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瑞安房地產
SHUI ON LAND

Shui On Land Limited
瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 272)

**PROPOSED RESTRUCTURING AMONG EXISTING SHAREHOLDERS OF
PROJECT COMPANIES INVOLVING:
MAJOR AND CONNECTED TRANSACTIONS
IN RELATION TO
ESTABLISHMENT OF LIMITED PARTNERSHIP AND
EQUITY TRANSFER OF PROJECT COMPANIES**

All capitalised terms used in this circular have the meaning set out in the section headed “Definitions” of this circular.

A letter from the Board is set out on pages 6 to 21 of this circular.

The Company has obtained written Shareholders’ approval for the Cooperation Agreement, the Limited Partnership Agreement and the Transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules from a closely allied group of Shareholders together holding more than 50% of the voting rights at a general meeting to approve the Cooperation Agreement, the Limited Partnership Agreement and the Transactions contemplated thereunder. Accordingly, no Shareholders’ meeting will be held to approve the Cooperation Agreement, the Limited Partnership Agreement and the Transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules. This circular is being despatched to the Shareholders for information only.

** For identification purposes only*

29 November 2024

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DEFINITIONS

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

“Affiliate(s)”	in the case of any entity, any other entity that directly or (through one or more parties) indirectly controls it, or any entity that is directly or (through one or more parties) indirectly controlled by such entity, or any entity which is under the direct or indirect control of the same party as such entity;
“associate(s)”, “close associates”, “connected person(s)”, “subsidiary(ies)” and “percentage ratio(s)”	each has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Bright Continental”	Bright Continental Limited, a company incorporated in Hong Kong and an indirect non-wholly owned subsidiary of the Company;
“Bright Power”	Bright Power Enterprises Limited, a company incorporated in the BVI with limited liability and an indirect non-wholly owned subsidiary of the Company;
“Business Day(s)”	a day on which commercial banks in the PRC and Hong Kong are generally open for business (other than any Saturday, Sunday, and statutory holidays);
“BVI”	British Virgin Islands;
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands, whose shares are listed on the Main Board of the Stock Exchange (stock code: 272);
“Contribution In Kind”	the transfer of the 12.2% equity interests in YPU by Yangpu Knowledge Innovation to the Limited Partnership as contribution in kind to subscribe for approximately 8.23% partnership interests in the Limited Partnership;
“Cooperation Agreement”	the cooperation agreement dated 5 November 2024 entered into among Shui On LP, Bright Continental, Top Victory, Ningbo Fund, Yangpu Knowledge Innovation and the Joint Venture, in relation to, among others, the Transactions;
“Director(s)”	the director(s) of the Company;
“Equity Transfer”	the YPU Equity Transfer and the KIC Equity Transfer;

DEFINITIONS

“Equity Transfer Agreements”	the YPU Equity Transfer Agreement and the KIC Equity Transfer Agreement;
“Equity Transfer IC Registration”	has the meaning as ascribed to it under the paragraph headed “COOPERATION AGREEMENT AND LIMITED PARTNERSHIP AGREEMENT — Equity Transfer of Project Companies — Payment and Completion” in the letter from the Board of this circular;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Valuer”	Shanghai Cai Rui Asset Appraisal Co., Ltd.* (上海財瑞資產評估有限公司);
“Interest Reserve for M&A Loan”	the interest to be paid in advance by the Limited Partnership for the M&A Loan as required by the M&A Loan Bank under the M&A Loan Agreement;
“Joint Venture”	Shanghai Tian Xu Chuang Sheng Enterprise Management Co., Ltd.* (上海添响創盛企業管理有限公司), a company incorporated in the PRC with limited liability, directly owned as to 66% and 34% by Shui On LP and Yangpu Knowledge Innovation, respectively;
“KIC”	Shanghai Knowledge and Innovation Community Development Co., Ltd.*(上海創智天地發展有限公司), a company incorporated in the PRC with limited liability and a non-wholly owned subsidiary of the Company as at the Latest Practicable Date;
“KIC Equity Transfer”	the transfer of the 99% equity interests in KIC from Top Victory to the Limited Partnership;
“KIC Equity Transfer Agreement”	the equity transfer agreement to be entered into between the Limited Partnership and Top Victory in relation to the KIC Equity Transfer;
“KIC Properties”	the parcels of land and properties erected thereon owned by KIC and situated at Weicheng Road, Zhengxue Road and Jinchuang Road, Yangpu District, Shanghai, the PRC;
“Latest Practicable Date”	25 November 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein;

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“Limited Partnership”	the limited partnership to be established in accordance with the terms and conditions of the Limited Partnership Agreement;
“Limited Partnership Agreement”	the limited partnership agreement dated 5 November 2024 entered into among the Joint Venture (as the general partner), and Shui On LP, Ningbo Fund and Yangpu Knowledge Innovation (each as a limited partner), in relation to the establishment of the Limited Partnership;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Lock-Up Period”	a period ending on 24 October 2031, subject to extension of one (1) year upon the unanimous consent of all limited partners of the Limited Partnership;
“M&A Loan”	has the meaning as ascribed to it under the paragraph headed “COOPERATION AGREEMENT AND LIMITED PARTNERSHIP AGREEMENT — Equity Transfer of Project Companies — Application for M&A Loan” in the letter from the Board of this circular;
“M&A Loan Agreement”	has the meaning as ascribed to it under the paragraph headed “COOPERATION AGREEMENT AND LIMITED PARTNERSHIP AGREEMENT — Equity Transfer of Project Companies — Application for M&A Loan” in the letter from the Board of this circular;
“M&A Loan Bank”	has the meaning as ascribed to it under the paragraph headed “COOPERATION AGREEMENT AND LIMITED PARTNERSHIP AGREEMENT — Equity Transfer of Project Companies — Application for M&A Loan” in the letter from the Board of this circular;
“Merry Wave”	Merry Wave Limited, a company incorporated in the BVI with limited liability and an indirect non-wholly owned subsidiary of the Company;
“Ningbo Fund”	Ningbo Meishan Guo Yang Guo Sheng Investment Management Partnership (Limited Partnership)* (寧波梅山保稅港區國揚果晟投資管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC;
“Partners’ Loans”	the loans provided to the Limited Partnership by the limited partners of the Limited Partnership in accordance with the terms of the Cooperation Agreement and the Limited Partnership Agreement;

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“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“Project Assets”	the YPU Properties and the KIC Properties;
“Project Companies”	YPU and KIC;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
“Share(s)”	ordinary share(s) of US\$0.0025 each in the issued share capital of the Company;
“Shareholder(s)”	holder(s) of Shares;
“Shui On LP”	Shanghai Shui On Investment Group Company Limited* (上海瑞安投資集團有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly owned subsidiary of the Company as at the Latest Practicable Date;
“SODH”	Shui On Development (Holding) Limited, an exempted company incorporated in the Cayman Islands with limited liability and a direct wholly owned subsidiary of the Company as at the Latest Practicable Date;
“sq.m.”	square metres;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsequent Capital Contribution”	has the meaning as ascribed to it under the paragraph headed “COOPERATION AGREEMENT AND LIMITED PARTNERSHIP AGREEMENT — Financial Commitment to the Limited Partnership — Subsequent Capital Contribution from Shui On LP and Ningbo Fund” in the letter from the Board of this circular;
“Top Victory”	Top Victory Development Limited, a company incorporated in Hong Kong and an indirect non-wholly owned subsidiary of the Company as at the Latest Practicable Date;
“Transactions”	the transactions contemplated under the Cooperation Agreement and the Limited Partnership Agreement, including but not limited to the establishment of the Limited Partnership and the Equity Transfer;
“Transferors”	Bright Continental and Top Victory;

DEFINITIONS

“US\$”	United States dollars, the lawful currency of the United States of America;
“Valuation Benchmark Date”	31 May 2024;
“Valuation Reports”	the asset valuation reports in relation to the Project Companies issued by the Independent Valuer;
“Wisdom Forever”	Wisdom Forever Limited Partnership, a limited partnership incorporated in the Cayman Islands and is owned as to 100% in aggregate by two wholly owned subsidiaries of Ningbo Fund as limited partners, with Shui On Knowledge and Innovation Partners (an indirect wholly owned subsidiary of the Company) being the general partner;
“Withholding Tax”	the corporate income tax and stamp duty payable by the Transferors in respect of the Equity Transfer, which shall be withheld by the Limited Partnership and remitted to competent tax authorities in accordance with applicable PRC laws;
“Yangpu Knowledge Innovation”	Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd.* (上海楊浦知識創新區投資發展有限公司), a company established under the laws of the PRC with limited liability;
“YPU”	Shanghai Yang Pu Centre Development Co., Ltd.* (上海楊浦中央社區發展有限公司), a company incorporated in the PRC with limited liability and a non-wholly owned subsidiary of the Company as at the the Latest Practicable Date;
“YPU Equity Transfer”	the transfer of the 86.8% equity interests in YPU from Bright Continental to Limited Partnership;
“YPU Equity Transfer Agreement”	the equity transfer agreement to be entered into between the Limited Partnership and Bright Continental in relation to the YPU Equity Transfer;
“YPU Properties”	the parcels of land and properties erected thereon owned by YPU and situated at Songhu Road, Daxue Road, Weide Road and Jinjian Road, Yangpu District, Shanghai, the PRC; and
“%”	per cent.

* For identification purpose only

For the purpose of this circular and for illustration purpose only, unless otherwise stated, conversion of HK\$ to RMB is based on the exchange rate of HK\$1.00 = RMB0.91225. No representation is made that any amounts in RMB have been or could be converted at the above rate or at any other rates.

LETTER FROM THE BOARD



瑞安房地產
SHUI ON LAND

Shui On Land Limited
瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 272)

Executive Directors:

Mr. Vincent H. S. LO (*Chairman*)
Ms. Stephanie B. Y. LO (*Vice Chairman*)
Ms. Jessica Y. WANG (*Chief Executive Officer*)
Mr. Douglas H. H. SUNG (*Chief Financial Officer*
and Chief Investment Officer)

Independent Non-executive Directors:

Professor Gary C. BIDDLE
Mr. Anthony J. L. NIGHTINGALE
Mr. Shane S. TEDJARATI
Ms. Ya Ting WU
Mr. Albert K. P. NG
Mr. Gregory K. L. SO
Ms. Randy W. S. LAI

Registered Office:

One Nexus Way
Camana Bay
Grand Cayman, KY1-9005
Cayman Islands

Place of Business in Hong Kong:

34/F, Shui On Centre
6-8 Harbour Road
Wan Chai
Hong Kong

29 November 2024

To the Shareholders,

Dear Sir or Madam,

**PROPOSED RESTRUCTURING AMONG EXISTING SHAREHOLDERS OF
PROJECT COMPANIES INVOLVING:
MAJOR AND CONNECTED TRANSACTIONS
IN RELATION TO
ESTABLISHMENT OF LIMITED PARTNERSHIP AND
EQUITY TRANSFER OF PROJECT COMPANIES**

I. INTRODUCTION

The Company refers to its announcement dated 5 November 2024 in respect of the Transactions. The purpose of this circular is to provide you with, among other things, further details of the Transactions and additional information required under the Listing Rules.

LETTER FROM THE BOARD

On 5 November 2024, the Board announced that, for the purpose of restructuring the investment holding structure among existing shareholders of the Project Companies, the Joint Venture, Shui On LP, Bright Continental and Top Victory (each a subsidiary of the Company) entered into the Cooperation Agreement with Ningbo Fund and Yangpu Knowledge Innovation, pursuant to which, among other things,

- (i) the Limited Partnership Agreement, which was entered into at the same time, among the Joint Venture (as the general partner), and Shui On LP, Ningbo Fund and Yangpu Knowledge Innovation (each as a limited partner), for the purpose of establishing the Limited Partnership, with a total subscribed contribution of approximately RMB8,126,000,000 (equivalent to approximately HK\$8,908,000,000), which will be contributed in cash by the Joint Venture, Shui On LP and Ningbo Fund as to RMB1,000,000 (equivalent to approximately HK\$1,100,000), approximately RMB3,802,000,000 (equivalent to approximately HK\$4,168,000,000) and approximately RMB3,654,000,000 (equivalent to approximately HK\$4,005,000,000), respectively, and will be contributed in kind (through the transfer of the 12.2% equity interests in YPU to the Limited Partnership) and the contribution in cash by Yangpu Knowledge Innovation as to approximately RMB669,000,000 (equivalent to approximately HK\$733,000,000) in total;
- (ii) the 86.8% equity interests in YPU will be transferred from Bright Continental to the Limited Partnership at the consideration of approximately RMB4,706,000,000 (equivalent to approximately HK\$5,159,000,000); and
- (iii) the 99% equity interests in KIC will be transferred from Top Victory to the Limited Partnership at the consideration of approximately RMB2,668,000,000 (equivalent to approximately HK\$2,925,000,000).

Upon completion of the Transactions, (a) the partnership interests of the Limited Partnership will be owned as to approximately 0.01%, 46.79%, 44.97% and 8.23% by the Joint Venture, Shui On LP, Ningbo Fund and Yangpu Knowledge Innovation, respectively, and the Limited Partnership will not be a subsidiary of the Company and its financial results will not be consolidated into the financial statements of the Company; and (b) both YPU and KIC will be owned as to 99% by the Limited Partnership and 1% by Yangpu Knowledge Innovation. YPU and KIC will, however, cease to be the subsidiaries of the Company and their financial results will no longer be consolidated into the financial statements of the Company.

II. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Transactions are for the restructuring of the investment holding structure in relation to the Project Assets among existing shareholders of the Project Companies and enable the Company to (i) refinance the investment with more favourable commercial terms to improve investment returns; and (ii) eliminate foreign exchange exposure and mismatch by aligning RMB income with new onshore RMB financing. In particular, restructuring through the formation of Limited Partnership and Equity Transfer creates an opportunity to obtain an onshore acquisition loan at Limited Partnership's level, for the primary purpose of completing the Equity Transfer of the Project Companies. The terms of the M&A Loan (as defined below) are, compared to those of offshore loans of the Group, expected to be in general less costly and more favourable and it is therefore beneficial to the Company as a whole.

LETTER FROM THE BOARD

Since the Project Companies' revenues are entirely derived from onshore RMB sources, and the M&A Loan (as defined below) is also RMB-denominated, there is no associated foreign exchange risk when using Project Companies' income for repayment of the M&A Loan (as defined below) through distributions from the Project Companies to the Limited Partnership, which is an additional benefit to the Company.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that, the Cooperation Agreement, the Limited Partnership Agreement and the Transactions contemplated thereunder, are entered into on normal commercial terms in the ordinary and usual course of the business of the Group, and the terms of the Cooperation Agreement, the Limited Partnership Agreement and the Transactions contemplated thereunder are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

III. IMPACTS OF THE TRANSACTIONS

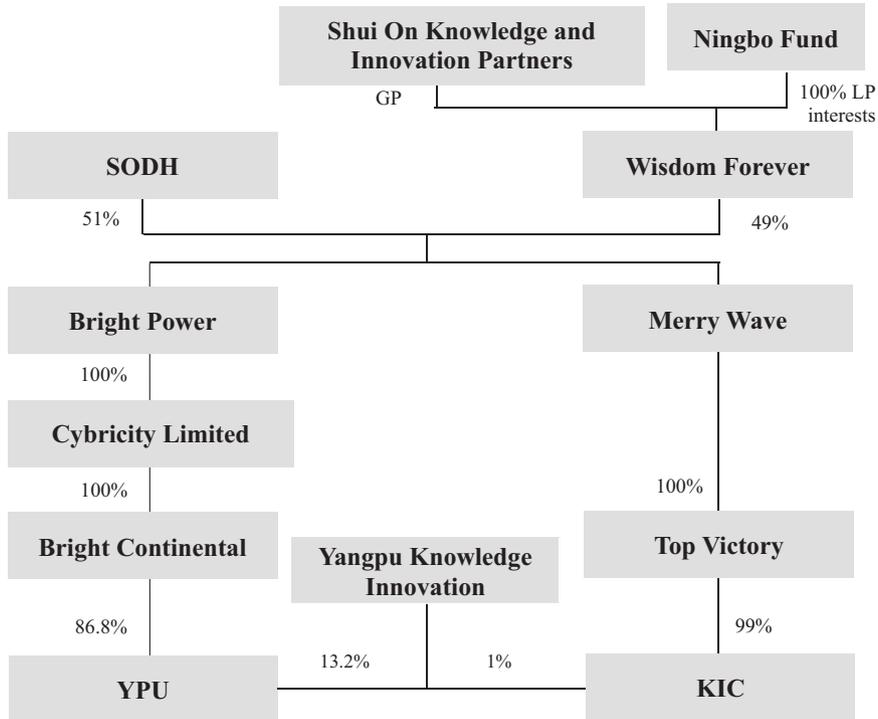
The interests of the Group in the Project Companies as at the Latest Practicable Date are held through its 51% equity interests in Bright Power and Merry Wave (which in turn (directly or indirectly) hold 100% of the shares of Bright Continental and Top Victory respectively which in turn hold 86.8% and 99% of the equity interests in YPU and KIC respectively). After the completion of the Transactions, the interests of the Group in the Project Companies will be held through its 46.80% interests in the Limited Partnership which directly holds 99% of the equity interests in both of the Project Companies.

Upon completion, it was estimated that the Company would have no material profit or loss effect from the Transactions. Following completion of the Transactions, the financial statements of the Project Companies will cease to be consolidated in those of the Group and their results, assets and liabilities will no longer be consolidated into the financial statements of the Company.

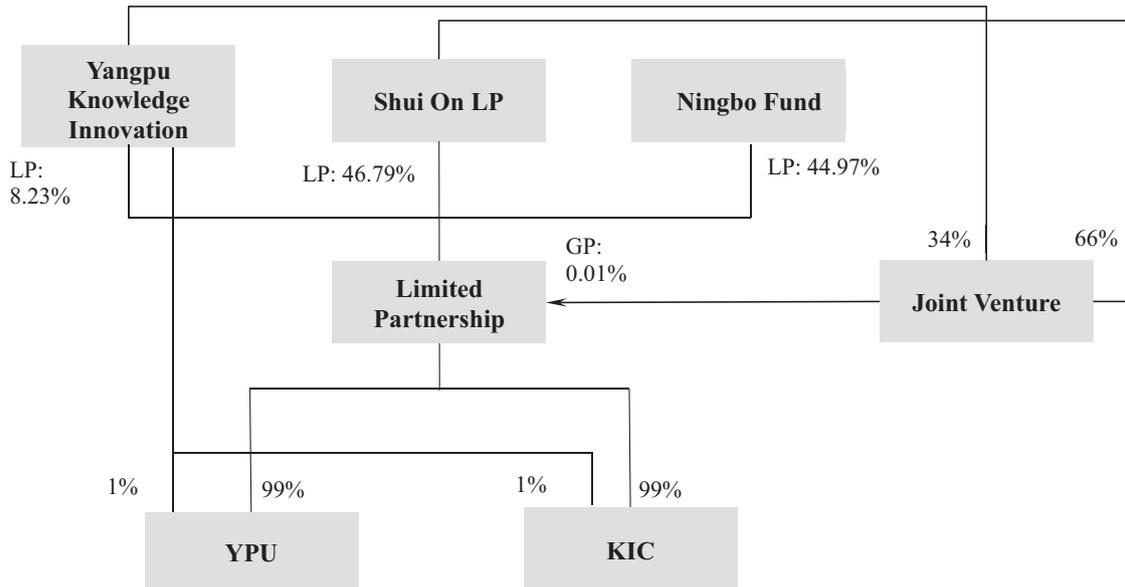
LETTER FROM THE BOARD

The simplified shareholding structures of the Project Companies before and after the Transactions are set out below:

- Simplified shareholding structure of the Project Companies before the Transactions:



- Simplified shareholding structure of the Project Companies after the Transactions:



LETTER FROM THE BOARD

IV. COOPERATION AGREEMENT AND LIMITED PARTNERSHIP AGREEMENT

Major terms of the Cooperation Agreement and the Limited Partnership Agreement are summarized as follows:

Date of the Cooperation Agreement and the Limited Partnership Agreement

5 November 2024

Parties to the Cooperation Agreement

- (1) Shui On LP (being an indirect wholly owned subsidiary of the Company);
- (2) Bright Continental (being an indirect non-wholly owned subsidiary of the Company);
- (3) Top Victory (being an indirect non-wholly owned subsidiary of the Company);
- (4) Ningbo Fund;
- (5) Yangpu Knowledge Innovation; and
- (6) the Joint Venture (being an indirect non-wholly owned subsidiary of the Company).

Parties to the Limited Partnership Agreement

- (1) the Joint Venture (as the general partner and the executive partner);
- (2) Shui On LP (as a limited partner);
- (3) Ningbo Fund (as a limited partner); and
- (4) Yangpu Knowledge Innovation (as a limited partner).

Establishment of the Limited Partnership

The Limited Partnership will be established by the Joint Venture, Shui On LP, Ningbo Fund and Yangpu Knowledge Innovation. The total contribution to be made by the partners to the Limited Partnership is expected to be a total of approximately RMB8,126,000,000 (equivalent to approximately HK\$8,908,000,000), of which:

- (i) the Joint Venture, as the general partner, will contribute as to RMB1,000,000 (equivalent to approximately HK\$1,100,000) in cash, to subscribe for approximately 0.01% of the total partnership interests;
- (ii) Shui On LP, as the limited partner, will contribute as to approximately RMB3,802,000,000 (equivalent to approximately HK\$4,168,000,000) in cash, to subscribe for approximately 46.79% of the total partnership interests;

LETTER FROM THE BOARD

- (iii) Ningbo Fund, as the limited partner, will contribute as to approximately RMB3,654,000,000 (equivalent to approximately HK\$4,005,000,000) in cash, to subscribe for approximately 44.97% of the total partnership interests; and
- (iv) Yangpu Knowledge Innovation, as the limited partner, will make the Contribution In Kind (through the transfer of the 12.2% equity interests in YPU to the Limited Partnership) and the contribution in cash as to approximately RMB669,000,000 (equivalent to approximately HK\$733,000,000) in total, to subscribe for approximately 8.23% of the total partnership interests.

The formation of the Limited Partnership is mainly for the purpose of carrying out the Equity Transfer and holding the Project Assets through the Project Companies for long-term operation. The Limited Partnership may consider from time to time any appropriate investment opportunities but currently there are no prescribed investment targets.

The Limited Partnership will set up an investment committee which will be tasked with overseeing and making decisions on its investment strategies and activities. Such investment committee shall consist of seven (7) members, of which four (4) members shall be appointed by Ningbo Fund, two (2) members shall be appointed by Shui On LP, and one (1) member shall be appointed by Yangpu Knowledge Innovation. Any potential additional investment and further capital contribution requirements will be decided unanimously by the investment committee of the Limited Partnership.

Financial Commitment to the Limited Partnership

Initial Capital Contribution from Shui On LP and Ningbo Fund

Shui On LP and Ningbo Fund shall pay an aggregate amount of approximately RMB3,668,000,000 (equivalent to approximately HK\$4,021,000,000) to the Limited Partnership as paid-in capital contribution as required by the Joint Venture for the payment of consideration payable by the Limited Partnership for the Equity Transfer (including the Withholding Tax) and the Interest Reserve for M&A Loan, with 51% of such amount provided by Shui On LP and the remaining 49% provided by Ningbo Fund. For the avoidance of doubt, the total consideration payable by the Limited Partnership for the Equity Transfer will be funded by capital contribution from the limited partners and the M&A Loan (as defined below).

Contribution In Kind from Yangpu Knowledge Innovation

Yangpu Knowledge Innovation shall complete the Contribution In Kind through the transfer of the 12.2% equity interests held by it in YPU to the Limited Partnership before the completion of the Equity Transfer. The value of 12.2% equity interests in YPU of approximately RMB662,000,000 (equivalent to approximately HK\$725,700,000) was determined with reference to the appraised value of the net assets of YPU as at the Valuation Benchmark Date as set out in the Valuation Report issued by the Independent Valuer. And the additional cash to be paid by Yangpu Knowledge Innovation is expected to be approximately RMB7,000,000 (equivalent to approximately HK\$7,700,000).

LETTER FROM THE BOARD

Should the Contribution In Kind be unable to proceed for any reason, all parties shall collaboratively facilitate the Limited Partnership to acquire the 12.2% equity interests in YPU held by Yangpu Knowledge Innovation, thereby achieving the equivalent outcome initially intended by the Contribution In Kind.

If within twenty (20) Business Days after the completion of the Equity Transfer, the Contribution In Kind has not been completed (as evidenced by the updated business licences received by YPU or the approval for registration document change issued by the competent authorities), provided that such non-completion is not attributable to the unreasonable refusal to cooperate by Shui On LP and/or Ningbo Fund, Yangpu Knowledge Innovation agrees (as a limited partner of the Limited Partnership) to immediately and unconditionally effectuate its withdrawal from the Limited Partnership, and (as a shareholder of the Joint Venture) to transfer all of its equity in the Joint Venture to Shui On LP or its designated Affiliate(s) for a nominal consideration. If there is any material change in respect of the Contribution In Kind, the Company will publish further announcement(s) in a timely manner to update the Shareholders and potential investors of the Company.

Partners' Loans to the Limited Partnership

To facilitate the Transactions and support the operational needs of the Limited Partnership, the limited partners of the Limited Partnership shall provide the Partners' Loans to the Limited Partnership as required by the Joint Venture in an aggregate amount of approximately RMB9,000,000 (equivalent to approximately HK\$9,900,000) for the payment of (i) stamp duty payable by the Limited Partnership on the Equity Transfer; (ii) stamp duty payable by the Limited Partnership on the paid-in capital contribution of Shui On LP and Ningbo Fund (with 51% of the such payment (i) and (ii) to be provided by Shui On LP and the remaining 49% to be provided by Ningbo Fund); (iii) relevant taxes (including the stamp duty, if any) payable by the Limited Partnership on the Contribution In Kind (to be provided by Yangpu Knowledge Innovation); and (iv) expenses related to the establishment and operational needs of the Limited Partnership (to be provided by Shui On LP, Ningbo Fund and Yangpu Knowledge Innovation with the allocated proportions being 46.80%, 44.97% and 8.23% respectively). Since the Partners' Loans arrangement aims to provide short-term funding to the Limited Partnership, the parties agree that the Joint Venture acting as the general partner of the Limited Partnership is not required to provide such funding.

The Partners' Loans shall be unsecured with a term of one (1) year. Unless otherwise agreed, the interest of the Partners' Loans shall be calculated based on the one-year term Loan Prime Rate (LPR) published by the National Interbank Funding Center authorized by the People's Bank of China, commencing from the date the Limited Partnership actually receives the Partners' Loans, and the agreement(s) on the Partners' Loans shall be entered into by the relevant partners and the Limited Partnership.

Subsequent Capital Contribution from Shui On LP and Ningbo Fund

Within ten (10) Business Days after (whichever is later) (a) the completion of the Equity Transfer, (b) the completion of the Contribution In Kind, and (c) the provision of the Partners' Loans by Yangpu Knowledge Innovation, as required by the Joint Venture, subsequent capital contribution (the "**Subsequent Capital Contribution**") in an estimated aggregate amount of approximately RMB305,000,000 (equivalent to approximately HK\$334,000,000) shall be paid to the Limited

LETTER FROM THE BOARD

Partnership by Shui On LP and Ningbo Fund, with 51% paid by Shui On LP and the remaining 49% paid by Ningbo Fund to maintain the pre-agreed percentage of partnership interests among the limited partners (i.e. Shui On LP: Ningbo Fund: Yangpu Knowledge Innovation = 46.79%: 44.97%: 8.23%) after the completion of the Contribution In Kind from Yangpu Knowledge Innovation and the financing from the M&A Loan (as defined below). Once the M&A Loan (as defined below) is secured by the Limited Partnership and with all the capital contributed to the Limited Partnership (including the initial capital contribution and the Subsequent Capital Contribution), the Limited Partnership will refund the excess in cash to Yangpu Knowledge Innovation which would have overpaid for its 8.23% partnership interests in the Limited Partnership through the Contribution In Kind, to maintain the pre-agreed percentage of partnership interests among the limited partners.

Capital Contribution from the Joint Venture

Upon or prior to the expiry of the payment period of the Subsequent Capital Contribution, the Joint Venture, as the general partner of the Limited Partnership, shall make its paid-in capital contribution of RMB1,000,000 (equivalent to approximately HK\$1,100,000) in cash to the Limited Partnership.

Total Commitment of the Group in the Limited Partnership

In summary, the total capital commitment made by the Group in the Limited Partnership is expected to be not more than RMB3,807,000,000 (equivalent to approximately HK\$4,173,000,000), which consists of:

- (i) the aggregate subscribed capital contribution by the Joint Venture and Shui On LP, being not more than RMB3,803,000,000 (equivalent to approximately HK\$4,169,000,000); and
- (ii) the Partners' Loans to be provided by Shui On LP, being not more than RMB4,000,000 (equivalent to approximately HK\$4,400,000).

Equity Transfer of Project Companies

Equity Transfer Agreements

Within twenty (20) Business Days from the date of establishment of the Limited Partnership (or such reasonable date as may be agreed by the Limited Partnership and Bright Continental and/or Top Victory), the Limited Partnership shall enter into the YPU Equity Transfer Agreement with Bright Continental to acquire the 86.8% equity interests in YPU held by Bright Continental at the consideration of approximately RMB4,706,000,000 (equivalent to approximately HK\$5,159,000,000); and the Limited Partnership shall enter into the KIC Equity Transfer Agreement with Top Victory to acquire the 99% equity interests in KIC held by Top Victory at the consideration of approximately RMB2,668,000,000 (equivalent to approximately HK\$2,925,000,000). On 27 November 2024, the Equity Transfer Agreements were entered into by the relevant parties.

The consideration for the YPU Equity Transfer and the KIC Equity Transfer was arrived at after arm's length negotiations among the parties on normal commercial terms and was determined principally with reference to the Valuation Reports issued by the Independent Valuer. According to the

LETTER FROM THE BOARD

Valuation Reports, as at the Valuation Benchmark Date, the appraised value of the net assets of YPU using the asset-based approach was approximately RMB5,422,000,000 (equivalent to approximately HK\$5,944,000,000) and the appraised value of the net assets of KIC using the asset-based approach was approximately RMB2,695,000,000 (equivalent to approximately HK\$2,954,000,000), respectively. Please refer to Appendix III of this circular for details of the Valuation Reports.

Application for M&A Loan

An onshore merger and acquisition loan (the “**M&A Loan**”) for the Limited Partnership to pay for a portion of the consideration for the Equity Transfer of the Project Companies and to replace the existing external loans of the Project Companies shall be arranged. For purpose of applying for the M&A Loan, the Limited Partnership, as the borrower, will enter into a merger and acquisition loan agreement (the “**M&A Loan Agreement**”) with the bank(s) (the “**M&A Loan Bank**”). The total principal amount of the M&A Loan is expected to be not more than RMB4.3 billion (equivalent to approximately HK\$4.7 billion).

Subject to the terms of the M&A Loan Agreement, the pledge of the equity interests of the Project Companies and/or the mortgage of the Project Assets will be provided by the Limited Partnership and/or the Project Companies to the M&A Loan Bank as security of the M&A Loan.

If the Limited Partnership does not have sufficient funds to discharge any payment obligations under the M&A Loan Agreement, each limited partner of the Limited Partnership shall provide sufficient funds to the Limited Partnership in accordance with their respective percentage of the partnership interests through paid-in capital or other methods mutually agreed upon in writing by the limited partners but the total commitment of the Group in the Limited Partnership is not expected to increase resulting from this obligation.

