

**THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in HAILAN HOLDINGS LIMITED, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for onward transmission to the purchaser(s) or the transferee(s).

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

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer.



**Zhong Jia (International) Investment  
Construction Company Limited**

*(Incorporated in the BVI with limited liability)*

**Hailan Holdings Limited**

**海藍控股有限公司**

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

**(Stock code: 2278)**

**COMPOSITE DOCUMENT RELATING TO  
PROPOSED PRIVATISATION  
BY WAY OF  
VOLUNTARY CONDITIONAL CASH OFFER BY  
YU MING INVESTMENT MANAGEMENT LIMITED  
ON BEHALF OF  
ZHONG JIA (INTERNATIONAL) INVESTMENT  
CONSTRUCTION COMPANY LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
HAILAN HOLDINGS LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED AND/OR AGREED  
TO BE ACQUIRED BY THE OFFEROR  
AND PARTIES ACTING IN CONCERT WITH IT)**

*Financial Adviser to the Offeror*



YU MING INVESTMENT MANAGEMENT LIMITED  
馮銘投資管理有限公司

*Independent Financial Adviser to the Independent Board Committee*



**Pelican Financial Limited**

Capitalised terms used in this cover page shall have the same meanings as those defined in this Composite Document.

A letter from Yu Ming containing, among other things, the details of the terms and conditions of the Offer are set out on pages 8 to 18 of this Composite Document. A letter from the Board is set out on pages 19 to 26 of this Composite Document. A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent Shareholders is set out on pages 27 to 28 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offer is set out on pages 29 to 60 of this Composite Document.

The procedures for acceptance and settlement of the Offer are set out on pages 61 to 68 in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer must be received by the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by no later than 4:00 p.m. on Monday, 3 July 2023, being the First Closing Date, or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the section headed "The Offer — Overseas Shareholders" in the "Letter from Yu Ming" and Appendix I to this Composite Document before taking any action. It is the responsibility of the Overseas Shareholders wishing to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consent and any registration or filing which may be required or the compliance with other necessary formalities, regulatory and/or legal requirement and the payment of any transfer or other taxes due in respect of such jurisdictions. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offer.

12 June 2023

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## EXPECTED TIMETABLE

*The expected timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company.*

2023

Despatch date of this Composite Document and the Form of Acceptance and commencement date of the Offer ( <i>Note 1</i> ) .....	Monday, 12 June
First Closing Date ( <i>Note 2</i> ) .....	Monday, 3 July
Latest time and date for acceptance of the Offer on the First Closing Date ( <i>Note 2</i> ).....	4:00 p.m. on Monday, 3 July
Announcement of the results of the Offer as at the First Closing Date to be posted on the website of the Stock Exchange .....	no later than 7:00 p.m. on Monday, 3 July
Latest date for posting of remittances in respect of valid acceptances received under the Offer on or before 4:00 p.m. on the First Closing Date assuming the Offer becomes or is declared unconditional in all respects on the First Closing Date ( <i>Note 3</i> ) .....	Wednesday, 12 July
Latest time and date by which the Offer can become or be declared unconditional as to acceptances ( <i>Note 4</i> ) .....	7:00 p.m. on Friday, 11 August

*Notes:*

1. The Offer is made on 12 June 2023, the date of this Composite Document, and is capable of acceptance on and from that date for the whole of the Offer Period.
2. The latest time and date for acceptances to be lodged under the Offer are 4:00 p.m. on Monday, 3 July 2023, being a date no less than 21 days from the date of this Composite Document, unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offer until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). The Offeror will issue an announcement in relation to any extension of the Offer, which will state either the next Offer Closing Date or, if the Offer is at that time unconditional as to acceptances, a statement that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.

Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant and who wish to accept the Offer should note the timing requirements for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures and any deadlines set by HKSCC Nominees Limited.

## EXPECTED TIMETABLE

3. Remittances in respect of the consideration for the Shares tendered under the Offer, less seller's ad valorem stamp duty payable, will be despatched to those Shareholders validly accepting the Offer by ordinary post at their own risk as soon as possible pursuant to Rule 20.1 of the Takeovers Code, but in any event within seven Business Days following (i) the Offer Unconditional Date; or (ii) the duly completed acceptance of the Offer and the relevant documents of title in respect of such acceptances are received by the Registrar complete and valid pursuant to Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code, whichever is later.
4. In accordance with the Takeovers Code, except with the consent of the Executive, the Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the Despatch Date. Accordingly, unless the Offer has previously become or been declared unconditional as to acceptances or has been extended with the consent of the Executive, the Offer will lapse at 7:00 p.m. on Friday, 11 August 2023.
5. If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:
  - (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the posting of remittances will remain at 4:00 p.m. on the same Business Day;
  - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

**All references to date and time contained in this Composite Document and the Form of Acceptance refer to Hong Kong date and time.**

## DEFINITIONS

*In this Composite Document, unless the context otherwise requires, the following terms shall have the following meanings:*

“acting in concert”	has the same meaning ascribed to it under the Takeovers Code
“associate(s)”	has the same meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	a business day is a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“Cayman Companies Act”	the Companies Act (as revised) of the Cayman Islands
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Closing Date”	being the First Closing Date, or if the Offer is extended, any subsequent closing date(s) as may be determined by the Offeror and jointly announced by the Offeror and the Company, with the consent of the Executive in accordance with the Takeovers Code
“Company”	Hailan Holdings Limited (海藍控股有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Main Board (Stock code: 2278)
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company together with the Form of Acceptance to the Shareholders in accordance with the Takeovers Code, containing, amongst other things, the detailed terms of the Offer
“Condition”	the condition to the Offer, as set out in the section headed “Condition to the Offer” in the letter from Yu Ming in this Composite Document
“controlling shareholder”	has the same meaning under the Listing Rules

## DEFINITIONS

“Despatch Date”	12 June 2023, being the date of despatch of this Composite Document to the Shareholders as required by the Takeovers Code
“Director(s)”	the director(s) of the Company
“Disinterested Shares”	all Shares other than those held by the Offeror and Offeror Concert Parties
“Encumbrances”	(i) any mortgage, charge, pledge, lien, hypothecation, encumbrances or other security arrangement of any kind; (ii) any option, equity, claim, adverse interest or other third party right of any kind; (iii) any arrangement by which any right is subordinated to any right of such third party; or (iv) any contractual right of set-off, including any agreement or commitment to create or procure to create, or to permit or suffer to be created or subsisted any of the above
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“First Closing Date”	3 July 2023, being the first closing date of the Offer in accordance to the Takeovers Code
“Form of Acceptance”	the form of acceptance and transfer of the Offer Shares in respect of the Offer accompanying this Composite Document
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees Limited”	a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

## DEFINITIONS

“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely Mr. Li Yong, Dr. Zhao Guoqing and Prof. Fan Conglai, established for the purpose of advising the Independent Shareholders in respect of the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer
“Independent Financial Adviser”	Pelican Financial Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation under the SFO authorised to carry out regulated activities of type 6 (advising on corporate finance), being the independent financial adviser appointed by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer
“Independent Shareholder(s)”	Shareholders other than the Offeror and the Offeror Concert Parties
“Joint Announcement”	the announcement jointly issued by the Offeror and the Company dated 8 May 2023 in relation to, among other things, the Offer
“Last Trading Day”	27 April 2023, the last trading day for the Shares prior to the trading halt of the Shares pending publication of the Joint Announcement
“Latest Practicable Date”	9 June 2023, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	Main Board of the Stock Exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Offer”	the voluntary conditional general cash offer being made by Yu Ming on behalf of the Offeror to acquire all the issued Shares (other than those Shares already owned and/or agreed to be acquired by the Offeror and Offeror Concert Parties)

## DEFINITIONS

“Offer Period”	has the meaning given to it under the Takeovers Code, being the period from 8 May 2023, being the date of the Joint Announcement, until the latest of: (1) the date when the Offer closes for acceptances (i.e. the Closing Date); (2) the date when the Offer lapses; and (3) the date when an announcement is made of the withdrawal of the Offer
“Offer Price”	the price at which the Offer is made, being HK\$3.36 per Offer Share
“Offer Share(s)”	all of the Share(s) in issue, other than those already owned and/or agreed to be acquired by the Offeror and/or Offeror Concert Parties
“Offer Unconditional Date”	the date on which the Offer becomes unconditional in all respects
“Offeror”	Zhong Jia (International) Investment Construction Company Limited, a company incorporated in the BVI with limited liability, which is wholly-owned by Mr. Yeung Man
“Offeror Concert Parties”	persons acting in concert with the Offeror and/or Mr. Yeung Man
“Overseas Shareholder(s)”	Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong
“PRC”	the People’s Republic of China, for the purpose of this Composite Document only, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Registrar”	Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, with its address at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong
“Relevant Period”	the period commencing on 8 November 2022, being the date of falling six months before commencement of the Offer Period, up to and including the Latest Practicable Date
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong

## DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares from time to time
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC
“trading day”	a day when the Stock Exchange is open for trading in Hong Kong
“Yu Ming”	Yu Ming Investment Management Limited, a corporation licensed under the Securities and Futures Ordinance to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management), and a company incorporated in Hong Kong with limited liability, being the financial adviser of the Offeror in respect of the Offer
“%”	per cent.

*Notes:*

1. Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustments.
2. The singular includes the plural and vice versa, unless the context otherwise requires.
3. References to any appendix, paragraph and any sub-paragraphs of them are references to the appendices to, and paragraphs of, this Composite Document and any sub-paragraphs of them respectively.
4. References to any statute or statutory provision include a statute or statutory provision which amends, consolidates or replaces the same whether before or after the date of this Composite Document.
5. Reference to one gender is a reference to all or any genders.

## LETTER FROM YU MING



YU MING INVESTMENT MANAGEMENT LIMITED  
禹銘投資管理有限公司

12 June 2023

*To the Independent Shareholders,*

Dear Sir or Madam,

**PROPOSED PRIVATISATION  
BY WAY OF  
VOLUNTARY CONDITIONAL CASH OFFER BY  
YU MING INVESTMENT MANAGEMENT LIMITED  
ON BEHALF OF  
ZHONG JIA (INTERNATIONAL) INVESTMENT  
CONSTRUCTION COMPANY LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
HAILAN HOLDINGS LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED AND/OR AGREED  
TO BE ACQUIRED BY THE OFFEROR  
AND PARTIES ACTING IN CONCERT WITH IT)**

### INTRODUCTION

After trading hours of the Stock Exchange on 27 April 2023, the Offeror informed the Board that Yu Ming will, on behalf of the Offeror, make a voluntary conditional cash offer to acquire all the Shares (other than those already owned or agreed to be acquired by the Offeror and Offeror Concert Parties).

Subject to the Offer becoming unconditional and satisfaction of the requirements under the Cayman Companies Act and the Takeovers Code, the Offeror intends to privatise the Company by exercising its right to compulsorily acquire those Offer Shares not already acquired by the Offeror under the Offer. If the Offeror completes the compulsory acquisition, the Company will become a wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of listing of the Shares from the Stock Exchange.

This letter forms part of the Composite Document and sets out, among other things, details of the Offer, reasons for and benefits of the Offer, and the Offeror's intentions in relation to the Group. Further details on the terms and the procedures for acceptance of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance. The Independent Shareholders are strongly advised to carefully consider the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee", the "Letter from the Independent Financial Adviser", the appendices to this Composite Document and the accompanying Form of Acceptance, and to consult their own professional advisers before reaching a decision as to whether or not to accept the Offer.

## LETTER FROM YU MING

### THE OFFER

Yu Ming, on behalf of the Offeror, hereby makes the Offer in compliance with the Takeovers Code on the following basis:

**For each Offer Share ..... HK\$3.36 in cash**

As at the Latest Practicable Date, the Company has 300,000,000 Shares in issue and there are no outstanding options, warrants, derivatives or securities convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

The Offer will be extended to all Shares in issue on the date on which the Offer is made, being the date of despatch of this Composite Document, and to any further Shares which are unconditionally allotted or issued after the date on which the Offer is made and before the date on which the Offer closes, other than those held by the Offeror or Offeror Concert Parties. The Shares to be acquired under the Offer shall be acquired fully-paid and free from all Encumbrances and together with all rights and benefit attaching or accruing to them, including the rights to receive in full all dividends and other distributions, if any, declared, made or paid by reference to a record date on or after the date on which the Offer is made, that is, the date of the posting of this Composite Document. As at the Latest Practicable Date, the Company confirmed that it has not declared any dividend and the Company does not intend to declare, make or pay any dividend or other distributions prior to the Closing Date.

Further terms of the Offer and the procedures for acceptance are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

### Condition to the Offer

The Offer to be made by the Offeror is subject to the only Condition that valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date in respect of such number of Offer Shares which would result in the Offeror holding at least 90% of the Offer Shares with the further proviso that, within that holding, the Offeror would also hold at least 90% of the Disinterested Shares.

As at the Latest Practicable Date, the Offer Shares and the Disinterested Shares comprise 75,000,000 Shares in issue.

The Condition is not waivable. If the Condition cannot be fulfilled by the Closing Date, the Offer will lapse.

As at the Latest Practicable Date, the Condition has not been satisfied.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offer or the fulfilment of the Condition in accordance with the Takeovers Code and the Listing Rules.

## LETTER FROM YU MING

**WARNING: Completion of the Offer is subject to the Condition being fulfilled. The issue of this Composite Document does not in any way imply that the Offer will be completed. The Offer may or may not become unconditional and will lapse if it does not become unconditional within the time period that complies with the Takeovers Code. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.**

### Comparison of value

The Offer Price of HK\$3.36 per Share represents:

- (i) a premium of approximately 5.00% over the closing price of HK\$3.20 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 5.00% over the average closing price of HK\$3.20 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 5.00% over the average closing price of approximately HK\$3.20 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 5.00% over the average closing price of approximately HK\$3.20 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately 6.33% over the closing price of HK\$3.16 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vi) a discount of approximately 60.19% to the adjusted unaudited net asset value attributable to owners of the Company of approximately HK\$8.44 per Share after taking into account of the property valuation as set out in Appendix III to this Composite Document; and
- (vii) a discount of approximately 3.17% to the audited consolidated net assets attributable to owners of the Company of approximately HK\$3.47 per Share as at 31 December 2022 calculated based on the information as set out in the Company's financial report for the year ended 31 December 2022.

### Highest and Lowest Share Prices

During the Relevant Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange was HK\$3.25 per Share on 6 June 2023 and HK\$2.25 per Share from 8 November 2022 to 11 November 2022, respectively.

## LETTER FROM YU MING

### **Offer consideration**

As at the Latest Practicable Date, the Company has 300,000,000 Shares in issue. Assuming that there is no change in the issued share capital of the Company and on the basis of the Offer Price of HK\$3.36 per Share, the entire issued share capital of the Company is valued at HK\$1,008,000,000.

As at the Latest Practicable Date, the Offeror and the Offeror Concert Parties are interested in 225,000,000 Shares, representing 75% of the total issued Shares. As a result, the total number of the Offer Shares will be 75,000,000 Shares. The total consideration payable by the Offeror under the Offer will be HK\$252,000,000.

### **Confirmation of financial resources**

The Offeror intends to finance the Offer by way of internal resources. Yu Ming has been appointed as the financial adviser to the Offeror in respect of the Offer and is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

### **Effect of accepting the Offer**

Subject to the satisfaction of the Condition, provided that valid acceptance forms and the relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and valid pursuant to Note 1 to Rule 30.2 of the Takeovers Code and have been received by the Registrar, by validly accepting the Offer, the Independent Shareholders would sell their tendered Shares to the Offeror free from all Encumbrances and together with all rights attaching to them, including the rights to receive in full all dividends and other distributions, if any, declared, made or paid by reference to a record date on or after the date on which the Offer is made, that is, the date of the posting of this Composite Document.

Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code.

### **Duration of the Offer**

The Offer is initially open for acceptance by Shareholders for at least 21 days from the date of despatch of this Composite Document, unless the Offer is withdrawn with the consent of the Executive and the Offeror is released from any obligation incurred thereunder.

### **Extension of the Offer**

The Offeror is not obliged to extend the Offer. However, if the Offer is extended and:

- (a) is not unconditional as to acceptances as at the date of such extension, the announcement of the extension must state the next Closing Date which must be one within the time period that complies with the Takeovers Code; or

## LETTER FROM YU MING

- (b) is unconditional as to acceptances as at the date of such extension, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such case, the Offeror must give Shareholders, who have not accepted the Offer at least 14 days' prior notice in writing before it may close the Offer.

If the Closing Date is extended, any reference in this Composite Document and in the accompanying Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent Closing Date.

### **Offer to remain open after becoming or being declared unconditional**

Pursuant to Rule 15.3 of the Takeovers Code, the Offer must remain open for not less than 14 days after the Offer has become or is declared unconditional as to acceptances or in all respects, in order to give Shareholders who have not accepted the Offer the opportunity to accept the Offer.

### **Final day rule**

The Offer will not be capable of becoming or being declared unconditional as to acceptances after 7:00 p.m. on Friday, 11 August 2023, being the 60th day after the date of despatch of this Composite Document, unless the Offeror has obtained prior consent of the Executive.

### **Overseas Shareholders**

The Offeror intends to make the Offer available to all the Independent Shareholders, including the Overseas Shareholders. However, the Offer is in respect of securities of an exempted company incorporated in the Cayman Islands and is subject to the procedural and disclosure requirements of Hong Kong which may be different from other jurisdictions. Overseas Shareholders who wish to participate in the Offer but with a registered address outside Hong Kong are subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offer. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such accepting Overseas Shareholder in respect of such jurisdictions).

**Any acceptance by any Shareholders and beneficial owners of the Offer Shares will be deemed to constitute a representation and warranty from such Shareholders to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.**

## LETTER FROM YU MING

### **Stamp duty**

Seller's Hong Kong ad valorem stamp duty on acceptances of the Offer at a rate of 0.13% (or part thereof) of (i) the consideration payable in respect of the relevant acceptance by the Independent Shareholders or (ii) if higher, the market value of the Shares, will be deducted from the cash amount payable by the Offeror to such Shareholders who accept the Offer (where the stamp duty calculated includes a fraction of HK\$1.00, the stamp duty would be rounded-up to the nearest HK\$1.00). The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

### **INFORMATION ON THE OFFEROR**

The Offeror is a company incorporated in the BVI with limited liability, its principal business is investment holding. The Offeror is wholly-owned by Mr. Yeung Man. Mr. Yeung Man is a controlling Shareholder and the founder of the Group. Mr. Yeung graduated from the Correspondence College of the Central School of the Communist Party of China (中國中共中央黨校), majoring in economics and management in December 1998. Mr. Yeung has over 20 years of experience in construction and real property management in the PRC. Mr. Yeung played a key management role in property construction projects who oversees property projects throughout the entire process, including land acquisition, construction planning and implementation, and sales after completion.

### **Reasons and benefits of the Offer**

#### *For Shareholders*

The Offer Price of HK\$3.36 per Share represents a premium of 5.00% over the closing price of HK\$3.20 per Share as quoted on the Stock Exchange on the Last Trading Date, and a premium of 6.33% over the closing price of HK\$3.16 per Share as quoted on the Stock Exchange on the Latest Practicable Date. The Offer Price also represents a premium of approximately 5.00% over the average closing prices of approximately HK\$3.20 per Share as quoted on the Stock Exchange for each of the 5, 10 and 30 trading days immediately prior to and including the Last Trading Date, respectively.

The Offer Price also represents a discount of 3.17% to the audited net asset value attributable to owners of the Company of approximately HK\$3.47 per Share as at 31 December 2022, and a discount of 60.19% to the adjusted unaudited net asset value attributable to owners of the Company of approximately HK\$8.44 per Share after taking into account of the property valuation as set out in Appendix III to this Composite Document.

## LETTER FROM YU MING

The average daily trading volume of the Shares for the six months up to and including the Last Trading Date was less than 1,000 Shares per day. The low trading liquidity of the Shares also makes it difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares. The Offeror intends to provide the Shareholders with an opportunity to realise their investment in the Company for cash at a compelling premium without any downward pressure on the Share price.

In addition, real estate industry in the PRC is suffering a significant decline, leading to plummeting land and sales markets. Majority of property enterprises with high leverage ratios were forced to lower prices to promote sales, which further accelerated the decline in property prices, and the Group expects to see further headwinds affecting its business activities. Accordingly, for some Shareholders, given the current status of the property market in the PRC and the uncertainty on the timing of a recovery, they may find the Offer particularly timely.

While the Offer Price is at a discount to the audited net asset value and adjusted unaudited net asset of the Group, it is important to note that the Group's assets primarily consist of properties intended for sale, held for investment, under development, or future development. These assets are characterised by their high illiquidity, as such, the comparison of audited net asset value and adjusted unaudited net asset has limited relevancy to the Offer Price. Instead, the Offer Price should be assessed with reference to the current market condition, ie the prevailing market price of the Shares.

As a result, the Offer provides an attractive opportunity for the Shareholders to monetise their investment at a premium to the prevailing market price of the Shares or switch investment of their holding in the Shares into securities of other companies with better prospects or higher share trading volume, which they might not be able to do so currently because of the thin trading volume of the Shares.

### *For the Company*

The Company has not been able to raise equity capital lest diluting the interests of Shareholders, and the Company's current listing status on the Stock Exchange no longer serves as a sufficient source of funding for the Company's business and growth. The possible withdrawal of the listing (if applicable) will give the Group more flexibility to pursue its future business development.

### **Intentions of the Offeror in relation to the Company**

After completion of the Offer, it is the intention of the Offeror for the Group to maintain its existing principal businesses. As at the Latest Practicable Date, the Offeror has no intention to introduce major changes to the Group's existing business or redeploy any of its fixed assets or discontinue the employment of any employees of the Group. The Offeror will continue to consider how to develop the Group in a manner which best enhances efficiency and shareholder value and, in that regard, will consider reviewing and optimising its assets structure which will be dependent on a number of factors including market conditions, legal and regulatory requirements and its business needs. The Offeror does not intend to relist the Company on any other overseas stock exchanges.

## LETTER FROM YU MING

### INFORMATION ON THE GROUP

The Company is incorporated in the Cayman Islands with limited liability, the shares of which have been listed on the Stock Exchange since 15 July 2016. The Group is principally engaged in development and sales of properties as well as development and lease of properties in the PRC.

Your attention is drawn to the details of the information of the Group as set out under the section headed “Information on the Group” in the “Letter from the Board” and in Appendices II and V to this Composite Document which contain further financial and general information of the Group.

### POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING OF SHARES

Subject to compliance with the relevant requirements under Section 88 of the Cayman Companies Act, if the Offeror, within four months of the posting of the Composite Document, has received valid acceptances in respect of not less than 90% of the Offer Shares, the Offeror will have the right under Section 88 of the Cayman Companies Act to compulsorily acquire those Offer Shares not already owned or acquired by the Offeror under the Offer on the same terms as the Offer.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where the Offeror seeks to acquire or privatise the Company by means of the Offer and the use of the compulsory acquisition right under the Cayman Companies Act, such right may only be exercised if, in addition to satisfying the aforementioned requirements imposed by the Cayman Companies Act, acceptances of the Offer in respect of the Disinterested Shares and purchases of the Disinterested Shares made by the Offeror pursuant to the Offer during the period of four months after the posting of the Composite Document amount to not less than 90% of the Disinterested Shares.

Subject to satisfaction of requirements under Section 88 of the Cayman Companies Act and Rule 2.11 of the Takeovers Code, the Offeror intends to privatise the Company by exercising its right to compulsorily acquire those Offer Shares not already owned or acquired by the Offeror under the Offer. If the Offeror decides to exercise such right and completes the compulsory acquisition, the Company will become a wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15(1) of the Listing Rules.

**If the level of acceptances of the Offer reaches the prescribed level under the Cayman Companies Act required for compulsory acquisition and the requirements of Rule 2.11 of the Takeovers Code are satisfied, dealings in the Shares may be suspended from the Closing Date up to the withdrawal of listing of the Shares from the Stock Exchange pursuant to Rule 6.15(1) of the Listing Rules.**

## LETTER FROM YU MING

### LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares or (ii) there are insufficient Shares in the public hands to maintain an orderly market, the Stock Exchange will consider exercising its discretion to suspend trading in the Shares.

While it is the intention of the Offeror to privatise the Company, the Offeror's ability to exercise the rights of compulsory acquisition in respect of the Offer Shares is dependent on the level of acceptances of the Offer reaching the prescribed levels under the Cayman Companies Act and the requirements of Rule 2.11 of the Takeovers Code being satisfied. In the event that the Offeror is not able to effect the compulsory acquisition, the Offer will lapse, all Offer Shares tendered by accepting Independent Shareholders will be returned, hence the public float of the Company will remain unchanged and the Shares will remain listed on the Stock Exchange.

### ACCEPTANCES OF THE OFFER

#### Procedures for Acceptance

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms and conditions of the Offer.

The duly completed and signed Form of Acceptance, should be sent, together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, marked "Hailan Holdings Limited Offer" on the envelope, in any event not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.

No acknowledgment of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

Your attention is drawn to "Further terms and procedures of acceptance of the Offer" as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

## LETTER FROM YU MING

### **Settlement and share certificates**

Once the Offer has become, or has been declared, unconditional in all respects, settlement in cash in respect of acceptances of the Offer will be made as soon as possible pursuant to Rule 20.1 of the Takeovers Code, but in any event, within seven Business Days following the date of which (i) the Offer Unconditional Date; or (ii) the duly completed acceptance of the Offer and the relevant documents of title in respect of such acceptances are received by the Registrar complete and valid pursuant to Note 1 to Rule 30.2 of the Takeovers Code, whichever is later.

If the Offer is withdrawn or lapses, the Offeror will, as soon as possible but in any event within ten days thereof, post the share certificates lodged with the Form of Acceptance to, or make such share certificates available for collection by, those Independent Shareholders who accepted the Offer.

### **Nominee registration**

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold Offer Shares as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. In order for beneficial owners of Offer Shares, whose investments are registered in the names of nominees, to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their nominees.

### **Taxation advice**

Shareholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, the Offeror Concert Parties, the Company, Yu Ming, the Independent Financial Adviser, the Registrar or any of their ultimate beneficial owners, respective directors, officers, associates, agents or any other person involved in the Offer will be responsible for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

### **GENERAL**

All documents and remittances will be sent to the Independent Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members, in case of joint holders whose name appear first in the said register of members, unless otherwise specified in the accompanying Form of Acceptance completed, returned and received by the Registrar. None of the Offeror, the Offeror Concert Parties, the Company, Yu Ming, the Independent Financial Adviser, the Registrar or any of their ultimate beneficial owners, respective directors, officers, associates, agents or any other person involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

## LETTER FROM YU MING

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee” and the letter of advice by the Independent Financial Adviser to the Independent Board Committee as set out in the “Letter from the Independent Financial Adviser” contained in this Composite Document.

Yours faithfully,  
For and on behalf of  
**Yu Ming Investment Management Limited**  
**Warren Lee**  
*Managing Director*

LETTER FROM THE BOARD



**Hailan Holdings Limited**

**海藍控股有限公司**

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

**(Stock code: 2278)**

*Executive Directors:*

Ms. Zhou Li (*Chairperson*)  
Ms. Fan Wenyi  
Mr. Chen Xiang  
Mr. Jia Bin

*Registered office:*

Windward 3, Regatta Office Park  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

*Independent non-executive Directors:*

Mr. Li Yong  
Dr. Zhao Guoqing  
Prof. Fan Conglai

*Headquarters and principal place of  
business in the PRC:*

2/F, No. 1 Building Hampton by Hilton  
No. 169 Yu Lin Road  
Tianya District Sanya  
Hainan Province  
PRC

*Principal place of business  
in the Hong Kong:*

Room 1603, 16/F, China Building  
29 Queen's Road Central  
Central, Hong Kong

12 June 2023

*To the Independent Shareholders,*

Dear Sir or Madam,

**PROPOSED PRIVATISATION  
BY WAY OF  
VOLUNTARY CONDITIONAL CASH OFFER BY  
YU MING INVESTMENT MANAGEMENT LIMITED  
ON BEHALF OF  
ZHONG JIA (INTERNATIONAL) INVESTMENT  
CONSTRUCTION COMPANY LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
HAILAN HOLDINGS LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED AND/OR AGREED  
TO BE ACQUIRED BY THE OFFEROR  
AND PARTIES ACTING IN CONCERT WITH IT)**

## **LETTER FROM THE BOARD**

### **INTRODUCTION**

Reference is made to the Joint Announcement pursuant to which the Offeror and the Company jointly announced on 8 May 2023 that the Offeror informed the Board that Yu Ming will, on behalf of the Offeror, make a voluntary conditional cash offer to acquire all the Shares (other than those already owned and/or agreed to be acquired by the Offeror and Offeror Concert Parties).

Subject to the Offer becoming unconditional and satisfaction of the requirements under the Cayman Companies Act and the Takeovers Code, the Offeror informed the Board that it intended to privatise the Company by exercising its right to compulsorily acquire those Offer Shares not already acquired by the Offeror under the Offer.

This letter forms part of this Composite Document and sets out, amongst other things, certain background information of the Group, details of the Offer, the reasons for making the Offer and the intentions of the Offeror in relation to the Group. Further details on the terms of the Offer are set out in the “Letter from Yu Ming” and Appendix I to this Composite Document and in the accompanying Form of Acceptance.

The purpose of this Composite Document is to provide you with, among other things, (i) information relating to the Group and the Offeror; (ii) further details of the Offer; (iii) a letter of recommendation from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the terms of the Offer and as to the acceptance of the Offer; and (iv) a letter of advice from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee in respect of the Offer.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Board has established the Independent Board Committee, comprising Mr. Li Yong, Dr. Zhao Guoqing and Prof. Fan Conglai, being all the independent non-executive Directors, to make a recommendation to the Independent Shareholders as to whether the Offer is fair and reasonable and as to its acceptance. Pursuant to Rule 2.8 of the Takeovers Code, members of the Independent Board Committee are all non-executive Directors who have no direct or indirect interest in the Offer other than their interest in the Shares (if any).

As announced by the Company on 12 May 2023, with the approval of the Independent Board Committee, Pelican Financial Limited has been appointed by the Company as its Independent Financial Adviser to advise the Independent Board Committee on (i) whether the Offer is, or is not, fair and reasonable; and (ii) as to acceptance.

## LETTER FROM THE BOARD

### THE OFFER

Yu Ming will, on behalf of the Offeror, make the Offer in compliance with the Takeovers Code on the following basis:

**For each Offer Share ..... HK\$3.36 in cash**

As at the Latest Practicable Date, the Company had 300,000,000 Shares in issue and there were no outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

The Offer will be extended to all Shares in issue on the date on which the Offer is made, being the date of despatch of this Composite Document, and to any further Shares which are unconditionally allotted or issued after the date on which the Offer is made and before the date on which the Offer closes, other than those held by the Offeror or Offeror Concert Parties. The Shares to be acquired under the Offer shall be acquired fully-paid and free from all Encumbrances and together with all rights and benefit attaching or accruing to them, including the rights to receive in full all dividends and other distributions, if any, declared, made or paid by reference to a record date on or after the date on which the Offer is made, that is, the date of the posting of this Composite Document. As at the Latest Practicable Date, the Company confirmed that it has not declared any dividend and the Company does not intend to declare, make or pay any dividend or other distributions prior to the Closing Date.

Further terms of the Offer and the procedures for acceptance are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

### Condition to the Offer

The Offer to be made by the Offeror is subject to the only Condition that valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date in respect of such number of Offer Shares which would result in the Offeror holding at least 90% of the Offer Shares with the further proviso that, within that holding, the Offeror would also hold at least 90% of the Disinterested Shares.

As at the Latest Practicable Date, the Offer Shares and the Disinterested Shares comprise 75,000,000 Shares in issue.

The Condition is not waivable. If the Condition cannot be fulfilled by the Closing Date, the Offer will lapse.

As at the Latest Practicable Date, the Condition has not been satisfied.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offer or the fulfilment of the Condition in accordance with the Takeovers Code and the Listing Rules.

## LETTER FROM THE BOARD

**WARNING: Completion of the Offer is subject to the Condition being fulfilled. The issue of this Composite Document does not in any way imply that the Offer will be completed. The Offer may or may not become unconditional and will lapse if it does not become unconditional within the period that complies with the Takeovers Code. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.**

### Comparison of value

The Offer Price of HK\$3.36 per Share represents:

- (i) a premium of approximately 5.00% over the closing price of HK\$3.20 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 5.00% over the average closing price of HK\$3.20 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 5.00% over the average closing price of approximately HK\$3.20 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 5.00% over the average closing price of approximately HK\$3.20 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately 6.33% over the closing price of HK\$3.16 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vi) a discount of approximately 60.19% to the adjusted unaudited net asset value attributable to owners of the Company of approximately HK\$8.44 per Share after taking into account of the property valuation as set out in Appendix III to this Composite Document; and
- (vii) a discount of approximately 3.17% to the audited consolidated net assets attributable to owners of the Company of approximately HK\$3.47 per Share as at 31 December 2022 calculated based on the information as set out in the Company's financial report for the year ended 31 December 2022.

### Highest and Lowest Share Prices

During the Relevant Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange was HK\$3.25 per Share on 6 June 2023 and HK\$2.25 per Share from 8 November 2022 to 11 November 2022, respectively.

