose of such building in accordance with the law, and there is no mortgage, guarantee or other third-party rights in such building;
 - c. the Planning and Natural Resources Bureau of Tianjin Economic and Technological Development Zone and the Housing and Construction Committee of Tianjin Binhai New Area are the competent departments for the planning and housing management of the property, and they have the right to issue the above certificates (above notes 3 & 4);
 - d. the Lease Agreement A signed between the Company and Tianjin Zhongjianke, and the Lease Agreement B signed between the Company and the independent third parties are legally binding on the contracting parties, and such leases are legal and valid;
 - e. according to the Notice issued by the Tianjin Development and Reform Commission on July 21, 2023 (天津市關於推行市場主體以公共信用報告代替無違法違規證明的實施方案), locally registered market entities in Tianjin may issue a public credit report (a special version for no violations of laws and regulations) to prove whether they have any records of violations of laws and regulations within the administrative area of Tianjin. Where administrative organs need a market entity to issue a certificate of no violations of laws or regulations, the market entity may choose to replace the original relevant certificate with a public credit report (a special version for no violations of laws or regulations);
 - f. based on the relevant certificates (above notes 3 & 4), the credit report and the written undertakings made by Wang Wenbin and Dou Enyan, the actual controllers of the Company, the risk for the Company and its subsidiaries to have a material adverse effect due to the fact that the planned use of the property in Lease Agreement A is industrial and cannot continue to use the property for office purpose fines imposed in this respect is relatively low; and

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX III

PROPERTY VALUATION

- g. based on the relevant certificates (above notes 3 & 4), the credit report and the written undertakings made by Wang Wenbin and Dou Enyan, the actual controllers of the Company, the risk for the Company and its subsidiaries to have a material adverse effect due to the fact that the planned use of the properties in Lease Agreement B is industrial or fines imposed in this respect is relatively low.
11. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the Valuation Date in its existing state is set out as below:

Group	Market value in existing state as at the Valuation Date <i>RMB</i>
Group I — Property held and self-occupied by the Group in the PRC	<u>45,361,000</u>
Group II — Property held for investment by the Group in the PRC	<u>8,547,000</u>
Total	<u><u>53,908,000</u></u>

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Property No. 2	Description and tenure	Particulars of occupancy	Market value in existing state as at Valuation Date <i>RMB</i>
<p>A commercial unit No. 1078, Buildings 26&27, Bishuizhuangyuan Community, Anyang Road, Central Business District, Binhai New Area, Tianjin, the PRC</p>	<p>The property comprises a commercial unit on level 1 of Buildings 26&27 with a gross floor area of approximately 200.49 sq.m. within a 24-storey residential building completed in about 2015.</p> <p>The land use rights of the property have been granted for a term of 40 years with the expiry date on August 30, 2044 for commercial use.</p> <p>The property is located at Anyang Road of Central Business District in Tianjin, with approximately 4km to Binhai Station and 50km to Binhai International Airport. The immediate locality is Central Business District with some high-rise commercial and residential buildings scattering along the main roads of the district.</p>	<p>As at the Valuation Date, the property is currently vacant.</p>	<p>4,238,000</p>

Notes:

1. Pursuant to a Real Estate Title Certificate — Jin (2023) Binhai New Area Central Business District Real Estate Title No. 0516678 (津(2023)濱海新區中心商務區不動產權第0516678號), a property with a gross floor area of approximately 200.49 sq.m. is owned by the Company.
2. The relevant land use rights of the property have been granted to the Company for a term of 40 years with the expiry date on August 30, 2044 for commercial use.
3. Pursuant to an enforcement ruling from the Tianjin Binhai New Area People’s Court dated on September 29, 2018 — (2018) Jin 0116 Zhi Hui No. 20067, the property with a gross floor area of approximately 200.49 sq.m. had been valued to Tianjin Shanshengyuan Construction Co., Ltd (the company’s predecessor) as debt for RMB5,690,500.
4. For the property on the first floor, we have identified and analyzed various relevant commercial units in the locality which have similar characteristics as the subject property such as nature, use, tenure and accessibility. The selected comparables located in similar locality which were transacted between December 2023 and January 2024. The unit rate of these comparables ranges from about RMB20,700 to RMB22,500 per sq.m. on gross floor area basis. Appropriate adjustments and analysis are considered to the differences in location, size, time and other characters between the comparable properties and the subject property to arrive at our assumed unit rate of about RMB21,140 per sq.m. on gross floor area basis.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX III**PROPERTY VALUATION**