Payment and Completion

The registration of the Equity Transfer (as reflected in the updated business licences by the Project Companies) (the “**Equity Transfer IC Registration**”) is conditional on the satisfaction or, where applicable, waiver of the following conditions:

- (i) the Company having complied with the applicable compliance procedures under the Listing Rules for the Transactions (including, but not limited to, obtaining the Shareholders’ approval);
- (ii) the equity interests in the Project Companies being free from any encumbrances or other restrictions on rights (except for any equity pledges in accordance with the M&A Loan Agreement);
- (iii) relevant bank special accounts having been set up for the Transactions; and
- (iv) approvals from relevant PRC commercial banks on the Transactions having been obtained by Ningbo Fund and YPU.

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The Limited Partnership may waive any of the aforementioned conditions precedent of the Equity Transfer IC Registration except for the condition (i) above. All parties shall use their best efforts to ensure that these conditions are fulfilled within twenty (20) days from the date of signing the Equity Transfer Agreements.

After the Equity Transfer IC Registration, the Limited Partnership shall pay the consideration for the Equity Transfer (deducting the Withholding Tax) to the offshore bank account designated by the Transferors in accordance with the Equity Transfer Agreements.

The Transferors and the Limited Partnership shall use their best endeavours to procure that the Equity Transfer IC Registration shall be completed no later than 31 March 2025 (or such later date as may be agreed in writing by the Transferors and the Limited Partnership), otherwise such deadline shall be automatically extended for a period of three (3) months. Should the registration still not be completed by the extended deadline, either the Transferors or the Limited Partnership may terminate the Equity Transfer Agreements by written notice to the other party.

Upon the establishment of the Limited Partnership, each partner shall procure that the Limited Partnership promptly enters into the M&A Loan Agreement with the relevant parties. In the event that the first drawdown of the M&A Loan is not effected by 30 June 2025 (or such later date as may be agreed in writing by the Transferors and the Limited Partnership), either the Transferors or the Limited Partnership may terminate the Equity Transfer Agreements by written notice to the other party.

The Equity Transfer completes upon the receipt of the consideration for the Equity Transfer (deducting the Withholding Tax) by the Transferors (which are indirectly owned as to 51% by SODH (a direct wholly owned subsidiary of the Company) and 49% by Wisdom Forever, to which the consideration will be shared accordingly) from the Limited Partnership. The Transferors and the Limited Partnership shall use their best endeavours to procure that the completion of the Equity Transfer of the Project Companies shall be no later than 31 December 2025 (or such later date as may be agreed in writing by the Transferors and the Limited Partnership), otherwise either the Transferors or the Limited Partnership may terminate the Equity Transfer Agreements by written notice to the other party.

Transfer Restrictions on Partnership Interests of Limited Partnership

The Joint Venture, as the general partner of the Limited Partnership, shall not transfer all or any part of the partnership interests in the Limited Partnership without obtaining the unanimous consent from all other partners.

Transfer of all or any part of the partnership interests in the Limited Partnership held by the limited partners shall be subject to conventional transfer restrictions which include:

- (i) *Lock-Up Period*: Except as otherwise provided in the Limited Partnership Agreement or the Cooperation Agreement, or with the unanimous consent of all partners in the Limited Partnership, no partner shall transfer its partnership interests during the Lock-Up Period (which expires on 24 October 2031 and may be extended for one year upon the unanimous consent of all limited partners).

LETTER FROM THE BOARD

- (ii) *Right of first refusal:* Each limited partner shall have a right of first refusal to acquire the partnership interests in the Limited Partnership proposed to be sold by the other limited partner under such terms as agreed between the other limited partner and the proposed new purchaser.
- (iii) *Drag-along right:* Shui On LP and Ningbo Fund, with a comparable percentage of ownership in the Limited Partnership, shall have the drag-along right over each other. If one of them proposes to sell its all partnership interests to the proposed new purchaser, it has the right to require the other one to sell its all partnership interests under such terms as agreed between it and the proposed new purchaser, unless the other one exercises its right of first refusal to acquire the partnership interests proposed to be sold.
- (iv) *Tag-along right:* Each limited partner shall have the tag-along right to participate in the proposed sale of partnership interests in the Limited Partnership by the limited partner under such terms as agreed between the other limited partner and the proposed new purchaser.

The Company shall comply with the applicable requirements of the Listing Rules upon the exercise of the right of first refusal, tag-along right and drag-along right by Shui On LP.

Governance Structure of the Project Companies and Operation of the Project Assets

The Limited Partnership shall appoint directors, supervisors, general managers and chief financial officers to YPU and KIC in accordance with the Limited Partnership Agreement in the following manner:

- (i) Shui On LP has the right to nominate two (2) directors (one (1) of whom shall serve as the chairman of the board of directors) and the general manager for YPU and KIC, respectively;
- (ii) Ningbo Fund has the right to nominate two (2) directors (one (1) of whom shall serve as the vice chairman of the board of directors) and the chief financial officer for YPU and KIC, respectively; and
- (iii) Yangpu Knowledge Innovation has the right to nominate one (1) director and the supervisor for YPU and KIC, respectively.

After the completion of the Transactions and during the term of the Limited Partnership, the Project Companies shall continue to appoint designated members of the Group to provide asset management and property management services to the Project Companies.

Dissolution and Liquidation of the Limited Partnership

The Limited Partnership shall be dissolved and liquidated upon the occurrence of certain circumstances, which include, among others, (a) all partners' unanimous voting to dissolve the Limited Partnership; (b) the removal of the general partner and failure to appoint a new one; and (c) the revocation of the business license.

LETTER FROM THE BOARD

In addition, should the Equity Transfer Agreements be early terminated in accordance with their respective terms, and in the event that the Equity Transfer IC Registration is not completed, the Limited Partnership shall be dissolved and liquidated in accordance with the Limited Partnership Agreement.

Termination of the Cooperation Agreement

The Cooperation Agreement shall be terminated upon the occurrence of (a) the unanimous consent from all parties, or (b) the termination of both Equity Transfer Agreements in accordance with terms thereof.

V. FINANCIAL IMPACT AND USE OF PROCEEDS FROM THE TRANSACTIONS

Following the completion of the Transactions, the financial statements of the Project Companies will cease to be consolidated in those of the Group and their results, assets and liabilities will no longer be consolidated into the financial statements of the Company; but the Company will continue to indirectly own 46.33% equity interests in the Project Companies via the interests in the Limited Partnership of Shui On LP and the Joint Venture and the financial results of the Project Companies will be equity accounted for as investment in joint venture in the consolidated financial statements of the Company.

The cash proceeds from the Transactions to be received by the Group will be used to repay offshore indebtedness with a more imminent term maturity compared to other loans. Based on the consideration for the Equity Transfer and the unaudited consolidated net asset value of the Project Companies as at 30 June 2024, and after taking into account the relevant taxes and other expenses, it is expected that, the Group would, in accordance with International Financial Reporting Standards, record an unaudited net profit attributable to shareholders of the Company of approximately RMB215,000,000 (equivalent to approximately HK\$235,700,000), and the total assets and total liabilities of the Group will decrease by approximately RMB5,470,000,000 (equivalent to approximately HK\$5,996,000,000) and approximately RMB1,951,000,000 (equivalent to approximately HK\$2,139,000,000), respectively. In any event, the actual gain or loss and the impact on the assets and liabilities of the Group as a result of the Transactions to be recorded by the Group is to be determined as at completion of the Transactions and subject to audit and/or review by the Company's auditors.

VI. INFORMATION OF THE PARTIES

1. The Group, the Joint Venture, Shui On LP, Bright Continental and Top Victory

The Company, through its subsidiaries and associates, is one of the leading property developers in the PRC. The Group engages principally in the development and redevelopment, sale, leasing, management, and ownership of high-quality residential and mixed-use properties in the PRC.

The Joint Venture, an indirect non-wholly owned subsidiary of the Company as at the Latest Practicable Date, is a company incorporated in the PRC with limited liability and is directly owned as to 66% and 34% by Shui On LP and Yangpu Knowledge Innovation, respectively. The Joint Venture is principally engaged in business consulting service.

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Shui On LP, an indirect wholly owned subsidiary of the Company as at the Latest Practicable Date, is incorporated in the PRC with limited liability and is principally engaged in investment holding and business consulting service.

Each of Bright Continental and Top Victory is an indirect non-wholly owned subsidiary of the Company as at the Latest Practicable Date. They were incorporated in Hong Kong and are principally engaged in investment holding. Each of Bright Continental and Top Victory is indirectly owned as to 51% by SODH (a direct wholly owned subsidiary of the Company) and 49% by Wisdom Forever.

2. Ningbo Fund and Yangpu Knowledge Innovation

Ningbo Fund is a limited partnership established under the laws of the PRC and is principally engaged in investment management. As at the Latest Practicable Date, Ningbo Fund is a subsidiary of China Life Insurance Company Limited (stock codes: 2628.HK, 601628.SH) which owns 89.9971% interests in Ningbo Fund. As at the Latest Practicable Date, Ningbo Fund is an associate of substantial shareholders of certain subsidiaries of the Company.

Yangpu Knowledge Innovation is a company established under the laws of the PRC with limited liability and is principally engaged in investment management and management consulting. Yangpu Knowledge Innovation is indirect wholly owned by Shanghai Yangpu District State-owned Assets Supervision and Administration Commission (上海市楊浦區國有資產監督管理委員會). As at the Latest Practicable Date, Yangpu Knowledge Innovation holds 13.2% equity interests in YPU and is a connected person of the Company at the subsidiary level.

3. Project Companies

Basic Information

At the Latest Practicable Date, YPU, one of the Project Companies, is a company incorporated in the PRC with limited liability and is principally engaged in property investment and operation. YPU is directly owned as to 86.8% by Bright Continental and 13.2% by Yangpu Knowledge Innovation. The YPU Properties are the parcels of land and properties erected thereon owned by YPU and situated at Songhu Road, Daxue Road, Weide Road and Jinjian Road, Yangpu District, Shanghai, the PRC. The YPU Properties, currently consist of office, retail and car parking spaces and are owned by YPU as at the Latest Practicable Date, with a total leasable gross floor area of 167,507 sq.m. (excluding car parking spaces).

At the Latest Practicable Date, KIC, one of the Project Companies, is a company incorporated in the PRC with limited liability and is principally engaged in property investment and operation. KIC is directly owned as to 99% by Top Victory and 1% by Yangpu Knowledge Innovation. The KIC Properties are the parcels of land and properties erected thereon owned by KIC and situated at Weicheng Road, Zhengxue Road and Jinchuang Road, Yangpu District, Shanghai, the PRC. The KIC Properties, currently consist of office, retail, hotel and car parking spaces and are owned by KIC as at the Latest Practicable Date, with a total leasable gross floor area of 85,268 sq.m. (excluding car parking spaces).

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YPU is involved in a total of four ongoing and pending legal actions. For further details, please refer to pages III-82 to III-85 of the Valuation Report of YPU as set out in Appendix III of this circular. Given that these legal actions pertain to lease disputes, which are a common occurrence in the Group's ordinary and usual course of business activities, and considering the trivial amount at stake, the Company does not consider that these litigations will have any material adverse impact on the Transactions.

Financial Information of the Project Companies

As at 30 June 2024, the unaudited total assets of YPU and KIC were approximately RMB6,168,000,000 (equivalent to approximately HK\$6,761,000,000) and RMB2,901,000,000 (equivalent to approximately HK\$3,180,000,000), respectively; and the unaudited net assets of YPU and KIC as at 30 June 2024 were approximately RMB4,487,000,000 (equivalent to approximately HK\$4,919,000,000) and RMB2,409,000,000 (equivalent to approximately HK\$2,641,000,000), respectively.

For the year ended 31 December 2023, the unaudited revenue of YPU and KIC were approximately RMB388,000,000 (equivalent to approximately HK\$425,000,000) and RMB150,000,000 (equivalent to approximately HK\$164,000,000), respectively.

For the year ended 31 December 2023, the unaudited profits both before and after taxation of YPU were approximately RMB244,000,000 (equivalent to approximately HK\$267,000,000) and RMB185,000,000 (equivalent to approximately HK\$203,000,000), respectively; and the unaudited profits both before and after taxation of KIC were approximately RMB116,000,000 (equivalent to approximately HK\$127,000,000) and RMB87,000,000 (equivalent to approximately HK\$95,000,000), respectively.

For the year ended 31 December 2022, the unaudited profits both before and after taxation of YPU were approximately RMB217,000,000 (equivalent to approximately HK\$238,000,000) and RMB182,000,000 (equivalent to approximately HK\$200,000,000), respectively; and the unaudited profits both before and after taxation of KIC were approximately RMB132,000,000 (equivalent to approximately HK\$145,000,000) and RMB99,000,000 (equivalent to approximately HK\$109,000,000), respectively.

The aforementioned financial information of the Project Companies was based on their financial statements prepared in accordance with International Financial Reporting Standards, and the major differences from the book value of net assets of the Project Companies as at 31 May 2024 which was based on China Accounting System for Business Enterprises reflected in the Valuation Reports as set out in Appendix III are due to the GAAP differences.

The market comparison approach was adopted by Shanghai Cai Rui Asset Appraisal Co., Ltd.* (上海財瑞資產評估有限公司), the Independent Valuer, in the Valuation Reports as set out in the Appendix III to this circular, while the income approach was adopted by Knight Frank Petty Limited, an independent property valuer, in their property valuation report as set out in Appendix II to this

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circular, for the valuation of the properties held by the Project Companies. The Company, after thorough discussions with both valuers, considered that the market comparison approach and the income approach, which are widely used valuation approaches for determining real estate's fair market value, are both fair, reasonable and appropriate.

VII. IMPLICATIONS UNDER THE LISTING RULES

As Ningbo Fund and Yangpu Knowledge Innovation are existing direct/indirect shareholders of the Project Companies, Ningbo Fund is an associate of a connected person of the Company at the subsidiary level and Yangpu Knowledge Innovation is a connected person of the Company at the subsidiary level, the Transactions constitute connected transactions of the Company. As the Directors have approved the Transactions and the independent non-executive Directors have confirmed that the terms of the Cooperation Agreement, the Limited Partnership Agreement and the Transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, pursuant to Rule 14A.101 of the Listing Rules, the Transactions are subject to reporting and announcement requirements and exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the total capital commitment made by the Group for the establishment of the Limited Partnership under the Cooperation Agreement and the Limited Partnership Agreement exceeds 25% but is less than 100%, such transaction constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Equity Transfer under the Cooperation Agreement exceeds 25% but is less than 75%, such transaction constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

None of the Directors has a material interest in the Transactions and no Director was required to abstain from voting on the relevant resolutions of the Board approving the Cooperation Agreement, the Limited Partnership Agreement and the Transactions contemplated thereunder.

Pursuant to Rule 14.44 of the Listing Rules, shareholders' approval may be obtained by written shareholders' approval in lieu of convening a general meeting if (a) no shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Cooperation Agreement, the Limited Partnership Agreement and the Transactions contemplated thereunder; and (b) written approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% of the issued share capital (excluding treasury shares, if any) of the Company giving the right to attend and vote at that general meeting to approve the Cooperation Agreement, the Limited Partnership Agreement and the Transactions contemplated thereunder.

At the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders has any material interest in the Cooperation Agreement, the Limited Partnership Agreement and the Transactions contemplated

LETTER FROM THE BOARD

thereunder, and therefore no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Cooperation Agreement, the Limited Partnership Agreement and the Transactions contemplated thereunder. As such, the Cooperation Agreement, the Limited Partnership Agreement and the Transactions contemplated thereunder may be approved by written Shareholders' approval in accordance with Rule 14.44 of the Listing Rules.

Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited which are controlled by Shui On Company Limited and together constitute a closely allied group of Shareholders, hold 1,725,493,996 Shares, 2,756,414,318 Shares and 29,847,937 Shares respectively, and together represent approximately 56.21% of the issued share capital of the Company at the Latest Practicable Date. The Company has obtained the written approval of Shui On Properties Limited, Shui On Investment Company Limited and New Rainbow Investments Limited on the Cooperation Agreement, the Limited Partnership Agreement and the Transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules. As a result, no extraordinary general meeting will be convened to consider the Cooperation Agreement, the Limited Partnership Agreement and the Transactions contemplated thereunder.

VIII. RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that, the Cooperation Agreement, the Limited Partnership Agreement and the Transactions contemplated thereunder are on normal commercial terms, which are fair and reasonable and in the interests of the Company and Shareholders as a whole, and would recommend the Shareholders to vote in favour of the resolution to approve the Cooperation Agreement, the Limited Partnership Agreement and the Transactions contemplated thereunder if it had been necessary to hold a general meeting for such purpose.

IX. ADDITIONAL INFORMATION

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

Yours faithfully
By Order of the Board
Shui On Land Limited
Vincent H. S. LO
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

By way of reference, the financial information of the Group for the six months ended 30 June 2024 and for each of the three 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 (www.shuionland.com) respectively:

- (i) the interim report of the Company for the six months ended 30 June 2024 published on 26 September 2024 (pages 29 to 57):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0926/2024092600335.pdf>
- (ii) the annual report of the Company for the year ended 31 December 2023 published on 19 April 2024 (pages 113 to 199):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0419/2024041900304.pdf>
- (iii) the annual report of the Company for the year ended 31 December 2022 published on 21 April 2023 (pages 129 to 227):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0421/2023042100305.pdf>
- (iv) the annual report of the Company for the year ended 31 December 2021 published on 21 April 2022 (pages 117 to 211):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0421/2022042100435.pdf>

2. STATEMENT OF INDEBTEDNESS

Borrowings

At the close of business on 30 September 2024, being the latest practicable date for the purpose of determining this indebtedness of the Group prior to the printing of this circular, the Group had total borrowings of approximately RMB37,378 million, details of which are as follows:

- (i) senior notes of the Group with an aggregate amount of RMB6,265 million were unsecured and guaranteed;
- (ii) bank and other borrowings of the Group with an aggregate amount of approximately RMB20,328 million, of which RMB4,441 million were unsecured, and RMB15,887 million were secured by certain buildings, investment properties, right-of-use assets, properties under development for sale, receivables, and bank deposits. Amongst the foregoing bank and other borrowings, an aggregate amount of RMB7,964 million was guaranteed; and an aggregate amount of RMB12,364 million was unguaranteed;
- (iii) receipts under securitisation arrangements of the Group with an amount of RMB4,329 million were secured and guaranteed;
- (iv) amount due to a non-controlling shareholder of a subsidiary of the Group with an amount of RMB11 million which was unsecured and not guaranteed;

- (v) amounts due to associate companies of the Group with an aggregate amount of RMB197 million which were unsecured and not guaranteed;
- (vi) amounts due to fellow subsidiaries of the Group with an aggregate amount of RMB343 million which were unsecured and not guaranteed;
- (vii) loans from an associate company of the Group with an aggregate amount of RMB5,825 million which were unsecured and not guaranteed; and
- (viii) loans from joint venture companies of the Group with an aggregate amount of RMB80 million which were unsecured and not guaranteed.

Lease liabilities

On 30 September 2024, the Group had lease liabilities of RMB104 million.

Liability arising from rental guarantee arrangement

On 30 September 2024, the amount of financial liability arising from the rental guarantee arrangement was RMB20 million.

Contingent liabilities

In addition, the Group provided guarantees of RMB109 million on 30 September 2024 to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificates of the respective properties by the banks from the customers.

Save as aforementioned and apart from intra-group liabilities within the Group and normal trade business, at the close of business on 30 September 2024, the Group did not have any other outstanding borrowings, loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after taking into account the net proceeds of the equity interest transfer of YPU and KIC, the present financial resources available to the Group including but not limited to cash flow generated by its principal operations, cash and cash equivalents available, existing banking facilities and senior notes, successful refinancing of certain banking facilities and senior notes, the Group will have sufficient working capital for its business for at least twelve months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

For the first nine months of 2024, the Group's contracted property sales amounted to RMB13,486 million, comprising residential property sales of RMB13,213 million and commercial property sales of RMB273 million. On 27 September 2024, the Company successfully launched the first phase of Lakeville VI in Shanghai. The Group received strong responses from potential buyers, with all 108 units representing a total gross floor area of 57,000 sq.m., have been subscribed. This has generated a total sales of RMB11,979 million, of which RMB11,623 million sales have been contracted as at 30 September 2024 and the remainder would be subject to formal sales and purchase agreements in the coming months.

The Third Plenary Session of the 20th Central Committee of the Communist Party of China in July 2024 has laid out China's development blueprint for achieving a major economic transformation through deepening structural reforms to realise Chinese-style modernisation. Against the current backdrop of financial market volatility and geopolitical tensions, the central government has committed to an economic growth target of 5% this year. More proactive counter-cyclical policies are expected to be introduced in the second half of the year to support household consumption and stabilise the property market. However, financing to the property sector will remain tight, and the process of debt restructuring will take time. Given the circumstances, the Group will closely monitor the market situation and remain prudent in pursuing suitable opportunities in accordance with our Asset Light Strategy.

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Knight Frank Petty Limited, an independent property valuer, in connection with the valuation of the Properties as at 31 August 2024.



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www.knightfrank.com.hk

The Board of Directors
Shui On Land Limited
34/F, Shui On Centre
6-8 Harbour Road
Wan Chai
Hong Kong

29 November 2024

Dear Sirs

(1) Various Portions of North Parcel of Shanghai KIC (Knowledge and Innovation Community) situated at Weicheng Road, Zhengxue Road and Jinchuang Road, Yangpu District, Shanghai, The People’s Republic of China

(2) Various Portions of Shanghai KIC (Knowledge and Innovation Community) situated at Songhu Road, Daxue Road, Weide Road and Jinjian Road, Yangpu District, Shanghai, The People’s Republic of China (the “Properties”)

In accordance with the instructions from Shui On Land Limited (hereinafter referred to as the “Company”) for us to value the Properties in the People’s Republic of China (the “PRC”), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the Properties as at 31 August 2024 (the “Valuation Date”).

Basis of Valuation

Our valuation is our opinion of the market value of the Properties, which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market value is understood as the value of an asset or liability estimated without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

Market value is the most probable price reasonably obtainable in the market on the Valuation Date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In preparing our valuation report, we have complied with "The HKIS Valuation Standards 2020" issued by the Hong Kong Institute of Surveyors and "The RICS Valuation - Global Standards" issued by the Royal Institution of Chartered Surveyors and the requirements contained in the relevant provisions of Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

Valuation Methodology

As the Properties, which are mainly held for investment and a small portion held for self-use and for sale, are income-producing, we considered it is most appropriate to value them by "Income Approach - Term and Reversion Method" by capitalizing the net income shown on tenancy schedules handed to us by the Company and made provisions for reversionary income potential.

Title Documents and Encumbrances

We have been provided with the copies of extracts of title documents relating to the Properties. However, we have not inspected the original documents to verify ownership or to verify any amendments which may not appear on the copies handed to us. We have relied on the information given by the Company regarding the titles and other legal matters relating to the Properties.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any Properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restriction and outgoing of an onerous nature which could affect their values.

Source of Information

We have relied on a considerable extent on the information given by the Company. We have no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We have accepted advice given by the Company on such matters as planning approvals or statutory notices, easements, tenure, ownership, completion dates of buildings, particulars of occupancy, tenancy summary, floor and site areas and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on information contained in the documents provided to us and are therefore only approximations. We have not been

able to carry out on-site measurements to verify the correctness of the site and floor areas of the Properties and we have assumed that the site and the floor areas shown on the documents handed to us are correct. We were also advised by the Company that no material facts have been omitted from the information provided.

Inspection and Structural Condition

We have inspected the Properties and the inspection was carried out by our Manager, Moira Zhou, a qualified member of CIREA, on 23 September 2024. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the Properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

Identity of Properties to be valued

We exercised reasonable care and skill (but will not have an absolute obligation to the Company) to ensure that the Properties, identified by the Properties address in the instructions, are the Properties inspected by us and contained within our valuation report.

Environmental Issues

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the Properties are unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

Compliance with Relevant Ordinances and Regulations

We have assumed that the Properties have been constructed, occupied and used in full compliance with, and without contravention of any ordinances, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the Properties upon which this report is based, any and all required licenses, permits, certificates, consents, approvals and authorization have been obtained, except only where otherwise stated.

Remarks

Knight Frank has prepared the valuation based on the information and data available to us as at the Valuation Date. While the current market is influenced by various policies and regulations, increased global conflicts could add further fluctuations in real estate market. It must be recognised that enactment of emergency measures, changes in mortgage requirements or international tensions could be immediate and have sweeping impact on the real estate market apart from typical market variations. It should therefore be noted that any market violation, policy, geopolitical and social changes or other unexpected incidents after the Valuation Date may affect the values of the Properties.

Currency

All money amounts stated are in Renminbi (RMB).

Our valuation report is attached.

Yours faithfully

For and on behalf of

Knight Frank Petty Limited

Reviewed (but not undertaken) by:

Gary Lau MHKIS MRICS RPS(GP) RICS

Registered Valuer

Senior Director

Valuation & Advisory

Cyrus Fong FRICS FHKIS RPS(GP)

MCIREA RICS Registered Valuer

Executive Director

Head of Valuation & Advisory, Greater China

Notes:

Mr. Cyrus Fong is a fellow member of RICS and HKIS who has over 18 years of extensive experience in the Real Estate Industry. He has conducted numerous assignments for different types of properties including development sites, luxury residential, commercial, industrial properties in Hong Kong, UK and Asia Pacific region for various valuation purposes.

Mr. Gary Lau is a qualified member of RICS and HKIS who has over 15 years of extensive experience in the Real Estate Industry. He has conducted numerous assignments for different types of properties including development sites, residential, office, commercial, logistics, school, convention centre and industrial properties in PRC, UK and Asia Pacific region for various valuation purposes.

SUMMARY OF VALUES

Property	Market value in existing state as at 31 August 2024
1. Various Portions of North Parcel of Shanghai KIC (Knowledge and Innovation Community) situated at Weicheng Road, Zhengxue Road and Jinchuang Road, Yangpu District, Shanghai, The PRC	RMB2,702,100,000
2. Various Portions of Shanghai KIC (Knowledge and Innovation Community) situated at Songhu Road, Daxue Road, Weide Road and Jinjian Road, Yangpu District, Shanghai, The PRC	RMB5,928,700,000
Total:	<u>RMB8,630,800,000</u>

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 August 2024																														
1. Various Portions of North Parcel of Shanghai KIC (Knowledge and Innovation Community) situated at Weicheng Road, Zhengxue Road and Jinchuang Road, Yangpu District, Shanghai, The PRC	<p>Shanghai KIC is an integrated, multi-functional community designed to inspire technological innovation and entrepreneurship and to create a “Live-Work-Play-Learn” environment. Placing a strong emphasis on education, technology, culture, research, and business incubation, it is strategically located in the immediate vicinity of major universities and colleges in Wujiaochang of Yangpu District and is connected by the Shanghai Metro Line 10.</p> <p>The property comprises various portions in Phases 2a & 2b of North parcel of Shanghai KIC completed in about 2014 and 2016. Detailed gross floor areas are listed as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Phase</th> <th>Approximate Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td>2b</td> <td>53,290</td> </tr> <tr> <td>Retail</td> <td>2a</td> <td>2,477</td> </tr> <tr> <td>Retail</td> <td>2b</td> <td>7,655</td> </tr> <tr> <td>Hotel</td> <td>2a</td> <td><u>21,847</u></td> </tr> <tr> <td>Sub-total:</td> <td></td> <td>85,269</td> </tr> <tr> <td>Other*</td> <td>2a</td> <td>2,939</td> </tr> <tr> <td>Other*</td> <td>2b</td> <td>4,388</td> </tr> <tr> <td>Car Park (basement) (572 nos)</td> <td>2a & 2b</td> <td>29,157</td> </tr> <tr> <td>Grand-total:</td> <td></td> <td><u>121,753</u></td> </tr> </tbody> </table> <p>* Other use refers to common areas and E&M facilities and therefore no market value is assigned.</p> <p>The land use rights of the property have been granted under various terms and uses, please refer to note 4 for details.</p>	Use	Phase	Approximate Gross Floor Area (sq m)	Office	2b	53,290	Retail	2a	2,477	Retail	2b	7,655	Hotel	2a	<u>21,847</u>	Sub-total:		85,269	Other*	2a	2,939	Other*	2b	4,388	Car Park (basement) (572 nos)	2a & 2b	29,157	Grand-total:		<u>121,753</u>	<p>As per the tenancy schedule provided by the Company, office portion in Phase 2b of the property with a total gross floor area of approximately 44,306 sq m has been leased under various tenancies, with the last tenancy expiring on 31 May 2029, yielding a total monthly rental of approximately RMB7,200,000 exclusive of management fee, whereas the retail portion of the property with a total gross floor area of approximately 9,249 sq m has been leased under various tenancies with the last tenancy expiring on 31 January 2030, yielding a total monthly base rental of approximately RMB1,770,000 exclusive of management fee.</p> <p>Hotel portion in Phase 2a of the property with a total gross floor area of approximately 17,323 sq m has been leased under various tenancies, with the last tenancy expiring on 30 November 2029, yielding a total monthly rental of approximately RMB1,650,000 exclusive of management fee.</p> <p>The remaining portion of the property is vacant.</p>	<p>RMB2,702,100,000 (RENMINBI TWO BILLION SEVEN HUNDRED AND TWO MILLION ONE HUNDRED THOUSAND ONLY)</p>
Use	Phase	Approximate Gross Floor Area (sq m)																															
Office	2b	53,290																															
Retail	2a	2,477																															
Retail	2b	7,655																															
Hotel	2a	<u>21,847</u>																															
Sub-total:		85,269																															
Other*	2a	2,939																															
Other*	2b	4,388																															
Car Park (basement) (572 nos)	2a & 2b	29,157																															
Grand-total:		<u>121,753</u>																															

Notes:

1. Pursuant to the Joint Venture Contract entered into between Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd. (“Party A”) and Top Victory Development Limited (“Party B”), both parties agreed to incorporate a joint venture company. The salient conditions as stipulated in the said contract are as follows:
 - (i) Name of joint venture company : Shanghai Knowledge and Innovation Community Development Co., Ltd. (the “Joint Venture”)
 - (ii) Period of operation : 70 years from the date of issue of the business licence
 - (iii) Total investment amount : HK\$3,100,000,000
 - (iv) Registered capital : HK\$1,550,000,000 (currently change to HK\$1,128,000,000) (Party A: 1%, Party B: 99%)
2. According to the information provided, the profit sharing ratio for the Joint Venture is 1% and 99% for Party A and Party B respectively.
3. Pursuant to the Business Licence with Unified Social Credit No. 913100005559578501 dated 27 June 2024, the Joint Venture was established with a registered capital of HK\$1,128,000,000.
4. Pursuant to four Shanghai Real Estate Ownership Certificates, all issued by the Shanghai Real Estate and Land Resources Administration Bureau, the title of the property with a total gross floor area of 154,851.30 sq m was vested in the Joint Venture. The details of which are listed as follows:

No.	Certificate No.	Issuance Date	Expiry Date	Use	Gross Floor Area (sq m)
(1)	Hu (2019) Yang Zi Bu Dong Chan Quan Di 000476	8 January 2019	9 January 2051	Commercial	84,637.76
			9 January 2061	Office	
(2)	Hu Fang Di Yang Zi (2015) Di 015379	21 July 2015	9 January 2051	Commercial	35,319.90*
			9 January 2061	Office	
(3)	Hu (2016) Yang Zi Bu Dong Chan Quan Di 007142	23 December 2016	9 January 2051	Commercial	21,847.25
			9 January 2061	Office	
(4)	Hu Fang Di Min Zi (2015) Di 031457	28 December 2015	9 January 2051	Commercial	13,046.39*
			9 January 2061	Office	
Total:					154,851.30

* Portion of the property is vested in the said certificate.