## LETTER FROM THE BOARD

### Further details of the Offer

Further details of the Offer including, among others, the terms and conditions and the procedures for acceptance and settlement are set out in the “Letter from Yu Ming”, Appendix I to this Composite Document and the accompanying Form of Acceptance.

### INFORMATION ON AND THE INTENTIONS OF THE OFFEROR

Your attention is drawn to the sections headed the “Information on the Offeror” and “Intentions of the Offeror in relation to the Company” in the “Letter from Yu Ming” in this Composite Document.

As at the Latest Practicable Date, the Board understands that the Offeror intends to maintain the Group’s existing principal businesses, and has no intention to introduce major changes to the Group’s existing business or redeploy any of its fixed assets or discontinue the employment of any employees of the Group. The Offeror will continue to consider how to develop the Group in a manner which best enhances efficiency and shareholder value and, in that regard, will consider reviewing and optimising its assets structure which will be dependent on a number of factors including market conditions, legal and regulatory requirements and its business needs. The Offeror does not intend to relist the Company on any other overseas stock exchanges.

### INFORMATION ON THE GROUP

The Company is incorporated in the Cayman Islands with limited liability, Shares of which have been listed on the Main Board of the Stock Exchange since 15 July 2016. The Group is principally engaged in development and sales of properties as well as development and lease of properties in the PRC.

Summary of the audited consolidated financial results of the Company as extracted from the annual reports for the year ended 31 December 2022 and 2021 are set out below:

	<b>For the year ended 31 December</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	720,670	557,571	1,391,710
Profit/(Loss) before income tax	185,424	90,301	(474,894)
Profit/(Loss) for the year	<u>31,956</u>	<u>(41,720)</u>	<u>(627,853)</u>
Profit/(Loss) attributable to:			
Owners of the Company	64,034	15,448	(631,634)
Non-controlling interest	(32,078)	(57,168)	3,781
Basic earnings/(loss) per Share attributable to owners of the Company (expressed in RMB per Share)	0.21	0.05	(2.11)

## LETTER FROM THE BOARD

The audited consolidated net assets of the Group attributable to owners of the Company as at 31 December 2022 were approximately RMB921,199,000 (approximately HK\$1,040,954,870) which was equivalent to approximately HK\$3.47 per Share and the audited consolidated net assets of the Group attributable to owners of the Company as at 31 December 2021 were approximately RMB1,469,614,000 (approximately HK\$1,792,929,080) which was equivalent to approximately HK\$5.98 per Share.

Your attention is drawn to Appendices II and V to this Composite Document which contain further financial and general information of the Group.

### SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the completion of the Offer (assuming that the Offer is fully accepted by the Independent Shareholders):

	<b>As at the Latest Practicable Date</b>		<b>Immediately after the completion of the Offer (assuming that the Offer is fully accepted by the Independent Shareholders)</b>	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
The Offeror	224,325,000	74.78%	299,325,000	99.78%
Zhong Ze (International) Investment Limited	<u>675,000</u>	<u>0.22%</u>	<u>675,000</u>	<u>0.22%</u>
The Offeror and Offeror Concert Parties	225,000,000	75.00%	300,000,000	100.00%
Public Shareholders	<u>75,000,000</u>	<u>25.00%</u>	<u>—</u>	<u>—</u>
<b>Total</b>	<b><u>300,000,000</u></b>	<b><u>100.00%</u></b>	<b><u>300,000,000</u></b>	<b><u>100.00%</u></b>

*Note:* Mr. Yeung Man legally and beneficially owns the entire issued shares of the Offeror and Zhong Ze (International) Investment Limited (“**Zhong Ze (International)**”) and is deemed, or taken to be, interested in all the shares held by Offeror and Zhong Ze (International) for the purposes of Part XV of the SFO.

### POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING OF SHARES

Subject to compliance with the relevant requirements under Section 88 of the Cayman Companies Act, if the Offeror, within four months of the posting of the Composite Document, has received valid acceptances in respect of not less than 90% of the Offer Shares, the Offeror will have the right under Section 88 of the Cayman Companies Act to compulsorily acquire those Offer Shares not already owned or acquired by the Offeror under the Offer on the same terms as the Offer.

## LETTER FROM THE BOARD

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where the Offeror seeks to acquire or privatise the Company by means of the Offer and the use of the compulsory acquisition right under the Cayman Companies Act, such right may only be exercised if, in addition to satisfying the aforementioned requirements imposed by the Cayman Companies Act, acceptances of the Offer in respect of the Disinterested Shares and purchases of the Disinterested Shares made by the Offeror pursuant to the Offer during the period of four months after the posting of the Composite Document amount to not less than 90% of the Disinterested Shares.

Subject to satisfaction of requirements under Section 88 of the Cayman Companies Act and Rule 2.11 of the Takeovers Code, the Offeror intends to privatise the Company by exercising its right to compulsorily acquire those Offer Shares not already owned or acquired by the Offeror under the Offer. If the Offeror decides to exercise such right and completes the compulsory acquisition, the Company will become a wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15(1) of the Listing Rules.

If the level of acceptances of the Offer reaches the prescribed level under the Cayman Companies Act required for compulsory acquisition and the requirements of Rule 2.11 of the Takeovers Code are satisfied, dealings in the Shares may be suspended from the Closing Date up to the withdrawal of listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

### **FURTHER INFORMATION**

You are recommended to read this Composite Document and the accompanying Form of Acceptance for information relating to the terms of the Offer and procedures for acceptance and settlement of the Offer.

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

In considering what action to take in connection with the Offer, you should consider your own tax positions, if any, and, in case of any doubt, consult your professional advisers.

## LETTER FROM THE BOARD

### RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out in this Composite Document, which contains its recommendation to the Independent Shareholders in respect of the Offer. Your attention is also drawn to the letter from the Independent Financial Adviser in this Composite Document, which contains its advice to the Independent Board Committee in respect of the Offer and the principal factors and reasons it has considered before arriving at its advice to the Independent Board Committee. You are also advised to read this Composite Document and the accompanying Form of Acceptance in respect of the acceptance and settlement procedures of the Offer.

Yours faithfully,  
By order of the Board of  
**Hailan Holdings Limited**  
**Jia Bin**  
*Executive Director*



**Hailan Holdings Limited**

**海藍控股有限公司**

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

**(Stock code: 2278)**

12 June 2023

*To the Independent Shareholders,*

Dear Sir or Madam,

**PROPOSED PRIVATISATION  
BY WAY OF  
VOLUNTARY CONDITIONAL CASH OFFER BY  
YU MING INVESTMENT MANAGEMENT LIMITED  
ON BEHALF OF  
ZHONG JIA (INTERNATIONAL) INVESTMENT  
CONSTRUCTION COMPANY LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
HAILAN HOLDINGS LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED AND/OR AGREED  
TO BE ACQUIRED BY THE OFFEROR  
AND PARTIES ACTING IN CONCERT WITH IT)**

We refer to the Composite Document dated 12 June 2023 jointly issued by the Offeror and the Company, of which this letter forms part, in connection with the Offer. Unless the context otherwise requires, terms defined in the Composite Document shall have the same meanings when used in this letter.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Offer and to make a recommendation to the Independent Shareholders as to whether, in our opinion, the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned and to make a recommendation as to acceptance.

Pelican Financial Limited has been appointed as the Independent Financial Adviser to advise us in this respect. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the “Letter from the Independent Financial Adviser” on pages 29 to 60 of the Composite Document. We also wish to draw your attention to, and advise you to read, the “Letter from the Board” on pages 19 to 26 of the Composite Document, the “Letter from Yu Ming” on pages 8 to 18 of the Composite Document and the appendices to the Composite Document.

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We, being the members of the Independent Board Committee, have declared that, we are independent and do not have any conflict of interest in respect of the Offer or any direct or indirect interest therein and are therefore able to consider the terms of the Offer and to make recommendations to the Independent Shareholders.

### RECOMMENDATION

The Independent Financial Adviser has advised the Independent Board Committee that it considers the terms of the Offer to be fair and reasonable so far as the Independent Shareholders are concerned, and accordingly it recommends the Independent Board Committee to recommend the Independent Shareholders to accept the Offer. The Independent Board Committee, having been so advised, considers the terms of the Offer to be fair and reasonable so far as the Independent Shareholders are concerned, and accordingly, recommends the Independent Shareholders to accept the Offer.

Independent Shareholders, in particular those who intend to accept the Offer, are reminded that there is no guarantee that the current market price of the Shares will or will not sustain and will or will not be higher than the Offer Price during and after the Offer Period. The Independent Shareholders who intend to accept the Offer are reminded to closely monitor the market price and the liquidity of the Shares during the acceptance period of the Offer and shall, having regard to their own circumstances and investment objectives, consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares would be higher than that receivable under the Offer. They should also note that the Offer is conditional upon the Condition being satisfied. Accordingly, the Offer may or may not become unconditional.

Notwithstanding our recommendations, Independent Shareholders are strongly advised that their decision to realise or to hold their investment in the Company depends on their own individual circumstances and investment objectives. If in any doubt, Independent Shareholders should consult their own professional advisers such as licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser for professional advice.

Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as detailed in the Composite Document and the accompanying Form of Acceptance.

Yours faithfully,  
For and on behalf of  
*The Independent Board Committee*

**Mr. Li Yong**  
*Independent Non-executive  
Director*

**Dr. Zhao Guoqing**  
*Independent Non-executive  
Director*

**Prof. Fan Conglai**  
*Independent Non-executive  
Director*

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*The following is the text of a letter of advice from the Independent Financial Adviser regarding its advice on the terms of the Offer prepared for the purpose of incorporation into this Composite Document.*



### PELICAN FINANCIAL LIMITED

28/F, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong

12 June 2023

*To the Independent Board Committee and the Independent Shareholders of  
Hailan Holdings Limited*

Dear Sirs,

**(1) PROPOSED PRIVATISATION  
BY WAY OF  
VOLUNTARY CONDITIONAL CASH OFFER BY  
YU MING INVESTMENT MANAGEMENT LIMITED  
ON BEHALF OF  
ZHONG JIA (INTERNATIONAL) INVESTMENT  
CONSTRUCTION COMPANY LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
HAILAN HOLDINGS LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED AND/OR AGREED  
TO BE ACQUIRED BY THE OFFEROR  
AND PARTIES ACTING IN CONCERT WITH IT);  
AND  
(2) PROPOSED WITHDRAWAL OF LISTING OF THE SHARES**

#### INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the composite document of the Offeror and the Company dated 12 June (the “**Composite Document**”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

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Reference is made to the joint announcement on 8 May 2023 (the “**Joint Announcement**”), in relation to among other things, the Offer. After trading hours of the Stock Exchange on 27 April 2023, the Offeror informed the Board that Yu Ming will, on behalf of the Offeror, make a voluntary conditional cash offer to acquire all the Shares (other than those already owned and/or agreed to be acquired by the Offeror and Offeror Concert Parties).

Subject to the Offer becoming unconditional and satisfaction of the requirements under the Cayman Companies Act and the Takeovers Code, the Offeror intends to privatise the Company by exercising its right to compulsorily acquire those Offer Shares not already acquired by the Offeror under the Offer. If the Offeror completes the compulsory acquisition, the Company will become a direct wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of listing of the Shares from the Stock Exchange.

As at the Latest Practicable Date, the Company has 300,000,000 Shares in issue. There were no outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company. The Offeror and the Offeror Concert Parties held 75% of the total number of shares in issue of the Company.

The Offer to be made by the Offeror is subject to the only Condition that valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of such number of Offer Shares which would result in the Offeror holding at least 90% of the Offer Shares with the further proviso that, within that holding, the Offeror would also hold at least 90% of the Disinterested Shares.

The Condition is not waivable. If the Condition cannot be fulfilled by the Closing date, the Offer will lapse.

The Board currently consists of four executive directors and three independent non-executive directors. The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Li Yong, Dr. Zhao Guoqing and Prof. Fan Conglai, has been established to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and to make a recommendation to the Independent Shareholders as to whether to acceptance the Offer. The Independent Board Committee has approved our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on these matters.

Pelican Financial Limited (“**Pelican**”) is not connected to the Directors, chief executive or substantial shareholders of the Company, the Offeror, or any of their respective associates, any company controlled by any of them, or any party acting, or presumed to be acting, in concert with any of them, and therefore is considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. As at the Latest Practicable Date, we did not have any relationships or interest (including any financial or other professional advisor engagements) with the Company, the Offeror, the Offeror Concert Parties or any of their respective controlling shareholders, or any party acting, or presumed to be

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acting in concert with, or have control over any of them, that could be reasonably be regarded as a hindrance to Pelican's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Offer. In the last two years, there was no engagement between the Company and us. Apart from normal professional fees payable to us in connection with this appointment of us as the Independent Financial Adviser, no arrangement exists whereby Pelican will receive any fees or benefits from the Company or the Directors, chief executive or substantial shareholders of the Company or any of their respective associates, and we are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are eligible to give independent advice on the Offer.

Our role is to provide you with our independent opinion and recommendation as to (i) whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) whether the Independent Shareholders should accept the Offer.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee, we have performed relevant procedures and those steps which we deemed necessary in forming our opinions. Our procedures include, among other things, review of the relevant agreements, documents as well as information contained or referred to in the Composite Document and/or provided by the management of the Group and validation of such information, to an extent, to the relevant public information, statistics and market data, the relevant industry guidelines and rules and regulations as well as information, facts and representations provided, and the opinions expressed, by the Company, the Directors and/or the management of the Group. The documents reviewed include, but are not limited to the annual report of for the financial year ended 31 December 2022 (the "**2022 Annual Report**"), the Joint Announcement and the Composite Document. We have assumed that all information and representations that have been provided by the management of the Group, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Company, its management and/or the Directors, which have been provided to us.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than any information relating to the Offeror) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the respective directors of the Offeror in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statements in the Composite Document misleading.

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The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than any information relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the respective directors of the Company in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Composite Document, save and except for this letter of advice. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Composite Document and provided to us by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business and affairs or the future prospects of the Company and the Offeror or their respective shareholders, subsidiaries or associates (if applicable). The Company will notify the Shareholders of any material changes during the Offer Period as soon as possible in accordance with Rule 9.1 of the Takeovers Code. Independent Shareholders will also be notified of any material changes to such information provided and our opinion as soon as practicable throughout the Offer Period.

### PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In arriving at our opinion and recommendation with regard to the Offer, we have taken into account the principal factors and reasons set out below:

#### 1. Background of the Offer

After trading hours of the Stock Exchange on 27 April 2023, the Offeror informed the Board that Yu Ming will, on behalf of the Offeror, make a voluntary conditional cash offer to acquire all the Shares (other than those already owned and/or agreed to be acquired by the Offeror and Offeror Concert Parties).

#### 2. Principal terms of the Offer

##### *a. The Offer*

Pursuant to the Composite Document, the Offer is being made by Yu Ming, for and on behalf of the Offeror, in compliance with the Takeovers Code on the following basis:

**For each Offer Share ..... HK\$3.36 in cash**

As at the Latest Practicable Date, the Company has 300,000,000 Shares in issue. There were no outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company.

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The Offer will be extended to all Shares in issue on the date on which the Offer is made, being the date of despatch of the Composite Document, and to any further Shares which are unconditionally allotted or issued after the date on which the Offer is made and before the date on which the Offer closes, other than those held by the Offeror or Offeror Concert Parties. The Shares to be acquired under the Offer shall be acquired fully-paid and free from all Encumbrances and together with all rights and benefit attaching or accruing to them, including the rights to receive in full all dividends and other distributions, if any, declared, made or paid by reference to a record date on or after the date on which the Offer is made, that is, the date of the posting of the Composite Document. As at the Latest Practicable Date, the Company confirmed that it has not declared any dividend and the Company does not intend to declare, make or pay any dividend or other distributions prior to the Closing Date.

Further terms of the Offer and the procedures for acceptance are set out in Appendix I to the Composite Document and the accompanying Form of Acceptance.

### *b. Condition to the Offer*

The Offer to be made by the Offeror is subject to the only Condition that valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date in respect of such number of Offer Shares which would result in the Offeror holding at least 90% of the Offer Shares with the further proviso that, within that holding, the Offeror would also hold at least 90% of the Disinterested Shares.

As at the Latest Practicable Date, the Offer Shares and the Disinterested Shares comprise 75,000,000 Shares in issue.

The Condition is not waivable. If the Condition cannot be fulfilled by the Closing Date, the Offer will lapse.

As at the Latest Practicable Date, the Condition has not been satisfied.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offer or the fulfilment of the Condition in accordance with the Takeovers Code and the Listing Rules.

### *Offer consideration*

As at the Latest Practicable Date, the Company has 300,000,000 Shares in issue. Assuming that there is no change in the issued share capital of the Company and on the basis of the Offer Price of HK\$3.36 per Share, the entire issued share capital of the Company is valued at HK\$1,008,000,000.

As at the Latest Practicable Date, the Offeror and Offeror Concert Parties are interested in 225,000,000 Shares, representing 75% of the total issued Shares. As a result, the total number of the Offer Shares will be 75,000,000 Shares. The total consideration payable by the Offeror under the Offer will be HK\$252,000,000.

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### *Confirmation of financial resources*

The Offeror intends to finance the Offer by way of internal resources. Yu Ming has been appointed as the financial adviser to the Offeror in respect of the Offer and is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

For details on the terms of the Offer, please refer to the section headed “The Offer” in the Composite Document.

### **3. Information on the Group**

The Company is incorporated in the Cayman Islands with limited liability, the Shares of which have been listed on the Stock Exchange since 15 July 2016. The Group is principally engaged in development and sales of properties as well as development and lease of properties in the PRC.

#### *a. Financial performance*

Set out below is a summary of the financial information of the Group for the two financial years ended 31 December 2021 and 2022 as extracted from the 2022 Annual Report.

**Table 1: Summarised financial results of the Group**

	<b>As at 31 December 2021</b>	<b>As at 31 December 2022</b>
	(Audited)	(Audited)
	<i>RMB'000</i>	<i>RMB'000</i>
<i>Revenue</i>		
— Sales of properties	552,928	1,386,961
— Rental income from investment properties	4,643	4,749
<b>Total Revenue</b>	<b>557,571</b>	<b>1,391,710</b>
<b>Gross profit</b>	<b>299,694</b>	<b>436,711</b>
<b>Loss for the year</b>	<b>41,720</b>	<b>627,853</b>
Earnings/(Loss) per share attributable to owners of the Company ( <i>RMB per share</i> )	0.05	(2.11)

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According to the 2022 Annual Report, the Group recorded a total revenue of approximately RMB1,391.7 million for the year ended 31 December 2022 as compared to approximately RMB557.6 million for the year ended 31 December 2021, representing an increase of approximately 149.6%. Such increase in revenue was mainly attributable to the increase in sales of properties of approximately RMB1,387.0 million for the year ended 31 December 2022 as compared to approximately RMB552.9 million for the year ended 31 December 2021. The sales of properties accounted for approximately 99.7% of total revenue for the year ended 31 December 2022, which is the main source of revenue and growth momentum for the Group.

We noted from the 2022 Annual Report that the increase in the revenue from the sales of properties was primarily a result of the increase in the gross floor area (“GFA”) sold of delivered properties, which are completed real estate projects handed over to their respective buyers. Revenue is recognized and reported at the point when these properties are delivered. The GFA sold increased from 13,973.9 sq.m. in 2021 to 114,657.3 sq.m. in 2022, representing an increase of approximately 7.2 times. The significant growth can be primarily attributed to properties being delivered by projects located in the cities of Sanya, Zhanjiang, Foshan, and Nanjing in the PRC, as well as San Jose in the United States in 2022, whereas the properties being delivered in 2021 were only located in Sanya and Haikou. However, it is also noted that the average selling price of properties delivered experienced a decline. From our discussion with the Company, the average unit selling price of properties delivered in Zhanjiang, Foshan, and Nanjing, which contributed to more than 50% of the total sales of properties in 2022, were in the range of approximately RMB6,300 per sq.m. to RMB11,600 per sq.m.. The properties delivered in Sanya contributed approximately 33% of the total sales of properties in 2022 with average unit selling price ranging from approximately RMB21,700 per sq.m. to RMB37,500 per sq.m.. The properties delivered in San Jose in the United States, accounted for approximately 14% of total sales of properties in 2022 with an average unit selling price of approximately RMB86,000 per sq.m.. In comparison, the average unit selling price for properties delivered in Sanya and Haikou in 2021 were in the range of approximately RMB18,300 per sq.m. to RMB45,600 per sq.m. The decline in the overall average selling price of properties delivered in 2022 was mainly attributed to the higher sales contribution from locations with lower prices. This change in sales mix resulted in a lower average unit selling price for properties in 2022.

In addition, the Group recorded a loss of approximately RMB627.9 million for the year ended 31 December 2022, representing a significant increase of approximately RMB586.1 million from the loss of approximately RMB41.7 million for the year ended 31 December 2021. Such increase in loss was mainly attributable to certain projects under development in the Danzhou and Haikou regions in the Hainan Province of the PRC with carrying amounts of RMB2,035.7 million were written down by RMB693.0 million to their net realizable values in view of the expected decline in the unit selling price, which was based on the Company’s yearly assessment of the net realizable value of the properties under development, and for the regions with material impairments in value identified (i.e. the Danzhou and Haikou region), with reference to the independent valuation report prepared by external valuer, Cushman & Wakefield Limited, during the preparation of the 2022 Annual Report. From our discussion with the Company, while the

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assessment of the net realisable value of properties under development has been performed yearly for the purposes of preparing the annual reports, there were no material impairments identified in the past and hence no write down was made previously in this respect. The write down of the properties under development to net realisable value for the year ended 31 December 2022 was caused by a noticeable decline in the market price within those two regions at the end of 2022, leading to an independent valuation by an external valuer and hence the write down adjustments during the preparation of 2022 Annual Report. However, the Company has not identified any material difference between the expected unit selling price and the market price in other cities where the company has property projects during the aforementioned assessment, as such, no adjustments have been made for these other property projects.

Meanwhile, the consolidated assets and liabilities of the Group as at 31 December 2021 and 31 December 2022 as extracted from the 2022 Annual Report are summarized as follows:

### *b. Financial position*

**Table 2: Financial position of the Group**

	<b>As at 31 December 2021</b>	<b>As at 31 December 2022</b>
	(Audited)	(Audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Total assets		
— non-current assets	166,234	814,561
— current assets	8,759,479	7,883,981
	<b>8,925,713</b>	<b>8,698,542</b>
Total liabilities		
— non-current liabilities	1,660,306	1,852,060
— current liabilities	5,608,882	5,809,914
	<b>7,269,188</b>	<b>7,661,974</b>
<b>Net current assets</b>	<b>3,150,597</b>	<b>2,074,067</b>
<b>Net assets attributable to owners of the Company (the “NAV”)</b>	<b>1,469,614</b>	<b>921,199</b>

According to the 2022 Annual Report, the Group recorded total assets of approximately RMB8,698.5 million as at 31 December 2022, represented by non-current assets of RMB814.6 million and current assets of RMB7,884.0 million respectively.

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The non-current assets of the Group mainly comprised of (i) property, plant and equipment of approximately RMB208.7 million; (ii) investment properties of approximately RMB505.2 million; and (iii) trade and other receivables of approximately RMB37.7 million. The non-current assets of the Group increased from approximately RMB166.2 million to approximately RMB814.6 million, which was mainly due to (i) the leasing out of properties in the US under tenancy agreements upon completion, hence an amount of approximately RMB447.6 million was transferred from current asset as an inventory to non-current assets as an investment properties; and (ii) the transfer of approximately RMB177.0 million from current asset as properties under development to non-current assets as property, plant and equipment, and included in construction in progress because certain properties under development changed their purpose from being developed for sale to being developed as hotel in December 2022.

Meanwhile, the Group's current assets as at 31 December 2022 were mainly consisted of (i) properties under development of approximately RMB4,393.6 million; (ii) completed properties held for sale of approximately RMB1,914.6 million; (iii) cash and cash equivalents of approximately RMB1,078.1 million (including restricted cash of RMB483.5 million); and (iv) trade and other receivables of approximately RMB302.9 million. The current assets of the Group decreased from approximately RMB8,759.5 million to approximately RMB7,884.0 million was attributable to the abovementioned transfer of current assets to non-current assets and the write down of approximately RMB693.0 million in the value of properties under development.

On the other hand, the Group recorded total liabilities of approximately RMB7,662.0 million as at 31 December 2022, which mainly consisted of (i) contract liabilities of approximately RMB3,248.6 million; (ii) trade and other payables of approximately RMB1,863.1 million; and (iii) bank and other borrowings of approximately RMB1,815.9 million.

As such, the consolidated net current assets and net assets of the Group attributable to owners of the Company amounted to approximately RMB2,074.1 million and RMB921.2 million respectively, representing a decrease of approximately 34.2% and 37.3% from last year. The Group's current ratio, which was calculated by dividing its current assets by its current liabilities, was approximately 1.4 as at 31 December 2022 as compared with approximately 1.6 as at 31 December 2021, indicating the Company's decreased ability in meeting its short-term obligations during the period of time. As at 31 December 2022, the gearing ratio which was calculated by dividing total debt (including interest-bearing bank and other borrowings) by total equity was 175.2% as compared with approximately 99.3% as at 30 December 2021. The increase in the gearing ratio of the Group was mainly resulted from an increase of approximately RMB175.0 million in total debt and a decrease of approximately RMB620.0 million in equity due to the increase in losses for the year. Although the gearing ratio has increased, it is observed that this ratio of approximately 175.2% is in line with the average gearing ratio for property development companies listed in Hong Kong, as per their latest interim or annual reports, of approximately 178.2%.

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### *c. Industry overview and outlook*

As discussed in the section headed “Information on the Group” above, the Group is principally engaged in the development and sales of properties as well as development and lease of properties in the PRC. Considered that the Group generated more than 99% of its revenue in 2022 from the sales of property, we have conducted independent research with a primary focus on the property development market in the PRC, in order to further understand the market and prospects of the Group.

#### *Property development in the PRC*

Upon our review of research articles published by CRIC Research Center (“CRIC”)<sup>1</sup>, which is a specialized research division of E-House (China) Enterprise Holdings Limited (2048.HK) and a research organization in the field of research within the PRC property industry, in February<sup>2</sup> and April<sup>3</sup> 2023, economic performance of the PRC during the first quarter of 2023 exhibits signs of stabilization and gradual recovery. This improvement is attributed to various policies and measures aimed at stimulating the economy, which has gradually restored confidence in the property development market in the PRC. As a result, the property industry is expected to recover from the downturn in 2022 and maintain a modest upward trend overall as a whole. However, according to the data published by the National Bureau of Statistics<sup>4</sup> and the articles published by CRIC<sup>5</sup>, some second-tier and third-tier cities, including Haikou, Sanya and Danzhou, where approximately 90.5% of the properties of the Group in the PRC, in terms of market value as shown in the Valuation Report in Appendix III, are located, experienced a decline in both property sales revenue and GFA in April 2023 compared to that in March 2023. Furthermore, according to another article published by CRIC dated 1 June 2023<sup>6</sup> on the official website of China Real Estate Association, an association authorized by the Ministry of Construction of China, although there is an upward trend of property sales revenue from January 2023 to March 2023, the property sales revenue continuing the downward trend from April 2023, and showing a decline of 8% in May 2023. As such, the recovery in new home sales volume and growth rate in these second-tier and third-tier cities remains unstable and uncertain.

Based on the article published by CRIC in February 2023 as aforementioned (Please refer to note 2), while there are signs of market recovery in 2023, the properties delivery by property development companies is expected to remain slow in 2023 due to the financial liquidity and restructuring faced by many property development companies in the PRC and the lack of confidence among potential homebuyers in the market.

<sup>1</sup> CRIC Research Center is a research center recognised by the China Real Estate Association, an association authorised by the Ministry of Construction of China.

<sup>2</sup> Please refer to the research article published by CRIC, in February 2023 at <http://res1.xzires.com/cricbiz/92/92/83/dc-5ad1-4502-8868-f14b7b2327c6.pdf>.

<sup>3</sup> Please refer to the research article published by CRIC in April 2023 at <http://res1.xzires.com/cricbiz/f5/c4/66/ba-fcd0-4fee-8b4d-d896790a8419.pdf>.

<sup>4</sup> Please refer to the article published by the National Bureau of Statistics dated 17 May 2023 at [http://www.stats.gov.cn/sj/sjjd/202305/t20230517\\_1939607.html](http://www.stats.gov.cn/sj/sjjd/202305/t20230517_1939607.html) and <https://data.stats.gov.cn/easyquery.htm?cn=A01>.

<sup>5</sup> Please refer to the article published by CRIC dated 17 May 2023 at <http://www.cricchina.com/research/Details/710279>.

<sup>6</sup> Please refer to the article published by CRIC dated 1 June 2023 on the official website of China Real Estate Association, an association authorized by the Ministry of Construction of China at <http://www.fangchan.com/data/14/2023-06-01/7069843615656514293.html>.

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In summary, the economic development in China shows signs of stabilization and recovery, with the property development market gradually regaining confidence. However, based on the above, the recovery, particularly in the second-tier and third-tier cities, including cities such as Sanya, Haikou, Zhanjiang, and Danzhou where the Group operates, remains uncertain. Property development companies are still likely to face challenges in 2023 in improving their business performance.

In respect of the long-term development of the property development market in the PRC and the business development of the Group, we have considered the following macroeconomic and socio factors. Firstly, the long-term development of the property development market in the PRC is primarily driven by the growth of the population. The population growth rate in the PRC has recorded a downward trend from 5.58 per thousand in 2017 to 0.34 per thousand in 2021 and recorded negative 0.60 per thousand in 2022, it is expected that the population would start to shrink ahead of 2025, according to the National Health Commission of the PRC. On the other hand, the PRC government has reduced the strict policy on obtaining financing for the property developers,<sup>7</sup> given the PRC government's dedication to stabilising the PRC real estate market under the principle of "houses are for inhabitation, not for speculation".<sup>8</sup> Considering the above, we consider the outlook of the PRC real estate market in general to be cautiously positive in the long run.

### *Business outlook of the Group*

According to the 2022 Annual Report, the business of the Group was impacted by the COVID-19 pandemic, hindering the recovery of sales of properties to a certain extent. In 2022, the global economy faced various challenges, including a pandemic, shrinking demand, and supply shocks, which intensified the downward pressure on the PRC economy. Additionally, the property industry experienced a decline in profits and sluggish performance with plummeting land and sales markets, together with the high leverage ratios and looming debt maturities of the property companies, this situation adversely affected the capital flow for operations for most property companies.

According to CRIC monitoring data<sup>9</sup>, the overall supply of new properties in the property market in PRC from January to February 2023 showed a cumulative year-on-year decline of 14%, indicating a relatively low level of market recovery that remains uneven across different cities. While first-tier cities such as Guangzhou and Shenzhen have experienced an increase in transaction volumes, other second-tier and third-tier cities like Changzhou and Haikou experienced a slight decline in their year-on-year and month-on-month transaction volumes. The overall market environment remains uncertain, and the sustainability of any rebound is still in question. As stated in the 2022 Annual Report, the Group's main completed projects, accounted for approximately 56.7% of the saleable GFA that are not yet sold, are

<sup>7</sup> Please refer to the article dated 9 March 2023 on the official website of China Real Estate Association, an association authorized by the Ministry of Construction of China at <http://m.fangchan.com/data/133/2023-03-09/7039417091564572814.html>

<sup>8</sup> Please refer to the article dated 28 April 2023 on the official website of the PRC government at [https://www.gov.cn/yaowen/2023-04/28/content\\_5753652.htm](https://www.gov.cn/yaowen/2023-04/28/content_5753652.htm)

<sup>9</sup> Please refer to the research report published by CRIC dated 30 March 2023 at [https://mp.weixin.qq.com/s/6ITFexOjDo\\_Th94oXaB\\_UA](https://mp.weixin.qq.com/s/6ITFexOjDo_Th94oXaB_UA)

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located in second-tier and third-tier cities in the Hainan Province (including cities like Sanya, Haikou and Danzhou), which may face challenges in attracting buyers and generating revenue in 2023.

From our discussion with the management of the Group, we noted that while they share our cautious optimism about the overall property development market in the PRC in the long run, they also understand, and we concur, that there is a certain degree of uncertainty in second-tier and third-tier cities where the Group operates and will need to navigate challenges in the PRC property market and manage its projects under development carefully. We are aware that the property development market outlook is not the only factor in determining the fairness and reasonableness of the terms of the Offer, as additional factors such as the financial performance of the Company, the trading price and volume of the Shares are also key parts of the consideration. Hence, due to the challenges involved in selling properties in second-tier and third-tier cities in the PRC as discussed above, in making our recommendation regarding the Offer, we have placed greater emphasis on evaluating the terms of the Offer, namely the Offer Price, as discussed in the sections below.

