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

If you have sold or transferred all your shares in **Shanghai Zendai Property Limited**, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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SHANGHAI ZENDAI PROPERTY LIMITED

上海証大房地產有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 755)

**(1) VERY SUBSTANTIAL DISPOSAL
IN RELATION TO
PROPOSED DISPOSAL OF THE ENTIRE EQUITY INTERESTS IN
THE DISPOSAL TARGETS AND ASSIGNMENT OF THE DEBTS;
(2) PROPOSED CHANGE OF COMPANY NAME;
AND
NOTICE OF SPECIAL GENERAL MEETING**

Financial adviser to Shanghai Zendai Property Limited


Optima Capital Limited

Capitalised terms used on this cover shall have the same meanings as defined in this circular unless otherwise require.

A notice convening the SGM to be held at Suite 2701-08, 27/F., Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong at 2:30 p.m. on Wednesday, 11 September 2024 is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM is enclosed with this circular. Such form of proxy is also published on the website of the Stock Exchange at (www.hkexnews.hk) and the website of the Company (www.zendaiproperty.com). Whether or not you propose to attend the SGM, you are requested to read the notice of SGM and to complete the form of proxy enclosed in this circular in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending and voting at the SGM should you so wish.

23 August 2024

* for identification purpose only

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DEFINITIONS

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

“Agreement”	the conditional sale and purchase agreement dated 26 July 2024 entered into among the Company, the Purchaser and the Disposal Targets in relation to the Disposal
“Announcement”	the announcement of the Company dated 26 July 2024 in relation to the Disposal and the Proposed Change of Company Name
“Ample Century”	Ample Century Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“Auto Win”	Auto Win Investments Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“Best East”	Best East Developments Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“Board”	the board of Directors
“Borrowings”	collectively, Loan A, Loan B, Loan C and Loan D
“BVI”	the British Virgin Islands
“Company”	Shanghai Zendai Property Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 755)
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Agreement
“Condition(s)”	condition(s) precedent to Completion pursuant to the Agreement, as described in the section headed “The Agreement – Conditions” in the letter from the Board in this circular
“Consideration”	the total consideration of RMB10,000,000 (equivalent to approximately HK\$11.0 million) payable by the Purchaser to the Company for the Sale Shares and the assignment of the Debts pursuant to the Agreement

DEFINITIONS

“Debts”	the amount due to and due from the Remaining Group as at 31 May 2024, which shall be offset and restructured, and novated and assigned to the Company prior to Completion, and to be assigned to the Purchaser upon Completion pursuant to the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares and the assignment of the Debts to the Purchaser by the Company as contemplated under the Agreement
“Disposal Group”	the Disposal Targets and their respective subsidiaries
“Disposal Targets”	Auto Win, Giant Hope, Best East and Ample Century
“Financial Guarantee”	the financial guarantee provided by Zendai Real Estate in favour of a third party financial institution as security for a loan owed by the Former Nanjing Subsidiaries to such financial institution
“Former Nanjing Subsidiaries”	the holding companies of the Nanjing Project and the then subsidiaries of Myway Developments Limited, which were disposed of by the Group to Power Rider in the Myway Disposal
“Giant Hope”	Giant Hope Investments Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region
“Independent Third Party(ies)”	person(s) who, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, is not a connected person of the Company pursuant to the Listing Rules
“Latest Practicable Date”	19 August 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular.
“Lender I”	the lender of Loan A
“Lender II”	the lender of Loan B

DEFINITIONS

“Lender III”	the lender of Loan C and Loan D
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan A”	the loan with outstanding principal amount of approximately HK\$655.5 million as at 31 May 2024 owed by the Disposal Group to Lender I
“Loan B”	the loan with outstanding principal amount of approximately HK\$143.2 million as at 31 May 2024 owed by the Disposal Group to Lender II
“Loan C”	the loan with outstanding principal amount of approximately HK\$437.8 million as at 31 May 2024 owed by the Disposal Group to Lender III
“Loan D”	the loan with outstanding principal amount of approximately HK\$311.1 million as at 31 May 2024 owed by the Disposal Group to Lender III
“MOU”	the memorandum of understanding entered into between the Company and the Purchaser on 7 June 2024 in relation to the Disposal
“Myway Circular”	the circular of the Company dated 30 June 2022 in respect of the Myway Disposal
“Myway Disposal”	the disposal of Myway Developments Limited and its then subsidiaries to Power Rider
“Power Rider”	Power Rider Enterprises Corp., a company incorporated in BVI with limited liability and an associated company of a substantial Shareholder
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macao Special Administrative Region and Taiwan
“Properties”	the property assets held by the Disposal Group

DEFINITIONS

“Proposed Change of Company Name”	the proposal (i) to change the official registered English name of the Company from “Shanghai Zendai Property Limited” to “DevGreat Group Limited”; and (ii) to adopt “大方廣瑞德集團有限公司” as the secondary name in Chinese of the Company
“Purchaser”	Fortunate Omen (HK) Limited, a company incorporated in Hong Kong with limited liability
“Qingdao Zendai”	Qingdao Zendai Thumb Commercial Development Co., Ltd.* (青島証大大拇指商業發展有限公司), a company established in the PRC with limited liability, a member of the Disposal Group and a subsidiary of the Company
“Remaining Group”	the Group, excluding the Disposal Group, following Completion
“Sale Shares”	the entire issued share capital of each of the Disposal Targets as at the date of the Agreement
“Service Agreement”	the service agreement entered into on 26 July 2024 among the Purchaser, the Company, Auto Win, Zendai Real Estate and Shanghai Gaoshengying in relation to the provision of refurbishment consultancy, operation and management services by the Remaining Group following Completion
“SGM”	the special general meeting to be convened and held to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder, and the Proposed Change of Company Name
“Shanghai Gaoshengying”	Shanghai Gaoshengying Business Co., Ltd.* (上海高晟盈商業有限公司), a company established in the PRC with limited liability, a member of the Disposal Group and a subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Valuer”	Cushman & Wakefield Limited, an independent professional firm providing valuation and consulting services
“Xizhen Real Estate”	Shanghai Zendai Xizhen Real Estate Development Co., Ltd.* (上海証大西鎮置業發展有限公司), a company established in the PRC with limited liability, a member of the Disposal Group and a subsidiary of the Company
“Yangzhou Zendai”	Yangzhou Zendai Commercial Traveling Development Co., Ltd.* (揚州証大商旅發展有限公司), a company established in the PRC with limited liability, a member of the Disposal Group and a subsidiary of the Company
“Yantai Zendai”	Yantai Zendai Thumb Real Estate Co., Ltd.* (煙台証大大拇指置業有限公司), a company established in the PRC with limited liability, a member of the Disposal Group and a subsidiary of the Company
“Zendai Real Estate”	Shanghai Zendai Real Estate Co., Ltd.* (上海証大置業有限公司), a company established in the PRC with limited liability, a member of the Disposal Group and a subsidiary of the Company
“Zendai Wu Dao Kou”	Shanghai Zendai Wu Dao Kou Property Development Co., Ltd.* (上海証大五道口房地產開發有限公司), a company established in the PRC with limited liability, a member of the Disposal Group and a subsidiary of the Company
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq. m.”	square metre(s)
“%”	per cent

* for identification purpose only

In this circular, unless otherwise specified, amounts in RMB were converted into HK\$ on the basis of RMB0.90927 = HK\$1 as quoted on the website of the People’s Bank of China on 31 May 2024. The conversion rate is for illustration purpose only and should not be taken as a representation that RMB could actually be converted into HK\$ at such rate or at other rates or at all.

LETTER FROM THE BOARD



SHANGHAI ZENDAI PROPERTY LIMITED

上海証大房地產有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 755)

Executive Directors:

HUANG Yuhui (*Chairman*)

WANG Letian

LI Zhen

LONG Tianyu

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Non-executive Directors:

WANG Zheng

ZOU Yang

GUO Haomiao

*Principal place of business
in Hong Kong:*

Room 2429-2430, 24/F

Sun Hung Kai Centre

30 Harbour Road

Wanchai

Hong Kong

Independent non-executive Directors:

GUAN Huanfei

CAO Hailiang

LIN Xinzhu

WANG Yuzhou

23 August 2024

To the Shareholders

Dear Sir/Madam,

**(1) VERY SUBSTANTIAL DISPOSAL
IN RELATION TO
PROPOSED DISPOSAL OF THE ENTIRE EQUITY INTERESTS IN
THE DISPOSAL TARGETS AND ASSIGNMENT OF THE DEBTS;
AND
(2) PROPOSED CHANGE OF COMPANY NAME**

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Disposal and the Proposed Change of Company Name.

* For identification purpose only

LETTER FROM THE BOARD

On 26 July 2024, the Company, the Purchaser and the Disposal Targets entered into the Agreement, pursuant to which (i) the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares; and (ii) the Company has also conditionally agreed to assign the Debts to the Purchaser, at the total Consideration of RMB10,000,000 (equivalent to approximately HK\$11.0 million), payable by the Purchaser in cash upon Completion.

The Board also proposed to (i) change the official registered English name of the Company from “Shanghai Zendai Property Limited” to “DevGreat Group Limited”; and (ii) adopt “大方廣瑞德集團有限公司” as the secondary name in Chinese of the Company.

This circular aims to provide you with, among other things, (i) details of the Agreement and the transactions contemplated thereunder, and the Proposed Change of Company Name; (ii) financial information of the Group; (iii) financial information of the Disposal Group; (iv) pro forma financial information of the Remaining Group; (v) the Valuation on the Properties; (vi) a notice convening the SGM; and (vii) other information as required under the Listing Rules.

BACKGROUND TO THE DISPOSAL

The Group has been principally engaged in property development, property rental, and property management and operation, and hotel operation businesses for over three decades. As set out in the annual report of the Company for the year ended 31 December 2018, with the implementation of regulatory policies on real estate across China in the second half of 2018, the rapid development of the real estate industry stopped. At the time, two development projects of the Group were in their closing stages and were mostly delivered during the year ended 31 December 2020. Save for these projects, the Group had not developed or delivered any new projects since then principally due to the difficulty in obtaining financing as a result of the implementation of stricter financial regulatory measures over property developers and operators in the PRC in August 2020, i.e. the “Three Red Lines” policy. The Group’s property rental and hotel operation businesses were also affected by the COVID-19 pandemic. Due to credit crunch, the Group recorded net current liabilities position and a gearing ratio of 9,200% as at 31 December 2020. Since then, amidst the unfavourable industry circumstances, the Group’s financial position has continued to worsen due to the debt-heavy financing structure established in the past. The repayment obligations in respect of the interest-bearing borrowings of the Group has continued to cause significant financial pressure and deplete the Group’s financial resources. The majority of the assets of the Group are overleveraged which materially impacted their performance. In light of the above, the Company has been exploring and implementing plans to resolve the liquidity issue and striving to improve the financial position of the Group.

LETTER FROM THE BOARD

The main purpose of the Disposal is to restructure the non-performing and distressed assets of the Group and improve its financial position. These assets of the Disposal Group are principally the Properties which (i) have not been profit-generating in the past few years due to the difficult business environment for PRC real estate developers and operators as discussed above; (ii) are overleveraged, because their development was funded through substantial debt financing but the cash flow generated could no longer service their debts; and (iii) a large part of the Properties are mortgaged for the Borrowings and some of which are subject to seizure order (查封) by the court due to the Disposal Group having defaulted on certain of the Borrowings. Furthermore, the Disposal Group had unaudited combined net liabilities attributable to owner of the Disposal Targets of approximately HK\$1,039.0 million as at 31 May 2024, amongst which, the Borrowings, together with the accrued interests payable thereof, amounted to approximately HK\$1,884.9 million.

Upon Completion, the Group will have disposed of the non-performing and distressed assets together with the associated Borrowings. As a result, the interest-bearing borrowings of the Remaining Group will be substantially reduced to around HK\$218.5 million only and not secured by any of the Remaining Group's assets. It is expected that the liquidity and financial position of the Remaining Group will be improved and that the Remaining Group will be better positioned to ride out the current difficult business environment to continue its property development, property rental and property management and operation businesses.

THE AGREEMENT

Principal terms of the Agreement are set out as follows:

Date

26 July 2024

Parties

- (i) The Company, as seller;
- (ii) Fortunate Omen (HK) Limited, as purchaser;
- (iii) Auto Win, being one of the Disposal Targets;
- (iv) Giant Hope, being one of the Disposal Targets;
- (v) Best East, being one of the Disposal Targets; and
- (vi) Ample Century, being one of the Disposal Targets.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, as at the Latest Practicable Date, (i) the Purchaser was an investment holding company and a wholly-owned subsidiary of Ruidong Group Co., Ltd.* (瑞冬集團股份有限公司) (“**Ruidong**”), which was a company incorporated in the PRC with limited liability and was principally engaged in research and development, design, production, sales, installation and maintenance of central air-conditioning products in the PRC; (ii) Ruidong was beneficially owned as to approximately 51.77% by Wang Wenhui (王文暉), 9.58% by Shandong Yongshangshanghe Investment Co., Ltd.* (山東雍尚上和投資有限公司) (“**Yongshangshanghe**”), 6.43% by Zhang Qingrong (張慶榮) and as to approximately 33.22% by 174 other shareholders, each holding less than 1% equity interests. Yongshangshanghe was beneficially owned as to 95% by Wang Wenhui (王文暉) and 5% by Wang Xiaoxue (王曉雪); and (iii) the Purchaser and its ultimate beneficial owners were Independent Third Parties.

Assets to be disposed of

Pursuant to the Agreement, (i) the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares; and (ii) the Company has also conditionally agreed to assign the Debts to the Purchaser, at Completion.

The Sale Shares represent the entire issued share capital of each of the Disposal Targets, being:

- (i) the entire issued share capital of Auto Win;
- (ii) the entire issued share capital of Giant Hope;
- (iii) the entire issued share capital of Best East; and
- (iv) the entire issued share capital of Ample Century.

Principal assets of the Disposal Group are the Properties, being (a) two shop units (being used as supermarket area), 25 retail shop units, a hotel and 475 car parking spaces of the Shanghai Zendai Thumb Plaza; (b) a shopping mall with underground car parking spaces and a hotel of the Qingdao Zendai Thumb Plaza; (c) 216 shop units and a parcel of land of the Yangzhou Project; (d) a shop unit and 81 car parking spaces of the Xizhen Project; (e) a parcel of land of the Yantai Project; and (f) 190, 50 and 115 car parking spaces of the Zendai Wu Dao Kou Financial Center, the Zendai Quantland and the Zendai Cube Tower respectively, held by various entities within the Disposal Group. The Properties of the Shanghai Zendai Thumb Plaza are mortgaged as security for Loan B, Loan C and Loan D. The Properties of the Qingdao Zendai Thumb Plaza are mortgaged as security for Loan A and, due to the default of Loan A, are subject to seizure order by the court. The Properties of the Yantai Project are also subject to seizure order by the court pursuant to disputes with certain suppliers and employees. The equity interests of four entities of the Disposal Group are also subject to freezing order (凍結) of the court due to the default of Loan A.

LETTER FROM THE BOARD

As at 31 May 2024, the Disposal Group had aggregate amounts due from and due to the Remaining Group of approximately HK\$1,411.5 million and HK\$2,177.5 million, respectively. Pursuant to the Agreement, before Completion and as part of the pre-Completion undertakings, the Disposal Group and the Remaining Group shall (i) restructure and offset the inter-company balances between the two groups, where appropriate; and (ii) novate and assign to the Company the remaining amounts due to the Remaining Group by the Disposal Group (i.e. the Debts), for assignment by the Company to the Purchaser at Completion. Based on the aggregate amounts due from and due to the Remaining Group as at 31 May 2024, the amount of the Debts shall be approximately HK\$766.0 million. Pursuant to the Agreement, during the period between 31 May 2024 and the date of Completion, the Group shall ensure that no new transactions are generated between the Disposal Group and the Remaining Group which will materially alter the amount of the Debts.

Further details of the Disposal Group are set out in the section headed “Information of the Disposal Group” below.

Consideration

The total Consideration is RMB10,000,000 (equivalent to approximately HK\$11.0 million), which shall be payable by the Purchaser to the Company in cash upon Completion.

The Consideration was determined after arm’s length negotiations between the Company and the Purchaser having considered (i) the loss-making financial results of the Disposal Group in recent years; (ii) the unaudited combined net liabilities attributable to owner of the Disposal Targets of approximately HK\$1,039.0 million as at 31 May 2024; and (iii) the valuation of the Properties as at 31 May 2024 as appraised by the Valuer at RMB2,876.6 million (equivalent to approximately HK\$3,163.6 million) in aggregate (the “**Valuation**”), and taking into account the reasons for the Disposal which are set out in the section headed “Reasons for and benefits of the Disposal” below.

The Valuation on the Properties

Given that the assets of the Disposal Group mainly comprise the Properties, in order to assess the fairness and reasonableness of the Consideration, the Company engaged the Valuer to perform the Valuation on the Properties.

LETTER FROM THE BOARD

The Board has obtained and reviewed the information of the Valuer and the person in charge of the Valuation, and noted that (i) the Valuer is a renowned and an experienced valuation firm with licensed and certified valuation advisory specialists and has a strong track record having served over 100,000 property valuation cases and completed more than 270 properties valuation cases for listed companies in the past covering a wide range of industries; and (ii) the person in charge of the Valuation has over 30 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries. Based on the above, the Board considers that the Valuer is competent and has sufficient qualification, reputation and adequate resources to perform its role. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Valuer was independent of the Company and the Purchaser, and their respective connected persons as at the Latest Practicable Date.

As advised by the Valuer, in respect of the Valuation on the Properties as at 31 May 2024, where there is sufficient relevant evidence to show the price levels that buyers are willing to pay for similar properties in the market, the Valuer has used the market comparison method assuming sale of each of these Properties in its existing state by making reference to comparable sales transactions as available in the relevant market subject to suitable adjustments between the subject Properties and the comparable properties. Given that comparable sales transactions and information about such sales are generally available, the Valuer has therefore adopted market comparison method which is in line with the market practice. In respect of the Properties where sales comparables involving similar scale properties of the same nature and tenancy structure in the similar districts are not frequent and the Properties generate rental income from letting arrangements and such rental comparables are most readily available, the Valuer considers the investment method, which is also commonly used in valuing properties for investment purpose, to be the best method to value these Properties.

The Valuer has ascribed no commercial value to those Properties that are subject to seizure order by the court or yet to be granted a proper title certificate of building ownership rights (as the case may be). Although not freely transferrable as at the valuation date, the Board considers that such Properties shall nevertheless possess value and has instructed the Valuer to separately assess the market value of each of these Properties. In this regard, the Valuer has assessed the market value of these Properties in their existing state on the assumption that (i) the legal titles are legally vested; (ii) all the land premium or purchase consideration has been fully settled; (iii) a proper title certificate of building ownership rights have been granted and the Properties can be freely transferred; and (iv) the Properties are free from legal dispute and seizure order and can be freely disposed to other parties.

LETTER FROM THE BOARD

On the basis of the aforesaid methodologies, the aggregate value of the Properties (including those subject to seizure order and not yet having been granted proper title certificate) as appraised by the Valuer as at 31 May 2024 is RMB2,876.6 million (equivalent to approximately HK\$3,163.6 million). The Valuation represents a surplus of approximately HK\$279.5 million, or about 9.7%, over the aggregate book value of the Properties of approximately HK\$2,884.1 million as at 31 May 2024. Having taken into account the effective percentage holding of the Disposal Group in the Properties, the valuation surplus of the Properties attributable to the Disposal Group is approximately HK\$278.0 million.

The Valuer has confirmed that the Valuation has been carried out in accordance with the HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors and complies with the requirements set out in Chapter 5 and Practice Note 12 of the Listing Rules, and that the valuation assumptions adopted are usual assumptions adopted by a professional valuer for such assets.

Further details of the Valuation, including the methodology, bases and assumptions adopted, are set out in the valuation report in Appendix V to this circular.

The Board's assessment

Based on the unaudited combined net liabilities attributable to owner of the Disposal Targets as at 31 May 2024 of approximately HK\$1,039.0 million, and adjusted by (i) the valuation surplus of the Properties attributable to the Disposal Group of approximately HK\$278.0 million; and (ii) the Debts of approximately HK\$766.0 million, the adjusted combined financial position of the Disposal Group would be in the positive of approximately HK\$5.0 million (the “**Adjusted Disposal Group Net Assets**”). The Consideration of RMB10,000,000 (equivalent to approximately HK\$11.0 million) represents a premium of approximately HK\$6.0 million to the Adjusted Disposal Group Net Assets.

Having considered the above factors and taking into account that (i) the principal reason for the Disposal is to relieve the Group from the non-performing and distressed assets, including those which are subject to seizure order by the court, with a view to improving the Group's overall financial position and addressing its going concern issues; and (ii) under the current condition of the real estate market and the overall economy in the PRC, it would be difficult to realise all or the majority of the value of the Properties on the retail property market in an efficient manner given their size and scale, the Board considers that the Consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Conditions

Completion is conditional upon the satisfaction or waiver (as the case may be) of the following Conditions:

- (i) the Disposal having been approved by the Board;
- (ii) the Disposal having been approved by the Shareholders at the SGM;
- (iii) all representations and warranties of the Company under the Agreement remaining true, accurate and not misleading in all material respects as at Completion;
- (iv) the Company having substantially complied with and completed all obligations and conditions that it is required to comply with and perform under the Agreement before Completion;
- (v) the Company and the Disposal Group having obtained all the necessary written consents, approvals or waivers from third parties for the Disposal;
- (vi) all representations and warranties of the Purchaser under the Agreement remaining true, accurate and not misleading in all material respects as at Completion; and
- (vii) the Purchaser having substantially complied with and completed all obligations and conditions that it is required to comply with and perform under the Agreement before Completion.

Save for Conditions (iii) to (v) which may be waived by the Purchaser, and Conditions (vi) and (vii) which may be waived by the Company, all other Conditions are not capable of being waived.

As at the Latest Practicable Date, save for Condition (i) which had been fulfilled, the other Conditions had yet to be fulfilled.

If any of the Conditions is not satisfied or waived (as the case may be) on or before 31 October 2024, the Company and the Purchaser may agree to extend such date in writing, failing which the Agreement shall terminate and upon which the rights and obligations of the Company and the Purchaser under the Agreement shall cease immediately save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place within 10 calendar days upon the satisfaction or waiver (as the case may be) of the Conditions set out above, or on such other date as agreed among the parties to the Agreement in writing.

LETTER FROM THE BOARD

Other salient terms

Provision of property refurbishment consultancy, operation and management services

Despite the prime location, in view that the Shanghai Zendai Thumb Plaza had been developed and operating for many years, its facilities and equipment have been aging and refurbishment and upgrades will be required in order to increase its attractiveness to tenants and thus its investment value. In this regard, the Purchaser has agreed to, upon Completion, appoint the Remaining Group to provide property refurbishment consultancy, operation and management services for the Shanghai Zendai Thumb Plaza, with a view of utilising the Remaining Group's experience in developing and operating the Shanghai Zendai Thumb Plaza in the past.

On 26 July 2024, the Company, the Purchaser, and three members of the Disposal Group holding the Properties of the Shanghai Zendai Thumb Plaza, namely, Auto Win, Zendai Real Estate and Shanghai Gaoshengying (collectively the "**Property Owners**") entered into the Service Agreement, pursuant to which, the Purchaser shall, upon the ownership of the Disposal Targets having been transferred to the purchaser, appoint the Remaining Group to provide refurbishment consultancy, operation and management services for the supermarket, shop units and car parking spaces of the Shanghai Zendai Thumb Plaza after Completion (the "**Relevant Properties**").

The Service Agreement shall take effect from the date of Completion and shall be valid for three years, subject to renewal.

Pursuant to the Service Agreement, within 60 days from its effective date, the Remaining Group shall provide the Purchaser with a management plan that is feasible and acceptable to the Purchaser or its designated entity. The plan shall include the design and budget for refurbishment, budget for leasing operation, management organisation and structure, etc., and the parties shall follow the management plan as agreed for the operation and management of the Relevant Properties.

For the refurbishment consultancy services, the service fee shall be 3% of the total expenses for the refurbishment works. For the provision of operation and management service, the service fee shall be 10% of the annual rental income received from the operation of the Relevant Properties of the Shanghai Zendai Thumb Plaza.

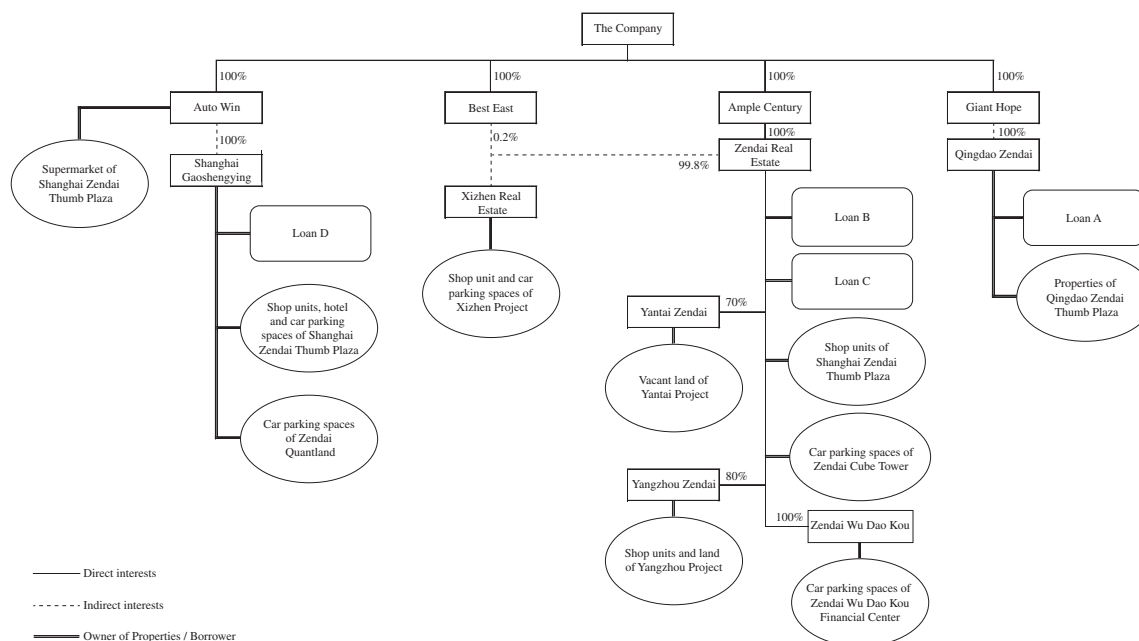
Based on the preliminary estimation of the Company, the total expenses for refurbishment works would amount to approximately RMB50 million (equivalent to approximately HK\$55 million) and the total service fee is estimated to be approximately RMB1.5 million (equivalent to approximately HK\$1.6 million). The annual rental income after refurbishment is estimated to be approximately RMB20 million (equivalent to approximately HK\$22 million), RMB25 million (equivalent to approximately HK\$27.5 million) and RMB35 million (equivalent to approximately HK\$38.5 million) in the first, second and third years, and the service fee would be about RMB2 million (equivalent to approximately HK\$2.2 million), RMB2.5 million (equivalent to approximately HK\$2.8 million) and RMB3.5 million (equivalent to approximately HK\$3.8 million), respectively.

LETTER FROM THE BOARD

INFORMATION OF THE DISPOSAL GROUP

Group structure

Set out below is a simplified group structure of the Disposal Group:



The Disposal Group comprises a total of 21 companies, which are the entities directly or indirectly holding the Properties of the Shanghai Zendai Thumb Plaza, the Qingdao Zendai Thumb Plaza, the Yangzhou Project, the Yantai Project, the Xizhen Project, the Zendai Wu Dao Kou Financial Center, the Zendai Quantland and the Zendai Cube Tower. Further details of these Properties and projects are set out in the section headed “The Properties and the property projects of the Disposal Group” below.

Corporate information of the Disposal Targets

Auto Win

Auto Win is a company incorporated in BVI with limited liability on 18 August 2005 and was a wholly-owned subsidiary of the Company as at the Latest Practicable Date. Save for its holding of certain Properties of the Shanghai Zendai Thumb Plaza, Auto Win does not have other business operation and is an investment holding company.

Giant Hope

Giant Hope is a company incorporated in BVI with limited liability on 18 August 2005 and was a wholly-owned subsidiary of the Company as at the Latest Practicable Date. It is an investment holding company.

LETTER FROM THE BOARD

Best East

Best East is a company incorporated in BVI with limited liability on 12 February 2002 and was a wholly-owned subsidiary of the Company as at the Latest Practicable Date. It is an investment holding company.

Ample Century

Ample Century is a company incorporated in BVI with limited liability on 23 July 2002 and was a wholly-owned subsidiary of the Company as at the Latest Practicable Date. It is an investment holding company.

The Properties and the property projects of the Disposal Group

The Shanghai Zendai Thumb Plaza

The Shanghai Zendai Thumb Plaza is located in Pudong, Shanghai and is a composite development which comprises retail shops, supermarket, hotel and car parking spaces. The project was completed in 2005 and operated by the Group for nearly 20 years. Certain portion had been sold, the remaining Properties, being two shop units (being operated as supermarket area), 25 retail shop units, a hotel and 475 car parking spaces, are being held by the Disposal Group as investment properties or for hotel operation. As at the Latest Practicable Date, the supermarket area was vacant. As at 31 May 2024, the occupancy rate of the shop units was approximately 64%. The hotel is being operated by an Independent Third Party under the “Grand Mercure” brand. During the five months ended 31 May 2024, the average occupancy rate of the hotel was approximately 58%.

The Properties of the Shanghai Zendai Thumb Plaza are mortgaged as security for Loan B, Loan C or Loan D (as the case may be).

The Qingdao Zendai Thumb Plaza

The Qingdao Zendai Thumb Plaza is located in the Laoshan District in the center of Qingdao and is a composite development which comprises a shopping mall with underground car parking spaces, a hotel and hotel apartments. The project was completed in 2012 and operated by the Group for around 12 years. Certain portion had been sold, and the remaining Properties, being the shopping mall with underground car parking spaces and the hotel, are being held by the Disposal Group as investment properties or for hotel operation. As at 31 May 2024, the average occupancy rate of the shop units was approximately 58% and, during the five months ended 31 May 2024, the average occupancy rate of the hotel was approximately 53%.

The Properties of the Qingdao Zendai Thumb Plaza are mortgaged as security for Loan A. Due to the default of Loan A, the Properties of the Qingdao Zendai Thumb Plaza are subject to seizure order by the court.

LETTER FROM THE BOARD

The Yangzhou Project

The Yangzhou Project is located at Guoqing Road, Guangling District, Yangzhou City. The project, in which the Disposal Group has 80% interest, was completed in 2009 and operated by the Group for around 15 years. It is a commercial property project mainly comprising shop units. Certain portion had been sold and the remaining 216 shop units are being held by the Disposal Group as investment properties. As at 31 May 2024, the occupancy rate of the shop units was approximately 94%. There is also a small parcel of land which has yet to be developed and is currently tentatively used as car parking area. Due to the default of Loan A, the equity interests in Yangzhou Zendai, the operating company of the Yangzhou Project, are subject to freezing order.

The Yantai Project

The Yantai Project is located in the Yantai Development Zone, Yantai City, Shandong Province, which is currently still a vacant land with site area of approximately 26,476 sq. m. pending to be developed, in which the Disposal Group has 70% interest. This vacant land is part of a larger land parcel the Disposal Group originally planned to acquire. However, due to disputes over the conditions of the land with the owner, the Disposal Group only acquired part of the land parcel, and as a result of the disputes, the development permit (開發許可證) for the Yantai Project had not been obtained, and the development of the Yantai Project had not been commenced. Due to disputes with certain suppliers and employees over the payment of fees regarding pre-development works, the land of the Yantai Project is subject to seizure order by the court. Besides, due to the default of Loan A, the equity interests in Yantai Zendai, the operating company of the Yantai Project, are subject to freezing order.

The Xizhen Project

The Xizhen Project is located in Qingpu District, Shanghai. The project was completed in 2016 and operated by the Group for around eight years. It is a composite development which comprises retail shops, villas and car parking spaces. Substantially all of the Properties of the Xizhen Project had been sold and, of the unsold Properties, one shop unit and 81 car parking spaces are being held by the Disposal Group for investment purpose. The remaining two shop units are being held by the Remaining Group. Due to disputes with the tenant over rental, the shop unit held by the Disposal Group is subject to seizure order by the court.

The Zendai Wu Dao Kou Financial Center, the Zendai Quantland and the Zendai Cube Tower

The Disposal Group also holds 115 car parking spaces of the Zendai Cube Tower, 190 car parking spaces of the Zendai Wu Dao Kou Financial Center and 50 car parking spaces of the Zendai Quantland, for investment purpose or for sale.

LETTER FROM THE BOARD

Other assets of the Disposal Group

Interests in an associate

The Disposal Group owns 45% equity interests in Shanghai Zendai Himalayas Company Ltd.* (上海証大喜瑪拉雅有限公司)(the “**Himalayas Company**”), which was accounted for as an investment in an associate. The Himalayas Company holds the properties known as Shanghai Himalayas Center and Himalayas Hotel Shanghai located in Pudong New Area, Shanghai, with a total area of approximately 160,000 sq. m. As disclosed in the annual report of the Company for the year ended 31 December 2023, the Himalayas Company recorded losses from operations of approximately HK\$303.9 million for the year ended 31 December 2023, and the total liabilities of the Himalayas Company exceeded HK\$4.6 billion as at 31 December 2023. As a result of sharing in the losses of the Himalayas Company over the years, the carrying value of the Group’s interests in the Himalayas Company had been reduced to nil as at 31 December 2019 and, as such, the Group has not and shall not share in any further losses recorded by the Himalayas Company subsequent to such date. The cumulative unrecognized amount of the share of losses of the Himalayas Company up to 31 December 2023 was approximately HK\$786.0 million. It is not expected that the Himalayas Company will turn around its net liabilities and loss making position in the near term. Due to the default of Loan A, the equity interests of the Himalayas Company held by the Disposal Group are subject to freezing order of the court.