5. As per your specific terms of instruction to provide the breakdown of market value for various portion of Phase 2a and Phase 2b of the property, the aggregate market values of the aforesaid portions as at the date of valuation are listed below:

Portion	Gross Floor Area <i>(sq m)</i>	Market Value as at 31 August 2024
Phase 2a	2,477 sq m for retail	RMB111,700,000
Phase 2a	81 car parking spaces	RMB16,200,000
Phase 2a	21,847 sq m for hotel	RMB432,700,000
Phase 2b	53,290 sq m for office, 7,655 sq m for retail and 491 car parking spaces	RMB2,141,500,000
Total:		<u>RMB2,702,100,000</u>

6. As advised by the Company, there is currently no mortgage against the property.

7. The key parameters adopted in our valuation by “Income Approach — Term and Reversion Method” are summarized as follows:-

	Rent	Yield
Term	As per the provided rent roll, the average unit rent on gross floor area basis ranged from RMB101 to RMB192 per sq m per month, exclusive of VAT.	The Term Yield ranged from 4.5% to 7%.
Reversion	The average market unit rent on gross floor area basis ranged from RMB104 to RMB182 per sq m per month, exclusive of VAT.	The Reversionary Yield ranged from 5% to 7.5%.

8. Our valuation is on a 100 percent interest of the property. We have also assumed that the property has proper legal title and is freely transferrable to local and overseas purchasers without any outstanding premiums and/or associated payments.

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 August 2024																																				
2. Various Portions of Shanghai KIC (Knowledge and Innovation Community) situated at Songhu Road, Daxue Road, Weide Road and Jinjian Road, Yangpu District, Shanghai, The PRC	<p>Shanghai KIC is an integrated, multi-functional community designed to inspire technological innovation and entrepreneurship and create a “Live-Work-Play-Learn” environment. Placing a strong emphasis on education, technology, culture, research, and business incubation, it is strategically located in the immediate vicinity of major universities and colleges in Wujiaochang of Yangpu District and is connected by the Shanghai Metro Line 10.</p> <p>The property comprises various portions of Shanghai KIC, including R1, R2 (Lot 7-7, 7-9, and 8-2), H1, H2, C2 and Lot 12-8, which are completed between 2006 and 2015. Detailed leasable gross floor areas are listed as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Phase</th> <th>Approximate Leasable Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>R1</td> <td>7,061</td> </tr> <tr> <td>Office</td> <td>R2</td> <td>11,077</td> </tr> <tr> <td>Retail</td> <td>R2</td> <td>8,214</td> </tr> <tr> <td>Office</td> <td>H1</td> <td>28,804</td> </tr> <tr> <td>Retail</td> <td>H1</td> <td>20,774</td> </tr> <tr> <td>Office</td> <td>H2</td> <td>39,318</td> </tr> <tr> <td>Retail</td> <td>H2</td> <td>10,095</td> </tr> <tr> <td>Office</td> <td>C2</td> <td>27,089</td> </tr> <tr> <td>Retail</td> <td>C2</td> <td>10,469</td> </tr> <tr> <td>Office</td> <td>Lot 12-8</td> <td><u>4,604</u></td> </tr> <tr> <td>Total:</td> <td></td> <td><u>167,505</u></td> </tr> </tbody> </table>	Use	Phase	Approximate Leasable Gross Floor Area (sq m)	Retail	R1	7,061	Office	R2	11,077	Retail	R2	8,214	Office	H1	28,804	Retail	H1	20,774	Office	H2	39,318	Retail	H2	10,095	Office	C2	27,089	Retail	C2	10,469	Office	Lot 12-8	<u>4,604</u>	Total:		<u>167,505</u>	Please refer to note 8 for the particulars of occupancy of respective portion of the property.	RMB5,928,700,000 (RENMINBI FIVE BILLION NINE HUNDRED AND TWENTY EIGHT MILLION SEVEN HUNDRED THOUSANDONLY)
Use	Phase	Approximate Leasable Gross Floor Area (sq m)																																					
Retail	R1	7,061																																					
Office	R2	11,077																																					
Retail	R2	8,214																																					
Office	H1	28,804																																					
Retail	H1	20,774																																					
Office	H2	39,318																																					
Retail	H2	10,095																																					
Office	C2	27,089																																					
Retail	C2	10,469																																					
Office	Lot 12-8	<u>4,604</u>																																					
Total:		<u>167,505</u>																																					

Market Value in
existing state as at
31 August 2024

Property Description and tenure Particulars of occupancy

The detailed total gross floor areas by different portions are listed as follows:

Use	Approximate Gross Floor Area (sq m)
R1	
Retail	7,061
Other*	<u>8,088</u>
Sub-total:	15,149
R2 (Lot 7-7, 7-9, 8-2)	
Office	11,077
Retail	8,214
Other*	<u>6,659</u>
Sub-total:	25,950
H1	
Retail	7,250
Retail (Basement)	13,524
Office	28,804
Other*	<u>9,183</u>
Sub-total:	58,761
H2	
Office	39,318
Retail	3,957
Retail (Basement)	6,138
Other*	<u>3,312</u>
Sub-total:	52,725
C2	
Office	27,089
Retail	5,417
Retail (Basement)	5,052
Other*	<u>424</u>
Sub-total:	37,982
Lot 12-8	
Office (L4-L6)	4,604
Other*	<u>366</u>
Sub-total:	4,970
Car Park (Basement) (1,060 nos)	<u>67,956</u>
Total:	<u>263,493</u>

* Other use refers to common areas and E&M facilities and therefore no market value is assigned.

The land use rights of the property have been granted under various terms and uses, please refer to note 6 for details.

Notes:

1. Pursuant to the Joint Venture Contract entered into between Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd. (formerly known as Shanghai Yang Pu University Town Investment and Development Co., Ltd.) (“Party A”) and Bright Continental Limited (“Party B”) dated 13 June 2003, both parties agreed to incorporate a joint venture company. The salient conditions as stipulated in the said contract are as follows:
 - (i) Name of joint venture company : Shanghai Yang Pu University Town Centre Development Co., Ltd.
 - (ii) Period of operation : 70 years from the date of issue of the business licence
 - (iii) Total investment amount : US\$90,000,000
 - (iv) Registered capital : US\$30,000,000 (Party A: 3%, Party B: 97%)

2. Pursuant to the Supplementary Joint Venture Contract entered into between Party A and Party B on 29 March 2004 and a capital verification report Fu Kuai Yan (2009) Di 22 dated 13 May 2009, amendments to the Joint Venture Contract were made. The salient conditions as stipulated in the contract and report are as follows:
 - (i) The original name of the joint venture company, Shanghai Yang Pu University Town Centre Development Co., Ltd. was changed to Shanghai Yang Pu Centre Development Co., Ltd. (the “Joint Venture”)
 - (ii) The total investment amount was raised to US\$180,000,000
 - (iii) The registered capital was raised to US\$85,500,000 (currently change to US\$114,000,000) (Party A: 13.2%, Party B: 86.8%)

3. According to the information provided, the profit sharing ratio for the Joint Venture is 13.2% and 86.8% for Party A and Party B respectively as at the date of valuation.

4. Pursuant to the Business Licence with Unified Social Credit No. 91310000753190259W dated 28 June 2024, the Joint Venture was established with a registered capital of US\$114,000,000.

5. Pursuant to the Loan Agreement No. JKHT20230901 dated 12 September 2023 entered into between China Merchants Bank Co., Ltd. (Shanghai Branch) and the Joint Venture, H2 portion of the property under Shanghai Real Estate Ownership Certificate Hu Fang Di Yang Zi (2010) Di 024748 is currently subject to a mortgage for RMB509,000,000 in favour of China Merchants Bank Co., Ltd. (Shanghai Branch).

6. Pursuant to fourteen Shanghai Real Estate Ownership Certificates all issued by the Shanghai Real Estate and Land Resources Administration Bureau, the title to portion of the property with a total gross floor area of 438,356.32 sq m is vested in the Joint Venture. The details of which are listed as follows:

No.	Portion	Certificate No.	Issuance Date	Expiry Date	Use	Gross Floor Area (sq m)
(1)	R1	Hu Fang Di Yang Zi (2007) Di 006193	5 March 2007	28 March 2054	Composite	25,952.31
(2)	R1	Hu Fang Di Yang Zi (2007) Di 006192	5 March 2007	28 March 2054	Composite	26,242.90
(3)	R1	Hu Fang Di Yang Zi (2006) Di 022646	16 September 2006	28 March 2054	Composite	31,366.37*
(4)	R1	Hu Fang Di Yang Zi (2006) Di 022657	16 September 2006	28 March 2054	Composite	22,051.59*
(5)	Lot 7-7 of R2	Hu Fang Di Yang Zi (2010) Di 012687	13 June 2010	19 December 2055	Commercial, office and residential	51,080.49
(6)	Lot 7-9 of R2	Hu Fang Di Yang Zi (2009) Di 003343	9 March 2009	19 December 2055	Commercial, office, and residential	34,714.44
(7)	Lot 8-2 of R2	Hu Fang Di Yang Zi (2009) Di 003342	9 March 2009	19 December 2055	Commercial, office, and residential	22,970.99
(8)	H1	Hu Fang Di Yang Zi (2007) Di 007995	29 March 2007	28 March 2054	Commercial, office, education, cultural and entertainment	50,604.85
(9)	H1	Hu Fang Di Yang Zi (2010) Di 023966	20 December 2010	28 March 2054	Commercial, office, education, cultural, and entertainment	17,106.96
(10)	H2	Hu Fang Di Yang Zi (2010) Di 024748	31 December 2010	28 March 2054	Commercial, office, education, cultural, and entertainment	76,229.11
(11)	C2	Hu Fang Di Yang Zi (2011) Di 018873	22 November 2011	1 February 2058	Commercial and office	25,451.90*
(12)	C2	Hu Fang Di Yang Zi (2011) Di 018865	22 November 2011	1 February 2058	Commercial and office	22,781.08
(13)	C2	Hu Fang Di Yang Zi (2011) Di 018870	22 November 2011	1 February 2058	Commercial and office	25,482.54
(14)	Lot 12-8	Hu (2018) Yang Zi Bu Dong Chan Quan Di 012235	7 March 2018	20 December 2055	Commercial and office	6,320.79*
Total:						438,356.32

* Portion of the property is vested in the said certificate.

7. As per your specific terms of instruction to provide the breakdown of market value for the various portions of the property, the aggregate market values of the respective portion as at the date of valuation are listed as follows.

Portion	Carpark No.	Approximate GFA <i>(sq m)</i>	Market Value <i>(RMB)</i>
R1 — Car parking spaces	13	—	3,000,000
R2 — Car parking spaces	165	—	38,400,000
H1 Retail — Owner-occupied	—	371	9,600,000
H1 & H2 — Car parking spaces	490	—	107,800,000
H2 Retail — Owner-occupied	—	427	8,600,000
C2 Office — Owner-occupied	—	461	16,000,000
C2 — Car parking spaces	347	—	76,300,000
Lot 12-8 — Car parking spaces	45	—	9,900,000

8. Portion of the property have been leased under various tenancies yielding a total current monthly rental of approximately RMB27,460,000 exclusive of management fee and VAT with the last expiry date on 31 May 2034, whilst the remaining portion of the property is vacant. Details are listed below as follows:

Portion	Use	Approximate Leased GFA <i>(sq m)</i>	Last Expiry Date	Total Monthly Rental <i>(RMB)</i>
R1	Retail	7,019	30 November 2028	3,480,000
R2	Office	11,003	31 May 2034	1,290,000
R2	Retail	4,200	31 January 2028	1,530,000
R2	Club House	3,734	31 May 2034	370,000
H1	Office	28,658	30 June 2029	4,180,000
H1	Retail	19,972	31 March 2030	2,110,000
H1	Owner-occupied	371	—	—
H2	Office	38,838	30 June 2031	6,300,000
H2	Retail	9,242	31 August 2028	1,500,000
H2	Owner-occupied	427	—	—
C2	Office	25,050	31 December 2029	4,140,000
C2	Retail	10,045	7 September 2030	2,100,000
C2	Owner-occupied	461	—	—
Lot 12-8	Office	3,892	30 April 2027	460,000
	Total:	162,912		27,460,000

9. As per your specific terms of instruction to provide the breakdown of market value for the various portion of the property, the aggregate market values of the respective portion as at the date of valuation are listed as follows:

Portion	Gross Floor Area (sq m)	Market Value as at 31 August 2024
R1	7,061 sq m for retail and 13 car parking spaces	RMB436,700,000
R2	11,077 sq m for office, 8,214 sq m for retail and 165 car parking spaces	RMB679,700,000
H1	28,804 sq m for office, 20,774 sq m for retail and 490 car parking spaces	RMB1,647,200,000
H2	39,318 sq m for office and 10,095 sq m for retail	RMB1,692,100,000
C2	27,089 sq m for office, 10,469 sq m for retail and 347 car parking spaces	RMB1,332,200,000
Lot 12-8	4,604 sq m for office and 45 car parking spaces	RMB140,800,000
Total:		<u>RMB5,928,700,000</u>

10. The key parameters adopted in our valuation by “Income Approach — Term and Reversion Method” are summarized as follows:-

	Rent	Yield
Term	As per the provided rent roll, the average unit rent on gross floor area basis ranged from RMB99 to RMB496 per sq m per month, exclusive of VAT.	The Term Yield ranged from 4% to 7%.
Reversion	The average market unit rent on gross floor area basis ranged from RMB103 to RMB368 per sq m per month, exclusive of VAT.	The Reversionary Yield ranged from 4.5% to 7.5%.

11. Our valuation is on a 100 percent interest of the property. We have also assumed that the property has proper legal title and is freely transferrable to local and overseas purchasers without any outstanding premiums and/or associated payments.

APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

The following is a text of the valuation reports prepared for the purpose of incorporation in this circular issued by Shanghai Cai Rui Asset Appraisal Co., Ltd. (上海財瑞資產評估有限公司), an independent valuer, in connection with the valuation of the Project Companies at 31 May 2024.*

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STATEMENT

- I. The valuation report is not an asset valuation report as defined in the Asset Appraisal Law of the People's Republic of China.
- II. The client or other users of the valuation report shall use the valuation report in accordance with laws, administrative rules and regulations and the scope of use as set out in the valuation report. We and our valuers disclaim any liability arising from the use of the valuation report by the client or other users of the valuation report in violation of the aforesaid requirements.
- III. The valuation report shall only be used by the client, other users of the valuation report as agreed in the Valuation Engagement Contract and users of the valuation report stipulated in laws, administrative rules and regulations. Save for the above, no other institution or individual shall be the user of the valuation report.
- IV. Users of the valuation report shall have a correct understanding and use of the valuation conclusion, which is not equivalent to the realizable value of the valuation object and shall not be deemed as a guarantee for the realizable value of the valuation object.
- V. The analyses, judgments and conclusions in the valuation report issued by us are subject to the assumptions and restrictions in the valuation report. The users of the valuation report shall pay attention to the assumptions and premises of the valuation conclusion, the explanations on special matters and the restrictions on use of the valuation report.
- VI. The list of assets and liabilities of the valuation object involved has been reported by the client and the valuated entity and confirmed with their signatures and seals or otherwise as permitted by laws; the truthfulness, completeness and legality of the information provided shall be the responsibility of the client and other relevant parties under the laws.
- VII. We and our valuers have no existing or expected relationship of interests with the valuation object as set out in the valuation report or with the relevant parties, and have no prejudice against the relevant parties.
- VIII. We have carried out on-site inspections on the valuation object and its assets as set out in the valuation report. We have given necessary attention to the legal ownership of the valuation object and the assets involved, verified the information on the legal ownership of the valuation object and the assets involved, made proper disclosure of issues identified.

VALUATION REPORT ON THE VALUE OF THE ENTIRE
SHAREHOLDERS' EQUITY OF SHANGHAI KNOWLEDGE AND
INNOVATION COMMUNITY DEVELOPMENT CO., LTD. INVOLVED IN
THE PROPOSED TRANSFER OF ITS 99% EQUITY INTEREST BY TOP
VICTORY DEVELOPMENT LIMITED

Hu Cai Rui Ye Zi [2024] No. 5178

SUMMARY

- I. **The Client:** Shanghai Knowledge and Innovation Community Development Co., Ltd.* (上海創智天地發展有限公司)
- II. **Users of the Valuation Report:** As agreed in the Valuation Engagement Contract, the legal users of the valuation report include the client and the users of the report as prescribed by the laws and regulations of the PRC relating to this economic behavior.
- III. **The Valuated Entity:** Shanghai Knowledge and Innovation Community Development Co., Ltd.
- IV. **Economic Behavior:** According to the Resolution of the Board of Directors of Top Victory Development Limited dated 24 October 2024, the subject economic behavior was in relation to the proposed transfer of its 99% equity interest in Shanghai Knowledge and Innovation Community Development Co., Ltd. by Top Victory Development Limited.
- V. **Purpose of Valuation:** Equity transfer
- VI. **Valuation Object and Scope:** The valuation object was the entire shareholders' equity of Shanghai Knowledge and Innovation Community Development Co., Ltd., and the scope of valuation covered all the assets and liabilities of Shanghai Knowledge and Innovation Community Development Co., Ltd., including current assets, fixed assets, construction in progress, intangible assets, long-term deferred expenses and liabilities. The book net assets as shown in the audited simulated valuation declaration form amounted to RMB1,065,422,316.35.
- VII. **Type of Valuation:** Market value
- VIII. **Valuation Benchmark Date:** 31 May 2024
- IX. **Valuation Method:** Asset-based approach.

APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

X. Valuation Conclusion: As valued, on the Valuation Benchmark Date, i.e. 31 May 2024, the carrying amount of the total assets of Shanghai Knowledge and Innovation Community Development Co., Ltd. was RMB1,202,046,311.46, with an appraised value of RMB2,831,555,740.13, representing an appreciation rate of 135.56%. The carrying amount of the total liabilities was RMB136,623,995.11, with an appraised value of RMB136,623,995.11, without any appreciation or depreciation. The carrying amount of the entire shareholders' equity was RMB1,065,422,316.35, with an appraised value of RMB2,694,931,745.02, representing an appreciation rate of 152.94% (the appraised value of the entire shareholders' equity: RMB TWO BILLION SIX HUNDRED NINETY-FOUR MILLION NINE HUNDRED THIRTY-ONE THOUSAND SEVEN HUNDRED FORTY-FIVE YUAN AND TWO CENTS in words).

XI. Effective Period for Use of the Valuation Conclusion: The effective period for use of the valuation conclusion is one year commencing from 31 May 2024 to 30 May 2025.

XII. Special Matters Which Have Impact on the Valuation Conclusion:

Shanghai Knowledge and Innovation Community Development Co., Ltd. convened a Board meeting on 13 May 2024 and resolved to reduce the registered capital by HK\$33,000,000. Following the capital reduction, the registered capital of the Company was HK\$1,128,000,000, of which HK\$1,116,720,000 was contributed by Top Victory Development Limited, accounting for 99.00% of the total registered capital and HK\$11,280,000 was contributed by Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd., accounting for 1.00% of the total registered capital. The registration with the Administration for Industry and Commerce for the changes in relation to the capital reduction was completed on 27 June 2024, and all payments have been made subsequently. The Company simulated a scenario in which the capital reduction transaction is credited in the balance sheet and statement of changes in owners' equity as at 31 May 2024. In the simulated scenario, the reduced paid-in capital of HK\$33,000,000 is converted into RMB30,140,880.00 at the historical exchange rate and deducted from the then "paid-in capital", the difference between the amounts converted at the historical exchange rate and the exchange rate prevailing on the date of actual payment is credited in "capital reserve – capital translation differences", and if the capital reserve is insufficient to cover such difference, the shortfall would be offset against "surplus reserve".

For details, please refer to "XII. EXPLANATIONS ON SPECIAL MATTERS" as set out in the main body of the valuation report.

Special Notice: The above content is extracted from the main body of the valuation report. Please carefully read the main body of the valuation report if you intend to learn about more details of the valuation project and reasonably understand the valuation conclusion.

Shanghai Cai Rui Asset Appraisal Co., Ltd.
29 November 2024

**VALUATION REPORT ON THE VALUE OF THE ENTIRE
SHAREHOLDERS' EQUITY OF SHANGHAI KNOWLEDGE AND
INNOVATION COMMUNITY DEVELOPMENT CO., LTD. INVOLVED IN
THE PROPOSED TRANSFER OF ITS 99% EQUITY INTEREST BY TOP
VICTORY DEVELOPMENT LIMITED**

Hu Cai Rui Ye Zi [2024] No. 5178

MAIN BODY

To Shanghai Knowledge and Innovation Community Development Co., Ltd.,

Upon engagement by the Company, Shanghai Cai Rui Asset Appraisal Co., Ltd. has followed the necessary valuation procedures and adopted the asset-based approach to appraise the market value of the entire shareholders' equity of Shanghai Knowledge and Innovation Community Development Co., Ltd. involved in the proposed transfer of its 99% equity interest by Top Victory Development Limited as at 31 May 2024 in accordance with relevant laws, administrative rules and regulations and following the principles of independence, objectivity and impartiality. The valuation is reported as follows.

I. OVERVIEW OF THE CLIENT AND OTHER USERS OF THE VALUATION REPORT AS AGREED IN THE VALUATION ENGAGEMENT CONTRACT

(I) Overview of the Client (i.e. the Valued Entity)

Company name: Shanghai Knowledge and Innovation Community Development Co., Ltd.

(II) Overview of Other Users of the Valuation Report as Agreed in the Valuation Engagement Contract

There were no other users of the valuation report except the users of the report as prescribed by laws and regulations relating to this economic behavior.

II. OVERVIEW OF THE VALUED ENTITY

Company name: Shanghai Knowledge and Innovation Community Development Co., Ltd.

Unified social credit code: 913100005559578501

Business type: limited liability company (Taiwan, Hong Kong or Macau and domestic joint venture)

APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

Address: Room 308B, No. 303, Songhu Road, Yangpu District, Shanghai

Legal representative: Wang Hong (王紅)

Registered capital: HK\$1,128,000,000

Date of establishment: 9 June 2010

Duration of operation: 9 June 2010 to 8 June 2080

Business scope: Licensed activities: real estate development and operation; construction works. (For activities that are subject to approval in accordance with the law, approval from relevant authorities is required for business operations. The specific business activities are subject to the approval documents or licenses from the relevant departments.) General activities: property management; non-residential real estate leasing; commercial complex management services; car park services; enterprise management consulting; information consulting services (excluding information consulting services subject to licensing); marketing planning; conference and exhibition services. (Except for the activities that are subject to approval in accordance with the law, business activities shall be carried out autonomously according to the law and based on the business license.)

1. Shareholding structure and historical evolution

Shanghai Knowledge and Innovation Community Development Co., Ltd., established on 9 June 2010 with a registered capital of HK\$1,550,000,000, which was jointly contributed by Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd. and Top Victory Development Limited, accounting for 100.00% of the total registered capital. Following the capital contributions from shareholders, shareholders of the Company and their shareholding percentage were as follows:

Name of shareholder	Amount of capital contribution <i>(HK\$0'000)</i>	Shareholding percentage <i>(%)</i>	Capital contribution method
Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd.	1,550.00	1.00	Monetary funds
Top Victory Development Limited	153,450.00	99.00	Monetary funds
Total	155,000.00	100.00	

The above capital contributions have been verified and confirmed in the “Capital Verification Report” (Fu Kuai Yan [2010] No. 48) issued by Shanghai Fuxingmingfang Certified Public Accountants on 25 August 2010.

APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

On 27 October 2022, according to the Amendment to the Articles of Association and the Resolution of the Board of Directors, the registered capital of the Company was reduced from HK\$1,550,000,000 to HK\$1,161,000,000, of which Top Victory Development Limited adjusted its contribution amount from HK\$1,534,500,000 to HK\$1,149,390,000, accounting for 99% of the total registered capital, and Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd. adjusted its contribution amount from HK\$15,500,000 to HK\$11,610,000, accounting for 1% of the total registered capital. Following the capital reduction, shareholders of the Company and their shareholding percentage were as follows:

Name of shareholder	Amount of capital contribution (HK\$0'000)	Shareholding percentage (%)	Capital contribution method
Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd.	1,161.00	1.00	Monetary funds
Top Victory Development Limited	114,939.00	99.00	Monetary funds
Total	116,100.00	100.00	

As of the Valuation Benchmark Date, i.e. 31 May 2024, there were no changes in the shareholder structure and capital contribution of the enterprise.

The shareholder structure and capital contribution of the enterprise in the subsequent period were summarized as follows:

On 13 May 2024, according to its Resolution of the Board of Directors, the Company decided to reduce the registered capital by HK\$33,000,000. Following the capital reduction, the registered capital of the Company was HK\$1,128,000,000, of which Top Victory Development Limited adjusted its contribution amount from HK\$1,149,390,000 to HK\$1,116,720,000, accounting for 99% of the total registered capital, and Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd. adjusted its contribution amount from HK\$11,610,000 to HK\$11,280,000, accounting for 1% of the total registered capital. The registration with the Administration for Industry and Commerce for the changes in relation to the capital reduction was completed on 27 June 2024. Following the capital reduction, shareholders of the Company and their shareholding percentage were as follows:

Name of shareholder	Amount of capital contribution (HK\$0'000)	Shareholding percentage (%)	Capital contribution method
Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd.	1,128.00	1.00	Monetary funds
Top Victory Development Limited	111,672.00	99.00	Monetary funds
Total	112,800.00	100.00	

2. Operation and management:

Shanghai Knowledge and Innovation Community Development Co., Ltd. was established in June 2010 and has obtained the Second Grade Qualification Certificate for Real Estate Development Enterprise in the PRC (Certificate number: Hu Fang Guan (Wai Zi) No. 0419).

It, together with Shanghai Yang Pu Centre Development Co., Ltd. * (上海楊浦中央社區發展有限公司), jointly developed and operated the KIC project located in Wujiaochang Business District of Yangpu District, Shanghai. The KIC project is a comprehensive knowledge community integrating “Live, Work, Learn and Play”. Surrounded by more than 10 famous universities in Shanghai, such as Fudan University, Tongji University and SUFE, as well as over 100 scientific research institutes, it is a public activity centre and innovation service centre for Yangpu Knowledge Innovation Zone to spur the interconnected development of three zones (university campus, public community and science park). After years of development, the KIC project has successfully facilitated the precinct’s evolution from “Industrial Yangpu” to “Knowledge Yangpu” and subsequently “Innovative Yangpu”. It is today the most dynamic integrated community for knowledge and innovation in Shanghai. KIC currently holds and operates over 80,000 square meters of office and retail space, primarily within KIC Plaza. Despite facing competition from neighboring projects such as Shangpu Hui, Guozheng Center and Hopson One, the KIC project, as a leader in the regional market, has achieved sustained and stable growth in business with a current occupancy rate of more than 90%, and has attracted renowned technology enterprises at home and abroad such as EMC, VMware, eBaoTech and Sunmi Technology. By virtue of its outstanding performance, the KIC project has won various awards and municipal and district certifications, mainly including:

Shanghai Cloud Computing Innovation Base

Shanghai High-tech Industrialization Base for Software and Information Service Industry

Shanghai Software Export (Innovation) Park

Excellent Park for Cultural and Innovative Industry in Shanghai

Shanghai Cultural Square

Shanghai Characteristic Commercial Street, Popular Commercial Street and Yangpu Characteristic Commercial Street

Core Area and Demonstration Area of National Innovative Pilot City (District) in Yangpu

Yangpu Overseas Talents Entrepreneurial Base

Digital Industry Base in the Bay Area

Initiator of Shanghai Entrepreneurial Talent Alliance

2019 ULI Asia Pacific Award for Excellence

2019 ULI Global Award for Excellence

2020 The Best Smart Urban Living Landmark

Shanghai Cultural and Creative Industry Park for 2021 and 2022

APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

Shanghai Knowledge and Innovation Community Development Co., Ltd. and Shanghai Yang Pu Centre Development Co., Ltd. currently have 53 employees and are jointly responsible for the operation of the entire KIC project (the organizational structure of the Company is shown below).



3. The assets, liabilities and operating condition over the past two years and the simulated assets, liabilities and operating condition as at the Valuation Benchmark Date

Overview of the assets, liabilities and owners' equity over the past two years and the simulated assets, liabilities and owners' equity as at the Valuation Benchmark Date:

Unit: RMB0'000

Item	2022/12/31	2023/12/31	2024/5/31
Total assets	199,244.31	133,587.50	120,204.63
Total liabilities	50,676.34	19,886.09	13,662.40
Owners' equity	148,567.97	113,701.41	106,542.23

Operations over the past two years and as at the Valuation Benchmark Date:

Unit: RMB0'000

Item	2022	2023	January-May 2024
Operating revenue	16,922.43	49,212.84	6,284.15
Operating profit	8,197.09	8,681.23	2,779.61
Net profit	6,739.71	6,922.00	2,084.71

The above simulated financial data have been audited by Shanghai Certified Public Accountants (Special General Partnership), which has issued a standard unqualified audit report (Shang Kuai Shi Bao Zi [2024] No. 11606) thereon. In the report, the simulated accounting treatment is disclosed as follows: "The Company simulated a scenario in which the capital reduction transaction is credited in the balance sheet and statement of changes in owners' equity as at 31 May 2024. In the simulated scenario, the reduced capital contribution in the total amount of RMB30,140,880.00 which was paid in the subsequent period is credited in "other payables – reduced capital amount", the reduced paid-in capital of HK\$33,000,000 is converted into RMB30,140,880.00 at the historical exchange rate and deducted from the then "paid-in capital",

APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

the difference between the amounts converted at the historical exchange rate and the exchange rate prevailing on the date of actual payment is credited in “capital reserve – capital translation differences”, and if the capital reserve is insufficient to cover such difference, the shortfall would be offset against “surplus reserve”.

4. Accounting policies and related tax rates adopted

- (1) Accounting system: Accounting System for Business Enterprises and its relevant supplementary regulations adopted by enterprises.
- (2) Accounting year: from 1 January to 31 December of each calendar year.
- (3) Accounting principles and valuation basis: The accounts have been prepared on an accrual basis and the valuation is based on historical cost unless otherwise indicated.
- (4) Accounting method for bad debts: The provision for losses is recognised based on expected credit losses.
- (5) Depreciation of fixed assets: Depreciation is provided using the straight-line method.
- (6) The main taxes and tax rates:

Type of Tax	Tax Basis	Tax Rates
Value-added tax	Taxable income	5%, 6%, 9%, 13%
Urban maintenance and construction tax	Taxable turnover	7%
Education surcharges	Taxable turnover	3%
Local education surcharges	Taxable turnover	2%
Enterprise income tax	Taxable turnover	25%

5. The relationship between the client and the valued entity

The client, Shanghai Knowledge and Innovation Community Development Co., Ltd., is the valued entity.

III. PURPOSE OF VALUATION

The purpose of the valuation was for equity transfer.

According to the Resolution of the Board of Directors of Top Victory Development Limited dated 24 October 2024, the purpose of the valuation was to satisfy the need of Top Victory Development Limited in relation to the proposed transfer of its 99% equity interest in Shanghai Knowledge and Innovation Community Development Co., Ltd., we were engaged to conduct a thorough check and verification of all assets and liabilities of Shanghai Knowledge and Innovation Community Development Co., Ltd., estimate the market value of the same and issue an expert’s opinion in this regard.

APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

IV. VALUATION OBJECT AND SCOPE

The valuation object was the entire shareholders' equity of Shanghai Knowledge and Innovation Community Development Co., Ltd., and the scope of valuation covered all the assets and liabilities declared by Shanghai Knowledge and Innovation Community Development Co., Ltd. that are related to the valuation object, including, among others, current assets, fixed assets, construction in progress, intangible assets, long-term deferred expenses and liabilities as shown in the audited balance sheet of Shanghai Knowledge and Innovation Community Development Co., Ltd. as of 31 May 2024, which has been adjusted by applying the simulated accounting treatment. The above valuation object and scope are consistent with those involved in the economic behavior corresponding to the valuation commissioned by the client.