#### **4. Reasons for and benefits of the Offer**

As set out in the section headed “Reasons and benefits of the Offer” in the Composite Document, the reasons for and the benefits of the Offer are as follows:

##### *For the Independent Shareholders*

The Offer gives the Independent Shareholders an opportunity to receive the Offer Price for their Offer Shares at a premium to the prevailing market price of the Shares. As discussed in the sub-section headed “Historical Share price analysis” under the section headed “Evaluation of the Offer Price” in this letter below, the Offer Price of HK\$3.36 is approximately 49.33% higher than the lowest closing price of HK\$2.25 per Share in the Relevant Period; and (ii) approximately 3.38% higher than the highest closing price of \$3.25 per Shares during the Relevant Period. While the Offer Price of HK\$3.36 is at a discount of about 7.69% and 30.58% over the average and highest closing prices of the Shares of HK\$3.64 and HK\$4.84 during our Review Period respectively, which may initially appear less appealing, it is noted that the Offer Price remains higher than the closing prices of the Shares since 26 October 2022 up to and including the Latest Practicable Date.

Considering the Shares’ limited trading volume, as analyzed in the section headed “Evaluation of the Offer Price” in this letter, the Offer would allow the Independent Shareholders to realise their investment in the Company for cash at a premium without any downward pressure on the Share price and to switch their investments from Shares to securities of other companies with higher share trading volume, which might not be otherwise possible because of the thin trading volume of the Shares. For some Independent Shareholders, given the fluctuations in the stock market and the uncertainty on the timing of economic recovery to pre-covid level in Hong Kong and the PRC, they may find the Offer particularly timely and convenient.

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### *For the Group*

As explained in the Composite Document, the trading volume of the Shares has been at a low level, where the average daily trading volume of the Shares per month/period over the total number of issued Shares was on average close to nil during the Review Period, as discussed in the section headed “Evaluation of the Offer Price” of this letter. The thin trading volume indicates low liquidity, which has limited the Company’s ability to raise capital through the issuance of new shares, prompting the Group to consider alternative strategies to support its growth and maintain its competitive position in the market.

As such, the lack of access to capital has constrained the Company’s ability to invest in new projects, pursue strategic acquisitions and expand its operations, of which the current listing status of the Company on the Stock Exchange no longer serves as a sufficient source of funding for the Company’s business and growth. At the same time, the cost of maintaining the Company’s listing status (including those associated with regulatory compliance, disclosure and publication of financial statements) had been on the rise, defeating the original purpose for listing.

### **5. Valuation of the Property Interests and the Adjusted NAV of the Group**

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

The valuation of the property interests of the Group, comprising (i) properties held for sale in the PRC; (ii) properties held for investment in the PRC; (iii) properties held under development in the PRC; (iv) properties held for future development in the PRC; and (v) properties held for investment in the US (collectively, the “**Properties**”), as at 31 March 2023 was conducted by Cushman & Wakefield, an independent valuer (the “**Valuer**”).

We have discussed with the Valuer to enquire about its experience in valuing similar property interests in the PRC and the US and its independence. We have also reviewed the terms of engagement of the Valuer, in particular its scope of work. We noted that its scope of work is appropriate to form the opinion required to be given and there are no limitations on the scope of work which might adversely affect the degree of assurance given by the Valuer in the Valuation Report set out in Appendix III to the Composite Document (the “**Valuation Report**”).

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

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As set out in the Valuation Report, the total market value of the Properties in the PRC and in the US in the existing state attributable to the Group as at 31 March 2023 was approximately RMB7,200.0 million and USD42.6 million respectively, which are set out below:

**Table 3: Market value of the Property Interests attributable to the Group**

	<b>Market value of the Properties in existing state attributable to the Group</b>
<b>Properties in the PRC (RMB)</b>	
Group I — Properties held for sale	1,447,163,400
Group II — Properties held for investment	42,290,100
Group III — Properties held under development	2,615,027,600
Group IV — Properties held for future development	3,095,516,608
<b>Sub-total</b>	<b>7,199,997,708</b>
<b>Properties in the US (USD)</b>	
Group V — Properties held for investment	42,600,000

As stated in the Valuation Report, the valuation is conducted in compliance with the standards and guidelines set out in the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors, Rule 11 of the Takeovers Code and Chapter 5 and Practice Note 12 of the Listing Rules. We have reviewed and discussed the property valuation with the Valuer regarding the methodology, basis and assumptions adopted in arriving at the values of the Properties. In particular, we have discussed with the Valuer to assess whether the approaches, being the market comparison method and the income capitalization method, are appropriate for each type of properties stated above. We have also reviewed the valuation methodologies adopted for different types of properties of certain property companies and noted that the methodologies adopted in the Valuation Report are usual.

We noted that the Valuer has relied on the Company's PRC legal adviser regarding the titles to the Properties and the interests of the Company in the Properties in the PRC. With reference to the legal opinion provided for the Properties in the PRC, the Valuer has valued the Properties on the basis that the Company has an enforceable title to each of the Properties, and has free and uninterrupted rights to use, occupy or assign the Properties for the whole of the respective unexpired land use term as granted and that any premium payable has already been fully paid. Also, according to the Valuation Report, in the course of its valuation of the Property in the US, it has relied on the information and advice given by the Company regarding the title and the interest of the Company in the Property in the US.

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We note that the Valuer has adopted the market comparison method in valuing Property Interests in Group I by way of assuming sale of each of these properties in its existing state by making reference to comparable sales transactions as available in the relevant market. We noted that such properties have been completed and are held by the Group for sale in the PRC. We understand the use of market comparison method is considered to be in line with market practice and is appropriate in this case mainly because the Properties are mostly residential units, commercial units and car parking spaces, and there are publicly available and comparable sales transactions and information.

In valuing Properties in Group II and Group V, which are completed properties held by the Group for investment purposes in the PRC and in the US, the Valuer has adopted income capitalization method on the basis of capitalization of rental incomes derived from the existing tenancies with due allowance for reversionary potential of the properties at appropriate capitalization rates; or where appropriate, market comparison method by making reference to comparable sale evidence as available in the relevant market. We have discussed and understand from the Valuer that when using income capitalization method, the Valuer has mainly made reference to lettings within the subject property as well as other relevant comparable rental evidence of properties of similar use type subject to appropriate adjustments including but not limited to location, accessibility, age, quality, size, time and other relevant factors. We understand these consideration factors are commonly used in the industry and would consider it reasonable.

We understand that the capitalisation rates adopted for the purpose of the valuation are based on the Valuer's analyses of the yields of properties of similar use type after due adjustments. We also understand such capitalisation rates are estimated with reference to the yields generally expected by the market for comparable properties of similar use type, which implicitly reflect the type and quality of the properties, the expectation of the potential future rental growth, capital appreciation and relevant risk factors. We are given to understand that the capitalisation rates adopted are in line with the market norm having regard to the analysed yields of transactions of the relevant use type.

In respect of the Properties in Groups III and IV, which are properties held by the Group under development and held for future development in the PRC respectively, we note that the Valuer has valued them on the basis that each of these properties will be developed and completed in accordance with the latest development scheme of the Group provided. In ascertaining a valuation for the Properties under these groups, the Valuer has assumed all consents, approvals and licences from the relevant government authorities for the development scheme have been obtained without onerous conditions or delays and that the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant authorities. We have discussed and understand that the Valuer has adopted the income capitalization method or market comparison method to assess the development value of the Properties in this group as if completed, where appropriate, and have also taken into account the incurred construction costs and the costs that will be incurred to complete the development to reflect the quality

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

of the completed development. We understand that the use of income capitalization method or market comparison method is in line with market practice for properties of this type and is therefore appropriate.

Taking into account the nature of the properties and that the valuation is conducted in accordance with the aforesaid requirements, we consider that the methodologies and basis adopted by the Valuer for determining the values of the Properties are appropriate, and can be relied upon in the evaluation of the Offer Price and the adjusted unaudited consolidated NAV discussed below in this letter.

### *(b) Adjusted NAV*

In evaluating the Offer, we have taken into account the adjusted unaudited consolidated NAV attributable to the Shareholders (the “**Adjusted NAV**”), which is calculated based on the audited consolidated NAV as at 31 December 2022, adjusted with reference to the increase in the valuation, based on the amount reported in the Valuation Report as at 31 March 2023, net of deferred tax effect. The Adjusted NAV per share was approximately HK\$8.44 per Share after taking into account the property valuation as set out in Appendix III to this Composite Document, representing a discount of approximately 60.19% compared to the Offer Price of HK\$3.36 per Share. Further analysis of this is set out in the section headed “Evaluation of the Offer Price” below.

## **6. Information on the Offeror**

The Offeror is a company incorporated in the BVI with limited liability, its principal business is investment holding. The Offeror is wholly-owned by Mr. Yeung Man. Mr. Yeung Man is a controlling Shareholder and the founder of the Group. Mr. Yeung graduated from the Correspondence College of the Central School of the Communist Party of China (中國中共中央黨校), majoring in economics and management in December 1998. Mr. Yeung has over 20 years of experience in construction and real property management in the PRC. Mr. Yeung played a key management role in property construction projects who oversees property projects throughout the entire process, including land acquisition, construction planning and implementation, and sales after completion.

## **7. Intention of the Offeror in relation to the Group**

According to the Board Letter, it is the intention of the Offeror for the Group to maintain its existing principal businesses. As at the Latest Practicable Date, the Offeror has no intention to introduce major changes to the Group’s existing business or redeploy any of its fixed assets or discontinue the employment of any employees of the Group. The Offeror will continue to consider how to develop the Group in a manner which best enhances efficiency and shareholder value and, in that regard, will consider reviewing and optimising its assets structure which will be dependent on a number of factors including market conditions, legal and regulatory requirements and its business needs. The Offeror does not intend to relist the Company on any other overseas stock exchanges.

## **8. Possible compulsory acquisition and withdrawal of listing of Shares**

Subject to compliance with the relevant requirements under Section 88 of the Cayman Companies Act, if the Offeror, within four months of the posting of the Composite Document, has received valid acceptances in respect of not less than 90% of the Offer Shares, the Offeror will have the right under Section 88 of the Cayman Companies Act to compulsorily acquire those Offer Shares not already owned or acquired by the Offeror under the Offer on the same terms as the Offer.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where the Offeror seeks to acquire or privatise the Company by means of the Offer and the use of the compulsory acquisition right under the Cayman Companies Act, such right may only be exercised if, in addition to satisfying the aforementioned requirements imposed by the Cayman Companies Act, acceptances of the Offer in respect of the Disinterested Shares and purchases of the Disinterested Shares made by the Offeror pursuant to the Offer during the period of four months after the posting of the Composite Document amount to not less than 90% of the Disinterested Shares.

Subject to satisfaction of requirements under Section 88 of the Cayman Companies Act and Rule 2.11 of the Takeovers Code, the Offeror intends to privatise the Company by exercising its right to compulsorily acquire those Offer Shares not already owned or acquired by the Offeror under the Offer. If the Offeror decides to exercise such right and completes the compulsory acquisition, the Company will become a direct wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15(1) of the Listing Rules.

If the level of acceptances of the Offer reaches the prescribed level under the Cayman Companies Act required for compulsory acquisition and the requirements of Rule 2.11 of the Takeovers Code are satisfied, dealings in the Shares may be suspended from the Closing Date up to the withdrawal of listing of the Shares from the Stock Exchange pursuant to Rule 6.15(1) of the Listing Rules.

## **9. Evaluation of the Offer Price**

In considering the fairness and reasonableness of the Offer Price, we have taken into account the following factors:

### ***a. Comparison of value***

The Offer Price of HK\$3.36 per Share represents:

- (i) a premium of approximately 5.00% over the closing price of HK\$3.20 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 5.00% over the average closing price of HK\$3.20 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;

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- (iii) a premium of approximately 5.00% over the average closing price of approximately HK\$3.20 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 5.00% over the average closing price of approximately HK\$3.20 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately 6.33% over the closing price of HK\$3.16 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vi) a discount of approximately 60.19% to the Adjusted NAV of approximately HK\$8.44 per Share after taking into account of the property valuation as set out in Appendix III to this Composite Document; and
- (vii) a discount of approximately 3.17% over the audited consolidated net asset value attributable to owners of the Company of approximately HK\$3.47 per Share as at 31 December 2022 calculated based on the information as set out in the Company's financial report for the year ended 31 December 2022.

As illustrated above, the Offer Price represents a premium over the recent closing prices of the Shares on the Stock Exchange, but a discount of approximately 3.17% to the NAV per Share as at 31 December 2022 and a discount of approximately 60.19% to the Adjusted NAV per Share.

However, while the Offer Price is at a discount to the NAV per Share and the Adjusted NAV per Share, it is important to note that the assets of the Group are mostly illiquid, consisting primarily of properties held for sales, properties held for investments, properties under development and properties held for future development. As such, the relevance of comparing the Offer Price to the NAV per Share and Adjusted NAV per Share is limited due to the difficulty in realizing the value of these illiquid assets. Instead, we believe the Offer Price should be evaluated with reference to the current market condition, specifically the prevailing market price of the Shares.

### ***b. Historical Share price analysis***

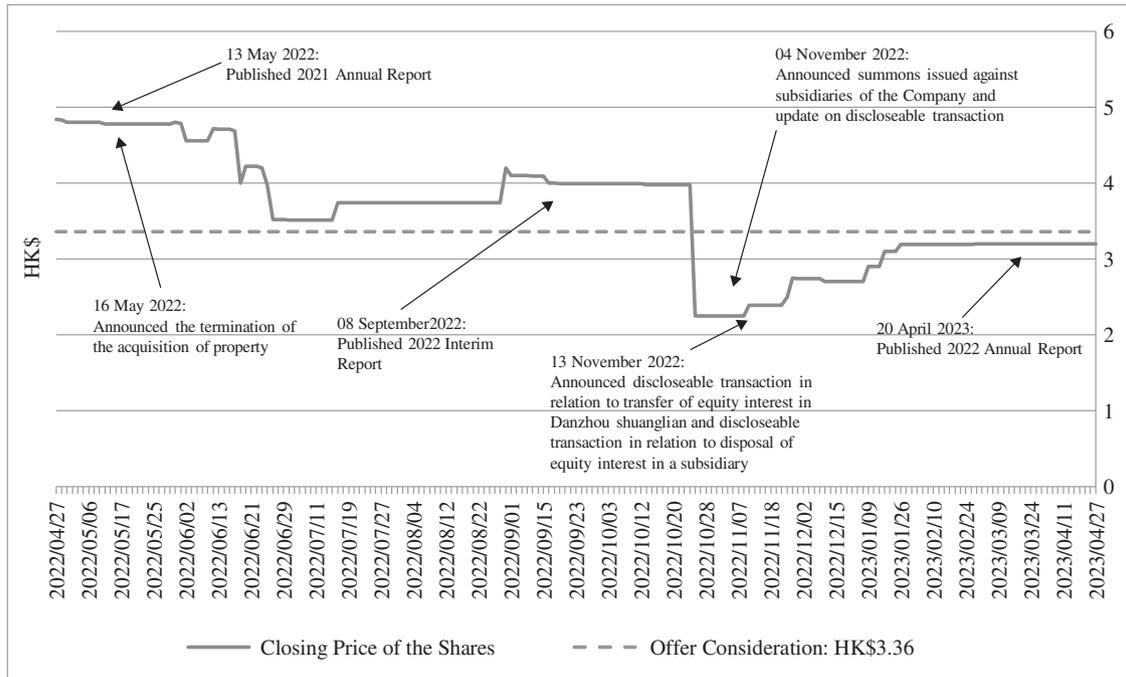
As set out in the Composite Document, the lowest and highest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period, which is the six-month period immediately preceding the commencement of the Offer Period, was HK\$2.25 per Share from 8 November 2022 to 11 November 2022 and HK\$3.25 per Share on 6 June 2023, respectively. As such, the Offer Price of HK\$3.36 per Share is (i) approximately 49.33% higher than the lowest closing price of HK\$2.25 per Share in the Relevant Period; and (ii) approximately 3.4% higher than the highest closing price of \$3.25 per Shares during the Relevant Period.

In analysing the Offer Price and comparing it against the historical daily closing prices of the Shares as quoted on the Stock Exchange, we have adopted a longer sampling period, namely the period from 27 April 2022 up to and including the Last Trading Day

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(the “**Review Period**”). We consider such review period of approximately 12 months to the Latest Trading Date adequate as it represents a reasonable period to provide a general overview of the recent price performance of the Shares. The following chart sets out the daily closing prices of the Shares on the Stock Exchange during the Review Period:

**Chart 1: Historical daily closing prices of Shares during the Review Period**



*Source: the website of the Stock Exchange*

As shown in the above chart, during the Review Period, the closing prices of the Shares ranged from HK\$2.25 to HK\$4.84, at an average of approximately HK\$3.64. The Offer Price of HK\$3.36 is therefore at a discount of about 7.69% and 30.58% over the average and highest closing prices of the Shares during such period, respectively.

We noted that the closing Share prices generally fluctuated within the region of HK\$3.98 to HK\$4.84 from 27 April 2022 to 25 October 2022, then it had experienced a sharp decline from HK\$3.98 on 25 October 2022 to its lowest point of HK\$2.25 per Share on the next day, which persisted until 11 November 2022. Having discussed it with the Company, it was suggested that this significant drop in the Share prices may have been attributed to a legal dispute involving the subsidiary companies, Jiangxi Hailan and Hainan Shiye Guangzhou Co., Limited, which has not been resolved as of the Latest Practicable Date. However, the Group is of the view that the litigation, although not resolved, is not material to the Group. Subsequently, the Share price exhibited an upward trend from mid-November onwards and remained at HK\$3.20 since January 2023.

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### *Historical discounts of the Share prices to the NAV per Share*

As illustrated in the above sub-section headed “Comparison of value”, the Offer Price of HK\$3.36 per Offer Share represents a discount to both the NAV per Share as at 31 December 2022 and Adjusted NAV per Share. In further assessing the fairness and reasonableness of the Offer Price, we have also reviewed, as set out in Table 5 below, the monthly/periodic average closing prices of the Shares and the discounts represented by them to the then latest NAV per Share for the period, during the Review Period.

**Table 5: Historical discounts of the Share prices to the then NAV per Share**

Period	Monthly/ periodic average closing price of the Shares HK\$	Published NAV per Share (Note 1) HK\$ equivalent	(Discount) of the monthly average closing price of the Shares to the then NAV per Share Approximately %
<b>2022</b>			
April	4.97	5.54	(10.22%)
May	4.79	5.54	(13.47%)
June	4.29	5.54	(22.50%)
July	3.64	5.44	(33.10%)
August	3.76	5.44	(30.89%)
September	4.03	5.44	(25.93%)
October	3.64	5.44	(33.10%)
November	2.37	5.44	(56.44%)
December	2.72	5.44	(50.01%)
<b>2023</b>			
January	2.99	3.47	(13.83%)
February	3.19	3.47	(8.07%)
March	3.20	3.47	(7.78%)
April (up to and including the Last Trading Day)	3.20	3.47	(7.78%)
<b>Minimum</b>			(7.78%)
<b>Average</b>			(24.08%)
<b>Maximum</b>			(56.44%)

*Source: the website of the Stock Exchange*

*Note 1:* Based on the total equity attributable to the owners of the Company as extracted from the Company’s respective latest published annual report or interim report prior to the respective month (assuming that the total equity attributable to the owners of the Company stays consistent for the respective periods), then divided by the total number of Shares in issue as at the respective year/period-end date.

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As set out in Table 5 above, during the Review Period, the monthly/periodic average closing prices of the Shares had been trading to the then NAV per Share within a range of a discount of approximately 7.78% and 56.44%, with average discount of approximately 24.08%. The Offer Price of HK\$3.36 per Share represents a discount of approximately 3.17% to the NAV per Share of approximately HK\$3.47 as of 31 December 2022, which is lower than the aforementioned range, and the discount of approximately 60.19% represented by the Offer Price to the Adjusted NAV per Share is slightly higher than the high end of the range of 56.44% by approximately 3.75%.

### *c. Liquidity of the Shares*

In addition to the above analysis, we have also reviewed the trading liquidity of the Shares during the Review Period. The table below sets out the trading volume of the Shares on the Stock Exchange during the Review Period.

**Table 6: Historical monthly trading volume of the Shares during the Review Period**

Months/Periods	Number of trading days	Average daily trading volume (Note 1)	Approximate % of average daily trading volume to total issued shares (Note 2)	Approximate % of average daily trading volume to the public float of the Company (Note 3)
<b>2022</b>				
April	15	200	0.000%	0.000%
May	20	450	0.000%	0.001%
June	21	2,238	0.001%	0.003%
July	19	526	0.000%	0.001%
August	21	952	0.000%	0.001%
September	18	0	0.000%	0.000%
October	20	1,650	0.001%	0.002%
November	15	733	0.000%	0.001%
December	10	2,000	0.001%	0.003%
<b>2023</b>				
January	13	2,385	0.001%	0.003%
February	11	818	0.000%	0.001%
March	14	0	0.000%	0.000%
April (up to and including the Last Trading Day)	10	0	0.000%	0.000%
<b>Minimum</b>			0.000%	0.000%
<b>Average</b>			0.000%	0.001%
<b>Maximum</b>			0.001%	0.003%

Source: the website of the Stock Exchange

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*Notes:*

1. Average daily trading volume is calculated by dividing the total trading volume of the Shares for the month/period by the number of trading days during the month/period.
2. The calculation is based on the average daily trading volumes of the Shares divided by the total number of issued Shares at the end of each month/period, as applicable.
3. The calculation is based on the average daily trading volumes of the Shares divided by the total number of issued Shares excluding those held by the Offeror and its concert parties at the end of each month/period, as applicable.

From the table above, which outlines the average daily trading volume of the Shares as a percentage to the total issued Shares and to the public float of the Company respectively, we note that the average daily trading volume of the Shares has been very thin. During the Review Period, the average daily trading volume of the Shares per month/period over the total number of issued Shares was between approximately nil and 0.001%, at an average close to nil. Similarly, the average daily trading volume of the Shares per month/period over the total number of issued Shares held by the Independent Shareholders was between approximately nil and 0.003%, at an average of approximately 0.001%, which we consider as very low.

Given the historical thin trading volume of the Shares, it is uncertain whether there would be sufficient liquidity in Shares for the Independent Shareholders to dispose of a significant number of the Shares in the open market without causing an adverse impact on the market price of the Shares. The Offer, therefore, represents an opportunity for the Independent Shareholders, particularly for those who hold a large volume of Shares, to dispose of their entire holdings at the Offer Price if they so wish.

*d. Share valuation analysis*

In assessing the fairness and reasonableness of the Offer Price, we have identified an exhaustive list of companies listed on the Stock Exchange which (i) are principally engaged in property development and generated more than 50% of their revenue from the PRC in their respective latest financial year before the Last Trading Day; and (ii) have market capitalisation ranging from HK\$800 million to HK\$1.5 billion on the Last Trading Day, which are more comparable to the market capitalisation of the Company of HK\$960 million on the Last Trading Day. Based on the aforesaid criteria, we have identified 13 companies (the “**Comparable Companies**”).

We consider our selection criteria and the Comparable Companies as fair and reasonable, given that (i) they are all engaged in the property sector as the Group does; (ii) they generate more than 50% of their revenue from the PRC; and (iii) their sizes are generally comparable to that of the Group in terms of market capitalisation implied by the Offer Price of approximately HK\$1,008.0 million (the “**Implied Market Capitalisation**”).

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We have not considered the price-to-earnings ratios (“**P/E Ratios**”) of the Comparable Companies in conducting our analysis because the Group and more than half of the Comparable Companies were at a loss position during their latest financial year and did not have a P/E Ratio for comparison. Additionally, we have not considered the price-to-sales ratios (“**P/S Ratios**”) of the Comparable Companies in our analysis. Due to the cyclical nature of the Company’s revenue, the P/S Ratios become less meaningful for comparison. As such, we are of the view that the price-to-book ratios (the “**P/B Ratios**”), rather than the P/E Ratios or P/S Ratios, of the Comparable Companies are more suitable references for our analysis of the Offer Price.

While the P/B Ratios of the Comparable Companies are derived based on their closing share prices as at the Last Trading Day and their latest published annual reports, in determining the implied P/B Ratio under the Offer (the “**Implied P/B Ratio**”), we have taken into consideration the Implied Market Capitalisation, which is derived by multiplying the Offer Price of HK\$3.36 per Share by the total number of issued Shares of 300,000,000 as at the Latest Practicable Date. We have then divided the Implied Market Capitalisation by the audited total equity attributable to the Shareholders of approximately RMB921.2 million (equivalent to approximately HK\$1,041.0 million) as at 31 December 2022 and obtained the Implied P/B Ratio of approximately 0.97 times. We have also taken into consideration the Implied Market Capitalization of the Group using the Adjusted NAV of approximately RMB2,240.5 million (equivalent to approximately HK\$2,531.8 million). This resulted in an Implied P/B ratio using the Adjusted NAV of approximately 0.40 times.

The following table sets out (i) the P/B Ratios of the Comparable Companies based on their closing share prices as at the Last Trading Day and their latest published annual reports; (ii) the Implied P/B Ratio of the Group based on the Offer Price and the 2022 Annual Report; and (iii) the Implied P/B Ratio of the Group based on Offer Price and the Adjusted NAV.

It should be noted that despite the Group and the Comparable Companies are all property development, their operations and prospects are not the same and we have not conducted any investigation into the businesses, operations and prospects of the Comparable Companies. Hence, our comparison below between the P/B Ratios of the Comparable Companies and those implied by the Offer Price serves as an additional reference for Independent Shareholders when considering the Offer and is for comparison purpose only.

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**Table 7: Analysis of the Group's and Comparable Companies' P/B Ratios**

<b>Company</b>	<b>Stock code</b>	<b>Market capitalisation (Note 1)  (HK\$ million)</b>	<b>P/B Ratios (Notes 2, 3 and 4) (times)</b>	<b>Premium/ (discount) over/(to) NAV per share (Notes 4 and 5) (%)</b>
Guangdong Land Holdings Limited	124	1,335	0.17	(82.9%)
International Business Settlement Holdings Limited	147	1,260	1.87	87.1%
Hon Kwok Land Investment Company, Limited	160	1,454	0.12	(88.1%)
Zensun Enterprises Limited	185	1,339	0.22	(77.7%)
Peking University Resources (Holdings) Company Limited	618	1,461	N/A	N/A
Zhong An Group Limited	672	1,285	0.12	(88.0%)
China Sandi Holdings Limited	910	957	0.17	(82.7%)
Man Sang International Limited	938	1,178	6.16	515.7%
Times China Holdings Limited	1233	1,324	0.20	(79.6%)
Redsun Properties Group Limited	1996	1,035	0.08	(92.3%)
Top Spring International Holdings Limited	3688	1,328	0.14	(85.6%)
Zhenro Properties Group Limited	6158	843	0.16	(84.3%)
Differ Group Auto Limited	6878	1,111	0.39	(61.0%)
<b>Maximum:</b>		<b>1,461</b>	<b>1.87</b>	<b>87.1%</b>
<b>Minimum:</b>		<b>843</b>	<b>0.08</b>	<b>(92.3%)</b>
<b>Median:</b>		<b>1,285</b>	<b>0.17</b>	<b>(82.8%)</b>
<b>Average:</b>		<b>1,224</b>	<b>0.33</b>	<b>(18.3%)</b>
<b><i>The Group (implied under the Offer)</i></b>		<b><i>1,008.0</i></b>	<b><i>0.97</i></b>	<b><i>(3.17%)</i></b>
<b><i>The Group (implied under the Offer with adjusted NAV)</i></b>		<b><i>1,008.0</i></b>	<b><i>0.40</i></b>	<b><i>(60.19%)</i></b>

Source: the website of the Stock Exchange

Notes:

- The market capitalisations of the Comparable Companies are derived by multiplying the total number of shares (as disclosed in the latest monthly return or relevant disclosures before the Last Trading Day) by the closing share price quoted on the Stock Exchange as at the Last Trading Day.

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2. The P/B Ratio is derived by dividing the respective market capitalisation by the respective consolidated equity attributable to the owners of the company as extracted from the latest annual reports before the Last Trading Day.
3. The P/B Ratios and the premium over/discount to NAV per share of some companies are not applicable since they recorded net liabilities in their latest financial year.
4. The P/B Ratio and the premium over the NAV per share of Man Sang International Limited (Stock code: 938) of approximately 6.16 times and 515.7%, respectively, are considered as an outlier and are excluded from the calculation of the corresponding maximum, minimum, median and average comparison. This exclusion is due to the company's high level of debt, as indicated by a 1,471.8% gearing ratio, which is significantly higher than the industry average of 178.2%. This high debt level may result in a relatively lower level of net assets, which may distort the comparison and not providing a fair representation.
5. The premium over/discount to NAV per share of the Comparable Companies are based on their respective NAV per share as derived from their respective latest published annual reports before the Last Trading Day and the closing share prices of the Comparable Companies on the Last Trading Day.

As shown in the table above, the P/B Ratios of the Comparable Companies ranged from approximately 0.08 times to approximately 1.87 times, with a median and an average of approximately 0.17 times and approximately 0.33 times, respectively. Among the 12 Comparable Companies (excluding the outlier), 11 of them have a P/B Ratio less than the Implied P/B Ratio of the Group of approximately 0.97 times and the Implied P/B Ratio using Adjusted NAV of approximately 0.40 times. Hence, the Implied P/B Ratio of approximately 0.97 times and the Implied P/B Ratio using Adjusted NAV of 0.40 times are not only within the range of the P/B Ratios of the Comparable Companies, but also above the median and average thereof, indicating that the Offer Price reflects a more favourable price when compared to most of the Comparable Companies in this respect.

The Offer Price represents a discount of approximately 3.17% to the NAV per Share of HK\$3.47 as at 31 December 2022, which is lower than the average and median of those of the Comparable Companies. It also represents a discount of approximately 60.19% to the Adjusted NAV of approximately HK\$8.44 per Share after taking into account of the property valuation as set out in Appendix III to this Composite Document, which is higher than the average but below the median of those of the Comparable Companies.

In any event, while the Offer Price is at a discount to the NAV per Share and the Adjusted NAV per Share, it is important to note that the assets of the Group are mostly illiquid, consisting primarily of properties held for sales, properties held for investments, properties under development and properties held for future development. As such, the relevance of comparing the Offer Price to the NAV per Share and Adjusted NAV per Share is limited due to the difficulty in realizing the value of these illiquid assets.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *e. Successful privatisation precedents*

We have also compared the Offer to privatisation proposals which (i) were announced by other companies whose shares are/were listed on the Main Board of the Stock Exchange, excluding prolong-suspended companies; (ii) were announced since 1 April 2021 and up to the Latest Practicable Date, excluding privatisation proposals which were not or have yet been approved or voted (or, where applicable, the required acceptance level was not or has yet been achieved); and (iii) involve a cash consideration (excluding combined consideration of cash and shares) (the “**Privatisation Precedent(s)**”). These selection criteria were chosen because (i) the Group is listed on the Main Board of the Stock Exchange; and (ii) selecting privatisation proposals which were approved during the Review Period would provide references of the terms of recent successful privatisation proposals. The Privatisation Precedents set out below represent an exhaustive list of privatisation proposals we have identified from the website of the Stock Exchange which satisfy the above selection criteria. We consider the analysis of the Privatisation Precedents announced since 1 April 2021 up to the Latest Practicable Date, covering more than two years, to be appropriate and sufficient to demonstrate the pricing of recent successful privatisations of Main Board listed companies in Hong Kong under recent market sentiment. As there are fewer instances within a single year, to provide a more comprehensive representation, we opted for a two-year period for examining privatization precedents.

In particular, the below table illustrates the premium or discount represented by the cancellation consideration/offer price over or to (i) the share price on the last trading day; (ii) the average share prices over the last 10, 30 and 60 trading days (up to and including the last trading days); and (iii) the latest NAV per share, in respect of each Privatisation Precedent. Independent Shareholders should note that the business nature, financial performance and position and scale of these subject companies in the Privatisation Precedents may be fundamentally different from those of the Group, and that the level of premium represented by the cancellation consideration/offer prices in these Privatisation Precedents might have been affected by the then market conditions. Hence, our comparison is for reference only and does not constitute a principal factor in assessing whether the terms of the Offer are fair and reasonable.

Despite the market environment in 2023 showing signs of improvement compared to 2022, which was heavily affected by the COVID-19 pandemic, but the post-COVID economic recovery remains slow and the market sentiment in the first four months of 2023 remains weak, with the Hang Seng Index hovered between 18,620 and 22,700 in the first four months of 2023. Hence, our below comparison demonstrates the pricing trend of the privatisation proposals of companies listed on the Main Board of the Stock Exchange since 1 April 2021 that are very much under weak market sentiments. We consider our analysis a relevant reference for assessing the range of reasonable cancellation prices/offer prices required for a successful privatisation proposal. As such, we have included the Privatisation Precedents as additional references for comparison purpose for Independent Shareholders to assess the fairness and reasonableness of the terms of the Offer.