Financial assets at fair value through other comprehensive income

In December 2022, the Group disposed the entire equity interests in Myway Developments Limited (“**Myway**”) to Power Rider, an associated company of a substantial Shareholder (i.e. the Myway Disposal). Two of the subsidiaries of Myway, namely Haimen Zendai Binjiang Real Estate Co., Ltd.* (海門証大濱江置業有限公司)(“**Haimen Zendai**”) and Nanjing Zendai Thumb Commercial Development Co., Ltd.* (南京証大大拇指商業發展有限公司)(“**Nanjing Zendai**”), are the operating companies for the property development projects in Haimen District, Nantong City, Jiangsu Province (the “**Haimen Project**”) and Nanjing City, Jiangsu Province (the “**Nanjing Project**”), respectively. Upon completion of the Myway Disposal, the Disposal Group retained 9.09% equity interests in Haimen Zendai and 10% equity interests in Nanjing Zendai. Further details of the Myway Disposal were disclosed in the Myway Circular dated 30 June 2022. Due to the net liabilities positions of Haimen Zendai and Nanjing Zendai, the carrying values of these financial assets were nil as at 31 May 2024. Due to the default of Loan A and a loan owed by one of the Former Nanjing Subsidiaries and guaranteed by Zendai Real Estate, the equity interests in Nanjing Zendai and in Haimen Zendai held by the Disposal Group are respectively subject to freezing order of the court.

The Disposal Group also has a 1.8334% investment in a private PRC company, namely Shanghai CURA Investment Management Co., Ltd. (上海中城聯盟投資管理股份有限公司), which is principally engaged in equity investment fund management services. Its carrying value was approximately HK\$7.4 million as at 31 May 2024.

LETTER FROM THE BOARD

The Borrowings of the Disposal Group

Set out below is a summary of the outstanding Borrowings of the Disposal Group as at 31 May 2024:

Name	Lender	Outstanding principal amount <i>HK\$ million</i>	Outstanding unpaid interests <i>HK\$ million</i>	Maturity date
Loan A	Lender I	655.5	300.1	16 December 2020
Loan B	Lender II	143.2	2.2	12 September 2024
Loan C	Lender III	437.8	6.2	13 September 2028
Loan D	Lender III	311.1	28.9	26 February 2032

The Borrowings were obtained by the Disposal Group in association with the property development projects over the years. Due to the slowing down of the real estate property market in the PRC, the Disposal Group has been facing difficulties in repaying the outstanding principals and/or accrued interests in a timely manner. Over the past few years, the Disposal Group has been actively negotiating with the relevant lenders for refinancing and/or extension. However, the negotiations with the lenders have been all along difficult.

Loan A has been in default since December 2020 and Lender I sued the Disposal Group for the default in 2021. In June 2022, the Intermediate People's Court of Lanzhou ordered that, among others, (a) the bank deposit of Qingdao Zendai (the operating company of the Qingdao Zendai Thumb Plaza) as at 31 December 2023 shall be frozen and the funds therein to be allocated to settle Loan A; (b) Lender I shall have first priority to be repaid from the proceeds from any discounted disposal or auction or sale of the pledged properties of Qingdao Zendai; (c) Lender I shall have first priority to be repaid from the proceeds from the sale of the 60% pledged equity interest of Hainan Huayi Real Estate Co., Ltd. (海南華意置業有限公司) (“**Hainan Huayi**”), a then indirect subsidiary of the Company operating a property development project in Hainan; (d) Zendai Real Estate (as a guarantor) shall be jointly and severally liable for the outstanding amount of Loan A; and (e) if the bank deposit of Qingdao Zendai is insufficient to settle the outstanding amount of Loan A, the Court shall have the authority to seal, seize, auction and sell the assets of Qingdao Zendai and Zendai Real Estate. As at the Latest Practicable Date, the 60% pledged equity interest of Hainan Huayi had already been sold at judicial auction, and the Properties of Qingdao Zendai and the equity interests of four subsidiaries of Zendai Real Estate (including Yantai Zendai, Yangzhou Zendai, Zendai Wu Dao Kou Financial Center and another subsidiary of Zendai Real Estate) were subject to seizure order or freezing order. Despite the efforts of the Disposal Group in negotiating with Lender I for a settlement plan, the progress has not been satisfactory.

LETTER FROM THE BOARD

Loan B was originally maturing on 12 June 2024 and the Disposal Group was required to repay the then outstanding principal amount of approximately RMB130.3 million (equivalent to approximately HK\$143.2 million) by that date. After numerous efforts of the Disposal Group, Lender II agreed for a short extension of the maturity date of three months to 12 September 2024 but emphasized that no further extension will be given. In June 2024, the Disposal Group repaid RMB8.0 million (equivalent to approximately HK\$8.8 million) of the principal amount of Loan B.

In respect of Loan C and Loan D, based on the repayment schedule, the Disposal Group is required to repay principal amounts of approximately (i) RMB42.9 million (equivalent to approximately HK\$47.2 million) by 20 September 2024 for Loan C; and (ii) RMB8.1 million (equivalent to approximately HK\$8.9 million) by 5 September 2024 and RMB10.8 million (equivalent to approximately HK\$11.9 million) by 15 September 2024 for Loan D, respectively. While the Disposal Group repaid RMB4.4 million (equivalent to approximately HK\$4.8 million) and RMB670,000 (equivalent to approximately HK\$737,000) of the principal amount of Loan C and Loan D, respectively, in June 2024, the Disposal Group is still required to fulfil the aforesaid repayment obligations in September 2024. The Disposal Group is still negotiating with Lender III for a more feasible settlement plan in respect of Loan C and Loan D, but no agreement has been reached yet.

Given the liquidity and financial position of the Disposal Group, the Company is not confident that the respective repayment obligations in September 2024 can be fulfilled and, in such case, the Disposal Group is very likely to default on Loan B, Loan C and Loan D as well.

The Financial Guarantee

As at the Latest Practicable Date, there were certain financial guarantees between the Disposal Group and the Former Nanjing Subsidiaries. Zendai Real Estate provided the Financial Guarantee to a member of the Former Nanjing Subsidiaries (which were the then subsidiaries of Haimen Zendai holding the Nanjing Project at the time of the Myway Disposal in December 2022 but were subsequently disposed of by Haimen Zendai to other Independent Third Party) in favour of a third party financial institution as security for an outstanding loan owed by a member of the Former Nanjing Subsidiaries to the financial institution. On the other hand, another member of the Former Nanjing Subsidiaries provided financial guarantee in favour of Lender I as security for Loan A owed by the Disposal Group. As the respective financial guarantee provided by the Disposal Group to the Former Nanjing Subsidiaries and provided by the Former Nanjing Subsidiaries to the Disposal Group has yet to be released, the party being guaranteed shall pay annual fee to the guarantor equivalent to 1% of the guaranteed amount prior to the release of such guarantee.

LETTER FROM THE BOARD

The loan owed by the Former Nanjing Subsidiaries to the financial institution has been defaulted, and the principal and related interest payables of such loan could not be fully paid off through realising the underlying collaterals. As such, the Disposal Group had made provision for the Financial Guarantee of approximately HK\$691.3 million as at 31 May 2024.

Financial information of the Disposal Group

Set out below is the summary of certain unaudited financial information of each of the Disposal Targets and their respective subsidiaries extracted from Appendix II to this circular for the two years ended 31 December 2022 and 2023 and for the five months ended 31 May 2024.

Auto Win and its subsidiaries

	Year ended 31 December		Five months
	2022	2023	ended 31 May
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2024</i>
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	75,992	64,942	20,380
Loss before tax	(2,090)	(167,623)	(45,137)
Profit/(loss) after tax	4,464	(158,421)	(36,591)

As at 31 May 2024, the unaudited net assets attributable to the owner of Auto Win were approximately HK\$446.2 million.

Giant Hope and its subsidiaries

	Year ended 31 December		Five months
	2022	2023	ended 31 May
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2024</i>
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	81,097	74,984	20,996
Loss before tax	(200,520)	(167,758)	(138,192)
Loss after tax	(185,905)	(163,326)	(113,309)

As at 31 May 2024, the unaudited net liabilities attributable to the owner of Giant Hope were approximately HK\$806.6 million.

LETTER FROM THE BOARD

Best East

	Year ended 31 December		Five months
	2022	2023	ended 31 May
	<i>HK\$'000</i>	<i>HK\$'000</i>	2024
	(Unaudited)	(Unaudited)	<i>HK\$'000</i>
			(Unaudited)
Revenue	880	50	21
Profit/(loss) before tax	19,120	(106)	(394)
Profit/(loss) after tax	19,120	(106)	(394)

As at 31 May 2024, the unaudited net assets attributable to the owner of Best East were approximately HK\$185.1 million.

Ample Century and its subsidiaries

	Year ended 31 December		Five months
	2022	2023	ended 31 May
	<i>HK\$'000</i>	<i>HK\$'000</i>	2024
	(Unaudited)	(Unaudited)	<i>HK\$'000</i>
			(Unaudited)
Revenue	73,972	62,460	14,620
Profit/(loss) before tax	(796,099)	220,916	(470,814)
Profit/(loss) after tax	(790,363)	277,898	(456,858)

As at 31 May 2024, the unaudited net liabilities attributable to the owner of Ample Century were approximately HK\$863.7 million.

Based on the unaudited financial information, the Disposal Group had unaudited combined net liabilities attributable to the owner of the Disposal Targets approximately HK\$1,039.0 million as at 31 May 2024.

LETTER FROM THE BOARD

BUSINESSES OF THE REMAINING GROUP

Following Completion, the Remaining Group will continue to be engaged in property development, property rental, and property management and operation businesses by leveraging on its experience in the real estate market in the PRC.

Property rental

The Remaining Group will continue to operate its property rental business with (i) 48 shop units and apartments of the Shanghai Zendai Thumb Plaza leased from the owners which are available for sub-lease; (ii) 35 self-owned shop units of the Zendai Nantong Yicheng Thumb Plaza; and (iii) two self-owned shop units of the Xizhen Project. As at 31 May 2024, all of the properties of the Shanghai Zendai Thumb Plaza had been leased out, and the occupancy rates of the shop units of the Zendai Nantong Yicheng Thumb Plaza and the Xizhen Project were around 83% and 50% respectively.

Property management

The property management segment of the Group will continue to be carried out by the Remaining Group. As at the Latest Practicable Date, the Remaining Group managed 12 properties and had 218 employees for this segment. With more than 30 years extensive experience in managing different types of residential, commercial and other properties, the property management segment has extended its business presence to major cities such as Shanghai, Qingdao and Nanjing under its service philosophy of “keep pace with the times, serve the best, focus on quality, and create impressions”. The projects under management cover a wide range of properties such as high-end business plazas, grade-A office buildings, top-tier villa areas, high-end residences and urban complexes. The types of services provided by the Remaining Group include security services, cleaning services, maintenance of fire protection system, greening and gardening services, repair and maintenance services, garbage removal services, water and electricity fee management, parking lot management, decoration supervision, etc.

During the year ended 31 December 2023, revenue generated from the property management business amounted to approximately HK\$129.6 million, of which (i) approximately 96.4% was generated from over 7,000 Independent Third Party customers; and (ii) the remainder of approximately 3.6% was generated from two entities of the Disposal Group. The revenue generated from the single largest customer of the property management business, who is an Independent Third Party, represented approximately 8.3% of the total revenue generated by this segment during the year. Following Completion, all of the customers of the property management business of the Remaining Group shall be Independent Third Parties.

LETTER FROM THE BOARD

Property operation

Since the establishment of the Group, the Remaining Group has been providing property operation services for its property development projects and thus has extensive experience in this business. The types of services principally include soliciting tenants, tenant management, analysis on project operation, evaluation and transformation, etc. By analysing the geographical location, surrounding customer groups and other information of the property projects, the Remaining Group will form a view on the positioning and market conditions of the projects, identify target customers, and negotiate with the target customers for the terms of leases and arrange the execution of the lease agreements. Afterwards, the Remaining Group will perform tenant management, maintain and organise tenant information, analyse statistics, establish effective communication between property owners and tenants, and provide recommendations to improve the conditions of the properties. As at the Latest Practicable Date, the Remaining Group had about 26 employees for the provision of property operation services.

In the Myway Disposal, a framework agreement was entered into between the Company and Power Rider, pursuant to which, Power Rider shall appoint the Group to provide services for the development, construction and operation of property development projects, and the operation and management of completed commercial property projects (including those existing projects and to be developed projects) in respect of the Haimen Project and the Nanjing Project, upon the entering into of separate project management agreements. The scope of services to be provided by the Group include, among other things, the management of financial affairs, planning and design, procurement, construction, sales and marketing, completion and delivery, customer services and maintenance, human resources, administration and operation of commercial investment property. Based on the framework agreement, for property development projects, the Group shall be entitled to service fees of 3% of the proceeds from the sale of units of the relevant project, plus an additional 2% incentive fee subject to performance appraisal, such as achievement of sales target. For commercial investment properties, the service fees to be charged by the Group shall be 10% of the total operating income generated from the relevant project. Following Completion, the Remaining Group shall be the service provider in this regard.

LETTER FROM THE BOARD

The Haimen Project is a clear construction site. Subject to availability of financing and working capital, it was originally expected that construction work would commence in late 2022 and would be completed by 2029 in phases, and pre-sales would commence in 2023. In this regard, a project management agreement for the development, construction and operation of the Haimen Project was entered into between the Haimen Project Company and the Group in December 2022. However, due to the impact of the COVID-19 pandemic and the poor conditions of the real estate market, the original development plan for the Haimen Project has been postponed. Based on the latest development plan, the construction work is targeted to resume in mid-2025, with pre-sales commencing in late 2025, and the project is to be completed in phases over a period of 10 years. It is estimated that the total gross sales amount for the entire Haimen Project would be approximately RMB14,437.8 million (equivalent to approximately HK\$15,878.5 million). The Remaining Group is expected to receive a percentage-based management fee based on the proceeds from pre-sales of the Haimen Project.

The Nanjing Project comprises certain construction sites, the completed commercial property project known as Nanjing Himalayas Center and the unsold property units mainly consisting of offices, shop units, storage rooms and car parking spaces, some of which are under mortgage or seizure order by the court. It was intended that a portion of the unsold property units would be offered for sale at a discount to market price in 2022, 2023 and 2024. However, the intended sales had not been carried out due to the deteriorating market atmosphere. There is currently no concrete plan for such properties.

As mentioned in the section headed “The Agreement – Other salient terms” above, after Completion, the Purchaser shall appoint the Remaining Group to provide refurbishment consultancy, operation and management services for the supermarket, shop units and car parking spaces of the Shanghai Zendai Thumb Plaza following Completion.

Leveraging on the Group’s many years of experience in real estate development and construction and commercial property operation, the Remaining Group is expected to continue to generate stable revenue from these operations.

Property development

The Remaining Group will continue to operate the property development business with a more prudent and conservative approach, taking into account the prevailing conditions of the PRC real estate market and the economy.

Following Completion, the Remaining Group will continue to retain interest in the Nantong Project, which is located at South Changjiang Road of Nantong City. The Nantong Project is divided into two parts. The first part refers to the Zendai Nantong Yicheng Thumb Plaza and the second part refers to the Old Town Project.

LETTER FROM THE BOARD

First phase of the Zendai Nantong Yicheng Thumb Plaza refers to the 35 shop units currently held by the Remaining Group for investment purpose. The second phase is currently a vacant land with site area of approximately 30,651 sq. m. which is not scheduled to be developed until after the vacant land of the Old Town Project has been developed, as mentioned below.

The Old Town Project consists of a number of villas, shop units and a vacant land with site area of approximately 6,300 sq. m.. The villas had already been sold. Most of the shop units have been pre-sold by the Group and the balance of sales proceeds amounting to approximately RMB57 million (equivalent to approximately HK\$62.7 million) is expected to be received in the fourth quarter of 2024. Part of the sales proceeds will be reserved for the development of the vacant land for commercial use comprising mainly shop units. Based on the latest development plan, the total construction costs are estimated to amount to approximately RMB23 million (equivalent to approximately HK\$25.3 million) and the sales amount is estimated, based on the existing average pre-sale prices in Nantong City, to be approximately RMB116 million (equivalent to approximately HK\$127.6 million). The Remaining Group targets to commence the application to the relevant Government authority for the development of the vacant land and it is expected that construction work would commence in mid-2025 and revenue would be recognised in 2026.

The Remaining Group will continue to monitor the recovery of the real estate market closely. With the improvement of the financial position following Completion, the Remaining Group is prepared to resume its property development business.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in property development, property rental, property management and operation and hotel operation in the PRC.

As mentioned in the annual report of the Company for the year ended 31 December 2023, in 2020, the PRC Government introduced a series of strict regulations on the real estate industry marked by the “Three Red Lines” policy. Since 2021, the real estate market in the PRC has entered into a long period of adjustment and a majority of real estate enterprises, even the leading ones, have been facing difficulties in cash flow. Furthermore, despite that the COVID-19 pandemic had finally ended in 2023, it had brought about far-reaching impacts to the business environment, resulting in economic stagnation. In the backdrop of multiple evolving factors over the past few years, the business environment for real estate developers and operators in the PRC, including the Group, have been difficult. The Group’s revenue dropped significantly by approximately 84% from approximately HK\$4,598.7 million for the year ended 31 December 2020 to approximately HK\$740.9 million for the year ended 31 December 2021, and continued to drop to approximately HK\$396.6 million and HK\$380.1 million for the years ended 31 December 2022 and 2023, respectively. During the year ended 31 December 2023, the Group did not deliver any new property development projects and did not record any revenue from the sale of properties.

LETTER FROM THE BOARD

Amidst the industry's downward trend, the Group's financial position has continued to worsen due to the debt-heavy financing structure established in the past. The repayment obligations in respect of the interest-bearing borrowings of the Group has continued to cause significant financial pressure and deplete the Group's financial resources. Although the Group strived to reduce the interest-bearing borrowings from approximately HK\$7,035.9 million as at 31 December 2020 to approximately HK\$1,768.8 million as at 31 December 2023, the finance costs remains substantial to the Group. For the three years ended 31 December 2021, 2022 and 2023, the finance costs of the Group amounted to approximately HK\$1,001.5 million, HK\$975.7 million and HK\$239.9 million respectively, representing approximately 135.2%, 246.0% and 63.1% of the total revenue of the Group during the respective year.

Due to the multiple uncertainties relating to going concern, the auditors of the Company had issued a disclaimer of opinion regarding the consolidated financial statements of the Group for four consecutive years, beginning from the year ended 31 December 2020 up to and including the year ended 31 December 2023. The continuous disclaimer of opinion in respect of the consolidated financial statements of the Group and its deteriorating financial position have seriously hindered the Group's ability to obtain financing and refinancing from financial institutions in the PRC under the "Three Red Lines" policy. As mentioned in the section headed "Information of the Disposal Group – The Borrowings of the Disposal Group" above, the Group had defaulted on Loan A, and the Company is not confident that the Group will be able to fulfil the repayment obligations in respect of Loan B, Loan C and Loan D in September 2024. In such circumstances, the Group would have defaulted on all of the Borrowings and may therefore become subject to litigation and its assets may be subject to seizure to repay such debts.

The Company has been exploring and implementing plans to resolve the going concern issue and striving to improve the financial position of the Group. As mentioned in the annual report of the Company for the year ended 31 December 2023, the Group continued its efforts to convince the lenders of the defaulted borrowings not to take any actions against the Group for immediate payment of the principals and interest payables thereof, and actively negotiated with the lenders and identified various options for restructuring the Group's existing borrowings. Nevertheless, the negotiations have been difficult. The Group also continued to seek for potential investors for co-developing or purchasing the Group's projects in order to mitigate the Group's liquidity pressure. One such outcome of the Group's efforts was, in December 2022, the Group completed the Myway Disposal, pursuant to which the Group disposed of Myway and its then subsidiaries to Power Rider, an associated company of a substantial Shareholder. As a result of the Myway Disposal, the interest-bearing borrowings of the Group were significantly reduced by approximately HK\$4.1 billion, or about 60%, and cut the finance costs by approximately HK\$735 million, or about 75%, for the year ended 31 December 2023. The Disposal now forms an important progression of the Group's abovesaid efforts and is expected to improve the financial position and mitigate the uncertainties relating to going concern of the Group.

LETTER FROM THE BOARD

Following Completion, the results, assets and liabilities of the Disposal Group (including the Borrowings and the Financial Guarantee) will no longer be consolidated to those of the Group. As a result, the financial position of the Group is expected to improve, thus mitigating the uncertainties relating to going concern. This would prevent other healthy assets and businesses of the Remaining Group from being affected by the default and potential default of the relevant Borrowings and/or the adverse impact from the Financial Guarantee. With the improvement of the Group's overall financial position, it is expected that negotiations with financial institutions for necessary financing will become easier, and thereby the Remaining Group would have room to plan for potential new projects. As mentioned in the section headed "Businesses of the Remaining Group" above, the Remaining Group will continue to utilise its experience in the real estate market in the PRC to operate the existing businesses of the Group, including property development, property rental, and property management and operation businesses. Having been relieved from the non-performing and distressed Properties, the Remaining Group will also be better positioned to capture any opportunities that may arise in future.

Having considered the above factors and taking into account that (i) the principal reason for the Disposal is to relieve the Group from the non-performing and distressed assets, including those which are subject to seizure order by the court, with a view to improving the Group's overall financial position and addressing its going concern issues; (ii) the uncertain outlook of the Disposal Group given the potential default of all of the Borrowings in September 2024 and the legal and financial consequences thereof; and (iii) under the current condition of the real estate market and the overall economy in the PRC, it would be difficult to realise all or the majority of the value of the Properties on the retail property market in an efficient manner give their size and scale, the Directors are of the view that the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The Company intends to apply the net proceeds from the Disposal (after deducting all related expenses) of approximately HK\$7.9 million as general working capital for the business development of the Remaining Group.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE DISPOSAL

Earnings

The Group expects to record a gain on the Disposal of approximately HK\$128.7 million, which is calculated based on the difference between (i) the Consideration of RMB10,000,000 (equivalent to approximately HK\$11.0 million); (ii) the unaudited combined net liabilities attributable to owner of the Disposal Targets as at 31 May 2024 of approximately HK\$1,039.0 million; (iii) the Debts of approximately HK\$766.0 million; and (iv) the exchange reserves released of approximately HK\$152.2 million, net of the estimated transaction costs attributable to the Disposal of approximately HK\$3.1 million. Such gain is expected to be recorded in the financial year ending 31 December 2024.

Based on the “Unaudited pro forma financial information of the Remaining Group” as set out in Appendix III to this circular, assuming Completion had taken place on 1 January 2023, the finance costs of the Remaining Group would have been approximately HK\$31.0 million, and the unaudited pro forma consolidated profit of the Remaining Group attributable to owners of the Company would have been approximately HK\$66.5 million, for the year ended 31 December 2023.

Assets and liabilities

Upon Completion, the Company shall cease to have any interests in the Disposal Targets, and members of the Disposal Group shall cease to be subsidiaries of the Company. Accordingly, their results, assets and liabilities will no longer be consolidated into the financial statements of the Group. Following Completion, the Group will have disposed of the non-performing and distressed assets together with the associated Borrowings. As a result, the interest-bearing borrowings of the Remaining Group will be substantially reduced to around HK\$218.5 million only and not secured by any of the Remaining Group’s assets.

According to the annual report of the Company for FY2023, the audited consolidated total assets and total liabilities of the Group as at 31 December 2023 were approximately HK\$4,890.9 million and HK\$3,642.3 million, respectively. Based on the “Unaudited pro forma financial information of the Remaining Group” as set out in Appendix III to this circular, assuming Completion had taken place on 31 December 2023, the unaudited pro forma consolidated total assets and total liabilities of the Remaining Group as at 31 December 2023 would have been approximately HK\$1,452.9 million and HK\$698.5 million, respectively.

General

Shareholders and potential investors should note that the financial impact set out above is for illustrative purposes only and estimated based on the information currently available, which will have to be ascertained at the time of preparation of the Company’s consolidated financial statements, and is subject to audit.

LETTER FROM THE BOARD

PROPOSED CHANGE OF COMPANY NAME

The Board proposes to (i) change the official registered English name of the Company from “Shanghai Zendai Property Limited” to “DevGreat Group Limited”; and (ii) adopt “大方廣瑞德集團有限公司” as the secondary name in Chinese of the Company. Upon the Proposed Change of Company Name becoming effective, the Company will cease to use “上海証大房地產有限公司” as the Chinese name currently used for identification purposes only.

Conditions of the Proposed Change of Company Name

The Proposed Change of Company Name is conditional upon:

- (i) the passing of a special resolution by the Shareholders approving the Proposed Change of Company Name at the SGM; and
- (ii) the Registrar of Companies in Bermuda approving the Proposed Change of Company Name.

Subject to satisfaction of the conditions set out above, the Proposed Change of Company Name will take effect from the date on which the new English name of the Company in place of the existing English name together with the secondary name in Chinese of the Company are entered into the register of companies maintained by the Registrar of Companies in Bermuda. The Registrar of Companies in Bermuda shall issue a certificate of incorporation on change of name of the Company and a certificate of secondary name of the Company. The Company will then carry out the necessary registration and/or filing procedures in Hong Kong as required under the applicable laws, rules and regulations of Hong Kong including those with the Companies Registry in Hong Kong.

Reasons for the Proposed Change of Company Name

Following the Completion, the Remaining Group will be relieved from the non-performing and distressed assets as well as the associated Borrowings. With the improvement of the Group’s overall financial position, the Board considers that the Proposed Change of Company Name will provide the Company with a fresh new corporate image and identity for the future development of the businesses of the Remaining Group as mentioned in the section headed “Businesses of the Remaining Group” above. Therefore, the Board believes that the Proposed Change of Company Name is in the best interests of the Company and Shareholders as a whole.

LETTER FROM THE BOARD

Effects of the Proposed Change of Company Name

The Proposed Change of Company Name will not affect any rights of the Shareholders or the Company's daily business operation or its financial position. All existing share certificates of the Company in issue bearing the current name of the Company will, upon the Proposed Change of Company Name becoming effective, continue to be good evidence of legal title to such Shares and will remain valid for trading, settlement, registration and delivery purposes.

Accordingly, there will not be any arrangement for free exchange of the existing share certificates for new share certificates bearing the new name of the Company. Upon the Proposed Change of Company Name becoming effective, all new share certificates will be issued in the new name of the Company.

Subject to the confirmation of the Stock Exchange, the English and Chinese stock short names of the Company for trading in the securities of the Company on the Stock Exchange will also be changed after the new company name becoming effective.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal of the Company and is subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

THE SGM

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve (i) the Agreement and the transactions contemplated thereunder; and (ii) the Proposed Change of Company Name. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder had a material interest in the Agreement which is different from other existing Shareholders who shall otherwise be required to abstain from voting on the resolution in relation to the Disposal at the SGM.

The voting on the resolutions to be proposed at the SGM will be taken by way of poll.

The register of members of the Company will be closed from Friday, 6 September 2024 to Wednesday, 11 September 2024 (both dates inclusive) for determining the entitlements to attend the SGM. No transfer of Shares will be registered during this period.

LETTER FROM THE BOARD

A notice convening the SGM to be held at Suite 2701-08, 27/F., Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong at 2:30 p.m. on Wednesday, 11 September 2024 is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM is enclosed with this circular. Whether or not you propose to attend the SGM, you are requested to read the notice of SGM and to complete the form of proxy enclosed in this circular in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of the form of proxy form shall not preclude you from attending and voting at the SGM should you so wish.

RECOMMENDATION

The Directors are of the opinion that the terms of the Agreement and the transaction contemplated thereunder are on normal commercial terms and are fair and reasonable, and the Disposal and the Proposed Change of Company Name are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed in the SGM.

ADDITIONAL INFORMATION

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

WARNING

Shareholders and potential investors of the Company should note that Completion is conditional upon the satisfaction or waiver (as the case may be) of the Conditions, and the Disposal may or may not proceed. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the securities of the Company.

Yours faithfully,
For and on behalf of the Board of
Shanghai Zendai Property Limited
Huang Yuhui
Chairman

1. SUMMARY OF THE FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three years ended 31 December 2021 (“FY2021”), 2022 (“FY2022”) and 2023 (“FY2023”) have been published in the annual reports of the Company, respectively, which are available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.zendaiproperty.com). The hyperlinks to the aforesaid annual reports are set out below:

- (i) Annual report of the Company for FY2021 published on 29 April 2022, from pages 55 to 169:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0429/2022042900171.pdf>

- (ii) Annual report of the Company for FY2022 published on 28 April 2023, from pages 51 to 167:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0428/2023042801977.pdf>

- (iii) Annual report of the Company for FY2023 published on 28 April 2024, from pages 52 to 167:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0428/2024042800075.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 June 2024, being the latest practicable date for the purpose of ascertaining the indebtedness and contingent liabilities of the Group prior to the printing of this circular, the Group had total indebtedness of approximately HK\$2,548,185,000 as summarised below:

Borrowings

The Group had total outstanding borrowings of approximately HK\$1,745,223,000, further details are set out below:

- (i) bank borrowings with total amount of approximately HK\$874,525,000, which were unguaranteed and secured by the pledge of financial assets, property, plant and equipment, investment properties and equity interests of certain subsidiaries; and
- (ii) other borrowings with total amount of approximately HK\$870,698,000, of which approximately HK\$217,690,000 were guaranteed and unsecured, and approximately HK\$653,008,000 were guaranteed and secured by the pledge of financial assets, property, plant and equipment and investment properties.

Lease liabilities

The Group had total outstanding lease liabilities of approximately HK\$42,957,000, of which approximately HK\$24,722,000 were due within one year and approximately HK\$18,235,000 were due after one year.

Other commitments

The Group had commitments for property development contracted for but not provided of approximately HK\$67,202,000.

Contingent liabilities*Guarantees*

The Group had provided guarantees amounted to approximately HK\$4,134,000 in favour of banks for mortgage loans granted to purchasers of the Group's properties.

The Group had provided guarantees in the amount of approximately HK\$688,669,000 for borrowings of the Former Nanjing Subsidiaries. Properties under development and other assets owned by the Former Nanjing Subsidiaries are the primary collateral of such borrowings.

Provision for litigations, claims and compensations to customers

Various parties have filed litigation against the Group for unpaid borrowings, outstanding operation payables and other matters. The Directors have assessed the impact of the litigation matters and no further provisions are required for these litigations. The Group is actively communicating with relevant creditors and seeking various ways to resolve these litigations. The Directors consider that such litigations, individually or jointly, will not have significant adverse effects on the operating performance, cash flow and financial condition of the Group at the current stage.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, the Group did not have any other loan capital issued and outstanding or agreed to be issued, debt securities issued and outstanding, authorised or otherwise created but unissued, term loans, other borrowings or indebtedness including bank overdrafts, liabilities under acceptances, acceptance credits, debentures, mortgages, charges, lease liabilities, guarantees or other material contingent liabilities outstanding at the close of business on 30 June 2024.

3. WORKING CAPITAL

As at 30 June 2024, the Group had bank and other borrowings and lease liabilities amounted to approximately HK\$1,745,223,000 and HK\$42,957,000 respectively. Borrowings of HK\$870,698,000 have been past due and HK\$404,754,000 are repayable on demand or will fall due for repayment within twelve months from 30 June 2024.

Upon Completion, borrowings of approximately HK\$1,527,533,000 of the Disposal Group will be derecognised since these borrowings will no longer be the indebtedness of the Group. The Group's remaining borrowings that have been past due of approximately HK\$217,690,000 are expected to be extended or revised for repayment terms and schedules, subject to the results of negotiation with the lender.

The Directors have reviewed the Group's cash flow forecast (“**Cash Flow Forecast**”) which cover a period of not less than twelve months from the date of this circular. The Cash Flow Forecast indicates that the Group's projected net cash inflow would be sufficient for its operating requirements and to pay its financial obligations throughout the forecast period. When preparing the Cash Flow Forecast, the management of the Group has also considered sensitivity analysis about various uncertainties that the Group may encounter during the forecast period.

In addition to Completion, the sufficiency of the Group's working capital for at least the next twelve months from the date of this circular is also dependent on (i) successful negotiations with the relevant lender of borrowings; (ii) successful and timely collection of service fees from the Haimen Project and the Nanjing Project; (iii) successful acceleration of the construction as well as pre-sale and sale of the Group's inventories of properties; and (iv) the Group's ability to generate operating cash flows other than those mentioned above, to meet its ongoing funding needs as well as successfully controlling administrative costs and capital expenditure.

Notwithstanding the above uncertainties, the Directors after due and careful enquiry, are of the opinion that, after taking into account the effect of the Disposal, the existing cash and indebtedness position and Cash Flow Forecast, the Group will have sufficient working capital for its operating requirements and to pay its financial obligations as and when they fall due and for at least the next twelve months from the date of this circular. The Company has obtained the relevant confirmation from its auditors as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

- (i) In March 2024, the 60% equity interest in Hainan Huayi, a then indirect subsidiary of the Company operating a property development project in Hainan, which had been mortgage as security for Loan A, had been sold at the judicial auction for approximately RMB84.9 million (equivalent to approximately HK\$93.4 million), for repayment of the defaulted Loan A.