(I) The types and carrying amounts of the audited simulated assets as at the Valuation Benchmark Date as declared by the enterprise are as follows.

Item	Carrying Amount <i>(RMB)</i>
I. Total current assets	61,853,398.52
Monetary funds	51,245,257.36
Trade receivables	3,056,442.95
Prepayments	7,073,747.92
Other receivables	345,913.37
Other current assets	132,036.92
II. Fixed assets	1,138,570,452.07
Fixed assets at cost (asset type: equipment and buildings)	1,495,139,782.59
Fixed assets, net (asset type: equipment and buildings)	1,138,570,452.07
III. Construction in progress	52,915.76
IV. Intangible assets	39,021.15
Including: other intangible assets	39,021.15
V. Long-term deferred expenses	1,530,523.96
VI. Total assets	1,202,046,311.46
VII. Total current liabilities	136,623,995.11
Trade payables	11,131,473.65
Advances from customers	9,148,161.97
Payroll payable	52,006.95
Taxes payable	5,382,884.38
Other payables	110,909,468.16
VIII. Total liabilities	136,623,995.11
IX. Net assets	1,065,422,316.35

Please refer to the inventory valuation schedule for details of the types and carrying amounts of assets and liabilities.

APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

The above simulated financial data have been audited by Shanghai Certified Public Accountants (Special General Partnership), which has issued a standard unqualified audit report (Shang Kuai Shi Bao Zi [2024] No. 11606) thereon. In the report, the simulated accounting treatment is disclosed as follows: “The Company simulated a scenario in which the capital reduction transaction is credited in the balance sheet and statement of changes in owners’ equity as at 31 May 2024. In the simulated scenario, the reduced capital contribution in the total amount of RMB30,140,880.00 which was paid in the subsequent period is credited in “other payables – reduced capital amount”, the reduced paid-in capital of HK\$33,000,000 is converted into RMB30,140,880.00 at the historical exchange rate and deducted from the then “paid-in capital”, the difference between the amounts converted at the historical exchange rate and the exchange rate prevailing on the date of actual payment is credited in “capital reserve – capital translation differences”, and if the capital reserve is insufficient to cover such difference, the shortfall would be offset against “surplus reserve”.”

Information about major assets:

1. Fixed assets – properties and buildings

The original carrying amount of the properties and buildings was RMB1,494,934,918.66 and the net carrying amount was RMB1,138,452,196.55.

According to the asset inventory, properties and buildings within the valuation scope were shops, offices and underground car parking spaces in the “KIC Business Centre” project situated at Songhu Road and Zhengxue Road, Yangpu District, Shanghai. The details are as follows:

Serial No.	Real estate ownership certificate number	Name of lot and project	Area (m²)
1	Hu [2019] Yang Zi Bu Dong Chan Quan No. 000476	KIC Business Centre 311 Large office spaces	84,637.76
2	Hu Fang Di Yang Zi [2015] No. 015379	311 Small office spaces	2,629.51
3	Hu Fang Di Yang Zi [2015] No. 031457	Underground car parking spaces for 311 small office spaces	13,046.39
4	Hu [2016] Yang Zi Bu Dong Chan Quan No. 007142	311 Hotel	21,847.25
	Total		122,160.91

APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

1) Registration of real estate ownership certificate

The projects within the valuation scope were all developed and constructed by Shanghai Knowledge and Innovation Community Development Co., Ltd. and were successively completed between 2015 and 2019. These projects were not open for sale to the public, but rented out and operated by the enterprise. The corresponding address and basic land registration information of each project are as follows:

Name of lot	Location	Source of land	Use of land	Land parcel area (m²)	Expiration of land use right
311 Large office spaces	Including No. 439, Songhu Road (For details of specific house numbers, please refer to the Annex)	Grant	Commercial and office	22,923.60	9 January 2061
311 Small office spaces	Including No. 68, Weicheng Road (For details of specific house numbers, please refer to the Annex)	Grant	Residential, commercial and office	42,095.00	9 January 2081
Underground car parking spaces for 311 small office spaces	No. 66, Weicheng Road	Grant	Residential, commercial and office	42,095.00	9 January 2081
311 Hotel	No. 77, Zhengxue Road	Grant	Residential, commercial and office	42,095.00	9 January 2081

APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

Information of the properties and housings of each project registered in the real estate ownership certificate is as follows:

① 311 Large office spaces (mapped on 5 June 2015)

Building No./house No.	Room No. and/or specific area	Type	Structure	Level	Use of property	GFA (m ²)	Floor
No. 439, Block 1	Floors 1-2	Shop	Steel-reinforced concrete	11/2	Shop	918.57	Floors 1-2
No. 488, Block 1	Floor 1	Shop	Steel-reinforced concrete	11/2	Shop	433.52	Floor 1
No. 500, Block 1	01 & 02 on Floor 2	Shop	Steel-reinforced concrete	11/2	Shop	639.41	01 & 02 on Floor 2
No. 500, Block 1	Floors 3-11	Office building	Steel-reinforced concrete	11/2	Office	18,951.43	
No. 518, Block 1	Floor 1	Shop	Steel-reinforced concrete	11/2	Shop	200.97	Floor 1
No. 530, Block 1	Floors 1-2	Shop	Steel-reinforced concrete	11/2	Shop	300.44	Floors 1-2
No. 18, Block 2	Floors 1-2	Shop	Steel-reinforced concrete	11/2	Shop	673.49	Floors 1-2
No. 399, Block 2	Floors 1-2	Shop	Steel-reinforced concrete	11/2	Shop	825.62	Floors 1-2
No. 433, Block 2	01 & 03 on Floor 2	Shop	Steel-reinforced concrete	11/2	Shop	511.48	01 & 03 on Floor 2
No. 433, Block 2	02 on Floor 2	Office building	Steel-reinforced concrete	11/2	Office	243.91	
No. 433, Block 2	Floors 3-11	Office building	Steel-reinforced concrete	11/2	Office	19,779.40	
No. 435 & 437, Block 2	Floor 1	Shop	Steel-reinforced concrete	11/2	Shop	463.96	Floor 1
No. 78, Block 3	Floors 1-2	Shop	Steel-reinforced concrete	9/2	Shop	410.73	Floors 1-2
No. 88, Block 3	01 on Floor 2	Shop	Steel-reinforced concrete	9/2	Shop	634.30	01 on Floor 2
No. 88, Block 3	Floors 3-9	Office building	Steel-reinforced concrete	9/2	Office	14,314.82	
No. 106, 80, 82, 86 & 88, Block 3	Floor 1, Floors 1-2	Shop	Steel-reinforced concrete	9/2	Shop	1,642.30	Floor 1, Floors 1-2
No. 76, Block 4	Parking garage, basement levels 1-2	Others	Steel-reinforced concrete	0/2	Specific use	23,693.33	
	Total					84,637.68	
	Including				Shop	7,654.79	
					Office	53,289.56	
					Car parking spaces	23,693.33	491 car parking spaces

APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

② 311 Small office spaces (mapped on 31 December 2014)

Building No./house No.	Room No. and/or specific area	Type	Structure	Level	Use of property	GFA (m ²)	Floor
No. 68, 76, 78, 80 & 88, Block 11	00 on Floor 1	Shop	Steel-reinforced concrete	12	Shop	560.02	00 on Floor 1
No. 68, 70, 76, 78, 80 & 90, Block 11	Floors 2-12	Office building	Steel-reinforced concrete	12	Office	11,097.11	
No. 90, Block 11	Floor 1 (without property management services)	Others	Steel-reinforced concrete	12	Specific use	112.13	
No. 33 & 39, Block 12	00 on Floors 1-2	Shop	Steel-reinforced concrete	12	Shop	1,267.66	00 on Floors 1-2
No. 51, Block 12	Service room on Floor 2	Others	Steel-reinforced concrete	12	Specific use	48.58	
No. 51, Block 12	01-05 on Floors 2-12	Office building	Steel-reinforced concrete	12	Office	11,691.02	
No. 55, 59, 63 & 67, Block 12	00 on Floor 1	Shop	Steel-reinforced concrete	12	Shop	342.96	00 on Floor 1
No. 62, Block 13	Floors 2-12	Office building	Steel-reinforced concrete	12	Office	9,902.26	
No. 64, Block 13	Public toilet on Floor 1	Others	Steel-reinforced concrete	12	Specific use	98.66	
No. 91, 93, 95, 97 & 99, Block 13	00 on Floor 1	Shop	Steel-reinforced concrete	12	Shop	458.87	00 on Floor 1
No. 101, Block 13	Property management office on Floor 1	Others	Steel-reinforced concrete	12	Specific use	44.05	
No. 66, Block 14	Parking garage, basement levels 1-2	Others	Steel-reinforced concrete	0/2	Specific use	13,046.39	
	Total					35,319.90	
	Including				Shop	2,629.51	
					Office	32,690.39	

The office spaces listed in the table have all been sold.

③ Underground car parking spaces for 311 small office spaces

Building No./house No.	Room No. and/or specific area	Type	Structure	Level	Use of property	GFA (m ²)	
No. 66, Block 14	Parking garage, basement levels 1-2	Others	Steel-reinforced concrete	0/2	Specific use	13,046.39	81 car parking spaces remaining

APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

④ 311 Hotel

Building No./house No.	Room No. and/or specific area	Type	Structure	Level	Use of property	GFA (m ²)	
No. 77, Block 15	Whole block	Hotel	Steel-reinforced concrete	12/2	Hotel	21,847.25	Basement included

2) Information about property location

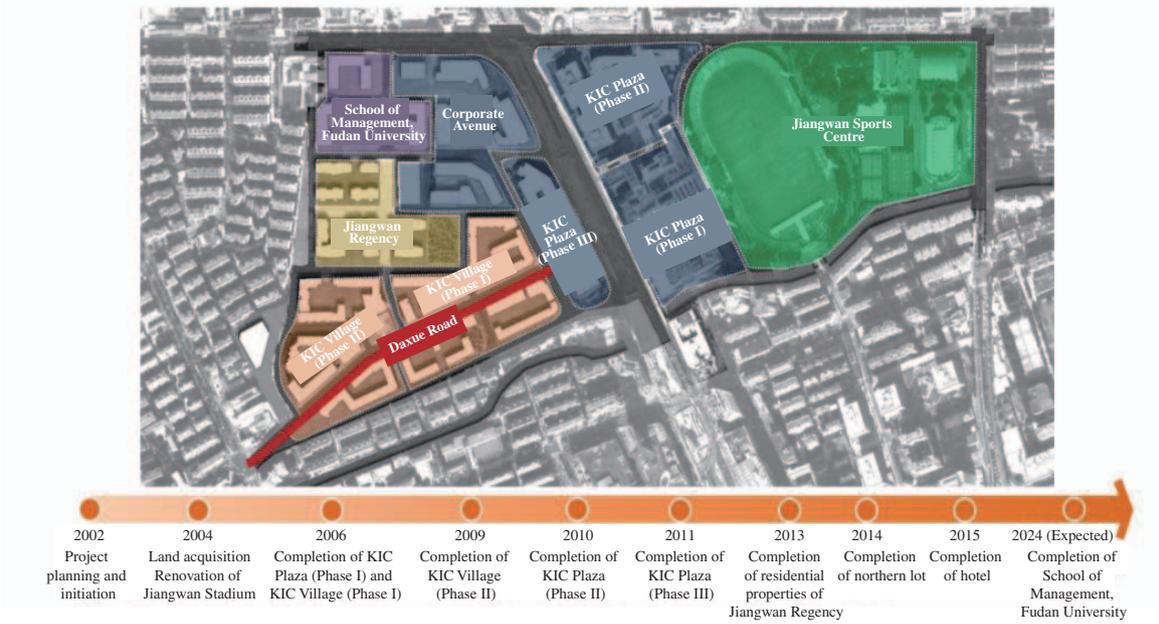
The valued projects are all located in the Wujiaochang area of Yangpu District, Shanghai.

Yangpu District is located in the northeastern part of downtown Shanghai and on the northwest bank of the lower reaches of the Huangpu River. Across the river from Pudong New Area, it borders Hongkou District on the west and Baoshan District on the north. Yangpu is named after the Yangshupu Port, which runs through the district from north to south. The area along the river in the south was the East Zone of the former Shanghai International Settlement, while the area in the east of the central part of the district was the place where the “Greater Shanghai Plan” was implemented. In Yangpu District, there is Jiangwan Wujiaochang, one of the four urban sub-centers and one of the top ten business centers in Shanghai; New Jiangwan City, Shanghai’s third generation international community; Pan-Tongji Knowledge Economy Zone, which produces a sizable profit; Dalian Road, which is a cluster area of headquarters and R&D centers of Fortune 500 companies; and the East Bund. Yangpu District is rich in scientific and educational resources, with 14 institutions of higher learning in the area, representing more than one third of the total number of colleges and universities in Shanghai, making it known as the “Central District of Shanghai’s Academic Institutions”. In May 2016, it was established by the State Council as a demonstration base for mass entrepreneurship and innovation.

Wujiaochang, i.e. “Jiangwan - Wujiaochang”, is divided into three sectors: south sector, central sector and north sector. The south sector is one of the 10 municipal-level commercial centres in Shanghai and also a science, education and business district. The central sector is a knowledge and innovation central community, comprising four main functional areas, namely “KIC Plaza”, “KIC Village”, “Jiangwan Stadium”, and “KIC Science Park”. The north sector is a high-end knowledge and business centre, with tenants including a large number of R&D centres and headquarters of world-class multinational companies, as well as international academic exchange centres.

The valuation object is located in the “KIC Business Centre” project in the knowledge and innovation community in the central sector, outside Shanghai’s Middle Ring Road and on both sides of Zhengxue Road, roughly reaching Songhu Road on the east, Weicheng Road on the south, Guotong Road on the west and Zhengli Road on the north. The area is home to numerous shopping malls and office buildings such as Wanda Plaza, Hopson One, YouYiCheng and Wujiao Fengda Business Plaza, with Jiangwan Stadium Station of Metro Line 10 nearby, and around 1.2 kilometres to the north is Springs Centre, the business core of New Jiangwan City.

The geographical location map of the project is as follows:



Photos of the project are as follows:

311 Large office spaces



311 Small office spaces



311 Hotel



3) Physical conditions of the properties

① 311 Large office spaces

The project comprises three office buildings, each with a total height ranging from 9 to 11 storeys, and commercial podiums ranging from 1 to 2 storeys, with a floor height of approximately 3 metres. The garages are located on the basement levels 1-2. The office spaces are all well-furnished, while the commercial spaces are divided into single rooms with a width of approximately 4 metres and a depth of approximately 10 metres, with one side facing the street, and are distributed along Zhengxue Road and Songhu Road.

② 311 Small office spaces

The project comprises three office buildings, each with a total height of 12 storeys, and commercial podiums ranging from 1 to 2 storeys, with a floor height of

approximately 3 metres. The office spaces are all well-furnished, while the commercial spaces are divided into single rooms with a width of approximately 4 metres and a depth of approximately 10 metres, with one side facing the street, and are distributed along Zhengxue Road, Zhixing Road and Weicheng Road.

③ Underground car parking spaces for 311 small office spaces

Car parking spaces are located on the basement levels 1-2 of 311 small office spaces project and are all standard car parking spaces.

④ 311 Hotel

The project is a 12-storey above-ground and 2-storey basement building with a floor height of approximately 3 metres. It is delivered in bare-shell condition and is currently leased for hotel operation. The project is located in the south of Zhengxue Road, with one side facing the street.

4) Conditions of rights and interests

As at the Valuation Benchmark Date, the valued projects were all leased for operation. The lease terms for commercial and office spaces are mostly around 2 to 3 years, while the lease term for the hotel is from 10 August 2016 to 9 August 2026.

As at the Valuation Benchmark Date, none of the valued projects were subject to, among others, any guarantees, mortgages, litigation or contingent liabilities.

2. Fixed assets – electronic equipment

Electronic equipment, with an original carrying amount of RMB204,863.93 and a net carrying amount of RMB118,255.52, mainly includes computers, conference video equipment, monitors, office furniture and other equipment. There were 25 items in total, all stored in the office on the 3rd floor of No. 303, Songhu Road, Yangpu District, Shanghai.

The equipment within the valuation scope were consistent among the warehouse store in kind, logbook and material card, and they were properly maintained and in good operating condition. The valuers found no other rights, such as mortgages or pledges, on the fixed assets – equipment.

3. Construction in progress – civil engineering

Construction in progress – civil engineering project, with a carrying amount of RMB52,915.76, mainly represents a renovation project for the office building of KIC.

4. Long-term deferred expenses

The long-term deferred expenses with a carrying amount of RMB1,530,523.96 represent the amortised balance of renovation expenses for the office spaces and the hotel of KIC.

APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

(II) Intangible assets not reflected in the balance sheet but declared by the enterprise and included in the valuation scope.

Nil.

(III) No reference is made to any reports issued by other institutions in this valuation.

(IV) Leasing

The office premise of Shanghai Knowledge and Innovation Community Development Co., Ltd. is located at Room 308, No. 303, Songhu Road, Yangpu District, Shanghai. It is leased for a term from 1 January 2024 to 31 December 2024 from Shanghai Yang Pu Centre Development Co., Ltd..

V. TYPE AND DEFINITION OF VALUE

The value type selected for the valuation is market value.

Market value, also known as open market value, refers to the estimated amount for which an asset should exchange on the benchmark date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

Such value type was selected for the valuation mainly based on factors including the purpose of valuation, market conditions, valuation assumptions, and the conditions of the valuation object.

VI. VALUATION BENCHMARK DATE

- (1) The Valuation Benchmark Date of this project is 31 May 2024;
- (2) The main basis for determining the Valuation Benchmark Date is that, according to the timing requirements specified in the Valuation Engagement Contract, the Valuation Benchmark Date shall be as close as possible to the date when the purpose of valuation is achieved.

VII. VALUATION BASIS

(I) Basis for the economic behavior

1. The Resolution of the Board of Directors of Top Victory Development Limited dated 24 October 2024

(II) Laws and regulations

1. Civil Code of the People's Republic of China (Order No. 45 of the President of the People's Republic of China dated 28 May 2020)

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2. Company Law of the People's Republic of China (Order No. 15 of the President of the People's Republic of China dated 29 December 2023)
3. Law of the People's Republic of China on Administration of Urban Real Estate (amended at the 12th meeting of the Standing Committee of the 13th National People's Congress on 26 August 2019)
4. Enterprise Income Tax Law of the People's Republic of China (amended for the second time at the 7th meeting of the Standing Committee of the 13th National People's Congress on 29 December 2018)
5. Implementation Rules for the Provisional Regulations of the People's Republic of China on Value-Added Tax (Order No. 50 of the Ministry of Finance and the State Taxation Administration, revised in accordance with Order No. 65 of the Ministry of Finance and the State Taxation Administration in 2011)
6. Notice on Comprehensively Promoting the Pilot Program of the Collection of Value-Added Tax in Lieu of Business Tax (Cai Shui [2016] No. 36)
7. Notice of the Ministry of Finance and the State Taxation Administration on Adjusting Value-Added Tax Rates (Cai Shui [2018] No. 32)
8. Announcement on Relevant Policies for Deepening Value-Added Tax Reform (Announcement No. 39 of 2019 by the Ministry of Finance, State Taxation Administration and General Administration of Customs)
9. Provisions on Administration of Transfer of Urban Real Estate (Order No. 45 of the Ministry of Construction of the People's Republic of China) and the implementation rules formulated for Shanghai
10. Foreign Investment Law of the People's Republic of China (Order No. 26 of the President adopted at the 2nd Session of the 13th National People's Congress on 15 March 2019)

(III) Basis of ownership

1. Business license and Articles of Association of Shanghai Knowledge and Innovation Community Development Co., Ltd.
2. Certificate of real estate ownership and relevant supporting documents of Shanghai Knowledge and Innovation Community Development Co., Ltd.
3. Various transaction contracts and other contracts or agreements

(IV) Pricing and basis for reference

1. Manual of Common Methods and Parameters for Asset Valuation (China Machine Press)
2. Mechanical and Electrical Product Price Information Inquiry System (China Machine Press)

3. Shanghai Construction Cost Information (prepared by Shanghai Construction Project Quota Management Station)
4. Report on the Real Estate Market of Shanghai (prepared by the Real Estate Industry Research Center of Shanghai Academy of Social Sciences)
5. Local laws and regulations on pricing and charging standards for construction projects
6. Loan prime rates (LPR) published by the National Interbank Funding Center
7. Deposit and loan interest rates published by the People's Bank of China
8. Information from the Royal Flush Analysis System (同花順資訊系統)
9. Statistical data and technical standard documents released by relevant state departments
10. Audit Report (Shang Kuai Shi Bao Zi [2024] No. 11606)
11. Information on the purchase and sale prices of assets and other information provided by the client and the valued entity
12. Analysis of historical operating conditions of Shanghai Knowledge and Innovation Community Development Co., Ltd.
13. Records of on-site inspections by the valuers, market inquiries and parameter information
14. Code for real estate appraisal (GB/T50291-2015)
15. Accounting System for Business Enterprises

VIII. VALUATION METHOD

The asset-based approach is adopted for the valuation of enterprise value.

(I) Principles of asset-based approach

The asset-based approach used in valuation of enterprise value refers to the valuation approach to determine the value of the valuation object by reasonably assessing the value of its on-balance sheet and identifiable off-balance sheet assets and liabilities based on the balance sheet of the valued entity as at the Valuation Benchmark Date.

Considering that the valued entity has clear ownership of the assets and complete financial information, all its assets and liabilities are identifiable. The quantity of the subject assets not only can be ascertained based on financial information and the information on purchases and constructions, but also can be verified through on-site inspection, and the value of the assets can be determined by reference to the re-acquisition of identical assets. Therefore, it is appropriate to adopt the asset-based approach for this valuation.

(II) Specific application of the asset-based approach

1. Asset-based approach

Basic formula: Appraised value of the entire shareholders' equity = sum of appraised values of individual assets – sum of appraised values of individual liabilities

Valuation methods and major processes for individual assets and liabilities under the asset-based approach

(1) Valuation of current assets

- 1) For the valuation of monetary funds, the valuers reconciled the bank deposit balance with the bank statement as at the Valuation Benchmark Date and performed a trial balancing based on the bank reconciliation statement, then the verified book value is taken as the appraised value since nothing wrong was found in the reconciliation. For 7-day call deposits, the valuers reviewed bank journals, bank statements and bank reconciliation statements, checked the corresponding deposit principal and interest, and calculated the interest. In this valuation exercise, the appraised value of 7-day call deposits is calculated as their verified book value plus accrued interest up to the Valuation Benchmark Date.
- 2) For trade receivables, the valuers at first checked the general ledger, subsidiary ledgers, accounting statements and the inventory valuation schedule; performed alternative testing procedures on the book balance to verify its authenticity; and then determined the appraised value based on judgment and analysis of the recoverability of receivables. For receivables that have been recovered subsequently or believed to be fully recoverable for good reasons, their book balances are taken as the appraised values.
- 3) For other receivables, the valuers at first checked the general ledger, subsidiary ledgers, accounting statements and the inventory valuation schedule; performed alternative testing procedures on the book balance to verify its authenticity; and then obtained information about other receivables, including the time of occurrence, reasons, age, credit status of the debtor, etc., to determine the likelihood of recovery of other receivables. For receivables with conclusive evidence that bad debts have been formed, relevant supporting documents were obtained, and impairment losses were recognized for the unrecoverable portion of the receivables; and for the remaining portion, impairment losses were estimated based on aging analysis.
- 4) For prepayments, the valuers at first checked the general ledger, subsidiary ledgers, accounting statements and the inventory valuation schedule; for prepayments with large book balances, they checked relevant evidence such as payment vouchers to verify the authenticity of the book balances. It has been confirmed that for all prepayments, the corresponding assets or rights can be recovered in the future, and therefore the verified book value is taken as the appraised value.

- 5) Other current assets represent deductible input VAT. The valuers verified the tax returns on the basis of verified consistency between the subsidiary ledgers, general ledger and the valuation declaration form, taking the audit adjustments into account, and confirmed that the carrying amount was true, therefore the verified book value is taken as the appraised value.

(2) Valuation of fixed assets – properties and buildings

For fixed assets – properties and buildings, as required by the purpose of valuation and based on the specific circumstances of the valuation object, the valuers, through on-site inspections of the valuation object, collection and analysis of relevant information and in compliance with the relevant real estate laws and regulations, adopted the market comparison approach and the income approach for the valuation of office buildings, commercial buildings, hotels and underground car parking spaces in this case, and the valuation conclusion is drawn based on the market comparison approach.

- 1) The market comparison approach is an approach to determine the price of the subject property by selecting certain property transaction cases with similar conditions or same uses under given market conditions and comparing them against the subject property in respect of transaction details, transaction date, location factor and individual factors, with adjustments for property prices of such transaction cases.

Basic formula: Benchmark price of property = price of comparable sample × transaction details adjustment coefficient × transaction date adjustment coefficient × location adjustment coefficient × physical status adjustment coefficient × interest adjustment coefficient

Appraised value of the property = \sum benchmark prices × weight

- 2) The income approach is an approach to estimate the objective and reasonable price or value of the valuation object by forecasting the normal net income of the valuation object in the future under given market conditions and discounting to the Valuation Benchmark Date at an appropriate capitalization rate before accumulation.

$$V = \frac{A}{(Y-g)} \left[1 - \left(\frac{1+g}{1+Y} \right)^n \right] + \frac{A \times (1+g)^n}{Y \times (1+Y)^n} \left[1 - \left(\frac{1}{1+Y} \right)^{(N-n)} \right]$$

of which: V – income value of the property (RMB, RMB/m²)
 A – net income for the first year in the future (RMB, RMB/m²)
 Y – yield (%)
 g – annual growth rate (%)
 n – incremental income period (years)
 N – yield life

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Example of the valuation of fixed assets – properties and buildings:

Example: 311 Large office space – Room 601, No. 88, Zhengxue Road, as an example, is located in a 9-story building with a GFA of 326.72 m², simply furnished, and completed in 2014.

① Estimation under the market comparison approach

Based on the principle of substitution, we selected real estate transaction cases that belong to the same supply and demand market as the valuation object and have similar conditions (such as transaction details, market conditions, locations, physical conditions and rights and interests) or similar uses as the comparable examples. We made inquiries through Lansi real estate data analysis system (瀾思房地產數據分析系統) and selected three actual transaction cases with similar conditions to the valuation object, thereby establishing a basis for comparison, with consistent criteria including scope of property, payment methods, tax surcharge, pricing basis and tax-inclusive status. Details are as follows:

Item	Valuation Object	Case A	Case B	Case C
Location of the property	Room 601, No. 88, Zhengxue Road	KIC Phase I Room 302, No. 280, Daxue Road (actually located on the 2nd floor)	Office Building of Springs Apartment Room 301, No. 4, Lane 88, Jiangwancheng Road (actually located on the 3rd floor)	Greenbelt Xinjiangwan Building Room 713, No. 258, Guoxia Road (actually located on the 6th floor)
Gross floor area (m ²)	326.72	115.46	172.40	166.25
Total consideration (tax inclusive) (RMB'000)		3,800	5,640	5,700
Scope of property	No assets other than real estates, without any other interests or encumbrances such as claims or debts.	No assets other than real estates, without any other interests or encumbrances such as claims or debts.	No assets other than real estates, without any other interests or encumbrances such as claims or debts.	No assets other than real estates, without any other interests or encumbrances such as claims or debts.
Adjustment coefficient	100	100	100	100
Payment method	Lump sum payment on the completion date	Lump sum payment on the completion date	Lump sum payment on the completion date	Lump sum payment on the completion date
Adjustment coefficient	100	100	100	100
Tax surcharge	The buyer and the seller bore their respective taxes and expenses	The buyer and the seller bore their respective taxes and expenses	The buyer and the seller bore their respective taxes and expenses	The buyer and the seller bore their respective taxes and expenses
Adjustment coefficient	100	100	100	100
Pricing basis	Priced based on aboveground gross floor area (RMB/m ²)	Priced based on aboveground gross floor area (RMB/m ²)	Priced based on aboveground gross floor area (RMB/m ²)	Priced based on aboveground gross floor area (RMB/m ²)

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Item	Valuation Object	Case A	Case B	Case C
Adjustment coefficient	100	100	100	100
Transaction unit price (RMB/m ²)	VAT exclusive	31,345 (VAT exclusive)	31,157 (VAT exclusive)	32,653 (VAT exclusive)

Adjustments were made to these three cases based on comparable factors, including: (i) market conditions; (ii) transaction details; (iii) locations; (iv) physical conditions; and (v) rights and interests. The above factors of the valuation object were taken as the basis for scoring, that is, the scoring coefficient of the valuation object was set to 100. The corresponding factors of the comparable cases were then compared with those of the valuation object, with the difference of scores ranging from -5 to 4 (e.g. in respect of the location factor, depending on the degree of industrial agglomeration and prosperity, the scoring coefficients are determined to be 100, 95, and 95, respectively, based on the difference in the agglomeration of commercial & office properties around the valuation object and the comparable cases). As estimated with the scores based on the transaction unit prices of the comparable cases, the adjusted unit price of these three cases is RMB32,155/m², RMB32,803/m² and RMB32,398/m², respectively. Accordingly, the comparable unit price calculated based on a simple average is RMB32,452/m² (tax exclusive), which is rounded to RMB33,400/m² (deed tax inclusive).

Total price of the property at Room 601, No. 88, Zhengxue Road, appraised using the market comparison approach = RMB33,400/m² x 326.72 m² = RMB10,912,488.00.

② Estimation under the income approach

The valuation object, together with Room 602A, No. 88, Zhengxue Road, is subject to a lease for a term from 29 December 2023 to 30 April 2027 at a rent of RMB5/m²/day (tax inclusive), with no increase in rent during the lease term. A deposit of three months' rent and prepayment of one month's rent have been received. According to a market survey, the rent is generally within the range of market rent. The market rent survey is summarized below:

Location	GFA (m ²)	Monthly rent (RMB'000, tax inclusive)	Daily rent (RMB/m ² /day)
KIC H1 – No. 234, Songhu Road	940	137	4.8
Zhonghang Tiansheng Plaza – No. 619, Songhu Road	198	30	5.0
Guozheng Center – No. 499, Zhengli Road	382	58	5.0

Therefore, the objective market rent of RMB4.76/m²/day (tax exclusive) is adopted for estimation in this valuation. The occupancy rate during the lease term is assumed to be 100%, while the occupancy rate beyond the lease term is set at 83%, assuming 2 months of vacancy per year.

In light of the rent changes in the region over the past years, it is expected that similar properties in the region will maintain a slight increase in rents in the future. Based on the property conditions of the valuation object and the business environment of the region, an annual rental growth rate of 3% is adopted for estimation. The analysis indicated that the market situation beyond 10 years is difficult to predict, therefore the rent level is assumed to remain unchanged from the 11th year onwards.

The rate of return for this project is determined to be 6% by using the built-up approach, representing the risk-free rate plus a risk-adjusted rate.

Based on the land use life of the valuation object, the yield life is determined to be 36.6 years.

The income of the valuation object is estimated to be RMB23,440/m² (deed tax inclusive).

Total price of the property at Room 601, No. 88, Zhengxue Road, appraised using the income approach = RMB7,658,316.80.

③ Final valuation conclusion based on comprehensive analysis

Based on our comprehensive estimation, all the fixed assets – properties and buildings within the scope of this valuation were valued at RMB2,769,201,708.03 by using the market comparison approach and RMB1,903,557,100.00 by using the income approach. Based on comprehensive analysis, due to the unusual situation in the current real estate market where the rental price is lower than the sales price, the income value of the property is relatively low. In contrast, in the process of estimation by using the market comparison approach, comparable property transactions in recent times and surrounding areas were selected, with adjustments for various factors affecting the prices, and therefore the result better reflected the current market value of the valuation object. As such, the result from the market comparison approach is adopted as the final valuation conclusion for this valuation.