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

**Table 8: Privatisation Precedents during the Review Period**

Date of initial announcement	Company	Premium/ (discount) over/(to) adjusted NAV per share	Premium/ (discount) over/(to) NAV per share <i>(Note 1&amp;4)</i>	Premium of the cancellation consideration/offer price over the closing price or average closing price per share			
				on the last trading day	for the last 10 trading days up to and including the last trading day	for the last 30 trading days up to and including the last trading day	for the last 60 trading days up to and including the last trading day
16-Feb-23	Jiangnan Group Limited (1366)	N/A	(63.78)%	12.68%	89.93%	101.44%	99.55%
24-Oct-22	Kingston Financial Group Limited (1031)	(57.68)%	(74.80)%	47.80%	47.60%	39.40%	33.30%
8-Aug-22	EVOC Intelligent Technology Company Limited (2308)	(55.41)%	(40.90)%	15.10%	44.60%	44.60%	50.90%
7-Aug-22	Lifestyle International Holdings Limited (1212)	(52.83)%	182.90%	62.30%	81.90%	70.10%	58.70%
9-Jun-22	China VAST Industrial Urban Development Company Limited (6166)	(41.89)%	(45.20)%	30.40%	28.80%	31.40%	36.90%
2-Jun-22	Xiamen International Port Co., Limited (3378)	N/A	(14.80)%	55.20%	100.90%	134.20%	150.00%
24-Jan-22	Guodian Technology & Environmental Group Corporation Limited (1296)	N/A	(13.60)%	48.00%	103.80%	93.10%	107.70%
14-Jan-22	AKM Industrial Company Limited (1639)	N/A	70.90%	14.50%	31.40%	25.80%	29.00%
17-Dec-21	Lanzhou Zhuangyuan Pasture Co., Limited (1533)	12.50%	26.50%	25.20%	47.40%	43.50%	54.30%
1-Dec-21	Razer Inc. (1337)	N/A	487.50%	55.80%	61.40%	67.90%	59.30%
24-Nov-21	Shanghai Jin Jiang Capital Company Limited (2006)	N/A	8.80%	56.60%	67.60%	77.10%	85.60%
15-Oct-21	Yorkey Optical International (Cayman) Limited (2788)	N/A	20.70%	75.30%	101.00%	102.60%	101.00%
8-Oct-21	Dragon Crown Group Holdings Limited (935)	N/A	36.20%	8.50%	7.50%	9.40%	20.80%
30-Sep-21	C.P. Pokphand Co. Limited (43)	N/A	5.90%	19.80%	17.40%	27.80%	33.70%
6-Sep-21	Hop Hing Group Holdings Limited (47)	N/A	63.90%	73.90%	76.20%	70.90%	62.90%
25-Aug-21	Suchuang Gas Corporation Limited (1430)	N/A	30.20%	2.90%	23.20%	25.60%	26.30%
12-Aug-21	Good Friend International Holdings Inc. (2398)	N/A	15.40%	50.00%	73.80%	61.60%	49.00%
27-Jul-21	Nature Home Holding Company Limited (2083)	(23.10)%	(15.80)%	39.30%	38.00%	31.60%	30.90%
9-Jul-21	Beijing Capital Land Limited (2868)	(49.04)%	(38.40)%	62.80%	77.20%	127.40%	149.90%

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Date of initial announcement	Company	Premium/ (discount) over/(to) adjusted NAV per share	Premium/ (discount) over/(to) NAV per share <i>(Note 1&amp;4)</i>	Premium of the cancellation consideration/offer price over the closing price or average closing price per share			
				on the last trading day	for the last 10 trading days up to and including the last trading day	for the last 30 trading days up to and including the last trading day	for the last 60 trading days up to and including the last trading day
25-Jun-21	Bestway Global Holding Inc. (3358)	10.90%	16.50%	27.00%	32.70%	47.10%	62.80%
18-May-21	Chong Hing Bank Limited (1111)	N/A	(10.10)%	97.00%	102.50%	107.40%	109.90%
20-Apr-21	Inner Mongolia Energy Engineering Co. Limited (1649)	N/A	55.20%	51.30%	55.20%	41.00%	30.10%
	<b>Maximum</b>	<b>12.50%</b>	<b>182.90%</b>	<b>97.00%</b>	<b>103.80%</b>	<b>134.20%</b>	<b>150.00%</b>
	<b>Minimum</b>	<b>(57.68)%</b>	<b>(74.80)%</b>	<b>2.90%</b>	<b>7.50%</b>	<b>9.40%</b>	<b>20.80%</b>
	<b>Median</b>	<b>(45.47)%</b>	<b>8.80%</b>	<b>47.80%</b>	<b>58.30%</b>	<b>54.35%</b>	<b>56.48%</b>
	<b>Average</b>	<b>(32.07)%</b>	<b>10.31%</b>	<b>42.33%</b>	<b>59.55%</b>	<b>62.77%</b>	<b>65.57%</b>
	<b>The Company</b>	<b>(60.19)%</b> <i>(Note 2)</i>	<b>(3.17)%</b> <i>(Note 3)</i>	<b>5.00%</b>	<b>5.00%</b>	<b>5.00%</b>	<b>12.37%</b>

*Source: the website of the Stock Exchange*

*Notes:*

1. It represents the premium/(discount) of the cancellation consideration/offer price over or to the latest NAV per share as quoted in the respective privatisation document, without taking into account any adjustments arising from, amongst others, revaluation of assets/liabilities set out therein.
2. Calculated based on the Adjusted NAV per Share of HK\$8.44 after taking into account of the property valuation as set out in Appendix III to this Composite Document.
3. Calculated based on the audited NAV per Share of HK\$3.47 as at 31 December 2022.
4. Razer Inc. (1337) is identified as an outlier and is excluded from the calculation of the maximum, minimum, median and average premium over/discount to NAV per share. This is because Razer Inc exhibits an exceptionally high premium over its NAV per share, which may not provide a fair representation for other Privatisation Precedents. This high premium is likely be attributable to its position as a well-known brand in the gaming industry, having a loyal customer base and a strong brand recognition.

### *Premium over the prevailing share prices*

As set out in the table above, the cancellation consideration/offer prices of all Privatisation Precedents are at a premium over their respective share price on the last trading date, as well as over their respective average closing share price for the last 10, 30 and 60 trading days up to and including the last trading date, ranging from a premium of approximately 2.90% to 97.00%, 7.50% to 103.80%, 9.40% to 134.20% and 20.80% to 150.00%, and at an average premium of approximately 42.33%, 59.55%, 62.77% and 65.57%, respectively.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In comparison, the Offer Price represents a premium of approximately 5.00% over the closing Share price on the Last Trading Date, which is the second lowest among the corresponding premium or discount represented by the Privatisation Precedents. Although the premium represented by the Offer Price over the average closing Share prices for the last 10, 30 and 60 trading days up to and including the Last Trading Date is lower than the range represented by the Privatisation Precedents respectively, we think the differences are relatively small, amounting to approximately 2.5, 4.4, and 8.4 percentage points, respectively, below the corresponding lower end of premiums of the Privatisation Precedents.

### *Premium/discount over/to the NAV per share and adjusted NAV per share*

As shown in the above table, the range of difference between the cancellation consideration/offer prices of the Privatisation Precedents and their respective NAV per share is wide, ranging from a discount of approximately 74.80% to a premium of approximately 182.90%, with a median premium of approximately 8.80% and an average premium of approximately 10.31%. The Offer Price of HK\$3.36 represented a 3.17% discount to the NAV per Share, although lower than the median and average premium of the Privatisation Precedents, it still falls within the corresponding range of the Privatisation Precedents.

On the other hand, out of the total 22 Privatisation Precedents, the cancellation consideration/offer prices of 10 of them represent a discount ranging from approximately 10.10% to 74.80% to the respective NAV per share, which is higher than the 3.17% discount represented by the Offer Price to the NAV per Share as at 31 December 2022. This shows that the Offer Price is comparatively more favourable to shareholders than almost half of the Privatisation Precedents, as it represents a smaller discount to the NAV per Share as at 31 December 2022.

Meanwhile, the cancellation consideration/offer prices of the Privatisation Precedents and their respective adjusted NAV per share ranged from a discount of approximately 57.68% to a premium of approximately 12.50%, with a median discount of approximately 45.47% and an average discount of approximately 32.07%. The Offer Price, when compared to the Adjusted NAV per Share, represents a discount of approximately 60.19%, which is slightly higher than the corresponding range of the Privatisation Precedents. Nonetheless, it is important to note that the assets of the Group are mostly illiquid, consisting primarily of properties held for sales, properties held for investments, properties under development and properties held for future development. As such, the relevance of comparing the Offer Price to the NAV per Share and Adjusted NAV per Share is limited due to the difficulty in realizing the value of these illiquid assets.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *Our view on the Offer Price*

Based on our analysis above, we are of the view that the Offer Price is fair and reasonable, taking into account that, (i) the Offer Price represents a premium of approximately 5.00% over the closing Share price on the Last Trading Date, and over the average closing prices of the Shares for the last 5, 10, 30 and 60 consecutive trading days up to and including the Last Trading Day; (ii) the Offer Price is above the closing prices of the Shares since 26 October 2022 up to and including the Latest Practicable Date; (iii) the Implied P/B Ratio and the Implied P/B Ratio using Adjusted NAV are higher than the average and median of the P/B Ratios of the Comparable Companies, and the discounts represented by the Offer Price to the NAV per Share and the Adjusted NAV per Share are lower than the average and median of the Comparable Companies; (iv) the discount of the Offer Price over the NAV per Share as at 31 December 2022 falls within the range of the corresponding premium or discount observed in the Privatisation Precedents, and that the Offer Price represents a smaller discount to the NAV per Share as at 31 December 2022 than almost half of the Privatisation Precedents; (v) although the premium of the Offer Price over the average closing Share prices for the last 10, 30 and 60 trading days up to and including the Last Trading Day falls outside the corresponding range observed in the Privatisation Precedents, it is only slightly lower than the corresponding lower end of premiums; (vi) although the Offer Price is at a discount to both the NAV per Share and the Adjusted NAV per Share, the comparison holds limited relevance due to the illiquidity of the Group's assets; and (vii) the low liquidity of the Shares during the Review Period, we believe the Offer Price offers Independent Shareholders a fair and reasonable exit opportunity.

### **RECOMMENDATION**

Based on our analysis above, although the Offer Price of HK\$3.36 per Share represents a discount to the NAV per Share as at 31 December 2022 and a discount to the Adjusted NAV per share, having considered the following that:

- (i) the Offer Price represents a premium over the average and highest closing prices of the Shares during the Relevant Period, respectively, as well as a premium over the closing price of the Shares on the Last Trading Day and over the average closing prices of the Shares for the last 5, 10, 30 and 60 consecutive trading days up to and including the Last Trading Day;
- (ii) the discount of the Offer Price over the NAV per Share as at 31 December 2022 is lower than the range represented by the historical Share prices to the then latest NAV per Share for each period;
- (iii) the Independent Shareholders are likely to encounter difficulties in liquidating their Shares in the open market without exerting downward pressure on the Share prices and it represents an opportunity for Independent Shareholders to realise their investment at a premium over the recent market price since they may encounter difficulties in liquidating their Shares in the open market, especially when the trading of the Shares had not been active during the Review Period;

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iv) the Offer allows the Independent Shareholders to switch their investments from the Shares to securities of other companies with higher share trading volume; and
- (v) As addition reference for comparison purposes,
  - (a) the Implied P/B Ratio and the Implied P/B Ratio using the Adjusted NAV are not only within the range of the P/B Ratios of the Comparable Companies, but also above the average and median thereof, indicating that the Offer Price reflects a more favourable price when compared to most of the Comparable Companies;
  - (b) the discount represented by the Offer Price to the NAV per Share is lower than the average and median of those of the Comparable Companies indicating that the Offer Price demonstrates a relatively smaller discount and thus a more favourable price when compared to most of the Comparable Companies;
  - (c) the discount of the Offer Price over the NAV per Share is in line with that of most of the Privatisation Precedents; and
  - (d) although the discount of the Offer Price over the Adjusted NAV per Share falls slightly outside the range, it is only marginally higher than the corresponding highest discount observed in the Privatisation Precedents. Considering that the Group's assets are mostly illiquid, the high discount in this respect is of limited relevance,

we are of the opinion that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to accept the Offer.

Nonetheless, we would like to remind the Independent Shareholders who would like to realise part or all of their investments in the Shares to closely monitor the market price and liquidity of the Shares during the acceptance period of the Offer and shall, having regard to their own circumstances and investment objectives, consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares would be higher than that receivable under the Offer. They should also note that the Offer is conditional upon the Conditions being satisfied. Accordingly, the Offer may or may not become unconditional.

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

As each Independent Shareholders would have different investment objectives and/or circumstances, we advise the Independent Board Committee to also advise the Independent Shareholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,  
For and on behalf of  
**Pelican Financial Limited**  
**Charles Li\***  
*Managing Director*

\* *Mr. Charles Li is a responsible person registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity for Pelican Financial Limited and has over 30 years of experience in the accounting and financial services industry.*

**1. PROCEDURES FOR ACCEPTANCE**

- (a) If you accept the Offer, you should complete and sign the Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms and conditions of the Offer.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer in respect of your Shares, the duly completed and signed Form of Acceptance should be sent, together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, marked “Hailan Holdings Limited Offer” on the envelope, in any event not later than 4:00 p.m., on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares in full or in part, you must either:
  - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Offer to the Registrar;
  - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar; or
  - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC to accept the Offer on your behalf on or before the deadline set out by HKSCC. In order to meet the deadline set by HKSCC, you should check with your licensed securities dealer/registered institution in securities/custodian bank

for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (iv) if your Shares have been lodged with your investor participant stock account with CCASS, authorise your instruction via the CCASS phone system or CCASS internet system on or before the deadline set out by HKSCC Nominees Limited.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an authority to the Offeror and/or Yu Ming or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar as if it was/they were delivered to the Registrar with the Form of Acceptance.
- (e) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your Shares or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (f) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code), and the Registrar has recorded that the Form of Acceptance and any relevant documents as required under this paragraph have been so received and is:
  - (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other

documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Offer Shares;

- (ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Offer Shares which are not taken into account under another sub-paragraph of this paragraph (f)); or
  - (iii) certified by the Registrar or the Stock Exchange.
- (g) If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.
- (h) Seller's Hong Kong ad valorem stamp duty on acceptances of the Offer at a rate of 0.13% (or part thereof) of the consideration payable in respect of the relevant acceptance by the Independent Shareholders or if higher, the market value of the Shares, will be deducted from the cash amount payable by the Offeror to such Shareholders who accept the Offer (where the stamp duty calculated includes a fraction of HK\$1, the stamp duty would be rounded-up to the nearest HK\$1). The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (i) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

## 2. ACCEPTANCE PERIOD AND REVISION

- (a) Unless the Offer has previously been revised or extended with the consent of the Executive and in accordance with the Takeovers Code, to be valid, the Form of Acceptance must be received by the Registrar by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the relevant Form of Acceptance and the Offer will close on the Closing Date.
- (b) The Offeror and the Company will jointly issue an announcement through the website of the Stock Exchange no later than 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been extended, revised or have expired.

- (c) If the Offer is extended, the announcement of such extension will state the next Closing Date that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given to the Independent Shareholders before the Offer is closed to those Independent Shareholders who have not accepted the Offer.
- (d) If, in the course of the Offer, the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The revised Offer must be kept open for at least 14 days following the date on which the revised offer document(s) are posted and shall not close earlier than the Closing Date.
- (e) If the Closing Date is extended, any references in this Composite Document and the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

### 3. ANNOUNCEMENT

By 6:00 p.m. on a Closing Date (or such later time as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of their decision in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating, amongst other information required under Rule 19.1 of the Takeovers Code, whether the Offer has been revised or extended or has lapsed.

Such announcement must state the following:

- (a) the total number of Offer Shares and rights over Offer Shares for which acceptances of the Offer have been received;
- (b) the total number of Offer Shares and rights over Offer Shares held, controlled or directed by the Offeror or the Offeror Concert Parties before the commencement date of the Offer Period;
- (c) the total number of Offer Shares and rights over Offer Shares acquired or agreed to be acquired by the Offeror or the Offeror Concert Parties during the Offer Period;
- (d) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any of the Offeror Concert Parties has borrowed or lent, save for any borrowed shares which have been either on-lent or sold; and
- (e) the percentages of the relevant classes of share capital of the Company and the percentages of voting rights of the Company represented by these numbers of Shares.

**4. RIGHT OF WITHDRAWAL**

- (a) Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in subparagraph (b) below or in compliance with Rule 17 of the Takeovers Code which provides that an acceptor of the Offer shall be entitled to withdraw his/her/its acceptance after 21 days from the First Closing Date if the Offer has not by then become unconditional as to acceptances.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “Announcement” above, the Executive may require, pursuant to Rule 19.2 of the Takeovers Code, that the Independent Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, when the Independent Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within ten days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance to the relevant Independent Shareholder(s).

**5. SETTLEMENT**

- (a) Once the Offer has become, or has been declared, unconditional in all respects, settlement in cash in respect of acceptances of the Offer, less seller’s ad valorem stamp duty, will be made by cheque as soon as possible pursuant to Rule 20.1 of the Takeovers Code, but in any event, within seven Business Days following the date of which (i) the Offer Unconditional Date; or (ii) the duly completed acceptance of the Offer and the relevant documents of title in respect of such acceptances are received by the Registrar by no later than 4:00 p.m. on the Closing Date, complete and valid pursuant to Note 1 to Rule 30.2 of the Takeovers Code, whichever is later. Each cheque will be despatched by ordinary post to the address specified on the relevant Shareholder’s Form of Acceptance at his/her/its own risk.
- (b) Settlement of the consideration to which any accepting Independent Shareholders is entitled under the Offer will be implemented by the Offeror in full in accordance with the terms of the Offer (save with respect to the payment of seller’s ad valorem stamp duty) set out in this Composition Document (including this Appendix) and the accompanying Form of Acceptance without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholders.
- (c) No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent.

## 6. OVERSEAS SHAREHOLDERS

The Offeror intends to make the Offer available to all the Independent Shareholders, including the Overseas Shareholders. However, the Offer is in respect of securities of an exempted company incorporated in the Cayman Islands and is subject to the procedural and disclosure requirements of Hong Kong which may be different from other jurisdictions. Overseas Shareholders who wish to participate in the Offer but with a registered address outside Hong Kong are subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offer. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such accepting Overseas Shareholder in respect of such jurisdictions).

**Any acceptance by any Shareholders and beneficial owners of the Offer Shares will be deemed to constitute a representation and warranty from such Shareholders to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.**

## 7. TAX IMPLICATIONS

None of the Offeror, the Offeror Concert Parties, the Company, Yu Ming, the Independent Financial Adviser, the Registrar and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer is in a position to advise the Independent Shareholders on their individual tax implications. Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. It is emphasised that none of the Offeror, the Offeror Concert Parties, the Company, Yu Ming, the Independent Financial Adviser, the Registrar and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

## 8. GENERAL

- (a) All communications, notices, the Form of Acceptance, share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from the Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. Such communications, notices, documents and remittances will be sent to Independent Shareholders at their addresses, in the case of Independent Shareholders, specified on the relevant Form of Acceptance. None of the Offeror, the Offeror Concert Parties, the Company, Yu Ming, the Independent

Financial Adviser, the Registrar or any of their respective directors, officers or associates, or any other person involved in the Offer, accepts any liability for any loss in postage or delay in transmission or such other liabilities whatsoever which may arise as a result.

- (b) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror, Yu Ming and the Company that the Shares acquired under the Offer are sold by such person or persons free from all liens, charges, Encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to including, the right to receive in full all dividends and other distributions, if any, declared, paid or made on or after the date on which the Offer is made, being the date of despatch of this Composite Document.
- (c) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares it has indicated in the Form(s) of Acceptance is the aggregate number of Shares for which such nominee has received authorisations from the beneficial owners to accept the Offer on their behalf.
- (d) The provisions set out in the Form of Acceptance form part of the terms of the Offer.
- (e) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (f) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of Form of Acceptance by or on behalf of an Independent Shareholder will constitute such Independent Shareholder's agreement that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Offer.
- (g) Due execution of the Form of Acceptance will constitute an irrevocable authority to the Offeror and/or the Yu Ming (or such person or persons as the Offeror and/or the Yu Ming may direct) to complete and execute any document on behalf of the person accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror (or such person or persons as it may direct) the Shares in respect of which such person has accepted the Offer.
- (h) The Offer is made in accordance with the Takeovers Code.
- (i) References to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.
- (j) In making their decision, Independent Shareholders must rely on their own examination of the Group and the terms of the Offer, respectively, including the merits and risks involved. The contents of this Composite Document, including any

general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of any of the Offeror, the Company, Yu Ming, or their respective professional advisers. Shareholders should consult their own professional advisers for professional advice.

- (k) The English text of this Composite Document and of the accompanying Form of Acceptance shall prevail over the Chinese text for the purpose of interpretation.

## SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following table is a summary of certain audited consolidated financial information of the Group for the three financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 as disclosed in the annual reports of the Company.

	For the year ended 31 December		
	2020 RMB'000	2021 RMB'000	2022 RMB'000
Revenue	720,670	557,571	1,391,710
Cost of sales	<u>(394,585)</u>	<u>(257,877)</u>	<u>(954,999)</u>
Gross profit	326,085	299,694	436,711
Other income	12,050	6,732	4,806
Selling and distribution expenses	(43,342)	(67,587)	(75,434)
Administrative expenses	(96,778)	(119,806)	(109,345)
Losses on changes in fair value of investment properties	(1,824)	(29,978)	(31,596)
Write-down of properties under development to net realisable value	—	—	(692,981)
Others	<u>2,240</u>	<u>27,616</u>	<u>11,775</u>
Operating profit (loss)	198,431	116,671	(456,064)
Finance costs, net	<u>(12,997)</u>	<u>(26,370)</u>	<u>(18,830)</u>
Profit (Loss) before taxation	185,434	90,301	(474,894)
Income tax expenses	<u>(153,478)</u>	<u>(132,021)</u>	<u>(152,959)</u>
<b>Profit (Loss) for the year</b>	<b><u>31,956</u></b>	<b><u>(41,720)</u></b>	<b><u>(627,853)</u></b>
<b>Profit (Loss) for the year attributable to:</b>			
Owners of the Company	64,034	15,448	(631,634)
Non-controlling interests	<u>(32,078)</u>	<u>(57,168)</u>	<u>3,781</u>
Other comprehensive (loss) income for the year, net of tax	<u>(11,446)</u>	<u>(4,555)</u>	<u>16,407</u>
<b>Total comprehensive income (loss) for the year</b>	<b><u>20,510</u></b>	<b><u>(46,275)</u></b>	<b><u>(611,446)</u></b>
Total comprehensive income (loss) attributable to:			
Owners of the Company	53,649	12,552	(619,274)
Non-controlling interests	<u>(33,139)</u>	<u>(58,827)</u>	<u>7,828</u>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Basic and diluted earnings (Loss) per share attributable to owners of the Company (expressed in RMB per share)	0.21	0.05	(2.11)
Dividend	—	—	—

The auditor's reports issued by the auditors of the Company, Mazars CPA Limited, in respect of the audited consolidated financial statements of the Group for each of the three financial years ended 31 December 2020, 2021 and 2022 did not contain any qualified or modified opinion, emphasis of matter or material uncertainty related to going concern.

There were no (loss)/profit and total comprehensive (loss)/income attributable to controlling interests, or other items of any income or expense not disclosed in the summary of financial information shown above which are material in respect of the audited consolidated statement of comprehensive income of the Group for each of the three financial years ended 31 December 2020, 2021 and 2022 respectively.

## CONSOLIDATED FINANCIAL STATEMENTS

The Group is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 December 2020 (the “**2020 Financial Statements**”), 31 December 2021 (the “**2021 Financial Statements**”) and 31 December 2022 (the “**2022 Financial Statements**”), and significant accounting policies together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2020 Financial Statements are set out on pages 107 to 239 of the 2020 annual report of the Group (the “**2020 Annual Report**”), which was published on 27 April 2021. The 2020 Annual Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.hailanholdings.com>), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0427/2021042702098.pdf>

<https://doc.irasia.com/listco/hk/hailanholdings/annual/2020/car2020.pdf>

The 2021 Financial Statements are set out on pages 125 to 251 of the 2021 annual report of the Group (the “**2021 Annual Report**”), which was published on 13 May 2022. The 2021 Annual Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.hailanholdings.com>), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0513/2022051300809.pdf>

<https://doc.irasia.com/listco/hk/hailanholdings/annual/2021/car2021.pdf>

The 2022 Financial Statements are set out on pages 128 to 251 of the 2022 annual report of the Group (the “**2022 Annual Report**”), which was published on 20 April 2023. The 2022 Annual Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.hailanholdings.com>), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0420/2023042001811.pdf>

<https://doc.irasia.com/listco/hk/hailanholdings/annual/2022/car2022.pdf>

The 2020 Financial Statements, 2021 Financial Statements and 2022 Financial Statements (but not any other part of the 2020 Annual Report, 2021 Annual Report and 2022 Annual Report in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

## INDEBTEDNESS

As at 31 March 2023, being the latest practicable date for the purpose of preparing this indebtedness statement, the Group had the following aggregate outstanding indebtedness:

	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Principal amount of bank borrowings	1,568,490	—	1,568,490
Principal amount of third parties borrowings	50,000	163,562	213,562
Carrying amount of interest payables of bank borrowings and other borrowings	—	16,600	16,600
Principal amount of amounts due to related parties	—	97,200	97,200
Principal amount of amounts due to non-controlling shareholders	—	108,200	108,200
Principal amount of amount due to a former non-controlling shareholder	—	50,200	50,200
Consideration payables for acquisition of a subsidiary	—	2,800	2,800
	<u>1,618,490</u>	<u>438,562</u>	<u>2,057,052</u>

## Commitment

As at 31 March 2023, the Group had the capital commitment contracted but not provided for in the consolidated financial statements in respect of properties under development of approximately RMB2,133 million.

## Contingent liabilities

The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalties owed by the defaulted purchasers to the banks. The Group's guarantee period commences from the dates of grant of the relevant mortgage loans and ends upon the earlier of issue of the real estate ownership certificates after the purchasers taking possession of the relevant properties; or the full settlement of mortgage loans by the purchasers. The Group can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group to the banks.

As at 31 March 2023, based on the terms of the guarantees, the amount of guarantees in respect of the mortgage facilities granted by banks in connection with the mortgage loans entered into by purchasers of the Group's properties were approximately RMB1,222.3 million. The directors consider that it is not probable that the Group will sustain a loss under these guarantees as during the periods under guarantees, the Group can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group to the banks. The directors also considered that the fair market value of the underlying properties has no significant variance compared to the outstanding mortgage loans plus interests guaranteed by the Group in the event the purchasers default payments to the banks. In addition, the Group has not encountered any incidents of default in payment of mortgage by the purchasers since 2017, the directors consider that the likelihood of default of payments by the purchasers is minimal and therefore the potential financial exposure arising from these financial guarantee is insignificant.

The Group may be involved in lawsuits and other proceedings in its ordinary course of business from time to time. The Group believes that no liabilities resulting from these proceedings will have a material and adverse effect on our business, financial condition or operating results. Save as disclosed in this section headed "Indebtedness", the Group had no other material contingent liabilities.

### **General**

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities within the Group, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade and other payables and contract liabilities) or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants, or other material contingent liabilities as at 31 March 2023.

### **MATERIAL CHANGE**

The Directors confirmed that as at the Latest Practicable Date, there had been no material changes in the financial or trading position or outlook of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up to the Latest Practicable Date.

*The following is the text of a letter, summary of valuations and valuation reports prepared for the purpose of incorporation in this Composite Document received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of market values in existing state of the Properties held by the Group in the PRC and the US as at 31 March 2023.*



27/F, One Island East  
Taikoo Place  
18 Westlands Road  
Quarry Bay  
Hong Kong

12 June 2023

The Board of Directors  
**Hailan Holdings Limited**  
2/F, No. 1 Building Hampton by Hilton  
No. 169 Yu Lin Road  
Tianya District  
Sanya  
Hainan Province  
The PRC

Dear Sirs,

**Re: Portfolio valuations in the People's Republic of China and the United States of America**

#### **Instructions, Purpose & Valuation Date**

In accordance with your instructions for Cushman & Wakefield Limited (“**C&W**”) to value all properties (individually the “**Property**” or collectively the “**Properties**”) in the People's Republic of China (the “**PRC**”) and the United States of America (the “**US**”) (as more particularly described in the attached valuation report) in which Hailan Holdings Limited (the “**Company**”) together with its subsidiaries and associates (collectively the “**Group**”) have interests, we confirm that we have inspected the Properties, 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 each of the Properties as at 31 March 2023 (the “**Valuation Date**”) for the purpose of incorporating in the composite document of the Company.

#### **Basis of Valuation**

We confirmed that our valuations have been carried out in accordance with The HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors. We have complied with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”); Practice Note 12 of the Listing Rules and Rule 11 of The Code on Takeovers and Mergers and Share Buy-backs published by the Securities and Futures Commission. Our valuation of each of the

Properties represents its market value which in accordance with The HKIS Valuation Standards 2020 is defined as ‘the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion’.

### **Valuation Basis & Assumptions**

Our valuations of the Properties exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, 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 the course of our valuations of the Properties in the PRC, we have relied on the information and advice given by the Company and the Company’s PRC legal adviser (the “**PRC Legal Adviser**”), 北京德和衡(上海)律師事務所 (Beijing DHH Law Office\*) regarding the titles to the Properties and the interests of the Company in the Properties in the PRC. With reference to the legal opinion provided for the Properties in the PRC, we have valued the Properties on the basis that the Company has an enforceable title to each of the Properties and has free and uninterrupted rights to use, occupy or assign the Properties for the whole of the respective unexpired land use term as granted and that any premium payable has already been fully paid.

In the course of our valuation of the Property in the US, we have relied on the information and advice given by the Company regarding the title and the interest of the Company in the Property in the US.

The status of titles and grant of major certificates, approvals and licenses, in accordance with the information provided by the Company are set out in the notes of the respective valuation report.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the Properties nor any expenses or taxation which may be incurred in effecting a sale. Subject to the legal opinion, we have generally valued the Properties on the basis that they are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

### **Method of Valuation**

In valuing the Properties in Group I, which are completed properties held by the Group for sale in the PRC, we have adopted Market Comparison Method, we assume the sale of each of these properties in its existing state by making reference to comparable sales evidence as available in the relevant market.

In valuing the Properties in Groups II and V, which are completed properties held by the Group for investment in the PRC and the US respectively, we have adopted Income Capitalization Method on the basis of capitalization of rental incomes derived from the existing tenancies with due allowance for reversionary potential of the Properties at appropriate

capitalization rates; or where appropriate, Market Comparison Method by making reference to comparable sale evidence as available in the relevant market. In using Income Capitalization Method, we have mainly made reference to lettings within the Properties as well as other relevant comparable rental evidences of properties of similar use type subject to appropriate adjustments including but not limited to location, accessibility, age, quality, maintenance standard, size, time, configuration and other relevant factors.

In respect of the Properties in Groups III and IV, which are properties held by the Group under development and held for future development in the PRC respectively, we have valued on the basis that each of the Properties will be developed and completed in accordance with the latest development scheme provided to us by the Group. We have assumed that all consents, approvals and licenses from relevant government authorities for the development scheme have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the developments are in compliance with the local planning regulations and other relevant regulations and have been approved by the relevant authorities.

In arriving at our opinion of values, we have adopted Income Capitalization Method or Market Comparison Method to assess the development value as if completed and have also taken into account the incurred construction costs and the costs that will be incurred to complete the development to reflect the quality of the completed development. The development value as if completed represents our opinion of the aggregate value of the respective development assuming it were completed at the Valuation Date.

### **Source of Information**

We have made relevant enquiries and have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion date of buildings, particulars of occupancy, rental incomes and revenue, development schemes, development time schedules, construction costs, site and floor areas, interest attributable to the Company and all other relevant matters.

Dimensions, measurements and areas included in the valuation report are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuations. We were also advised by the Company that no material facts have been omitted from the information provided.

We would point out that the copies of documents of the Properties in the PRC provided to us are mainly compiled in local language characters and the transliteration into English represents our understanding of the contents. We would therefore advise you to make reference to the original Chinese editions of the documents and consult the PRC legal adviser regarding the legality and interpretation of these documents.

### **Title Investigation**

We have been provided with extracts of documents relating to the titles of the Properties in the PRC, but unlike developed markets, no title search can be made in respect of the Properties. We have not searched the original documents to verify ownership or to ascertain

any amendment which may not appear on the copies handed to us. We are also unable to ascertain the title of the Properties in the PRC and we have therefore relied on the advice given by the Company and the Company's PRC Legal Adviser regarding the interests of the Company in each of the Properties.

We have been provided with title document and loan agreement regarding the title and encumbrances of the Property in the US. No title searches have been made. We have not searched the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us.

### Site Inspection

Our valuers have inspected the exteriors and, where possible, the interiors of the Properties in between April and May 2023 and the details are set out below:

<b>Our Office</b>	<b>Valuer</b>	<b>Inspection Date</b>
Shenzhen	Sabrina Zhao, China Real Estate Appraiser/ Bachelor of Engineering with over 3 years of experience in property valuations in the PRC.	23 April 2023
Shenzhen	Carl Wen, China Real Estate Appraiser/ Bachelor of Engineering with over 6 years of experience in property valuations in the PRC.	23 April 2023
Guangzhou	Liam He, China Real Estate Appraiser/Bachelor of Engineering with over 3 years of experience in property valuations in the PRC.	23 April 2023
Nanjing	Vivien Zhou, China Real Estate Appraiser/ Bachelor of Engineering with over 3 years of experience in property valuations in the PRC.	21 April 2023
Chengdu	Weihua Duan, China Real Estate Appraiser/ Bachelor of Engineering with over 15 years of experience in property valuations in the PRC.	8 May 2023
US	Gregory Ferenchick, member of Appraisal Institute (MAI) with over 16 years of experience in property valuations in the US.	25 May 2023

However, we have not carried out any investigations on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report that the Properties are free of rot, infestation or any other structural

defects. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the Properties and we have assumed that the areas shown on the documents handed to us are correct.