- (ii) Due to the net liabilities position of Nanjing Zendai, which was owned as to 10% by the Group as at the Latest Practicable Date, the carrying value of such financial asset at fair value through other comprehensive income was reduced to nil as at 31 May 2024.
- (iii) As the loan owed by the Former Nanjing Subsidiaries to the financial institution has been defaulted, and the principal and related interest payables of such loan could not be fully paid off through realising the underlying collaterals, the Disposal Group had made further provision for the Financial Guarantee of approximately HK\$375.1 million for the five months ended 31 May 2024.

Save as disclosed above, the Directors confirm that there had been no material adverse change in the financial or trading position of the Group since 31 December 2023 (being the date to which the latest published audited financial statements of the Group were made up) up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS

The Group is principally engaged in property development, property investment and provision of property management and hotel operations in the PRC.

As mentioned in the section headed “Businesses of the Remaining Group” in the letter from the Board in this circular, following Completion, the Remaining Group will continue to be engaged in property development, property rental, and property management and operation businesses.

In respect of the property rental business, the Remaining Group will continue to lease out (i) the 48 shop units and apartments of the Shanghai Zendai Thumb Plaza leased from the owners which are available for sub-lease; (ii) the 35 self-owned shop units of the Zendai Nantong Yicheng Thumb Plaza; and (iii) the two self-owned shop units of the Xizhen Project. Most of the tenancy contracts will be expiring after 2024 and the Remaining Group plans to negotiate with these tenants for renewal on existing terms or with slight increment in the rental fees taking into account the prevailing market condition at the time of renewal. The Remaining Group will also continue to look for tenants to lease the remaining unleased investment properties. The Remaining Group will also keep an eye out for suitable properties to lease for onward sub-lease to tenants. Having said this, as at the Latest Practicable Date, no such properties have yet been identified.

In respect of the property management and operation business, the Remaining Group will continue to provide property management services to the 12 properties currently managed by the Group. Besides, pursuant to the Service Agreement, the Remaining Group shall be appointed by the Purchaser to provide refurbishment consultancy, operation and management services for the supermarket, shop units and car parking spaces of the Shanghai Zendai Thumb Plaza following Completion. In the fourth quarter of 2024 following Completion, the Remaining Group will put more emphasis on this commercial property operation with a view to improve and upgrade the Shanghai Zendai Thumb Plaza so as to increase its attractiveness to tenants and thus its investment value. The Remaining Group will also continue to provide the property operation services for the existing properties of the Nanjing Project. For the Haimen Project, based on the latest development plan, the construction work is targeted to resume in mid-2025, with pre-sales commencing in late 2025. The Remaining Group will coordinate closely with the property owner of the Haimen Project and work towards the development plan.

In respect of the property development business, the Remaining Group will adopt a more prudent and conservative approach, in particular, to monitoring the market condition closely and considering carefully for the timing and financing options. With the improvement in the financial condition following Completion, the Remaining Group plans to continue the development of the remaining part of the Nantong Project. It is the plan of the Remaining Group to commence the construction work for the second part of the Nantong Project (i.e. the Old Town Project) in mid-2025, and the development of other parts of the Nantong Project will be scheduled following the development of the Old Town Project.

Following Completion, the Remaining Group will be relieved from the non-performing and distressed Properties, and its interest-bearing borrowings will be substantially reduced. It is expected that with the improvement in the overall financial position and by leveraging on its experience in the real estate market in the PRC, the Remaining Group will be better positioned to ride out the current difficult business environment.

The following is the text of a report received from PKF Hong Kong Limited, Certified Public Accountants, Hong Kong, regarding the historical financial information of the Disposal Group for the purpose of inclusion in this circular.



26/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

REPORT ON REVIEW OF HISTORICAL FINANCIAL INFORMATION OF AUTO WIN INVESTMENTS LIMITED, GIANT HOPE INVESTMENTS LIMITED, BEST EAST DEVELOPMENTS LIMITED AND AMPLE CENTURY LIMITED

To the Board of Directors of Shanghai Zendai Property Limited

Introduction

We have reviewed the historical financial information set out on pages II-3 to II-36, which comprises the respective unaudited combined balance sheets of Auto Win Investments Limited, Giant Hope Investments Limited, Best East Developments Limited and Ample Century Limited (the “**Disposal Targets**”) and their respective subsidiaries (collectively referred to as the “**Disposal Group**”) as at 31 December 2021, 2022 and 2023 and 31 May 2024, and the respective unaudited combined income statements and statements of comprehensive income, unaudited combined statements of changes in equity and unaudited combined cash flow statements of the Disposal Group for the three years ended 31 December 2021, 2022 and 2023 and each of the five months ended 31 May 2023 and 2024 (the “**Relevant Periods**”) and explanatory notes (the “**Historical Financial Information**”) which have been prepared on the basis set out in note 2 to the Historical Financial Information and in accordance with the accounting policies adopted by the Company as shown in its annual report for the year ended 31 December 2023 and Rule 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The directors of the Company are responsible for the presentation and preparation of the Historical Financial Information of the Disposal Group in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information and paragraph 14.68(2)(a)(i)(A) of the Listing Rule. The directors are also responsible for such internal control as management determines is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error. The Historical Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard (“**HKAS**”) 1 “Presentation of Financial Statements” or an interim financial report as defined in HKAS 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Our responsibility is to express a conclusion on this Historical Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the HKICPA. A review of the Historical Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Historical Financial Information of the Disposal Group for the Relevant Periods is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information.

PKF Hong Kong Limited*Certified Public Accountants*

Hong Kong

23 August 2024

**UNAUDITED COMBINED INCOME STATEMENT AND STATEMENT OF
COMPREHENSIVE INCOME – AUTO WIN AND ITS SUBSIDIARIES**

	Unaudited				
	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	83,853	75,992	64,942	25,173	20,380
Cost of sales	<u>(13,217)</u>	<u>(12,998)</u>	<u>(10,671)</u>	<u>(4,642)</u>	<u>(3,924)</u>
Gross profit	70,636	62,994	54,271	20,531	16,456
Other income and gains/(losses) – net	855	13,527	15,246	(7,948)	1,177
Net impairment losses on financial assets	(138)	(1,149)	(149,224)	(83,815)	(13,679)
Impairment of property, plant and equipment	(116,386)	–	–	–	–
Administrative expenses	(45,896)	(31,784)	(30,834)	(13,303)	(8,242)
Change in fair value of investment properties	15,634	(5,834)	(32,703)	(16,388)	(34,185)
Finance costs	<u>(47,956)</u>	<u>(39,844)</u>	<u>(24,379)</u>	<u>(10,536)</u>	<u>(6,664)</u>
Loss before income tax	(123,251)	(2,090)	(167,623)	(111,459)	(45,137)
Income tax credit	<u>690</u>	<u>6,554</u>	<u>9,202</u>	<u>4,097</u>	<u>8,546</u>
(Loss)/profit for the year/period	<u>(122,561)</u>	<u>4,464</u>	<u>(158,421)</u>	<u>(107,362)</u>	<u>(36,591)</u>
Other comprehensive (loss)/income					
Item that may be reclassified to profit or loss:					
Currency translation differences	<u>(1,833)</u>	<u>23</u>	<u>3,868</u>	<u>7,485</u>	<u>618</u>
Total comprehensive (loss)/income for the year/period	<u>(124,394)</u>	<u>4,487</u>	<u>(154,553)</u>	<u>(99,877)</u>	<u>(35,973)</u>

**UNAUDITED COMBINED INCOME STATEMENT AND STATEMENT OF
COMPREHENSIVE INCOME – GIANT HOPE AND ITS SUBSIDIARIES**

	Unaudited				
	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	99,319	81,097	74,984	31,004	20,996
Cost of sales	<u>(22,961)</u>	<u>(13,850)</u>	<u>(15,765)</u>	<u>(7,459)</u>	<u>(6,781)</u>
Gross profit	76,358	67,247	59,219	23,545	14,215
Other income and gains/(losses) – net	(5,282)	1,226	(254)	292	19
Net (impairment losses)/reversal of impairment					
loss on financial assets	(7,327)	23	(41,919)	(2,413)	23,213
Impairment of property, plant and equipment	(142,771)	-	-	-	-
Selling and marketing expenses	(46,340)	(31,370)	(23,766)	(13,419)	(16,161)
Administrative expenses	(13,594)	(12,480)	(13,565)	(4,942)	(4,896)
Change in fair value of investment properties	23,663	(58,460)	(17,726)	(9,055)	(99,531)
Finance costs	<u>(199,808)</u>	<u>(166,706)</u>	<u>(129,747)</u>	<u>(57,649)</u>	<u>(55,051)</u>
Loss before income tax	(315,101)	(200,520)	(167,758)	(63,641)	(138,192)
Income tax (expense)/credit	<u>(5,916)</u>	<u>14,615</u>	<u>4,432</u>	<u>2,264</u>	<u>24,883</u>
Loss for the year/period	<u><u>(321,017)</u></u>	<u><u>(185,905)</u></u>	<u><u>(163,326)</u></u>	<u><u>(61,377)</u></u>	<u><u>(113,309)</u></u>
Other comprehensive (loss)/income					
Item that may be reclassified to profit or loss:					
Currency translation differences	<u>(4,372)</u>	<u>6,918</u>	<u>13,758</u>	<u>8,660</u>	<u>1,934</u>
Total comprehensive loss for the year/period	<u><u>(325,389)</u></u>	<u><u>(178,987)</u></u>	<u><u>(149,568)</u></u>	<u><u>(52,717)</u></u>	<u><u>(111,375)</u></u>

**UNAUDITED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE
INCOME – BEST EAST**

	Unaudited				
	Year ended 31 December			Five months ended	
	2021	2022	2023	2023	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	760	880	50	21	21
Other income and gains/(losses) – net	83	(423)	–	–	–
Gain on disposal of an associate	–	19,546	–	–	–
Administrative expenses	(752)	(883)	(140)	(12)	(399)
Finance costs	–	–	(16)	–	(16)
	<u>–</u>	<u>–</u>	<u>(16)</u>	<u>–</u>	<u>(16)</u>
Profit/(loss) before income tax	91	19,120	(106)	9	(394)
Income tax expense	–	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Profit/(loss) for the year/period	<u>91</u>	<u>19,120</u>	<u>(106)</u>	<u>9</u>	<u>(394)</u>
Other comprehensive income	–	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total comprehensive income/(loss) for the year/period	<u>91</u>	<u>19,120</u>	<u>(106)</u>	<u>9</u>	<u>(394)</u>

**UNAUDITED COMBINED INCOME STATEMENT AND STATEMENT OF
COMPREHENSIVE INCOME – AMPLE CENTURY AND ITS SUBSIDIARIES**

	Unaudited				
	Year ended 31 December			Five months ended 31 May	
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2023 HK\$'000	2024 HK\$'000
Revenue	77,160	73,972	62,460	19,426	14,620
Cost of sales	<u>(37,480)</u>	<u>(62,372)</u>	<u>(21,386)</u>	<u>(10,141)</u>	<u>(4,814)</u>
Gross profit	39,680	11,600	41,074	9,285	9,806
Other income and gains – net	62,058	7,308	54,811	5,320	12,912
Net (impairment losses)/reversal of impairment losses on financial assets	(114,558)	(488,558)	453,923	223,760	(17,356)
Provision for financial guarantees	–	(144,437)	(174,497)	(89,132)	(375,086)
Selling and marketing expenses	(86)	(1,495)	–	–	–
Administrative expenses	(66,884)	(62,898)	(19,767)	(7,757)	(7,556)
Change in fair value of investment properties	16,494	(47,461)	(79,889)	(40,806)	(69,253)
Finance costs	<u>(83,353)</u>	<u>(70,158)</u>	<u>(54,739)</u>	<u>(24,725)</u>	<u>(24,281)</u>
(Loss)/profit before income tax	(146,649)	(796,099)	220,916	75,945	(470,814)
Income tax credit	<u>6,392</u>	<u>5,736</u>	<u>56,982</u>	<u>10,202</u>	<u>13,956</u>
(Loss)/profit for the year/period	<u>(140,257)</u>	<u>(790,363)</u>	<u>277,898</u>	<u>86,147</u>	<u>(456,858)</u>
(Loss)/profit for the year/period attributable to:					
– Owner of the Disposal Targets	(140,044)	(786,245)	279,690	86,822	(453,625)
– Non-controlling interests	<u>(213)</u>	<u>(4,118)</u>	<u>(1,792)</u>	<u>(675)</u>	<u>(3,233)</u>
	<u>(140,257)</u>	<u>(790,363)</u>	<u>277,898</u>	<u>86,147</u>	<u>(456,858)</u>
Other comprehensive income					
Item that may be reclassified to profit or loss:					
Currency translation differences	2,821	12,120	13,882	3,343	5,177
Item that will not be reclassified to profit or loss:					
Changes in fair value of financial assets at fair value through other comprehensive income (“FVOCI”), net of tax	<u>3,294</u>	<u>(6,261)</u>	<u>653</u>	<u>(936)</u>	<u>(61,336)</u>
Other comprehensive income/(loss) for the year/period, net of tax	<u>6,115</u>	<u>5,859</u>	<u>14,535</u>	<u>2,407</u>	<u>(56,159)</u>
Total comprehensive (loss)/income for the year/period	<u>(134,142)</u>	<u>(784,504)</u>	<u>292,433</u>	<u>88,554</u>	<u>(513,017)</u>
Total comprehensive loss attributable to:					
– Owner of the Disposal Targets	(136,173)	(774,576)	297,471	91,426	(509,505)
– Non-controlling interests	<u>2,031</u>	<u>(9,928)</u>	<u>(5,038)</u>	<u>(2,872)</u>	<u>(3,512)</u>
Total comprehensive (loss)/income for the year/period	<u>(134,142)</u>	<u>(784,504)</u>	<u>292,433</u>	<u>88,554</u>	<u>(513,017)</u>

UNAUDITED COMBINED BALANCE SHEET – AUTO WIN AND ITS SUBSIDIARIES

	Notes	Unaudited			As at
		As at 31 December			31 May
		2021	2022	2023	2024
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS					
Non-current assets					
Property, plant and equipment		571,753	498,898	446,916	449,482
Investment properties		555,284	535,952	495,144	464,438
Pledged deposits		–	582	2,698	2,757
Total non-current assets		<u>1,127,037</u>	<u>1,035,432</u>	<u>944,758</u>	<u>916,677</u>
Current assets					
Completed properties held-for-sale	3	9,206	6,737	6,413	6,552
Inventories		215	181	214	168
Trade, other receivables and prepayments	4	1,826	10,396	16,247	15,106
Deposits for properties under development		–	251	–	–
Amounts due from the former subsidiaries		–	13	175,958	–
Amounts due from the Remaining Group		52,810	17,493	442,590	501,644
Amounts due from other companies of the Disposal Group		732,909	690,705	619,135	588,974
Tax prepayments		1,401	1,295	1,233	1,260
Pledged deposits		98,839	–	–	–
Cash and cash equivalents		16,623	72,144	13,397	14,845
Total current assets		<u>913,829</u>	<u>799,215</u>	<u>1,275,187</u>	<u>1,128,549</u>
Total assets		<u>2,040,866</u>	<u>1,834,647</u>	<u>2,219,945</u>	<u>2,045,226</u>
EQUITY					
Equity attributable to owner of the Disposal Targets					
Share capital		1	1	1	1
Reserves		632,879	632,902	636,770	637,388
(Accumulated losses)/retained earnings		(592)	3,872	(154,549)	(191,140)
Total equity		<u>632,288</u>	<u>636,775</u>	<u>482,222</u>	<u>446,249</u>

		Unaudited			
		As at 31 December			As at
		2021	2022	2023	31 May
Notes		HK\$'000	HK\$'000	HK\$'000	2024
					HK\$'000
LIABILITIES					
Non-current liabilities					
	Borrowings	355,797	285,615	263,164	248,070
	Deferred income tax liabilities	<u>210,755</u>	<u>190,603</u>	<u>169,836</u>	<u>164,582</u>
	Total non-current liabilities	<u>566,552</u>	<u>476,218</u>	<u>433,000</u>	<u>412,652</u>
Current liabilities					
	Trade and other payables	96,710	38,646	30,709	24,877
	Amounts due to the Remaining Group	234,013	233,563	990,859	865,979
	Amounts due to other companies of the Disposal Group	263,078	308,191	236,269	226,498
	Borrowings	245,879	139,348	41,274	62,982
	Tax payables	<u>2,346</u>	<u>1,906</u>	<u>5,612</u>	<u>5,989</u>
	Total current liabilities	<u>842,026</u>	<u>721,654</u>	<u>1,304,723</u>	<u>1,186,325</u>
	Total liabilities	<u>1,408,578</u>	<u>1,197,872</u>	<u>1,737,723</u>	<u>1,598,977</u>
	Total equity and liabilities	<u>2,040,866</u>	<u>1,834,647</u>	<u>2,219,945</u>	<u>2,045,226</u>

UNAUDITED COMBINED BALANCE SHEET – GIANT HOPE AND ITS SUBSIDIARIES

		Unaudited			
		As at 31 December			As at
		2021	2022	2023	31 May
Notes		HK\$'000	HK\$'000	HK\$'000	2024
					HK\$'000
ASSETS					
Non-current assets					
	Property, plant and equipment	136,787	123,194	108,014	102,288
	Investment properties	1,114,384	973,533	909,558	829,897
	Deferred income tax assets	–	–	–	13,263
	Total non-current assets	<u>1,251,171</u>	<u>1,096,727</u>	<u>1,017,572</u>	<u>945,448</u>
Current assets					
	Completed properties held-for-sale	3 1,016	939	894	–
	Inventories	1,109	1,029	963	921
	Trade, other receivables and prepayments	4 46,797	46,192	50,267	48,543
	Deposits for properties under development	2,970	3,010	3,145	3,176
	Financial assets at fair value through profit or loss (“FVPL”)	9,017	8,337	–	–
	Amounts due from the Remaining Group	10,166	19,325	19,223	17,183
	Amounts due from other companies of the Disposal Group	3,384	5,163	5,077	4,913
	Tax prepayments	4,501	1,156	1,100	1,124
	Pledged deposits	2,803	–	7,936	8,109
	Cash and cash equivalents	<u>10,032</u>	<u>10,434</u>	<u>12,262</u>	<u>12,702</u>
	Total current assets	<u>91,795</u>	<u>95,585</u>	<u>100,867</u>	<u>96,671</u>
	Total assets	<u><u>1,342,966</u></u>	<u><u>1,192,312</u></u>	<u><u>1,118,439</u></u>	<u><u>1,042,119</u></u>
EQUITY					
Equity attributable to owner of the Disposal					
Targets					
	Share capital	1	1	1	1
	Reserves	(549,189)	(542,271)	(528,513)	(526,579)
	Retained earnings/(accumulated losses)	<u>182,517</u>	<u>(3,388)</u>	<u>(166,714)</u>	<u>(280,023)</u>
	Total deficit	<u><u>(366,671)</u></u>	<u><u>(545,658)</u></u>	<u><u>(695,226)</u></u>	<u><u>(806,601)</u></u>

		Unaudited			
		As at 31 December			As at
		2021	2022	2023	31 May
Notes		HK\$'000	HK\$'000	HK\$'000	2024 HK\$'000
LIABILITIES					
Non-current liabilities					
	Deferred income tax liabilities	33,109	16,440	11,345	–
	Total non-current liabilities	<u>33,109</u>	<u>16,440</u>	<u>11,345</u>	<u>–</u>
Current liabilities					
	Trade and other payables	297,873	431,570	576,333	509,008
	Amounts due to the former subsidiaries	–	–	8,657	–
	Amounts due to the Remaining Group	209,104	146,534	108,463	233,055
	Amounts due to other companies of the Disposal Group	439,090	469,529	467,333	451,111
	Borrowings	728,963	673,897	641,534	655,471
	Tax payables	1,498	–	–	75
	Total current liabilities	<u>1,676,528</u>	<u>1,721,530</u>	<u>1,802,320</u>	<u>1,848,720</u>
	Total liabilities	<u>1,709,637</u>	<u>1,737,970</u>	<u>1,813,665</u>	<u>1,848,720</u>
	Total deficit and liabilities	<u>1,342,966</u>	<u>1,192,312</u>	<u>1,118,439</u>	<u>1,042,119</u>

UNAUDITED BALANCE SHEET – BEST EAST

	Unaudited				
	Notes	As at 31 December			As at
		2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	31 May 2024 HK\$'000
ASSETS					
Non-current assets					
Right of use assets	–	–	483	362	
Investment in an associate	101,940	–	–	–	
Total non-current assets	<u>101,940</u>	<u>–</u>	<u>483</u>	<u>362</u>	
Current assets					
Financial assets at FVPL	–	4,078	4,078	4,078	
Amounts due from an associate	2,905	–	–	–	
Amounts due from the Remaining Group	62,359	70,296	70,288	68,329	
Amounts due from other companies of the Disposal Group	17	111,123	111,058	112,622	
Cash and cash equivalents	2,903	147	147	147	
Total current assets	<u>68,184</u>	<u>185,644</u>	<u>185,571</u>	<u>185,176</u>	
Total assets	<u><u>170,124</u></u>	<u><u>185,644</u></u>	<u><u>186,054</u></u>	<u><u>185,538</u></u>	
EQUITY					
Equity attributable to owner of the Disposal Targets					
Share capital	1	1	1	1	
Retained earnings	166,523	185,643	185,537	185,143	
Total equity	<u><u>166,524</u></u>	<u><u>185,644</u></u>	<u><u>185,538</u></u>	<u><u>185,144</u></u>	
LIABILITIES					
Non-current liabilities					
Lease liabilities	–	–	217	84	
Total non-current liabilities	<u>–</u>	<u>–</u>	<u>217</u>	<u>84</u>	
Current liabilities					
Amounts due to other companies of Disposal Group	3,600	–	–	–	
Lease liabilities	–	–	299	310	
Total current liabilities	<u>3,600</u>	<u>–</u>	<u>299</u>	<u>310</u>	
Total liabilities	<u><u>3,600</u></u>	<u><u>–</u></u>	<u><u>516</u></u>	<u><u>394</u></u>	
Total equity and liabilities	<u><u>170,124</u></u>	<u><u>185,644</u></u>	<u><u>186,054</u></u>	<u><u>185,538</u></u>	

**UNAUDITED COMBINED BALANCE SHEET – AMPLE CENTURY AND ITS
SUBSIDIARIES**

		Unaudited			
		As at 31 December			As at
		2021	2022	2023	31 May
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2024</i>
		<i>HK\$'000</i>			
ASSETS					
Non-current assets					
	Property, plant and equipment	3,103	2,221	1,341	1,364
	Investment properties	1,139,542	1,007,453	838,516	787,555
	Financial assets at FVOCI	24,331	69,940	67,215	7,407
	Properties under development	247,130	206,814	196,882	197,035
	Pledged deposits	12,231	–	–	–
	Total non-current assets	<u>1,426,337</u>	<u>1,286,428</u>	<u>1,103,954</u>	<u>993,361</u>
Current assets					
	Completed properties held-for-sale	131,149	75,525	64,011	61,888
	Trade, other receivables and prepayments	51,457	43,174	38,403	38,021
	Deposits for properties under development	10	39	9	9
	Amounts due from the former subsidiaries	–	700,415	1,463	–
	Amounts due from the Remaining Group	2,509,805	1,425,015	944,916	824,389
	Amounts due from other companies of the Disposal Group	698,767	663,456	589,542	562,197
	Tax prepayments	–	7,111	–	–
	Pledged deposits	67,885	119,840	–	–
	Cash and cash equivalents	85,130	23,411	29,587	29,576
	Total current assets	<u>3,544,203</u>	<u>3,057,986</u>	<u>1,667,931</u>	<u>1,516,080</u>
	Total assets	<u><u>4,970,540</u></u>	<u><u>4,344,414</u></u>	<u><u>2,771,885</u></u>	<u><u>2,509,441</u></u>
EQUITY					
Equity attributable to owner of the Disposal Targets					
	Share capital	1	1	1	1
	Reserves	(672,600)	(660,931)	(643,150)	(699,030)
	Retained earnings/(accumulated losses)	795,452	9,207	288,897	(164,728)
		122,853	(651,723)	(354,252)	(863,757)
	Non-controlling interests	78,582	68,654	63,616	60,104
	Total equity/(deficit)	<u><u>201,435</u></u>	<u><u>(583,069)</u></u>	<u><u>(290,636)</u></u>	<u><u>(803,653)</u></u>

		Unaudited			
		As at 31 December			As at
		2021	2022	2023	31 May
Notes		HK\$'000	HK\$'000	HK\$'000	2024
					HK\$'000
LIABILITIES					
Non-current liabilities					
	Borrowings	–	–	331,380	291,431
	Deferred income tax liabilities	134,800	56,741	22,425	9,396
	Total non-current liabilities	<u>134,800</u>	<u>56,741</u>	<u>353,805</u>	<u>300,827</u>
Current liabilities					
	Trade and other payables	289,752	274,104	188,406	204,530
	Guarantee provision	–	144,437	309,866	691,267
	Amounts due to the former subsidiaries	–	1,373,240	78	–
	Amounts due to the Remaining Group	2,543,460	1,394,291	1,201,756	1,078,512
	Amounts due to other companies of the Disposal Group	729,309	692,727	621,210	591,097
	Amounts due to minority owners of subsidiaries	55,134	113,177	107,742	110,164
	Borrowings	910,592	772,268	237,874	289,639
	Tax payables	106,058	106,498	41,784	47,058
	Total current liabilities	<u>4,634,305</u>	<u>4,870,742</u>	<u>2,708,716</u>	<u>3,012,267</u>
	Total liabilities	<u>4,769,105</u>	<u>4,927,483</u>	<u>3,062,521</u>	<u>3,313,094</u>
	Total equity/(deficit) and liabilities	<u>4,970,540</u>	<u>4,344,414</u>	<u>2,771,885</u>	<u>2,509,441</u>

UNAUDITED COMBINED STATEMENT OF CHANGES IN EQUITY – AUTO WIN AND ITS SUBSIDIARIES

	Unaudited			
	Attributable to owner of the Disposal Target			Total equity HK\$'000
	Share capital HK\$'000	Reserves HK\$'000	Retained earnings/ (accumulated losses) HK\$'000	
Balance as at 1 January 2021	1	634,712	121,969	756,682
Loss for the year	–	–	(122,561)	(122,561)
Currency translation differences	–	(1,833)	–	(1,833)
Total comprehensive loss for the year	–	(1,833)	(122,561)	(124,394)
Balance as at 31 December 2021	1	632,879	(592)	632,288
Balance as at 1 January 2022	1	632,879	(592)	632,288
Profit for the year	–	–	4,464	4,464
Currency translation differences	–	23	–	23
Total comprehensive income for the year	–	23	4,464	4,487
Balance as at 31 December 2022	1	632,902	3,872	636,775
Balance as at 1 January 2023	1	632,902	3,872	636,775
Loss for the year	–	–	(158,421)	(158,421)
Currency translation differences	–	3,868	–	3,868
Total comprehensive income/(loss) for the year	–	3,868	(158,421)	(154,553)
Balance as at 31 December 2023	1	636,770	(154,549)	482,222

	Unaudited			
	Attributable to owner of the Disposal Target			
	Share capital	Reserves	Retained earnings/ (accumulated losses)	Total equity
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance as at 1 January 2024	<u>1</u>	<u>636,770</u>	<u>(154,549)</u>	<u>482,222</u>
Loss for the period	–	–	(36,591)	(36,591)
Currency translation differences	<u>–</u>	<u>618</u>	<u>–</u>	<u>618</u>
Total comprehensive income/(loss) for the period	<u>–</u>	<u>618</u>	<u>(36,591)</u>	<u>(35,973)</u>
Balance as at 31 May 2024	<u><u>1</u></u>	<u><u>637,388</u></u>	<u><u>(191,140)</u></u>	<u><u>446,249</u></u>
Balance as at 1 January 2023	<u>1</u>	<u>632,902</u>	<u>3,872</u>	<u>636,775</u>
Loss for the period	–	–	(107,362)	(107,362)
Currency translation differences	<u>–</u>	<u>7,485</u>	<u>–</u>	<u>7,485</u>
Total comprehensive income/(loss) for the period	<u>–</u>	<u>7,485</u>	<u>(107,362)</u>	<u>(99,877)</u>
Balance as at 31 May 2023	<u><u>1</u></u>	<u><u>640,387</u></u>	<u><u>(103,490)</u></u>	<u><u>536,898</u></u>

**UNAUDITED COMBINED STATEMENT OF CHANGES IN EQUITY – GIANT HOPE
AND ITS SUBSIDIARIES**

	Unaudited			
	Attributable to owner of the Disposal Target			
	Share capital	Reserves	Retained earnings/ (accumulated losses)	Total deficit
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 January 2021	<u>1</u>	<u>(544,817)</u>	<u>503,534</u>	<u>(41,282)</u>
Loss for the year	–	–	(321,017)	(321,017)
Currency translation differences	<u>–</u>	<u>(4,372)</u>	<u>–</u>	<u>(4,372)</u>
Total comprehensive loss for the year	<u>–</u>	<u>(4,372)</u>	<u>(321,017)</u>	<u>(325,389)</u>
Balance as at 31 December 2021	<u><u>1</u></u>	<u><u>(549,189)</u></u>	<u><u>182,517</u></u>	<u><u>(366,671)</u></u>
Balance as at 1 January 2022	<u>1</u>	<u>(549,189)</u>	<u>182,517</u>	<u>(366,671)</u>
Loss for the year	–	–	(185,905)	(185,905)
Currency translation differences	<u>–</u>	<u>6,918</u>	<u>–</u>	<u>6,918</u>
Total comprehensive income/(loss) for the year	<u>–</u>	<u>6,918</u>	<u>(185,905)</u>	<u>(178,987)</u>
Balance as at 31 December 2022	<u><u>1</u></u>	<u><u>(542,271)</u></u>	<u><u>(3,388)</u></u>	<u><u>(545,658)</u></u>
Balance as at 1 January 2023	<u>1</u>	<u>(542,271)</u>	<u>(3,388)</u>	<u>(545,658)</u>
Loss for the year	–	–	(163,326)	(163,326)
Currency translation differences	<u>–</u>	<u>13,758</u>	<u>–</u>	<u>13,758</u>
Total comprehensive income/(loss) for the year	<u>–</u>	<u>13,758</u>	<u>(163,326)</u>	<u>(149,568)</u>
Balance as at 31 December 2023	<u><u>1</u></u>	<u><u>(528,513)</u></u>	<u><u>(166,714)</u></u>	<u><u>(695,226)</u></u>

	Unaudited			
	Attributable to owner of the Disposal Target			
	Share capital	Reserves	Retained earnings/ (accumulated losses)	Total deficit
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance as at 1 January 2024	<u>1</u>	<u>(528,513)</u>	<u>(166,714)</u>	<u>(695,226)</u>
Loss for the period	–	–	(113,309)	(113,309)
Currency translation differences	<u>–</u>	<u>1,934</u>	<u>–</u>	<u>1,934</u>
Total comprehensive income/(loss) for the period	<u>–</u>	<u>1,934</u>	<u>(113,309)</u>	<u>(111,375)</u>
Balance as at 31 May 2024	<u><u>1</u></u>	<u><u>(526,579)</u></u>	<u><u>(280,023)</u></u>	<u><u>(806,601)</u></u>
Balance as at 1 January 2023	<u>1</u>	<u>(542,271)</u>	<u>(3,388)</u>	<u>(545,658)</u>
Loss for the period	–	–	(61,377)	(61,377)
Currency translation differences	<u>–</u>	<u>8,660</u>	<u>–</u>	<u>8,660</u>
Total comprehensive income/(loss) for the period	<u>–</u>	<u>8,660</u>	<u>(61,377)</u>	<u>(52,717)</u>
Balance as at 31 May 2023	<u><u>1</u></u>	<u><u>(533,611)</u></u>	<u><u>(64,765)</u></u>	<u><u>(598,375)</u></u>

UNAUDITED STATEMENTS OF CHANGES IN EQUITY – BEST EAST

	Unaudited		
	Attributable to owner of the Disposal Target		
	Share capital <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Balance as at 1 January 2021	<u>1</u>	<u>166,432</u>	<u>166,433</u>
Profit and total comprehensive income for the year	<u>–</u>	<u>91</u>	<u>91</u>
Balance as at 31 December 2021	<u><u>1</u></u>	<u><u>166,523</u></u>	<u><u>166,524</u></u>
Balance as at 1 January 2022	<u>1</u>	<u>166,523</u>	<u>166,524</u>
Profit and total comprehensive income for the year	<u>–</u>	<u>19,120</u>	<u>19,120</u>
Balance as at 31 December 2022	<u><u>1</u></u>	<u><u>185,643</u></u>	<u><u>185,644</u></u>
Balance as at 1 January 2023	<u>1</u>	<u>185,643</u>	<u>185,644</u>
Loss and total comprehensive loss for the year	<u>–</u>	<u>(106)</u>	<u>(106)</u>
Balance as at 31 December 2023	<u><u>1</u></u>	<u><u>185,537</u></u>	<u><u>185,538</u></u>
Balance as at 1 January 2024	<u>1</u>	<u>185,537</u>	<u>185,538</u>
Loss and total comprehensive loss for the period	<u>–</u>	<u>(394)</u>	<u>(394)</u>
Balance as at 31 May 2024	<u><u>1</u></u>	<u><u>185,143</u></u>	<u><u>185,144</u></u>
Balance as at 1 January 2023	<u>1</u>	<u>185,643</u>	<u>185,644</u>
Profit and total comprehensive income for the period	<u>–</u>	<u>9</u>	<u>9</u>
Balance as at 31 May 2023	<u><u>1</u></u>	<u><u>185,652</u></u>	<u><u>185,653</u></u>