(3) Valuation of fixed assets – equipment

Through analysis of the characteristics and uses of the various types of equipment involved in the valuation scope and the information collected, the replacement cost approach is adopted for the valuation of equipment in this case. The calculation formula is:

Calculation formula: Appraised value = full replacement price × comprehensive newness rate

1) Determination of full replacement price

① Full replacement price of electronic equipment

The full replacement price of electronic equipment is determined primarily through online inquiries and telephone inquiries with the manufacturer.

2) Determination of newness rate:

① The newness rate of electronic equipment is directly determined using the useful life method, the calculation formula of which is:

Newness rate = [(economic useful life – serviced life) ÷ economic useful life] × 100%

or: Newness rate = [remaining useful life ÷ (serviced life + remaining useful life)] × 100%

3) Determination of the appraised value

Appraised value = replacement value × newness rate

(4) Valuation of construction in progress

The valuers checked the figures of items in the valuation declaration schedule and verified the consistency of the declared figures with the book amounts of the construction in progress in the financial statement; based on the declared construction in progress, the valuers reviewed the relevant contract, conducted investigation and analysis on the commencement date, construction scope, current progress, actual payment, etc. of the construction in progress to verify its authenticity; and then selected a valuation method after on-site inspections to estimate the appraised value of the construction in progress. For construction that commenced within half a year prior to the Valuation Benchmark Date, capital costs are not taken into account given the short duration; while for construction that commenced more than half a year prior to the Valuation Benchmark Date, the appraised value is determined after taking into account the capital costs corresponding to the reasonable construction period.

(5) Valuation of other intangible assets

For purchased software that is available on the market and does not have an upgraded version as at the Valuation Benchmark Date, the market price of the same software as at the Valuation Benchmark Date is taken as the appraised value. For purchased software that is currently available on the market and has an upgraded version, the appraised value is determined based on the prevailing market price minus the cost of software upgrade. For software that has no market price available, the appraised value is mainly estimated based on the original acquisition cost and a depreciation rate determined with reference to the market price trend of similar software.

(6) Valuation of long-term deferred expenses

The valuers at first checked the general ledger, subsidiary ledgers, accounting statements and the inventory valuation schedule; verified the time and reasons for the occurrence of long-term deferred expenses, reviewed relevant contracts, accounting methods and other financial information, and performed alternative testing procedures to verify the authenticity and accuracy of the balance of long-term deferred expenses. As the amortization of the renovation costs of the office area and hotel of KIC has been included in the valuation of fixed assets – properties and buildings as mentioned above, the appraised value is zero.

(7) Valuation of liabilities

Liabilities mainly represent current liabilities. On the basis of check and verification, the verified liabilities actually borne by the enterprise is taken as the appraised value.

IX. IMPLEMENTATION OF THE VALUATION PROCEDURES AND RELEVANT FACTS

The valuation procedures were carried out in five stages.

(I) Stage 1: acceptance of engagement

Approached the client, listened to the introduction given by the relevant persons of the client on the situation of the valued entity and the history and current status of the subject assets, gained understanding of the purpose of valuation, the valuation object and the scope of valuation, determined the Valuation Benchmark Date, and signed the Valuation Engagement Contract.

(II) Stage 2: preliminary preparation

Established a valuation project team and appointed the project leader. The project leader prepared a valuation plan based on the characteristics of the project. Under the guidance of the valuers, the valued entity conducted asset inventory, provided relevant information and prepared the inventory valuation schedule, then the valuers checked the assets and verified the information provided by the valued entity.

(III) Stage 3: asset verification, information verification and on-site investigation

On the basis of the truthful declaration of assets and comprehensive self-check on the subject assets by the enterprise, the valuers conducted a comprehensive inventory and verification of all the assets and liabilities within the valuation scope, verified the relevant information, and conducted a systematic investigation of its financial and operating conditions. After reconciliation with the relevant financial record data of the entity and on-site inspections, the valuers supplemented and improved the content of the inventory valuation schedule prepared by the entity.

The inventory of non-physical assets involved the verification of the formation process of the enterprise's claims and debts and the authenticity of the book values, mainly by reviewing the original accounting documents of the enterprise, collecting relevant certificates, sending inquiry letters or performing other alternative testing procedures. The inventory of physical assets mainly involved on-site physical inventory and investigation, inspection, photographing and recording of the conditions of assets; review of information on assets operation and maintenance; and conversation with the asset managers to gain an understanding of the management and allocation of assets.

Interviewed the management to gain an understanding of the enterprise's business model, income generated from main products or service business and its changes; the composition of costs and its changes; the profitability over the past years and reasons for its changes; the accounting system and management model of the enterprise; core technologies, research and development strengths, future development plan and competitive advantages and disadvantages of the enterprise; detail of the enterprise's surplus assets and non-operating assets, and their utilization.

On the basis of collecting information concerning various operating indicators and financial indicators of the enterprise, and the business plan, fixed assets renewal or investment plan of the enterprise for the coming years, the valuers collected information on the capital market in the same industry, investigated the current situation of the industry in which the enterprise operates, regional market conditions and future development trends, and analyzed the relevant macroeconomic conditions and industry environmental factors that affected the enterprise's operations.

(IV) Stage 4: assessment, estimation and summary

The valuers selected appropriate valuation methods based on relevant conditions such as the valuation object, value type, and valuation data collected. By collecting market information, the valuers clarified specific valuation parameters and price standards for different types of assets, made assessment and estimation, prepared explanations and reports, and after analysis and summary of the initial data, submitted for approval by the project leader.

(V) Stage 5: internal review, communication and reporting to the client, and issue a report

After internal review of the valuation report by the valuers, the valuation results were reported and communicated to the client and the valued entity. The valuation report was modified and improved based on the communication opinions, then a formal valuation report was submitted to the client.

X. VALUATION ASSUMPTIONS

In accordance with the relevant requirements, the valuers have assumed that the following assumptions are valid as at the Valuation Benchmark Date, and the valuers are not liable for any different valuation conclusions derived as a result of changes in the assumptions when there are significant changes in the future economic environment.

(I) Basic assumptions

1. Transaction assumption

Transaction assumption is to assume that all assets to be evaluated are already in the process of transaction, and the valuers carry out the valuation based on simulated market conditions such as the trading conditions of the assets to be evaluated. The transaction assumption is one of the most fundamental assumptions underlying the valuation.

2. Open market assumption

The open market assumption is an assumption about the market conditions into which an asset is intended to enter and what effects the asset will receive under such market conditions. An open market is a fully developed and comprehensive market condition, a competitive market with willing buyers and sellers, where buyers and sellers are on equal footing and have access to adequate market information, and where transactions between buyers and sellers are conducted under voluntary, rational, non-compulsory or unrestricted conditions. The open market assumption is based on the assumption that assets are publicly tradable in the market.

3. Business going concern assumption

Business going concern assumption is assuming that, the valued entity can legally continue its production and operation business according to its current status for the foreseeable future operating period under the existing asset resources conditions and there will be no material adverse changes in its operating conditions.

4. Assumption about the use of an asset for an existing purpose

Assumption about the use of an asset for an existing purpose is an assumption about the market conditions into which an asset is intended to enter and the use status of the asset under such market conditions. Firstly, it is assumed that the assets within the scope of valuation are in use. Secondly, it is assumed that the assets will continue to be used for the current purposes and usage without considering asset use conversion or optimal utilization conditions.

(II) General assumptions

1. The valuation assumes that there will be no unforeseen material adverse changes in the external economic environment, including the relevant laws, macroeconomic, financial and industrial policies prevailing in the country after the Valuation Benchmark Date, and that there will be no significant impact caused by other human force majeure and unforeseen factors.
2. The valuation does not consider the impact on the valuation conclusion of any collateral or guarantee that the valued entity and its assets may assume in the future, or additional price that may be paid as a result of special transactions.
3. It is assumed that there will be no material changes in the socio-economic environment in which the valued entity is located or in the fiscal and taxation policies in place, such as taxes and tax rates, and that the credit policy, interest rate, exchange rate and other financial policies will be generally stable.

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4. The assets under this valuation are valued on the actual stock as at the Valuation Benchmark Date and the prevailing market prices of the relevant assets are based on the prices in effect at the location of the valuation object as at the Valuation Benchmark Date.
5. The current and future business operations of the valued entity are and will be legal and in compliance with the relevant provisions of its business license and articles of association.

This valuation conclusion will generally be invalidated upon the occurrence of events that are inconsistent with the aforesaid assumptions.

XI. VALUATION CONCLUSION

(I) Valuation conclusion based on the asset-based approach and analysis of reasons for changes

1. Valuation conclusion based on the asset-based approach

According to our valuation using the asset-based approach, the carrying amount of the total assets of Shanghai Knowledge and Innovation Community Development Co., Ltd. as at the Valuation Benchmark Date (i.e. 31 May 2024) was RMB1,202,046,311.46, with an appraised value of RMB2,831,555,740.13, representing an appreciation rate of 135.56%; the carrying amount of the total liabilities was RMB136,623,995.11, with an appraised value of RMB136,623,995.11, without any appreciation or depreciation; the carrying amount of the entire shareholders' equity was RMB1,065,422,316.35, with an appraised value of RMB2,694,931,745.02, representing an appreciation rate of 152.94% (as detailed in the table below).

Consolidated Table of the Valuation Conclusion (Asset-based Approach)

Unit: RMB0'000

Types of assets	Carrying amount	Appraised value	Amount of appreciation	Appreciation rate %
Current assets	6,185.34	6,213.68	28.34	0.46
Non-current assets	114,019.29	276,941.89	162,922.60	142.89
Net fixed assets	113,857.05	276,932.11	163,075.06	143.23
Net construction in progress	5.29	5.42	0.13	2.46
Net intangible assets	3.90	4.36	0.46	11.79
Long-term deferred expenses	153.05		-153.05	-100.00
Total assets	120,204.63	283,155.57	162,950.94	135.56
Current liabilities	13,662.40	13,662.40		
Total liabilities	13,662.40	13,662.40		
Entire shareholders' equity	106,542.23	269,493.17	162,950.94	152.94

For details of the valuation conclusion based on the asset-based approach, please refer to the valuation schedule based on the asset-based approach.

2. Analysis of reasons for appreciation or depreciation of the valuation conclusion based on the asset-based approach as compared with the carrying amount

- (1) Bank deposits have an appreciation rate of 0.55%, mainly because the appraised value included the accrued interest of the 7-day call deposit account from the interest payment date to the benchmark date;
- (2) Fixed assets have an appreciation of RMB1,630,750,600, mainly due to the following reasons:

Properties and buildings have an appreciation rate of 85.24% based on original carrying amount and 143.24% based on net carrying amount. This was mainly because the valued projects were all developed and constructed by the enterprise, and the book value represents the purchase and construction costs, while the valuation conclusion of this valuation was estimated by using the market comparison approach and the appraised value included the profit from real estate development, therefore the appraised value represents an appreciation;

Electronic equipment has a depreciation rate of 13.32% based on original carrying amount and an appreciation rate of 1.00% based on net carrying amount. The depreciation based on original carrying amount was mainly due to the rapid upgrading of electronic equipment, and the appreciation based on net carrying amount was mainly because the depreciation life adopted by the enterprise is shorter than the economic useful life adopted in the valuation.

- (3) Construction in progress has an appreciation rate of 2.46%. The main reason for the appreciation is that, for construction in progress that commenced more than half a year prior to the benchmark date, the appraised value is determined after taking into account the capital costs corresponding to the reasonable construction period.
- (4) Intangible assets have an appreciation rate of 11.79%, mainly because the enterprise's purchased software was all purchased recently. According to market inquiries, the market prices have no significant change, and the purchase price (excluding tax) is taken as the appraised value in this case.
- (5) Long-term deferred expenses have a depreciation rate of 100.00%. The appraised value represents a depreciation because the amortization of the renovation costs of the office area and hotel of KIC has been reflected in the valuation of fixed assets – properties and buildings.

(II) This report only expresses opinions on the entire shareholders' equity. In the valuation or subsequent transaction process, minority shareholders' equity is deemed to be equivalent to the controlling shareholders' equity, with no additional discount. Therefore, it does not involve premium or discount arising from factors such as controlling interest and minority equity. In the event of partial equity transactions based on this report, users of this report are reminded that the value of partial equity is not necessarily equal to the total equity value multiplied by the equity ratio.

(III) In this valuation, the impact of the liquidity of assets on the value of the valuation object has not been taken into account given the absence of basis for analysis of the liquidity of assets, since no information on ownership transactions of the relevant assets and in the industry is available.

(IV) Effective period for use of the valuation conclusion

The effective period for use of the valuation conclusion is one year commencing from 31 May 2024 to 30 May 2025.

The valuation conclusion can serve as the reference basis for the transaction value only where the purpose of the valuation is achieved within one year after the Valuation Benchmark Date, and re-determination of the valuation conclusion shall be conducted after one year.

XII. EXPLANATIONS ON SPECIAL MATTERS

(I) The matters identified during the valuation that may affect the valuation conclusions, but the assessment and estimation of which are beyond the practicing levels and capabilities of the valuers:

1. Incompleteness or Defects in Ownership and Other Material Information:

The valuers have not identified any obvious defects in ownership. The client and the valued entity also clearly stated that there were no defects in ownership.

2. Description of Other Key Information Not Provided by the Client:

Nil.

3. Pending Matters, Legal Disputes or Other Uncertainties as at the Valuation Benchmark Date:

The valuers are not aware of any pending matters, legal disputes or other uncertainties involving the enterprise as of the Valuation Benchmark Date. The client and the valued entity also clearly stated that there were no pending matters, legal disputes or other uncertainties.

4. Significant Use of Expert Work and Relevant Reports:

Use of professional reports:

In the course of performing this valuation, we have obtained the following professional reports through legal channels, and have utilised the relevant contents of the professional reports with careful reference:

The asset types and carrying amounts set out in the valuation report have been audited by Shanghai Certified Public Accountants (Special General Partnership), which has issued a standard unqualified audit report (Shang Kuai Shi Bao Zi [2024] No. 11606) thereon. The

opinion expressed in this audit report is as follows: “We have audited the financial statements of Shanghai Knowledge and Innovation Community Development Co., Ltd. (hereinafter referred to as the “Company”), which comprise the balance sheets as at 31 May 2024, 31 December 2023 and 31 December 2022, and the income statements, the cash flow statements and the statements of changes in owners’ equity for the years of 2022 and 2023 and the period from January to May 2024, and related notes to the financial statements. In our opinion, the accompanying financial statements have been prepared, in all material respects, in accordance with the basis of preparation of the financial statements as stated in note 2 to the financial statements and give a fair view of the financial position of the Company as at 31 May 2024, 31 December 2023 and 31 December 2022, and of its operating results and cash flows for the years of 2022 and 2023 and the period from January to May 2024.” The valuers have analysed and made judgement on the financial statements according to the requirements for the use of financial statements under the adopted valuation method, but it is not the responsibility of the valuers to express a professional opinion as to whether the relevant financial statements give a fair view of the financial position, current operating results and cash flows of the enterprise as at the Valuation Benchmark Date.

5. Significant Subsequent Events:

Shanghai Knowledge and Innovation Community Development Co., Ltd. convened a Board meeting on 13 May 2024 and resolved to reduce the registered capital by HK\$33,000,000. Following the capital reduction, the registered capital of the Company was HK\$1,128,000,000, of which HK\$1,116,720,000 was contributed by Top Victory Development Limited, accounting for 99.00% of the total registered capital and HK\$11,280,000 was contributed by Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd., accounting for 1.00% of the total registered capital. The registration with the Administration for Industry and Commerce for the changes in relation to the capital reduction was completed on 27 June 2024, and all payments have been made subsequently. The Company simulated a scenario in which the capital reduction transaction is credited in the balance sheet and statement of changes in owners’ equity as at 31 May 2024. In the simulated scenario, the reduced paid-in capital of HK\$33,000,000 is converted into RMB30,140,880.00 at the historical exchange rate and deducted from the then “paid-in capital”, the difference between the amounts converted at the historical exchange rate and the exchange rate prevailing on the date of actual payment is credited in “capital reserve – capital translation differences”, and if the capital reserve is insufficient to cover such difference, the shortfall would be offset against “surplus reserve”.

6. Relevant Restriction on the Valuation Procedures, the Remedial Measures Adopted by the Valuation Agency and the Impact on the Valuation Conclusion:

Nil.

7. The Nature and Amount of Matters Such as Guarantees, Leases and Their Contingent Liabilities (Contingent Assets) and Their Relationship with the Valuation Object:

The office premise of Shanghai Knowledge and Innovation Community Development Co., Ltd. is located at Room 308, No. 303, Songhu Road, Yangpu District, Shanghai. It is leased for a term from 1 January 2024 to 31 December 2024 from Shanghai Yangpu Centre Development Co., Ltd..

8. Deficiencies in the Economic Behavior Corresponding to the Valuation That May Have a Material Effect on the Valuation Conclusion:

Nil.

9. Other Matters Requiring Explanation

- (1) The survey of physical assets such as equipment and buildings (structures) set out in this report is normally limited to their apparent quality, use conditions, maintenance, etc. and does not include the internal parts that are covered, hidden or difficult to observe. The valuers are unable, nor have they been entrusted, to carry out a professional and technical inspection and appraisal of the internal quality of the above assets. The valuation is based on the information provided by the client and other relevant parties. If there are defects in the internal quality of the valuation object, the valuation conclusion of the valuation report may be affected to varying degrees.
 - (2) In the valuation report, any difference between the total amount and the sum of the individual items in any table or textual expression denominated in RMB ten thousand is due to rounding.
- (II) We and our valuers do not assume any responsibility for the materials that have not been specifically indicated by Shanghai Knowledge and Innovation Community Development Co., Ltd. at the time of provision, and in cases where our valuers are generally unable to obtain or collect relevant information based on their professional experience.
- (III) We and our valuers are not responsible for the legality, completeness and authenticity of the approvals on economic activities, business licences, capital verification reports, audit reports, ownership certificates, accounting vouchers and other evidential materials provided by the client and the valued entity.
- (IV) The valuation report did not take into account the tax implications arising from the appreciation or depreciation represented by the appraised value. Users of the valuation report are suggested to take into account the tax implications and deal with them in accordance with the relevant national regulations when using the valuation report for the valuation purpose.
- (V) The valuation was conducted based on the principles of independence, objectivity and impartiality. We and our valuers participating in the valuation have no special interest in the client and the valued entity. In the course of the valuation, our valuers adhered strictly to the professional norms and carried out a fair valuation.

The above special matters may have an impact on the valuation conclusion and users of the valuation report shall be aware of them.

XIII. RESTRICTION ON THE USE OF THE VALUATION REPORT

- (I) The valuation report may only be used for the purpose and use of valuation set forth herein. The client or other users of the valuation report as agreed in the Valuation Engagement Contract shall use the valuation report as required by law and within the scope of use as set out in the valuation report;
- (II) We and our valuers shall not be liable in the event that the client or other users of the valuation report fail to use the valuation report in accordance with the laws, administrative rules and regulations and within the scope of use as set out in the valuation report;
- (III) Except for the client, other users of the valuation report as agreed in the Valuation Engagement Contract and users of the valuation report stipulated in laws, administrative rules and regulations, no other institution or individual may become a user of the valuation report;
- (IV) Users of the valuation report shall have a correct understanding and use of the valuation conclusion, which is not equivalent to the realizable value of the valuation object and shall not be deemed as a guarantee for the realizable value of the valuation object;
- (V) The contents of the valuation report, in whole or in part, may not be extracted, quoted or disclosed in the public media without our consent, unless otherwise required by laws or regulations and agreed by the relevant parties;
- (VI) The valuation conclusion shall not be directly used if there are significant events subsequent to the Valuation Benchmark Date during the valid period. If there is a change in the quantity of assets, the amount of asset value shall be adjusted accordingly based on the original valuation method; if there is a material change in the asset price standard that has significantly affected the appraised value, the client shall promptly engage an appraisal institution to re-determine the valuation result;
- (VII) When policy adjustments have a material impact on the valuation conclusion, a new valuation benchmark date shall be set for the valuation.

XIV. DATE OF THE VALUATION REPORT

The date of the valuation report is 29 November 2024.

XV. SIGNATURE AND SEAL

(No body text on this page)

Shanghai Cai Rui Asset Appraisal Co., Ltd.

Valuer: Tong Jia (Asset Appraiser No.: 31090003, China Appraisal Society)

Valuer: Mo Jing (Asset Appraiser No.: 31130030, China Appraisal Society)

29 November 2024

Address: No. 1357, West Yan'an Road, Shanghai

Tel.: 021-62261357

Fax: 021-62257892

Zip code: 200050

E-mail: mail@cairui.com.cn

ANNEX

(Unless otherwise specified, all other documents are photocopies)

- I. Resolution of the Board of Directors of Top Victory Development Limited dated 24 October 2024**
- II. Audit Report and Corporate Accounting Statements of Shanghai Knowledge and Innovation Community Development Co., Ltd. as at the Valuation Benchmark Date**
- III. Business Licence of Shanghai Knowledge and Innovation Community Development Co., Ltd.**
- IV. Business Registration Certificate of Top Victory Development Limited**
- V. Certificate of Real Estate Ownership of Shanghai Knowledge and Innovation Community Development Co., Ltd.**
- VI. Letter of Undertaking from Shanghai Knowledge and Innovation Community Development Co., Ltd.**
- VII. Filing Announcement of Shanghai Municipal Finance Bureau and Valuation Qualification Certificate for Securities and Futures Related Business**
- VIII. Business Licence of Shanghai Cai Rui Asset Appraisal Co., Ltd.**
- IX. Qualification Certificate of Valuers for this Project**
- X. Valuation Engagement Contract**
- XI. Explanation of the Significant Difference between the Carrying Amounts of the Assets and the Valuation Conclusion (for details, please refer to “XI. Analysis of Reasons for Appreciation or Depreciation of the Valuation Conclusion Based on the Asset-based Approach as Compared with the Carrying Amount” in the main body of the valuation report)**

** For identification purpose only*

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STATEMENT

- I. The valuation report is not an asset valuation report as defined in the Asset Appraisal Law of the People's Republic of China.
- II. The client or other users of the valuation report shall use the valuation report in accordance with laws, administrative rules and regulations and the scope of use as set out in the valuation report. We and our valuers disclaim any liability arising from the use of the valuation report by the client or other users of the valuation report in violation of the aforesaid requirements.
- III. The valuation report shall only be used by the client, other users of the valuation report as agreed in the Valuation Engagement Contract and users of the valuation report stipulated in laws, administrative rules and regulations. Save for the above, no other institution or individual shall be the user of the valuation report.
- IV. Users of the valuation report shall have a correct understanding and use of the valuation conclusion, which is not equivalent to the realizable value of the valuation object and shall not be deemed as a guarantee for the realizable value of the valuation object.
- V. The analyses, judgments and conclusions in the valuation report issued by us are subject to the assumptions and restrictions in the valuation report. The users of the valuation report shall pay attention to the assumptions and premises of the valuation conclusion, the explanations on special matters and the restrictions on use of the valuation report.
- VI. The list of assets and liabilities of the valuation object involved has been reported by the client and the valuated entity and confirmed with their signatures and seals or otherwise as permitted by laws; the truthfulness, completeness and legality of the information provided shall be the responsibility of the client and other relevant parties under the laws.
- VII. We and our valuers have no existing or expected relationship of interests with the valuation object as set out in the valuation report or with the relevant parties, and have no prejudice against the relevant parties.
- VIII. We have carried out on-site inspections on the valuation object and its assets as set out in the valuation report. We have given necessary attention to the legal ownership of the valuation object and the assets involved, verified the information on the legal ownership of the valuation object and the assets involved, made proper disclosure of issues identified.

VALUATION REPORT ON THE VALUE OF THE ENTIRE
SHAREHOLDERS' EQUITY OF SHANGHAI YANG PU CENTRE
DEVELOPMENT CO., LTD. INVOLVED IN THE PROPOSED TRANSFER
OF ITS 86.8% EQUITY INTEREST BY BRIGHT CONTINENTAL LIMITED

Hu Cai Rui Ye Zi [2024] No. 5179

SUMMARY

- I. The Client:** Shanghai Yang Pu Centre Development Co., Ltd.*(上海楊浦中央社區發展有限公司)
- II. Users of the Valuation Report:** As agreed in the Valuation Engagement Contract, the legal users of the valuation report include the client and the users of the report as prescribed by the laws and regulations of the PRC relating to this economic behavior.
- III. The Valuated Entity:** Shanghai Yang Pu Centre Development Co., Ltd.
- IV. Economic Behavior:** According to the Resolution of the Board of Directors of Bright Continental Limited (光僑有限公司) dated 24 October 2024, the subject economic behavior was in relation to the proposed transfer of its 86.8% equity interest in Shanghai Yang Pu Centre Development Co., Ltd. by Bright Continental Limited.
- V. Purpose of Valuation:** Equity transfer
- VI. Valuation Object and Scope:** The valuation object was the entire shareholders' equity of Shanghai Yang Pu Centre Development Co., Ltd., and the scope of valuation covered all the assets and liabilities of Shanghai Yang Pu Centre Development Co., Ltd., including current assets, long-term equity investment, fixed assets, construction in progress, intangible assets, long-term deferred expenses and liabilities. The book net assets as shown in the audited simulated valuation declaration form amounted to RMB1,019,374,575.67.
- VII. Type of Valuation:** Market value
- VIII. Valuation Benchmark Date:** 31 May 2024
- IX. Valuation Method:** Asset-based approach.
- X. Valuation Conclusion:** As valuated, on the Valuation Benchmark Date, i.e. 31 May 2024, the carrying amount of the total assets of Shanghai Yang Pu Centre Development Co., Ltd. was RMB1,869,762,198.51, with an appraised value of RMB6,272,213,222.40, representing an appreciation rate of 235.46%. The carrying amount of the total liabilities was

RMB850,387,622.84, with an appraised value of RMB850,387,622.84, without any appreciation or depreciation. The carrying amount of the entire shareholders' equity was RMB1,019,374,575.67, with an appraised value of RMB5,421,825,599.56, representing an appreciation rate of 431.88% (the appraised value of the entire shareholders' equity: RMB FIVE BILLION FOUR HUNDRED TWENTY-ONE MILLION EIGHT HUNDRED TWENTY-FIVE THOUSAND FIVE HUNDRED NINETY-NINE YUAN AND FIFTY-SIX CENTS in words).

XI. Effective Period for Use of the Valuation Conclusion: The effective period for use of the valuation conclusion is one year commencing from 31 May 2024 to 30 May 2025.

XII. Special Matters Which Have Impact on the Valuation Conclusion:

1. As at the Valuation Benchmark Date, Shanghai Yang Pu Centre Development Co., Ltd. had a mortgage loan from China Merchants Bank Co., Ltd., Shanghai Branch* (招商銀行股份有限公司上海分行) with balance of RMB503,910,000.00 and for a term from 22 September 2023 to 21 September 2029. The loan is secured by KIC Plaza (Phase II) (real estate certificate No.: Hu Fang Di Yang Zi [2010] No. 024748, and the real estate is located at Nos. 308, 316, 338, 388 and 398, Songhu Road), which has a total gross floor area of 76,229.11 square meters. The loan is also pledged by the receivables of KIC Plaza (Phase II) (real estate certificate No.: Hu Fang Di Yang Zi [2010] No. 024748, and the real estate is located at Nos. 308, 316, 338, 388 and 398, Songhu Road). The impact of the above matters on the market appraised value of the relevant real estate has not been taken into account in this valuation.
2. Shanghai Yang Pu Centre Development Co., Ltd. convened a Board meeting on 13 May 2024 and resolved to reduce the registered capital by US\$23,500,000. Following the capital reduction, the registered capital of the Company was US\$114,000,000, of which Bright Continental Limited adjusted its contribution amount from US\$119,350,000 to US\$98,952,000, accounting for 86.8% of the total registered capital, and Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd. adjusted its contribution amount from US\$18,150,000 to US\$15,048,000, accounting for 13.2% of the total registered capital. The registration with the Administration for Industry and Commerce for the changes in relation to the capital reduction was completed on 27 June 2024, and all payments have been made subsequently. The Company simulated a scenario in which the capital reduction transaction is credited in the balance sheet and statement of changes in owners' equity as at 31 May 2024. In the simulated scenario, the reduced capital contribution in the total amount of RMB170,293,100 which was paid in the subsequent period is credited in "other payables – reduced capital amount", the reduced paid-in capital of US\$23,500,000 is converted into RMB175,290,300 at the historical exchange rate and deducted from the then "paid-in capital", the difference between the amounts converted at the historical exchange rate and the exchange rate prevailing on the date of actual payment of reduced capital contribution is credited in "capital reserve – capital translation differences", and if the capital reserve is insufficient to cover such difference, the shortfall would be offset against "surplus reserve".

APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

3. For the KIC Plaza (Phase II) project within the valuation scope, there is no specific provision on the underground spaces in the land grant contract, and the properties involved are shops 01-28 on the first basement floor of No. 234, shops 01-09 on the first basement floor of No. 252, shops 01-04 on the first basement floor of No. 270 and shops 01-14 on the first basement floor of No. 290, Songhu Road (real estate certificate No.: Hu Fang Di Yang Zi [2007] No. 007995, and the real estate is located at Nos. 234, 252, 270 and 290, Songhu Road).

According to the information provided by the Company, the Company had consulted and communicated with the Cadastral Management Section of the Planning and Natural Resources Bureau of Yangpu District (“Yangpu Planning and Resources Bureau”) in August 2016, and received a reply that no further land premium is payable for the underground commercial space of this project. This is mainly because the land grant contract for the KIC Plaza project was signed in 2004, and no changes were made to the planning permit for changing to commercial use or increase in business area since 1 September 2006. Therefore, based on the release time and relevant provisions of the Trial Regulations on Construction Land Approval and Real Estate Registration for Underground Space in Shanghai* (《上海市地下空間建設用地審批和房地產登記試行規定》) issued by the Shanghai Municipal Government on 20 July 2006 and the Circular No. 84 issued by the Yangpu Planning and Resources Bureau in 2013 (which supplemented the 2006 Trial Regulations and further clarified the treatment for the outstanding issues of underground space), no further land premium is payable for the underground commercial space of this project.

The aforementioned underground commercial properties are included in the scope of valuation, and the impact of such further land premium has not been taken into account in this valuation. Users of the report are reminded to pay attention to this matter.

4. According to statistics, Shanghai Yang Pu Centre Development Co., Ltd. has a total of 4 ongoing and pending litigations, including:
- 1) As verified, Shanghai Yang Pu Centre Development Co., Ltd. is the defendant in 1 litigation, involving an amount of RMB2,258,000, which is currently in proceeding but not reflected in the balance sheet.

Amount unit: RMB0'000

Serial No.	Case No.	Plaintiff	Litigation	Amount	Progress
1	[2024] Hu 0112 Min Chu No. 21926	Shanghai Wanwan Catering Management Co., Ltd.* (上海萬萬餐飲管理有限公司)	The four defendants were ordered to jointly compensate Wanwan Company for various economic losses, totaling RMB2,258,029.87.	225.80	At the first instance stage; the trial was held on 10 July 2024, not yet concluded, and is awaiting the second trial.

- 2) As verified, there are 3 litigations currently in progress but not reflected in the balance sheet in which Shanghai Yang Pu Centre Development Co., Ltd. is the plaintiff, involving an amount of RMB5,948,800 in aggregate.

APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

Amount unit: RMB0'000

Serial No.	Case No.	Defendant	Litigation	Amount	Progress
1	[2024] Hu 0110 Min Chu No. 11696	Tera Wellness Management Co., Ltd.	Request confirmation that the Shanghai Housing Lease Contract has been terminated; request a judgment that the defendant shall pay the house rent and overdue interest, property management fees and overdue interest, attorney fees, and liquidated damages; request a judgment that the litigation cost and property preservation cost of this case shall be borne by the defendant.	553.82	At the first instance stage; the trial was held on 15 August 2024, not yet concluded, and is awaiting the second trial.
2	[2024] Hu 0110 Min Chu No. 300	Shanghai Yinglue Culture Communication Co., Ltd.* (上海螢略文化傳播有限公司)	Request confirmation that the housing lease contract between the plaintiff and the defendant has been terminated; request a judgment that the defendant pay the plaintiff the arrears of rent and overdue interest, electricity bills and overdue interest, liquidated damages for the leased house, and attorney fees of the plaintiff; and that the plaintiff confiscate the security deposit and utility fee deposit paid by the defendant.	31.54	A judgment has been made and is pending application for the execution of the followings: confirmed that the Shanghai Housing Lease Contract has been terminated on 3 April 2023; the defendant shall pay Shanghai Yang Pu Centre Development Co., Ltd. the minimum rent of RMB311,971.53 and overdue payment interest, arrears of electricity bills of RMB5,610.90 and overdue payment interest, liquidated damages of RMB121,344.42 and attorney fees of RMB20,000; the housing lease deposit of RMB121,344.42 and the utility fee deposit of RMB22,180 previously paid by the defendant may be used to offset the above expenses.

APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

Amount unit: RMB0'000

Serial No.	Case No.	Defendant	Litigation	Amount	Progress
3	[2023] Hu 0110 Min Chu No. 13464	Shanghai Fangxi Biotechnology Co., Ltd.* (上 海芳哲生物科 技有限公司)	Request confirmation that the housing lease contract between the plaintiff and the defendant has been terminated; request a judgment that the defendant pay the plaintiff the arrears of rent and overdue interest, property management fees, liquidated damages for the leased house, and attorney fees of the plaintiff; and that the plaintiff confiscate the security deposit and utility fee deposit paid by the defendant.	9.52	A judgment has been made and is pending application for the execution of the followings: confirmed that the Shanghai Housing Lease Contract has been terminated on 31 August 2022; the defendant shall pay Shanghai Yang Pu Centre Development Co., Ltd. the house rent of RMB75,857.74, property management fees of RMB5,317.8, attorney fees of RMB5,000, liquidated damages of RMB56,893, and rent for the renovation period of RMB11,198; the security deposit of RMB59,016.90 previously paid by the defendant shall be returned.

The impact of the above matters on the appraised value has not been taken into account in this valuation.

Special Notice: The above content is extracted from the main body of the valuation report. Please carefully read the main body of the valuation report if you intend to learn about more details of the valuation project and reasonably understand the valuation conclusion.

Shanghai Cai Rui Asset Appraisal Co., Ltd.
29 November 2024

**VALUATION REPORT ON THE VALUE OF THE ENTIRE
SHAREHOLDERS' EQUITY OF SHANGHAI YANG PU CENTRE
DEVELOPMENT CO., LTD. INVOLVED IN THE PROPOSED TRANSFER
OF ITS 86.8% EQUITY INTEREST BY BRIGHT CONTINENTAL LIMITED**

Hu Cai Rui Ye Zi [2024] No. 5179

MAIN BODY

To Shanghai Yang Pu Centre Development Co., Ltd.,

Upon engagement by the Company, Shanghai Cai Rui Asset Appraisal Co., Ltd. has followed the necessary valuation procedures and adopted the asset-based approach to appraise the market value of the entire shareholders' equity of Shanghai Yang Pu Centre Development Co., Ltd. involved in the proposed transfer of its 86.8% equity interest by Bright Continental Limited as at 31 May 2024 in accordance with relevant laws, administrative rules and regulations and following the principles of independence, objectivity and impartiality. The valuation is reported as follows.

I. OVERVIEW OF THE CLIENT AND OTHER USERS OF THE VALUATION REPORT AS AGREED IN THE VALUATION ENGAGEMENT CONTRACT

(I) Overview of the Client (i.e. the Valued Entity)

Company name: Shanghai Yang Pu Centre Development Co., Ltd.

(II) Overview of Other Users of the Valuation Report as Agreed in the Valuation Engagement Contract

There were no other users of the valuation report except the users of the report as prescribed by laws and regulations relating to this economic behavior.

II. OVERVIEW OF THE VALUED ENTITY

1. Basic information

Company name: Shanghai Yang Pu Centre Development Co., Ltd.

Unified social credit code: 91310000753190259W

Business type: limited liability company (Taiwan, Hong Kong or Macau and domestic joint venture)

APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

Address: Room 308A, No. 303, Songhu Road, Yangpu District, Shanghai

Legal representative: Wang Hong (王紅)

Registered capital: US\$114,000,000

Duration of operation: 26 August 2003 to 25 August 2073

Business scope: Licensed activities: real estate development and operation. (For activities that are subject to approval in accordance with the law, approval from relevant authorities is required for business operations. The specific business activities are subject to the approval documents or licenses from the relevant departments.) General activities: car park services; property management; enterprise management consulting; information consulting services (excluding information consulting services subject to licensing); marketing planning; conference and exhibition services; technical service, technology development, technical consultation, technology exchange, technology transfer, technology promotion; translation services; organization of cultural and artistic exchange activities; Internet sales (except for the sale of goods that require a license); sales of office supplies; sales of electronic products. (Except for the activities that are subject to approval in accordance with the law, business activities shall be carried out autonomously according to the law and based on the business license.)

2. Shareholding structure and historical evolution

Shanghai Yang Pu Centre Development Co., Ltd. (formerly known as Shanghai Yang Pu University Town Centre Development Co., Ltd.* (上海楊浦大學城中央社區發展有限公司)), established on 26 August 2003 with a registered capital of US\$30,000,000, which was jointly contributed by Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd. and Bright Continental Limited, accounting for 100.00% of the total registered capital. Following the capital contributions from shareholders, shareholders of the Company and their shareholding percentage were as follows:

Name of shareholder	Amount of capital contribution (US\$0'000)	Shareholding percentage (%)	Capital contribution method
Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd.	90.00	3.00	Monetary funds
Bright Continental Limited	2,910.00	97.00	Monetary funds
Total	3,000.00	100.00	

On 29 March 2004, according to the Amendment to the Articles of Association, the registered capital of the Company was increased from US\$30,000,000 to US\$60,500,000, of which the increased capital of US\$13,250,000 was contributed by Bright Continental Limited (with a total capital contribution of US\$42,350,000), accounting for 70% of the total registered capital, and the increased

APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

capital of US\$17,250,000 was contributed by Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd. (with a total capital contribution of US\$18,150,000), accounting for 30% of the total registered capital. Following the capital increase, shareholders of the Company and their shareholding percentage were as follows:

Name of shareholder	Amount of capital contribution <i>(US\$0'000)</i>	Shareholding percentage <i>(%)</i>	Capital contribution method
Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd.	1,815.00	30.00	Monetary funds
Bright Continental Limited	4,235.00	70.00	Monetary funds
Total	6,050.00	100.00	

The above capital contributions have been verified and confirmed in the “Capital Verification Report” (Hua Kuai Shi Cai [2004] No. 195) issued by Shanghai Huacheng Certified Public Accountants Co., Ltd. on 23 August 2004.

On 7 May 2009, according to the Resolution of the Board of Directors and the provisions of the Amended Articles of Association of the Company, Shanghai Yang Pu Centre Development Co., Ltd. increased its registered capital by US\$77,000,000, which was fully contributed by Bright Continental Limited. The changed registered capital was US\$137,500,000. Following the capital increase, shareholders of the Company and their shareholding percentage were as follows:

Name of shareholder	Amount of capital contribution <i>(US\$0'000)</i>	Shareholding percentage <i>(%)</i>	Capital contribution method
Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd.	1,815.00	13.20	Monetary funds
Bright Continental Limited	11,935.00	86.80	Monetary funds
Total	13,750.00	100.00	

The above capital contributions have been verified and confirmed in the “Capital Verification Report” (Fu Kuai Yan [2009] No. 22) issued by Shanghai Fuxingmingfang Certified Public Accountants on 13 May 2009.

As of the Valuation Benchmark Date, i.e. 31 May 2024, there were no changes in the shareholder structure and capital contribution of the enterprise. The shareholder structure and capital contribution of the enterprise in the subsequent period were summarized as follows:

On 13 May 2024, according to its Resolution of the Board of Directors, the Company decided to reduce the registered capital by US\$23,500,000. Following the capital reduction, the registered

APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

capital of the Company was US\$114,000,000, of which Bright Continental Limited adjusted its contribution amount from US\$119,350,000 to US\$98,952,000, accounting for 86.8% of the total registered capital, and Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd. adjusted its contribution amount from US\$18,150,000 to US\$15,048,000, accounting for 13.2% of the total registered capital. The registration with the Administration for Industry and Commerce for the changes in relation to the capital reduction was completed on 27 June 2024. Following the capital reduction, shareholders of the Company and their shareholding percentage were as follows:

Name of shareholder	Amount of capital contribution (US\$0'000)	Shareholding percentage (%)	Capital contribution method
Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd.	1,504.80	13.20	Monetary funds
Bright Continental Limited	9,895.20	86.80	Monetary funds
Total	11,400.00	100.00	

3. Business scope and key operating results

Shanghai Yang Pu Centre Development Co., Ltd. was established in August 2003. It, together with Shanghai Knowledge and Innovation Community Development Co., Ltd., jointly developed and operated the KIC project located in Wujiaochang Business District of Yangpu District, Shanghai. The KIC project is a comprehensive knowledge community integrating “Live, Work, Learn and Play”. Surrounded by more than 10 famous universities in Shanghai, such as Fudan University, Tongji University and SUFE, as well as over 100 scientific research institutes, it is a public activity centre and innovation service centre for Yangpu Knowledge Innovation Zone to spur the interconnected development of three zones (university campus, public community and science park). After years of development, the KIC project has successfully facilitated the precinct’s evolution from “Industrial Yangpu” to “Knowledge Yangpu” and subsequently “Innovative Yangpu”. It is today the most dynamic integrated community for knowledge and innovation in Shanghai.

YPU currently holds and operates over 160,000 square meters of office and retail space, primarily including multiple components such as KIC Plaza and the Daxue Road block. Despite facing competition from neighboring projects such as Shangpu Hui, Guozheng Center and Hopson One, the KIC project, as a leader in the regional market, has achieved sustained and stable growth in business with a current occupancy rate of more than 90%, and has attracted renowned technology enterprises at home and abroad such as EMC, VMware, eBaoTech and Sunmi Technology. By virtue of its outstanding performance, the KIC project has won various awards and municipal and district certifications, mainly including:

Shanghai Cloud Computing Innovation Base

Shanghai High-tech Industrialization Base for Software and Information Service Industry

APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

Shanghai Software Export (Innovation) Park

Excellent Park for Cultural and Innovative Industry in Shanghai

Shanghai Cultural Square

Shanghai Characteristic Commercial Street, Popular Commercial Street and Yangpu
Characteristic Commercial Street

Core Area and Demonstration Area of National Innovative Pilot City (District) in Yangpu

Yangpu Overseas Talents Entrepreneurial Base

Digital Industry Base in the Bay Area

Initiator of Shanghai Entrepreneurial Talent Alliance

2019 ULI Asia Pacific Award for Excellence

2019 ULI Global Award for Excellence

2020 The Best Smart Urban Living Landmark

Shanghai Cultural and Creative Industry Park for 2021 and 2022

Shanghai Knowledge and Innovation Community Development Co., Ltd. and Shanghai Yang Pu Centre Development Co., Ltd. currently have 53 employees and are jointly responsible for the operation of the entire KIC project (the organizational structure of the Company is shown below).



APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

4. The assets, financial and liabilities conditions and operating results over the past two years and the simulated assets, financial and liabilities conditions and operating results as at the Valuation Benchmark Date of the enterprise

Overview of the consolidated assets, liabilities and owners' equity over the past two years and the simulated consolidated assets, liabilities and owners' equity as at the Valuation Benchmark Date, which included those of Shanghai Yang Pu Centre Development Co., Ltd. and its wholly owned subsidiary, Shanghai Rui Qiao Enterprise Management Co., Ltd.:

Unit: RMB0'000

Item	2022/12/31	2023/12/31	2024/5/31
Total assets	198,394.37	194,624.83	188,622.81
Total liabilities	78,465.04	71,280.99	86,685.35
Owners' equity	119,929.33	123,343.84	101,937.46
Equity attributable to the parent's owners	119,929.33	123,343.84	101,937.46

Consolidated operations over the past two years and as at the Valuation Benchmark Date, which included those of Shanghai Yang Pu Centre Development Co., Ltd. and its wholly owned subsidiary, Shanghai Rui Qiao Enterprise Management Co., Ltd.:

Unit: RMB0'000

Item	2022	2023	January-May 2024
Operating revenue	35,333.63	38,962.91	16,602.97
Operating profit	11,821.16	15,240.69	7,510.72
Net profit	8,407.80	11,847.68	5,632.80
Net profit attributable to the parent	8,407.80	11,847.68	5,632.80

APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

Overview of the assets, liabilities and owners' equity over the past two years and the simulated assets, liabilities and owners' equity as at the Valuation Benchmark Date of the parent, i.e. Shanghai Yang Pu Centre Development Co., Ltd., exclusive of its subsidiaries:

Unit: RMB0'000

Item	2022/12/31	2023/12/31	2024/5/31
Total assets	197,685.97	192,625.74	186,976.22
Total liabilities	77,031.04	69,281.90	85,038.76
Owners' equity	120,654.93	123,343.84	101,937.46

Operations over the past two years and as at the Valuation Benchmark Date of the parent, i.e. Shanghai Yang Pu Centre Development Co., Ltd., exclusive of its subsidiaries:

Unit: RMB0'000

Item	2022	2023	January-May 2024
Operating revenue	34,237.01	35,727.25	15,573.56
Operating profit	12,798.19	14,401.56	7,425.06
Net profit	9,370.19	11,122.08	5,632.80

The above simulated financial data have been audited by Shanghai Certified Public Accountants (Special General Partnership), which has issued a standard unqualified audit report (Shang Kuai Shi Bao Zi [2024] No. 11609) thereon. In the report, the simulated accounting treatment is disclosed as follows: "The Company simulated a scenario in which the capital reduction transaction is credited in the balance sheet and statement of changes in owners' equity as at 31 May 2024. In the simulated scenario, the reduced capital contribution in the total amount of RMB170,293,100 which was paid in the subsequent period is credited in "other payables – reduced capital amount", the reduced paid-in capital of US\$23,500,000 is converted into RMB175,290,300 at the historical exchange rate and deducted from the then "paid-in capital", the difference between the amounts converted at the historical exchange rate and the exchange rate prevailing on the date of actual payment of reduced capital contribution is credited in "capital reserve – capital translation differences", and if the capital reserve is insufficient to cover such difference, the shortfall would be offset against "surplus reserve"."

APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

5. Accounting policies and related tax rates adopted

- (1) Accounting system: Accounting System for Business Enterprises and its relevant supplementary regulations adopted by enterprises.
- (2) Accounting year: from 1 January to 31 December of each calendar year.
- (3) Accounting principles and valuation basis: The accounts have been prepared on an accrual basis and the valuation is based on historical cost unless otherwise indicated.
- (4) Accounting method for bad debts: The provision for losses is recognised based on expected credit losses.
- (5) Depreciation of fixed assets: Depreciation is provided using the straight-line method.

(6) The main taxes and tax rates:

Type of Tax	Tax Basis	Tax Rates
Value-added tax	Taxable income	3%, 5%, 6%, 13%
Urban maintenance and construction tax	Taxable turnover	7%
Education surcharges	Taxable turnover	3%
Local education surcharges	Taxable turnover	2%
Housing property tax		Original value of the housing property*(1-30%)*1.2%
Enterprise income tax	Taxable turnover	25%

6. The relationship between the client and the valued entity

The client, Shanghai Yang Pu Centre Development Co., Ltd., is the valued entity.

III. PURPOSE OF VALUATION

The purpose of the valuation was for equity transfer.

According to the Resolution of the Board of Directors of Bright Continental Limited dated 24 October 2024, the purpose of the valuation was to satisfy the need of Bright Continental Limited in relation to the proposed transfer of its 86.8% equity interest in Shanghai Yang Pu Centre Development Co., Ltd., we were engaged to conduct a thorough check and verification of all assets and liabilities of Shanghai Yang Pu Centre Development Co., Ltd., estimate the market value of the same and issue an expert's opinion in this regard.

IV. VALUATION OBJECT AND SCOPE

The valuation object was the entire shareholders' equity of Shanghai Yang Pu Centre Development Co., Ltd., and the scope of valuation covered all the assets and liabilities of Shanghai Yang Pu Centre Development Co., Ltd. that are related to the valuation object, including, among others, current assets, long-term equity investment, fixed assets, construction in progress, intangible assets, long-term deferred expenses and liabilities as shown in the audited simulated balance sheet of Shanghai Yang Pu Centre Development Co., Ltd. as of 31 May 2024. The above valuation object and scope are consistent with those involved in the economic behavior corresponding to the valuation commissioned by the client.

- (I) The types and carrying amounts of the audited assets as at the Valuation Benchmark Date as declared by the enterprise, which has been adjusted by applying the simulated accounting treatment, are as follows.

Types of assets	Carrying Amount <i>(RMB0'000)</i>
Current assets	18,624.87
Non-current assets	168,351.35
Long-term equity investment	406.64
Fixed assets	165,104.84
Construction in progress	600.55
Intangible assets	8.23
Long-term deferred expenses	2,231.09
Total assets	186,976.22
Total liabilities	85,038.76
Net assets	101,937.46

Please refer to the inventory valuation schedule for details of the types and carrying amounts of assets and liabilities.

The above simulated financial data have been audited by Shanghai Certified Public Accountants (Special General Partnership), which has issued a standard unqualified audit report (Shang Kuai Shi Bao Zi [2024] No. 11609) thereon. In the report, the simulated accounting treatment is disclosed as follows: "The Company simulated a scenario in which the capital reduction transaction is credited in the balance sheet and statement of changes in owners' equity as at 31 May 2024. In the simulated scenario, the reduced capital contribution in the total amount of RMB170,293,100 which was paid in the subsequent period is credited in "other payables – reduced capital amount", the reduced paid-in capital of US\$23,500,000 is converted into RMB175,290,300 at the historical exchange rate and deducted from the then "paid-in capital", the difference between the amounts converted at the historical exchange rate and the exchange rate prevailing on the date of actual payment of reduced capital contribution is credited in "capital reserve – capital translation differences", and if the capital reserve is insufficient to cover such difference, the shortfall would be offset against "surplus reserve"."

APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

Introduction of major assets:

1. Fixed assets – properties and buildings

The original carrying amount of the properties and buildings was RMB3,053,545,249.38 and the net carrying amount was RMB1,650,311,596.43.

According to the asset inventory, properties and buildings within the valuation scope were shops, offices and underground car parking spaces in the “KIC Plaza”, “KIC Village” and other projects situated at Songhu Road and Daxue Road, Yangpu District, Shanghai. The details are as follows:

Serial No.	Real estate ownership certificate number	Name of lot and project	Unit (m ²)/(number)
1	Hu Fang Di Yang Zi [2006] No. 022646	KIC Village R1 - Shop 6-5	2,577.87
2	Hu Fang Di Yang Zi [2007] No. 006192	(Phase I) R1 - Shop 6-6	1,998.14
3	Hu Fang Di Yang Zi [2006] No. 022657	R1 - Shop 8-5	1,716.56
4	Hu Fang Di Yang Zi [2007] No. 006193	R1 -Shop 8-3	768.53
5	Hu Fang Di Yang Zi [2010] No. 012687	R2 - Shop 7-7	1,438.31
6	Hu Fang Di Yang Zi [2010] No. 012687	R2 - Club 7-7	3,734.11
7	Hu Fang Di Yang Zi [2010] No. 012687	R2 - Office 7-7	6,353.03
8	Hu Fang Di Yang Zi [2009] No. 003343	R2 - Shop 7-9	1,840.81
9	Hu Fang Di Yang Zi [2009] No. 003342	R2 - Shop 8-2	1,201.32
10	Hu Fang Di Yang Zi [2009] No. 003342	R2 - Office 8-2	4,723.82
11	Hu Fang Di Yang Zi [2007] No. 007995	KIC Plaza (Phase I and underground	13,523.95
12	Hu Fang Di Yang Zi [2007] No. 007995	Phase II) H1 - Shops, ground	7,250.08
13	Hu Fang Di Yang Zi [2007] No. 007995	H1 - Office	28,804.09
14	Hu Fang Di Yang Zi [2010] Nos. 023966 and 024748	H1, H2 - Underground car parking spaces	490
15	Hu Fang Di Yang Zi [2010] No. 024748	H2 - Shops, first basement floor	6,138.60
16	Hu Fang Di Yang Zi [2010] No. 024748	H2 - Shops, first floor above ground	3,957.09
17	Hu Fang Di Yang Zi [2010] No. 024748	H2 - Office building, 2-5 floors	39,317.65
18	Hu Fang Di Yang Zi [2011] Nos. 018870 and 018865	KIC Plaza (Phase III) C2 - Shops, underground	5,057.75
19	Hu Fang Di Yang Zi [2011] Nos. 018870 and 018865	C2 - Shops, ground	5,411.76
20	Hu Fang Di Yang Zi [2011] Nos. 018870 and 018865	C2 - Office building	27,088.96
21	Hu Fang Di Yang Zi [2011] Nos. 018870 and 018865	C2 - Underground car parking spaces	347
22	Hu [2018] Yang Zi Bu Dong Chan Quan No. 012235	KIC Village (Phase II) 16-4 - Office	4,604.28
23	Hu [2018] Yang Zi Bu Dong Chan Quan No. 012235	16-4 - Underground car parking spaces	45

APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

Serial No.	Real estate ownership certificate number	Name of lot and project	Unit (m ²)/(number)
24	Including Hu Fang Di Yang Zi [2010] No. 012687	KIC Village	Underground car parking spaces of R1R2 residential projects
		Total commercial space	52,880.77
		Total office	110,891.83
	Total	Total club	3,734.11
		Total underground car parking spaces	1,060

1) Registration of real estate ownership certificate

The projects within the valuation scope were all developed and constructed by Shanghai Yang Pu Centre Development Co., Ltd. and were successively completed between 2006 and 2018. All residential properties and certain commercial, office and underground car parking spaces in the projects have been sold and the income has been carried forward. Included in the scope of this valuation are the remaining unsold properties, which are rented out and operated by the enterprise. The corresponding address and basic land registration information of each lot are as follows:

Name of lot	Location	Source of land	Use of land	Land parcel area (m ²)	Expiration of land use right
R1-6-5	Including Nos. 1-3 and 5-12, Lane 88, Daxue Road	Grant	Complex	24,742.00	2054/03/28
R1-6-6	Including Nos. 1-2, Lane 186, Daxue Road	Grant	Complex	24,742.00	2054/03/28
R1-8-5	Including Nos. 5-11, Lane 63, Daxue Road	Grant	Complex	17,966.00	2054/03/28
R1-8-3	Including Nos. 109-111, Daxue Road	Grant	Complex	17,966.00	2054/03/28
R1-7-7	Including No. 1, Lane 10, Weide Road	Grant	Commercial, office and residential	26,108.00	2055/12/20
R1-7-9	Including No. 1, Lane 268, Daxue Road	Grant	Commercial, office and residential	26,108.00	2055/12/19
R1-8-2	Including No. 3, Lane 277, Daxue Road	Grant	Commercial, office and residential	6,582.00	2055/12/19
H1	Nos. 234, 252, 270 and 290, Songhu Road	Grant	Commercial and office, education, cultural and entertainment complex	61,534.00	2054/03/28
H2	Nos. 308, 316, 338, 388 and 398, Songhu Road	Grant	Commercial and office, education, cultural and entertainment complex	61,534.00	2054/03/28

APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

Name of lot	Location	Source of land	Use of land	Land parcel area (m²)	Expiration of land use right
C2-5-7	No. 333, Songhu Road	Grant	Commercial and office	3,596.00	2058/02/01
C2-5-8	No. 303, Songhu Road	Grant	Commercial and office	4,185.00	2058/02/01
16-4	No. 99, Jinjian Road	Grant	Commercial and office	4,299.00	2055/12/20

The registered uses of the properties include commercial, office, club, underground parking space, etc..

2) Information about property location

The valued projects are all located in the Wujiaochang area of Yangpu District, Shanghai.

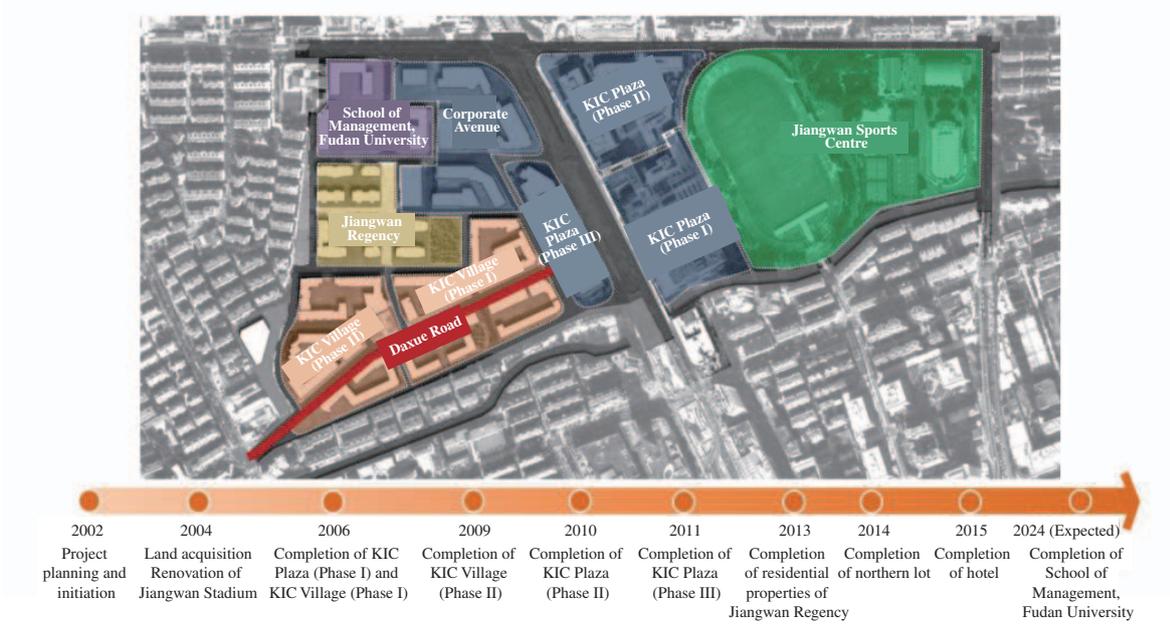
Yangpu District is located in the northeastern part of downtown Shanghai and on the northwest bank of the lower reaches of the Huangpu River. Across the river from Pudong New Area, it borders Hongkou District on the west and Baoshan District on the north. Yangpu is named after the Yangshupu Port, which runs through the district from north to south. The area along the river in the south was the East Zone of the former Shanghai International Settlement, while the area in the east of the central part of the district was the place where the “Greater Shanghai Plan” was implemented. In Yangpu District, there is Jiangwan Wujiaochang, one of the four urban sub-centers and one of the top ten business centers in Shanghai; New Jiangwan City, Shanghai’s third generation international community; Pan-Tongji Knowledge Economy Zone, which produces a sizable profit; Dalian Road, which is a cluster area of headquarters and R&D centers of Fortune 500 companies; and the East Bund. Yangpu District is rich in scientific and educational resources, with 14 institutions of higher learning in the area, representing more than one third of the total number of colleges and universities in Shanghai, making it known as the “Central District of Shanghai’s Academic Institutions”. In May 2016, it was established by the State Council as a demonstration base for mass entrepreneurship and innovation.

Wujiaochang, i.e. “Jiangwan - Wujiaochang”, is divided into three sectors: south sector, central sector and north sector. The south sector is one of the 10 municipal-level commercial centres in Shanghai and also a science, education and business district. The central sector is a knowledge and innovation central community, comprising four main functional areas, namely “KIC Plaza”, “KIC Village”, “Jiangwan Stadium”, and “KIC Science Park”. The north sector is a high-end knowledge and business centre, with tenants including a large number of R&D centres and headquarters of world-class multinational companies, as well as international academic exchange centres.

APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

The valuation object is located in the “KIC Plaza” and “KIC Village” projects in the knowledge and innovation community in the central sector, outside Shanghai’s Middle Ring Road and on both sides of Songhu Road, roughly reaching Guohe Road on the east, Qiujiang on the south, Guoding Road on the west and Zhengli Road on the north. The area is home to numerous shopping malls and office buildings such as Wanda Plaza, Hopson One, YouYiCheng and Wujiao Fengda Business Plaza, with Jiangwan Stadium Station of Metro Line 10 nearby, and around 1.2 kilometres to the north is Springs Centre, the business core of New Jiangwan City.

The geographical location map of the project is as follows:



Photos of the project are as follows:

KIC Village (Phase I)



KIC Village (Phase II)



KIC Plaza (Phase I and Phase II)



KIC Plaza (Phase III)



3) Physical conditions of the properties

① Lot No. 6-5

The project comprises one office building with a total height of 7 storeys, and three residential buildings, each with a total height ranging from 7 to 8 storeys. The garages are located on the basement level 1. The office spaces are all simply furnished. The shops are located on level 1 or 2 of the office building or the residential buildings, with a floor height of approximately 3 metres. Certain shops are divided into single rooms with a width of approximately 4 metres and a depth of approximately 10 metres, with one side facing the street, and are located at the west of Songhu Road and along Daxue Road.

② Lot No. 6-6

The project comprises one office building with a total height of 16 storeys, one office building with a total height of 7 storeys, and one residential building with a total height of 7 storeys. The garages are located on the basement level 1. The office spaces are all simply furnished. The shops are located on levels 1 and 2 or the basement level 1 of the office buildings or the residential building, with a floor height of approximately 3 metres. Certain shops are divided into single rooms with a width of approximately 4 metres and a depth of approximately 10 metres, with one side facing the street, and are located at the west of Songhu Road and along Daxue Road.

③ Lot No. 8-5

The project comprises one office building with a total height of 7 storeys, and one residential building with a total height of 7 storeys. The garages are located on the basement level 1. The office spaces are all simply furnished. The shops are located on levels 1 and 2 or the basement level 1, with a floor height of approximately 3 metres. Certain shops are divided into single rooms with a width of approximately 4 metres and a depth of approximately 10 metres, with one side facing the street, and are located at the west of Songhu Road and along Daxue Road.

④ Lot No. 8-3

The project comprises two office buildings, each with a total height ranging from 8 to 10 storeys, and one residential building with a total height of 7 storeys. The garages are located on the basement level 1. The office spaces are all simply furnished. The shops are located on levels 1 and 2 or the basement level 1, with a floor height of approximately 3 metres. Certain shops are divided into single rooms with a width of approximately 4 metres and a depth of approximately 10 metres, with one side facing the street, and are located at the west of Songhu Road and along Daxue Road.

⑤ Lot No. 7-7

The project comprises one office building with a total height of 12 storeys, and six residential buildings, each with a total height ranging from 6 to 12 storeys. The garages are located on the basement level 1, while the clubs are located on levels 1 to 3 and the basement level 1 of the office building. The office spaces are all simply furnished. The shops are located on levels 1 and 2 or the basement level 1, with a floor height of approximately 3 metres. Certain shops are divided into single rooms with a width of approximately 4 metres and a depth of approximately 10 metres, with one side facing the street, and are located at the west of Songhu Road, along Daxue Road and on Weide Road, Jinjian Road, Jinchuang Road, etc..