### Potential Tax Liabilities

As advised by the Company, the potential tax liabilities which would arise on the direct disposal of the Properties held by the Group at the amounts valued by us mainly comprise the following:

#### *The PRC*

- Enterprise income tax at 25% on the gain.
- Land appreciation tax at progressive rates from 30% to 60% on the appreciation of property value.

#### *The US*

- Capital gain tax (depending on the holding time and filing status) at rates either 15% or 20% on the gain.

We would point out that the above-said potential tax liabilities only represent our general understanding for your reference. We would therefore advise you to consult tax adviser regarding the precise execution of the tax matters in each region.

In respect of the Properties in Group I, it is likely that the relevant tax liabilities will be crystallised upon sale.

In respect of the Properties in Groups II, III, IV and V, the likelihood of the relevant tax liabilities being crystallised is remote as the Group has not commenced development or has no plan for disposal of the Properties yet.

According to our established practice, in the course of our valuations, we have neither verified nor taken into account such tax liabilities. The precise tax implication will be subject to prevailing rules and regulations at the time of disposal.

### Currency and Exchange Rates

Unless otherwise stated, all sums stated in our valuations are, the respective official currencies, in Renminbi (“**RMB**”) for the Properties in the PRC and in United States Dollars (“**USD**”) for the Property in the US. The exchange rates adopted are approximately HK\$1 = RMB0.87541 and USD1 = HK\$7.8497.

**Other Disclosures**

We hereby confirm that Cushman & Wakefield Limited and the valuers conducting the valuations have no pecuniary or other interests that could conflict with the proper valuations of the Properties or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion. We confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

**Intended Use of Report**

This valuation report is issued for the use of the Company for regulatory disclosure purpose.

We enclose herewith a summary of valuations and our valuation report for your attention.

Yours faithfully,  
For and on behalf of  
**Cushman & Wakefield Limited**  
**Grace S.M. Lam**  
MRICS, MHKIS, RPS(GP)  
*Senior Director*  
Valuation & Advisory Services, Greater China

*Notes:*

- (1) Ms. Grace S.M. Lam is a Member of the Royal Institution of Chartered Surveyors, a Member of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice). Ms. Lam has over 30 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries including the US.. Ms. Lam has sufficient current knowledge of the market, and the skills and understanding to undertake the valuations competently.
- (2) \* Company name in English translation for identification only.

## Summary of Valuations

## Group I — Properties held by the Group for sale in the PRC

## Group II — Properties held by the Group for investment in the PRC

## Group III — Properties held by the Group under development in the PRC

## Group IV — Properties held by the Group for future development in the PRC

Property	As at the Valuation Date					Interest attributable to the Group %	Market value in existing state Total of Group I to IV RMB	Market value in existing state attributable to the Group Total of Group I to IV RMB
	Market value in existing state Group I RMB	Market value in existing state Group II RMB	Market value in existing state Group III RMB	Market value in existing state Group IV RMB				
1. Sanya Phoenix Aqua City South Shore, No. 9 Shuicheng Road, Tianya District, Sanya City, Hainan Province, the PRC  (中國海南省三亞市天涯區水城路9號三亞鳳凰水城南岸)	1,084,300,000	4,800,000	1,382,000,000	2,107,500,000		100%	4,578,600,000	4,578,600,000
2. Sanya Phoenix Aqua City Left Shore, E Area, Yulin Road, Tianya District, Sanya City, Hainan Province, the PRC  (中國海南省三亞市天涯區育林路E區三亞鳳凰水城左岸)	—	25,100,000	—	—		100%	25,100,000	25,100,000
3. Haikou Phoenix Aqua City Phase I & II, Tianmei Road, No. 286, Binhai Avenue, Xixiu Town, Xiuying District, Haikou City, Hainan Province, the PRC  (中國海南省海口市秀英區西秀鎮濱海大道286號天美路海口鳳凰水城一期和二期)	15,300,000	6,600,000	161,000,000	—		100%	182,900,000	182,900,000

As at the Valuation Date							
Property	Market value in	Market value in	Market value in	Market value in	Interest	Market value in	Market value in
	existing state	existing state	existing state	existing state	attributable	existing state	existing state
	Group I	Group II	Group III	Group IV	to the	Total of Group I	Total of Group I
	RMB	RMB	RMB	RMB	Group	to IV	to IV
					%	RMB	RMB
4. Zhanjiang City Binjianghua Fu, No. 11, Binhenan Road, Suicheng Town, Suixi County, Zhanjiang City, Guangdong Province, the PRC  (中國廣東省湛江市遂 溪縣遂城鎮濱河南路11 號湛江濱江一號)	48,300,000	—	395,000,000	—	53.20%	443,300,000	235,835,600
5. Jingzhuya Court, Angle Lot and No. 2 Lot, Wenhua Road, Shibu Resident Committee, Longjiang Town, Shunde District, Foshan City, Guangdong Province, the PRC  (中國廣東省佛山市順 德區龍江鎮世埠居委會 文華路夾角地塊及地塊 二景著雅苑)	545,600,000	9,200,000	—	—	28.05%	554,800,000	155,621,400
6. Hailan Rongjing, No. 129, Fuxian Road, High-tech Zone, Yuxi City, Yunnan Province, the PRC  (中國雲南省玉溪市高 新區撫仙路129號海藍 榮璟)	—	—	127,000,000	—	70%	127,000,000	88,900,000
7. Hailan Zhongtang, east of Baota Park, south of Baota Road, Chunxi Street, Gaochun District, Nanjing City, Jiangsu Province, the PRC  (中國江蘇省南京市高 淳區淳溪街道寶塔路以 南、寶塔公園東側海藍 中棠)	245,200,000	—	50,200,000	—	60%	295,400,000	177,240,000

Property	As at the Valuation Date						Market value in
	Market value in	Market value in	Market value in	Market value in	Interest	Market value in	Market value in
	existing state	existing state	existing state	existing state	attributable	existing state	existing state
Group I	Group II	Group III	Group IV	to the	Total of Group I	Total of Group I	
RMB	RMB	RMB	RMB	Group	to IV	to IV	
				%	RMB	RMB	
8. Danzhou Phoenix Shores Yue Hai Bay, C65 Regulatory Plan for the First and Second Cluster Area, Binhai New District, Danzhou City, Hainan Province, the PRC  (中國海南省儋州市濱海新區第一第二組團片區控規C65儋州鳳凰海岸•悅海灣)	—	—	556,000,000	240,000,000	99.454%	796,000,000	791,653,840
9. Danzhou Phoenix Shores Phase II, Regulatory Plan for Lots A-5-1, 12, 13, Binhai Avenue, South Area of Baimajing Town, Danzhou City, Hainan Province, the PRC  (中國海南省儋州市白馬井鎮南片區濱海大道路段控規A-5-1、12、13地塊儋州鳳凰海岸二期)	—	—	192,000,000	757,600,000	98.908%	949,600,000	939,230,368
10. Meizhou Sunac Aoyuan Jiulong Mansion, Qinyang Peninsula, Jinshan Subdistrict, Meijiang District, Meizhou City, Guangdong Province, the PRC  (廣東省梅州市梅江區金山街道芹洋半島梅州融創奧園玖瓏台)	88,600,000	13,100,000	—	—	24.50%	101,700,000	24,916,500
<b>Total:</b>	<b>2,027,300,000</b>	<b>58,800,000</b>	<b>2,863,200,000</b>	<b>3,105,100,000</b>		<b>8,054,400,000</b>	<b>7,199,997,708</b>
	(equivalent to HK\$2,315,829,154)	(equivalent to HK\$67,168,527)	(equivalent to HK\$3,270,696,017)	(equivalent to HK\$3,547,023,680)		(equivalent to HK\$9,200,717,378)	(equivalent to HK\$8,224,714,943)

## Summary of Valuations

## Group V — Property held by the Group for investment in the US

Property	Market value in existing state Group V <i>USD</i>	Interest attributable to the Group <i>%</i>	Market value in existing state attributable to the Group Group V <i>USD</i>
11. 200 West Ocean Apartment Building, 200 West Ocean Boulevard, Long Beach, long Beach County, California, US 90802	56,800,000	75%	42,600,000
<b>Total:</b>	<b><u>56,800,000</u></b>		<b><u>42,600,000</u></b>
	(equivalent to HK\$445,862,960)		(equivalent to HK\$334,397,220)

## VALUATION REPORT

**Group I — Properties held by the Group for sale in the PRC**

**Group II — Properties held by the Group for investment in the PRC**

**Group III — Properties held by the Group under development in the PRC**

**Group IV — Properties held by the Group for future development in the PRC**

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2023												
1. Sanya Phoenix Aqua City South Shore, No. 9 Shuicheng Road, Tianya District, Sanya City, Hainan Province, the PRC  (中國海南省三亞市天涯區水城路9號三亞鳳凰水城南岸)	The Property comprises Sanya Phoenix Aqua City South Shore C Area and D Area.  C Area, which is a residential development erected on a parcel of land with an apportioned land area of 13,963.57 sq m.  According to the development scheme provided by the Group, C Area, was completed in 2015 as below:	As at the Valuation Date, C Area was vacant.  For D Area, the completed portion was vacant. Part of Phases II, III and IV was under construction and was scheduled to be completed in 2025.  Phase I, and the rest part of Phases II and III were vacant land for development.	RMB4,578,600,000 (RENMINBI FOUR BILLION FIVE HUNDRED SEVENTY EIGHT MILLION SIX HUNDRED THOUSAND)  (100% interest attributable to the Group: RMB4,578,600,000)  (equivalent to HK\$5,230,234,976 HONG KONG DOLLARS FIVE BILLION TWO HUNDRED THIRTY MILLION TWO HUNDRED THIRTY FOUR THOUSAND NINE HUNDRED SEVENTY SIX)  (Please see Note 16 on Page 90.)												
	<table border="0"> <tr> <td></td> <td style="text-align: right;"><b>Gross Floor Area</b></td> </tr> <tr> <td><b>Uses</b></td> <td style="text-align: right;"><b>(sq m)</b></td> </tr> <tr> <td>Residential</td> <td style="text-align: right;">858.42</td> </tr> <tr> <td>Car park (194 lots)</td> <td style="text-align: right;"><u>12,732.73</u></td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>13,591.15</u></b></td> </tr> </table>		<b>Gross Floor Area</b>	<b>Uses</b>	<b>(sq m)</b>	Residential	858.42	Car park (194 lots)	<u>12,732.73</u>	<b>Total:</b>	<b><u>13,591.15</u></b>				
	<b>Gross Floor Area</b>														
<b>Uses</b>	<b>(sq m)</b>														
Residential	858.42														
Car park (194 lots)	<u>12,732.73</u>														
<b>Total:</b>	<b><u>13,591.15</u></b>														
	<p>D Area, comprises four phases, which is a residential and commercial development erected on 8 parcels of land with a total site area of 351,980.25 sq m.</p> <p>According to the development scheme provided by the Group, part of Phases II and IV were completed in 2019 and 2022 respectively as below:</p> <table border="0"> <tr> <td></td> <td style="text-align: right;"><b>Gross Floor Area</b></td> </tr> <tr> <td><b>Uses</b></td> <td style="text-align: right;"><b>(sq m)</b></td> </tr> <tr> <td><b>Phase II</b></td> <td></td> </tr> <tr> <td>Residential</td> <td style="text-align: right;">5,191.87</td> </tr> <tr> <td>Car park (187 lots)</td> <td style="text-align: right;"><u>17,242.21</u></td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>22,434.08</u></b></td> </tr> </table>		<b>Gross Floor Area</b>	<b>Uses</b>	<b>(sq m)</b>	<b>Phase II</b>		Residential	5,191.87	Car park (187 lots)	<u>17,242.21</u>	<b>Total:</b>	<b><u>22,434.08</u></b>		
	<b>Gross Floor Area</b>														
<b>Uses</b>	<b>(sq m)</b>														
<b>Phase II</b>															
Residential	5,191.87														
Car park (187 lots)	<u>17,242.21</u>														
<b>Total:</b>	<b><u>22,434.08</u></b>														
	<table border="0"> <tr> <td></td> <td style="text-align: right;"><b>Gross Floor Area</b></td> </tr> <tr> <td><b>Uses</b></td> <td style="text-align: right;"><b>(sq m)</b></td> </tr> <tr> <td><b>Phase IV</b></td> <td></td> </tr> <tr> <td>Residential</td> <td style="text-align: right;"><u>25,523.32</u></td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>25,523.32</u></b></td> </tr> </table>		<b>Gross Floor Area</b>	<b>Uses</b>	<b>(sq m)</b>	<b>Phase IV</b>		Residential	<u>25,523.32</u>	<b>Total:</b>	<b><u>25,523.32</u></b>				
	<b>Gross Floor Area</b>														
<b>Uses</b>	<b>(sq m)</b>														
<b>Phase IV</b>															
Residential	<u>25,523.32</u>														
<b>Total:</b>	<b><u>25,523.32</u></b>														

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2023
Cont'd	According to the development scheme provided by the Group, parts of Phases II, III and IV are under development and are planned as below:	—	—
		<b>Gross Floor Area</b> (sq m)	
	<b>Phase II</b>		
	Residential	33,582.24	
	Car park (337 lots)	14,188.18	
	Auxiliaries	<u>1,126.76</u>	
	<b>Total:</b>	<b><u>48,897.18</u></b>	
		<b>Gross Floor Area</b> (sq m)	
	<b>Uses</b>		
	<b>Phase III</b>		
	Residential	40,275.42	
	Car park (299 lots)	21,683.61	
	Auxiliaries	<u>14,323.07</u>	
	<b>Total:</b>	<b><u>76,282.10</u></b>	
		<b>Gross Floor Area</b> (sq m)	
	<b>Uses</b>		
	<b>Phase IV</b>		
	Residential	112,472.56	
	Car park (1,388 lots)	46,416.80	
	Auxiliaries	<u>18,741.42</u>	
	<b>Total:</b>	<b><u>177,630.78</u></b>	

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2023												
Cont'd	According to the development scheme provided by the Group, Phase I, part of Phases II and III, are vacant land for development as below:	—	—												
	<table border="1"> <thead> <tr> <th>Parcels and Uses</th> <th>Site Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Phase I (Residential Use)</td> <td>55,874.61</td> </tr> <tr> <td>Phase I (Commercial Use)</td> <td>13,968.65</td> </tr> <tr> <td>Phase II (Residential Use)</td> <td>2,753.12</td> </tr> <tr> <td>Phase III (Residential Use)</td> <td><u>71,436.17</u></td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>144,032.55</u></b></td> </tr> </tbody> </table>	Parcels and Uses	Site Area (sq m)	Phase I (Residential Use)	55,874.61	Phase I (Commercial Use)	13,968.65	Phase II (Residential Use)	2,753.12	Phase III (Residential Use)	<u>71,436.17</u>	<b>Total:</b>	<b><u>144,032.55</u></b>		
Parcels and Uses	Site Area (sq m)														
Phase I (Residential Use)	55,874.61														
Phase I (Commercial Use)	13,968.65														
Phase II (Residential Use)	2,753.12														
Phase III (Residential Use)	<u>71,436.17</u>														
<b>Total:</b>	<b><u>144,032.55</u></b>														

The Property is situated at Yulin Road, Tianya District, which is predominantly a residential area. Developments in the vicinity comprise mainly residential developments such as Sanya Kaifeng Garden (三亞凱豐花園) and Sanya Jingyuan Garden (三亞景園城).

According to the Company, the Property is planned for residential, commercial and car park uses; there are neither environmental issues; nor any plan to change the use of the Property.

The land use rights of the Property have been granted for land use term due to expire on 19 October 2058 for commercial use, 19 October 2068 for education use, and 19 October 2076 for residential use.

## Notes:

- (1) According to 2 Real Estate Title Certificates issued by Sanya Municipal People's Government, the land use rights and the building ownership have been vested in Sanya Fenghuang Xincheng Industry Company Limited (三亞鳳凰新城實業有限公司) ("Fenghuang Xincheng"), a wholly owned subsidiary of the Company, for land use term due to expire on 19 October 2076 for residential use. The unsplit residential and carpark portions of Sanya Phoenix Aqua City South Shore C Area is part of the said gross floor area.

Certificate No.	Issued Date	Use	Gross Floor	Site Area
			Area	sq m
(2015)09671	12 August 2015	Residential	13,322.64	5,661.58
(2015)03816	1 April 2015	Carpark	7,643.96	7,055.85
<b>Total:</b>			<b>20,966.60</b>	<b>12,717.43</b>

- (2) According to 2 surveying reports No. 2013080805005016 and No. 2014101504007402 issued by Sanya Heli Surveying and Mapping Service Co., Ltd. dated 3 September 2013 and 16 October 2014, the apportioned land area and total gross floor area of civil air defense area of Sanya Phoenix Aqua City South Shore C Area was 1,246.14 sq m and 5,088.77 sq m respectively.

- (3) According to 8 Certificates for the Use of State-owned Land issued by Sanya Natural Resources and Planning Bureau and Sanya Land and Resources Bureau, the land use rights of Property have been vested in Fenghuang Xincheng for land use term due to expire on 19 October 2058 for commercial use, 19 October 2068 for education use, and 19 October 2076 for residential use.

Certificate No.	Use	Site Area	Issue Date
		sq m	
(2021)0019351	Residential, Retail	69,843.26	8 October 2021
(2019)0006901	Residential	43,105.06	14 March 2019
(2021)0019352	Residential	26,485.54	8 October 2021
(2021)0019353	Residential	110,956.26	8 October 2021
(2019)0007391	Residential	43,950.32	20 March 2019
(2019)0007374	Residential	50,837.08	20 March 2019
(2019)0007393	Education	5,846.28	20 March 2019
(2019)0007369	Residential	956.45	20 March 2019
<b>Total:</b>		<b>351,980.25</b>	

- (4) According to the Supplementary Agreement for the Contract for Grant of State-owned Land Use Rights dated 22 February 2019 issued by Sanya Natural Resources and Planning Bureau and the Notice No. (2020)76 dated 9 November 2020 issued by Sanya Urban and Rural Planning Committee Office, the site area and related plot ratios have been permitted with details as follow:

Parcel Number	Site Area	Plot Ratio — from 2019	Plot Ratio — from
		Supplementary Agreement	2020 Notice
D-08	43,950.32	2.14	—
D-02	110,956.26	0.47	1.01
D-04	69,843.26	1.58	1.20
D-05	50,837.08	1.04	—
D-03-1	43,105.02	1.04	—
D-11-1	5,846.38	0.70	—
D-07-1	956.45	2.84	—
D-07	26,485.54	2.60	1.25

- (5) According to 27 Real Estate Title Certificates issued by Sanya Natural Resources and Planning Bureau, the land use rights and the building ownership have been vested in Fenghuang Xincheng for land use term due to expire on 19 October 2076 for residential use. The Property, completed portion of Sanya Phoenix Aqua City South Shore D Area Phases II and IV, is part of the below said gross floor area.

Certificate No.	Location	Gross		Issue Date
		Floor Area <i>sq m</i>	Site Area <i>sq m</i>	
(2021)0027209	Residential Building G2#	3,800.52	968.84	22 December 2021
(2019)0026816	Residential Building G3#	3,792.85	742.98	12 November 2019
(2019)0026815	Residential Building G4#	3,795.28	741.73	12 November 2019
(2019)0026814	Residential Building G5#	3,792.66	742.98	12 November 2019
(2019)0026813	Residential Building G6#	3,792.85	736.15	12 November 2019
(2019)0026812	Residential Building G7#	3,792.87	743.91	12 November 2019
(2019)0026811	Residential Building G8#	2,934.86	506.80	12 November 2019
(2019)0026182	Residential Building G9#	1,464.72	260.00	4 November 2019
(2021)0027212	Residential Building G10#	2,538.40	644.79	22 December 2021
(2021)0027213	Residential Building G11#	3,800.52	976.68	22 December 2021
(2021)0027186	Residential Building G12#	3,800.52	966.62	22 December 2021
(2021)0004168	Residential Building G13#	3,775.67	890.08	8 March 2021
(2021)0004169	Residential Building G14#	3,775.67	889.26	8 March 2021
(2021)0027216	Residential Building G15#	3,800.52	980.32	22 December 2021
(2021)0027215	Residential Building G16#	3,800.52	965.23	22 December 2021
(2021)0027214	Residential Building G17#	2,538.40	654.60	22 December 2021
(2022)0019530	Residential portion of Levels 2-20, Building 11#	23,424.71	2,044.03	23 December 2022
(2023)0002012	Residential Building G24#	1,480.61	333.90	3 February 2023
(2023)0002022	Residential Building G25#	1,480.61	333.89	3 February 2023
(2023)0002023	Residential Building G26#	1,480.61	333.91	3 February 2023
(2023)0002021	Residential Building G27#	1,480.61	333.91	3 February 2023
(2023)0002024	Residential Building G28#	2,537.56	643.48	3 February 2023
(2023)0002025	Residential Building G29#	2,537.56	643.48	3 February 2023
(2023)0002020	Residential Building G30#	4,277.11	952.47	3 February 2023
(2023)0002019	Residential Building G37#	3,799.31	952.46	3 February 2023
(2023)0002015	Residential Building G38#	3,799.31	952.44	3 February 2023
(2023)0002017	Residential Building G39#	2,537.56	643.47	3 February 2023

**Total: 103,832.39 20,578.41**

- (6) According to 6 Planning Permits for Construction Works issued by Sanya Natural Resources and Planning Bureau, and 6 Construction Permits for Construction Works issued by Sanya Housing and Urban-Rural Development Bureau, the construction works of the Property under development, are in compliance with the requirement of urban planning and have been permitted with details as follow:

#### Planning Permit for Construction Works

Certificate No.	Issue Date	Name of Construction Works	Gross
			Floor Area <i>(sq m)</i>
460200202120048	9 June 2021	Group C, Phase II (Lot D-07)	48,897.18
460200202120049	9 June 2021	Group A, Phase III (Lot D-02)	68,428.99
460200202120100	22 July 2021	Building D103#-D114#, G44#-G46#, Group A, Phase IV (Lot D-05)	54,620.32
460200202120062	22 June 2021	Building 9#, 10#, Group A, Phase IV (Lot D-08)	46,738.14
4602002019002160	27 September 2019	Building 11#, 12# and basement, Group A, Phase IV (Lot D-08)	83,039.55
4602002019002254	12 December 2019	Kindergarten, Group A, Phase IV (Lot D-11-1)	5,341.48
<b>Total:</b>			<b><u>307,065.66</u></b>

**Permit for Commencement of Construction Works**

<b>Certificate No.</b>	<b>Issue Date</b>	<b>Contents of Construction Works</b>	<b>Gross Floor Area (sq m)</b>
460200202107130101	13 July 2021	Group C, Phase II (Lot D-07)	48,897.18
460200202107270101	27 July 2021	Group A, Phase III (Lot D-02)	68,428.99
460200202108110101	11 August 2021	Building D103#-D114#, G44#-G46#, Group A, Phase IV (Lot D-05)	54,620.32
460200202108250101	25 August 2021	Building 9#, 10#, Group A, Phase IV (Lot D-08)	46,738.14
4602002019101817101	18 October 2019	Building 11#, 12# and basement, Group A, Phase IV (Lot D-08)	83,039.55
460204202110140101	14 October 2021	Kindergarten, Group A, Phase IV (Lot D-11-1)	<u>3,882.55</u>
<b>Total:</b>			<b><u>305,606.73</u></b>

- (7) According to 3 Certificates for Completion Examination of Construction Works issue by Sanya Natural Resources and Planning Bureau and Sanya Municipal Government Service Center, the construction works of Groups A, B, was agreed to be registered as completed.
- (8) According to 16 Pre-sale Permits of Commodity Housing issued by Sanya Housing and Urban-Rural Development Bureau, part of the Property was permitted for pre-sale.

**Pre-sale Permit of**

<b>Commodity Housing No.</b>	<b>Issue Date</b>	<b>Name of Construction Works</b>	<b>Gross Floor Area (sq m)</b>
[2021]93	26 October 2021	Building D15#, D16#	9,586.64
[2021]113	9 December 2021	Building D21#, D23#	7,926.30
[2022]18	7 February 2022	Building D17#, D19#, D20#	9,265.38
[2023]31	28 March 2023	Building D18#, D22#	5,720.20
[2022]34	30 May 2022	Building D02#, D03#, D05#-D10#	13,565.94
[2023]30	17 March 2023	Building D11#, D12#, D15#-D23#, D25#	15,121.40
[2022]1	4 January 2022	Building 10#	28,730.38
[2020]54	4 November 2020	Building 11#	23,350.60
[2021]22	5 February 2021	Building 12#	29,372.78
[2021]46	27 May 2021	Building G24#, G25#, G26#, G27#	4,894.08
[2020]67	4 December 2020	Building G28#, G39#	4,052.80
[2021]8	26 January 2021	Building G29#, G38#	5,060.54
[2021]27	5 March 2021	Building G30#, G37#	6,547.22
[2021]94	28 October 2021	Building G46#	2,171.13
[2022]2	4 January 2022	Building G44#, G45#	3,262.61
[2023]32	31 March 2023	Building D109#-D114#	<u>16,742.18</u>
<b>Total:</b>			<b><u>185,370.18</u></b>

- (9) The completed portion of Phases II and IV, Sanya Phoenix Aqua City South Shore D Area

As advised by the Group, as at the Valuation Date, various residential units, with a total gross floor area of 2,027.95 sq m and 22 parking lots have been committed for sale at a total consideration of approximate RMB71,000,000. We have included such portions and taken into account the consideration in our valuation.

- (10) The under development portion of Phase II, Sanya Phoenix Aqua City South Shore D Area

As advised by the Group, as at the Valuation Date, various residential units, with a total gross floor area of 4,605.91 sq m have been committed for sale at a total consideration of approximate RMB161,000,000. We have included such portions and taken into account the consideration in our valuation.

As advised by the Group, the construction cost incurred (excluding the land cost) as at the Valuation Date was approximate RMB144,000,000. The estimated outstanding construction cost to complete the development was approximate RMB539,000,000. We have taken into account such costs in the course of our valuation.

The market value as if completed as at the Valuation Date was RMB1,169,000,000.

(11) The under development portion of Phase III, Sanya Phoenix Aqua City South Shore D Area

As advised by the Group, as at the Valuation Date, various residential units, with a total gross floor area of 1,563.56 sq m have been committed for sale at a total consideration of approximate RMB60,000,000. We have included such portions and taken into account the consideration in our valuation.

As advised by the Group, the construction cost incurred (excluding the land cost) as at the Valuation Date was approximate RMB200,000,000. The estimated outstanding construction cost to complete the development was approximate RMB1,100,000,000. We have taken into account such costs in the course of our valuation.

The market value as if completed as at the Valuation Date was RMB1,568,000,000.

(12) The under development portion of Phase IV, Sanya Phoenix Aqua City South Shore D Area

As advised by the Group, as at the Valuation Date, various residential units, with a total gross floor area of 3,376.15 sq m have been committed for sale at a total consideration of approximate RMB118,000,000. We have included such portions and taken into account the consideration in our valuation.

As advised by the Group, the construction cost incurred (excluding the land cost) as at the Valuation Date was approximate RMB398,000,000. The estimated outstanding construction cost to complete the development was approximate RMB2,052,000,000. We have taken into account such costs in the course of our valuation.

The market value as if completed as at the Valuation Date was RMB3,642,000,000.

(13) According to Business Licence No. 91460200798742969R dated 19 November 2020, Fenghuang Xincheng has been established as a limited company with a registered capital of RMB400,000,000.

(14) According to the PRC legal opinion:

- (i) Fenghuang Xincheng has obtained the Real Estate Title Certificate of 10 pieces of land for C Area and D Area, with an apportioned land area of 13,963.57 sq m for C Area and a total area of 351,980.25 sq m for D Area respectively, and is the legal owner of the land use rights;
- (ii) Fenghuang Xincheng has obtained construction land planning permits, construction works planning permits, construction permits, and pre-sale permits for the relevant properties from the government;
- (iii) Fenghuang Xincheng enjoys the ownership of the unsold and undelivered portion of the residential and carpark property and the corresponding land use rights to occupy, use, benefit from, and dispose of it in accordance with the Civil Law Code (民法典). For the ownership and corresponding land use rights of the 11,595.57 sq m building that has been sold but not yet handed over, the real estate transfer registration as well as the rights to occupy, use, benefit from, and dispose of the property shall be completed and fulfilled in a timely manner;
- (iv) Fenghuang Xincheng has the rights to dispose of those ordinary underground projects and obtain corresponding profits through sales, leasing, and other forms. The civil air defense project is usually used by investors, and the proceeds belong to the investors. Fenghuang Xincheng shall legally use and manage the civil air defense project under its name according to the regulations on the Management of Urban Underground Space Development and Utilization (城市地下空間開發利用管理規定); and
- (v) The Property is subject to mortgage.

- (15) The status of the title and grant of major approvals and licenses in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Real Estate Title Certificate	Yes
Certificate for the Use of State-owned Land	Yes
Planning Permit for Construction Works	Yes
Construction Permit for Construction Works	Yes
Surveying Report	Yes
Certificate for Completion Examination of Construction Works	Yes
Pre-sale Permit of Commodity Housing	Yes
Business Licence	Yes

- (16) For reference purpose, the market values of the constituent property groups in existing state of the Property are as below:

<b>Group</b>	<b>Market value in existing state as at 31 March 2023 RMB</b>
Group I — Properties held by the Group for sale in the PRC	1,084,300,000
Group II — Properties held by the Group for investment in the PRC	4,800,000
Group III — Properties held by the Group under development in the PRC	1,382,000,000
Group IV — Properties held by the Group for future development in the PRC	<u>2,107,500,000</u>
<b>Grand Total:</b>	<b><u><u>4,578,600,000</u></u></b>

## VALUATION REPORT

## Group II — Properties held by the Group for investment in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2023						
2. Sanya Phoenix Aqua City Left Shore, E Area, Yulin Road, Tianya District, Sanya City, Hainan Province, the PRC  (中國海南省三亞市天涯區育林路E區三亞鳳凰水城左岸)	The Property, comprises Sanya Phoenix Aqua City Left Shore, E Area, which is a residential development erected on 1 parcel of land with a total site area of 26,414.41 sq m.  According to the development scheme provided by the Group, Sanya Phoenix Aqua City Left Shore, E Area, was completed in 2017 as below:	As at the Valuation Date, the Property was vacant.	RMB25,100,000 (RENMINBI TWENTY FIVE MILLION ONE HUNDRED THOUSAND)  (100% interest attributable to the Group: RMB25,100,000)						
	<table border="1"> <thead> <tr> <th>Uses</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Car park (355 lots)</td> <td>18,703.10</td> </tr> <tr> <td><b>Total:</b></td> <td><b>18,703.10</b></td> </tr> </tbody> </table>	Uses	Gross Floor Area (sq m)	Car park (355 lots)	18,703.10	<b>Total:</b>	<b>18,703.10</b>		(equivalent to HK\$28,672,279 HONG KONG DOLLARS TWENTY EIGHT MILLION SIX HUNDRED SEVENTY TWO THOUSAND TWO HUNDRED SEVENTY NINE)
Uses	Gross Floor Area (sq m)								
Car park (355 lots)	18,703.10								
<b>Total:</b>	<b>18,703.10</b>								
	The Property is situated at Yulin Road, Tianya District, which is predominantly a residential area. Developments in the vicinity comprise mainly residential developments such as Sanya Kaifeng Garden (三亞凱豐花園) and Sanya Jingyuan Garden (三亞景園城).								
	According to the Company, the Property is planned for residential, commercial and car park uses; there are neither environmental issues; nor any plan to change the use of the Property.								
	The land use rights of the Property have been granted for land use term due to expire on 19 October 2076 for residential use.								

## Notes:

- According to the Certificate for the Use of State-owned Land No. (2017) 0010644 dated 19 May 2017 issued by Sanya Land and Resources Bureau, the land use rights of the Property with a total site area of 26,414.41 sq m have been vested in Sanya Feng Huang Shui Yun Real Estate Development Co., Ltd. (三亞鳳凰水韻房地產開發有限公司) (“Feng Huang Shui Yun”), a wholly owned subsidiary of the Company, for land use term due to expire on 19 October 2076 for residential use.
- According to the Certificate for Completion Examination of Construction Works No. (2015)057 issued by Sanya Housing and Urban Rural Development Bureau, the construction works of Buildings 1#-5#, Groups 1 of Sanya Phoenix Aqua City Left Shore, E Area, was agreed to be registered as completed.