**UNAUDITED COMBINED STATEMENT OF CHANGES IN EQUITY – AMPLE
CENTURY AND ITS SUBSIDIARIES**

	Unaudited					Total equity/ (deficit) HK\$'000
	Share capital HK\$'000	Reserves HK\$'000	Retained earnings HK\$'000	Disposal Targets HK\$'000	Non- Controlling interests HK\$'000	
Balance as at 1 January 2021	1	(676,471)	935,496	259,026	76,551	335,577
Loss for the year	–	–	(140,044)	(140,044)	(213)	(140,257)
Changes in fair value of financial assets at FVOCI, net of tax	–	3,294	–	3,294	–	3,294
Currency translation differences	–	577	–	577	2,244	2,821
Total comprehensive income/(loss) for the year	–	3,871	(140,044)	(136,173)	2,031	(134,142)
Balance as at 31 December 2021	1	(672,600)	795,452	122,853	78,582	201,435
Balance as at 1 January 2022	1	(672,600)	795,452	122,853	78,582	201,435
Loss for the year	–	–	(786,245)	(786,245)	(4,118)	(790,363)
Changes in fair value of financial assets at FVOCI, net of tax	–	(6,261)	–	(6,261)	–	(6,261)
Currency translation differences	–	17,930	–	17,930	(5,810)	12,120
Total comprehensive income/(loss) for the year	–	11,669	(786,245)	(774,576)	(9,928)	(784,504)
Balance as at 31 December 2022	1	(660,931)	9,207	(651,723)	68,654	(583,069)
Balance as at 1 January 2023	1	(660,931)	9,207	(651,723)	68,654	(583,069)
Profit/(loss) for the year	–	–	279,690	279,690	(1,792)	277,898
Changes in fair value of financial assets at FVOCI, net of tax	–	653	–	653	–	653
Currency translation differences	–	17,128	–	17,128	(3,246)	13,882
Total comprehensive income/(loss) for the year	–	17,781	279,690	297,471	(5,038)	292,433
Balance as at 31 December 2023	1	(643,150)	288,897	(354,252)	63,616	(290,636)
Balance as at 1 January 2024	1	(643,150)	288,897	(354,252)	63,616	(290,636)
Loss for the period	–	–	(453,625)	(453,625)	(3,233)	(456,858)
Changes in fair value of financial assets at FVOCI, net of tax	–	(61,336)	–	(61,336)	–	(61,336)
Currency translation differences	–	5,456	–	5,456	(279)	5,177
Total comprehensive loss for the period	–	(55,880)	(453,625)	(509,505)	(3,512)	(513,017)
Balance at 31 May 2024	1	(699,030)	(164,728)	(863,757)	60,104	(803,653)
Balance at January 2023	1	(660,931)	9,207	(651,723)	68,654	(583,069)
Loss for the period	–	–	86,822	86,822	(675)	86,147
Changes in fair value of financial assets at FVOCI, net of tax	–	(936)	–	(936)	–	(936)
Currency translation differences	–	5,540	–	5,540	(2,197)	3,343
Total comprehensive income/(loss) for the period	–	4,604	86,822	91,426	(2,872)	88,554
Balance at 31 May 2023	1	(656,327)	96,029	(560,297)	65,782	(494,515)

**UNAUDITED COMBINED CASH FLOW STATEMENT – AUTO WIN AND ITS
SUBSIDIARIES**

	Unaudited				
	Year ended 31 December		2023 HK\$'000	Five months ended 31 May	
	2021 HK\$'000	2022 HK\$'000		2023 HK\$'000	2024 HK\$'000
Cash flows from operating activities					
Net cash inflow from operations	38,017	149,431	62,849	50,368	7,115
Interest received	48	5,910	137	27	3
Interest paid	<u>(42,242)</u>	<u>(22,886)</u>	<u>(21,990)</u>	<u>(10,995)</u>	<u>(5,237)</u>
Net cash (outflow)/inflow from operating activities	<u>(4,177)</u>	<u>132,455</u>	<u>40,996</u>	<u>39,400</u>	<u>1,881</u>
Cash flows from investing activities					
Purchases of property, plant and equipment	(1,030)	(1,150)	(1,882)	(820)	–
Proceeds from disposal of PPE	<u>353</u>	<u>414</u>	<u>227</u>	<u>175</u>	<u>–</u>
Net cash outflow from investing activities	<u>(677)</u>	<u>(736)</u>	<u>(1,655)</u>	<u>(645)</u>	<u>–</u>
Cash flows from financing activities					
Repayment of borrowings	(22,192)	(164,245)	(103,046)	(99,214)	–
(Increase)/decrease in pledged deposits	<u>(88,114)</u>	<u>89,179</u>	<u>(2,273)</u>	<u>(1,600)</u>	<u>–</u>
Net cash outflow from financing activities	<u>(110,306)</u>	<u>(75,066)</u>	<u>(105,319)</u>	<u>(100,814)</u>	<u>–</u>
Net (decrease)/increase in cash and cash equivalents	(115,160)	56,653	(65,978)	(62,059)	1,881
Cash and cash equivalents at the beginning of the year/period	117,929	16,623	72,144	72,144	13,397
Effect of foreign exchange rate changes	<u>13,854</u>	<u>(1,132)</u>	<u>7,231</u>	<u>6,801</u>	<u>(433)</u>
Cash and cash equivalents at the end of the year/period	<u><u>16,623</u></u>	<u><u>72,144</u></u>	<u><u>13,397</u></u>	<u><u>16,886</u></u>	<u><u>14,845</u></u>

**UNAUDITED COMBINED CASH FLOW STATEMENT – GIANT HOPE AND ITS
SUBSIDIARIES**

	Unaudited				
	Year ended 31 December		2023 HK\$'000	Five months ended 31 May	
	2021 HK\$'000	2022 HK\$'000		2023 HK\$'000	2024 HK\$'000
Cash flows from operating activities					
Net cash inflow from operations	127,890	65,665	98,615	45,708	42,772
Interest received	15	65	14	5	3
Interest paid	(98,846)	(62,421)	(88,909)	(31,821)	(43,032)
Income tax refunded	–	7,908	–	–	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash inflow/(outflow) from operating activities	<u>29,059</u>	<u>11,217</u>	<u>9,720</u>	<u>13,892</u>	<u>(257)</u>
Cash flows from investing activities					
Purchases of property, plant and equipment	(12,548)	(12,674)	(538)	(224)	–
Purchase of investment property	(2,987)	–	–	–	–
Proceeds from disposal of property, plant and equipment	85	102	127	68	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash outflow from investing activities	<u>(15,450)</u>	<u>(12,572)</u>	<u>(411)</u>	<u>(156)</u>	<u>–</u>
Cash flows from financing activities					
Repayment of from borrowings	(6,024)	–	–	–	–
(Increase)/decrease in pledged deposits	(2,920)	2,440	(8,527)	(12,003)	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash (outflow)/inflow from financing activities	<u>(8,944)</u>	<u>2,440</u>	<u>(8,527)</u>	<u>(12,003)</u>	<u>–</u>
Net increase/(decrease) in cash and cash equivalents	4,665	1,085	782	1,733	(257)
Cash and cash equivalents at the beginning of the year/period	4,803	10,032	10,434	10,434	12,262
Effect of foreign exchange rate changes	564	(683)	1,046	2,328	697
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash and cash equivalents at the end of the year/period	<u><u>10,032</u></u>	<u><u>10,434</u></u>	<u><u>12,262</u></u>	<u><u>14,495</u></u>	<u><u>12,702</u></u>

UNAUDITED CASH FLOW STATEMENT – BEST EAST

	Unaudited				
	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash flows from operating activities					
Net cash inflow/(outflow) from operations	2,572	(2,780)	79	(1)	137
Interest received	–	24	1	1	–
Interest paid	–	–	(16)	–	(16)
Income tax refunded	1	–	–	–	–
	<u>2,573</u>	<u>(2,756)</u>	<u>64</u>	<u>–</u>	<u>121</u>
Net cash inflow/(outflow) from operating activities					
	<u>2,573</u>	<u>(2,756)</u>	<u>64</u>	<u>–</u>	<u>121</u>
Cash flows from financing activities					
Principal elements of lease payments	–	–	(64)	–	(121)
Net cash outflow from financing activities	–	–	(64)	–	(121)
Net increase/(decrease) in cash and cash equivalents	2,573	(2,756)	–	–	–
Cash and cash equivalents at the beginning of the year/period	330	2,903	147	147	147
Effect of foreign exchange rate changes	–	–	–	–	–
Cash and cash equivalents at the end of the year/period	<u><u>2,903</u></u>	<u><u>147</u></u>	<u><u>147</u></u>	<u><u>147</u></u>	<u><u>147</u></u>

**UNAUDITED COMBINED CASH FLOW STATEMENT – AMPLE CENTURY AND ITS
SUBSIDIARIES**

	Unaudited				
	Year ended 31 December		2023 HK\$'000	Five months ended 31 May	
	2021 HK\$'000	2022 HK\$'000		2023 HK\$'000	2024 HK\$'000
Cash flows from operating activities					
Net cash (outflow)/inflow from operations	(193,592)	73,704	38,244	20,704	9,390
Interest received	1,622	7,163	495	351	247
Interest paid	(56,327)	(30,473)	(26,229)	(5,873)	(9,073)
Income tax refunded	12,076	–	10,325	–	–
Net cash (outflow)/inflow from operating activities	<u>(236,221)</u>	<u>50,394</u>	<u>22,835</u>	<u>15,182</u>	<u>564</u>
Cash flows from investing activities					
Purchases of property, plant and equipment	(10)	–	–	–	–
Proceeds from sale of investment properties	102,371	–	22,710	–	–
Proceeds from disposal of property, plant and equipment	–	–	310	–	–
Net cash inflow from investing activities	<u>102,361</u>	<u>–</u>	<u>23,020</u>	<u>–</u>	<u>–</u>
Cash flows from financing activities					
Repayment of from borrowings	(72,289)	(71,734)	(170,783)	(127,525)	(540)
Decrease/(increase) in pledged deposits	238,185	(34,583)	128,757	117,204	–
Net cash inflow/(outflow) from financing activities	<u>165,896</u>	<u>(106,317)</u>	<u>(42,026)</u>	<u>(10,321)</u>	<u>(540)</u>
Net increase/(decrease) in cash and cash equivalents	32,036	(55,923)	3,829	4,861	24
Cash and cash equivalents at the beginning of the year/period	47,512	85,130	23,411	23,411	29,587
Effect of foreign exchange rate changes	5,582	(5,796)	2,347	1,235	(35)
Cash and cash equivalents at the end of the year/period	<u>85,130</u>	<u>23,411</u>	<u>29,587</u>	<u>29,507</u>	<u>29,576</u>

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. General Information

Shanghai Zendai Property Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is a public limited company incorporated in Bermuda. Its shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (“**Stock Exchange**”). Its registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is at Room 2429-2430, 24/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.

On 26 July 2024, the Company entered into a conditional sale and purchase agreement with Fortunate Omen (HK) Limited (the “**Purchaser**”), in relation to the sale and purchase of the Company’s entire equity interest in Auto Win Investments Limited, Giant Hope Investments Limited, Best East Developments Limited and Ample Century Limited (the “**Disposal Targets**”) and their respective subsidiaries (the “**Disposal Group**”).

Haimen Zendai Binjiang Property Management Co., Ltd.* (南通市海門証大濱江物業管理有限公司) was owned as to 100% by a subsidiary of the Disposal Group, Shanghai Zendai Wudaokou Real Estate Development Co., Ltd.* (上海証大五道口房地產開發有限公司) and of which (i) 80% of equity interest was transferred to a subsidiary of the Remaining Group (i.e., the Group, excluding the Disposal Group), Shanghai Zendai Nanjing Property Management Co., Ltd.* (上海証大南京物業管理有限公司) on 11 March 2024; and (ii) the remaining 20% of equity interest was transferred to another subsidiary of the Remaining Group, Nantong Himalaya Hotel Management Co., Ltd.* (南通喜瑪拉雅酒店管理有限公司) on 20 June 2024.

Jiangsu Xiongjun Construction and Development Co., Ltd.* (江蘇雄駿建設發展有限公司) was owned as to 100% by a subsidiary of the Disposal Group, Shanghai Zendai Real Estate Co., Ltd.* (上海証大置業有限公司) and was disposed to third parties on 3 April 2024.

Ample Opulence Holdings Limited was owned as to 100% by one of the Disposal Targets, Ample Century Limited and was transferred to a subsidiary of the Remaining Group, Yu Hing International Holding Limited on 31 May 2024.

Ample Opulence Holdings (HK) Limited was owned as to 100% by a subsidiary of the Disposal Group, Ample Opulence Holdings Limited. Ample Opulence Holdings Limited was transferred to a subsidiary of the Remaining Group, Yu Hing International Holding Limited on 31 May 2024.

Shanghai Zendai Business Management Co., Ltd.* (上海証大商業經營管理有限公司) was owned as to 100% by a subsidiary of the Disposal Group, Shanghai Gaoshengying Commercial Co., Ltd.* (上海高晟盈商業有限公司) and was transferred to a subsidiary of the Remaining Group, Shanghai Yachang Yinghui Enterprise Management Co., Ltd.* (上海雅昶盈暉企業管理有限公司) on 5 June 2024.

Shanghai Zendai Himalayas Hotel Management Co., Ltd.* (上海証大喜瑪拉雅酒店管理有限公司) was owned as to 100% by a subsidiary of the Disposal Group, Shanghai Gaoshengying Commercial Co., Ltd. * (上海高晟盈商業有限公司) and was transferred to a subsidiary of the Remaining Group, Shanghai Yachang Yinghui Enterprise Management Co., Ltd. on 5 June 2024.

Qingdao Shenlan Deluxe Hotel Management Co., Ltd.* (青島深藍複式酒店管理有限公司) was owned as to 100% by a subsidiary of the Disposal Group, Shanghai Zendai Himalayas Hotel Management Co., Ltd. Shanghai Zendai Himalayas Hotel Management Co., Ltd. was transferred to a subsidiary of the Remaining Group, Shanghai Yachang Yinghui Enterprise Management Co., Ltd. on 5 June 2024.

Nantong Himalayas Hotel Management Co., Ltd.* (南通喜瑪拉雅酒店管理有限公司) was owned as to 100% by a subsidiary of the Disposal Group, Shanghai Zendai Himalayas Hotel Management Co., Ltd. Shanghai Zendai Himalayas Hotel Management Co., Ltd. was transferred to a subsidiary of the Remaining Group, Shanghai Yachang Yinghui Enterprise Management Co., Ltd. on 5 June 2024.

Nanjing Zendai Hotel Management Co., Ltd.* (南京証大酒店管理有限公司) was owned as to 100% by a subsidiary of the Disposal Group, Shanghai Zendai Himalayas Hotel Management Co., Ltd. Shanghai Zendai Himalayas Hotel Management Co., Ltd. was transferred to a subsidiary of the Remaining Group, Shanghai Yachang Yinghui Enterprise Management Co., Ltd. on 5 June 2024.

Nantong Zendai Real Estate Co., Ltd.* (南通証大置業有限公司) was owned as to 80% by a subsidiary of the Disposal Group, Shanghai Yachang Qiguang Enterprise Management Consulting Co., Ltd. * (上海雅昶齊光企業管理顧問有限公司) and was transferred to a subsidiary of the Remaining Group, Shanghai Yachang Yinghui Enterprise Management Co., Ltd. on 6 June 2024.

Haimen Zendai Binjiang Property Management Co., Ltd., Jiangsu Xiongjun Construction and Development Co., Ltd., Ample Opulence Holdings Limited, Ample Opulence Holdings (HK) Limited, Shanghai Zendai Business Management Co., Ltd., Shanghai Zendai Himalayas Hotel Management Co., Ltd., Qingdao Shenlan Deluxe Hotel Management Co., Ltd., Nantong Himalayas Hotel Management Co., Ltd., Nanjing Zendai Hotel Management Co., Ltd. and Nantong Zendai Real Estate Co., Ltd. are hereinafter collectively referred to as the “Excluded Companies”.

The Disposal Targets are limited liability companies incorporated in the British Virgin Islands in 2005, 2005, 2022 and 2022 respectively. The Disposal Group is principally engaged in property development, property rental and management and hotel operation in the PRC.

The unaudited financial information has been prepared to present the combined financial information of the Disposal Group (the “**Historical Financial Information**”) solely for the purpose of inclusion in this circular in connection with the proposed disposal of the Disposal Targets (the “**Disposal**”) by the Company.

Items included in the Historical Financial Information of the Disposal Targets and their respective subsidiaries are measured using the currency of the primary economic environment in which the entities operate (the “**functional currency**”), which is Renminbi. The Historical Financial Information is presented in Hong Kong dollar (“**HK\$**”), which is consistent with the Group’s presentation currency and all values are rounded to the nearest thousands (HK\$’000) except when otherwise indicated. The Historical Financial Information is unaudited, unless otherwise stated.

2. Basis of Preparation and Presentation of the Historical Financial Information

The Historical Financial Information include the unaudited financial information of the Disposal Group on a combined basis.

The Historical Financial Information of the Disposal Group has been prepared under the historical cost convention, except for investment properties, financial assets at FVOCI and financial assets at FVPL that are measured at fair values, at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Taking into consideration of the Purchaser’s internal financial resources available, the Purchaser will actively provide assistance to the Disposal Group to meet all of their liabilities and obligations as and when they fall due in order to ensure the Disposal Group to continue their businesses for the next twelve months from the completion date (“**Completion Date**”) of the Disposal, if the Disposal is completed.

Consequently, the Historical Financial Information for the three years ended 31 December 2021, 2022 and 2023 and each of the five months ended 31 May 2023 and 2024 (the “**Relevant Periods**”) of the Disposal Group have been prepared on a going concern basis.

For the purpose of preparing and presenting the financial information for the Relevant Periods, the Disposal Group has consistently adopted the same accounting policies as set out in the annual report of the Company for the year ended 31 December 2023.

The unaudited financial information of the Excluded Companies has not been incorporated in the Historical Financial Information for the purpose of reflecting the unaudited financial information of the Disposal Group that is relevant to the Disposal. Accordingly, the Excluded Companies have been deemed as if they were disposed on 1 January 2021.

APPENDIX II
FINANCIAL INFORMATION OF THE DISPOSAL GROUP

The summarised unaudited financial information of the Excluded Companies for the three years ended 31 December 2021, 2022 and 2023 and each of the five months ended 31 May 2023 and 2024 before intra-group eliminations is as follow:

Haimen Zendai Binjiang Property Management Co., Ltd.

	Unaudited				
	Year ended 31 December			Five months ended	
	2021	2022	2023	2023	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	5,012	4,966	3,002	2,570	–
Loss for the year/period	<u>(4,051)</u>	<u>(3,305)</u>	<u>(824)</u>	<u>(8)</u>	<u>(51)</u>

	Unaudited				
	As at 31 December			As at	
	2021	2022	2023	31 May	
	HK\$'000	HK\$'000	HK\$'000	2024	
Non-current assets		120	91	67	64
Current assets		569	1,057	552	548
Current liabilities		(54,741)	(54,320)	(52,038)	(52,080)
Non-current liabilities		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

Jiangsu Xiongjun Construction and Development Co., Ltd.

	Unaudited				
	Year ended 31 December			Five months ended	
	2021	2022	2023	2023	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	–	–	–	–	–
Loss for the year/period	<u>(240)</u>	<u>(1,882)</u>	<u>(58,556)</u>	<u>(1,333)</u>	<u>(616)</u>

	Unaudited			
	As at 31 December			As at
	2021	2022	2023	31 May
	HK\$'000	HK\$'000	HK\$'000	2024
Non-current assets		–	–	–
Current assets		155,745	236,947	370,492
Current liabilities		(147,495)	(231,145)	(421,860)
Non-current liabilities		<u>–</u>	<u>–</u>	<u>–</u>

Ample Opulence Holdings Limited

	Unaudited				
	Year ended 31 December			Five months ended	
	2021	2022	2023	31 May	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	-	-	-	-	-
Loss for the year/period	-	(10)	(12)	(10)	(14)

	Unaudited			
	As at 31 December			As at
	2021	2022	2023	31 May
	HK\$'000	HK\$'000	HK\$'000	2024
				HK\$'000
Non-current assets	-	10	10	10
Current assets	-	380	380	380
Current liabilities	-	(10)	(22)	(36)
Non-current liabilities	-	-	-	-

Ample Opulence Holdings (HK) Limited

	Unaudited				
	Year ended 31 December			Five months ended	
	2021	2022	2023	31 May	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	-	-	-	-	-
Loss for the year/period	-	(14)	-	-	(2)

	Unaudited			
	As at 31 December			As at
	2021	2022	2023	31 May
	HK\$'000	HK\$'000	HK\$'000	2024
				HK\$'000
Non-current assets	-	-	-	-
Current assets	-	10	10	10
Current liabilities	-	(14)	(14)	(16)
Non-current liabilities	-	-	-	-

Shanghai Zendai Business Management Co., Ltd.

	Unaudited				
	Year ended 31 December			Five months ended	
	2021	2022	2023	31 May	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	-	-	-	-	-
Loss for the year/period	-	(13)	(2)	-	-

	Unaudited			
	As at 31 December			As at
	2021	2022	2023	31 May
	HK\$'000	HK\$'000	HK\$'000	2024
				HK\$'000
Non-current assets	-	-	-	-
Current assets	-	-	-	-
Current liabilities	-	(13)	(15)	(15)
Non-current liabilities	-	-	-	-

Shanghai Zendai Himalayas Hotel Management Co., Ltd.

	Unaudited				
	Year ended 31 December			Five months ended	
	2021	2022	2023	31 May	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	-	-	576	30	69
Profit/(loss) for the year/period	45	821	(6,862)	(365)	(69)

	Unaudited			
	As at 31 December			As at
	2021	2022	2023	31 May
	HK\$'000	HK\$'000	HK\$'000	2024
				HK\$'000
Non-current assets	28,154	26,027	25,568	25,568
Current assets	236,486	313,359	231,694	273,584
Current liabilities	(260,437)	(334,704)	(259,590)	(301,412)
Non-current liabilities	-	-	117	117

Qingdao Shenlan Deluxe Hotel Management Co., Ltd.

	Unaudited				
	Year ended 31 December			Five months ended	
	2021	2022	2023	31 May	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	-	-	-	-	-
Profit/(loss) for the year/period	150	-	(33)	-	-

	Unaudited				
	As at 31 December			As at	
	2021	2022	2023	31 May	
	HK\$'000	HK\$'000	HK\$'000	2024	
				HK\$'000	
Non-current assets		26	24	23	23
Current assets		6,683	5,846	5,565	5,565
Current liabilities		(10,060)	(8,974)	(8,575)	(8,543)
Non-current liabilities		-	-	-	-

Nantong Himalayas Hotel Management Co., Ltd.

	Unaudited				
	Year ended 31 December			Five months ended	
	2021	2022	2023	31 May	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	-	-	-	-	-
Profit/(loss) for the year/period	-	-	7	12	(10)

	Unaudited				
	As at 31 December			As at	
	2021	2022	2023	31 May	
	HK\$'000	HK\$'000	HK\$'000	2024	
				HK\$'000	
Non-current assets		529	489	71	62
Current assets		2,546	2,353	2,565	2,147
Current liabilities		(911)	(842)	(575)	(307)
Non-current liabilities		-	-	-	-

Nanjing Zendai Hotel Management Co., Ltd.

	Unaudited				
	Year ended 31 December			Five months ended	
	2021	2022	2023	31 May	
	HK\$'000	HK\$'000	HK\$'000	2023	2024
			HK\$'000	HK\$'000	
Revenue	-	-	-	-	-
Profit/(loss) for the year/period	<u>11,692</u>	<u>-</u>	<u>(6,590)</u>	<u>-</u>	<u>-</u>

	Unaudited			
	As at 31 December			As at
	2021	2022	2023	31 May
	HK\$'000	HK\$'000	HK\$'000	2024
			HK\$'000	
Non-current assets	-	-	-	-
Current assets	8,332	7,702	1,524	1,524
Current liabilities	(40,380)	(37,330)	(36,132)	(36,132)
Non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Nantong Zendai Real Estate Co., Ltd.

	Unaudited				
	Year ended 31 December			Five months ended	
	2021	2022	2023	31 May	
	HK\$'000	HK\$'000	HK\$'000	2023	2024
			HK\$'000	HK\$'000	
Revenue	8,031	1,140	1,892	2,715	29
Loss for the year/period	<u>(144,001)</u>	<u>(2,655)</u>	<u>(12,185)</u>	<u>(2,667)</u>	<u>(2,112)</u>

	Unaudited			
	As at 31 December			As at
	2021	2022	2023	31 May
	HK\$'000	HK\$'000	HK\$'000	2024
			HK\$'000	
Non-current assets	413,150	377,714	349,885	349,856
Current assets	272,217	258,707	243,030	242,549
Current liabilities	(900,816)	(839,219)	(800,234)	(801,776)
Non-current liabilities	<u>(33,494)</u>	<u>(32,014)</u>	<u>(32,898)</u>	<u>(32,898)</u>

The Historical Financial Information has been prepared in accordance with paragraph 14.68(2)(a)(i)(A) of the Listing Rule and solely for the purpose of inclusion in this circular in connection with the Disposal. It does not contain sufficient information to constitute a complete set of financial statements as defined in HKAS 1 “Presentation of Financial Statements” or an interim financial report as defined in HKAS 34 “Interim Financial Reporting” issued by the HKICPA. It should be read in connection with the annual report of the Company for the Relevant Periods.

3. Properties Under Development and Completed Properties Held-for-sale

Auto Win and its subsidiaries

	Unaudited			
	As at 31 December			As at
	2021	2022	2023	31 May
	HK\$'000	HK\$'000	HK\$'000	2024 HK\$'000
Properties under development	–	–	–	–
Completed properties held-for-sale	<u>9,206</u>	<u>6,737</u>	<u>6,413</u>	<u>6,552</u>
	<u><u>9,206</u></u>	<u><u>6,737</u></u>	<u><u>6,413</u></u>	<u><u>6,552</u></u>

Giant Hope and its subsidiaries

	Unaudited			
	As at 31 December			As at
	2021	2022	2023	31 May
	HK\$'000	HK\$'000	HK\$'000	2024 HK\$'000
Properties under development	–	–	–	–
Completed properties held-for-sale	<u>1,016</u>	<u>939</u>	<u>894</u>	<u>–</u>
	<u><u>1,016</u></u>	<u><u>939</u></u>	<u><u>894</u></u>	<u><u>–</u></u>

Ample Century and its subsidiaries

	Unaudited			
	As at 31 December			As at
	2021	2022	2023	31 May
	HK\$'000	HK\$'000	HK\$'000	2024 HK\$'000
Properties under development	247,130	206,814	196,882	197,035
Completed properties held-for-sale	<u>131,149</u>	<u>75,525</u>	<u>64,011</u>	<u>61,888</u>
	<u>378,279</u>	<u>282,339</u>	<u>260,893</u>	<u>258,923</u>

4. TRADE, OTHER RECEIVABLES AND PREPAYMENTS

The Disposal Group generally grants no credit period to its customers on sales of properties and hotel operation, and up to 30 days for properties rental and agency service, except for certain significant transactions where credit terms or settlement schedules are negotiated on an individual basis.

Auto Win and its subsidiaries

	Unaudited			
	As at 31 December			As at
	2021	2022	2023	31 May
	HK\$'000	HK\$'000	HK\$'000	2024 HK\$'000
Trade receivables	1,163	1,623	15,903	2,243
Other receivables	663	7,918	184	12,401
Prepayments	<u>–</u>	<u>855</u>	<u>160</u>	<u>462</u>
	<u>1,826</u>	<u>10,396</u>	<u>16,247</u>	<u>15,106</u>

Giant Hope and its subsidiaries

	<u>Unaudited</u>			
	As at 31 December			As at
	2021	2022	2023	31 May
	HK\$'000	HK\$'000	HK\$'000	2024 HK\$'000
Trade receivables	16,275	20,841	18,049	19,137
Other receivables	25,697	24,741	32,218	29,406
Prepayments	<u>4,825</u>	<u>610</u>	<u>–</u>	<u>–</u>
	<u>46,797</u>	<u>46,192</u>	<u>50,267</u>	<u>48,543</u>

Ample Century and its subsidiaries

	<u>Unaudited</u>			
	As at 31 December			As at
	2021	2022	2023	31 May
	HK\$'000	HK\$'000	HK\$'000	2024 HK\$'000
Trade receivables	23,504	20,129	19,690	17,545
Other receivables	23,530	21,919	16,241	17,963
Prepayments	<u>4,423</u>	<u>1,126</u>	<u>2,472</u>	<u>2,513</u>
	<u>51,457</u>	<u>43,174</u>	<u>38,403</u>	<u>38,021</u>

5. Trade and Other Payables

Auto Win and its subsidiaries

	Unaudited			
	As at 31 December			As at
	2021	2022	2023	31 May
	HK\$'000	HK\$'000	HK\$'000	2024 HK\$'000
Trade payables (<i>note</i>)	9,238	7,843	6,497	6,929
Other payables and accruals	81,764	27,512	17,541	10,812
Contract liabilities/receipts in advance	<u>5,708</u>	<u>3,291</u>	<u>6,671</u>	<u>7,136</u>
	<u>96,710</u>	<u>38,646</u>	<u>30,709</u>	<u>24,877</u>

Glant Hope and its subsidiaries

	Unaudited			
	As at 31 December			As at
	2021	2022	2023	31 May
	HK\$'000	HK\$'000	HK\$'000	2024 HK\$'000
Trade payables (<i>note</i>)	19,667	23,109	26,836	24,342
Other payables and accruals	273,796	405,607	546,299	481,216
Contract liabilities/receipts in advance	<u>4,410</u>	<u>2,854</u>	<u>3,198</u>	<u>3,450</u>
	<u>297,873</u>	<u>431,570</u>	<u>576,333</u>	<u>509,008</u>

Ample Century and its subsidiaries

	Unaudited			
	As at 31 December			As at
	2021	2022	2023	31 May
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables (<i>note</i>)	107,092	95,557	89,787	89,045
Other payables and accruals	124,191	154,889	90,988	108,270
Contract liabilities/receipts in advance	<u>58,469</u>	<u>23,658</u>	<u>7,631</u>	<u>7,215</u>
	<u>289,752</u>	<u>274,104</u>	<u>188,406</u>	<u>204,530</u>

Trade payables comprises of construction cost payables and payables to suppliers of hotel operation and properties rental and agency services.

* *For identification purpose only*

The following is the text of a report received from PKF Hong Kong Limited, Certified Public Accountants, Hong Kong, regarding the unaudited pro forma financial information of the Remaining Group for the purpose of inclusion in this circular.



26/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Shanghai Zendai Property Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Shanghai Zendai Property Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) excluding Auto Win Investments Limited, Giant Hope Investments Limited, Best East Developments Limited and Ample Century Limited (the “**Disposal Targets**”) and their respective subsidiaries (collectively referred to as the “**Disposal Group**”) by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated balance sheet as at 31 December 2023, the unaudited pro forma consolidated income statement and statement of comprehensive income for the year ended 31 December 2023, the unaudited pro forma consolidated cash flow statement for the year ended 31 December 2023, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages III-5 to III-13 to the circular issued by the Company dated 23 August 2024, in connection with the proposed disposal of the Disposal Targets (the “**Disposal**”) by the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on page III-5.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Disposal on the Group's financial position as at 31 December 2023 and the Group's financial performance and cash flows for the year ended 31 December 2023 as if the Disposal had taken place at 31 December 2023 and 1 January 2023, respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the directors from the annual report of the Company for the year ended 31 December 2023, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Disposal at 31 December 2023 and 1 January 2023 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PKF Hong Kong Limited
Certified Public Accountants

Hong Kong

23 August 2024

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The following is an illustrative unaudited pro forma consolidated balance sheet, unaudited pro forma consolidated income statement and statement of comprehensive income and unaudited pro forma consolidated cash flow statement of the Group excluding the Disposal Group upon the completion of the Disposal (the “**Remaining Group**”) (the “**Unaudited Pro Forma Financial Information**”), which have been prepared in accordance with paragraph 4.29 of the Listing Rules and on the basis of the notes set out below, for the purpose of illustrating the effect of the Disposal as if it had taken place on 31 December 2023 for the unaudited pro forma consolidated balance sheet and 1 January 2023 for the unaudited pro forma consolidated income statement and statement of comprehensive income and the unaudited pro forma consolidated cash flow statement.

The unaudited pro forma consolidated balance sheet of the Remaining Group is prepared based on the audited consolidated balance sheet of the Group as at 31 December 2023 as extracted from the published annual report of the Company for the year ended 31 December 2023 (“**Annual Report 2023**”) after making pro forma adjustments relating to the Disposal that are factually supportable and directly attributable to the Disposal as set out below.

The unaudited pro forma consolidated income statement and statement of comprehensive income and the unaudited pro forma consolidated cash flow statement of the Remaining Group are prepared based on the audited consolidated income statement and statement of comprehensive income and the audited consolidated cash flow statement of the Group for the year ended 31 December 2023 as extracted from the published Annual Report 2023 after making pro forma adjustments relating to the Disposal that are factually supportable and directly attributable to the Disposal as set out below.

The Unaudited Pro Forma Financial Information has been prepared by the directors in accordance with paragraph 4.29 of Listing Rules for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the financial position of the Remaining Group as at 31 December 2023 or at any future date, or the financial performance and cash flows of the Remaining Group for the year ended 31 December 2023 or for any future period.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the published Annual Report 2023 and other financial information included elsewhere in this circular.