⑥ Lot No. 7-9

The project comprises two office buildings, each with a total height ranging from 8 to 14 storeys, and two residential buildings, each with a total height of 8 storeys. The garages are located on the basement level 1. The office spaces are all simply furnished. The shops are located on levels 1 and 2 or the basement level 1, with a floor height of approximately 3 metres. Certain shops are divided into single rooms with a width of approximately 4 metres and a depth of approximately 10 metres, with one side facing the street, and are located at the west of Songhu Road, along Daxue Road and on Jinjian Road, Daxue Road, Weide Road, etc..

⑦ Lot No. 8-2

The project comprises three office buildings, each with a total height of 7 storeys, and two residential buildings, each with a total height ranging from 6 to 7 storeys. The garages are located on the basement level 1. The office spaces are all simply furnished. The shops are located on levels 1 and 2, with a floor height of approximately 3 metres. Certain shops are divided into single rooms with a width of approximately 4 metres and a depth of approximately 10 metres, with one side facing the street, and are located at the west of Songhu Road and along Daxue Road.

⑧ Lot No. H1

The project comprises three commercial and office complexes, each with a total height ranging from 3 to 5 storeys. The project is located at the east of Songhu Road and the south of Zhengli Road. Above level 2 of the buildings are for office use. The garages are located on the basement levels 1 and 2. The office spaces are all well-furnished. The shops are located on level 1 and the basement level 1, with a floor height of approximately 4 metres. The properties on level 1 face the street, the interior of which are mostly lofts. The basement level 1 is actually in the sunken plaza, the customer flow of which is similar to that of the properties on level 1 facing the street.

⑨ Lot No. H2

The project comprises five commercial and office complexes, each with a total height ranging from 3 to 5 storeys. The project is located at the east of Songhu Road and the south of Zhengli Road. Above level 2 of the buildings are for office use. The garages are located on the basement levels 1 and 2. The office spaces are all well-furnished. The shops are located on level 1 and the basement level 1, with a floor height of approximately 4 metres. The properties on level 1 face the street, the interior of which are mostly lofts. The basement level 1 is actually in the sunken plaza, the customer flow of which is similar to that of the properties on level 1 facing the street.

⑩ Lot No. C2

The project comprises lot 5-7 and lot 5-8, which comprise two office buildings, each with a total height of 10 storeys. The garages are located on the basement levels 1 to 3. The office spaces are all well-furnished. The shops are located on levels 1 to 2 or the basement level 1 of the office buildings, with a floor height of approximately 3 metres. Certain shops are divided into single rooms with a width of approximately 4 metres and a depth of approximately 10 metres, with four sides facing the street, and are located at the west of Songhu Road, the north of Zhengmin Road, the south of Zhengxue Road and the east of Zhixing Road.

⑪ Lot No. 16-4

The project comprises one office building with a total height of 6 storeys and a floor height of approximately 3 metres. The garage is located on the basement level 1. The office spaces are all well-furnished. The project roughly reaches Jinjian Road on the east, Daxue Road on the south, and the residential quarter of Lane 600, Guoding Road on the west, with a bit far distance from Songhu Road and the metro station.

⑫ Underground car parking spaces

Except for the underground car parking spaces of the R1R2 residential projects, the rest are underground car parking spaces of commercial and office projects. All underground car parking spaces are standard car parking spaces and available for sale to the public.

4) Conditions of rights and interests

As at the Valuation Benchmark Date, the valued projects were all leased for operation, with lease terms mostly around 2 to 5 years.

As at the Valuation Benchmark Date, KIC Plaza (Phase II) (real estate certificate No.: Hu Fang Di Yang Zi [2010] No. 024748, and the real estate is located at Nos. 308, 316, 338, 388 and 398, Songhu Road) within the valuation scope has been used as collateral for a mortgage loan of RMB509 million from China Merchants Bank Co., Ltd., Shanghai Branch, and the debt repayment period is from 22 September 2023 to 21 February 2029. None of the remaining properties were subject to, among others, any guarantees, mortgages, litigation or contingent liabilities.

2. Fixed assets – vehicles

The vehicles have an original carrying amount of RMB832,988.76 and a net carrying amount of RMB359,131.08, including two cars (one of which is a new energy car) and one minibus, totaling three vehicles. The two cars are located at No. 303, Songhu Road, Yangpu District, Shanghai, in good condition of maintenance, and available for use normally. The minibus is located in a warehouse in Kunshan and is currently awaiting scrapping.

3. Fixed assets – electronic equipment

Electronic equipment have an original carrying amount of RMB1,667,408.75 and a net carrying amount of RMB377,648.76, mainly including computers, monitors, servers, exchangers, office furniture and other equipment. There were 179 items in total, all stored in the office on the 3rd floor of No. 303, Songhu Road, Yangpu District, Shanghai.

The equipment within the valuation scope were consistent among the warehouse store in kind, logbook and material card, and they were properly maintained and in good operating condition. The valuers found no other rights, such as mortgages or pledges, on the fixed assets – equipment.

APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

4. Long-term equity investment

The long-term equity investment has a carrying amount of RMB4,066,407.28. The details are as follows:

Serial No.	Name of Investee	Investment Date	Investment Cost (RMB)	Shareholding Percentage %	Carrying Amount (RMB)
1	Shanghai Rui Qiao Enterprise Management Co., Ltd.	2009/4/23	1,000,000.00	100	4,066,407.28
	Total		1,000,000.00		4,066,407.28

5. Construction in progress – civil engineering

Construction in progress – civil engineering projects, with a carrying amount of RMB6,005,453.40, are mainly renovation projects for KIC (Phases I to III), Yun Hai Mansion, Hai Chuang Building* (海創大廈), etc..

6. Long-term deferred expenses

The long-term deferred expenses with a carrying amount of RMB22,310,877.25 represent the amortised balance of renovation expenses for KIC (Phases I to III), Yun Hai Mansion, Hai Chuang Building, etc..

(II) No intangible assets not reflected in the balance sheet declared by the enterprise were included in the valuation scope

(III) No reference is made to any reports issued by other institutions in this valuation

(IV) Leasing

Nil.

V. TYPE AND DEFINITION OF VALUE

The value type selected for the valuation is market value.

Market value, also known as open market value, refers to the estimated amount for which an asset should exchange on the benchmark date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

Such value type was selected for the valuation mainly based on factors including the purpose of valuation, market conditions, valuation assumptions, and the conditions of the valuation object.

VI. VALUATION BENCHMARK DATE

- (1) The Valuation Benchmark Date of this project is 31 May 2024;
- (2) The main basis for determining the Valuation Benchmark Date is that, according to the timing requirements specified in the Valuation Engagement Contract, the Valuation Benchmark Date shall be as close as possible to the date when the purpose of valuation is achieved.

VII. VALUATION BASIS

(I) Basis for the economic behavior

1. The Resolution of the Board of Directors of Bright Continental Limited dated 24 October 2024

(II) Laws and regulations

1. Civil Code of the People's Republic of China (Order No. 45 of the President of the People's Republic of China dated 28 May 2020)
2. Company Law of the People's Republic of China (Order No. 15 of the President of the People's Republic of China dated 29 December 2023)
3. Law of the People's Republic of China on Administration of Urban Real Estate (amended at the 12th meeting of the Standing Committee of the 13th National People's Congress on 26 August 2019)
4. Enterprise Income Tax Law of the People's Republic of China (amended for the second time at the 7th meeting of the Standing Committee of the 13th National People's Congress on 29 December 2018)
5. Implementation Rules for the Provisional Regulations of the People's Republic of China on Value-Added Tax (Order No. 50 of the Ministry of Finance and the State Taxation Administration, revised in accordance with Order No. 65 of the Ministry of Finance and the State Taxation Administration in 2011)
6. Notice on Comprehensively Promoting the Pilot Program of the Collection of Value-Added Tax in Lieu of Business Tax (Cai Shui [2016] No. 36)
7. Notice of the Ministry of Finance and the State Taxation Administration on Adjusting Value-Added Tax Rates (Cai Shui [2018] No. 32)

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8. Announcement on Relevant Policies for Deepening Value-Added Tax Reform (Announcement No. 39 of 2019 by the Ministry of Finance, State Taxation Administration and General Administration of Customs)
9. Provisions on Administration of Transfer of Urban Real Estate (Order No. 45 of the Ministry of Construction of the People's Republic of China) and the implementation rules formulated for Shanghai
10. Foreign Investment Law of the People's Republic of China (Order No. 26 of the President adopted at the 2nd Session of the 13th National People's Congress on 15 March 2019)

(III) Basis of ownership

1. Business license and Articles of Association of Shanghai Yang Pu Centre Development Co., Ltd.
2. Certificate of real estate ownership and certificate of equipment purchase of Shanghai Yang Pu Centre Development Co., Ltd.
3. Various transaction contracts and other contracts or agreements

(IV) Pricing and basis for reference

1. Manual of Common Methods and Parameters for Asset Valuation (China Machine Press)
2. Mechanical and Electrical Product Price Information Inquiry System (China Machine Press)
3. Shanghai Construction Cost Information (prepared by Shanghai Construction Project Quota Management Station)
4. Report on the Real Estate Market of Shanghai (prepared by the Real Estate Industry Research Center of Shanghai Academy of Social Sciences)
5. Local laws and regulations on pricing and charging standards for construction projects
6. Loan prime rates (LPR) published by the National Interbank Funding Center
7. Deposit and loan interest rates published by the People's Bank of China
8. Information from the Royal Flush Analysis System (同花順資訊系統)
9. Statistical data and technical standard documents released by relevant state departments
10. Audit Report (Shang Kuai Shi Bao Zi [2024] No. 11609)

11. Information on the purchase and sale prices of assets and other information provided by the client and the valued entity
12. Analysis of historical operating conditions of Shanghai Yang Pu Centre Development Co., Ltd.
13. Records of on-site inspections by the valuers, market inquiries and parameter information
14. Code for real estate appraisal (GB/T50291-2015)
15. Accounting System for Business Enterprises

VIII. VALUATION METHOD

The asset-based approach is adopted for the valuation of enterprise value.

(I) Principles of asset-based approach

The asset-based approach used in valuation of enterprise value refers to the valuation approach to determine the value of the valuation object by reasonably assessing the value of its on-balance sheet and identifiable off-balance sheet assets and liabilities based on the balance sheet of the valued entity as at the Valuation Benchmark Date.

Considering that the valued entity has clear ownership of the assets and complete financial information, all its assets and liabilities are identifiable. The quantity of the subject assets not only can be ascertained based on financial information and the information on purchases and constructions, but also can be verified through on-site inspection, and the value of the assets can be determined by reference to the re-acquisition of identical assets. Therefore, it is appropriate to adopt the asset-based approach for this valuation.

(II) Specific application of the asset-based approach

1. Asset-based approach

Basic formula: Appraised value of the entire shareholders' equity = sum of appraised values of individual assets – sum of appraised values of individual liabilities

Valuation methods and major processes for individual assets and liabilities under the asset-based approach

(1) Valuation of current assets

1) For the valuation of monetary funds

For bank deposits, the valuers reviewed bank journals, bank statements and bank reconciliation statements, checked if there were significant long-term deposits in transit and matters affecting net assets, and calculated the appraised value of each deposit as its verified book value.

2) For trade receivables, the valuers at first checked the general ledger, subsidiary ledgers, accounting statements and the inventory valuation schedule; performed alternative testing procedures on the book balance to verify its authenticity; and then determined the appraised value based on judgment and analysis of the recoverability of receivables. For receivables that have been recovered subsequently or believed to be fully recoverable for good reasons, their book balances are taken as the appraised values.

3) For other receivables, the valuers at first checked the general ledger, subsidiary ledgers, accounting statements and the inventory valuation schedule; performed alternative testing procedures on the book balance to verify its authenticity; and then obtained information about other receivables, including the time of occurrence, reasons, age, credit status of the debtor, etc., to determine the likelihood of recovery of other receivables. For receivables with conclusive evidence that bad debts have been formed, relevant supporting documents were obtained, and impairment losses were recognized for the unrecoverable portion of the receivables; and for the remaining portion, impairment losses were estimated based on aging analysis.

4) For prepayments, the valuers at first checked the general ledger, subsidiary ledgers, accounting statements and the inventory valuation schedule; for prepayments with large book balances, they checked relevant evidence such as payment vouchers to verify the authenticity of the book balances. It has been confirmed that for all prepayments, the corresponding assets or rights can be recovered in the future, and therefore the verified book value is taken as the appraised value.

5) Other current assets represent deductible input VAT. The valuers verified the tax returns on the basis of verified consistency between the subsidiary ledgers, general ledger and the valuation declaration form, taking the audit adjustments into account, and confirmed that the carrying amount was true, therefore the verified book value is taken as the appraised value.

(2) Valuation of long-term equity investment

Based on the subsidiary account of long-term equity investment, the valuers collected relevant investment agreements and the business license, capital verification report, articles of association, investment agreement, and financial statements as at the Valuation Benchmark Date and over the past years of the investee, and verified such information against the content contained in the valuation declaration form. The valuers learned from the enterprise about its accounting method of long-term equity investment and the operating conditions of the investee, with a particular focus on the actual control of the investee. In addition, the following valuation method was adopted based on the actual control of the investee:

For long-term equity investment that confers control or significant influence over the investee, a complete set of valuation procedures for valuation of enterprise value was carried out on the investee by adopting the same Valuation Benchmark Date, with the appraised value of such long-term equity investment determined to be the appraised entire shareholders' equity of the investee multiplied by the shareholding percentage.

(3) Valuation of fixed assets – properties and buildings

For fixed assets – properties and buildings, as required by the purpose of valuation and based on the specific circumstances of the valuation object, the valuers, through on-site inspections of the valuation object, collection and analysis of relevant information and in compliance with the relevant real estate laws and regulations, adopted the market comparison approach and the income approach for the valuation of office buildings, commercial buildings, clubs and underground car parking spaces in this case, and the valuation conclusion is drawn based on the market comparison approach.

- 1) The market comparison approach is an approach to determine the price of the subject property by selecting certain property transaction cases with similar conditions or same uses under given market conditions and comparing them against the subject property in respect of transaction details, transaction date, location factor and individual factors, with adjustments for property prices of such transaction cases.

Basic formula: Benchmark price of property = price of comparable sample × transaction details adjustment coefficient × transaction date adjustment coefficient × location adjustment coefficient × physical status adjustment coefficient × interest adjustment coefficient

Appraised value of the property = \sum benchmark prices × weight

- 2) The income approach is an approach to estimate the objective and reasonable price or value of the valuation object by forecasting the normal net income of the valuation object in the future under given market conditions and discounting to the Valuation Benchmark Date at an appropriate capitalization rate before accumulation.

$$V = \frac{A}{(Y-g)} \left[1 - \left(\frac{1+g}{1+Y} \right)^n \right] + \frac{A \times (1+g)^n}{Y \times (1+Y)^n} \left[1 - \left(\frac{1}{1+Y} \right)^{(N-n)} \right]$$

- of which:
- V – income value of the property (RMB, RMB/m²)
 - A – net income for the first year in the future (RMB, RMB/m²)
 - Y – yield (%)
 - g – annual growth rate (%)
 - n – incremental income period (years)
 - N – yield life

- 3) Example of the valuation of fixed assets – properties and buildings:

Example: Room 704, No. 243, Daxue Road (actually located on the 6th floor) in Lot R2-8-2, as an example, is located in a building which has an actual height of 13 storeys, with a GFA of 84.73 m², simply furnished, and completed in 2010.

① Estimation under the market comparison approach

Based on the principle of substitution, we selected real estate transaction cases that belong to the same supply and demand market as the valuation object and have similar conditions (such as transaction details, market conditions, locations, physical conditions and rights and interests) or similar uses as the comparable examples. We made inquiries through Lanshi real estate data analysis system (瀾思房地產數據分析系統) and selected three actual transaction cases with similar conditions to the valuation object, thereby establishing a basis for comparison, with consistent criteria including scope of property, payment methods, tax surcharge, pricing basis and tax-inclusive status. Details are as follows:

Item	Valuation Object	Case A	Case B	Case C
Location of the property	Room 704, No. 243, Daxue Road (actually located on the 6th floor)	KIC Phase I Room 302, No. 280, Daxue Road (actually located on the 2nd floor)	Office Building of Springs Apartment Room 301, No. 4, Lane 88, Jiangwancheng Road (actually located on the 3rd floor)	Greenbelt Xinjiangwan Building Room 713, No. 258, Guoxia Road (actually located on the 6th floor)
Gross floor area (m ²)		115.46	172.40	166.25

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Item	Valuation Object	Case A	Case B	Case C
Total consideration (tax inclusive) (RMB'000)		3,800	5,640	5,700
Scope of property	No assets other than real estates, without any other interests or encumbrances such as claims or debts.	No assets other than real estates, without any other interests or encumbrances such as claims or debts.	No assets other than real estates, without any other interests or encumbrances such as claims or debts.	No assets other than real estates, without any other interests or encumbrances such as claims or debts.
Adjustment coefficient	100	100	100	100
Payment method	Lump sum payment on the completion date			
Adjustment coefficient	100	100	100	100
Tax surcharge	The buyer and the seller bore their respective taxes and expenses	The buyer and the seller bore their respective taxes and expenses	The buyer and the seller bore their respective taxes and expenses	The buyer and the seller bore their respective taxes and expenses
Adjustment coefficient	100	100	100	100
Pricing basis	Priced based on aboveground gross floor area (RMB/m ²)	Priced based on aboveground gross floor area (RMB/m ²)	Priced based on aboveground gross floor area (RMB/m ²)	Priced based on aboveground gross floor area (RMB/m ²)
Adjustment coefficient	100	100	100	100
Transaction unit price (RMB/m ²)	VAT exclusive	31,345 (VAT exclusive)	31,157 (VAT exclusive)	32,653 (VAT exclusive)

Adjustments were made to these three cases based on comparable factors, including: (i) market conditions; (ii) transaction details; (iii) locations; (iv) physical conditions; and (v) rights and interests. The above factors of the valuation object were taken as the basis for scoring, that is, the scoring coefficient of the valuation object was set to 100. The corresponding factors of the comparable cases were then compared with those of the valuation object, with the difference of scores ranging from -5 to 4 (e.g. in respect of the location factor, depending on the degree of industrial agglomeration and prosperity, the scoring coefficients are determined to be 100, 95, and 95, respectively, based on the difference in the agglomeration of commercial & office properties around the valuation object and the comparable cases). As estimated with the scores based on the transaction unit prices of the comparable cases, the adjusted unit price of these three cases is RMB31,688/m², RMB32,495/m² and RMB32,100/m², respectively. Accordingly, the comparable unit price calculated based on a simple average is RMB32,088/m² (tax exclusive), or RMB33,000/m² (deed tax inclusive).

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Total price of the property at Room 704, No. 243, Daxue Road, appraised using the market comparison approach = RMB33,000/m² x 84.73 m² = RMB2,796,090.00 (rounding amount).

② Estimation under the income approach

The valuation object is subject to a lease for a term expiry on 31 October 2024 at a rent of RMB4.1/m²/day (tax inclusive), or RMB3.9/m²/day (tax exclusive). According to a market survey, the rent of the office buildings in the region ranged from RMB4.8 to RMB5/m²/day (tax inclusive). Details are as follows:

Location	GFA (m ²)	Monthly rent (RMB'000, tax inclusive)	Daily rent (RMB/m ² /day)
KIC H1 – No. 234, Songhu Road	940	137	4.8
Zhonghang Tiansheng Plaza – No. 619, Songhu Road	198	30	5.0
Guozheng Center – No. 499, Zhengli Road	382	58	5.0

This valuation is based on the average rent in the region of RMB4.9/m²/day. Having taken into account the pricing factor of the proposed tender price (adjustment co-efficient: 0.97) and the area factor (adjustment co-efficient: 1.05), the market rent of the valuation object is set to RMB5/m²/day (tax inclusive), or RMB4.76/m²/day (tax exclusive). The rent as stipulated in the tenancy agreement is adopted for estimation during the lease term, and the market rent is adopted for estimation beyond the lease term. The occupancy rate is set at 83%, assuming 2 months of vacancy per year.

In light of the rent changes in the region over the past years, it is expected that similar properties in the region will maintain a slight increase in rents in the future. Based on the property conditions of the valuation object and the business environment of the region, an annual rental growth rate of 3% is adopted for estimation. The analysis indicated that the market situation beyond 10 years is difficult to predict, therefore the rent level is assumed to remain unchanged from the 11th year onwards.

The rate of return for this project is determined to be 6% by using the built-up approach, representing the risk-free rate plus a risk-adjusted rate.

Based on the land use life of the valuation object, the yield life is determined to be 31.5 years.

The income of the valuation object is estimated to be RMB14,800/m² (deed tax inclusive).

Total price of the property at Room 704, No. 243, Daxue Road, appraised using the income approach = RMB1,254,004.00.

③ Final valuation conclusion based on comprehensive analysis

Based on our comprehensive estimation, all the fixed assets – properties and buildings within the scope of this valuation were valued at RMB6,073,874,890.92 by using the market comparison approach and RMB4,429,538,262.30 by using the income approach. Based on comprehensive analysis, due to the unusual situation in the current real estate market where the rental price is lower than the sales price, the income value of the property is relatively low. In contrast, in the process of estimation by using the market comparison approach, comparable property transactions in recent times and surrounding areas were selected, with adjustments for various factors affecting the prices, and therefore the result better reflected the current market value of the valuation object. As such, the result from the market comparison approach is adopted as the final valuation conclusion for this valuation.

(4) Valuation of fixed assets – equipment

Through analysis of the characteristics and uses of the various types of equipment involved in the valuation scope and the information collected, the replacement cost approach is adopted for the asset valuation of equipment in this case. The calculation formula is:

Calculation formula: Appraised value = full replacement price × comprehensive newness rate

1) Determination of full replacement price

① Full replacement price of electronic equipment

The full replacement price of electronic equipment is determined primarily through online inquiries and telephone inquiries with the manufacturer.

② Full replacement price of vehicles = vehicle purchase price (tax inclusive) + purchase tax + other expenses – value-added tax

Vehicle purchase price: obtained through various channels such as market inquiries, online automotive quotes and the “Automobile & parts” journal.

Purchase tax: new energy vehicles included in the Catalog of New Energy Vehicle Models Exempt from Vehicle Purchase Tax are exempt from vehicle purchase tax.

For other vehicles, purchase tax = vehicle price (tax inclusive) ÷ (1 + value-added tax rate) × 10%.

Other expenses: include fees such as handling fee, license fee, license plate installation fee and vehicle inspection fee, typically amounting to RMB1,000 per vehicle.

2) Determination of newness rate:

- ① The newness rate of electronic equipment is directly determined using the useful life method, the calculation formula of which is:

Newness rate = [(economic useful life – serviced life) ÷ economic useful life] × 100%

or: Newness rate = [remaining useful life ÷ (serviced life + remaining useful life)] × 100%

- ② Determination of the newness rate of vehicles

In this valuation, the newness rate is calculated by using the useful life method and based on mileage, respectively, with the lower result taken as the theoretical newness rate, and the comprehensive newness rate is then determined by weighting the observed newness rate and the theoretical newness rate.

Comprehensive newness rate = theoretical newness rate × 40% + observed newness rate × 60%

The theoretical newness rate is determined based on the newness rate under the useful life method and the mileage-based newness rate.

Newness rate under the useful life method = (economic useful life – used life) / economic useful life

Mileage-based newness rate = (economic service mileage – travelled mileage) / economic service mileage

The observed newness rate is the technical newness rate calculated based on the newness coefficient for each structural part determined depending on their complexity, importance and the value-based scoring principle for structural parts, through observation of the main structure of the valued vehicle.

3) Determination of the appraised value

Appraised value = replacement value × newness rate

4) Determination of the license fee of vehicles:

The license fee of passenger vehicles in Shanghai is determined based on the average auction price of the quota of non-commercial passenger vehicle close to the Valuation Benchmark Date.

(5) Valuation of construction in progress

The valuers checked the figures of items in the valuation declaration schedule and verified the consistency of the declared figures with the book amounts of the construction in progress in the financial statement; based on the declared construction in progress, the valuers reviewed the relevant contract, conducted investigation and analysis on the commencement date, construction scope, current progress, actual payment, etc. of the construction in progress to verify its authenticity; and then selected a valuation method after on-site inspections to estimate the appraised value of the construction in progress. For construction that commenced within half a year prior to the Valuation Benchmark Date, capital costs are not taken into account given the short duration; for construction that commenced more than half a year prior to the Valuation Benchmark Date, the appraised value is determined after taking into account the capital costs corresponding to the reasonable construction period; for completed projects, they are included in the valuation of fixed assets – properties and buildings; and for expensed expenditures, the appraised value is zero as there is no corresponding projects.

(6) Valuation of other intangible assets

For purchased software that is available on the market and does not have an upgraded version as at the Valuation Benchmark Date, the market price of the same software as at the Valuation Benchmark Date is taken as the appraised value. For purchased software that is currently available on the market and has an upgraded version, the appraised value is determined based on the prevailing market price minus the cost of software upgrade. For software that has no market price available, the appraised value is mainly estimated based on the original acquisition cost and a depreciation rate determined with reference to the market price trend of similar software.

(7) Valuation of long-term deferred expenses

The valuers at first checked the general ledger, subsidiary ledgers, accounting statements and the inventory valuation schedule; verified the time and reasons for the occurrence of long-term deferred expenses, reviewed relevant contracts, accounting methods and other financial information, and performed alternative testing procedures to verify the authenticity and accuracy of the balance of long-term deferred expenses. For the amortization of the renovation costs of the office area has been included in the valuation of properties and buildings, the appraised value is zero; and for intangible assets that are currently in use by the enterprise, their market purchase prices are taken as the appraised values for this valuation.

(8) Valuation of liabilities

Liabilities mainly represent current liabilities and non-current liabilities. On the basis of check and verification, the verified liabilities actually borne by the enterprise is taken as the appraised value.

IX. IMPLEMENTATION OF THE VALUATION PROCEDURES AND RELEVANT FACTS

The valuation procedures were carried out in five stages.

(I) Stage 1: acceptance of engagement

Approached the client, listened to the introduction given by the relevant persons of the client on the situation of the valued entity and the history and current status of the subject assets, gained understanding of the purpose of valuation, the valuation object and the scope of valuation, determined the Valuation Benchmark Date, and signed the Valuation Engagement Contract.

(II) Stage 2: preliminary preparation

Established an asset valuation project team and appointed the project leader. The project leader prepared a valuation plan based on the characteristics of the project. Under the guidance of the valuers, the valued entity conducted asset inventory, provided relevant information and prepared the inventory valuation schedule, then the valuers checked the assets and verified the information provided by the valued entity.

(III) Stage 3: asset verification, information verification and on-site investigation

On the basis of the truthful declaration of assets and comprehensive self-check on the subject assets by the enterprise, the valuers conducted a comprehensive inventory and verification of all the assets and liabilities within the valuation scope, verified the relevant information, and conducted a systematic investigation of its financial and operating conditions. After reconciliation with the relevant financial record data of the entity and on-site inspections, the valuers supplemented and improved the content of the inventory valuation schedule prepared by the entity.

The inventory of non-physical assets involved the verification of the formation process of the enterprise's claims and debts and the authenticity of the book values, mainly by reviewing the original accounting documents of the enterprise, collecting relevant certificates, sending inquiry letters or performing other alternative testing procedures. The inventory of physical assets mainly involved on-site physical inventory and investigation, inspection, photographing and recording of the conditions of assets; review of information on assets operation and maintenance; and conversation with the asset managers to gain an understanding of the management and allocation of assets.

On the basis of collecting information concerning various operating indicators and financial indicators of the enterprise, and the business plan, fixed assets renewal or investment plan of the enterprise for the coming years, the valuers collected information on the capital market in the same industry, investigated the current situation of the industry in which the enterprise operates, regional market conditions and future development trends, and analyzed the relevant macroeconomic conditions and industry environmental factors that affected the enterprise's operations.

(IV) Stage 4: assessment, estimation and summary

The valuers selected appropriate valuation methods based on relevant conditions such as the valuation object, value type, and valuation data collected. By collecting market information, the valuers clarified specific valuation parameters and price standards for different types of assets, made assessment and estimation, prepared explanations and reports, and after analysis and summary of the initial data, submitted for approval by the project leader.

(V) Stage 5: internal review, communication and reporting to the client, and issue a report

After internal review of the valuation report by the valuers, the valuation results were reported and communicated to the client and the valued entity. The valuation report was modified and improved based on the communication opinions, then a formal valuation report was submitted to the client.

X. VALUATION ASSUMPTIONS

In accordance with the relevant requirements, the valuers have assumed that the following assumptions are valid as at the Valuation Benchmark Date, and the valuers are not liable for any different valuation conclusions derived as a result of changes in the assumptions when there are significant changes in the future economic environment.

(I) Basic assumptions**1. Transaction assumption**

Transaction assumption is to assume that all assets to be evaluated are already in the process of transaction, and the valuers carry out the valuation based on simulated market conditions such as the trading conditions of the assets to be evaluated. The transaction assumption is one of the most fundamental assumptions underlying the asset valuation.

2. Open market assumption

The open market assumption is an assumption about the market conditions into which an asset is intended to enter and what effects the asset will receive under such market conditions. An open market is a fully developed and comprehensive market condition, a competitive market with willing buyers and sellers, where buyers and sellers are on equal footing and have access to adequate market information, and where transactions between buyers and sellers are conducted under voluntary, rational, non-compulsory or unrestricted conditions. The open market assumption is based on the assumption that assets are publicly tradable in the market.

3. Business going concern assumption

Business going concern assumption is assuming that, the valued entity can legally continue its production and operation business according to its current status for the foreseeable future operating period under the existing asset resources conditions and there will be no material adverse changes in its operating conditions.

4. Assumption about the use of an asset for an existing purpose

Assumption about the use of an asset for an existing purpose is an assumption about the market conditions into which an asset is intended to enter and the use status of the asset under such market conditions. Firstly, it is assumed that the assets within the scope of valuation are in use. Secondly, it is assumed that the assets will continue to be used for the current purposes and usage without considering asset use conversion or optimal utilization conditions.

(II) General assumptions

1. The valuation assumes that there will be no unforeseen material adverse changes in the external economic environment, including the relevant laws, macroeconomic, financial and industrial policies prevailing in the country after the Valuation Benchmark Date, and that there will be no significant impact caused by other human force majeure and unforeseen factors.
2. The valuation does not consider the impact on the valuation conclusion of any collateral or guarantee that the valued entity's equity and its assets may assume in the future, or additional price that may be paid as a result of special transactions.
3. The valuation assumes that there will be no material changes in the socio-economic environment in which the valued entity is located or in the fiscal and taxation policies in place, such as taxes and tax rates, and that the credit policy, interest rate, exchange rate and other financial policies will be generally stable.
4. The assets under this valuation are valued on the actual stock as at the Valuation Benchmark Date and the prevailing market prices of the relevant assets are based on the prices in effect at the location of the valuation object as at the Valuation Benchmark Date.
5. The current and future business operations of the valued entity are and will be legal and in compliance with the relevant provisions of its business license and articles of association.

This valuation conclusion will generally be invalidated upon the occurrence of events that are inconsistent with the aforesaid assumptions.

XI. VALUATION CONCLUSION

(I) Valuation conclusion based on the asset-based approach and analysis of reasons for changes

1. Valuation conclusion based on the asset-based approach

According to our valuation using the asset-based approach, the carrying amount of the total assets of Shanghai Yang Pu Centre Development Co., Ltd. as at the Valuation Benchmark Date (i.e. 31 May 2024) was RMB1,869,762,198.51, with an appraised value of RMB6,272,213,222.40, representing an appreciation rate of 235.46%; the carrying amount of the total liabilities was RMB850,387,622.84, with an appraised value of

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RMB850,387,622.84, without any appreciation or depreciation; the carrying amount of the entire shareholders' equity was RMB1,019,374,575.67, with an appraised value of RMB5,421,825,599.56, representing an appreciation rate of 431.88% (as detailed in the table below).