- (3) According to the Surveying Report No. 2017061304011361 dated 10 August 2017 issued Sanya Heli Surveying and Mapping Service Co., Ltd., the total gross floor area of civil air defense area of Sanya Phoenix Aqua City Left Shore, E Area, was 18,703.10 sq m.
- (4) According to Business Licence No. 91460200693187532K dated 04 April 2023, Feng Huang Shui Yun has been established as a limited company with a registered capital of RMB280,000,000.
- (5) According to the PRC legal opinion:
- (i) Feng Huang Shui Yun has obtained the Real Estate Title Certificate of one piece of land, with an area of 26,414.41 sq m, and is the legal owner of the land use rights;
  - (ii) Feng Huang Shui Yun has obtained construction land planning permits, construction works planning permits, construction permits, and pre-sale permits for the relevant properties from the government; and
  - (iii) Feng Huang Shui Yun has the rights to dispose of those ordinary underground projects and obtain corresponding profits through sales, leasing, and other forms. The civil air defense project is usually used by investors, and the proceeds belong to the investors. Feng Huang Shui Yun shall legally use and manage the civil air defense project under its name according to the regulations on the Management of Urban Underground Space Development and Utilization (城市地下空間開發利用管理規定).
- (6) The status of the title and grant of major approvals and licenses in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Certificate for the Use of State-owned	Yes
Certificate for Completion Examination of Construction Works	Yes
Surveying Report	Yes
Business Licence	Yes

## VALUATION REPORT

## Group I — Properties held by the Group for sale in the PRC

## Group II — Properties held by the Group for investment in the PRC

## Group III — Properties held by the Group under development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2023																
3. Haikou Phoenix Aqua City Phase I & II, Tianmei Road, No. 286, Binhai Avenue, Xixiu Town, Xiuying District, Haikou City, Hainan Province, the PRC  (中國海南省海口市秀英區西秀鎮濱海大道286號天美路海口鳳凰水城一期和二期)	<p>The Property comprises Phases I and II. Phases I of Haikou Phoenix Aqua City, which is a residential development erected on a parcel of land with a total site area of 25,490.16 sq m.</p> <p>According to the development scheme provided by the Group, Phase I was completed in 2017 as below:</p> <table border="1"> <thead> <tr> <th>Uses</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>944.11</td> </tr> <tr> <td>Car park (143 lots)</td> <td>5,000.07</td> </tr> <tr> <td><b>Total:</b></td> <td><b>5,944.18</b></td> </tr> </tbody> </table> <p>Phase II will be developed into a hotel namely Haikou LongYuen Hotel with a parcel of land with a total site area of 61,769.16 sq m.</p> <p>According to the development scheme provided by the Group, Phase II is under development and is planned as below:</p> <table border="1"> <thead> <tr> <th>Uses</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Above-ground</td> <td>50,841.55</td> </tr> <tr> <td>Underground</td> <td>25,993.42</td> </tr> <tr> <td><b>Total:</b></td> <td><b>76,834.97</b></td> </tr> </tbody> </table> <p>The Property is situated at No. 286, Binhai Avenue, Xixiu Town, Xiuying District, which is predominantly a residential area. Developments in the vicinity comprise mainly residential developments such as Glamour Coast (大華錦繡海岸) and Phoenix City. (天地鳳凰城).</p>	Uses	Gross Floor Area (sq m)	Residential	944.11	Car park (143 lots)	5,000.07	<b>Total:</b>	<b>5,944.18</b>	Uses	Gross Floor Area (sq m)	Above-ground	50,841.55	Underground	25,993.42	<b>Total:</b>	<b>76,834.97</b>	<p>As at the Valuation Date, Phase I was vacant, while Phase II was under construction and was scheduled to be completed in December 2024.</p>	<p>RMB182,900,000 (RENMINBI ONE HUNDRED EIGHTY TWO MILLION NINE HUNDRED THOUSAND)</p> <p>(100% interest attributable to the Group: RMB182,900,000)</p> <p>(equivalent to HK\$208,930,672 HONG KONG DOLLARS TWO HUNDRED EIGHT MILLION NINE HUNDRED THIRTY THOUSAND SIX HUNDRED SEVENTY TWO)</p> <p>(Please see Note 9 on Page 96.)</p>
Uses	Gross Floor Area (sq m)																		
Residential	944.11																		
Car park (143 lots)	5,000.07																		
<b>Total:</b>	<b>5,944.18</b>																		
Uses	Gross Floor Area (sq m)																		
Above-ground	50,841.55																		
Underground	25,993.42																		
<b>Total:</b>	<b>76,834.97</b>																		

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2023
Cont'd	<p>According to the Company, the Property is proposed for residential, car park and hotel uses; there are neither environmental issues; nor any plan to change the use of the Property.</p> <p>The land use rights of the Property have been granted for land use term due to expire on 10 December 2071 for residential use (Phase I) and 18 December 2062 for hotel use (Phase II).</p>	—	—

*Notes:*

- (1) According to 9 Real Estate Title Certificates issued by Haikou Natural Resources and Planning Bureau, the land use rights with a total site area of 25,490.16 sq m and the building ownership with a total gross floor area of 944.11 sq m of the Property have been vested in Hainan Nan Hai Xiang Long Real Estate Development Co., Ltd\*. (海南南海翔龍房地產開發有限公司) (\* Now the Registered Name has changed to Hainan Nan Hai Xiang Long Industrial Co., Ltd.) (海南南海翔龍實業有限公司) (“**Nan Hai Xiang Long**”), a wholly owned subsidiary of the Company, for land use term due to expire on 10 December 2071 for residential use. The aforesaid gross floor area is unsold residential portion of Haikou Phoenix Aqua City Phase I.

Certificate No.	Unit No.	Gross Floor Area (sq m)	Shared Land Area (sq m)
(2020)0013861	2#1101	108.80	25,490.16
(2020)0013860	2#1102	102.88	
(2020)0013859	2#1103	102.88	
(2020)0013855	2#1201	108.80	
(2020)0013854	2#1202	102.88	
(2020)0013853	2#1203	102.88	
(2020)0013850	2#1205	103.31	
(2020)0013849	2#1206	102.88	
(2020)0013845	2#1207	108.80	
<b>Total:</b>		<b>944.11</b>	<b>25,490.16</b>

- (2) According to Certificate for the Use of State-owned Land No. (2023)0008145 dated 16 January 2023 issued by Haikou Natural Resources and Planning Bureau, the land use rights of the Property with a total site area of 61,769.16 sq m have been vested in Nan Hai Xiang Long for land use term due to expire on 18 December 2062 for hotel use.

- (3) According to 1 Planning Permit for Construction Works dated 23 August 2021 issued by Haikou Natural Resources and Planning Bureau, 2 Permits for Commencement of Construction Works dated 8 September 2019 and 24 December 2019 respectively issued by Haikou Housing and Urban-Rural Development Bureau, the construction works with a total gross floor area of 76,834.97 sq m are in compliance with the requirement of urban planning and have been permitted with details as follow:

**Planning Permit for Construction Works**

Certificate No.	Issue Date	Name of Construction Works	Gross Floor Area (sq m)
460100202120114	23 August 2021	Haikou LongYuen Hotel Project	76,834.97
<b>Total:</b>			<b><u>76,834.97</u></b>

**Permit for Commencement of Construction Works**

Certificate No.	Issue Date	Contents of Construction Works	Gross Floor Area (sq m)
460100202109180101	18 September 2021	Haikou LongYuen Hotel Project (Basement, Building 2#)	33,376.80
460100202112240201	24 December 2021	Haikou LongYuen Hotel Project (Building 8#, 7#, 6#, 5#, 3#, 1#)	43,458.17
<b>Total:</b>			<b><u>76,834.97</u></b>

- (4) Phase II, Haikou Phoenix Aqua City

As advised by the Group, the construction cost incurred (excluding the land cost) as at the Valuation Date was approximate RMB118,000,000. The estimated outstanding construction cost to complete the development was approximate RMB382,000,000. We have taken into account such costs in the course of our valuation.

The market value as if completed of Phases II as at the Valuation Date was RMB721,000,000.

- (5) According to the surveying report No. LB20130300 issued by Hainan Libao Surveying and Mapping Co., Ltd. dated 15 June 2017, the total gross floor area of basement of Haikou Phoenix Aqua City Phase I was of 16,400.07 sq m, including 5,000.07 sq m of civil air defense area.
- (6) According to Business Licence No. 91460000736450960C dated 20 July 2022, Nan Hai Xiang Long has been established as a limited company with a registered capital of RMB50,000,000.
- (7) According to the PRC legal opinion:
- (i) Nan Hai Xiang Long has obtained the Real Estate Title Certificate of 2 pieces of land, with an area of 87,259.32 sq m, and is the legal owner of the land use rights;
  - (ii) Nan Hai Xiang Long has obtained construction land planning permits, construction works planning permits, construction permits, and pre-sale permits for the relevant properties from the government;
  - (iii) Nan Hai Xiang Long enjoys the ownership of the unsold and undelivered portion of the residential property and the corresponding land use rights to occupy, use, benefit from, and dispose of it in accordance with the Civil Law Code (民法典); and

- (iv) Nan Hai Xiang Long has the rights to dispose of those ordinary underground projects and obtain corresponding profits through sales, leasing, and other forms. The civil air defense project is usually used by investors, and the proceeds belong to the investors. Nan Hai Xiang Long shall legally use and manage the civil air defense project under its name according to the regulations on the Management of Urban Underground Space Development and Utilization (城市地下空間開發利用管理規定).
- (8) The status of the title and grant of major approvals and licenses in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Real Estate Title Certificate	Yes
Certificate for the Use of State-owned Land	Yes
Planning Permit for Construction Works	Yes
Construction Permit for Construction Works	Yes
Surveying Report	Yes
Business Licence	Yes

- (9) For reference purpose, the market values of the constituent property groups in existing state of the Property are as below:

<b>Group</b>	<b>Market value in existing state as at 31 March 2023 RMB</b>
Group I — Properties held by the Group for sale in the PRC	15,300,000
Group II — Properties held by the Group for investment in the PRC	6,600,000
Group III — Properties held by the Group under development in the PRC	<u>161,000,000</u>
<b>Grand Total:</b>	<b><u><u>182,900,000</u></u></b>

## VALUATION REPORT

## Group I — Properties held by the Group for sale in the PRC

## Group III — Properties held by the Group under development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2023																										
4. Zhanjiang City Binjianghua Fu, No. 11, Binhenan Road, Suicheng Town, Suixi County, Zhanjiang City, Guangdong Province, the PRC  (中國廣東省湛江市遂溪縣遂城鎮濱河南路11號湛江濱江一號)	The Property comprises Phases I, II and III, Zhanjiang City Binjianghua Fu, which is a residential development to be erected on 3 parcels of land with a total site area of 69,816.75 sq m.  According to the development scheme provided by the Group, Phases I and II were completed in 2022 as below:	As at the Valuation Date, Phases I and II were vacant, while Phase III was under construction and was scheduled to be completed in December 2023.	RMB443,300,000 (RENMINBI FOUR HUNDRED FORTY THREE MILLION THREE HUNDRED THOUSAND)  (53.20% interest attributable to the Group: RMB235,835,600)  (equivalent to HK\$269,400,167 HONG KONG DOLLARS TWO HUNDRED SIXTY NINE MILLION FOUR HUNDRED THOUSAND ONE HUNDRED SIXTY SEVEN)  (Please see Note 13 on Page 101.)																										
	<table border="0"> <tr> <td></td> <td style="text-align: right;"><b>Gross Floor Area</b></td> </tr> <tr> <td><b>Uses</b></td> <td style="text-align: right;"><b>(sq m)</b></td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;">500.38</td> </tr> <tr> <td>Residential</td> <td style="text-align: right;">4,525.74</td> </tr> <tr> <td>Carpark (300 lots)</td> <td style="text-align: right;">9,935.29</td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>14,961.41</u></b></td> </tr> </table> <p>According to the development scheme provided by the Group, Phase III is under development and is planned as below:</p> <table border="0"> <tr> <td></td> <td style="text-align: right;"><b>Gross Floor Area</b></td> </tr> <tr> <td><b>Uses</b></td> <td style="text-align: right;"><b>(sq m)</b></td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;">3,904.86</td> </tr> <tr> <td>Residential</td> <td style="text-align: right;">97,347.86</td> </tr> <tr> <td>Ancillary</td> <td style="text-align: right;">1,779.67</td> </tr> <tr> <td>Carpark (642 lots)</td> <td style="text-align: right;">21,328.86</td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>124,361.25</u></b></td> </tr> </table>		<b>Gross Floor Area</b>	<b>Uses</b>	<b>(sq m)</b>	Commercial	500.38	Residential	4,525.74	Carpark (300 lots)	9,935.29	<b>Total:</b>	<b><u>14,961.41</u></b>		<b>Gross Floor Area</b>	<b>Uses</b>	<b>(sq m)</b>	Commercial	3,904.86	Residential	97,347.86	Ancillary	1,779.67	Carpark (642 lots)	21,328.86	<b>Total:</b>	<b><u>124,361.25</u></b>		
	<b>Gross Floor Area</b>																												
<b>Uses</b>	<b>(sq m)</b>																												
Commercial	500.38																												
Residential	4,525.74																												
Carpark (300 lots)	9,935.29																												
<b>Total:</b>	<b><u>14,961.41</u></b>																												
	<b>Gross Floor Area</b>																												
<b>Uses</b>	<b>(sq m)</b>																												
Commercial	3,904.86																												
Residential	97,347.86																												
Ancillary	1,779.67																												
Carpark (642 lots)	21,328.86																												
<b>Total:</b>	<b><u>124,361.25</u></b>																												
	The Property is situated at No. 11, Binhenan Road, Suicheng Town, Suixi County, which is predominantly a residential area. Developments in the vicinity comprise mainly residential developments such as Suixi Shanhuhai (遂溪山湖海), Yuejiang Fu (悅江府) and Huijingwan (薈景灣).																												
	According to the Company, the Property is proposed for commercial, residential and car park uses; there are neither environmental issues; nor any plan to change the use of the Property.																												
	The land use rights of the Property have been granted for land use term due to expire on 9 July 2089 for residential use.																												

## Notes:

- (1) According to 3 Certificates for the Use of State-owned Land dated 2 January 2020 issued by Suixi County Natural Resources Bureau, the land use rights of the Property have been vested in Zhanjiang Hailan Real Estate Co., Ltd. (湛江海藍置業有限公司) (“Zhanjiang Hailan”), a 53.20% owned subsidiary of the Company, for land use term due to expire on 9 July 2089 for residential use.

State-owned Land Use Rights Certificate No.	Site Area <i>sq m</i>
(2020)0000030	11,869.27
(2020)0000031	21,615.42
(2020)0000032	36,332.06
<b>Total:</b>	<b><u>69,816.75</u></b>

- (2) According to the Contract for Grant of State-owned Land Use Rights dated 14 July 2019 by Suixi County Natural Resources Bureau, the land use rights of the Property have been granted to Zhanjiang Hailan for land use term of 70 years for residential use.

Contracts for Grant of State-owned Land Use Rights No.	Lot No.	Site Area <i>(sq m)</i>	Land Premium <i>(RMB)</i>	Plot Ratio	Building Covenant
440823-2019-17	SWG2019004	69,816.75	357,390,000	2.8	To complete construction before 9 October 2023
<b>Total:</b>		<b><u>69,816.75</u></b>	<b><u>357,390,000</u></b>		

- (3) According to 13 Real Estate Title Certificates issued by Suixi County Natural Resources Bureau, the land use rights with a total site area of 11,869.27 sq m and the building ownership with a total gross floor area of 1,028.47 sq m of the Property have been vested in Zhanjiang Hailan for land use term due to expire on 9 July 2089 for residential use. The aforesaid gross floor area is the Phase I unsold portion of the Property.

Real Estate Title Certificates No.	Unit	Usage	Gross Floor Area <i>(sq m)</i>	Issue Date
(2022)0003281	1# 701	Residential	96.11	13 April 2022
(2022)0003357	2# 301	Residential	105.92	13 April 2022
(2022)0003358	2# 302	Residential	105.92	13 April 2022
(2022)0003359	2# 303	Residential	124.75	13 April 2022
(2022)0003360	2# 304	Residential	124.75	13 April 2022
(2022)0000688	5# 2402	Residential	106.17	26 January 2022
(2022)0001452	S2# 01	Commercial	28.33	1 March 2022
(2022)0001453	S2# 02	Commercial	62.24	1 March 2022
(2022)0001454	S2# 03	Commercial	47.98	1 March 2022
(2022)0001465	S2# 14	Commercial	47.78	1 March 2022
(2022)0000523	S3a# 03	Commercial	71.41	26 January 2022
(2022)0001372	S4# 01	Commercial	62.90	24 February 2022
(2022)0001377	S4# 06	Commercial	44.21	24 February 2022
<b>Total:</b>			<b><u>1,028.47</u></b>	

- (4) According to the Planning Permit for Construction Use of Land No. 440823201900159 dated 1 November 2019 issued by Suixi County Natural Resources Bureau, the construction site of land with a site area of 69,816.75 sq m is in compliance with the urban planning requirements and has been approved.

- (5) According to 4 Planning Permits for Construction Works issued by Suixi County Natural Resources Bureau and 4 Permit for Commencement of Construction Works issued by Suixi County Housing and Urban-Rural Development Bureau, the construction works of Phase III of the Property with a total gross floor area of 124,361.25 sq m are in compliance with the requirement of urban planning and have been permitted with details as follow:

**Planning Permit for Construction Works**

<b>Certificate No.</b>	<b>Issue Date</b>	<b>Name of Construction Works</b>	<b>Gross Floor Area (sq m)</b>
440823202000032	19 March 2020	Basement, Phase II & III	31,264.15
440823202000065	28 May 2020	Kindergarten, Phase III	1,719.67
440823202000095	22 September 2020	Building 10#, 11#, Phase III	19,577.00
440823202000117	24 November 2020	Building 12#-18#, Commercial S6#, S7a#, S7b#, S8#, Garbage Chamber, Phase III	81,735.72
<b>Total:</b>			<b><u>134,296.54</u></b>

**Permit for Commencement of Construction Works**

<b>Certificate No.</b>	<b>Issue Date</b>	<b>Contents of Construction Works</b>	<b>Gross Floor Area (sq m)</b>
440823202011300101	30 November 2020	Basement, Phase III	21,328.86
440823202009290301	29 September 2020	Kindergarten, Phase III	1,719.67
440823202009290201	29 September 2020	Building 10#, 11#, Phase III	19,577.00
440823202012010101	1 December 2020	Building 12#-18#, Commercial S6#, S7a#, S7b#, S8#, Garbage Chamber, Phase III	81,735.72
<b>Total:</b>			<b><u>124,361.25</u></b>

- (6) According to 15 Pre-sale Permits of Commodity Housing issued by Suixi County Housing and Urban-Rural Development Bureau, part of the Property was permitted for pre-sale.

<b>Pre-sale Permit of Commodity Housing No.</b>	<b>Issue Date</b>	<b>Name of Construction Works</b>	<b>Gross Floor Area (sq m)</b>
0620210058	30 September 2021	Building S3b#, Phase II	578.42
0620210059	30 September 2021	Building S5#, Phase II	440.23
0620200052	4 September 2020	Building 4#, Phase II	10,167.08
0620200053	4 September 2020	Building 6#, Phase II	10,167.52
0620200067	9 November 2020	Building 7#, Phase II	9,568.22
0620210016	25 March 2021	Building 8#, Phase II	9,568.22
0620200044	4 August 2020	Building 9#, Phase II	11,009.76
0620200070	26 November 2020	Building 10#, Phase III	8,692.63
0620200071	1 December 2020	Building 11#, Phase III	10,821.00
001-440823-2022-00022-2	25 May 2022	Building 12#, Phase III	12,204.64
001-440823-2022-00023-1	25 May 2022	Building 13#, Phase III	12,204.64
001-440823-2021-00001-X	30 November 2021	Building 15#, Phase III	10,163.66
0620210040	30 June 2021	Building 16#, Phase III	11,765.52
0620210033	10 June 2021	Building 17#, Phase III	10,160.50
0620210034	11 June 2021	Building 18#, Phase III	10,157.00
<b>Total:</b>			<b><u>137,669.04</u></b>

(7) According to 3 Certificates for Completion Examination of Construction Works issued by Suixi County Housing and Urban-Rural Development Bureau dated 4 November 2021 and 1 August 2022, the construction works of Phases I, II, with a total gross floor area of 97,821.11 sq m was agreed to be registered as completed.

(8) Phases I and II, Zhanjiang City Binjianghua Fu

As advised by the Group, as at the Valuation Date, one commercial unit of Phases II, with a total gross floor area of 60.91 sq m have been committed for sale at a total consideration of approximate RMB531,000. We have included such portions and taken into account the consideration in our valuation.

(9) Phase III, Zhanjiang City Binjianghua Fu

As advised by the Group, as at the Valuation Date, various residential units of Phase III, with a total gross floor area of 67,521.78 sq m have been committed for sale at a total consideration of approximate RMB398,000,000. We have included such portions and taken into account the consideration in our valuation.

As advised by the Group, the construction cost incurred (excluding the land cost) as at the Valuation Date was approximate RMB177,000,000. The estimated outstanding construction cost to complete the development was approximate RMB182,000,000. We have taken into account such costs in the course of our valuation.

The market value as if completed of Phase III, Zhanjiang City Binjianghua Fu, as at the Valuation Date was RMB636,800,000.

(10) According to Business Licence No. 91440823MA53EMMT2Q dated 20 December 2021, Zhanjiang Hailan has been established as a limited company with a registered capital of RMB18,180,000.

(11) According to the PRC legal opinion:

(i) Zhanjiang Hailan has obtained the Real Estate Title Certificate of 3 pieces of land, with an area of 69,816.75 sq m, and is the legal owner of the land use rights;

(ii) Zhanjiang Hailan has obtained construction land planning permits, construction works planning permits, construction permits, and pre-sale permits for the relevant properties from the government;

(iii) Zhanjiang Hailan enjoys the ownership of the unsold and undelivered portion of the commercial, residential and carpark property and the corresponding land use rights to occupy, use, benefit from, and dispose of it in accordance with the Civil Law Code (民法典). For the ownership and corresponding land use rights of the 67,582.69 sq m building that has been sold but not yet handed over, the real estate transfer registration as well as the rights to occupy, use, benefit from, and dispose of the property shall be completed and fulfilled in a timely manner; and

(iv) Zhanjiang Hailan has the rights to dispose of those ordinary underground projects and obtain corresponding profits through sales, leasing, and other forms. The civil air defense project is usually used by investors, and the proceeds belong to the investors. Zhanjiang Hailan shall legally use and manage the civil air defense project under its name according to the regulations on the Management of Urban Underground Space Development and Utilization (城市地下空間開發利用管理規定).

(12) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Real Estate Title Certificate	Yes
Contract for Grant of State-owned Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit of Commodity Housing	Yes (part)
Certificates for Completion Examination of Construction Works	Yes (part)
Business Licence	Yes

Part: Obtained portion of the document in accordance with the construction progress.

- (13) For reference purpose, the market values of the constituent property groups in existing state of the Property are as below:

<b>Group</b>	<b>Market value in existing state as at 31 March 2023 RMB</b>
Group I — Properties held by the Group for sale in the PRC	48,300,000
Group III — Properties held by the Group under development in the PRC	<u>395,000,000</u>
<b>Grand Total:</b>	<b><u><u>443,300,000</u></u></b>

## VALUATION REPORT

## Group I — Properties held by the Group for sale in the PRC

## Group II — Properties held by the Group for investment in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2023										
5. Jingzhuya Court, Angle Lot and No. 2 Lot, Wenhua Road, Shibu Resident Committee, Longjiang Town, Shunde District, Foshan City, Guangdong Province, the PRC  (中國廣東省佛山市順德區龍江鎮世埠居委會文華路夾角地塊及地塊二景著雅苑)	<p>The Property, comprises Phases I and II. Jingzhuya Court, which is a residential development erected on 2 parcels of land with a total site area of 22,109.27 sq m.</p> <p>According to the development scheme provided by the Group, Jingzhuya Court was completed in 2023 as below:</p> <table border="1"> <thead> <tr> <th>Uses</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>44,638.15</td> </tr> <tr> <td>Ancillary</td> <td>13,028.38</td> </tr> <tr> <td>Carpark (456 lots)</td> <td>8,222.39</td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>65,888.92</u></b></td> </tr> </tbody> </table> <p>The Property is situated at Wenhua Road, Shibu Resident Committee, Longjiang Town, which is predominantly a residential area. Developments in the vicinity comprise mainly residential developments such as Fengjing Haoyuan (峰景豪苑), Jiari Meiyu (假日美域) and Zhongxin Haoting (中信豪庭).</p> <p>According to the Company, the Property is proposed for commercial, residential and car park uses; there are neither environmental issues; nor any plan to change the use of the Property.</p> <p>The land use rights of the Property for parcel 1 with a site area of 11,949.63 sq m have been granted for land use term due to expire on 16 February 2060 for commercial use, 16 February 2070 for urban and rural roads uses and 16 February 2090 for residential use.</p> <p>The land use rights of the Property for parcel 2 with a site area of 10,159.64 sq m have been granted for land use term due to expire on 24 March 2060 for commercial use and 24 March 2090 for residential use.</p>	Uses	Gross Floor Area (sq m)	Residential	44,638.15	Ancillary	13,028.38	Carpark (456 lots)	8,222.39	<b>Total:</b>	<b><u>65,888.92</u></b>	As at the Valuation Date, Phases I and II were vacant.	<p>RMB554,800,000 (RENMINBI FIVE HUNDRED FIFTY FOUR MILLION EIGHT HUNDRED THOUSAND)</p> <p>(28.05% interest attributable to the Group: RMB155,621,400)</p> <p>(equivalent to HK\$177,769,731 HONG KONG DOLLARS ONE HUNDRED SEVENTY SEVEN MILLION SEVEN HUNDRED SIXTY NINE THOUSAND SEVEN HUNDRED THIRTY ONE)</p> <p>(Please see Note 11 on Page 105.)</p>
Uses	Gross Floor Area (sq m)												
Residential	44,638.15												
Ancillary	13,028.38												
Carpark (456 lots)	8,222.39												
<b>Total:</b>	<b><u>65,888.92</u></b>												

## Notes:

- (1) According to 2 Certificates for the Use of State-owned Land dated 8 April 2020 and 19 May 2020 issued by Foshan Natural Resources Bureau, the land use rights of the Property have been vested in Foshan Hailu Real Estate Co., Ltd. (佛山海路置業有限公司) (“**Foshan Hailu**”), a 28.05% owned associate of the Company, for commercial, urban and rural roads and residential uses with details as below:

<b>Certificate No.</b>	<b>Site Area</b> <i>sq m</i>	<b>Land Use Term Expiry</b>
(2020)0077153	11,949.63	Commercial: 16 February 2060 Urban and Rural Roads: 16 February 2070 Residential: 16 February 2090
(2020)0044363	10,159.64	Commercial: 24 March 2060 Residential: 24 March 2090
	<b>Total:</b>	<b><u>22,109.27</u></b>

- (2) According to 2 Contracts for Grant of State-owned Land Use Rights dated 17 February 2020 and 24 February 2020 issued by Foshan Natural Resources Bureau, the land use rights of the Property have been granted to Foshan Hailu for land use term of 40 years for commercial use, 50 years for urban and rural roads uses and 70 years for residential use.

<b>Contracts for Grant of State-owned Land Use Rights No.</b>	<b>Lot No.</b>	<b>Site Area</b> <i>sq m</i>	<b>Land Premium</b> <i>RMB</i>	<b>Plot Ratio</b>	<b>Building Covenant</b>
440606-2020-000081	157013-300	11,949.63	—	2.5	To complete construction before 6 February 2024
440606-2020-000095	157013-452	10,159.64	170,870,000	3.0	To complete construction before 24 March 2024
		<b>Total:</b>	<b><u>22,109.27</u></b>	<b><u>170,870,000</u></b>	

- (3) According to 2 Planning Permits for Construction Use of Land dated 27 April 2020, the construction site of land with a site area of 22,109.27 sq m is in compliance with the urban planning requirements and has been approved.

<b>No.</b>	<b>Planned Land Use</b>	<b>Site Area</b> <i>(sq m)</i>
440606202000031	Residential, Commercial, Urban and Rural Roads	11,949.63
440606202000032	Residential, Commercial	10,159.64
	<b>Total:</b>	<b><u>22,109.27</u></b>

- (4) According to 2 Planning Permit for Construction Works issued by Foshan Natural Resources Bureau and 2 Permits for Commencement of Construction Works issued by Foshan Shunde Housing and Urban-Rural Development and Water Resources Bureau, the construction works of the Property with a total gross floor area of 80,336.36 sq m are in compliance with the requirement of urban planning and have been permitted with details as follow:

Planning Permit for Construction Works No.	Permit for Commencement of Construction Works No.	Name of Construction Works	Gross Floor Area (sq m)
440606202003606	440606202006160101	Angle Lot, Wenhua Road, Shibu Resident Committee	39,865.41
440606202003478	440606202006110201	No. 2 Lot, Wenhua Road, Shibu Resident Committee	40,470.95
<b>Total:</b>			<b><u>80,336.36</u></b>

- (5) According to 5 Pre-sale Permits of Commodity Housing issued by Suixi Housing and Urban-Rural Development Bureau, the Property was permitted for pre-sale.

Pre-sale Permit of Commodity Housing No.	Issue Date	Name of Construction Works	Gross Floor Area (sq m)
2020024203	30 September 2020	Block 2#, 3#	16,225.13
2020029303	30 September 2020	Block 4#	7,343.42
2020031803	22 December 2020	Block 5#	4,318.91
2021012503	12 May 2021	Block 7#	9,010.39
2022014703	9 September 2022	Block 8#, 9#	16,407.32
<b>Total:</b>			<b><u>53,305.17</u></b>

- (6) According to 2 Certificates for Completion Examination of Construction Works issued by Foshan Shunde District Construction Project Completion Acceptance Filing Office, the construction works of Angle Lot, and No.2 Lot, Wenhua Road, Shibu Resident Committee, with a total gross floor area of 80,336.36 sq m was agreed to be registered as completed.

- (7) Jingzhuya Court

As advised by the Group, as at the Valuation Date, various residential units of Jingzhuya Court with a total gross floor area of 27,281.34 sq m have been committed for sale at a total consideration of approximate RMB313,000,000. We have included such portions and taken into account the consideration in our valuation.

- (8) According to Business Licence No. 91440606MA548KAU7J dated 27 July 2021, Foshan Hailu has been established as a limited company with a registered capital of RMB50,000,000.

- (9) According to the PRC legal opinion:

- (i) Foshan Hailu has obtained the Real Estate Title Certificate of 2 pieces of land, with an area of 22,109.27 sq m, and is the legal owner of the land use rights;
- (ii) Foshan Hailu has obtained construction land planning permits, construction works planning permits, construction permits, and pre-sale permits for the relevant properties from the government;
- (iii) Foshan Hailu enjoys the ownership of the unsold and undelivered portion of residential and carpark property and the corresponding land use rights to occupy, use, benefit from, and dispose of it in accordance with the Civil Law Code (民法典). For the ownership and corresponding land use rights of

the 27,281.34 sq m building that has been sold but not yet handed over, the real estate transfer registration as well as the rights to occupy, use, benefit from, and dispose of the property shall be completed and fulfilled in a timely manner; and

- (iv) Foshan Hailu has the rights to dispose of those ordinary underground projects and obtain corresponding profits through sales, leasing, and other forms. The civil air defense project is usually used by investors, and the proceeds belong to the investors. Foshan Hailu shall legally use and manage the civil air defense project under its name according to the regulations on the Management of Urban Underground Space Development and Utilization (城市地下空間開發利用管理規定).
- (10) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Certificate for the Use of State-owned Land	Yes
Contract for Grant of State-owned Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit of Commodity Housing	Yes
Certificates for Completion Examination of Construction Works	Yes
Business Licence	Yes

- (11) For reference purpose, the market values of the constituent property groups in existing state of the Property are as below:

<b>Group</b>	<b>Market value in existing state as at 31 March 2023 RMB</b>
Group I — Properties held by the Group for sale in the PRC	545,600,000
Group II — Properties held by the Group for investment in the PRC	<u>9,200,000</u>
<b>Grand Total:</b>	<b><u><u>554,800,000</u></u></b>

## VALUATION REPORT

## Group III — Property held by the Group under development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2023														
6. Hailan Rongjing, No.129, Fuxian Road, High-tech Zone, Yuxi City, Yunnan Province, the PRC  (中國雲南省玉溪市高新區撫仙路129號海藍榮璟)	<p>The Property, namely Hailan Rongjing, which is a residential development erected on a parcel of land with a total site area of 22,371.92 sq m.</p> <p>According to the development scheme provided by the Group, Hailan Rongjing is under development and is planned as below:</p> <table border="1"> <thead> <tr> <th>Uses</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Commercial</td> <td>924.08</td> </tr> <tr> <td>Residential</td> <td>65,351.28</td> </tr> <tr> <td>Above-ground facilities</td> <td>4,487.31</td> </tr> <tr> <td>Carpark (717 lots)</td> <td>21,715.59</td> </tr> <tr> <td>Under-ground facilities</td> <td>1,379.28</td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>93,857.54</u></b></td> </tr> </tbody> </table> <p>The Property is situated at No. 129, Fuxian Road, High-tech District, which is predominantly a residential area. Developments in the vicinity comprise mainly residential developments such as Yongjia One City Garden (永佳壹城花園), Longze Garden (龍澤園) and Yushan City Yue Garden (玉山城悅園).</p> <p>According to the Company, the Property is proposed for commercial, residential and car park uses; there are neither environmental issues; nor any plan to change the use of the Property.</p> <p>The land use rights of the Property have been granted for land use term due to expire on 24 January 2091 for residential use.</p>	Uses	Gross Floor Area (sq m)	Commercial	924.08	Residential	65,351.28	Above-ground facilities	4,487.31	Carpark (717 lots)	21,715.59	Under-ground facilities	1,379.28	<b>Total:</b>	<b><u>93,857.54</u></b>	<p>As at the Valuation Date, the Property was under construction and was scheduled to be completed in December 2024.</p>	<p>RMB127,000,000 (RENMINBI ONE HUNDRED TWENTY SEVEN MILLION)</p> <p>(70% interest attributable to the Group: RMB88,900,000)</p> <p>(equivalent to HK\$101,552,415 HONG KONG DOLLARS ONE HUNDRED ONE MILLION FIVE HUNDRED FIFTY TWO THOUSAND FOUR HUNDRED FIFTEEN)</p>
Uses	Gross Floor Area (sq m)																
Commercial	924.08																
Residential	65,351.28																
Above-ground facilities	4,487.31																
Carpark (717 lots)	21,715.59																
Under-ground facilities	1,379.28																
<b>Total:</b>	<b><u>93,857.54</u></b>																

## Notes:

- (1) According to Certificate for the Use of State-owned Land No. (2021)0010910 dated 26 May 2021 issued by Natural Resources Bureau of Hongta District, Yuxi City, the land use rights of the Property with a total site area of 22,371.92 sq m have been vested in Yuxi Jingwa Property Development Co., Ltd. (玉溪井蛙房地產開發有限公司) (“**Yuxi Jingwa**”), a 70% owned subsidiary of the Company, for land use term due to expire on 24 January 2091 for residential use.