APPENDIX III

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF
THE REMAINING GROUP

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

	Consolidated balance sheet of the Group as at 31 December 2023					Ample Century and its subsidiaries			Unaudited pro forma consolidated balance sheet of the Remaining Group as at 31 December 2023
	HK\$'000 (Note 1)	Auto Win and its subsidiaries HK\$'000 (Note 2(a))	Giant Hope and its subsidiaries HK\$'000 (Note 2(a))	Best East subsidiaries HK\$'000 (Note 2(a))	Ample Century and its subsidiaries HK\$'000 (Note 2(a))	HK\$'000 (Note 2(b))	HK\$'000 (Note 2(c))	HK\$'000 (Note 2(d))	HK\$'000
ASSETS									
Non-current assets									
Property, plant and equipment	565,588	(446,916)	(108,014)	(483)	(1,341)				8,834
Investment properties	2,628,284	(495,144)	(909,558)		(838,516)				385,066
Financial assets at fair value through other comprehensive income ("FVOCI")	67,215				(67,215)				–
Properties under development	567,648				(196,882)				370,766
Deferred income tax assets	–						44,766		44,766
Pledged deposits	2,698	(2,698)							–
Total non-current assets	3,831,433								809,432
Current assets									
Completed properties held-for-sale	178,385	(6,413)	(894)		(64,011)				107,067
Inventories	1,328	(214)	(963)						151
Trade, other receivables and prepayments	317,569	(16,247)	(50,267)		(38,403)				212,652
Deposits for properties under development	14,314		(3,145)		(9)				11,160
Amounts due from the former subsidiaries	410,683	(175,958)			(1,463)				233,262
Amounts due from the Remaining Group	–	(442,590)	(19,223)	(70,288)	(944,916)	1,477,017			–
Amounts due from other companies of the Disposal Group	–	(619,135)	(5,077)	(111,058)	(589,542)	1,324,812			–
Amounts due from the Disposal Group	–					819,983		(819,983)	–
Financial assets at fair value through profit or loss ("FVPL")	–			(4,078)		4,078			–
Tax prepayments	6,547	(1,233)	(1,100)						4,214
Pledged deposits	7,936		(7,936)	–					–
Cash and cash equivalents	122,665	(13,397)	(12,262)	(147)	(29,587)			7,693	74,965
Total current assets	1,059,427								643,471
Total assets	4,890,860								1,452,903
EQUITY									
Share capital	297,587								297,587
Reserves	2,385,264							160,165	2,545,429
Accumulated losses	(1,560,514)							(590,737)	(2,151,251)
	1,122,337								691,765
Non-controlling interests	126,258				(63,616)				62,642
Total equity	1,248,595								754,407

APPENDIX III

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF
THE REMAINING GROUP

	Consolidated balance sheet of the Group as at 31 December 2023							Unaudited pro forma consolidated balance sheet of the Remaining Group as at 31 December 2023	
	Auto Win and its subsidiaries	Giant Hope and its subsidiaries	Best East	Ample Century and its subsidiaries					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note 1)	(Note 2(a))	(Note 2(a))	(Note 2(a))	(Note 2(a))	(Note 2(b))	(Note 2(c))	(Note 2(d))	
LIABILITIES									
Non-current liabilities									
Borrowings	594,544	(263,164)		(331,380)					-
Deferred income tax liabilities	158,840	(169,836)	(11,345)	(22,425)			44,766		-
Lease liabilities	23,338			(217)					23,121
Total non-current liabilities	776,722								23,121
Current liabilities									
Trade and other payables	1,174,279	(30,709)	(576,333)	(188,406)					378,831
Guarantee provision	309,866			(309,866)					-
Amounts due to the former subsidiaries	18,664		(8,657)	(78)					9,929
Amounts due to the Remaining Group	-	(990,859)	(108,463)	(1,201,756)	2,301,078				-
Amounts due to other companies of the Disposal Group	-	(236,269)	(467,333)	(621,210)	1,324,812				-
Amounts due to minority owners of subsidiaries	107,742			(107,742)					-
Borrowings	1,174,251	(41,274)	(641,534)	(237,874)					253,569
Lease liabilities	33,238			(299)					32,939
Tax payables	47,503	(5,612)		(41,784)					107
Total current liabilities	2,865,543								675,375
Total liabilities	3,642,265								698,496
Total equity and liabilities	4,890,860								1,452,903

UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT AND
STATEMENT OF COMPREHENSIVE INCOME

	Consolidated income statement and statement of comprehensive income of the Group for the year ended 31 December						Unaudited pro forma consolidated income statement and statement of comprehensive income of the Remaining Group for the year ended 31 December
	2023	Auto Win and its subsidiaries	Giant Hope and its subsidiaries	Best East	Ample Century and its subsidiaries		2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note 1)	(Note 3(a))	(Note 3(a))	(Note 3(a))	(Note 3(a))	(Note 3(b))	(Note 3(c))
Revenue	380,100	(64,942)	(74,984)	(50)	(62,460)	50	177,714
Cost of sales	<u>(122,565)</u>	10,671	15,765		21,386		<u>(74,743)</u>
Gross profit	257,535						102,971
Other income and gains/(losses) – net	(46,038)	(15,246)	254		(54,811)	(65,196)	(181,037)
Net reversal of impairment losses on financial assets	441,343	149,224	41,919		(453,923)		178,563
Provision for financial guarantees	(174,497)				174,497		–
Selling and marketing expenses	(32,686)		23,766				(8,920)
Administrative expenses	(103,598)	30,834	13,565	140	19,767	(50)	(39,342)
Change in fair value of investment properties	(154,062)	32,703	17,726		79,889		(23,744)
Finance costs	<u>(239,926)</u>	24,379	129,747	16	54,739		<u>(31,045)</u>
Profit/(loss) before income tax	(51,929)						(2,554)
Income tax credit	<u>78,175</u>	(9,202)	(4,432)		(56,982)		<u>7,559</u>
Profit for the year	<u>26,246</u>						<u>5,005</u>
Profit for the year attributable to:							
– Owners of the Company	89,504	158,421	163,326	106	(279,690)	(65,196)	66,471
– Non-controlling interests	<u>(63,258)</u>				1,792		<u>(61,466)</u>
	<u>26,246</u>						<u>5,005</u>
Other comprehensive income							
Item that may be reclassified to profit or loss:							
Currency translation differences	32,430	(3,868)	(13,758)		(13,882)	206,113	207,035
Item that will not be reclassified to profit or loss:							
Changes in fair value of financial assets at FVOCI, net of tax	<u>653</u>				(653)		<u>–</u>
Other comprehensive income for the year, net of tax	<u>33,083</u>						<u>207,035</u>
Total comprehensive profit for the year	<u>59,329</u>						<u>212,040</u>
Total comprehensive profit/(loss) attributable to:							
– Owners of the Company	137,027	154,553	149,568	106	(297,471)	140,917	284,700
– Non-controlling interests	<u>(77,698)</u>				5,038		<u>(72,660)</u>
Total comprehensive profit for the year	<u>59,329</u>						<u>212,040</u>

UNAUDITED PRO FORMA CONSOLIDATED CASH FLOW STATEMENT

	Consolidated cash flow statement of the Group for the year ended 31 December 2023 HK\$'000 (Note 1)	Auto Win and its subsidiaries HK\$'000 (Note 3(a))	Giant Hope and its subsidiaries HK\$'000 (Note 3(a))	Best East HK\$'000 (Note 3(a))	Ample Century and its subsidiaries HK\$'000 (Note 3(a))	Unaudited pro forma consolidated cash flow statement of the Remaining Group for the year ended 31 December 2023 HK\$'000 (Note 3(c))
Cash flows from operating activities						
Net cash inflow from operations	254,939	(62,849)	(98,615)	(79)	(38,244)	55,152
Interest received	1,105	(137)	(14)	(1)	(495)	458
Interest paid	(148,738)	21,990	88,909	16	26,229	(11,594)
Income tax refunded	10,325				(10,325)	–
Net cash inflow from operating activities	<u>117,631</u>					<u>44,016</u>
Cash flows from investing activities						
Purchases of property, plant and equipment	(2,688)	1,882	538			(268)
Proceeds from disposal of investment properties	22,710				(22,710)	–
Proceeds from disposal of property, plant and equipment	667	(227)	(127)		(310)	3
Proceeds from disposal of subsidiaries	–					8,214
Net cash inflow from investing activities	<u>20,689</u>					<u>7,949</u>
Cash flows from financing activities						
Principal elements of lease payments	(26,752)			64		(26,688)
Repayment of borrowings	(273,913)	103,046			170,783	(84)
Increase pledged deposits	117,957	2,273	8,527		(128,757)	–
Net cash outflow from financing activities	<u>(182,708)</u>					<u>(26,772)</u>
Net (decrease)/increase in cash and cash equivalents	(44,388)					25,193
Cash and cash equivalents at the beginning of the year	151,834	(72,144)	(10,434)	(147)	(23,411)	45,698
Effect of foreign exchange rate changes	15,219	(7,231)	(1,046)		(2,347)	4,595
Cash and cash equivalents at the end of the year	<u>122,665</u>					<u>75,486</u>

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE
REMAINING GROUP

1. The amounts are extracted from the consolidated balance sheet as at 31 December 2023, the consolidated income statement and statement of comprehensive income and the consolidated cash flow statement of the Group for the year ended 31 December 2023 as set out in the published Annual Report 2023 of the Company for the year ended 31 December 2023.
2. The following pro forma adjustments have been made to the unaudited pro forma consolidated balance sheet, assuming the Disposal had taken place on 31 December 2023:
 - (a) The adjustments represent the de-recognition of assets and liabilities of the Disposal Group as at 31 December 2023, assuming the Disposal had taken place on 31 December 2023. The assets and liabilities of the Disposal Group are extracted from the unaudited combined balance sheet of the Disposal Group as at 31 December 2023.
 - (b) The adjustment represents the elimination of inter-company balances among the Group.
 - (c) The adjustment represents the reclassification of deferred income tax liabilities to deferred income tax assets in relation to the deductible temporary differences on fair value loss on investment properties.
 - (d) The adjustment represents the estimated loss and estimated net cash inflow from the Disposal assuming the Disposal had taken place on 31 December 2023 and are calculated as follows:

		<i>HK\$'000</i>
Consideration	<i>Note (i)</i>	10,764
Add: Net liabilities of the Disposal Group as at 31 December 2023	<i>Note (ii)</i>	381,718
Less: Amounts due from the Disposal Group	<i>Note (iii)</i>	(819,983)
Release of exchange reserve	<i>Note (iv)</i>	(160,165)
Estimated transaction costs attributable to the Disposal	<i>Note (v)</i>	<u>(3,071)</u>
Estimated net loss on the Disposal		<u>(590,737)</u>
Consideration received in cash		10,764
Estimated transaction costs attributable to the Disposal		<u>(3,071)</u>
Estimated net cash inflow from the Disposal		<u><u>7,693</u></u>

Notes:

- (i) The consideration of the Disposal is RMB10 million (equivalent to approximately HK\$10.8 million) as at 31 December 2023.
 - (ii) The amount represents the carrying amount of net liabilities of the Disposal Group as at 31 December 2023, which is extracted from the unaudited combined balance sheets of the Disposal Group as at 31 December 2023.
 - (iii) The amount represents the net amounts due from the Disposal Group as at 31 December 2023. According to the terms of the agreement of the Disposal, the Remaining Group will have no balances with the Disposal Group after the Disposal.
 - (iv) The amount represents the release of exchange reserve of the Disposal Group as at 31 December 2023 to profit of loss as a result of the Disposal.
 - (v) The estimated transaction costs attributable to the Disposal represent the costs and expenses directly incurred for the Disposal, which will be borne by the Group and are assumed to be settled in cash.
- (e) Apart from the notes above, no other adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2023 for the purpose of preparation of the unaudited pro forma consolidated balance sheet of the Remaining Group.
- (f) For the purpose of presentation of the unaudited pro forma consolidated balance sheet, Renminbi is translated into Hong Kong dollars at the approximate exchange rate of RMB1 to HK\$1.0764 on 31 December 2023.
3. The following pro forma adjustments have been made to the unaudited pro forma consolidated income statement and statement of comprehensive income and the unaudited pro forma consolidated cash flow statement, assuming the Disposal had taken place on 1 January 2023:
- (a) The adjustments represent the exclusion of the financial performance and cash flows of the Disposal Group for the year ended 31 December 2023, assuming the Disposal had taken place on 1 January 2023. The comprehensive income (including profit or loss) and cash flows of the Disposal Group are extracted from the unaudited combined income statement and statement of comprehensive income and unaudited combined cash flow statement of the Disposal Group for the year ended 31 December 2023.
 - (b) The adjustments represent elimination of inter-company transactions among the Group.

- (c) The adjustment represents the estimated gain and estimated net cash inflow from the Disposal assuming the Disposal had taken place on 1 January 2023 and are calculated as follows:

		<i>HK\$'000</i>
Consideration	<i>Note (i)</i>	11,307
Add: Net liabilities of the Disposal Group as at 1 January 2023	<i>Note (ii)</i>	374,962
Less: Amounts due from the Disposal Group	<i>Note (iii)</i>	(242,259)
Release of exchange reserve	<i>Note (iv)</i>	(206,113)
Estimated transaction costs attributable to the Disposal	<i>Note (v)</i>	<u>(3,093)</u>
Estimated net loss on the Disposal		<u>(65,196)</u>
Consideration received in cash		11,307
Estimated transaction costs attributable to the Disposal		<u>(3,093)</u>
Estimated net cash inflow from the Disposal		<u><u>8,214</u></u>

Notes:

- (i) The consideration of the Disposal is RMB10 million (equivalent to approximately HK\$11.3 million) as at 1 January 2023.
- (ii) The amount represents the carrying amount of net liabilities of the Disposal Group as at 1 January 2023, which is extracted from the unaudited combined balance sheet of the Disposal Group as at 1 January 2023.
- (iii) The amount represents the net amount due from the Disposal Group as at 1 January 2023.
- (iv) The amount represents the release of exchange reserve of the Disposal Group as at 1 January 2023 to profit of loss as a result of the Disposal.
- (v) The estimated transaction costs attributable to the Disposal represent the costs and expenses directly incurred for the Disposal, which will be borne by the Group and are assumed to be settled in cash.

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- (d) Apart from the notes above, no other adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 1 January 2023 for the purpose of preparation of the unaudited pro forma consolidated income statement and statement of comprehensive income and the unaudited pro forma consolidated cash flow statement of the Remaining Group.
- (e) The above adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated income statement and statement of comprehensive income and unaudited pro forma consolidated cash flow statement of the Remaining Group.
- (f) For the purpose of presentation of the unaudited pro forma consolidated income statement and statement of comprehensive income and the unaudited pro forma consolidated cash flow statement, Renminbi is translated into Hong Kong dollars at the approximate exchange rate of RMB1 to HK\$1.1307 on 1 January 2023.
4. Since the net liabilities value of the Disposal Group at the transaction completion date (the “**Completion**”) and the net assets of the Remaining Group prior to Completion may be different from the amounts used in the Unaudited Pro Forma Financial Information of the Remaining Group, final amounts of value of net liabilities of the Disposal Group, amounts due from the Disposal Group and estimated loss on the Disposal may be different from the amounts presented above.

The Remaining Group is principally engaged in property development, property rental, and property management services in the PRC. Set out below is the management discussion and analysis of the Remaining Group for each of the financial years ended 31 December 2021 (“FY2021”), 2022 (“FY2022”), 2023 (“FY2023”) and for the five months ended 31 May 2024 (“5M2024”).

(I) 5M2024

For 5M2024, the Remaining Group’s consolidated turnover from continuing operations amounted to approximately HK\$63.9 million, which comprised revenue from properties rental, management and agency service. The Remaining Group recorded a profit of approximately HK\$5.3 million for 5M2024.

Segment results

For properties rental, management and agency services, segment turnover amounted to approximately HK\$63.9 million and a segment profit before income tax expenses of approximately HK\$18.1 million was recorded for 5M2024.

Treasury policy

The Remaining Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Remaining Group’s liquidity position to ensure that the liquidity structure of the Remaining Group’s assets, liabilities, and other commitments can meet its funding requirements at all times. These include accelerating sales of the Remaining Group’s properties with more flexible pricing, adjusting and further slowing down the construction progress as appropriate, ensuring available resources from external financing or internal funding for the development of properties for sale and settlement of liabilities, implementing cost control measures, introducing strategic partners to the Remaining Group’s property development projects and obtaining financial support from the shareholder. The Remaining Group will assess the relevant future costs and benefits and pursue such options as are appropriate.

Liquidity, Financial Resources, Capital Structure and Gearing

During 5M2024, the Remaining Group's primary sources of funding included cash generated from operating activities and the credit facilities provided by the Remaining Group's principal banks. As at 31 May 2024, the Remaining Group had a financial position with net assets value of approximately HK\$1,508.3 million. Net current assets amounted to approximately HK\$970.3 million with a current ratio of approximately 1.30 times at 31 May 2024. The capital structure of the Remaining Group consists of borrowings (including current and non-current borrowings), net of cash and bank balances, and equity attributable to owners of the Company. As at 31 May 2024, the Remaining Group had consolidated borrowings of approximately HK\$217.7 million, all of which were repayable within one year. As at 31 May 2024, borrowings of the amount of HK\$217.7 million bear interest at fixed interest rates of 11.0% per annum. As at 31 May 2024, the Remaining Group's cash and bank balances and pledged bank deposits were approximately HK\$73.7 million.

Charges on assets

As at 31 May 2024, none of the Group's assets were charged to any financial institution.

Gearing ratio

The gearing ratio of the Remaining Group was 1.46 times at 31 May 2024 (basis: net debt, which is defined as total amounts of borrowings, amounts due to minority owners of subsidiaries and lease liabilities less cash and bank balances and pledged bank deposits, divided by equity attributable to owners of the Company).

Exchange rate and interest rate risks exposure

The Remaining Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Remaining Group's cash and cash equivalents are also exposed to such foreign currency risk. Cash and cash equivalents held by the Remaining Group as at 31 May 2024 were mainly denominated in RMB and HK\$. Borrowings of the Remaining Group as at 31 May 2024 were all denominated in RMB. The Remaining Group currently does not use any financial instruments to hedge against its exposure to currency risk.

The Remaining Group manages its foreign currency risk by closely monitoring the movement of the foreign exchange rate.

The Remaining Group's cash flow interest rate risk arises from long-term borrowings with prevailing market interest rates. Such risk is partly offset by cash held at prevailing market interest rates. The Remaining Group's fair value interest rate risk relates primarily to its fixed rate borrowings and payables and pledged bank deposits. The Remaining Group currently does not utilize any financial instruments to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

Contingent liabilities

The Remaining Group had no material contingent liabilities as at 31 May 2024.

Material acquisitions or disposals of subsidiaries and associated companies

For 5M2024, the Remaining Group did not have any material acquisitions or disposals of subsidiaries and associated companies.

Employees and remuneration policies

As at 31 May 2024, the Remaining Group employed 263 employees in Hong Kong and the PRC. They were remunerated with basic salary and bonuses according to the nature of the job and market conditions, with a total amount of remuneration of approximately HK\$22.7 million. Other staff benefits include a mandatory provident fund scheme, local municipal government retirement scheme, training scheme, insurance and medical insurance and share option scheme.

Future plans for material investments and acquisition of capital assets

As at 31 May 2024, the Remaining Group had no future plans for any material investments on its capital assets or acquisition of material capital assets.

(II) FY2023

For FY2023, the Remaining Group's consolidated turnover from continuing operations amounted to approximately HK\$177.7 million (FY2022: approximately HK\$165.6 million), which mainly comprised revenue from properties rental, management and agency services of approximately HK\$177.7 million (FY2022: approximately HK\$151.5 million). The increase in turnover of the Remaining Group for FY2023 was mainly due to the continuing recovery of properties rental and management businesses. The profit of the Remaining Group decreased from approximately HK\$3,851.4 million for FY2022 to approximately HK\$70.2 million for FY2023. This was mainly attributable to the exclusion of the effects of the disposal of a subsidiary in FY2022.

Segment results

For sale of properties, segment turnover was not recorded for FY2023, decreasing from approximately HK\$14.0 million for FY2022. This was due to the disposal of the major property development subsidiary in FY2022 and the remaining parcels of land are still in the planning stage.

For properties rental, management and agency services, segment turnover amounted to approximately HK\$177.7 million, increasing slightly by approximately 17.3% from approximately HK\$151.5 million for FY2022 and segment profit before income tax expenses amounted to approximately HK\$62.6 million, decreasing by approximately 98.4% from approximately HK\$3,800.3 million for FY2022. The increase in segment turnover were due to the recovery of commercial activities in the markets which contributed to the increase of properties rental and management business. The segment profit decreased after excluding the effects of the disposal of a subsidiary in FY2022 on the profit.

Treasury policy

The Remaining Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Remaining Group's liquidity position to ensure that the liquidity structure of the Remaining Group's assets, liabilities, and other commitments can meet its funding requirements at all times. These include accelerating sales of the Remaining Group's properties with more flexible pricing, adjusting and further slowing down the construction progress as appropriate, ensuring available resources from external financing or internal funding for the development of properties for sale and settlement of liabilities, implementing cost control measures, introducing strategic partners to the Remaining Group's property development projects and obtaining financial support from the shareholder. The Remaining Group will assess the relevant future costs and benefits and pursue such options as are appropriate.

Liquidity, Financial Resources, Capital Structure and Gearing

During the year ended 31 December 2023, the Remaining Group's primary sources of funding included cash generated from operating activities and the credit facilities provided by the Remaining Group's principal banks. As at 31 December 2023, the Remaining Group had a financial position with net assets value of approximately HK\$1,570.8 million (31 December 2022: net assets value of approximately HK\$1,499.7 million). Net current assets amounted to approximately HK\$784.5 million (31 December 2022: net current assets of approximately HK\$537.1 million) with current ratio increasing from 1.14 times at 31 December 2022 to approximately 1.23 times at 31 December 2023. The capital structure of the Remaining Group consists of borrowings (including current and non-current borrowings), net of cash and bank balances, and equity attributable to owners of the Company. As at 31 December 2023, the Remaining Group had consolidated borrowings of approximately HK\$253.6 million, all of which were repayable within one year. As at 31 December 2023, borrowings of the amount of HK\$253.6 million (31 December 2022: HK\$266.4 million) bear interest at fixed interest rates ranging from 4.5% to 11.0% per annum (31 December 2022: ranging from 4.5% to 11.0% per annum). As at 31 December 2023, the Remaining Group's cash and bank balances and pledged bank deposits were approximately HK\$67.3 million (31 December 2022: HK\$45.7 million).

Charges on assets

As at 31 December 2023, none of the Group's assets were charged to any financial institution.

Gearing ratio

The gearing ratio of the Remaining Group increasing from 1.40 times at 31 December 2022 to 1.45 times at 31 December 2023 (basis: net debt, which is defined as total amounts of borrowings, amounts due to minority owners of subsidiaries and lease liabilities less cash and bank balances and pledged bank deposits, divided by equity attributable to owners of the Company). The increase in the gearing ratio was mainly due to the slight decrease of net assets for FY2023.

Exchange rate and interest rate risks exposure

The Remaining Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Remaining Group's cash and cash equivalents are also exposed to such foreign currency risk. Cash and cash equivalents held by the Remaining Group as at 31 December 2023 were mainly denominated in RMB and HK\$. Borrowings of the Remaining Group as at 31 December 2023 were all denominated in RMB. The Remaining Group currently does not use any financial instruments to hedge against its exposure to currency risk.

The Remaining Group manages its foreign currency risk by closely monitoring the movement of the foreign exchange rate.

The Remaining Group's cash flow interest rate risk arises from long-term borrowings with prevailing market interest rates. Such risk is partly offset by cash held at prevailing market interest rates. The Remaining Group's fair value interest rate risk relates primarily to its fixed rate borrowings and payables and pledged bank deposits. The Remaining Group currently does not utilize any financial instruments to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

Contingent liabilities

The Remaining Group had no material contingent liabilities as at 31 December 2023.

Material acquisitions or disposals of subsidiaries and associated companies

During FY2023, the Remaining Group did not have any material acquisitions or disposals of subsidiaries and associated companies.

Employees and remuneration policies

As at 31 December 2023, the Remaining Group employed 272 employees (31 December 2022: 359 employees) in Hong Kong and the PRC. They were remunerated with basic salary and bonuses according to the nature of the job and market conditions, with a total amount of remuneration of approximately HK\$52.7 million. Other staff benefits include a mandatory provident fund scheme, local municipal government retirement scheme, training scheme, insurance and medical insurance and share option scheme.

Future plans for material investments and acquisition of capital assets

As at 31 December 2023, the Remaining Group had no future plans for any material investments on its capital assets or acquisition of material capital assets.

(III) FY2022

For FY2022, the Remaining Group's consolidated turnover from continuing operations amounted to approximately HK\$165.6 million (FY2021: approximately HK\$480.7 million), which mainly comprised revenue from sale of properties of approximately HK\$14.0 million (FY2021: approximately HK\$299.1 million), revenue from properties rental, management and agency services of approximately HK\$151.5 million (FY2021: approximately HK\$181.5 million). The decrease in turnover of the Remaining Group for FY2022 was mainly due to the significant drop of the revenue from sales of properties, as most of the Remaining Group's property development projects are at their closing stages. The Remaining Group recorded a turnaround from a loss of approximately HK\$1,497.4 million for FY2021 to a profit of approximately HK\$3,851.4 million for FY2022. This was mainly attributable to a net gain recorded on disposal of subsidiaries of approximately HK\$4,218.6 million, resulting in a turnaround from a loss in FY2021 to a profit in FY2022.

Segment results

For sale of properties, segment turnover amounted to approximately HK\$14.0 million, decreasing by approximately 95.3% from approximately HK\$299.1 million for FY2021 and segment loss before income tax expenses amounted to approximately HK\$6.7 million, decreasing by approximately 99.1% from approximately HK\$724.7 million for FY2021. The substantial decreases in segment turnover and the narrowing loss were due to the significant decrease in the areas of the property to be delivered to purchasers and recognised as turnover, while the costs and expenses reduced at a higher rate.

For properties rental, management and agency services, segment turnover amounted to approximately HK\$151.5 million, decreasing slightly by approximately 16.5% from approximately HK\$181.5 million for FY2021 and a segment profit before income tax expenses of approximately HK\$3,800.3 million was recorded for FY2022, resulting in a turnaround from a loss of approximately HK\$1,300.0 million for FY2021. In FY2021, the segment businesses have been largely affected by the macro economic environment in China which witnessed the unprecedented crisis for the real estate industry, leading to furious turbulence and adjustments in the market. The decrease in segment turnover were due to the decline of revenue from properties rental businesses in Shanghai and Nantong, and revenue from property management businesses under the rebound of COVID-19 epidemic in the second quarter. The turnaround from loss to profit were mainly due to the effects of the disposal of a subsidiary in FY2022 on the profit.

Treasury policy

The Remaining Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Remaining Group's liquidity position to ensure that the liquidity structure of the Remaining Group's assets, liabilities, and other commitments can meet its funding requirements at all times. These include accelerating sales of the Remaining Group's properties with more flexible pricing, adjusting and further slowing down the construction progress as appropriate, ensuring available resources from external financing or internal funding for the development of properties for sale and settlement of liabilities, implementing cost control measures, introducing strategic partners to the Remaining Group's property development projects and obtaining financial support from the shareholder. The Remaining Group will assess the relevant future costs and benefits and pursue such options as are appropriate.

Liquidity, Financial Resources, Capital Structure and Gearing

During the year ended 31 December 2022, the Remaining Group's primary sources of funding included cash generated from operating activities and the credit facilities provided by the Remaining Group's principal banks. As at 31 December 2022, the Remaining Group had a financial position with net assets value of approximately HK\$1,499.7 million (31 December 2021: net liabilities value of approximately HK\$2,321.1 million). Net current assets amounted to approximately HK\$537.1 million (31 December 2021: net current liabilities of approximately HK\$4,929.5 million) with current ratio increasing from 0.68 times at 31 December 2021 to approximately 1.14 times at 31 December 2022. The capital structure of the Remaining Group consists of borrowings (including current and non-current borrowings), net of cash and bank balances, and equity attributable to owners of the Company. As at 31 December 2022, the Remaining Group had consolidated borrowings of approximately HK\$266.4 million, all of which were repayable within one year. As at 31 December 2022, borrowings of the amount of HK\$266.4 million (31 December 2021: HK\$4,735.3 million) bear interest at fixed interest rates ranging from 4.5% to 11.0% per annum (31 December 2021: ranging from 4.8% to 15.0% per annum). As at 31 December 2022, the Remaining Group's cash and bank balances and pledged bank deposits were approximately HK\$45.7 million (31 December 2021: HK\$252.3 million).

Charges on assets

As at 31 December 2022, none of the Group's assets were charged to any financial institution.

Gearing ratio

The gearing ratio of the Remaining Group increasing from 0.85 times at 31 December 2021 to 1.40 times at 31 December 2022 (basis: net debt, which is defined as total amounts of borrowings, amounts due to minority owners of subsidiaries and lease liabilities less cash and bank balances and pledged bank deposits, divided by equity attributable to owners of the Company). The increase in the gearing ratio was mainly due to the considerable decrease of net assets for FY2022.

Exchange rate and interest rate risks exposure

The Remaining Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Remaining Group's cash and cash equivalents are also exposed to such foreign currency risk. Cash and cash equivalents held by the Remaining Group as at 31 December 2022 were mainly denominated in RMB and HK\$. Borrowings of the Remaining Group as at 31 December 2022 were all denominated in RMB. The Remaining Group currently does not use any financial instruments to hedge against its exposure to currency risk.

The Remaining Group manages its foreign currency risk by closely monitoring the movement of the foreign exchange rate.

The Remaining Group's cash flow interest rate risk arises from long-term borrowings with prevailing market interest rates. Such risk is partly offset by cash held at prevailing market interest rates. The Remaining Group's fair value interest rate risk relates primarily to its fixed rate borrowings and payables and pledged bank deposits. The Remaining Group currently does not utilize any financial instruments to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

Contingent liabilities

The Remaining Group had no material contingent liabilities as at 31 December 2022.

Material acquisitions or disposals of subsidiaries and associated companies

On 7 June 2022, the Remaining Group entered into a conditional sale and purchase agreement with Power Rider, to dispose of its 100% equity interest in Myway Developments Limited, a wholly-owned subsidiary of the Company and its subsidiaries, for a total consideration of RMB225.0 million (equivalent to approximately HK\$254.4 million). The ordinary resolution in relation to the Myway Disposal was passed by the independent Shareholders at the special general meeting of the Company held on 21 July 2022 and the Myway Disposal was completed on 27 December 2022. Details of the Myway Disposal are set out in the Company's announcements dated 7 June 2022, 21 July 2022 and 27 December 2022 and the circular dated 30 June 2022.

During FY2022, save for the above, the Remaining Group did not have any material acquisitions or disposals of subsidiaries and associated companies.

Employees and remuneration policies

As at 31 December 2022, the Remaining Group employed 359 employees (31 December 2021: 739 employees) in Hong Kong and the PRC. They were remunerated with basic salary and bonuses according to the nature of the job and market conditions, with a total amount of remuneration of approximately HK\$88.6 million. Other staff benefits include a mandatory provident fund scheme, local municipal government retirement scheme, training scheme, insurance and medical insurance and share option scheme.

Future plans for material investments and acquisition of capital assets

As at 31 December 2022, the Remaining Group had no future plans for any material investments on its capital assets or acquisition of material capital assets.

(IV) FY2021

For FY2021, the Remaining Group's consolidated turnover from continuing operations amounted to approximately HK\$480.7 million (FY2020: approximately HK\$4,228.9 million), which mainly comprised revenue from sale of properties of approximately HK\$299.1 million (FY2020: approximately HK\$4,098.1 million), revenue from properties rental, management and agency services of approximately HK\$181.5 million (FY2020: approximately HK\$188.4 million). The decrease in turnover of the Remaining Group for FY2021 was mainly due to fewer properties delivered as compared to FY2020. The loss of the Remaining Group increased from approximately HK\$724.8 million for FY2020 to approximately HK\$1,497.4 million for FY2021. This was mainly attributable to the substantial drop of the revenue from sales of properties in FY2021, and therefore insufficient to cover the charges and expenses.

Segment results

For sale of properties, segment turnover amounted to approximately HK\$299.1 million, decreasing by approximately 92.7% from approximately HK\$4,098.1 million for FY2020 and a segment loss before income tax expenses of approximately HK\$724.7 million was recorded for FY2021, resulting in a turnaround from a profit of approximately HK\$218.2 million for FY2020. The substantial decreases in segment turnover and the turnaround from profit to loss were due to the substantial decrease in the areas of the property to be delivered to purchasers and recognised as turnover and therefore insufficient to cover the charges and expenses.

For hotel operations, segment turnover was not recorded for FY2021, decreasing from approximately HK\$2.4 million for FY2022. This was due to the disposals of the serviced apartments in Qingdao.

For properties rental, management and agency services, segment turnover amounted to approximately HK\$181.5 million, decreasing slightly by approximately 3.7% from approximately HK\$188.4 million for FY2020 and segment loss before income tax expenses amounted to approximately HK\$1,300.0 million, increasing by approximately 117.4% from approximately HK\$598.1 million for FY2020. The decrease in segment turnover was due to the continuing decline of property rental and property management revenue and the opening up of Nanjing Himalaya Centre. The increase of loss were due to the increase in sales expenses.

Treasury policy

The Remaining Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Remaining Group's liquidity position to ensure that the liquidity structure of the Remaining Group's assets, liabilities, and other commitments can meet its funding requirements at all times. These include accelerating sales of the Remaining Group's properties with more flexible pricing, adjusting and further slowing down the construction progress as appropriate, ensuring available resources from external financing or internal funding for the development of properties for sale and settlement of liabilities, implementing cost control measures, introducing strategic partners to the Remaining Group's property development projects and obtaining financial support from the shareholder. The Remaining Group will assess the relevant future costs and benefits and pursue such options as are appropriate.