5. We have been provided with a legal opinion regarding the property interest by the Company’s PRC Legal Adviser, which contains, *inter alia*, the following:
 - a. the Company legally and effectively held the land use rights belonging to the Company under the real estate ownership certificate specified, and is entitled to occupy, use or otherwise dispose of the land use rights belonging to the Company in accordance with the law, and there is no mortgage, guarantee or other third-party rights on the land use rights belonging to the Company; and
 - b. the Company legally and effectively own the ownership of the building under the real estate ownership certificate, and is entitled to occupy, use, rent, transfer, mortgage or otherwise dispose of such building in accordance with the law, and there is no mortgage, guarantee or other third-party rights in such building.
6. For the purpose of this report, the property is classified into the group as “Group III — Property held for sale by the Group in the PRC” according to the purpose for which it is held.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Property No. 3	Description and tenure	Particulars of occupancy	Market value in existing state as at Valuation Date <i>RMB</i>
<p>A commercial unit No. 202, Buildings 26&27, Bishuizhuangyuan Community, Anyang Road, Central Business District, Binhai New Area, Tianjin, the PRC</p>	<p>The property comprises a commercial unit on level 2 of Buildings 26&27 with a gross floor area of approximately 268.50 sq.m. within a 24-storey residential building completed in about 2015.</p> <p>The land use rights of the property have been granted for a term of 40 years with the expiry date on August 30, 2044 for commercial use.</p> <p>The property is located at Anyang Road of Central Business District in Tianjin, with approximately 4km to Binhai Station and 50km to Binhai International Airport. The immediate locality is Central Business District with some high-rise commercial and residential buildings scattering along the main roads of the district.</p>	<p>As at the Valuation Date, the property is currently vacant.</p>	<p>4,540,000</p>

Notes:

1. Pursuant to a Real Estate Title Certificate — Jin (2023) Binhai New Area Central Business District Real Estate Title No. 0520146 (津(2023)濱海新區中心商務區不動產權第0520146號), a property with a gross floor area of approximately 268.50 sq.m. is owned by the Company.
2. The relevant land use rights of the property have been granted to the Company for a term of 40 years with the expiry date on August 30, 2044 for commercial use.
3. Pursuant to an enforcement ruling from the Tianjin Binhai New Area People’s Court dated September 29, 2018 — (2018) Jin 0116 Zhi Hui No. 20067, the property with a gross floor area of approximately 268.50 sq.m. had been valued to Tianjin Shanshengyuan Construction Co., Ltd (the Company’s predecessor) as debt for RMB4,949,500.
4. For the property on the second floor, we have identified and analyzed the first commercial unit mentioned in note no. 4 of property no. 2, which has similar characteristics as the subject property such as nature, use, tenure and accessibility. Appropriate adjustments and analysis are considered to the differences in floor, size and other characteristics between the property no. 2 and the subject property to arrive at our assumed unit rate of about RMB16,910 per sq.m. on gross floor area basis.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX III**PROPERTY VALUATION**

5. We have been provided with a legal opinion regarding the property interest by the Company’s PRC Legal Adviser, which contains, *inter alia*, the following:
 - a. the Company legally and effectively held the land use rights belonging to the Company under the real estate ownership certificate specified, and is entitled to occupy, use or otherwise dispose of the land use rights belonging to the Company in accordance with the law, and there is no mortgage, guarantee or other third-party rights on the land use rights belonging to the Company; and
 - b. the Company legally and effectively own the ownership of the building under the real estate ownership certificate, and is entitled to occupy, use, rent, transfer, mortgage or otherwise dispose of such building in accordance with the law, and there is no mortgage, guarantee or other third-party rights in such building.
6. For the purpose of this report, the property is classified into the group as “Group III — Property held for sale by the Group in the PRC” according to the purpose for which it is held.