- (2) According to Contract for Grant of State-owned Land Use Rights dated 25 January 2021 by Natural Resources Bureau of Hongta District, Yuxi City, the land use rights of the Property have been granted to Yuxi Jingwa for land use term of 70 years for residential use.

**Contracts for Grant of State-owned Land Use Rights No.**

Contracts for Grant of State-owned Land Use Rights No.	Lot No.	Site Area (sq m)	Land Premium (RMB)	Plot Ratio	Building Covenant
CR53 2021004	530402106101 GB00953	22,371.90	74,498,427	3.0	To complete construction before 25 September 2023.
		<b>Total:</b>	<b><u>22,371.90</u></b>		<b><u>74,498,427</u></b>

- (3) According to Planning Permit for Construction Use of Land No. 530432202100014 dated 13 October 2021 by Management Committee of Yuxi High-tech Industrial Development Zone, the construction site with a total site area of 22,371.9 sq m is in compliance with the requirements of urban planning.
- (4) According to Planning Permit for Construction Works dated 19 October 2021 and Permit for Commencement of Construction Works dated 4 December 2021 issued by Management Committee of Yuxi High tech Industrial Development Zone, the construction works of with a total gross floor area of 93,857.54 sq m are in compliance with the requirement of urban planning and have been permitted with details as follow:

Planning Permit for Construction Works No.	Permit for Commencement of Construction Works No.	Name of Construction Works	Gross Floor Area (sq m)
202100018	530400202111040201	Hailan Rongjing	<u>93,857.54</u>

- (5) According to 3 Pre-sale Permit of Commodity Housing issued by Yuxi Housing and Urban-Rural Development Bureau, part of the Property was permitted for pre-sale.

Certificate No.	Issue Date	Project Name	Gross Floor Area (sq m)
(2021)2093	31 December 2021	Building 5#,	12,518.14
(2022)478	30 May 2022	Building 1#	13,566.08
(2022)1215	30 December 2022	Building 6#	<u>12,166.90</u>
<b>Total:</b>			<b><u>38,251.12</u></b>

- (6) Hailan Rongjing

As advised by the Group, as at the Valuation Date, various residential units of Hailan Rongjing with a total gross floor area of 18,937.23 sq m have been committed for sale at a total consideration of approximate RMB99,000,000. We have included such portions and taken into account the consideration in our valuation.

As advised by the Group, the construction cost incurred (excluding the land cost) as at the Valuation Date was approximate RMB86,000,000. The estimated outstanding construction cost to complete the development was approximate RMB215,000,000. We have taken into account such costs in the course of our valuation.

The market value as if completed of Hailan Rongjing as at the Valuation Date was RMB399,000,000.

- (7) According to Business Licence No. 91530400MA6PQ46U74 dated 1 November 2022, Yuxi Jingwa has been established as a limited company with a registered capital of RMB9,990,000.

- (8) According to the PRC legal opinion:
- (i) Yuxi Jingwa has obtained the Real Estate Title Certificate of one piece of land, with an area of 22,371.92 sq m, and is the legal owner of the land use rights;
  - (ii) Yuxi Jingwa has obtained construction land planning permits, construction works planning permits, construction permits, and pre-sale permits for the relevant properties from the government;
  - (iii) Yuxi Jingwa enjoys the ownership of the unsold and undelivered portion of the commercial, residential and carpark property and the corresponding land use rights to occupy, use, benefit from, and dispose of it in accordance with the Civil Law Code (民法典). For the ownership and corresponding land use rights of the 18,937.23 sq m building that has been sold but not yet handed over, the real estate transfer registration as well as the rights to occupy, use, benefit from, and dispose of the property shall be completed and fulfilled in a timely manner; and
  - (iv) Yuxi Jingwa has the rights to dispose of those ordinary underground projects and obtain corresponding profits through sales, leasing, and other forms. The civil air defense project is usually used by investors, and the proceeds belong to the investors. Yuxi Jingwa shall legally use and manage the civil air defense project under its name according to the regulations on the Management of Urban Underground Space Development and Utilization (城市地下空間開發利用管理規定).
- (9) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Certificate for the Use of State-owned Land	Yes
Contract for Grant of State-owned Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit of Commodity Housing	Yes (part)
Business Licence	Yes

Part: Obtained portion of the document in accordance with the construction progress.

## VALUATION REPORT

## Group I — Property held by the Group for sale in the PRC

## Group III — Property held by the Group under development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2023																				
7. Hailan Zhongtang, east of Baota Park, south of Baota Road, Chunxi Street, Gaochun District, Nanjing City, Jiangsu Province, the PRC  (中國江蘇省南京市高淳區淳溪街道寶塔路以南、寶塔公園東側海藍中棠)	The Property comprises Phases I, II and III. Hailan Zhongtang which is a residential development erected on 2 parcels of land with a total site area of 33,360.11 sq m.  According to the development scheme provided by the Group, Phases I & II were completed in 2022 as below:	As at the Valuation Date, Phases I and II were vacant, while Phase III was under construction and was scheduled to be completed in June 2024.	RMB295,400,000  (RENMINBI TWO HUNDRED NINETY FIVE MILLION FOUR HUNDRED THOUSAND)  (60% interest attributable to the Group: RMB177,240,000)  (equivalent to HK\$202,465,131 HONG KONG DOLLARS TWO HUNDRED TWO MILLION FOUR HUNDRED SIXTY FIVE THOUSAND ONE HUNDRED THIRTY ONE)																				
	<table border="0"> <thead> <tr> <th>Uses</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>25,007.08</td> </tr> <tr> <td>Car park (411 lots)</td> <td>5,030.70</td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>30,037.78</u></b></td> </tr> </tbody> </table> <p>According to the development scheme provided by the Group, Phase III is under development and is planned as below:</p> <table border="0"> <thead> <tr> <th>Uses</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Commercial</td> <td>899.96</td> </tr> <tr> <td>Residential</td> <td>9,781.09</td> </tr> <tr> <td>Car park (80 lots)</td> <td>3,891.90</td> </tr> <tr> <td>Auxiliaries</td> <td>307.86</td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>14,880.81</u></b></td> </tr> </tbody> </table>	Uses	Gross Floor Area (sq m)	Residential	25,007.08	Car park (411 lots)	5,030.70	<b>Total:</b>	<b><u>30,037.78</u></b>	Uses	Gross Floor Area (sq m)	Commercial	899.96	Residential	9,781.09	Car park (80 lots)	3,891.90	Auxiliaries	307.86	<b>Total:</b>	<b><u>14,880.81</u></b>		(Please see Note 12 on Page 112.)
Uses	Gross Floor Area (sq m)																						
Residential	25,007.08																						
Car park (411 lots)	5,030.70																						
<b>Total:</b>	<b><u>30,037.78</u></b>																						
Uses	Gross Floor Area (sq m)																						
Commercial	899.96																						
Residential	9,781.09																						
Car park (80 lots)	3,891.90																						
Auxiliaries	307.86																						
<b>Total:</b>	<b><u>14,880.81</u></b>																						
	<p>The Property is situated at south of Baota Road and east of Baota Park, Chunxi Street, Gaochun District, which is predominantly a residential area. Developments in the vicinity comprise mainly residential developments such as Suning Yaju (蘇甯雅居) and Hubin Yipin (湖濱一品).</p> <p>According to the Company, the Property is proposed for commercial, residential and car park uses; there are neither environmental issues; nor any plan to change the use of the Property.</p> <p>The land use rights of the Property have been granted for land use term due to expire on 12 November 2060 for commercial use and 12 November 2090 for residential use.</p>																						

## Notes:

- (1) According to 2 Certificates for the Use of State-owned Land dated 15 December 2020 and 5 August 2022 issued by Nanjing Planning and Natural Resources Bureau, the land use rights of the Property have been vested in Nanjing Hailan Hao Yue Properties Co., Ltd. (南京海藍浩越置業有限公司) (“**Hailan Hao Yue**”), a 60% owned subsidiary of the Company, for land use term due to expire on 12 November 2060 for commercial use and 12 November 2090 for residential use.

Certificate No.	Site Area (sq m)
(2020)0014127	7,850.03
(2022)0011714	<u>25,510.08</u>
<b>Total:</b>	<b><u>33,360.11</u></b>

- (2) According to the Contract for Grant of State-owned Land Use Rights dated 17 June 2020 by Nanjing Planning and Natural Resources Bureau, the land use rights of the Property have been granted to Hailan Hao Yue for land use terms of 40 years for commercial use and 70 years for residential use.

**Contracts for Grant of  
State-owned Land Use  
Rights No.**

Lot No.	Site Area (sq m)	Land Premium (RMB)	Plot Ratio	Building Covenant	
320125202CR0025	No. GC2020G16	33,360.11	196,000,000	1.4	To complete construction before 31 August 2023.
<b>Total:</b>		<b><u>33,360.11</u></b>	<b><u>196,000,000</u></b>		

- (3) According to Planning Permit for Construction Use of Land No. 320118202010302 dated 26 October 2020 issued by Nanjing Planning and Natural Resources Bureau, the construction site with a total site area of 33,360.11 sq m is in compliance with the requirements of urban planning.
- (4) According to 3 Planning Permits for Construction Works issued by Nanjing Planning and Natural Resources Bureau and 4 Permits for Commencement of Construction Works issued by Nanjing Gaochun Administrative Approval Bureau, the construction works with a total gross floor area of 68,736.61 sq m are in compliance with the requirement of urban planning and have been permitted with details as follow:

**Planning Permit for Construction Works**

Certificate No.	Issue Date	Name of Construction Works	Gross Floor Area (sq m)
320118202050016	7 December 2020	No. GC2020G16 Real Estate Development Project (Phase I)	36,801.07
320118202050017		No. GC2020G16 Real Estate Development Project (Phase II)	17,054.75
320118202050018		No. GC2020G16 Real Estate Development Project (Phase III)	<u>14,880.79</u>
<b>Total:</b>			<b><u>68,736.61</u></b>

**Permit for Commencement of Construction Works**

<b>Certificate No.</b>	<b>Issue Date</b>	<b>Contents of Construction Works</b>	<b>Gross Floor Area (sq m)</b>
320125202101041101	4 January 2021	Building 1#, 6#, 7#, 10#, 11#, 13#, Basement 1 (Phase I) & Basement 2 (Phase II)	31,625.03
320125202012091201	9 December 2020	Building 2#~5# (Phase II)	13,859.85
320125202012081101	8 December 2020	Building 8#, 9#, 12# (Phase I)	8,085.66
320125202103161101	16 March 2021	Building 14#-17#, S#1, Basement 3, P1#-P3#	15,166.07
<b>Total:</b>			<b><u>68,736.61</u></b>

- (5) According to 6 Pre-sale Permits of Commodity Housing issued by Nanjing Gaochun Administrative Approval Bureau, part of the Property was permitted for pre-sale.

<b>Certificate No.</b>	<b>Issue Date</b>	<b>Project Name</b>	<b>Project Use</b>
2021600039	30 June 2021	Building 1#, 6#, 7#	Residential
2021600008	29 January 2021	Building 2#, 3#, 4#, 5#, 8#, 9#, 12#	Residential
2021600073	3 December 2021	Building 10#, 11#, 13#	Residential
2023600001	17 February 2023	Building 14#, 15#	Residential
2022600025	26 October 2022	Building 16#	Residential
2022600022	27 September 2022	Building 17#	Residential

- (6) According to 15 Certificates for Completion Examination of Construction Works No. 3201252008270101-JX-001 to 3201252008270101-JX-015 issued by Nanjing Gaochun District Housing Construction Project Completion Acceptance Filing Office dated 29 November 2022, the construction works of Building 1#-13# and Basement 1,2, with a total gross floor area of 53,570.54 sq m was agreed to be registered as completed.

- (7) Phases I & II, Hailan Zhongtang

As advised by the Group, as at the Valuation Date, various residential units of Phases I & II with a total gross floor area of 19,164.38 sq m have been committed for sale at a total consideration of approximate RMB179,000,000. We have included such portions and taken into account the consideration in our valuation.

- (8) Phase III, Hailan Zhongtang

As advised by the Group, as at the Valuation Date, various residential units of Phase III with a total gross floor area of 6,731.68 sq m have been committed for sale at a total consideration of approximate RMB57,000,000. We have included such portions and taken into account the consideration in our valuation.

As advised by the Group, the construction cost incurred (excluding the land cost) as at the Valuation Date was approximate RMB29,000,000. The estimated outstanding construction cost to complete the development was approximate RMB27,000,000. We have taken into account such costs in the course of our valuation.

The market value as if completed of Phase III as at the Valuation Date was RMB95,300,000.

- (9) According to Business Licence No. 91320118MA21WLNN80 dated 2 December 2022, Hailan Hao Yue has been established as a limited company with a registered capital of RMB50,000,000.

- (10) According to the PRC legal opinion:
- (i) Hailan Hao Yue has obtained the Real Estate Title Certificate of 2 pieces of land, with an area of 33,360.11 sq m, and is the legal owner of the land use rights;
  - (ii) Hailan Hao Yue has obtained construction land planning permits, construction works planning permits, construction permits, and pre-sale permits for the relevant properties from the government;
  - (iii) Hailan Hao Yue enjoys the ownership of the unsold and undelivered portion of the commercial, residential and carpark property and the corresponding land use rights to occupy, use, benefit from, and dispose of it in accordance with the Civil Law Code (民法典). For the ownership and corresponding land use rights of the 25,896.06 sq m building that has been sold but not yet handed over, the real estate transfer registration as well as the rights to occupy, use, benefit from, and dispose of the property shall be completed and fulfilled in a timely manner; and
  - (iv) Hailan Hao Yue has the rights to dispose of those ordinary underground projects and obtain corresponding profits through sales, leasing, and other forms. The civil air defense project is usually used by investors, and the proceeds belong to the investors. Hailan Hao Yue shall legally use and manage the civil air defense project under its name according to the regulations on the Management of Urban Underground Space Development and Utilization (城市地下空間開發利用管理規定).
- (11) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Certificate for the Use of State-owned Land	Yes
Contract for Grant of State-owned Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit of Commodity Housing	Yes (part)
Certificates for Completion Examination of Construction Works	Yes (part)
Business Licence	Yes

Part: Obtained portion of the document in accordance with the construction progress.

- (12) For reference purpose, the market values of the constituent property groups in existing state of the Property are as below:

<b>Group</b>	<b>Market value in existing state as at 31 March 2023 RMB</b>
Group I — Properties held by the Group for sale in the PRC	245,200,000
Group III — Properties held by the Group under development in the PRC	<u>50,200,000</u>
<b>Grand Total:</b>	<b><u><u>295,400,000</u></u></b>

## VALUATION REPORT

## Group III — Properties held by the Group under development in the PRC

## Group IV — Properties held by the Group for future development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2023
8. Danzhou Phoenix Shores Yue Hai Bay, C65 Regulatory Plan for the First and Second Cluster Area, Binhai New District, Danzhou City, Hainan Province, the PRC  (中國海南省儋州市濱海新區第一第二組團片區控規C65儋州鳳凰海岸●悅海灣)	The Property comprises Northern Area and Southern Area. Danzhou Phoenix Shores Yue Hai Bay which are complex commercial development to be erected on 2 parcels of land with a total site area of 123,903.10 sq m.  According to the development scheme provided by the Group, portion of Northern Area, is under development and is planned as below:	As at the Valuation Date, portion of northern area was under construction and was scheduled to be completed in 2026. The rest portion was a vacant land for development.  Southern Area was a vacant land for development.  There are no immediate development potential as the vacant land has not obtained construction permit.	RMB796,000,000 (RENMINBI SEVEN HUNDRED NINETY SIX MILLION)  (99.454% interest attributable to the Group: RMB791,653,840)  (equivalent to HK\$904,323,506 HONG KONG DOLLARS NINE HUNDRED FOUR MILLION THREE HUNDRED TWENTY THREE THOUSAND FIVE HUNDRED SIX)  (Please see Note 10 on Page 116.)
	<b>Uses</b>	<b>Gross Floor Area</b> (sq m)	
	Loft	169,266.20	
	Villa	8,712.00	
	Carpark (940 lots)	31,491.18	
	<b>Total:</b>	<b><u>209,469.38</u></b>	
	According to the development scheme provided by the Group, Southern Area, with a proposed gross floor area of 119,778.08 sq m, and portion of the Northern Area, with a proposed gross floor area of 148,073.51 sq m, are a vacant land for development.		
	The Property is situated at the joint of Zhongxin Avenue and Zhongheng fourth Road, Binhai New District, which is predominantly a residential area. Developments in the vicinity comprise mainly residential and commercial developments such as Evergrande Ocean Flower Island Project (恒大海花島項目) and Hetai Garden (和泰花園).		
	According to the Company, the Property is proposed for commercial and car park uses; there are neither environmental issues; nor any plan to change the use of the Property.		
	The land use rights of the Property have been granted for land use term due to expire on 13 November 2060 for commercial use.		

## Notes:

- (1) According to 2 Certificates for the Use of State-owned Land dated 29 January 2021 issued by Danzhou Natural Resources and Planning Bureau, the land use rights of the Property have been vested in Danzhou Hailan Jinhong Real Estate Development Co., Ltd. (儋州海藍金鴻房地產開發有限公司) (“**Hailan Jinhong**”), a 99.454% owned subsidiary of the Company, for land use term due to expire on 13 November 2060 for commercial use.

State-owned Land Use Rights Certificate No.	Site Area <i>sq m</i>
(2021)0010581	99,078.20
(2021)0010580	<u>24,824.90</u>
<b>Total:</b>	<b><u>123,903.10</u></b>

- (2) According to 2 Planning Permits for Construction Use of Land dated 6 April 2021 issued by Danzhou Natural Resources and Planning Bureau, the construction site of 2 parcels of land with a total site area is in compliance with urban planning requirements.

Planning Permit for Construction Use of Land No.	Site Area <i>(sq m)</i>
469003202104004	99,078.20
469003202104005	<u>24,824.90</u>
<b>Total:</b>	<b><u>123,903.10</u></b>

- (3) According to the Temporary Planning Permit for Construction Works No. 469003201603002 dated 23 March 2016 issued by Danzhou Housing and Urban Rural Development Bureau, and the Planning Permit for Construction Works No. 460400202120013 dated 29 July 2021 issued by Danzhou Natural Resources and Planning Bureau, the construction works of the Property was in compliance with the requirement of urban planning with a total gross floor area of approximately 504,335.77 sq m.

- (4) According to 4 Permits for Commencement of Construction Works issued by Danzhou Housing and Urban Rural Development Bureau, the construction works with a total gross floor area of 357,783.09 sq m are in compliance with the requirement of urban planning and have been permitted with details as follow:

Certificate No.	Issue Date	Contents of Construction Works	Gross Floor Area <i>(sq m)</i>
460400202103300301	30 March 2021	Danzhou Phoenix Shores Yue Hai Bay (B-25#, B-19#, B-30#, B-5#, B-29#, B-8#, B-22#, B-6#, B-23#, B-15#, B-9#, B-12#, B-26#, B-13#, B-18#, B-16#)	24,836.81
460400202108190101	19 August 2021	Danzhou Phoenix Shores Yue Hai Bay 1#, 2#, 3#, 5#	108,576.64
460400202109300101	30 September 2021	Danzhou Phoenix Shores Yue Hai Bay 6#, 7# and basement	92,180.74
460400202109300301	30 September 2021	Danzhou Phoenix Shores Yue Hai Bay 8#, 9#, 10#, 11#	<u>132,188.90</u>
<b>Total:</b>			<b><u>357,783.09</u></b>

- (5) According to 2 Pre-sale Permits of Commodity Housing issued by Danzhou Housing and Urban-Rural Development Bureau, part of the Property was permitted for pre-sale.

**Pre-sale Permit of  
Commodity Housing**

<b>No.</b>	<b>Issue Date</b>	<b>Project Name</b>	<b>Gross Floor Area (sq m)</b>
(2021-24)	29 September 2021	Block 1#, 2#, 3#, 5#	101,356.08
(2021-8)	16 April 2021	Block B-12#, B-15#, B-18#, B-22#, B-25#, B-29#	8,712.00
<b>Total:</b>			<b><u>110,068.08</u></b>

- (6) Northern Area, Danzhou Phoenix Shores Yue Hai Bay

As advised by the Group, as at the Valuation Date, various commercial units with a total gross floor area of 11,605.84 sq m have been committed for sale at a total consideration of approximate RMB107,000,000. We have included such portions and taken into account the consideration in our valuation.

As advised by the Group, portion of northern area with a total planned gross floor area of 209,469.38 sq m was under construction. The construction cost incurred (excluding the land cost) as at the Valuation Date was approximate RMB153,000,000. The estimated outstanding construction cost to complete the development was approximate RMB710,000,000. We have taken into account such costs in the course of our valuation.

The market value as if completed for the above portion as at the Valuation Date was RMB1,600,100,000.

- (7) According to Business Licence No.91460000MA5TU9AF7C dated 12 December 2022, Hainan Jinhong was established as a limited liability company with a registered capital of RMB10,000,000.
- (8) According to the PRC legal opinion:
- (i) Hailan Jinhong has obtained the Real Estate Title Certificate of 2 pieces of land, with an area of 123,903.10 sq m, and is the legal owner of the land use rights;
  - (ii) Hailan Jinhong has obtained construction land planning permits, construction works planning permits, construction permits, and pre-sale permits for the relevant properties from the government;
  - (iii) Hailan Jinhong enjoys the ownership of the unsold and undelivered portion of the commercial and carpark property and the corresponding land use rights to occupy, use, benefit from, and dispose of it in accordance with the Civil Law Code (民法典). For the ownership and corresponding land use rights of the 11,605.84 sq m building that has been sold but not yet handed over, the real estate transfer registration as well as the rights to occupy, use, benefit from, and dispose of the property shall be completed and fulfilled in a timely manner; and
  - (iv) Hailan Jinhong has the rights to dispose of those ordinary underground projects and obtain corresponding profits through sales, leasing, and other forms. The civil air defense project is usually used by investors, and the proceeds belong to the investors. Hailan Jinhong shall legally use and manage the civil air defense project under its name according to the regulations on the Management of Urban Underground Space Development and Utilization (城市地下空間開發利用管理規定).

- (9) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Certificate for the Use of State-owned Land	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes (part)
Permit for Commencement of Construction Works	Yes (part)
Pre-sale Permit of Commodity Housing	Yes (part)
Business Licence	Yes

Part: Obtained portion of the document in accordance with the construction progress.

- (10) For reference purpose, the market values of the constituent property groups in existing state of the Property are as below:

<b>Group</b>	<b>Market value in existing state as at 31 March 2023 RMB</b>
Group III — Properties held by the Group under development in the PRC	556,000,000
Group IV — Properties held by the Group for future development in the PRC	<u>240,000,000</u>
<b>Grand Total:</b>	<b><u><u>796,000,000</u></u></b>

## VALUATION REPORT

## Group III — Properties held under development by the Group in the PRC

## Group IV — Properties held for future development by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2023																		
9. Danzhou Phoenix Shores Phase II, Regulatory Plan for Lots A-5-1, 12, 13, Binhai Avenue, South Area of Baimajing Town, Danzhou City, Hainan Province, the PRC  (中國海南省儋州市白馬井鎮南片區濱海大道路段控規A-5-1、12、13地塊儋州鳳凰海岸二期)	The Property, Danzhou Phoenix Shores Phase II, which are residential and commercial development to be erected on 6 parcels of land with a total site area of 402,884.22 sq m.  According to the development scheme provided by the Group, part of Parcels A2, B, D, are under development and is planned as below:  <b>Parcels and Uses</b>	As at the Valuation Date, part of Parcels A2, B, D were under construction and was scheduled to be completed in 2025.  The remaining part of Parcels A2, B, D and Parcels C, E, F are vacant land for development.  There are no immediate development potential as the vacant land has not obtained construction permit.	RMB949,600,000 (RENMINBI NINE HUNDRED FORTY NINE MILLION SIX HUNDRED THOUSAND)  (98.908% interest attributable to the Group: RMB939,230,368)  (equivalent to HK\$1,072,903,403 HONG KONG DOLLARS ONE BILLION SEVENTY TWO MILLION NINE HUNDRED THREE THOUSAND FOUR HUNDRED THREE)  (Please see Note 11 on Page 121.)																		
	<table border="0"> <tr> <td></td> <td style="text-align: right;"><b>Total Gross Floor Area</b></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><i>(sq m)</i></td> <td></td> </tr> <tr> <td>Part of A2 (Residential and Commercial Use)</td> <td style="text-align: right;">10,841.34</td> <td></td> </tr> <tr> <td>Part of B (Residential Use)</td> <td style="text-align: right;">63,335.90</td> <td></td> </tr> <tr> <td>Part of D (Residential Use)</td> <td style="text-align: right;">18,307.00</td> <td></td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>92,484.24</u></b></td> <td></td> </tr> </table>		<b>Total Gross Floor Area</b>			<i>(sq m)</i>		Part of A2 (Residential and Commercial Use)	10,841.34		Part of B (Residential Use)	63,335.90		Part of D (Residential Use)	18,307.00		<b>Total:</b>	<b><u>92,484.24</u></b>			
	<b>Total Gross Floor Area</b>																				
	<i>(sq m)</i>																				
Part of A2 (Residential and Commercial Use)	10,841.34																				
Part of B (Residential Use)	63,335.90																				
Part of D (Residential Use)	18,307.00																				
<b>Total:</b>	<b><u>92,484.24</u></b>																				
	According to the development scheme provided by the Group, part of Parcels A2, B, D, and Parcels C, E, and F, are vacant land for development as below:  <b>Parcels and Uses</b>																				
	<table border="0"> <tr> <td></td> <td style="text-align: right;"><b>Site Area</b></td> </tr> <tr> <td></td> <td style="text-align: right;"><i>(sq m)</i></td> </tr> <tr> <td>Remaining Part of A2 (Residential and Commercial Use)</td> <td style="text-align: right;">16,644.12</td> </tr> <tr> <td>Remaining Part of B (Residential Use)</td> <td style="text-align: right;">29,740.55</td> </tr> <tr> <td>C (Residential and Education Use)</td> <td style="text-align: right;">26,645.39</td> </tr> <tr> <td>Remaining Part of D (Residential Use)</td> <td style="text-align: right;">54,812.95</td> </tr> <tr> <td>E (Residential Use)</td> <td style="text-align: right;">34,666.83</td> </tr> <tr> <td>F (Commercial Use)</td> <td style="text-align: right;">207,800.00</td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>370,309.84</u></b></td> </tr> </table>		<b>Site Area</b>		<i>(sq m)</i>	Remaining Part of A2 (Residential and Commercial Use)	16,644.12	Remaining Part of B (Residential Use)	29,740.55	C (Residential and Education Use)	26,645.39	Remaining Part of D (Residential Use)	54,812.95	E (Residential Use)	34,666.83	F (Commercial Use)	207,800.00	<b>Total:</b>	<b><u>370,309.84</u></b>		
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E (Residential Use)	34,666.83																				
F (Commercial Use)	207,800.00																				
<b>Total:</b>	<b><u>370,309.84</u></b>																				

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2023
Cont'd	<p>The Property is situated at Xiyizhi Road, Binhai New District, which is predominantly a residential area. Developments in the vicinity comprise mainly residential and commercial developments such as Evergrande Ocean Flower Island Project (恒大海花島項目) and Hetai Garden (和泰花園).</p> <p>According to the Company, the Property is proposed for commercial, residential and car park uses; there are neither environmental issues; nor any plan to change the use of the Property.</p> <p>The land use rights of the Property have been granted for land use term due to expire on 28 June 2050 for commercial use 28 June 2060 for education use, and 28 June 2080 for residential use.</p>	—	—

*Notes:*

- (1) According to 6 Certificates for the Use of State-owned Land dated 28 June 2010 issued by Danzhou Municipal People's Government, the land use rights of the Property have been vested in Danzhou Shuang Lian Property Development Company Limited (儋州雙聯房地產開發有限公司) ("Danzhou Shuang Lian"), a 98.908% owned subsidiary of the Company, for land use term of 40 for commercial and hotel uses and 70 year term for residential use respectively.

Certificate No.	Parcel	Site Area <i>sq m</i>
(2010)709	A	52,726.90
(2010)710	F	207,800.00
(2010)711	D	62,752.80
(2010)712	B	50,596.50
(2010)713	E	65,097.50
(2010)714	C	29,579.70
<b>Total:</b>		<b><u>468,553.40</u></b>

- (2) According to the Contract for Grant of State-owned Land Use Rights dated 27 January 2010 by Danzhou Municipal Bureau of Land, Environment and Resources, the land use rights of the Property have been granted to Danzhou Shuang Lian for land use terms of 40 years for commercial and hotel uses and 70 years for residential use.

**Contracts for Grant of State-owned Land Use Rights No.**

Lot No.	Site Area <i>(sq m)</i>	Land Premium <i>(RMB)</i>	Plot Ratio	Building Covenant	
2010-03	NA	468,553.50	289,566,063	≤1.5 (0.6-2.5)	To complete construction before 30 August 2012
<b>Total:</b>		<b><u>468,553.50</u></b>	<b><u>289,566,063</u></b>		

- (3) According to Planning Permit for Construction Use of Land No.2010-0905 dated 21 September 2010, the construction site of a parcel of land with a total site area 468,553.40 sq m is in compliance with urban planning requirements.
- (4) According to the Notice No. (2023)37 dated 14 January 2023 issued by Danzhou Municipal People's Government, the request applied by Danzhou Shuang Lian regarding to the change of the land use conditions and compensation for reclaim of land, the site area and related plot ratios have been permitted with details as follow:

Certificate No.	Parcel	Site Area uses (sq m)	Plot Ratio
(2010)709	A	52,726.90 Residential, Commercial	2.6587
(2010)712	B	50,596.50 Residential	2.3000
(2010)714	C	26,645.39 Residential, Education	1.0533
(2010)711	D	62,752.80 Residential	1.3000
(2010)713	E	34,666.83 Residential	2.0000
(2010)710	F	<u>207,800.00</u> Commercial	1.5610
<b>Total</b>		<b><u>435,188.42</u></b>	

(Parcel A comprises Danzhou Phoenix Shores Phase I with a site area of 32,304.20 sqm (A1), and the Property, Danzhou Phoenix Shores Phase II, with a site area of 20,422.70 sq m (A2).)

- (5) According to 3 Planning Permits for Construction Works, issued by Danzhou Natural Resources and Planning Bureau and Danzhou Administrative Approval Service Bureau, and 4 Permits for Commencement of Construction Works issued by Danzhou Housing and Urban Rural Development Bureau, the construction works with a total gross floor area of 92,484.24 sq m are in compliance with the requirement of urban planning and have been permitted with details as follow:

Planning Permit for Construction Works No.	Permit for Commencement of Construction Works No.	Name of Construction Works	Gross Floor Area (sq m)
460400202120016	460400202204130101	Parcel A2 (Block 1#)	10,841.34
460400202220037	460400202211180101	Parcel B (Block 2#, 3#, 4#, 6#, 8# and basement)	63,335.90
460400202120015	460400202204270101	Parcel D3 (Block 1#, 2#, 5#, 6#, 9# and basement)	12,764.68
	460400202204270201	Parcel D3 (Block 3#, 4#, 7#,8#)	<u>5,542.32</u>
		<b>Total:</b>	<b><u>92,484.24</u></b>

- (6) According to 2 Pre-sale Permit of Commodity Housing issued by Danzhou Housing and Urban Rural Development Bureau and Danzhou Administrative Examination and Approval Service Bureau, part of the Property was permitted for pre-sale.