Liquidity, Financial Resources, Capital Structure and Gearing

During the year ended 31 December 2021, the Remaining Group's primary sources of funding included cash generated from operating activities and the credit facilities provided by the Remaining Group's principal banks. As at 31 December 2021, the Remaining Group had a financial position with net liabilities value of approximately HK\$2,321.1 million (31 December 2020: net liabilities value of approximately HK\$746.5 million). Net current liabilities amounted to approximately HK\$4,929.5 million (31 December 2020: net current liabilities of approximately HK\$1,908.9 million) with current ratio decreasing from 0.73 times at 31 December 2020 to approximately 0.68 times at 31 December 2021. The capital structure of the Remaining Group consists of borrowings (including current and non-current borrowings), net of cash and bank balances, and equity attributable to owners of the Company. As at 31 December 2021, the Remaining Group had consolidated borrowings of approximately HK\$4,735.3 million, of which HK\$4,442.3 million were repayable within one year and HK\$293.0 million were repayable more than one year. As at 31 December 2021, borrowings of the amount of HK\$4,735.3 million (31 December 2020: HK\$3,370.2 million) bear interest at fixed interest rates ranging from 4.8% to 15.0% per annum (31 December 2020: ranging from 4.8% to 15.0% per annum). As at 31 December 2021, the Remaining Group's cash and bank balances and pledged bank deposits were approximately HK\$252.3 million (31 December 2020: HK\$126.4 million).

Charges on assets

As at 31 December 2021, the Remaining Group's property, plant and equipment, investment properties, properties under development and for sales and pledged bank deposits of approximately HK\$33.0 million, approximately HK\$2,064.3 million, approximately HK\$3,876.3 million and approximately HK\$51.6 million respectively had been pledged to secure bank and other loans granted to the Remaining Group. The Remaining Group pledged certain percent interests in several subsidiaries to secure bank and other loans granted to the Remaining Group.

Gearing ratio

The gearing ratio of the Remaining Group decreasing from 0.92 times at 31 December 2020 to 0.85 times at 31 December 2021 (basis: net debt, which is defined as total amounts of borrowings, amounts due to minority owners of subsidiaries and lease liabilities less cash and bank balances and pledged bank deposits, divided by equity attributable to owners of the Company). The increase in the gearing ratio was mainly due to the increase of the amount of debts for FY2021.

Exchange rate and interest rate risks exposure

The Remaining Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Remaining Group's cash and cash equivalents are also exposed to such foreign currency risk. Cash and cash equivalents held by the Remaining Group as at 31 December 2021 were mainly denominated in RMB and HK\$. Borrowings of the Remaining Group as at 31 December 2021 were all denominated in RMB. The Remaining Group currently does not use any financial instruments to hedge against its exposure to currency risk.

The Remaining Group manages its foreign currency risk by closely monitoring the movement of the foreign exchange rate.

The Remaining Group's cash flow interest rate risk arises from long-term borrowings with prevailing market interest rates. Such risk is partly offset by cash held at prevailing market interest rates. The Remaining Group's fair value interest rate risk relates primarily to its fixed rate borrowings and payables and pledged bank deposits. The Remaining Group currently does not utilize any financial instruments to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

Contingent liabilities

The Remaining Group had no material contingent liabilities as at 31 December 2021.

Material acquisitions or disposals of subsidiaries and associated companies

On 2 August 2021, Haimen Zendai Creative Investment Development Co., Ltd. * (海門証大創意投資發展有限公司) (“**Zendai Creative**”), an indirect wholly-owned subsidiary of the Company, received an executed version of the land resumption agreement from Nantong Haimen People's Government Haimen Subdistrict Office* (南通市海門區人民政府海門街道辦事處) (the “**Local Authority**”), pursuant to which Zendai Creative agreed to surrender the industrial lands held by it with a total area of 133,336 sq.m., at a consideration of a compensation of approximately RMB106.2 million (equivalent to approximately HK\$126.3 million at the then conversion rate of RMB1=HK\$1.19) payable by the Local Authority to Zendai Creative. Details of the transaction were set out in the announcement of the Company dated 2 August 2021.

During FY2021, save for the above, the Remaining Group did not have any material acquisitions or disposals of subsidiaries and associated companies.

Employees and remuneration policies

As at 31 December 2021, the Remaining Group employed 739 employees (31 December 2020: 763 employees) in Hong Kong and the PRC. They were remunerated with basic salary and bonuses according to the nature of the job and market conditions, with a total amount of remuneration of approximately HK\$190.1 million. Other staff benefits include a mandatory provident fund scheme, local municipal government retirement scheme, training scheme, insurance and medical insurance and share option scheme.

Future plans for material investments and acquisition of capital assets

As at 31 December 2021, the Remaining Group had no future plans for any material investments on its capital assets or acquisition of material capital assets.

The following is the text of a letter, summary of valuations and valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of market value in existing state of the Properties held by the Disposal Group as at 31 May 2024.



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

23 August 2024

Shanghai Zendai Property Limited
Units 2429-2430
24/F, Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

Dear Sirs,

Instructions, Purpose & Valuation Date

In accordance with the instructions of Shanghai Zendai Property Limited (the “**Company**”) for Cushman & Wakefield (“**C&W**”) to value the properties (as more particularly described in the attached valuation report, individually the “**Property**” or collectively the “**Properties**”), held by the Company or its subsidiaries (collectively the “**Group**”), in the People’s Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of the market values in existing state of the Properties as at 31 May 2024 (the “**Valuation Date**”).

Basis of Valuation

Our valuation of each of the Properties represents its market value which in accordance with the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors (the “**HKIS**”) 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”.

We confirm that our valuations are undertaken in accordance with The HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors.

Our valuation of each of the Properties is on an entirety interest basis.

In valuing the Properties, 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**”), and Practice Note 12 of the Listing Rules.

Valuation Assumptions

Our valuations 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, we have relied on the information and advice given by the Company and the Company’s legal adviser (the “**Legal Adviser**”), Stevenson, Wong & Co. (史蒂文生黃律師事務所), regarding the titles to the Properties and the interests of the Group in the Properties. Unless otherwise stated in the legal opinion, in valuing the Properties, we have prepared our valuations on the basis that the owners have enforceable titles to the Properties and have 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 respect of the Properties situated in the PRC, the status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Company are set out in the notes of the valuation report. We have assumed that all consents approvals, and licences from relevant government authorities for the developments have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the Properties are in compliance with the local planning regulations and have been approved by the relevant authorities.

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

Method of Valuation

In forming our opinions of the market values of Properties Nos. 4, 6-10 and 12-14, and portions of Properties Nos. 2, 5 and 11, where there is sufficient relevant evidence to show the price levels that buyers are willing to pay for similar properties in the market, we have used Market Comparison Method assuming sale of each of these properties in its existing state by making reference to comparable sales transactions as available in the relevant market subject to suitable adjustments between the subject properties and the comparable properties. Given that comparable sales transactions and information about such sales are generally available, we have therefore adopted Market Comparison Method which is in line with the market practice.

In forming our opinions of the market values of Properties Nos. 1, 3 and 6, and portions of Properties Nos. 2, 5 and 11, we have used Investment Method by capitalising the rental income derived from the existing tenancies, if any, with due provision for reversionary potential each constituent portion of the Properties at appropriate capitalisation rates, as sales comparables involving similar scale properties of the same nature and tenancy structure in the same districts are not frequent. On the other hand, as the Properties generate rental income from letting arrangements and such rental comparables are most readily available, we consider Investment Method, which is also commonly used in valuing properties for investment purpose, to be the best method to value these portions of properties.

When using Investment Method, we have 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. The capitalisation rates adopted in our valuations are based on our analyses of the yields of properties of similar use type after due adjustments. 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. The capitalisation rates adopted are reasonable and in line with the market norm having regard to the analysed yields of transactions of the relevant use type.

In the course of our valuation, we have adopted both transacted rental/sale price and asking rental/sale price. The asking rental/sale price can reflect the current market conditions, while leaving adjustments according to the local market condition.

Source of Information

In the course of our valuations, we have relied to a considerable extent on the information given by the Company and have accepted advice on such matters as planning approvals or statutory notices, easements, tenure, identification of the Properties, particulars of occupancy, development scheme, construction cost, completion date, site and floor areas, number of car parking unit 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 provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

Title Investigation

We have been provided by the Company with copies of documents in relation to the current titles to the Properties. However, we have not been able to conduct searches to verify the ownership of the Properties and we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the Properties in the PRC and we have therefore relied on the advice given by the Company and the advice in the legal opinion given by the Legal Adviser regarding the interests of the Company held in the Properties in the PRC.

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

Site Inspection

We inspected the exterior and, wherever possible, the interior of the Properties in June 2024. 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 carried out on-site measurements to verify the site and floor areas of the Properties and we have assumed that the areas shown on the copies of the documents handed to us are correct.

Currency

Unless otherwise stated, all monetary amounts stated in our valuation report are in Renminbi (“**RMB**”) which is the official currency of the PRC.

Other Disclosure

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 valuation 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.

We attach herewith a summary of valuations and the valuation report.

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

Notes:

- (1) Ms. Grace 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. Ms. Lam has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuations competently.
- (2) * Company names in English translation in the valuation report are for identification only.

Summary of Valuations

Group I – Properties held by the Group for investment in the PRC

Property	Market value in existing state as at 31 May 2024 (RMB)	Interest attributable to the Group (%)	Market value in existing state as at 31 May 2024 attributable to the Group (RMB)
<p>1. 19 retail units of Shanghai Zendai Thumb Plaza, Units 201, 203-207, 210-214 and 217, No. 185 Fangdian Road, Units 202, 210, 214, 215 and 301, and Nos. 33 and 36, Lane 199, Fangdian Road, and No. 1208 Dingxiang Road, Pudong New Area, Shanghai, the PRC. (中華人民共和國上海市浦東新區芳甸路185號201、203-207、210-214、217室，芳甸路199弄33號202、210、214、215、301室，芳甸路199弄36號，丁香路1208號上海証大大拇指廣場的19個商業單元部分)</p>	510,400,000	100	510,400,000
<p>2. 6 retail units of Shanghai Zendai Thumb Plaza, Nos. 2, 16, 28, 19, 20 and 33 Lane 199, Fangdian Road and 424 carpark units on the basement level, Pudong New Area, Shanghai, the PRC. (中華人民共和國上海市浦東新區芳甸路199弄2、16、28、19、30、33號上海証大大拇指廣場的6個商業單元部分及地下424個車位)</p>	133,200,000	100	133,200,000

Property	Market value	Interest	Market value
	in existing state		in existing state
	as at	attributable to	as at
	31 May 2024	the Group	31 May 2024
	(RMB)	(%)	(RMB)
3. Unit 101 & Unit 01 on Basement Level 1, Shanghai Zendai Thumb Plaza, No. 185 Fangdian Road, Pudong New Area, Shanghai, the PRC. (中華人民共和國上海市浦東新區芳甸路185號101室及地下01室上海証大大拇指廣場的商業部分)	289,100,000	100	289,100,000
4. 5 underground carpark units of Thumb Plaza of Xizhen Project at No. 70 Lane 599, Kezhiyuan Road and 76 underground carpark units of Jiujiantang Xiyuan of Xizhen Project at No. 110 Lane 299, Zhuhu Road, Qingpu District, Shanghai, the PRC. (中華人民共和國上海市青浦區課植園路599弄70號西鎮項目大拇指廣場的5個地下車位及珠湖路299弄110號西鎮項目九間堂西苑的76個地下車位)	2,860,000	100	2,860,000
5. Qingdao Zendai Thumb Plaza and 826 underground carpark units at No. 880 Tong'an Road, Laoshan District, Qingdao, Shandong Province, the PRC. (中華人民共和國山東省青島市嶗山區同安路880號青島証大大拇指廣場及826個地下車位)	No commercial value	50	No commercial value

Property	Market value	Interest	Market value
	in existing state		in existing state
	as at	attributable to	as at
	31 May 2024	the Group	31 May 2024
	(RMB)	(%)	(RMB)
6. 216 retail units of Yangzhou Project, Nos. 118-119 Guoqing Road, Guangling District, Yangzhou, Jiangsu Province, the PRC (中華人民共和國江蘇省揚州市廣陵區國慶路118-119號揚州項目的216個商業單元部分)	201,000,000	80	160,800,000
Group I Sub-total:	<u>1,136,560,000</u>		<u>1,096,360,000</u>

Group II – Properties held by the Group for sale in the PRC

7. 115 carpark units of Zendai Cube Tower, Nos. 56-62 Changliu Road, Pudong New Area, Shanghai, the PRC. (中華人民共和國上海市浦東新區長柳路56-62號証大立方大廈地下115個車位)	20,700,000	100	20,700,000
8. 190 carpark units of Zendai Wu Dao Kou Financial Center, No. 1-3 Lane 1199, Minsheng Road, Pudong New Area, Shanghai, the PRC. (中華人民共和國上海市浦東新區民生路1199弄1-3號証大五道口金融中心地下190個車位)	34,200,000	100	34,200,000
9. 50 carpark units of Zendai Quantland, Lane 1500, Zhangyang Road, Pudong New Area, Shanghai, the PRC. (中華人民共和國上海市浦東新區張楊路1500弄証大寬域地下50個車位)	9,000,000	100	9,000,000

Property	Market value	Interest	Market value
	in existing state		in existing state
	as at	attributable to	as at
	31 May 2024	the Group	31 May 2024
	(RMB)	(%)	(RMB)
10. Unit 103, No. 56 Lane 599, Kezhiyuan Road of Xizhen Project, Qingpu District, Shanghai, the PRC. (中華人民共和國上海市青浦區課植園路599弄56號西鎮項目103室商業)	No commercial value	100	No commercial value
Group II Sub-total:	<u>63,900,000</u>		<u>63,900,000</u>
Group III – Properties held by the Group for operation in the PRC			
11. Grand Mercure Shanghai Century Park, Nos. 1199, 1201 and 1203 Yingchun Road, and 51 underground carpark units, Pudong New Area, Shanghai, the PRC. (中華人民共和國上海市浦東新區迎春路1199、1201、1203號上海世紀公園美爵酒店及51個地下車位)	566,300,000	100	566,300,000
12. Himalayas Qingdao Hotel, No. 880 Tong'an Road, Laoshan District, Qingdao, Shandong Province, the PRC. (中華人民共和國山東省青島市嶗山區同安路880號青島証大喜瑪拉雅酒店)	No commercial value	50	No commercial value
Group III Sub-total:	<u>566,300,000</u>		<u>566,300,000</u>

Property	Market value	Interest	Market value
	in existing state		in existing state
	as at	attributable to	as at
	31 May 2024	the Group	31 May 2024
	(RMB)	(%)	(RMB)
Group IV – Properties held by the Group for development in the PRC			
13. A parcel of land located at east side of Xiaoqinhuai River of Yangzhou Project, Guangling District, Yangzhou, Jiangsu Province, the PRC (中華人民共和國江蘇省揚州市廣陵區揚州項目小秦淮河東側地塊)	35,800,000	80	28,640,000
14. Yantai Project of Lot E-9, Development Zone, Yantai, Shandong Province, the PRC (中華人民共和國山東省煙台市開發區煙台項目E-9地塊)	No commercial value	70	No commercial value
Group IV Sub-total:	35,800,000		28,640,000
Grand Total:	1,802,560,000		1,755,200,000

VALUATION REPORT

Group I – 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 May 2024
1. 19 retail units of Shanghai Zendai Thumb Plaza, Units 201, 203-207, 210-214 and 217, No. 185 Fangdian Road, Units 202, 210, 214, 215 and 301, Nos. 33 and 36, Lane 199, Fangdian Road, and No. 1208 Dingxiang Road, Pudong New Area, Shanghai, the PRC. (中華人民共和國上海市浦東新區芳甸路185號201、203-207、210-214、217室，芳甸路199弄33號202、210、214、215、301室，芳甸路199弄36號，丁香路1208號上海証大大拇指廣場的19個商業單元部分)	<p>Shanghai Zendai Thumb Plaza is a composite development which comprises retail units, supermarket, art museum and hotel, etc. This Project is erected on a parcel of commercial land, with a total site area of 50,270 square metres (“sq. m.”).</p> <p>The Property comprises 19 retail units in Shanghai Zendai Thumb Plaza, which was completed in 2005 with a total gross floor area of approximately 20,025.84 sq. m..</p> <p>The Property is located at Fangdian Road (芳甸路), Pudong New Area, Shanghai, the PRC. Developments nearby are mainly residential and retail developments.</p> <p>According to the Company, the Property is for commercial use; there are neither environmental issues and litigation dispute; 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 October 2041 for commercial use.</p>	<p>As at the Valuation Date, portions of the Property, with the leasable area of approximately 11,819.27 sq. m., were subject to various tenancy agreements with the latest expiry date on 31 May 2031, at a total monthly rent of approximately RMB2,021,000, exclusive of value-added tax (“VAT”), whereas the remaining portions of the Property were vacant.</p>	<p>RMB510,400,000 (RENMINBI FIVE HUNDRED TEN MILLION FOUR HUNDRED THOUSAND) (100% interest attributable to the Group: RMB510,400,000)</p>

Notes:

- (1) According to Shanghai Certificate of Real Estate Ownership HFDPZ (2008) No. 004269 dated 11 January 2008, the land use rights of the Property have been partly vested in Shanghai Zendai Real Estate Co., Ltd.* (上海証大置業有限公司), with a total site area of approximately 50,270.00 sq. m. for the land use term due to expire on 24 October 2041 for commercial use. The total gross floor area of the Project is 12,229.37 sq. m..

As advised by the Company, 17 retail units of Property are parts of Shanghai Zendai Thumb Plaza as stipulated in the aforesaid Shanghai Certificate of Real Estate Ownership, the total gross floor area is 10,693.09 sq. m..

According to Shanghai Certificate of Real Estate Ownership HFDPZ (2008) No. 007373 dated 24 January 2008, the land use rights of the Property have been partly vested in Shanghai Zendai Real Estate Co., Ltd.* (上海証大置業有限公司), with a total site area of approximately 50,270.00 sq. m. for the land use term due to expire on 24 October 2041 for commercial use. The total gross floor area of another 2 retail units of the Property is 9,332.75 sq. m..

- (2) According to Business Licence Unified Social Credit Code No. 91310115631508273U dated 30 October 2015, Shanghai Zendai Real Estate Co., Ltd.* (上海証大置業有限公司) has been established as a limited company with a registered capital of RMB820,000,000 for a valid operation period from 31 August 1999 to 30 August 2049.

- (3) We have been provided with a legal opinion regarding the property interest by the Company's Legal Adviser, which contains, *inter alia*, the following information that has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:

- a) Shanghai Zendai Real Estate Co., Ltd.* (上海証大置業有限公司) has legally obtained the real estate ownership of the property with a total area of about 20,025.84 sq. m.;
- b) Despite that the property is subject to mortgage, Shanghai Zendai Real Estate Co., Ltd.* (上海証大置業有限公司) still has the rights to occupy and use the above-mentioned property;
- c) Subject to the subsequent release or deregistration of mortgage, Shanghai Zendai Real Estate Co., Ltd.* (上海証大置業有限公司), as the legal owner of the Property, has the rights to dispose of the property in the absence of any other mortgages, encumbrances, or restrictions; and
- d) Apart from the above-mentioned mortgage disclosed, as at the reference date, the property is free from other seizure orders, mortgage and any other form of registered encumbrances.

- (4) Lily Li (Master of Commerce with 2 years' experience of property valuation) of our Shanghai Office, inspected the Property on 6 June 2024.

- (5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company and the opinion of the Legal Adviser:

Shanghai Certificate of Real Estate Ownership	Yes
Business Licence	Yes

(6) In valuing the Property, we have adopted Investment Method. We have taken into account referable existing leasing and asking rental price cases in the market at the Valuation Date of specialty retail units in Pudong New Area of similar accessibility within radial distance of 8 kilometres from the Property and size from 100 to 200 sq. m.. For the anchor portion, the retail shops of similar accessibility with radial distance of 11 kilometres from the Property and size from 1,000 to 2,000 sq. m. are selected. Adjustments were made to reflect difference in various aspects between the subject property and the comparables to arrive at the adopted unit rent of Level 1 of the Property. Adopted unit rent of upper floors of the Property is calculated based on the adopted unit rent of Level 1 with adjustments on floor level.

In our valuation, rental comparables are adopted for retail and anchor units, which is exhaustive based on the selection criteria. The details are as follows:

Specialty Comparable	1	2	3
Property Address	A three-storey shopping street on Jinyan Road, Pudong New Area	A five-storey shopping mall on Hunan Road, Pudong New Area	A two-storey shopping mall on Huamu Road, Pudong New Area
Floor	Level 1	Level 1	Level 1
Date	May 2024	May 2024	May 2024
Approximate gross floor area (<i>sq. m.</i>)	256	118	117
Rental level (<i>RMB/sq. m./month</i>)	384	305	399
Adjustments			
Time	Similar to subject property	Similar to subject property	Similar to subject property
Location	Superior to subject property	Inferior to subject property	Superior to subject property
Accessibility	Similar to subject property	Similar to subject property	Superior to subject property
Neighbourhood environment	Similar to subject property	Inferior to subject property	Superior to subject property
Management	Superior to subject property	Superior to subject property	Superior to subject property
Building age	Similar to subject property	Superior to subject property	Superior to subject property
Size	Similar to subject property	Similar to subject property	Similar to subject property
Floor level	Similar to subject property	Similar to subject property	Similar to subject property
Status	Transaction	Transaction	Transaction

Anchor Comparable	1	2	3
Property Address	A three-storey shopping mall on Qirong Road, Pudong New Area	A two-storey shopping street on Shangcheng Road, Pudong New Area	A two-storey retail unit on Century Avenue, Pudong New Area
Floor	Level 3	Level 1	Levels 1 and 2
Date	May 2024	May 2024	May 2024
Approximate gross floor area (sq. m.)	1,064	1,097	1,101
Rental level (RMB/sq. m./month)	122	226	227
Adjustments			
Time	Similar to subject property	Similar to subject property	Similar to subject property
Location	Inferior to subject property	Superior to subject property	Superior to subject property
Neighbourhood environment	Inferior to subject property	Superior to subject property	Similar to subject property
Frontage	Inferior to subject property	Similar to subject property	Similar to subject property
Management	Superior to subject property	Superior to subject property	Superior to subject property
Building age	Superior to subject property	Superior to subject property	Superior to subject property
Building facilities	Similar to subject property	Similar to subject property	Superior to subject property
Size	Superior to subject property	Superior to subject property	Superior to subject property
Floor level	Inferior to subject property	Similar to subject property	Inferior to subject property
Status	Transaction	Transaction	Transaction

(7) Key assumption and parameters adopted are summarised as follows:

Market rent for specialty	RMB336/sq. m./month for Level 1
Market rent for anchor	RMB178/sq. m./month for Level 1
Capitalisation rate for specialty	6.0%
Capitalisation rate for anchor	5.5%

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2024	
2.	6 retail units of Shanghai Zendai Thumb Plaza, Nos. 2, 16, 28, 19, 20 and 33 Lane 199, Fangdian Road and 424 carpark units on the basement level, Pudong New Area, Shanghai, the PRC. (中華人民共和國上海市浦東新區芳甸路199弄2、16、28、19、30、33號上海証大大拇指廣場的6個商業單元部分及地下424個車位)	Shanghai Zendai Thumb Plaza is a composite development which comprises retail units, supermarket, art museum and hotel, etc. This Project is erected on a parcel of commercial/ office land, with a total site area of 50,270 sq. m.. The Property comprises 6 retail units and 424 underground carpark units in Shanghai Zendai Thumb Plaza, which was completed in 2005 with a total gross floor area of approximately 25,930.81 sq. m. respectively. As advised by the Company, the gross floor areas of the Property are as follows:	As at the Valuation Date, portions of the retail portion of the Property, with the leasable area of approximately 729.39 sq. m., were subject to various tenancy agreements with the latest expiry date on 31 March 2029, at a total monthly rent of approximately RMB216,000, exclusive of VAT, whereas the remaining retail portions of the Property were vacant.	RMB133,200,000 (RENMINBI ONE HUNDRED THIRTY THREE MILLION TWO HUNDRED THOUSAND) (100% interest attributable to the Group: RMB133,200,000)
		Gross Floor Area		
	Usage	Area (sq. m.)	As at the Valuation Date, the carpark units were let on hourly or monthly basis.	
	Retail	1,531.57		
	Carpark and ancillary	<u>24,399.24</u>		
	Total:	<u><u>25,930.81</u></u>		
	The Property is located at Fangdian Road (芳甸路), Pudong New Area, Shanghai, the PRC. Developments nearby are mainly residential and retail developments.			
	According to the Company, the Property is for commercial and carpark use; there are neither environmental issues and litigation dispute; nor any plan to change the use of the Property.			
	The land use rights of the Property have been granted for land use terms due to expire on 24 October 2041 for commercial use and 24 October 2051 for office use.			

Notes:

- (1) According to Shanghai Certificate of Real Estate Ownership HFDPZ (2006) No. 046089 dated 20 June 2006, the land use rights of the Property have been vested in Shanghai Zendai Commercial Traveling and Investment Development Co., Ltd.* (上海証大商業旅遊投資發展有限公司), with a total site area of approximately 50,270.00 sq. m. for the land use term due to expire on 24 October 2041 for commercial use and 24 October 2051 for office use. The total gross floor area of the Project is 112,607.39 sq. m..

As advised by the Company, the Property is part of Shanghai Zendai Thumb Plaza as stipulated in the aforesaid Shanghai Certificate of Real Estate Ownership, the total gross floor area is 25,930.81 sq. m..

- (2) According to Business Licence Unified Social Credit Code No. 91310115744903691L dated 20 February 2023, Shanghai Zendai Commercial Traveling and Investment Development Co., Ltd.* (上海証大商業旅遊投資發展有限公司) has been established as a limited company with a registered capital of RMB600,000,000 for a valid operation period from 12 November 2002.

As advised by the Company, the name of Shanghai Zendai Commercial Traveling and Investment Development Co., Ltd.* (上海証大商業旅遊投資發展有限公司) has been changed to Shanghai Gaoshengying Business Co., Ltd.* (上海高晟盈商業有限公司) on 11 July 2023.

According to Business Licence Unified Social Credit Code No. 91310115744903691L renewed on 11 July 2023, Shanghai Gaoshengying Business Co., Ltd.* (上海高晟盈商業有限公司) has been established as a limited company with a registered capital of RMB600,000,000 for a valid operation period from 12 November 2002.

- (3) We have been provided with a legal opinion regarding the property interest by the Company's Legal Adviser, which contains, *inter alia*, the following information that has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:

- a) Shanghai Zendai Commercial Traveling and Investment Development Co., Ltd.* (上海証大商業旅遊投資發展有限公司) has legally obtained the real estate ownership of the Property with a total area of about 25,930.81 sq. m.;
- b) Despite that the Property is subject to mortgage, Shanghai Zendai Commercial Traveling and Investment Development Co., Ltd.* (上海証大商業旅遊投資發展有限公司) still has rights to occupy and use the above-mentioned property;
- c) Subject to the subsequent release or deregistration of mortgage, Shanghai Zendai Commercial Traveling and Investment Development Co., Ltd.* (上海証大商業旅遊投資發展有限公司), as the legal owner of the Property, has the rights to dispose of the Property in the absence of any other mortgages, encumbrances, or restrictions; and
- d) Apart from the above-mentioned mortgage disclosed, as at the reference date, the Property is free from other seizure orders, mortgage and any other form of registered encumbrances.

- (4) Lily Li (Master of Commerce with 2 years' experience of property valuation) of our Shanghai Office, inspected the Property on 6 June 2024.

- (5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company and the opinion of the Legal Adviser:

Shanghai Certificate of Real Estate Ownership	Yes
Business Licence	Yes

(6) In valuing the retail portion of Property, we have adopted Investment Method. We have taken into account referable existing leasing and asking rental price cases in the market at the Valuation Date of retail units in Pudong New Area of similar accessibility within radial distance of 8 kilometres from the Property and size from 100 to 200 sq. m.. Adjustments were made to reflect difference in various aspects between the subject property and the comparables to arrive at the adopted unit rent of Level 1 of the Property. Adopted unit rent of upper floors of the Property is calculated based on the adopted unit rent of Level 1 with adjustments on floor level.

In valuing the carpark portion of Property, we have adopted Market Comparison Method. Market Comparison Method provides an indication of value by comparing the asset with identical or similar assets for which price information is available. In our valuation, we have taken into account transactions within 4 months from the Valuation Date and existing price asking cases at the Valuation Date of carpark units for sale in Pudong New Area of similar accessibility within radial distance of 5 kilometres from the Property. Adjustments were made to reflect difference in various aspects between the subject property and the comparables.

In our valuation, 3 retail rental comparables mentioned in Property No. 1 and 3 carpark units sales comparables are adopted, which is exhaustive based on the selection criteria. The details are as follows:

Carpark Comparable	1	2	3
Property Address	An underground carpark of residential on Dingxiang Road, Pudong New Area	An underground carpark of commercial on Yuqiao Road, Pudong New Area	An underground carpark of residential on Dongfang Road, Pudong New Area
Date	April 2024	March 2024	February 2024
Price (RMB/unit)	200,000	150,000	185,000
Adjustments			
Time	Similar to subject property	Similar to subject property	Similar to subject property
Location	Similar to subject property	Inferior to subject property	Inferior to subject property
Accessibility	Inferior to subject property	Inferior to subject property	Inferior to subject property
Neighbourhood environment	Similar to subject property	Inferior to subject property	Inferior to subject property
Usage	Superior to subject property	Similar to subject property	Superior to subject property
Scarcity	Similar to subject property	Similar to subject property	Superior to subject property
Status	Transaction	Transaction	Transaction

(7) Key assumption and parameters adopted are summarised as follows:

Unit value for carpark units	RMB180,000/unit
Market rent for retail	RMB336/sq. m./month for Level 1
Capitalisation rate for retail	6.0%

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2024
<p>3. Unit 101 & Unit 01 on Basement Level 1, Shanghai Zendai Thumb Plaza, No. 185 Fangdian Road, Pudong New Area, Shanghai, the PRC. (中華人民共和國上海市浦東新區芳甸路185號101室及地下01室上海証大大拇指廣場的商業部分)</p>	<p>Shanghai Zendai Thumb Plaza is a composite development which comprises retail units, supermarket, art museum and hotel, etc. This Project is erected on a parcel of commercial land, with a total site area of 50,270 sq. m..</p>	<p>As at the Valuation Date, the Property was vacant.</p>	<p>RMB289,100,000 (RENMINBI TWO HUNDRED EIGHTY NINE MILLION ONE HUNDRED THOUSAND) (100% interest attributable to the Group: RMB289,100,000)</p>
	<p>The Property comprises 2 retail units in Shanghai Zendai Thumb Plaza, which was completed in 2005 with a total gross floor area of approximately 18,775.45 sq. m..</p>		
	<p>The Property is located at Fangdian Road (芳甸路), Pudong New Area, Shanghai, the PRC. Developments nearby are mainly residential and retail developments.</p>		
	<p>According to the Company, the Property is for commercial use; there are neither environmental issues and litigation dispute; nor any plan to change the use of the Property.</p>		
	<p>The land use rights of the Property have been granted for a land use term due to expire on 24 October 2041 for commercial use.</p>		

Notes:

- (1) According to Shanghai Certificate of Real Estate Ownership HFDPZ (2006) No. 060389 dated 1 August 2006, the land use rights of the Property have been partly vested in Auto Win Investments Limited* (證盈投資有限公司), with a total site area of approximately 50,270.00 sq. m. for the land use term due to expire on 24 October 2041 for commercial use. The gross floor of the unit 101 of the Property is 7,568.65 sq. m..

According to Shanghai Certificate of Real Estate Ownership HFDPZ (2006) No. 060167 dated 1 August 2006, the land use rights of the Property have been partly vested in Auto Win Investments Limited* (證盈投資有限公司), with a total site area of approximately 50,270.00 sq. m. for the land use term due to expire on 24 October 2041 for commercial use. The gross floor of the unit 01 basement level 1 of the Property is 11,206.80 sq. m..

- (2) According to the registrar of corporate affairs of the British Virgin Islands No. 672670, Auto Win Investments Limited* (證盈投資有限公司) has been established as an International Business Company on 8 August 2005.
- (3) We have been provided with a legal opinion regarding the property interest by the Company's Legal Adviser, which contains, *inter alia*, the following information that has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:
- a) Auto Win Investments Limited* (證盈投資有限公司) has legally obtained the real estate ownership of the property with total area of about 18,775.45 sq. m.;
 - b) Despite that the Property is subject to mortgage, Auto Win Investments Limited* (證盈投資有限公司) still has rights to occupy and use the above-mentioned property;
 - c) Subject to the subsequent release or deregistration of mortgage, Auto Win Investments Limited* (證盈投資有限公司), as the legal owner of the Property, has the rights to dispose of the property in the absence of any other mortgages, encumbrances, or restrictions; and
 - d) Apart from the above-mentioned mortgage disclosed, as at the reference date, the Property is free from other seizure orders, mortgage and any other form of registered encumbrances.
- (4) Lily Li (Master of Commerce with 2 years' experience of property valuation) of our Shanghai Office, inspected the Property on 6 June 2024.
- (5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company and the opinion of the Legal Adviser:

Shanghai Certificate of Real Estate Ownership	Yes
Certificate Of Incorporation	Yes

- (6) In valuing the Property, we have adopted Investment Method. We have taken into account referable existing leasing and asking rental price cases in the market at the Valuation Date of retail units in Pudong New Area of similar accessibility within radial distance of 8 kilometres from the Property and size from 1,000 to 7,100 sq. m.. Adjustments were made to reflect difference in various aspects between the subject property and the comparables to arrive at the adopted unit rent of Level 1 of the Property. Adopted unit rent of upper floors of the Property is calculated based on the adopted unit rent of Level 1 with adjustments on floor level.