Consolidated Table of the Asset Valuation Conclusion (Asset-based Approach)

Unit: RMB0'000

Types of assets	Carrying amount	Appraised value	Amount of appreciation	Appreciation rate %
Current assets	18,624.87	18,624.87		
Non-current assets	168,351.35	608,596.45	440,245.10	261.50
Long-term equity investment, net	406.64	408.27	1.63	0.40
Net fixed assets	165,104.84	607,509.60	442,404.76	267.95
Net construction in progress	600.55	468.72	-131.83	-21.95
Net intangible assets	8.23	204.86	196.63	2,389.19
Long-term deferred expenses	2,231.09	5.00	-2,226.09	-99.78
Total assets	186,976.22	627,221.32	440,245.10	235.46
Current liabilities	35,665.76	35,665.76		
Non-current liabilities	49,373.00	49,373.00		
Total liabilities	85,038.76	85,038.76		
Entire shareholders' equity	101,937.46	542,182.56	440,245.10	431.88

For details of the valuation conclusion based on the asset-based approach, please refer to the valuation schedule based on the asset-based approach.

2. Analysis of reasons for appreciation or depreciation of the valuation conclusion based on the asset-based approach as compared with the carrying amount
 - (1) Long-term equity investment has an appreciation rate of 0.4%, primarily due to the adoption of the cost approach for valuing the subsidiary in this valuation. The appraised value of the entire shareholders' equity in the subsidiary on the Valuation Benchmark Date represents an appreciation, which is mainly reflected in the appreciation of electronic equipment, therefore the appraised value represents an appreciation.

- (2) Fixed assets have an appreciation of RMB4,424,047,600, mainly due to the following reasons:

Properties and buildings have an appreciation rate of 98.91% based on original carrying amount and 268.04% based on net carrying amount. This was mainly because the valued projects were all developed and constructed by the enterprise, and the book value represents the purchase and construction costs, while the valuation conclusion of this valuation was estimated by using the market comparison approach and the prices in the real estate market have risen slightly in recent years, therefore the appraised value represents an appreciation;

The vehicles have a depreciation rate of 31.63% based on original carrying amount and an appreciation rate of 97.83% based on net carrying amount. The depreciation based on original carrying amount was mainly due to the declining market price of vehicles purchased earlier, and the appreciation based on net carrying amount was mainly because the depreciation life adopted by the enterprise is shorter than the economic useful life adopted in the valuation, and the amortized vehicle license was valued based on market price on the benchmark date.

Electronic equipment has a depreciation rate of 19.01% based on original carrying amount and an appreciation rate of 35.19% based on net carrying amount. The depreciation based on original carrying amount was mainly due to the rapid upgrading of electronic equipment, and the appreciation based on net carrying amount was mainly because the depreciation life adopted by the enterprise is shorter than the economic useful life adopted in the valuation.

- (3) Construction in progress has a depreciation rate of 21.95%. The main reason is that, for completed projects, they are included in the valuation of fixed assets – properties and buildings; and for expensed expenditures, the appraised value is zero as there is no corresponding projects.
- (4) Intangible assets have an appreciation rate of 2,389.19%. The appraised value represents an appreciation as the market purchase price of intangible assets as at the Valuation Benchmark Date is taken as their appraised value, given the fact that they were accounted for at an earlier point of time.
- (5) Long-term deferred expenses have a depreciation rate of 99.78%. The appraised value represents a depreciation because the amortization of the renovation costs has been reflected in the valuation of fixed assets – properties and buildings.

(II) This report only expresses opinions on the entire shareholders' equity. Therefore, it does not involve premium or discount arising from factors such as controlling interest and minority equity. In the event of partial equity transactions based on this report, users of this report are reminded that the value of partial equity is not necessarily equal to the total equity value multiplied by the equity ratio.

(III) In this valuation, the impact of the liquidity of assets on the value of the valuation object has not been taken into account given the absence of basis for analysis of the liquidity of assets, since no information on ownership transactions of the relevant assets and in the industry is available.

(IV) Effective period for use of the valuation conclusion

The effective period for use of the valuation conclusion is one year commencing from 31 May 2024 to 30 May 2025.

The valuation conclusion can serve as the reference basis for the transaction value only where the purpose of the valuation is achieved within one year after the Valuation Benchmark Date, and re-determination of the valuation conclusion shall be conducted after one year.

XII. EXPLANATIONS ON SPECIAL MATTERS

(I) The matters identified during the valuation that may affect the valuation conclusions, but the assessment and estimation of which are beyond the practicing levels and capabilities of the valuers:

1. Incompleteness or Defects in Ownership and Other Material Information:

The valuers have not identified any obvious defects in ownership. The client and the valued entity also clearly stated that there were no defects in ownership.

2. Description of Other Key Information Not Provided by the Client:

Nil.

3. Pending Matters, Legal Disputes or Other Uncertainties as at the Valuation Benchmark Date:

According to statistics, Shanghai Yang Pu Centre Development Co., Ltd. has a total of 4 ongoing and pending litigations, including:

- 1) As verified, Shanghai Yang Pu Centre Development Co., Ltd. is the defendant in 1 litigation, involving an amount of RMB2,258,000, which is currently in proceeding but not reflected in the balance sheet.

Amount unit: RMB0'000

Serial No.	Case No.	Plaintiff	Litigation	Amount	Progress
1	[2024] Hu 0112 Min Chu No. 21926	Shanghai Wanwan Catering Management Co., Ltd.* (上海萬萬餐飲管理有限公司)	The four defendants were ordered to jointly compensate Wanwan Company for various economic losses, totaling RMB2,258,029.87.	225.80	At the first instance stage; the trial was held on 10 July 2024, not yet concluded, and is awaiting the second trial.

APPENDIX III VALUATION REPORTS OF THE PROJECT COMPANIES

- 2) As verified, there are 3 litigations currently in progress but not reflected in the balance sheet in which Shanghai Yang Pu Centre Development Co., Ltd. is the plaintiff, involving an amount of RMB5,948,800 in aggregate.

Amount unit: RMB0'000

Serial No.	Case No.	Defendant	Litigation	Amount	Progress
1	[2024] Hu 0110 Min Chu No. 11696	Tera Wellness Management Co., Ltd.	Request confirmation that the Shanghai Housing Lease Contract has been terminated; request a judgment that the defendant shall pay the house rent and overdue interest, property management fees and overdue interest, attorney fees, and liquidated damages; request a judgment that the litigation cost and property preservation cost of this case shall be borne by the defendant.	553.82	At the first instance stage; the trial was held on 15 August 2024, not yet concluded, and is awaiting the second trial.

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Amount unit: RMB0'000

Serial No.	Case No.	Defendant	Litigation	Amount	Progress
2	[2024] Hu 0110 Min Chu No. 300	Shanghai Yinglue Culture Communication Co., Ltd.* (上海螢略文化傳播有限公司)	Request confirmation that the housing lease contract between the plaintiff and the defendant has been terminated; request a judgment that the defendant pay the plaintiff the arrears of rent and overdue interest, electricity bills and overdue interest, liquidated damages for the leased house, and attorney fees of the plaintiff; and that the plaintiff confiscate the security deposit and utility fee deposit paid by the defendant.	31.54	A judgment has been made and is pending application for the execution of the followings: confirmed that the Shanghai Housing Lease Contract has been terminated on 3 April 2023; the defendant shall pay Shanghai Yang Pu Centre Development Co., Ltd. the minimum rent of RMB311,971.53 and overdue payment interest, arrears of electricity bills of RMB5,610.90 and overdue payment interest, liquidated damages of RMB121,344.42 and attorney fees of RMB20,000; the housing lease deposit of RMB121,344.42 and the utility fee deposit of RMB22,180 previously paid by the defendant may be used to offset the above expenses.

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Amount unit: RMB0'000

Serial No.	Case No.	Defendant	Litigation	Amount	Progress
3	[2023] Hu 0110 Min Chu No. 13464	Shanghai Fangxi Biotechnology Co., Ltd.* (上海芳哲生物科技有限公司)	Request confirmation that the housing lease contract between the plaintiff and the defendant has been terminated; request a judgment that the defendant pay the plaintiff the arrears of rent and overdue interest, property management fees, liquidated damages for the leased house, and attorney fees of the plaintiff; and that the plaintiff confiscate the security deposit and utility fee deposit paid by the defendant.	9.52	A judgment has been made and is pending application for the execution of the followings: confirmed that the Shanghai Housing Lease Contract has been terminated on 31 August 2022; the defendant shall pay Shanghai Yang Pu Centre Development Co., Ltd. the house rent of RMB75,857.74, property management fees of RMB5,317.8, attorney fees of RMB5,000, liquidated damages of RMB56,893, and rent for the renovation period of RMB11,198; the security deposit of RMB59,016.90 previously paid by the defendant shall be returned.

The impact of the above matters on the appraised value has not been taken into account in this valuation.

4. Significant Use of Expert Work and Relevant Reports:

Use of professional reports:

In the course of performing this valuation, we have obtained the following professional reports through legal channels, and have utilised the relevant contents of the professional reports with careful reference:

The asset types and carrying amounts set out in the asset valuation report have been audited by Shanghai Certified Public Accountants (Special General Partnership), which has issued a standard unqualified audit report (Shang Kuai Shi Bao Zi [2024] No. 11609) thereon. The opinion expressed in this audit report is as follows: “We have audited the financial statements of Shanghai Yang Pu Centre Development Co., Ltd. (hereinafter referred to as the “Company”), which comprise the consolidated balance sheets and the balance sheets of the Company as at 31 May 2024, 31 December 2023 and 31 December 2022, and the consolidated income statements and the income statements of the Company, the consolidated cash flow statements and the cash flow statements of the Company, and the consolidated statements of changes in owners’ equity

and the statements of changes in owners' equity of the Company for the period from January to May 2024 and the years of 2023 and 2022, and related notes to the financial statements. In our opinion, the accompanying financial statements have been prepared, in all material respects, in accordance with the basis of preparation of the financial statements as stated in note 2 and give a fair view of the consolidated financial position and the financial position of the Company as at 31 May 2024, 31 December 2023 and 31 December 2022, and of the consolidated operating results and the operating results of the Company and the consolidated cash flow statements and the cash flow statements of the Company for the period from January to May 2024 and the years of 2023 and 2022." The valuers have analysed and made judgement on the financial statements according to the requirements for the use of financial statements under the adopted valuation method, but it is not the responsibility of the valuers to express a professional opinion as to whether the relevant financial statements give a fair view of the financial position, current operating results and cash flows of the enterprise as at the Valuation Benchmark Date.

5. Significant Subsequent Events

- (1) Shanghai Yang Pu Centre Development Co., Ltd. convened a Board meeting on 13 May 2024 and resolved to reduce the registered capital by US\$23,500,000. Following the capital reduction, the registered capital of the Company was US\$114,000,000, of which Bright Continental Limited adjusted its contribution amount from US\$119,350,000 to US\$98,952,000, accounting for 86.8% of the total registered capital, and Shanghai Yangpu Knowledge Innovation Zone Investment and Development Co., Ltd. adjusted its contribution amount from US\$18,150,000 to US\$15,048,000, accounting for 13.2% of the total registered capital. The registration with the Administration for Industry and Commerce for the changes in relation to the capital reduction was completed on 27 June 2024, and all payments have been made subsequently. The Company simulated a scenario in which the capital reduction transaction is credited in the balance sheet and statement of changes in owners' equity as at 31 May 2024. In the simulated scenario, the reduced capital contribution in the total amount of RMB170,293,100 which was paid in the subsequent period is credited in "other payables – reduced capital amount", the reduced paid-in capital of US\$23,500,000 is converted into RMB175,290,300 at the historical exchange rate and deducted from the then "paid-in capital", the difference between the amounts converted at the historical exchange rate and the exchange rate prevailing on the date of actual payment of reduced capital contribution is credited in "capital reserve – capital translation differences", and if the capital reserve is insufficient to cover such difference, the shortfall would be offset against "surplus reserve".
- (2) For the KIC Plaza (Phase II) project within the valuation scope, there is no specific provision on the underground spaces in the land grant contract, and the properties involved are shops 01-28 on the first basement floor of No. 234, shops 01-09 on the first basement floor of No. 252, shops 01-04 on the first basement floor of No. 270 and shops 01-14 on the first basement floor of No. 290, Songhu Road (real estate certificate No.: Hu Fang Di Yang Zi [2007] No. 007995, and the real estate is located at Nos. 234, 252, 270 and 290, Songhu Road).

According to the information provided by the Company, the Company had consulted and communicated with the Cadastral Management Section of the Planning and Natural Resources Bureau of Yangpu District (“Yangpu Planning and Resources Bureau”) in August 2016, and received a reply that no further land premium is payable for the underground commercial space of this project. This is mainly because the land grant contract for the KIC Plaza project was signed in 2004, and no changes were made to the planning permit for changing to commercial use or increase in business area since 1 September 2006. Therefore, based on the release time and relevant provisions of the Trial Regulations on Construction Land Approval and Real Estate Registration for Underground Space in Shanghai* (《上海市地下空間建設用地審批和房地產登記試行規定》) issued by the Shanghai Municipal Government on 20 July 2006 and the Circular No. 84 issued by the Yangpu Planning and Resources Bureau in 2013 (which supplemented the 2006 Trial Regulations and further clarified the treatment for the outstanding issues of underground space), no further land premium is payable for the underground commercial space of this project.

The aforementioned underground commercial properties are included in the scope of valuation, and the impact of such further land premium has not been taken into account in this valuation. Users of the report are reminded to pay attention to this matter.

6. Relevant Restriction on the Valuation Procedures, the Remedial Measures Adopted by the Valuation Agency and the Impact on the Valuation Conclusion:

Nil.

7. The Nature and Amount of Matters Such as Guarantees, Leases and Their Contingent Liabilities (Contingent Assets) and Their Relationship with the Valuation Object:

As at the Valuation Benchmark Date, Shanghai Yang Pu Centre Development Co., Ltd. had a mortgage loan from China Merchants Bank Co., Ltd., Shanghai Branch* (招商銀行股份有限公司上海分行) with balance of RMB503,910,000.00 and for a term from 22 September 2023 to 21 September 2029. The loan is secured by KIC Plaza (Phase II) (real estate certificate No.: Hu Fang Di Yang Zi [2010] No. 024748, and the real estate is located at Nos. 308, 316, 338, 388 and 398, Songhu Road), which has a total gross floor area of 76,229.11 square meters. The loan is also pledged by the receivables of KIC Plaza (Phase II) (real estate certificate No.: Hu Fang Di Yang Zi [2010] No. 024748, and the real estate is located at Nos. 308, 316, 338, 388 and 398, Songhu Road). The impact of the above matters on the market appraised value of the relevant real estate has not been taken into account in this valuation.

8. Deficiencies in the Economic Behavior Corresponding to the Asset Valuation That May Have a Material Effect on the Valuation Conclusion:

We did not find any deficiencies in the economic behavior corresponding to the asset valuation that may have a material effect on the valuation conclusion.

9. Other Matters Requiring Explanation

- (1) After on-site inventory, the valuers found that the “Hu K06736 Jinbei ordinary minibus” included in fixed assets – transportation equipment is no longer in use and is currently awaiting scrapping. Therefore, the appraised value is determined based on the market price of the second-hand vehicles.
 - (2) In the asset valuation report, any difference between the total amount and the sum of the individual items in any table or textual expression denominated in RMB ten thousand is due to rounding.
- (II) We and our valuers do not assume any responsibility for the materials that have not been specifically indicated by Shanghai Yang Pu Centre Development Co., Ltd. at the time of provision, and in cases where our valuers are generally unable to obtain or collect relevant information based on their professional experience.
- (III) We and our valuers are not responsible for the legality, completeness and authenticity of the approvals on economic activities, business licences, capital verification reports, audit reports, ownership certificates, accounting vouchers and other evidential materials provided by the client and the valued entity.
- (IV) The valuation report did not take into account the tax implications arising from the appreciation or depreciation represented by the appraised value. Users of the valuation report are suggested to take into account the tax implications and deal with them in accordance with the relevant national regulations when using the valuation report for the valuation purpose.
- (V) The asset valuation was conducted based on the principles of independence, objectivity and impartiality. We and our valuers participating in the valuation have no special interest in the client and the valued entity. In the course of the valuation, our valuers adhered strictly to the professional norms and carried out a fair valuation.

The above special matters may have an impact on the valuation conclusion and users of the valuation report shall be aware of them.

XIII. RESTRICTION ON THE USE OF THE VALUATION REPORT

- (I) The valuation report may only be used for the purpose and use of valuation set forth herein. The client or other users of the valuation report as agreed in the Valuation Engagement Contract shall use the valuation report as required by law and within the scope of use as set out in the valuation report;
- (II) We and our valuers shall not be liable in the event that the client or other users of the asset valuation report fail to use the valuation report in accordance with the laws, administrative rules and regulations and within the scope of use as set out in the valuation report;
- (III) Except for the client, other users of the valuation report as agreed in the Valuation Engagement Contract and users of the valuation report stipulated in laws, administrative rules and regulations, no other institution or individual may become a user of the valuation report;

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- (IV) Users of the valuation report shall have a correct understanding and use of the valuation conclusion, which is not equivalent to the realizable value of the valuation object and shall not be deemed as a guarantee for the realizable value of the valuation object;
- (V) The contents of the valuation report, in whole or in part, may not be extracted, quoted or disclosed in the public media without our consent, unless otherwise required by laws or regulations and agreed by the relevant parties;
- (VI) The valuation conclusion shall not be directly used if there are significant events subsequent to the Valuation Benchmark Date during the valid period. If there is a change in the quantity of assets, the amount of asset value shall be adjusted accordingly based on the original valuation method; if there is a material change in the asset price standard that has significantly affected the appraised value, the client shall promptly engage an appraisal institution to re-determine the valuation result;
- (VII) When policy adjustments have a material impact on the valuation conclusion, a new valuation benchmark date shall be set for the valuation.

XIV. DATE OF THE VALUATION REPORT

The date of the valuation report is 29 November 2024.

XV. SIGNATURE AND SEAL

(No body text on this page)

Shanghai Cai Rui Asset Appraisal Co., Ltd.

Valuer: Tong Jia (Asset Appraiser No.: 31090003, China Appraisal Society)

Valuer: Mo Jing (Asset Appraiser No.: 31130030, China Appraisal Society)

29 November 2024

Address: No. 1357, West Yan'an Road, Shanghai
Tel.: 021-62261357 **Fax: 021-62257892**
Zip code: 200050 **E-mail: mail@cairui.com.cn**

ANNEX

(Unless otherwise specified, all other documents are photocopies)

- I. Resolution of the Board of Directors of Bright Continental Limited dated 24 October 2024**
- II. Audit Report and Accounting Statements of Shanghai Yang Pu Centre Development Co., Ltd. as at the Valuation Benchmark Date**
- III. Corporate Business Licence of Shanghai Yang Pu Centre Development Co., Ltd.**
- IV. Business Registration Certificate of Bright Continental Limited**
- V. Certificate of Real Estate Ownership and Vehicle Licenses of Shanghai Yang Pu Centre Development Co., Ltd.**
- VI. Letter of Undertaking from Shanghai Yang Pu Centre Development Co., Ltd.**
- VII. Filing Announcement of Shanghai Municipal Finance Bureau and Valuation Qualification Certificate for Securities and Futures Related Business**
- VIII. Business Licence of Shanghai Cai Rui Asset Appraisal Co., Ltd.**
- IX. Qualification Certificate of Valuers for this Project**
- X. Valuation Engagement Contract**
- XI. Explanation of the Significant Difference between the Carrying Amounts of the Assets and the Valuation Conclusion (for details, please refer to the section headed “XI. VALUATION CONCLUSION” in the main body of the report)**

** For identification purpose only*

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

Interests of Directors and chief executive of the Company

At the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO); or (ii) were recorded in the register required to be kept under section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) of the Listing Rules were as follows:

(a) Long position in the Shares and the underlying Shares of the Company

Name of Directors	Number of ordinary Shares			Total	Approximate percentage of interests to the issued Share capital of the Company at the Latest Practicable Date (Note 3)
	Personal interests	Family interests	Other interests		
Mr. Vincent H.S. LO (“ Mr. Lo ”)	—	1,849,521 (Note 1)	4,511,756,251 (Note 2)	4,513,605,772	56.23%
Ms. Stephanie B.Y. LO (“ Ms. Lo ”)	—	—	4,511,756,251 (Note 2)	4,511,756,251	56.21%
Ms. Jessica Y. WANG	670,500	—	—	670,500	0.008%
Professor Gary C. BIDDLE	305,381	—	—	305,381	0.0038%

Notes:

- (1) These Shares were beneficially owned by Ms. Loletta CHU (“**Mrs. Lo**”), the spouse of Mr. Lo. Mr. Lo was deemed to be interested in 1,849,521 Shares under Part XV of the SFO.
- (2) These Shares were held by Shui On Company Limited (“**SOCL**”) through its controlled corporations, comprising 1,725,493,996 Shares, 2,756,414,318 Shares, and 29,847,937 Shares held by Shui On Properties Limited (“**SOP**”), Shui On Investment Company Limited (“**SOI**”), and New Rainbow Investments Limited (“**NRI**”), respectively, whereas SOP was a wholly-owned subsidiary of SOI. NRI was a wholly-owned subsidiary of SOCAM Development Limited (“**SOCAM**”) which in turn was held by SOCL as to 63.29% at the Latest Practicable Date. SOCL was held under the Bosrich Unit Trust, the trustee of which was Bosrich Holdings (PTC) Inc. (“**Bosrich**”). The units of the Bosrich Unit Trust were the property of a discretionary trust, with Mr. Lo as the founder and a discretionary beneficiary, Ms. Lo as a discretionary beneficiary, and HSBC International Trustee Limited (“**HSBC Trustee**”) as the trustee. Accordingly, Mr. Lo, Mrs. Lo, Ms. Lo, Bosrich and HSBC Trustee were deemed to be interested in such Shares under Part XV of the SFO.
- (3) These percentages were compiled based on the total number of issued Shares (i.e., 8,027,265,324 Shares) of the Company at the Latest Practicable Date.

(b) Long position in the shares of the associated corporation of the Company — SOCAM

Name of Directors	Number of ordinary shares			Total	Approximate percentage of interests to the issued share capital of SOCAM at the Latest Practicable Date (Note 3)
	Personal interests	Family interests	Other interests		
Mr. Lo	—	312,000 (Note 1)	236,309,000 (Note 2)	236,621,000	63.37%
Ms. Lo	—	—	236,309,000 (Note 2)	236,309,000	63.29%

Notes:

- (1) These shares were beneficially owned by Mrs. Lo, the spouse of Mr. Lo. Mr. Lo was deemed to be interested in 312,000 shares of SOCAM under Part XV of the SFO.
- (2) These shares were beneficially owned by SOCL. SOCL was held under the Bosrich Unit Trust, the trustee of which was Bosrich. The units of the Bosrich Unit Trust were the property of a discretionary trust, of which Mr. Lo as the founder and a discretionary beneficiary, Ms. Lo as a discretionary beneficiary, and HSBC Trustee as the trustee. Accordingly, Mr. Lo, Mrs. Lo, Ms. Lo, Bosrich, and HSBC Trustee were deemed to be interested in such shares under Part XV of the SFO.
- (3) These percentages have been compiled based on the total number of issued shares (i.e., 373,346,164 shares) of SOCAM at the Latest Practicable Date.

(c) Interests in the debentures of the associated corporation of the Company

<u>Name of Directors</u>	<u>Name of Associated Corporation</u>	<u>Nature of Interests</u>	<u>Amount of Debentures</u>
Mr. Lo	SODH	Founder and discretionary beneficiary of a trust	US\$2,400,000 <i>(Note 1)</i>
		Family Interest	US\$1,400,000 <i>(Note 2)</i>
Ms. Lo	SODH	Discretionary beneficiary of a trust	US\$2,400,000 <i>(Note 1)</i>

Notes:

- (1) These debentures were held by SOI, an indirect wholly-owned subsidiary of SOCL. SOCL was held under the Bosrich Unit Trust, the trustee of which was Bosrich. The units of the Bosrich Unit Trust were the property of a discretionary trust, of which Mr. Lo as the founder and a discretionary beneficiary, Ms. Lo as a discretionary beneficiary, and HSBC Trustee as the trustee. Accordingly, Mr. Lo, Mrs. Lo, Ms. Lo, Bosrich, and HSBC Trustee were deemed to be interested in such debentures under Part XV of the SFO.
- (2) These debentures were beneficially owned by Mrs. Lo, the spouse of Mr. Lo. Mr. Lo was deemed to be interested in such debentures under Part XV of the SFO.

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

At the Latest Practicable Date, save as disclosed below, none of the Directors was a director or employee of a company which had an interest or short position in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

<u>Name of Directors</u>	<u>Names of companies which had such disclosable interest or short position</u>	<u>Positions within such companies</u>
Mr. Lo	SOCL, SOP, SOI, and NRI	director
Ms. Lo	SOCL, SOP, and SOI	director

3. SERVICE CONTRACTS

At the Latest Practicable Date, none of the Directors had entered into, with any member of the Group, a service agreement which is not expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date and to the best knowledge of the Directors, there was no material adverse change in the financial or trading position of the Group since 31 December 2023 (being the date to which the latest published audited financial statements of the Group were made up).

5. MATERIAL LITIGATION

At the Latest Practicable Date, there was no litigation or claim of material importance that is known to the Directors to be pending or threatened against any member of the Group.

6. DIRECTORS' INTERESTS IN ASSETS

At the Latest Practicable Date, none of the Directors was interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group, since 31 December 2023 (being the date to which the latest published audited financial statements of the Group were made up).

7. DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

At the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement, which was subsisting and was significant in relation to the business of the Group.

8. COMPETING INTERESTS OF DIRECTORS

The following Directors or their associates are considered to have interests in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules as set out below:

<u>Name of Directors</u>	<u>Names of entities which are considered to compete or likely to compete with the businesses of the Group</u>	<u>Description of the businesses of the entities which are considered to compete with the businesses of the Group</u>	<u>Nature of interests of the Directors in the entity</u>
Mr. Lo	SOCAM	Property investment in the PRC	Director and controlling shareholder
Mr. Lo	Great Eagle Holdings Limited	Property investment in the PRC	Director
Ms. Lo	SOCAM	Property investment in the PRC	Director

There is a deed of non-competition dated 30 May 2006 (the “**Deed**”) and entered into between Mr. Lo, SOCL and the Company pursuant to which Mr. Lo and SOCL have given certain undertakings to the Company, among others, that the Company is to be the flagship company of the Shui On Group (that is, SOCL and its subsidiaries and for the purpose of this section headed “Competing Interests of Directors”, excluding SOCAM and its subsidiaries) for the Shui On Group’s property development and investment business in the PRC and concerning the Shui On Group’s investment in future property development projects in the PRC. Such information has been disclosed in the Company’s prospectus dated 20 September 2006. In respect of the year ended 31 December 2023, the Company has received from each of Mr. Lo and SOCL a confirmation on compliance with the non-competition undertakings as contemplated under the Deed.

Save as aforesaid, at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates had any interest in a business which, either directly or indirectly, competes or is likely to compete with the businesses of the Group or has or may have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

9. MATERIAL CONTRACTS

The following contracts have been entered into by any member of the Group (not being contracts entered into in the ordinary course of business) within two years preceding the date of this circular:

- (a) the agreement dated 1 December 2022 entered into among Shanghai Fangrui Real Estate Co., Ltd.* (上海房睿置業有限公司) (“**Shanghai Fangrui**”) (being an indirect wholly-owned subsidiary of the Company), Shanghai Yangshupu Real Estate Co., Ltd.* (上海楊樹浦置業有限公司) (“**Shanghai Yangshupu**”) and Shanghai Bin Chang Real Estate

Co., Ltd.* (上海濱昌置業有限公司) (the “**Yangpu JV Company**”) in relation to, among other things, the joint venture arrangement in relation to the Yangpu JV Company for the purpose of carrying out the property development project at a parcel of land in Yangpu District, Shanghai, the PRC (the “**Yangpu Land**”). The maximum amount of investment to be made by the Yangpu JV Company on the Yangpu Land shall be approximately RMB3,685,000,000, which shall be contributed by Shanghai Fangrui and Shanghai Yangshupu in proportion to their respective equity interests in the Yangpu JV Company (i.e., 60% and 40% owned by Shanghai Fangrui and Shanghai Yangshupu, respectively). Details of which were set out in the announcement of the Company dated 1 December 2022 and the circular of the Company dated 20 January 2023;

- (b) the shareholders’ agreement dated 20 April 2023 entered into among Shanghai Ruilou Enterprise Management Co., Ltd.* (上海瑞樓企業管理有限公司) (“**Shanghai Ruilou**”) (being an indirect wholly-owned subsidiary of the Company), Shanghai Pucheng Investment Development Co., Ltd.* (上海浦呈投資發展有限公司), and Shanghai Zhaolou Tiandi Co., Ltd.* (上海召樓天地有限公司) (the “**JV Company**”) (being a non-wholly owned subsidiary of the Company) in relation to, among other things, the joint venture arrangement in relation to the JV Company. The JV Company is expected to carry out the property redevelopment project on the Land in Pujiang Town, Minhang District, Shanghai, the PRC. The amount of approximately RMB4,650 million to be contributed by Shanghai Ruilou shall be funded by the Group’s internal working capital and external financing (if appropriate). Details of which were set out in the announcement of the Company dated 20 April 2023 and the circular of the Company dated 16 June 2023; and
- (c) the Cooperation Agreement and the Limited Partnership Agreement.

10. EXPERTS’ QUALIFICATIONS AND CONSENTS

The following are the qualification of the experts (collectively, the “**Experts**”) who have given opinion or, advice contained in this circular:

<u>Name</u>	<u>Qualification</u>	<u>Date of the reports and/or letters</u>
Knight Frank Petty Limited	Independent professional surveyor and valuer	29 November 2024
Shanghai Cai Rui Asset Appraisal Co., Ltd.* (上海財瑞資產評估有限公司)	Independent valuer	29 November 2024

As at the Latest Practicable Date, each of the Experts had no direct or indirect interest in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the Experts had no interest, direct or indirect, in any assets which had been, since 31 December 2023 (being the date to which the latest published audited financial statements of the Group were made up), 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.

Each of the Experts has given and has not withdrawn its written consent as to the issue of this circular with the inclusion herein of its reports and/or letters and reference to its names in the form and context in which they respectively appear.

11. GENERAL

- (a) The registered office of the Company is at One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is at 34th Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong.
- (c) The principal share registrar and transfer office of the Company is Suntera (Cayman) Limited at Suite 3204, Unit 2A, Block 3, Building D, P.O. Box 1586, Gardenia Court, Camana Bay, Grand Cayman, KY1-1100, Cayman Islands.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (e) The company secretary of the Company is Mr. UY Kim Lun, a qualified lawyer in Hong Kong.
- (f) This circular is in both English and Chinese. In the event of inconsistency, the English text shall prevail over the Chinese text, except for the valuation reports issued by Shanghai Cai Rui Asset Appraisal Co., Ltd.* (上海財瑞資產評估有限公司) as set out in Appendix III to this circular.

12. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.shuionland.com) from the date of this circular and up to and including the date which is 14 days from the date of this circular:

- (a) the property valuation report issued by Knight Frank Petty Limited, the text of which is set out in Appendix II to this circular;
- (b) the valuation reports issued by Shanghai Cai Rui Asset Appraisal Co., Ltd.* (上海財瑞資產評估有限公司), the text of which is set out in Appendix III to this circular;
- (c) the Cooperation Agreement, the Limited Partnership Agreement and the Equity Transfer Agreements; and
- (d) the written consents referred to in the section headed "10. Experts' Qualifications and Consents" in this appendix.