Pre-sale Permit of Commodity Housing No.	Issue Date	Project Name	Gross Floor Area (sq m)
(2022-11)	2 June 2022	Parcel A2 (Block 1#)	9,952.32
(2022-16)	13 October 2022	Parcel D3 (Block 3#, 4#, 7#,8#)	<u>5,542.00</u>
		<b>Total:</b>	<b><u>15,494.32</u></b>

## (7) Phase II, Danzhou Phoenix Shores

As advised by the Group, as at the Valuation Date, various residential units with a total gross floor area of 200.10 sq m have been committed for sale at a total consideration of approximate RMB1,800,000. We have included such portions and taken into account the consideration in our valuation.

As advised by the Group, portion of Parcels A2, B D with a total planned gross floor area of 92,484.24 sq m was under construction. The construction cost incurred (excluding the land cost) as at the Valuation Date was approximate RMB76,000,000. The estimated outstanding construction cost to complete the development was approximate RMB427,000,000. We have taken into account such costs in the course of our valuation.

The market value as if completed for the above portion as at the Valuation Date was RMB800,500,000.

## (8) According to Business Licence No.914690036931976775 dated 23 November 2022, Danzhou Shuang Lian was established as a limited liability company with a registered capital of RMB412,500,000.

## (9) According to the PRC legal opinion:

(i) Danzhou Shuang Lian has obtained the Real Estate Title Certificate of 6 pieces of land, with an area of 468,553.40 sq m, and is the legal owner of the land use rights;

(ii) Danzhou Shuang Lian has obtained construction land planning permits, construction works planning permits, construction permits, and pre-sale permits for the relevant properties from the government;

(iii) Danzhou Shuang Lian enjoys the ownership of the unsold and undelivered portion of the commercial, residential and carpark property and the corresponding land use rights to occupy, use, benefit from, and dispose of it in accordance with the Civil Law Code (民法典). For the ownership and corresponding land use rights of the 200.10 sq m building that has been sold but not yet handed over, the real estate transfer registration as well as the rights to occupy, use, benefit from, and dispose of the property shall be completed and fulfilled in a timely manner; and

(iv) Danzhou Shuang Lian has the rights to dispose of those ordinary underground projects and obtain corresponding profits through sales, leasing, and other forms. The civil air defense project is usually used by investors, and the proceeds belong to the investors. Danzhou Shuang Lian shall legally use and manage the civil air defense project under its name according to the regulations on the Management of Urban Underground Space Development and Utilization (城市地下空間開發利用管理規定).

## (10) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Certificate for the Use of State-owned Land	Yes
Contract for Grant of State-owned Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes (part)
Permit for Commencement of Construction Works	Yes (part)
Pre-sale Permit of Commodity Housing	Yes (part)
Business Licence	Yes

Part: Obtained portion of the document in accordance with the construction progress.

- (11) For reference purpose, the market values of the constituent property groups in existing state of the Property are as below:

<b>Group</b>	<b>Market value in existing state as at 31 March 2023 RMB</b>
Group III — Properties held by the Group under development in the PRC	192,000,000
Group IV — Properties held by the Group for future development in the PRC	<u>757,600,000</u>
<b>Grand Total:</b>	<b><u>949,600,000</u></b>

## VALUATION REPORT

## Group I — Properties held by the Group for sale in the PRC

## Group II — Properties held by the Group for investment in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2023										
10. Meizhou Sunac Aoyuan Jiulong Mansion, Qinyang Peninsula, Jinshan Subdistrict, Meijiang District, Meizhou City, Guangdong Province, the PRC  (中國廣東省梅州市梅江區金山街道芹洋半島梅州融創奧園玖瓏台)	The Property, namely Meizhou Sunac Aoyuan Jiulong Mansion, which is a residential development erected on a parcel of land with a total site area of 34,542 sq m.  According to the development scheme provided by the Group, Meizhou Sunac Aoyuan Jiulong Mansion was completed in 2022 as below:	As at the Valuation Date, Meizhou Sunac Aoyuan Jiulong Mansion was vacant.	RMB101,700,000 (RENMINBI ONE HUNDRED ONE MILLION SEVEN HUNDRED THOUSAND)  (24.50% interest attributable to the Group: RMB24,916,500)  (equivalent to HK\$28,462,663 HONG KONG DOLLARS TWENTY EIGHT MILLION FOUR HUNDRED SIXTY TWO THOUSAND SIX HUNDRED SIXTY THREE)  (Please see Note 12 on Page 125.)										
	<table border="1"> <thead> <tr> <th>Uses</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>4,943.20</td> </tr> <tr> <td>Retail</td> <td>61.20</td> </tr> <tr> <td>Carpark (1,271 lots)</td> <td>40,152.95</td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>45,157.35</u></b></td> </tr> </tbody> </table>	Uses	Gross Floor Area (sq m)	Residential	4,943.20	Retail	61.20	Carpark (1,271 lots)	40,152.95	<b>Total:</b>	<b><u>45,157.35</u></b>		
Uses	Gross Floor Area (sq m)												
Residential	4,943.20												
Retail	61.20												
Carpark (1,271 lots)	40,152.95												
<b>Total:</b>	<b><u>45,157.35</u></b>												
	33 residential units with total gross floor area of 4,943.20 sq m and 1,026 car parking lots have been seized by the court, please refer to Note 10 (v) and 12 on following pages.												
	The Property is situated at Qinyang Peninsula, which is predominantly a residential area. Developments in the vicinity comprise mainly residential developments such as Qinyang Garden (芹洋花園), Evergrande Yujing Peninsula (恒大禦景半島) and Aoyuan Peninsula (奧園半島).												
	According to the Company, the Property is proposed for commercial, residential and car park uses; there are neither environmental issues; nor any plan to change the use of the Property.												
	The land use rights of the Property have been granted for land use term due to expire on 30 April 2059 for commercial use and 30 April 2089 for residential use.												

## Notes:

- (1) According to the Certificate for the Use of State-owned Land No. (2019) 0018145 dated 22 May 2019 issued by Meizhou Natural Resources Bureau, the land use rights of the Property with a total site area of 34,542 sq m have been vested in Meizhou Aochuang Estate Co., Ltd. (梅州市奧創置業有限公司) (“**Meizhou Aochuang**”), a 24.5% owned associate of the Company, for land use term due to expire on 30 April 2059 for commercial use and 30 April 2089 for residential use.

- (2) According to a Contract for Grant of State-owned Land Use Rights dated 30 April 2019 by Meizhou Natural Resources Bureau, the land use rights of the Property have been granted to Meizhou Aochuang for land use term of 40 years for commercial use and 70 years for residential use.

**Contracts for Grant of State-owned Land Use Rights No.**

Contracts for Grant of State-owned Land Use Rights No.	Lot No.	Site Area (sq m)	Land Premium (RMB)	Plot Ratio	Building Covenant
441401-2019-000003	PM-B19019	34,542.00	352,971,500	3.5	To complete construction before 30 May 2023.
<b>Total:</b>		<b><u>34,542.00</u></b>	<b><u>352,971,500</u></b>		

- (3) According to the Planning Permit for Construction Use of Land No. MJ2019-9 dated 20 May 2019 issued by Meizhou Natural Resources Bureau, the construction site of land with a site area of 34,542 sq m is in compliance with the urban planning requirements and has been approved.
- (4) According to 8 Planning Permits for Construction Works issued by Meizhou Natural Resources Bureau and 8 Permits for Commencement of Construction Works issued by Meizhou Meijiang Housing and Urban-Rural Development Bureau, the construction works with a total gross floor area of 161,027.30 sq m are in compliance with the requirement of urban planning and have been permitted with details as follow:

Planning Permit for Construction Works No.	Permit for Commencement of Construction Works No.	Name of Construction Works	Gross Floor Area (sq m)
MJ2019-193	441402201907290101	Retail, Residential: Block 1#, 2#, 15#	24,939.58
MJ2019-194	441402201907300601	Retail, Residential: Block 3#, 4#, 14#	25,987.11
MJ2019-195	441402201907300701	Residential: Block 5#	11,451.69
MJ2019-196	441402201907300501	Retail, Residential, Ancillary: Block 6#, 12#, 13#	12,744.81
MJ2019-197	441402201907300401	Residential, Basement: Block 7#, Basement	51,243.77
MJ2019-198	441402201907300901	Residential, Ancillary: Block 8#, 11#	12,953.25
MJ2019-199	441402201907300801	Residential, Ancillary: Block 9#, 10#	21,452.99
MJ2019-200	441402201907301001	Retail: Block 16#	254.10
<b>Total:</b>			<b><u>161,027.30</u></b>

- (5) According to 9 Pre-sale Permits of Commodity Housing issued by Meizhou Housing and Urban-Rural Development Bureau, part of the Property was permitted for pre-sale.

Pre-sale Permit of Commodity Housing No.	Issue Date	Name of Construction Works	Gross Floor Area (sq m)
2020046	28 June 2020	Block 5#	11,435.82
2020094	5 November 2020	Block 6#	11,031.42
2019070	14 October 2019	Block 16#	254.10
2019076	6 December 2019	Block 1#, 2#, 15#	24,853.66
2020027	3 April 2020	Block 3#, 4#, 14#	25,921.50
2020082	14 September 2020	Block 7#	11,083.00
2021005	25 January 2021	Block 8#	10,706.66
2021058	12 July 2021	Block 9#	10,202.79
2021048	28 May 2021	Block 10#	10,162.50
<b>Total:</b>			<b><u>115,651.45</u></b>

- (6) According to 3 Sale Permits of Commodity Housing issued by Meizhou Housing and Urban-Rural Development Bureau, part of the Property was permitted for sale.

**Sale Permit of****Commodity Housing**

<b>Sale Permit of Commodity Housing No.</b>	<b>Issue Date</b>	<b>Name of Construction Works</b>	<b>Gross Floor Area (sq m)</b>
2022202	21 September 2022	Block 13#	454.13
2022201	21 September 2022	Block 12#	949.92
2022200	21 September 2022	Block 11#	<u>2,048.26</u>
<b>Total:</b>			<b><u>3,452.31</u></b>

- (7) According to 8 Certificates for Completion Examination of Construction Works dated 28 June 2021 and 30 May 2022 issued by Meizhou Meijiang District Housing and Urban Rural Development Bureau, the construction works with a total gross floor area of 160,321.56 sq m was agreed to be registered as completed.

- (8) Meizhou Sunac Aoyuan Jiulong Mansion

As advised by the Group, as at the Valuation Date, one commercial unit with a total gross floor area of 61.20 sq m has been committed for sale at a total consideration of approximate RMB293,000. We have included such portions and taken into account the consideration in our valuation.

- (9) According to Business Licence No.91441402MA536H9EXB dated 25 November 2022, Meizhou Aochuang was established as a limited liability company with a registered capital of RMB100,000,000.

- (10) According to the PRC legal opinion:

- (i) Meizhou Aochuang has obtained the Real Estate Title Certificate of a pieces of land, with an area of 34,542 sq m, and is the legal owner of the land use rights;
- (ii) Meizhou Aochuang has obtained construction land planning permits, construction works planning permits, construction permits, and pre-sale & sale permits for the relevant properties from the government;
- (iii) Meizhou Aochuang enjoys the ownership of the unsold and undelivered portion of the commercial, residential and carpark property and the corresponding land use rights to occupy, use, benefit from, and dispose of it in accordance with the Civil Law Code (民法典). For the ownership and corresponding land use rights of the 61.20 sq m building that has been sold but not yet handed over, the real estate transfer registration as well as the rights to occupy, use, benefit from, and dispose of the property shall be completed and fulfilled in a timely manner; and
- (iv) Meizhou Aochuang has the rights to dispose of those ordinary underground projects and obtain corresponding profits through sales, leasing, and other forms. The civil air defense project is usually used by investors, and the proceeds belong to the investors. Meizhou Aochuang shall legally use and manage the civil air defense project under its name according to the regulations on the Management of Urban Underground Space Development and Utilization (城市地下空間開發利用管理規定).
- (v) The unsold portions, 33 residential units with total gross floor area of 4,943.20 sq m and 1,026 car parking lots, have been seized by the court order due to delinquent loan repayment.

- (11) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the opinion of the PRC legal adviser:

Certificate for the Use of State-owned Land	Yes
Contract for Grant of State-owned Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit of Commodity Housing	Yes
Sale Permit of Commodity Housing	Yes
Certificates for Completion Examination of Construction Works	Yes

- (12) For reference purpose, the market values of the constituent property groups in existing state of the Property are as below:

<b>Group</b>	<b>Market value in existing state as at 31 March 2023</b> <i>RMB</i>
Group I — Properties held by the Group for sale in the PRC	88,600,000
Group II — Properties held by the Group for investment in the PRC	<u>13,100,000</u>
<b>Grand Total:</b>	<b><u><u>101,700,000</u></u>**</b>

\*\* Parts of the Property, 33 residential units with total gross floor area of 4,943.20 sq m and 1,026 car parking lots, have been seized by court order as per Note 10 (v) on Page 124. As advised by the Company's legal adviser, Meizhou Aochuang has obtained valid title ownership of the aforesaid parts of the Property. The legal process of the court is in progress and the final judgment is yet to be determined. Once the delinquent payment to the lender has been fully settled and the court order is relieved, Meizhou Aochuang is entitled to legally dispose of the aforesaid parts of the Property. On this premise, for reference purpose of the Company, the market value in existing state of the aforesaid residential units and car park lots as at 31 March 2023 was in the sum of RMB88,300,000 and we have included it in the valuation of RMB101,700,000.

## VALUATION REPORT

## Group V — Property held by the Group for investment in the US

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2023																						
11. 200 West Ocean Apartment Building, 200 West Ocean Boulevard, Long Beach, Long Beach County, California, US 90802	<p>The Property, 200 West Ocean Apartment Building, is a 106-unit high rise apartment building. The Property has 11 floors over 3 levels of subterranean parking (129 lots) erected on a land with a site area of 0.524 acres (22,828 sq ft). The Property has been retrofitted for apartment occupancy in 2022.</p> <p>According to the area schedule provided by the Group:</p> <table border="1"> <thead> <tr> <th>Level</th> <th>Gross Floor Area (sq ft)</th> </tr> </thead> <tbody> <tr> <td>L10–11</td> <td>23,534</td> </tr> <tr> <td>L2-L9</td> <td>88,224</td> </tr> <tr> <td>L1</td> <td>9,381</td> </tr> <tr> <td>L1</td> <td><u>5,417</u></td> </tr> <tr> <td><b>Sub-total:</b></td> <td><b>126,556</b></td> </tr> <tr> <td>P1</td> <td>23,786</td> </tr> <tr> <td>P2</td> <td>22,457</td> </tr> <tr> <td>P3</td> <td><u>11,280</u></td> </tr> <tr> <td><b>Sub-total:</b></td> <td><b>57,523</b></td> </tr> <tr> <td><b>Grand Total:</b></td> <td><b><u>184,079</u></b></td> </tr> </tbody> </table>	Level	Gross Floor Area (sq ft)	L10–11	23,534	L2-L9	88,224	L1	9,381	L1	<u>5,417</u>	<b>Sub-total:</b>	<b>126,556</b>	P1	23,786	P2	22,457	P3	<u>11,280</u>	<b>Sub-total:</b>	<b>57,523</b>	<b>Grand Total:</b>	<b><u>184,079</u></b>	<p>As at the Valuation Date, 53 units were subject to various tenancies with the latest expiry in July 2024.</p>	<p>US\$56,800,000 (UNITED STATES DOLLARS FIFTY SIX MILLION EIGHT HUNDRED THOUSAND)</p> <p>(75% interest attributable to the Group: US\$42,600,000)</p> <p>(equivalent to HK\$334,397,220 HONG KONG DOLLARS THREE HUNDRED THIRTY FOUR MILLION THREE HUNDRED NINETY SEVEN THOUSAND TWO HUNDRED TWENTY)</p>
Level	Gross Floor Area (sq ft)																								
L10–11	23,534																								
L2-L9	88,224																								
L1	9,381																								
L1	<u>5,417</u>																								
<b>Sub-total:</b>	<b>126,556</b>																								
P1	23,786																								
P2	22,457																								
P3	<u>11,280</u>																								
<b>Sub-total:</b>	<b>57,523</b>																								
<b>Grand Total:</b>	<b><u>184,079</u></b>																								
	<p>The Property is situated at the junction of south of West Ocean Boulevard and west of Pacific Avenue in Long Beach of California, US. The locality is predominantly a commercial and residential area.</p> <p>According to the Company, the Property is planned for apartment and car parking uses; there are neither environmental issues and litigation dispute; nor any plan to change the use of the Property.</p> <p>The Property is held under fee simple interest.</p>																								

## Notes:

- (1) According to the grant deed dated 15 January 2020, the owner of the Property is 200 Ocean Boulevard, LLC, a 75% owned subsidiary of the Company.
- (2) According to the interim loan agreement date 7 March 2022, the Property is subject to a mortgage in favour to KeyBank National Association and obtained a loan of US\$42,000,000, which is repayable on or before 7 September 2024.

## 1. RESPONSIBILITY STATEMENT

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group), and confirm, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

## 2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company owned or controlled by the Offeror and Offeror Concert Parties were as follows:

Name	Nature of interest	Position (Long/Short)	Number of Shares held/ interested in	Approximate percentage of the total number of issued Shares
The Offeror	Beneficial owner	Long Position	224,325,000	74.78%
Zhong Ze (International)	Beneficial owner	Long Position	675,000	0.22%
Mr. Yeung Man ( <i>Note 1</i> )	Interest of a controlled corporation	Long Position	225,000,000	75.00%
Ms. Zhou Li ( <i>Note 2</i> )	Interest of Spouse	Long Position	225,000,000	75.00%

*Note 1:* Mr. Yeung Man legally and beneficially owns the entire issued shares of the Offeror and Zhong Ze (International) and is deemed, or taken to be, interested in all the Shares held by the Offeror and Zhong Ze (International) for the purposes of Part XV of the SFO.

*Note 2:* Mr. Yeung Man and Ms. Zhou Li have declared that they cohabit as spouses. Accordingly, Ms. Zhou Li is deemed, or taken to be, interested in Shares in which Mr. Yeung Man is interested for the purpose of Part XV of the SFO.

## 3. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS

The Offeror confirms that, as at the Latest Practicable Date:

- (1) save for 225,000,000 Shares held by the Offeror and Offeror Concert Parties, the Offeror and Offeror Concert Parties did not own, control or have direction over any voting rights in any Shares nor own, control or have direction over any other rights or interests in the issued share capital or voting rights of the Company;

- (2) the Offeror and Offeror Concert Parties did not hold any warrants, options, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest in the Company;
- (3) there was no outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror or Offeror Concert Parties;
- (4) the Offeror and Offeror Concert Parties had not dealt in any Shares or any warrants, options, derivatives or other securities convertible or exchangeable into Shares or other types of equity interest in the Company during the Relevant Period;
- (5) other than the Offer, there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code between the Offeror or Offeror Concert Parties or associates of the Offeror and any other person;
- (6) there were no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or Offeror Concert Parties has/have borrowed or lent;
- (7) none of the Offeror nor any of the Offeror Concert Parties had received any irrevocable commitment to accept or reject the Offer;
- (8) no benefit (other than statutory compensation) had been or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (9) there was no agreement, arrangement or understanding (including any compensation arrangement) existing between the Offeror and Offeror Concert Parties and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer;
- (10) there was no agreement or arrangement to which the Offeror is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (11) there was no other understanding, arrangement, agreement or special deal (under Rule 25 of the Takeovers Code) between (a) any Shareholder; and (b)(i) the Offeror or Offeror Concert Parties or (b)(ii) the Company, its subsidiaries or associated companies; and
- (12) there was no understanding, arrangement or agreement under which securities to be acquired pursuant to the Offer will be transferred, charged, pledged to any other persons.

#### 4. MARKET PRICE

The table below sets out the closing price of the Shares on the Stock Exchange on: (a) the last Business Day of each of the calendar months during the period commencing six months preceding the date of the Joint Announcement up to the Latest Practicable Date; (b) the Last Trading Day; and (c) the Latest Practicable Date:

	<b>Closing price per Share (HK\$)</b>
30 November 2022	2.75
30 December 2022	2.70
31 January 2023	3.19
28 February 2023	3.20
31 March 2023	3.20
27 April 2023 (Last Trading Day)	3.20
28 April 2023	3.20
31 May 2023	3.09
9 June 2023 (Latest Practicable Date)	3.16

#### 5. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinions or advice which are contained in this Composite Document:

<b>Name</b>	<b>Qualification</b>
Yu Ming	a corporation licensed under the SFO to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management)

Yu Ming has not withdrawn its written consent to the issue of this Composite Document with the inclusion therein of the text of its opinions, as the case may be, and/or letters and/or the references to its name and/or opinions and/or letters, as the case may be, in the form and context in which they appear.

#### 6. MISCELLANEOUS

(1) Principal members of the Offeror Concert Parties include:

- a. The Offeror;
- b. Zhong Ze (International) Investment Limited, a company wholly owned by Mr. Yeung Man;

- c. Mr. Yeung Man, the sole shareholder and sole director of each of the Offeror and Zhong Ze (International) Investment Limited; and
  - d. Ms. Zhou Li.
- (2) The registered office of each of the Offeror and Zhong Ze (International) Investment Limited is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The correspondence address of each of the Offeror and Zhong Ze (International) Investment Limited is at Room 2212–13, 22/F, The Center, 99 Queen’s Road Central, Central, Hong Kong;
- (3) The correspondence address of Mr. Yeung Man and Ms. Zhou Li is at Room 2212–13, 22/F, The Center, 99 Queen’s Road Central, Central, Hong Kong; and
- (4) Yu Ming is the financial adviser to the Offeror and is making the Offer on behalf of the Offer. The registered office of Yu Ming is at Room 1801 18/F Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.

## 7. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection on the website of the Company at <http://www.hailanholdings.com/> and the website of the SFC at <http://www.sfc.hk> from the date of this Composite Document up to and including the Closing Date:

- (1) the memorandum and articles of association of the Offeror;
- (2) the letter from Yu Ming, the text of which is set out on pages 8 to 18 of this Composite Document; and
- (3) the written consents referred to in the section headed “Qualification and Consent of Expert” in this Appendix IV to this Composite Document.

## 1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this Composite Document (other than any information relating to the Offeror and the Offeror Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statements in this Composite Document misleading.

## 2. SHARE CAPITAL

As at the Latest Practicable Date:

- (1) the authorised share capital of the Company was HK\$20,000,000 divided into 2,000,000,000 Shares;
- (2) the issued and paid-up share capital of the Company was HK\$3,000,000 comprising 300,000,000 Shares in issue;
- (3) all of the Shares currently in issue ranked *pari passu* in all respects including as to capital, dividends and voting;
- (4) the Company had not issued any Shares since 31 December 2022 (being the date on which the latest published audited financial statements of the Group were made up); and
- (5) there were no outstanding instruments convertible into, rights to subscribe for, or options in respect of, the Shares or securities which carry voting rights affecting the Shares.

### 3. DISCLOSURE OF INTERESTS AND DEALINGS

#### (1) Interests of Directors and Chief Executive

As 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 or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers are listed as follows:

##### *Long Position in the Shares*

<b>Name of Director</b>	<b>Capacity</b>	<b>Position (Long/Short)</b>	<b>Number of Shares held/interested in</b>	<b>Approximate percentage of interest in the issued Shares</b>
Ms. Zhou Li	Interest of spouse (see note)	Long	225,000,000 Shares	75%

*Note:* 225,000,000 Shares of the Company are held by the Offeror and Zhong Ze (International) as to 224,325,000 Shares and 675,000 Shares, respectively. Mr. Yeung Man legally and beneficially owns the entire issued shares of the Offeror and Zhong Ze (International) and is deemed, or taken to be, interested in all the shares held by the Offeror and Zhong Ze (International) for the purposes of Part XV of the SFO. Mr. Yeung Man and Ms. Zhou Li have declared that they cohabit as spouses. Accordingly, Ms. Zhou Li is deemed, or taken to be, interested in the Shares in which Mr. Yeung Man is interested for the purpose of Part XV of the SFO.

**(2) Interests of Substantial Shareholders**

The following persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

<b>Name of Substantial Shareholder or Offeror Concert Parties</b>	<b>Nature of interest</b>	<b>Position (Long/Short)</b>	<b>Number of Shares held/ interested in</b>	<b>Approximate percentage of interest in the issued Shares (note 1)</b>
The Offeror	Beneficial owner	Long	224,325,000 Shares	74.78%
Zhong Ze (International)	Beneficial owner	Long	675,000 Shares	0.22%
Mr. Yeung	Interest of a controlled corporation (see note)	Long	225,000,000 Shares	75.00%

*Note:* 224,325,000 Shares are held by the Offeror and 675,000 Shares are held by Zhong Ze (International). Mr. Yeung Man legally and beneficially owns the entire issued shares of each of the Offeror and Zhong Ze (International) and is deemed, or taken to be, interested in all the Shares held by the Offeror and Zhong Ze (International) for the purposes of Part XV the SFO. Mr. Yeung Man is the sole director of the Offeror and Zhong Ze (International).

Save as disclosed above, the Directors are not aware of any person who had an interest or short position in the Shares and the underlying Shares which would require to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company (or its subsidiary) which has an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

**4. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS**

As at the Latest Practicable Date:

- (1) the Company did not have any beneficial interest in the shares, convertible securities, warrants, options and derivatives of the Offeror, and the Company had not dealt for value in any shares, convertible securities, warrants, options or derivatives of the Offeror during the Relevant Period;
- (2) save for Ms. Zhou Li, who has declared to be cohabit as spouses with Mr. Yeung Man, the legal and beneficial owner of the entire issued shares of the Offeror, no Director had any beneficial interest in the shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror and had not dealt for value in any shares, convertible securities, warrants, options or derivatives of the Offeror during the Relevant Period;
- (3) save as disclosed in the paragraph headed “Disclosure of Interests and Dealings” in this appendix, none of the Directors had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares during the Relevant Period;
- (4) no subsidiary of the Company, no pension fund of the Company or of a subsidiary of the Company and no person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding any exempt principal traders and exempt fund managers) owned or controlled the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares as at the Latest Practicable Date, and none of them had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period;
- (5) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Company, or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) or (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and no such person had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares during the Relevant Period;
- (6) no fund manager (other than exempt fund managers) connected with the Company managed any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares on a discretionary basis;
- (7) none of the Directors held any beneficial shareholdings in the Company which would otherwise entitle them to accept or reject the Offer;

- (8) neither the Company nor any Directors had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares save for any borrowed shares which have been either on-lent or sold;
- (9) no benefit was or would be given to any Director as compensations for loss of office or other wise in connection with the Offer;
- (10) no agreement or arrangement existed between any Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (11) no material contracts had been entered into by the Offeror in which any Director has a material personal interest.

## 5. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had entered into any service contracts with the Company or any of its subsidiaries or associated companies (i) which (including both continuous and fixed term contracts) have been entered into or amended during the Relevant Period; (ii) which are fixed term contracts with more than 12 months to run irrespective of notice period; or (iii) which are continuous contracts with a notice period of 12 months or more.

## 6. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

## 7. MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts entered into by the Company or any of its subsidiaries after the date which was two years before commencement of the Offer Period up to and including the Latest Practicable Date, other than contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries:

- (1) On 7 July 2021, Sanya Zhongzekai Industrial Co., Ltd.\* (三亞中澤凱實業有限公司) (“**Sanya Zhongzekai**”), an indirect wholly-owned subsidiary of the Company, Danzhou Shuanglian Property Development Company Limited (儋州雙聯房地產開發有限公司) (“**Danzhou Shuanglian**”) and Hailan Shiye (Guangzhou) Co., Ltd.\* (海藍實業(廣州)有限公司) (“**Hailan Shiye Guangzhou**”), indirect non-wholly owned subsidiaries of the Company and Hunan Jinzhong Zhiye Investment Group Co., Ltd.\* (湖南金鐘置業投資集團有限公司) (“**Hunan Jinzhong**”) entered into an equity transfer agreement (the “**First Equity Transfer Agreement**”), pursuant to which Sanya Zhongzekai agreed to acquire, and Hunan Jinzhong agreed to dispose of, 15% of the equity interest in Danzhou Hailan Jinhong Property Development Co., Ltd.\*

- (儋州海藍金鴻房地產開發有限公司) (“**Danzhou Hailan Jinhong**”), an indirect non-wholly owned subsidiary of the Company, for a consideration of RMB93,050,000.
- (2) On 7 July 2021, Hailan Shiye Guangzhou and Zhongtou Zhiye (Guangzhou) Co., Ltd.\* (中投置業(廣州)有限公司) (“**Zhongtou Zhiye**”) entered into an equity transfer agreement (the “**Second Equity Transfer Agreement**”), pursuant to which Hailan Shiye Guangzhou agreed to dispose of, and Zhongtou Zhiye agreed to acquire, 49% of the equity interest in Jinzhong Real Estate Co., Ltd.\* (廣西海藍金鐘房地產有限公司), an associate of the Company, for a consideration of RMB71,880,400.
- (3) On 7 July 2021, Hailan Shiye Guangzhou and Zhongtou Zhiye entered into an equity transfer agreement (the “**Third Equity Transfer Agreement**”), pursuant to which Hailan Shiye Guangzhou agreed to dispose of, and Zhongtou Zhiye agreed to acquire, 51% of the equity interest in Guangxi Hailan Jinzhong Zhiye Co., Ltd.\* (廣西海藍金鐘置業有限公司), an indirect non-wholly owned subsidiary of the Company, for a consideration of RMB97,010,000.
- (4) On 10 September 2021, Hailan Haoyue Holdings (Shenzhen) Co., Ltd.\* (海藍浩越控股(深圳)有限公司) (the “**Hailan Haoyue**”), an indirect wholly-owned subsidiary of the Company, and Hengnan Wanwu Enterprise Management Co., Ltd.\* (衡南萬物企業管理有限公司) (“**Hengnan Wanwu**”) entered into the equity transfer agreement, pursuant to which Hailan Haoyue agreed to purchase, and Hengnan Wanwu agreed to sell, 27.39% of equity interest in Guangdong Jinzhong Hongpeng Zhiye Co., Ltd.\* (廣東金鐘鴻鵬置業有限公司) at the total consideration of RMB74,836,700.
- (5) On 10 November 2022, Hailan Shiye Guangzhou (an indirect non wholly-owned subsidiary of the Company) as vendor and Sanya Zhongzekai (an indirect wholly-owned subsidiary of the Company) as purchaser entered into the equity transfer agreement in relation to the transfer of 9.7% of equity interest in Danzhou Shuanglian from Hailan Shiye Guangzhou to Sanya Zhongzekai. The total consideration of RMB105,410,000 payable by Sanya Zhongzekai to Hailan Shiye Guangzhou for 9.7% of the equity interest in Danzhou Shuanglian. The consideration was payable by Sanya Zhongzekai to Hailan Shiye Guangzhou by way of setting off debt owed by Hailan Shiye Guangzhou to Sanya Zhongzekai on dollar to dollar basis.
- (6) On 10 November 2022, Hailan Shiye Guangzhou, Hailan Haoyue, Jiangxi Hailan Hongji Real Estate Development Co., Ltd.\* (江西海藍鴻基房地產開發有限公司) (“**Jiangxi Hailan**”) entered into the equity transfer agreement with Guangdong Youming Enterprise Management Co., Ltd.\* (廣東優銘企業管理有限公司) (the “**Purchaser**”) and Mr. Zhong Xunyong (鐘訓勇先生) (as guarantor) in relation to the disposal of the sale equity (i.e. 65% of equity interest in Jiangxi Hailan) by Hailan Shiye Guangzhou for a consideration of RMB1 and the transfer of the sale loan in the amount of RMB39,210,171 to the Purchaser for a total consideration of RMB39,210,172.

## 8. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the qualifications of the experts who have been named in this Composite Document and/or given opinion or advice which are contained in this Composite Document:

<b>Name</b>	<b>Qualifications</b>
Independent Financial Adviser	a company incorporated in Hong Kong with limited liability and a licensed corporation under the SFO authorised to carry out regulated activities of type 6 (advising on corporate finance)
Cushman & Wakefield Limited	an independent property valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion therein of the opinions, reports and/or letters and/or the references to its name and/or opinions, reports and/or letters in the form and context in which they respectively appear.

## 9. MISCELLANEOUS

- (1) The registered office of the Company is at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company's principal place of business in Hong Kong is at Room 1603, 16/F, China Building, 29 Queen's Road Central, Central, Hong Kong.
- (2) In case of inconsistency, the English text of this Composite Document and the Form of Acceptance shall prevail over the Chinese text.

## 10. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection on the website of the Company at <http://www.hailanholdings.com/> and the website of the SFC at <http://www.sfc.hk> from the date of this Composite Document up to and including the Closing Date:

- (1) the memorandum and articles of association of the Company;
- (2) the annual reports of the Company for the years ended 31 December 2020, 2021 and 2022;
- (3) the letter from the Board, the text of which is set out on pages 19 to 26 of this Composite Document;

- (4) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 27 to 28 of this Composite Document;
- (5) the letter from the Independent Financial Adviser dated 12 June 2023 to the Independent Board Committee, the text of which is set out on pages 29 to 60 of this Composite Document;
- (6) the material contracts referred to in the section headed “Material Contracts” in this Appendix V to this Composite Document;
- (7) the written consents referred to in the section headed “Qualifications and Consents of Experts” in this Appendix V to this Composite Document; and
- (8) the full property valuation report from Cushman and Wakefield Limited, summaries of which are set out on pages 73 to 126 of this Composite Document.