In our valuation, 3 rental comparables are adopted, which is exhaustive based on the selection criteria. The details are as follows:

Comparable	1	2	3
Property Address	A four-storey shopping street on Zhangyang Road, Pudong New Area	A three-storey shopping street on Dongfang Road, Pudong New Area	A five-storey shopping mall on Hunan Road, Pudong New Area
Floor	Levels 2 and 3	Level Basement 1	Level Basement 1
Date	May 2024	May 2024	May 2024
Approximate gross floor area (sq. m.)	4,187	1,067	4,713
Rental level (RMB/sq. m./month)	125	145	110
Adjustments			
Time	Similar to subject property	Similar to subject property	Similar to subject property
Location	Inferior to subject property	Superior to subject property	Inferior to subject property
Accessibility	Similar to subject property	Superior to subject property	Similar to subject property
Neighbourhood environment	Similar to subject property	Superior to subject property	Inferior to subject property
Building Age	Superior to subject property	Superior to subject property	Superior to subject property
Size	Superior to subject property	Superior to subject property	Superior to subject property
Floor level	Inferior to subject property	Inferior to subject property	Inferior to subject property
Status	Transaction	Transaction	Transaction

- (7) Key assumptions and parameters adopted are summarised as follows:

Market rent	RMB130/sq. m./month for Level 1
Capitalisation rate	4.5%

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2024
<p>4. 5 underground carpark units of Thumb Plaza of Xizhen Project at No. 70 Lane 599, Kezhiyuan Road and 76 underground carpark units of Jiujiantang Xiyuan of Xizhen Project at No. 110 Lane 299, Zhuhu Road, Qingpu District, Shanghai, the PRC.</p> <p>(中華人民共和國上海市青浦區課植園路599弄70號西鎮項目大拇指廣場的5個地下車位及珠湖路299弄110號西鎮項目九間堂西苑的76個地下車位)</p>	<p>Thumb Plaza of Xizhen Project is a commercial square. This Project is erected on a parcel of commercial land, with a total site area of 35,949 sq. m..</p> <p>Jiujiantang Xiyuan of Xizhen Project is a commercial residential community. This Project is erected on a parcel of residential land, with a total site area of 24,197 sq. m..</p> <p>The Property comprises 5 underground carpark units in Thumb Plaza of Xizhen Project, which were completed in 2013 with a total gross floor area of approximately 409.25 sq. m. and 76 underground carpark units in Jiujiantang Xiyuan of Xizhen Project, which was completed in 2012 with a total gross floor area of approximately 4,082.90 sq. m..</p> <p>The Property is located at Kezhiyuan Road (課植園路) and Zhuhu Road (珠湖路), Qingpu District, Shanghai, the PRC. Developments nearby are mainly residential and retail developments.</p>	<p>As at the Valuation Date, the carpark units were let on monthly basis.</p>	<p>RMB2,860,000* (RENMINBI TWO MILLION EIGHT HUNDRED SIXTY THOUSAND)</p> <p>(100% interest attributable to the Group: RMB2,860,000)</p> <p>* No commercial value for 5 underground carpark units of Thumb Plaza and 27 underground carpark units of Jiujiantang Xiyuan</p> <p>(See note 5)</p>

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2024
	According to the Company, the Property is for retail and residential use; there are neither environmental issues and litigation dispute; nor any plan to change the use of the Property.		
	The land use rights of the Property have been granted for land use terms of 40 years due to expire on 15 March 2046 for commercial use, and 70 years due to expire on 21 January 2078 for residential use.		

Notes:

- (1) According to Shanghai Certificate of Real Estate Ownership HFDQZ (2021) No. 006442 dated 19 February 2021, the land use rights of the Property have been partly vested in Shanghai Zendai Xizhen Real Estate Development Co., Ltd.* (上海証大西鎮置業發展有限公司), with a total site area of approximately 35,949.00 sq. m. for a land use term due to expire on 15 March 2046 for commercial use. The total gross floor area of the Project is 20,571.90 sq. m..

As advised by the Company, the 5 underground carpark units of Property are parts of Thumb Plaza of Xizhen Project as stipulated in the aforesaid Shanghai Certificate of Real Estate Ownership, the total gross floor area is 409.25 sq. m..

- (2) According to Shanghai Certificate of Real Estate Ownership HFDQZ (2014) No. 014356 dated 5 November 2014, the land use rights of the Property have been partly vested in Shanghai Zendai Xizhen Real Estate Development Co., Ltd.* (上海証大西鎮置業發展有限公司), with the total site area of approximately 24,197.00 sq. m. for a land use term due to expire on 21 January 2078 for residential use. The total gross floor area of the Project is 34,198.97 sq. m..

As advised by the Company, the 76 underground carpark units of Property are parts of Jiujiantang Xiyuan of Xizhen Project as stipulated in the aforesaid Shanghai Certificate of Real Estate Ownership, the total gross floor area is 4,082.90 sq. m..

- (3) According to Business Licence Unified Social Credit Code No. 91310118791420983T dated 5 December 2017, Shanghai Zendai Xizhen Real Estate Development Co., Ltd.* (上海証大西鎮置業發展有限公司) has been established as a limited company with a registered capital of RMB290,000,000 for a valid operation period from 13 July 2006 to 12 July 2026.

- (4) We have been provided with a legal opinion regarding the property interest by the Company's Legal Adviser, which contains, *inter alia*, the following information that has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:
- a) Zendai Xizhen (上海証大西鎮置業發展有限公司) has legally obtained the real estate ownership of the property with the gross floor area of 409.25 sq. m. in Thumb Plaza and 4,082.90 sq. m. in Jiujiangtang Xiyuan of Xizhen Project;
 - b) The carpark units in Thumb Plaza with the gross floor area of 409.25 sq. m. is nonsaleable. Zendai Xizhen (上海証大西鎮置業發展有限公司) has no rights to dispose of the property;
 - c) Given that portion of the car park units in Jiujiangtang Xiyuan are subject to seizure orders, Zendai Xizhen (上海証大西鎮置業發展有限公司) has limited rights to dispose of this portion of the property;
 - d) During the period of seizure, the Company has been occupying and operating the above-mentioned property. Unless there is violation of the relevant seizure regulations, such as impeding to execution or diminishing property value, Zendai Xizhen (上海証大西鎮置業發展有限公司) still has the rights to occupy and use the above-mentioned property;
 - e) Subject to the subsequent release of the court seizure, Zendai Xizhen (上海証大西鎮置業發展有限公司), as the legal owner of the Property, has the rights to dispose the above-mentioned property in the absence of any other mortgages, encumbrances, or restriction; and
 - f) Zendai Xizhen (上海証大西鎮置業發展有限公司) has the rights to occupy and use the portion of the car park units not subject to seizure orders, and shall dispose of the above-mentioned property in compliance with the domestic laws, regulations, provisions, and applicable agreements.
- (5) We have ascribed no commercial value to 5 underground carpark units of Thumb Plaza, with a total gross floor area of 409.25 sq. m., which is nonsaleable in Note(4)(b). We have ascribed no commercial value to 27 underground carpark units of Jiujiangtang Xiyuan of Xizhen Project, with a total gross floor area of 1,462.05 sq. m., which is subject to seizure and pending seizure in Note(4)(c). However, for the Group's management reference, we are specially instructed to separately assess the market value of the said portion in its existing state on the following assumptions:
- (a) the real estate title of the above-mentioned land is legally vested in Shanghai Zendai Xizhen Real Estate Development Co., Ltd.* (上海証大西鎮置業發展有限公司);
 - (b) all the land premium or purchase consideration has been fully settled; and
 - (c) the above-mentioned land is free from legal dispute and seizure order and can be freely disposed to other parties.

Subject to the above assumptions, the market value of the 5 underground carpark units in Thumb Plaza of Xizhen Project would be RMB250,000 (100% interest attributable to the Group: RMB250,000) and the market value of the 27 underground carpark units of Jiujiangtang Xiyuan of Xizhen Project would be RMB1,590,000 (100% interest attributable to the Group: RMB1,590,000) as at 31 May 2024.

(6) Lily Li (Master of Commerce with 2 years' experience of property valuation) of our Shanghai Office, inspected the Property on 11 June 2024.

(7) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company and the opinion of the Legal Adviser:

Shanghai Certificate of Real Estate Ownership	Yes
Business Licence	Yes

(8) In valuing the Property, we have adopted Market Comparison Method. Market Comparison Method provides an indication of value by comparing the asset with identical or similar assets for which price information is available. In our valuation, we have taken into account transactions within 11 months from the Valuation Date and existing price asking cases at the Valuation Date of carpark units for sale in Qingpu District of similar accessibility within radial distance of 5 kilometres from the Property. Adjustments were made to reflect difference in various aspects between the subject property and the comparables.

In our valuation, 3 carpark units comparables are adopted, which is exhaustive based on the selection criteria. The details are as follows:

Comparable	1	2	3
Property Address	An underground carpark of residential on Putai Road, Qingpu District	An underground carpark of residential on Dayingpu Road, Qingpu District	An underground carpark of residential on Dianshanhu Avenue, Qingpu District
Date	July 2023	May 2024	April 2024
Price (RMB/unit)	55,000	60,000	60,800
Adjustments			
Time	Similar to subject property	Similar to subject property	Similar to subject property
Location	Similar to subject property	Similar to subject property	Similar to subject property
Neighbourhood environment	Similar to subject property	Similar to subject property	Similar to subject property
Type	Superior to subject property	Superior to subject property	Superior to subject property
Usage	Superior to subject property	Superior to subject property	Superior to subject property
Status	Transaction	Transaction	Transaction

(9) Key assumptions and parameters adopted are summarised as follows:

Unit value for carpark units	RMB59,000/unit
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VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2024								
5. Qingdao Zendai Thumb Plaza and 826 underground carpark units at No. 880 Tong'an Road, Laoshan District, Qingdao, Shandong Province, the PRC. (中華人民共和國山東省青島市嶗山區同安路880號青島証大大拇指廣場及826個地下車位)	<p>Qingdao Zendai Thumb Plaza is a composite development which comprises a shopping mall with underground carpark units, erected on a parcel of land with a site area of approximately 38,092.30 sq. m..</p> <p>The Property incorporates a shopping mall with underground carpark units, was completed in 2012, with a total gross floor area of approximately 112,120.16 sq. m. As advised by the Company, the gross floor areas of the Property are as follows:</p> <table border="1"> <thead> <tr> <th>Portion</th> <th>Gross Floor Area (sq. m.)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>66,102.28</td> </tr> <tr> <td>Carpark</td> <td><u>46,017.88</u></td> </tr> <tr> <td>Total:</td> <td><u><u>112,120.16</u></u></td> </tr> </tbody> </table> <p>The Property is located at No. 880 Tong'an Road (同安路), Laoshan District, Qingdao, Shandong Province, the PRC. Developments nearby are mainly office and residential developments.</p> <p>According to the Company, the Property is used for shopping mall and underground carpark; there are neither environmental issues and litigation dispute; not any plan to change the use of the property.</p> <p>The land use rights of the Property have been granted for a land use term due to expire on 30 May 2045 for commercial use.</p>	Portion	Gross Floor Area (sq. m.)	Retail	66,102.28	Carpark	<u>46,017.88</u>	Total:	<u><u>112,120.16</u></u>	<p>As at the Valuation Date, portions of the retail portion of the Property, with the leasable area of approximately 21,437.82 sq. m., were subject to various tenancy agreements with the latest lease term due to expire in May 2032, at a total monthly rent of approximately RMB1,557,000, exclusive of VAT, whereas the remaining portion of the shopping mall portion was vacant.</p> <p>As at the Valuation Date, the carpark units were let on hourly or monthly basis.</p>	<p>No commercial value</p> <p>(See Note 4)</p>
Portion	Gross Floor Area (sq. m.)										
Retail	66,102.28										
Carpark	<u>46,017.88</u>										
Total:	<u><u>112,120.16</u></u>										

Notes:

- (1) According to Certificate of Real Estate Ownership No. 2015100569 dated 27 November 2015, the building ownership of the shopping mall portion of the Property comprising a total gross floor area of 66,102.28 sq. m. for commercial use and the land use rights of the Property with a total site area of 38,092.30 sq. m. for retail use have been vested in Qingdao Zendai Thumb Commercial Development Co., Ltd.* (青島証大大拇指商業發展有限公司) for a term due to expire on 30 May 2045.
- (2) According to Business Licence Unified Social Credit Code (統一社會信用代碼) No. 91370212773523962D dated 19 June 2014, Qingdao Zendai Thumb Commercial Development Co., Ltd.* (青島証大大拇指商業發展有限公司) was established with a registered of capital of USD24,000,000 for a valid operation period from 17 June 2005 to 17 June 2043.
- (3) We have been provided with a legal opinion regarding the property interest by the Company's Legal Adviser, which contains, *inter alia*, the following information that has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:
 - a) Qingdao Zendai Thumb Commercial Development Co., Ltd.* (青島証大大拇指商業發展有限公司) has legally obtained the real estate ownership of the Property with total area of about 66,102.28 sq. m.;
 - b) Given that the Property is subject to mortgage and seizure orders, Qingdao Zendai Thumb Commercial Development Co., Ltd.* (青島証大大拇指商業發展有限公司) has limited rights to dispose of the above-mentioned property;
 - c) During the period of seizure, the Company has been occupying and operating the above-mentioned property. Unless there is violation of the relevant seizure regulations, such as impeding to execution or diminishing property value, Qingdao Zendai Thumb Commercial Development Co., Ltd.* (青島証大大拇指商業發展有限公司) still has the rights to occupy and use the above-mentioned property;
 - d) Subject to the subsequent release of the court seizure and mortgage, Qingdao Zendai Thumb Commercial Development Co., Ltd.* (青島証大大拇指商業發展有限公司), as the legal owner of the Property, has the rights to dispose the Property in the absence of any other mortgages, encumbrances, or restriction; and
 - e) Qingdao Zendai Thumb Commercial Development Co., Ltd.* (青島証大大拇指商業發展有限公司) has not obtained a proper title for the carpark units with total area of about 46,017.88 sq. m., located at floor B3 of the Property, its right of use in the carparks is in defect.

(4) We have ascribed no commercial value to shopping mall portion of the Property, with a total gross floor area of 66,102.28 sq. m., which is subject to seizure and pending seizure in Note(3)(b). We have ascribed no commercial value to underground carpark portion of the Property, with a total gross floor area of 46,017.88 sq. m., which the said portion is yet to be granted with a property title certificate of building ownership rights. However, for the Group's management reference, we are specially instructed to separately assess the market value of the said portion in its existing state on the following assumptions:

- (a) the real estate title of the above-mentioned land is legally vested in Qingdao Zendai Thumb Commercial Development Co., Ltd.* (青島証大大拇指商業發展有限公司);
- (b) all the land premium or purchase consideration has been fully settled;
- (c) Assuming that the underground carpark has been granted with a proper title certificate of building ownership rights and it can be freely transferred as at the Valuation Date; and
- (d) the above-mentioned land is free from legal dispute and seizure order and can be freely disposed to other parties.

Subject to the above assumptions, the market value of the Property as at 31 May 2024 would be RMB754,600,000 (50% interest attributable to the Group: RMB377,300,000).

(5) Fan Zhang (Master of Business Administration with 4 years' experience of property valuation) of our Qingdao Office, inspected the Property on 7 June 2024.

(6) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company and the opinion of the Legal Adviser:

Real Estate Title Certificate	Yes
Survey Report	Yes
Business Licence	Yes

(7) In valuing the retail portion of Property, we have adopted Investment Method. We have taken into account referable existing leasing and asking rental price cases in the market at the Valuation Date of specialty retail units in Shibe District, Licang District and Shinan District closing to Laoshan District of similar accessibility within radial distance of 7 kilometres from the Property and size from 20 to 200 sq. m.. For the anchor portion, since there are no referable transacted rental price, we consider the asking rental price of the retail unit of similar accessibility within radial distance of 9 kilometres from the Property and size from 700 to 1,700 sq. m.. Adjustments were made to reflect difference in various aspects between the subject property and the comparables to arrive at the adopted unit rent of Level 1 of the Property. Adopted unit rent of upper floors of the Property is calculated based on the adopted unit rent of Level 1 with adjustments on floor level.

In valuing the carpark portion of Property, we have adopted Market Comparison Method. Market Comparison Method provides an indication of value by comparing the asset with identical or similar assets for which price information is available. In our valuation, we have taken into account transactions within 1 months from the Valuation Date and existing price asking cases at the Valuation Date of carpark units for sale in Shibe District and Licang District closing to Laoshan District. Since there are no referable transacted price, we consider the asking carpark price of similar accessibility within radial distance of 8 kilometres from the Property. Adjustments were made to reflect difference in various aspects between the subject property and the comparables.

In our valuation, rental comparables are adopted for retail speciality units and anchor units, and 3 sale comparables are adopted for carpark units, which is exhaustive based on the selection criteria. The details are as follows:

Specialty Comparable	1	2	3
Property Address	A eight-storey retail unit on Yanji Road, Shibe District	A three-storey retail unit on Nanjing Road, Shibe District	A six-storey retail unit on Jufeng Road, Licang District
Floor	Level 1	Level 1	Level 1
Date	May 2024	May 2024	May 2024
Approximate gross floor area (<i>sq. m.</i>)	113	163	27
Rental level (<i>RMB/sq. m./month</i>)	235	228	225
Adjustments			
Time	Similar to subject property	Similar to subject property	Similar to subject property
Location	Superior to subject property	Superior to subject property	Similar to subject property
Accessibility	Superior to subject property	Superior to subject property	Superior to subject property
Neighbourhood environment	Superior to subject property	Superior to subject property	Similar to subject property
Size	Similar to subject property	Similar to subject property	Similar to subject property
Building age	Similar to subject property	Similar to subject property	Similar to subject property
Floor level	Similar to subject property	Similar to subject property	Similar to subject property
Status	Transaction	Transaction	Transaction

Anchor Comparable	1	2	3
Property Address	A one-storey retail unit on Heilongjiang South Road, Shibe District	A one-storey retail unit on Hexing Road, Shibe District	A one-storey retail unit on Hong Kong West Road, Shinan District
Floor	Level 1	Level 1	Level 1
Date	May 2024	May 2024	May 2024
Approximate gross floor area (<i>sq. m.</i>)	1,000	700	1,666
Rental level (<i>RMB/sq. m./month</i>)	136	136	143
Adjustments			
Time	Similar to subject property	Similar to subject property	Similar to subject property
Location	Similar to subject property	Similar to subject property	Similar to subject property
Management	Inferior to subject property	Inferior to subject property	Inferior to subject property
Decoration standard	Similar to subject property	Similar to subject property	Inferior to subject property
Size	Similar to subject property	Superior to subject property	Similar to subject property
Floor level	Similar to subject property	Similar to subject property	Similar to subject property
Status	Asking	Asking	Asking

Carpark Comparable	1	2	3
Property Address	An underground carpark of apartment on Bengbu Road, Shibe District	An underground carpark of residential on Shuyuan Road, Licang District	An underground carpark of residential on Xinglong Road, Licang District
Date	May 2024	May 2024	May 2024
Price (RMB/unit)	119,000	130,000	115,800
Adjustments			
Time	Similar to subject property	Similar to subject property	Similar to subject property
Location	Similar to subject property	Similar to subject property	Similar to subject property
Scarcity	Similar to subject property	Superior to subject property	Similar to subject property
Building age	Superior to subject property	Superior to subject property	Superior to subject property
Bound discount	Superior to subject property	Superior to subject property	Superior to subject property
Status	Asking	Asking	Asking

(8) Key assumptions and parameters adopted are summarised as follows:

Unit value for carpark units	RMB91,000/unit
Market rent for specialty	RMB192/sq. m./month for Level 1
Market rent for anchor	RMB137/sq. m./month for Level 1
Capitalisation rate for specialty	7.0%
Capitalisation rate for anchor	6.0%

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2024
<p>6. 216 retail units of Yangzhou Project, Nos. 118-119 Guoqing Road, Guangling District, Yangzhou, Jiangsu Province, the PRC (中華人民共和國江蘇省揚州市廣陵區國慶路118-119號揚州項目的216個商業單元部分)</p>	<p>Yangzhou Project is a composite development which comprises retail units and apartments. This Project is erected on a parcel of commercial land, with a total site area of 15,284.36 sq. m..</p> <p>The Property comprises 216 retail units of Yangzhou Project, which was completed in 2009 with a total gross floor area of approximately 17,432.79 sq. m..</p>	<p>As at the Valuation Date, portions of the Property, with the leasable area of approximately 12,859.62 sq. m., were subject to various tenancy agreements with the latest expiry date on 9 November 2028, at a total monthly rent of approximately RMB577,000 exclusive of VAT, whereas the remaining portions of the Property were vacant.</p>	<p>RMB201,000,000 (RENMINBI TWO HUNDRED ONE MILLION) (80% interest attributable to the Group: RMB160,800,000)</p>
	<p>The Property is located at Guoqing Road (國慶路), Guangling District, Yangzhou, Jiangsu Province, the PRC. Developments nearby are mainly residential and retail developments.</p>		
	<p>According to the Company, the Property is for commercial use; there are neither environmental issues and litigation dispute; 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 terms due to expire on 13 January 2045 for commercial use.</p>		

Notes:

- (1) According to Certificates of State-owned Land Use Rights issued by Yangzhou Municipal Government on 19 June 2012, the land use rights of the Property have been vested in Yangzhou Zendai Commercial Traveling Development Co., Ltd.* (揚州証大商旅發展有限公司), with a total site area of approximately 15,284.36 sq. m. for land use terms due to expire on 13 January 2045 for commercial use.
- (2) According to 12 Building Ownership Certificates, the building ownership of the Property has been vested in Yangzhou Zendai Commercial Traveling Development Co., Ltd.* (揚州証大商旅發展有限公司), with a total gross floor area of approximately 17,432.79 sq. m..
- (3) According to Business Licence Unified Social Credit Code No. 913210007665430416 dated 19 April 2016, Yangzhou Zendai Commercial Traveling Development Co., Ltd.* (揚州証大商旅發展有限公司) has been established as a limited company with a registered capital of RMB30,000,000 for a valid operation period from 18 October 2004 to 18 October 2024.
- (4) According to the information provided by the Group, various retail units have been committed to be sold for a consideration of approximately RMB11,000,000. In the course of our valuation, we have included such committed portions and taken into account such consideration in our valuation.
- (5) We have been provided with a legal opinion regarding the property interest by the Company's Legal Adviser, which contains, *inter alia*, the following information that has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:
- a) Yangzhou Zendai Commercial Traveling Development Co., Ltd.* (揚州証大商旅發展有限公司) has legally obtained the real estate ownership of the Property with total area of about 17,432.79 sq. m.; and
- b) Yangzhou Zendai Commercial Traveling Development Co., Ltd.* (揚州証大商旅發展有限公司) has the rights to occupy, use, benefit from and dispose of the property during the remaining land use term.
- (6) Lily Lei (CIREA, 7 years of experience in property valuation) of our Shanghai Office, inspected the Property on 19 June 2024.
- (7) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company and the opinion of the Legal Adviser:

Certificate of State-owned Land Use Rights	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

- (8) In valuing the Property, we have adopted Market Comparison Method. Market Comparison Method provides an indication of value by comparing the asset with identical or similar assets for which price information is available. In our valuation, we have taken into account transactions within 1 months from the Valuation Date and existing price asking cases at the Valuation Date of retail units for sale in Guangling District. Since there are no referable transaction price, we consider the asking price of the retail unit of similar accessibility within radial distance of 3 kilometres from the Property and size from 30 to 210 sq. m.. Adjustments were made to reflect difference in various aspects between the subject property and the comparables to arrive at the adopted unit rates of Level 1 of the Property. Adopted unit rates of upper floors of the Property is calculated based on the adopted unit rates of Level 1 with adjustments on floor level.

In valuing the Property, we have also adopted Investment Method. We have taken into account referable existing leasing and asking rental price cases in the market at the Valuation Date of retail units in Guangling District of similar accessibility within radial distance of 7 kilometres from the Property and size from 100 to 350 sq. m.. Adjustments were made to reflect difference in various aspects between the subject property and the comparables to arrive at the adopted unit rent of Level 1 of the Property. Adopted unit rent of upper floors of the Property is calculated based on the adopted unit rent of Level 1 with adjustments on floor level.

In our valuation, 3 sale comparables and 3 rental comparables are adopted, which is exhaustive based on the selection criteria. The details are as follows:

Sale Comparable	1	2	3
Property Address	One-level shop in Qujiang Park region, Guangling District	One-level shop in Yuxian Road, Guangling District	One-level shop in Jiefang South Road, Guangling District
Floor	Level 1	Level 1	Level 1
Date	May 2024	May 2024	May 2024
Approximate gross floor area (<i>sq. m.</i>)	40	33	208
Unit Rate (<i>RMB/sq. m.</i>)	14,700	18,121	16,010
Adjustments			
Time	Similar to subject property	Similar to subject property	Similar to subject property
Location	Inferior to subject property	Similar to subject property	Inferior to subject property
Size	Superior to subject property	Superior to subject property	Superior to subject property
Floor level	Similar to subject property	Similar to subject property	Similar to subject property
Frontage	Inferior to subject property	Inferior to subject property	Inferior to subject property
Status	Asking	Asking	Asking

Rental Comparable	1	2	3
Property Address	A five-storey shopping mall on Hanjiang Mid Road, Hanjiang District	A five-storey shopping mall on Runshu Road, Hanjiang District	A five-storey shopping mall on Zhuxi Road, Hanjiang District
Floor	Level 1	Level 1	Level 1
Date	May 2024	May 2024	May 2024
Approximate gross floor area (sq. m.)	336	226	118
Rental level (RMB/sq. m./month)	93	94	100
Adjustments			
Time	Similar to subject property	Similar to subject property	Similar to subject property
Location	Inferior to subject property	Inferior to subject property	Inferior to subject property
Accessibility	Similar to subject property	Similar to subject property	Similar to subject property
Neighborhood environment	Similar to subject property	Similar to subject property	Similar to subject property
Building age	Superior to subject property	Superior to subject property	Superior to subject property
Floor level	Similar to subject property	Similar to subject property	Similar to subject property
Frontage	Inferior to subject property	Inferior to subject property	Inferior to subject property
Efficiency rate	Inferior to subject property	Inferior to subject property	Inferior to subject property
Building facilities	Superior to subject property	Superior to subject property	Superior to subject property
Status	Transaction	Transaction	Transaction

(9) Key assumptions and parameters adopted are summarised as follows:

Unit value	RMB14,700/sq. m. for Level 1
Market rent	RMB104/sq. m./month for Level 1
Capitalisation rate	5.5%

VALUATION REPORT

Group II – Properties held by the Group for sale in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2024
7. 115 carpark units of Zendai Cube Tower, Nos. 56-62 Changliu Road, Pudong New Area, Shanghai, the PRC. (中華人民共和國上海市浦東新區長柳路56-62號証大立方大廈地下115個車位)	<p>Zendai Cube Tower is a composite development which comprises retail units and offices. This Project is erected on a parcel of land with a total site area of 5,492.00 sq. m..</p> <p>The Property comprises 115 carpark units in Zendai Cube Tower, which was completed in 2007 with a total gross floor area of approximately 5,549.90 sq. m..</p> <p>The Property is located at Changliu Road (長柳路), Pudong New Area, Shanghai, the PRC. Developments nearby are mainly retail, office and residential developments.</p> <p>According to the Company, the Property is for carpark use; there are neither environmental issues and litigation dispute; nor any plan to change the use of the Property.</p> <p>The land use rights of the Property have been granted for a land use term due to expire on 23 October 2051 for commercial and office use.</p>	As at the Valuation Date, the underground carpark units were completed for sale.	<p>RMB20,700,000 (RENMINBI TWENTY MILLION SEVEN HUNDRED THOUSAND)</p> <p>(100% interest attributable to the Group: RMB20,700,000)</p>

Notes:

- (1) According to Shanghai Certificate of Real Estate Ownership HFDPZ (2019) No. 050817 dated 23 May 2019, the land use rights of the Property have been vested in Shanghai Zendai Real Estate Co., Ltd.* (上海証大置業有限公司), with the total site area of approximately 5,492.00 sq. m. for a land use term due to expire on 23 October 2051 for commercial and office use. The total gross floor of the Property is 5,549.90 sq. m..
- (2) According to Business Licence Unified Social Credit Code No. 91310115631508273U dated 30 October 2015, Shanghai Zendai Real Estate Co., Ltd.* (上海証大置業有限公司) has been established as a limited company with a registered capital of RMB820,000,000 for a valid operation period from 31 August 1999 to 30 August 2049.
- (3) We have been provided with a legal opinion regarding the property interest by the Company's Legal Adviser, which contains, *inter alia*, the following information that has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:
- a) Shanghai Zendai Real Estate Co., Ltd.* (上海証大置業有限公司) has legally obtained the real estate ownership of the property with total area of about 5,549.90 sq. m.; and
- b) Shanghai Zendai Real Estate Co., Ltd.* (上海証大置業有限公司) has the rights to occupy and use the above-mentioned property, and shall dispose of the property in compliance with the domestic laws, regulations, provisions, and applicable agreements.
- (4) Lily Li (Master of Commerce with 2 years' experience of property valuation) of our Shanghai Office, inspected the Property on 6 June 2024.
- (5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company and the opinion of the Legal Adviser:

Shanghai Certificate of Real Estate Ownership	Yes
Business Licence	Yes

- (6) In valuing the Property, we have adopted Market Comparison Method. Market Comparison Method provides an indication of value by comparing the asset with identical or similar assets for which price information is available. In our valuation, we have taken into account transactions within 4 months from the Valuation Date and existing price asking cases at the Valuation Date of carpark units for sale in Pudong New Area of similar accessibility within radial distance of 5 kilometres from the Property. Adjustments were made to reflect difference in various aspects between the subject property and the comparables.

In our valuation, 3 comparables mentioned in Property No. 2 are adopted, which is exhaustive based on the selection criteria.

- (7) Key assumptions and parameters adopted are summarised as follows:

Unit value	RMB180,000 unit
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VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2024
<p>8. 190 carpark units of Zendai Wu Dao Kou Financial Center, No. 1-3 Lane 1199, Minsheng Road, Pudong New Area, Shanghai, the PRC. (中華人民共和國上海市浦東新區民生路1199弄1-3號証大五道口金融中心地下190個車位)</p>	<p>Zendai Wu Dao Kou Financial Center is a composite development which comprises retail units and offices. This Project is erected on a parcel of land with a total site area of 16,000.00 sq. m..</p> <p>The Property comprises 190 carpark units in Zendai Wu Dao Kou Financial Center, which was completed in 2007 with a total gross floor area of approximately 8,542.40 sq. m..</p> <p>The Property is located at Minsheng Road (民生路), Pudong New Area, Shanghai, the PRC. Developments nearby are mainly retail, office and residential developments.</p> <p>According to the Company, the Property is for carpark use; there are neither environmental issues and litigation dispute; nor any plan to change the use of the Property.</p> <p>The land use rights of the Property have been granted for a land use term due to expire on 23 December 2054 for commercial and office uses.</p>	<p>As at the Valuation Date, the underground carpark units were completed for sale.</p>	<p>RMB34,200,000 (RENMINBI THIRTY-FOUR MILLION TWO HUNDRED THOUSAND) (100% interest attributable to the Group: RMB34,200,000)</p>

Notes:

- (1) According to Shanghai Certificate of Real Estate Ownership HFDPZ (2009) No. 002862 dated 19 January 2009, the land use rights of the Property have been vested in Shanghai Zendai Wudaokou Real Estate Co., Ltd.* (上海証大五道口房地產開發有限公司), with the total site area of approximately 16,000.00 sq. m. for a land use term due to expire on 23 December 2054 for commercial and office uses. The total gross floor area of the Project is 106,494.86 sq. m..

As advised by the Company, the Property is part of Zendai Wu Dao Kou Financial Center as stipulated in the aforesaid Shanghai Certificate of Real Estate Ownership. The total gross floor area of the Property is 8,542.40 sq. m..

- (2) According to Business Licence Unified Social Credit Code No. 913101157622207552 dated 11 April 2023, Shanghai Zendai Wudaokou Real Estate Co., Ltd.* (上海証大五道口房地產開發有限公司) has been established as a limited company with a registered capital of RMB240,000,000 for a valid operation period from 30 April 2004.

- (3) We have been provided with a legal opinion regarding the property interest by the Company's Legal Adviser, which contains, *inter alia*, the following information that has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:

a) Shanghai Zendai Wudaokou Real Estate Co., Ltd.* (上海証大五道口房地產開發有限公司) has legally obtained the real estate ownership of the Property with total area of about 8,542.40 sq. m.; and

b) Shanghai Zendai Wudaokou Real Estate Co., Ltd.* (上海証大五道口房地產開發有限公司) has the rights to occupy and use the above-mentioned property, and shall dispose of the Property in compliance with the domestic laws, regulations, provisions, and applicable agreements.

- (4) Lily Li (Master of Commerce with 2 years' experience of property valuation) of our Shanghai Office, inspected the Property on 6 June 2024.

- (5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company and the opinion of the Legal Adviser:

Shanghai Certificate of Real Estate Ownership	Yes
Business Licence	Yes

- (6) In valuing the Property, we have adopted Market Comparison Method. Market Comparison Method provides an indication of value by comparing the asset with identical or similar assets for which price information is available. In our valuation, we have taken into account transactions within 4 months from the Valuation Date and existing price asking cases at the Valuation Date of carpark units for sale in Pudong New Area of similar accessibility within radial distance of 5 kilometres from the Property. Adjustments were made to reflect difference in various aspects between the subject property and the comparables.

In our valuation, 3 comparables mentioned in Property No. 2 are adopted, which is exhaustive based on the selection criteria.

- (7) Key assumptions and parameters adopted are summarised as follows:

Unit value	RMB180,000 unit
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VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2024
<p>9. 50 carpark units of Zendai Quantland, Lane 1500, Zhangyang Road, Pudong New Area, Shanghai, the PRC. (中華人民共和國上海市浦東新區張楊路1500弄証大寬域地下50個車位)</p>	<p>Zendai Quantland is a composite development which comprises retail units, offices, and apartments, etc. This Project is erected on a parcel of land with a total site area of 12,789.00 sq. m..</p>	<p>As at the Valuation Date, the underground carpark units were completed for sale.</p>	<p>RMB9,000,000 (RENMINBI NINE MILLION) (100% interest attributable to the Group: RMB9,000,000)</p>
	<p>The Property comprises 50 carpark units in Zendai Quantland, which was completed in 2009 with a total gross floor area of approximately 1,923.55 sq. m..</p>		
	<p>The Property is located at Zhangyang Road (張楊路), Pudong New Area, Shanghai, the PRC. Developments nearby are mainly residential and school developments.</p>		
	<p>According to the Company, the Property is for carpark use; there are neither environmental issues and litigation dispute; 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 terms due to expire on 15 September 2045 for commercial use, 15 September 2055 for office use and 15 October 2075 for residential use.</p>		

Notes:

- (1) According to Shanghai Certificate of Real Estate Ownership HFDPZ (2024) No. 032614 dated 16 April 2024, the land use rights of the Property have been vested in Shanghai Gaoshengying Business Co., Ltd.* (上海高晟盈商業有限公司), with the total site area of approximately 12,789.00 sq. m. for land use terms due to expire on 15 September 2045 for commercial use, 15 September 2055 for office use and 15 October 2075 for residential use. The total gross floor area of the Property is 1,923.55 sq. m..
- (2) According to Business Licence Unified Social Credit Code No. 91310115744903691L renewed on 11 July 2023, Shanghai Gaoshengying Business Co., Ltd.* (上海高晟盈商業有限公司) has been established as a limited company with a registered capital of RMB600,000,000 for a valid operation period from 12 November 2002.
- (3) According to the information provided by the Group, 1 carpark unit has been committed to be sold for a consideration of approximately RMB220,000. In the course of our valuation, we have included such committed portion and taken into account such consideration in our valuation. As advised by the Company, the title of the above-mentioned committed portion is being transferred to the purchaser as at the Valuation Date.
- (4) We have been provided with a legal opinion regarding the property interest by the Company's Legal Adviser, which contains, *inter alia*, the following information that has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:
- a) Shanghai Gaoshengying Business Co., Ltd.* (上海高晟盈商業有限公司) has legally obtained the real estate ownership of the Property except for the above-mentioned committed portion; and
- b) Shanghai Gaoshengying Business Co., Ltd.* (上海高晟盈商業有限公司) has the rights to occupy and use the above-mentioned property, and shall dispose of the property in compliance with the domestic laws, regulations, provisions, and applicable agreements.
- (5) Lily Li (Master of Commerce with 2 years' experience of property valuation) of our Shanghai Office, inspected the Property on 6 June 2024.
- (6) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company and the opinion of the Legal Adviser:

Shanghai Certificate of Real Estate Ownership	Yes
Business Licence	Yes

- (7) In valuing the Property, we have adopted Market Comparison Method. Market Comparison Method provides an indication of value by comparing the asset with identical or similar assets for which price information is available. In our valuation, we have taken into account transactions within 4 months from the Valuation Date and existing price asking cases at the Valuation Date of carpark units for sale in Pudong New Area of similar accessibility with radial distance of 5 kilometres from the Property. Adjustments were made to reflect difference in various aspects between the subject property and the comparables.

In our valuation, 3 comparables mentioned in Property No. 2 are adopted, which is exhaustive based on the selection criteria.

- (8) Key assumptions and parameters adopted are summarised as follows:

Unit value	RMB180,000 unit
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VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2024
<p>10. Unit 103, No. 56 Lane 599, Kezhiyuan Road of Xizhen Project, Qingpu District, Shanghai, the PRC. (中華人民共和國上海市青浦區課植園路599弄56號西鎮項目103室商業單元)</p>	<p>Xizhen Project is a commercial square. This Project is erected on a parcel of commercial land, with a total site area of 35,949 sq. m..</p> <p>The Property comprises a retail unit in Xizhen Project, which was completed in 2013 with a gross floor area of approximately 123.31 sq. m..</p> <p>The Property is located at Kezhiyuan Road (課植園路), Qingpu District, Shanghai, the PRC. Developments nearby are mainly residential and retail developments.</p> <p>According to the Company, the Property is for commercial use; there are neither environmental issues and litigation dispute; nor any plan to change the use of the Property.</p> <p>The land use rights of the Property have been granted for a land use term due to expire on 15 March 2046 for commercial use.</p>	<p>As at the Valuation Date, the Property was vacant.</p>	<p>No commercial value (See Note 4)</p>

Notes:

- (1) According to Shanghai Certificate of Real Estate Ownership HFDQZ (2021) No. 006441 dated 19 February 2021, the land use rights of the Property have been partly vested in Shanghai Zendai Xizhen Real Estate Development Co., Ltd.* (上海証大西鎮置業發展有限公司), with the total site area of approximately 35,949.00 sq. m. for a land use term due to expire on 15 March 2046 for commercial use. The total gross floor area of the Project is 20,571.90 sq. m..

As advised by the Company, the Property is a part of Xizhen Project as stipulated in the aforesaid Shanghai Certificate of Real Estate Ownership, the total gross floor area of the Property is 123.31 sq. m..

- (2) According to Business Licence Unified Social Credit Code No. 91310118791420983T dated 5 December 2017, Shanghai Zendai Xizhen Real Estate Development Co., Ltd.* (上海証大西鎮置業發展有限公司) has been established as a limited company with a registered capital of RMB290,000,000 for a valid operation period from 13 July 2006 to 12 July 2026.

- (3) We have been provided with a legal opinion regarding the property interest by the Company's Legal Adviser, which contains, *inter alia*, the following information that has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:

- a) Shanghai Zendai Xizhen Real Estate Development Co., Ltd.* (上海証大西鎮置業發展有限公司) has legally obtained the real estate ownership of the Property with total area of about 123.31 sq.m;
- b) Given that the Property is subject to seizure orders, Shanghai Zendai Xizhen Real Estate Development Co., Ltd.* (上海証大西鎮置業發展有限公司) has limited rights to dispose of the above-mentioned property;
- c) During the period of seizure, the Company has been occupying and operating the above-mentioned property. Unless there is violation of the relevant seizure regulations, such as impeding to execution or diminishing property value, Shanghai Zendai Xizhen Real Estate Development Co., Ltd.* (上海証大西鎮置業發展有限公司) still has the rights to occupy and use the above-mentioned property; and
- d) Subject to the subsequent release of the court seizure and mortgage, Shanghai Zendai Xizhen Real Estate Development Co., Ltd.* (上海証大西鎮置業發展有限公司), as the legal owner of the Property, has the rights to dispose the property in the absence of any other mortgages, encumbrances, or restriction.

(4) We have ascribed no commercial value to the Property, with a gross floor area of 123.31 sq. m., which is subject to seizure and pending seizure in Note(3)(b). However, for the Group's management reference, we are specially instructed to separately assess the market value of the said portion in its existing state on the following assumptions:

- (a) the real estate title of the above-mentioned land is legally vested in Shanghai Zendai Xizhen Real Estate Development Co., Ltd.* (上海証大西鎮置業發展有限公司);
- (b) all the land premium or purchase consideration has been fully settled; and
- (c) the above-mentioned land is free from legal dispute and seizure order and can be freely disposed to other parties.

Subject to the above assumptions, the market value of the Property as at 31 May 2024 would be RMB2,600,000 (100% interest attributable to the Group: RMB2,600,000).

(5) Lily Li (Master of Commerce with 2 years' experience of property valuation) of our Shanghai Office, inspected the Property on 11 June 2024.

(6) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company and the opinion of the Legal Adviser:

Shanghai Certificate of Real Estate Ownership	Yes
Business Licence	Yes

(7) In valuing the Property, we have adopted Market Comparison Method. Market Comparison Method provides an indication of value by comparing the asset with identical or similar assets for which price information is available. In our valuation, we have taken into account transactions within 12 months from the Valuation Date and existing price asking cases at the Valuation Date of retail units for sale in Qingpu District of similar accessibility within radial distance of 8 kilometres from the Property and size from 50 to 130 sq. m.. Adjustments were made to reflect difference in various aspects between the subject property and the comparables to arrive at the adopted unit rates of Level 1 of the Property. Adopted unit rates of upper floors of the Property is calculated based on the adopted unit rates of Level 1 with adjustments on floor level.

In our valuation, 3 comparables are adopted, which is exhaustive based on the selection criteria. The details are as follows:

Comparable	1	2	3
Property Address	A retail unit of residential community on Xinhai Road, Qingpu District	A retail unit of residential community on Kangyuan Road, Qingpu District	A retail unit of residential community on Zhuhu Road, Qingpu District
Floor	Level 1	Level 2	Level 1
Date	March 2024	March 2024	May 2023
Approximate gross floor area (<i>sq. m.</i>)	118	96	58
Unit rate (<i>RMB/sq. m.</i>)	20,014	12,479	21,082
Adjustments			
Time	Similar to subject property	Similar to subject property	Similar to subject property
Location	Superior to subject property	Similar to subject property	Similar to subject property
Neighbourhood environment	Inferior to subject property	Inferior to subject property	Similar to subject property
Building facilities	Inferior to subject property	Inferior to subject property	Similar to subject property
Building age	Similar to subject property	Superior to subject property	Superior to subject property
Size	Similar to subject property	Similar to subject property	Superior to subject property
Floor level	Similar to subject property	Inferior to subject property	Similar to subject property
Status	Transaction	Transaction	Transaction

(8) Key assumptions and parameters adopted are summarised as follows:

Unit value RMB21,000/sq. m.

VALUATION REPORT

Group III – Properties held by the Group for operation in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2024
11. Grand Mercure Shanghai Century Park, Nos. 1199, 1201 and 1203 Yingchun Road, and 51 underground carpark units, Pudong New Area, Shanghai, the PRC. (中華人民共和國上海市浦東新區迎春路1199、1201、1203號上海世紀公園美爵酒店及51個地下車位)	<p>Grand Mercure Shanghai Century Park is an 18-storey hotel with a 5-storey ancillary building in Zendai Thumb Plaza. This Project is erected on a parcel of commercial land, with a total site area of 50,270 sq. m..</p> <p>The Property comprises 51 underground carpark units and 377 guest rooms, of which 326 guest rooms are operated under the brand name of “Grand Mercure”, 45 guest rooms are rented for commercial use, while the remaining 6 rooms are used for dormitories and supporting purposes. The Property was completed in 2005 with a total aboveground gross floor area of approximately 31,529.88 sq. m..</p> <p>The Property is located at Yingchun Road (迎春路), Pudong New Area, Shanghai, the PRC. Developments nearby are mainly residential and retail developments.</p>	<p>As at the Valuation Date, portions of the Property were operated as a hotel, whereas a total gross floor area of approximately 2,552 sq. m. on Levels 3, 4 and 5 of the ancillary building of the Property were subject to a tenancy agreement due to expire in 2025 at a total monthly rent of approximately RMB483,000 exclusive of VAT.</p> <p>As at the Valuation Date, the underground carpark units were operated as supporting.</p>	<p>RMB566,300,000 (RENMINBI FIVE HUNDRED SIXTY SIX MILLION THREE HUNDRED THOUSAND)</p> <p>(100% interest attributable to the Group: RMB566,300,000)</p>

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2024
	According to the Company, the Property is for commercial use; there are neither environmental issues and litigation dispute; nor any plan to change the use of the Property.		
	The land use rights of the Property have been granted for land use terms due to expire on 24 October 2041 for commercial use and 24 October 2051 for office use.		

Notes:

- (1) According to Shanghai Certificate of Real Estate Ownership HFDPZ (2006) No. 046089 dated 20 June 2006, the land use rights of the Property have been vested in Shanghai Zendai Commercial Traveling and Investment Development Co., Ltd.* (上海証大商業旅遊投資發展有限公司), with the total site area of approximately 50,270.00 sq. m. for land use terms due to expire on 24 October 2041 for commercial use and 24 October 2051 for office use. The total gross floor of the Project is 112,607.39 sq. m..

As advised by the Company, the Property is part of Zendai Thumb Plaza as stipulated in the aforesaid Shanghai Certificate of Real Estate Ownership, the total gross floor area is 31,529.88 sq. m..

- (2) According to Business Licence Unified Social Credit Code No. 91310115744903691L dated 20 February 2023, Shanghai Zendai Commercial Traveling and Investment Development Co., Ltd.* (上海証大商業旅遊投資發展有限公司) has been established as a limited company with a registered capital of RMB600,000,000 for a valid operation period from 12 November 2002.

As advised by the Company, the name of Shanghai Zendai Commercial Traveling and Investment Development Co., Ltd.* (上海証大商業旅遊投資發展有限公司) has been changed to Shanghai Gaoshengying Business Co., Ltd.* (上海高晟盈商業有限公司) on 11 July 2023.

According to Business Licence Unified Social Credit Code No. 91310115744903691L renewed on 11 July 2023, Shanghai Gaoshengying Business Co., Ltd.* (上海高晟盈商業有限公司) has been established as a limited company with a registered capital of RMB600,000,000 for a valid operation period from 12 November 2002.

- (3) We have been provided with a legal opinion regarding the property interest by the Company's Legal Adviser, which contains, *inter alia*, the following information that has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:
- a) Shanghai Zendai Commercial Traveling and Investment Development Co., Ltd.* (上海証大商業旅遊投資發展有限公司) has legally obtained the real estate ownership of the property with total area of about 31,529.88 sq. m.;
 - b) Despite that the Property is subject to mortgage, Shanghai Zendai Commercial Traveling and Investment Development Co., Ltd.* (上海証大商業旅遊投資發展有限公司) still has rights to occupy and use the above-mentioned property;
 - c) Subject to the release or deregistration of mortgage, Shanghai Zendai Commercial Traveling and Investment Development Co., Ltd.* (上海証大商業旅遊投資發展有限公司), as the legal owner of the Property, has the rights to dispose the Property in the absence of any other mortgages, encumbrances, or restrictions; and
 - d) Apart from the above-mentioned mortgage disclosed, as at the reference date, the property is free from other seizure orders, mortgage and any other form of registered encumbrances.
- (4) Lily Li (Master of Commerce with 2 years' experience of property valuation) of our Shanghai Office, inspected the Property on 6 June 2024.
- (5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company and the opinion of the Legal Adviser:

Shanghai Certificate of Real Estate Ownership	Yes
Business Licence	Yes

- (6) In valuing the hotel portion of Property, we have adopted Market Comparison Method. Market Comparison Method provides an indication of value by comparing the asset with identical or similar assets for which price information is available. In our valuation, we have taken into account hotel transaction cases of similar brand awareness in Shanghai within 5 months from the Valuation Date located in districts comparable to Pudong New Area such as Yangpu District and Xuhui District, and aged from 5 to 15 years. Adjustments were made to reflect difference in various aspects between the subject property and the comparables.

In valuing the retail portion of Property, we have adopted Investment Method. We have taken into account referable existing leasing and asking rental price cases in the market at the Valuation Date of retail units in Pudong New Area, of similar accessibility within radial distance of 3 kilometres from the Property and size from 1,000 to 7,500 sq. m.. Adjustments were made to reflect difference in various aspects between the subject property and the comparables to arrive at the average rental price adopted unit rent of the Property.

In our valuation, 2 comparables are adopted for hotel portion and 3 rental comparable are adopted for retail leasing portion, which is exhaustive based on the selection criteria. The details are as follows:

Hotel Comparable	1	2
Property Address	A hotel on Huangxing Road, Yangpu District	A hotel on Tianlin Road, Xuhui District
Date	January 2024	January 2024
Price (RMB)	360,000,000	604,000,000
Unit rate (RMB/Room)	1,216,216	1,588,550
Adjustments		
Time	Similar to subject property	Similar to subject property
Location	Inferior to subject property	Inferior to subject property
Neighbourhood environment	Similar to subject property	Similar to subject property
Building age	Inferior to subject property	Inferior to subject property
Status	Transaction	Transaction

Retail Comparable	1	2	3
Property Address	A five-storey retail unit on Huamu Road, Pudong New Area	A three-storey retail unit on Jinkang Road, Pudong New Area	A five-storey retail unit on Yuanshen Road, Pudong New Area
Floor	Levels 1 to 5	Levels 1 to 3	Levels 1 to 5
Date	May 2024	May 2024	May 2024
Approximate gross floor area (<i>sq. m.</i>)	7,077	1,500	6,820
Rental level (<i>RMB/sq. m./month</i>)	150	167	190
Adjustments			
Time	Similar to subject property	Similar to subject property	Similar to subject property
Location	Similar to subject property	Similar to subject property	Superior to subject property
Accessibility	Similar to subject property	Similar to subject property	Similar to subject property
Neighbourhood environment	Similar to subject property	Similar to subject property	Similar to subject property
Size	Inferior to subject property	Similar to subject property	Inferior to subject property
Floor level	Superior to subject property	Superior to subject property	Superior to subject property
Status	Asking	Asking	Asking

(7) Key assumptions and parameters adopted are summarised as follows:

Unit value for hotel (including carpark units as part of the hotel's supporting amenities)	RMB1,500,000/room
Market rent for retail	RMB185/sq. m./month
Capitalisation rate for retail	5.5%

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2024
12. Himalayas Qingdao Hotel, No. 880 Tong'an Road, Laoshan District, Qingdao, Shandong Province, the PRC. (中華人民共和國山東省青島市嶗山區同安路880號青島証大喜瑪拉雅酒店)	Qingdao Zendai Thumb Plaza is a composite development which comprises a shopping mall with underground carpark units, and a hotel, erected on a parcel of land with a site area of approximately 38,092.30 sq. m.. The Property comprises the hotel of the Qingdao Zendai Thumb Plaza with 208 rooms completed in 2014 with a total gross floor area of approximately 27,673.05 sq. m.. The Property is located at No. 880 Tong'an Road (同安路), Laoshan District, Qingdao, Shandong Province, the PRC. Developments nearby are mainly office and residential developments. According to the Company, the Property is used for hotel; there are neither environmental issues and litigation dispute; not any plan to change the use of the property. The land use rights of the Property have been granted for a land use term due to expire on 30 May 2045.	As at the Valuation Date, the Property was operated as a hotel.	No commercial value (See Note 4)

Notes:

- (1) According to Certificate of Real Estate Ownership No. 2015100571 dated 27 November 2015, the building ownership of the Property comprising a total gross floor area of 27,673.05 sq. m. for hotel use and the land use rights of the Property with a total site area of 38,092.30 sq. m. for commercial use have been vested in Qingdao Zendai Thumb Commercial Development Co., Ltd.* (青島証大大拇指商業發展有限公司) for a term due to expire on 30 May 2045.
- (2) According to Business Licence Unified Social Credit Code (統一社會信用代碼) No. 91370212773523962D dated 19 June 2014, Qingdao Zendai Thumb Commercial Development Co., Ltd.* (青島証大大拇指商業發展有限公司) was established with a registered of capital of USD24,000,000 for a valid operation period from 17 June 2005 to 17 June 2043.
- (3) We have been provided with a legal opinion regarding the property interest by the Company's Legal Adviser, which contains, *inter alia*, the following information that has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:
 - a) Qingdao Zendai Thumb Commercial Development Co., Ltd.* (青島証大大拇指商業發展有限公司) has legally obtained the real estate ownership of the property with total area of about 27,673.05 sq. m.;
 - b) Given that the Property is subject to mortgage and seizure orders, with the mortgages registration states that the transfer of the mortgaged property is prohibited during the mortgage period, Qingdao Zendai Thumb Commercial Development Co., Ltd.* (青島証大大拇指商業發展有限公司) has limited rights to dispose the above-mentioned property;
 - c) During the period of seizure, the Company has been occupying and operating the above-mentioned property. Unless there is violation of the relevant seizure regulations, such as impeding to execution or diminishing property value, Qingdao Zendai Thumb Commercial Development Co., Ltd.* (青島証大大拇指商業發展有限公司) still has the rights to occupy and use the above-mentioned property; and
 - d) Subject to the subsequent release of the court seizure and mortgage, Qingdao Zendai Thumb Commercial Development Co., Ltd.* (青島証大大拇指商業發展有限公司), as the legal owner of the property, has the rights to dispose of the Property in the absence of any other mortgages, encumbrances, or restrictions.
- (4) We have ascribed no commercial value to the Property, which is subject to seizure and pending seizure in Note(3)(b). However, for the Group's management reference, we are specially instructed to separately assess the market value of the said portion in its existing state on the following assumptions:
 - (a) the real estate title of the above-mentioned land is legally vested in Qingdao Zendai Thumb Commercial Development Co., Ltd.* (青島証大大拇指商業發展有限公司);
 - (b) all the land premium or purchase consideration has been fully settled; and
 - (c) the above-mentioned land is free from legal dispute and seizure order and can be freely disposed to other parties.

Subject to the above assumptions, the market value of the Property with a total gross floor area of 27,673.05 sq. m. as at 31 May 2024 would be RMB167,000,000 (50% interest attributable to the Group: RMB83,500,000).

(5) Fan Zhang (Master of Business Administration with 4 years' experience of property valuation) of our Qindao Office, inspected the Property on 7 June 2024.

(6) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company and the opinion of the Legal Adviser:

Real Estate Title Certificate	Yes
Business Licence	Yes

(7) In valuing the Property, we have adopted Market Comparison Method. Market Comparison Method provides an indication of value by comparing the asset with identical or similar assets for which price information is available. In our valuation, we have taken into account hotel transaction cases in Shandong Province within about 2 years from the Valuation Date. Adjustments were made to reflect difference in various aspects between the subject property and the comparables.

In our valuation, 2 comparables are adopted, which is exhaustive based on the selection criteria. The details are as follows:

Hotel Comparable	1	2
Property Address	A hotel on Zhujiang Road, Huangdao District	A hotel on Dali North Road, Weihai Lingang Economic Development Zone
Date	November 2023	2022
Price (RMB)	46,540,000	40,000,000
Unit rate (RMB/sq. m.)	7,800	10,787
Adjustments		
Time	Similar to subject property	Similar to subject property
Location	Inferior to subject property	Inferior to subject property
Neighbourhood environment	Similar to subject property	Similar to subject property
Accessibility	Superior to subject property	Similar to subject property
Building facilities	Similar to subject property	Superior to subject property
Decoration standard	Similar to subject property	Superior to subject property
Brand	Similar to subject property	Superior to subject property
Building age	Superior to subject property	Superior to subject property
Size	Superior to subject property	Inferior to subject property
Status	Transaction	Transaction

(8) Key assumptions and parameters adopted are summarised as follows:

Unit value	RMB6,000/sq. m.
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VALUATION REPORT

Group IV – Properties held by the Group for development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2024
13. A parcel of land located at east side of Xiaoqinhuai River of Yangzhou Project, Guangling District, Yangzhou, Jiangsu Province, the PRC (中華人民共和國江蘇省揚州市廣陵區揚州項目小秦淮河東側地塊)	<p>The Property is a vacant land reserved for future development with a site area of 5,459.71 sq. m. and a total plot ratio area of 5,459.71 sq. m..</p> <p>There is currently no construction taking place on this piece of vacant land.</p> <p>The Property is located at Guoqing Road (國慶路), Guangling District, Yangzhou, Jiangsu Province, the PRC. Developments nearby are mainly residential and retail developments.</p> <p>According to the Company, the planned mixed-use development incorporates residential units and retails; there are neither environmental issues and litigation dispute; not any plan to change the use of the Property.</p> <p>The land use rights of the Property have been granted for land use terms of 40 years expiring on 13 January 2045 for commercial use, and 70 years expiring on 13 January 2075 for residential use.</p>	<p>The Property is currently vacant and pending for development. As advised by the Company, there are no architectural plans approved or planning consent obtained by the Company from the Government (i.e. Planning Permit for Construction Use of Land, Planning Permits for Construction Works and Permits for Commencement of Construction Works).</p>	<p>RMB35,800,000 (RENMINBI THIRTY FIVE MILLION EIGHT HUNDRED THOUSAND)</p> <p>(80% interest attributable to the Group: RMB28,640,000)</p>

Notes:

- (1) According to Certificate of Real Estate Ownership Su(2022) YZSBDCQD No. 0013965 (蘇 (2022) 揚州市不動產權第0013965號) issued by Yangzhou Natural Resources and Planning Bureau, the land use rights of the Property with a site area of 5,459.71 sq. m. have been vested in Yangzhou Zendai Commercial Traveling Development Co., Ltd.* (揚州証大商旅發展有限公司) for land use terms of 40 years expiring on 13 January 2045 for commercial use, and 70 years expiring on 13 January 2075 for residential use.
- (2) According to Business Licence Unified Social Credit Code No. 913210007665430416 dated 19 April 2016, Yangzhou Zendai Commercial Traveling Development Co., Ltd.* (揚州証大商旅發展有限公司) was established with a registered capital of RMB30,000,000 for a valid operation period from 18 October 2004 to 18 October 2024.
- (3) We have been provided with a legal opinion regarding the property interest by the Company's Legal Adviser, which contains, *inter alia*, the following information that has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:
- a) As of the reference date, Yangzhou Zendai Commercial Traveling Development Co., Ltd.* (揚州証大商旅發展有限公司) has legally obtained the real estate ownership of the Property with a total area of about 5,459.71 sq. m.; and
- b) As of the reference date, the aforementioned land was idle for over two years. According to the relevant legislation of the PRC, there is legal risk that the government may re-enter the subject land and take back possession of the land use rights without compensation.
- (4) Lily Lei (CIREA, 7 years of experience in property valuation) of our Shanghai Office, inspected the Property on 19 June 2024.
- (5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company and the opinion of the Legal Adviser:
- | | |
|--------------------------------------|-----|
| Certificate of Real Estate Ownership | Yes |
| Business License | Yes |
- (6) In valuing the Property, we have adopted Market Comparison Method. Market Comparison Method provides an indication of value by comparing the asset with identical or similar assets for which price information is available. In our valuation, we have taken into account transactions of new grant commercial and residential mixed-using land parcels in Guangling District within 11 months from the Valuation Date of similar accessibility as the Property within radial distance of 5 kilometres from the Property and size from 6,000 to 9,000 sq. m.. Adjustments were made to reflect difference in various aspects between the subject property and the comparables to arrive at the adopted unit rates of the Property.

In our valuation, 3 comparables are adopted, which is exhaustive based on the selection criteria. The details are as follows:

Comparable	1	2	3
Property Address	A plot of land located on Qujiang subdistrict, Guangling District	A plot of land located on Tangwang subdistrict, Guangling District	A-17 plot of land located on Wenfeng Subdistrict, Guangling District
Date	April 2024	April 2024	July 2023
Approximate site area (<i>sq. m.</i>)	14,330	92,419	42,785
Permitted plot ratio	1.5	1.5	1.4
Land value (<i>RMB</i>)	184,500,000	832,500,000	506,000,000
Accommodation value (<i>RMB/sq. m.</i>)	8,583	6,005	8,448
Adjustments			
Time	Similar to subject property	Similar to subject property	Similar to subject property
Location	Similar to subject property	Inferior to subject property	Inferior to subject property
Site Area	Inferior to subject property	Inferior to subject property	Inferior to subject property
Accessibility	Similar to subject property	Inferior to subject property	Similar to subject property
Development density	Inferior to subject property	Inferior to subject property	Inferior to subject property
Site shape	Superior to subject property	Superior to subject property	Superior to subject property
Land use term	Superior to subject property	Superior to subject property	Superior to subject property
Status	Transaction	Transaction	Transaction

(7) Key assumptions and parameters adopted are summarised as follows:

Unit value	RMB6,600/sq. m.
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VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2024
<p>14. Yantai Project of Lot E-9, Development Zone, Yantai, Shandong Province, the PRC (中華人民共和國山東省煙台市開發區煙台項目E-9地塊)</p>	<p>Yantai Project of Lot E-9 is a vacant land reserved for future development with a site area of 26,476 sq. m. and a total plot ratio area of 87,370.8 sq. m..</p> <p>There is currently no construction taking place on this piece of vacant land.</p> <p>The Property is located in Yantai development zone (煙台開發區).</p> <p>Developments nearby are mainly commercial and residential developments.</p> <p>According to the Company, the planned mixed-use development incorporates offices, residential units and retails; there are neither environmental issues and litigation dispute; not any plan to change the use of the Property.</p> <p>The land use rights of the Property have been granted for a land use term due to expire on 10 July 2042 for composite use.</p>	<p>The Property is currently vacant and pending for development. As advised by the Company, there are no architectural plans approved or planning consent obtained by the Company from the Government (i.e. Planning Permit for Construction Use of Land, Planning Permits for Construction Works and Permits for Commencement of Construction Works).</p>	<p>No commercial value (See Note 4)</p>

Notes:

- (1) According to State-owned Land Use Rights Certificate No. (2013)50094, the land use rights of the Property with a site area of 26,476 sq. m. have been vested in Yantai Zendai Thumb Real Estate Co., Ltd.* (煙台証大大拇指置業有限公司) for composite use for 50 years with a land use term due to expire on 10 July 2042.
- (2) According to Business Licence Unified Social Credit Code (統一社會信用代碼) No. 91370600062961026X, Yantai Zendai Thumb Real Estate Co., Ltd.* (煙台証大大拇指置業有限公司) was established with a registered of capital of RMB150,000,000 for a valid operation period from 5 February 2013 to 5 February 2033.
- (3) We have been provided with a legal opinion regarding the property interest by the Company's Legal Adviser, which contains, *inter alia*, the following information that has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:
- a) As of the reference date, Yantai Zendai Thumb Real Estate Co., Ltd.* (煙台証大大拇指置業有限公司) has legally obtained the real estate ownership of the Property with total area of about 26,476 sq. m.;
 - b) Given that the property is subject to seizure and pending seizure, Yantai Zendai Thumb Real Estate Co., Ltd.* (煙台証大大拇指置業有限公司) has limited rights to dispose the above-mentioned property; and
 - c) As of the reference date, the aforementioned land was idle for over two years. According to the relevant legislation of the PRC, there is legal risk that the government may re-enter the subject land and take back possession of the land use rights without compensation.
- (4) We have ascribed no commercial value to the Property, which is subject to seizure in Note(3)(b). However, for the Group's management reference, we are specially instructed to separately assess the market value of the said portion in its existing state on the following assumptions:
- (a) the real estate title of the above-mentioned land is legally vested in Yantai Zendai Thumb Real Estate Co., Ltd.* (煙台証大大拇指置業有限公司);
 - (b) all the land premium or purchase consideration has been fully settled; and
 - (c) the above-mentioned land is free from legal dispute and seizure order and can be freely disposed to other parties.
- Subject to the above assumptions, the market value of the Property with a total site area of 26,476 sq. m. as at 31 May 2024 would be RMB148,000,000 (70% interest attributable to the Group: RMB103,600,000).
- (5) Chaoxiang Jia (CIREA, 7 years of experience in property valuation) of our Qingdao Office, inspected the Property on 6 June 2024.
- (6) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company and the opinion of the Legal Adviser:

State-owned Land Use Rights Certificate	Yes
Business Licence	Yes

- (7) In valuing the Property, we have adopted Market Comparison Method. Market Comparison Method provides an indication of value by comparing the asset with identical or similar assets for which price information is available. In our valuation, we have taken into account transactions of new grant commercial land parcels in Zhifu District and neighbouring Development Zone within 1.5 years from the Valuation Date of similar accessibility as the Property within radial distance of 10 kilometres from the Property and size from 11,000 to 32,000 sq. m.. Adjustments were made to reflect difference in various aspects between the subject property and the comparables to arrive at the adopted unit rates of the Property.

In our valuation, 3 comparables are adopted, which is exhaustive based on the selection criteria. The details are as follows:

Comparable	1	2	3
Property Address	A plot of land located at the south of Xingfu Middle Road and west of Zhuji Road, Zhifu District	A plot of land located at the north of Jialingjiang Road and west of Yongjiang Second Branch Road, Development Zone	A-17 plot of land located at east of Beijing Road and south of Huanghe Road, Development Zone
Date	December 2022	December 2022	December 2022
Approximate site area (<i>sq. m.</i>)	31,467	23,233.1	11,664.1
Permitted plot ratio	2.8	1.0	1.3
Land value (<i>RMB</i>)	6,181.08	3,258.28	2,571.99
Accommodation value (<i>RMB/sq. m.</i>)	2,207.53	3,258.28	1,978.46
Adjustments			
Time	Similar to subject property	Similar to subject property	Similar to subject property
Location	Inferior to subject property	Inferior to subject property	Inferior to subject property
Site area	Similar to subject property	Similar to subject property	Similar to subject property
Land grade	Inferior to subject property	Inferior to subject property	Inferior to subject property
Development density	Superior to subject property	Superior to subject property	Superior to subject property
Land use term	Superior to subject property	Superior to subject property	Superior to subject property
Status	Transaction	Transaction	Transaction

- (8) Key assumptions and parameters adopted are summarised as follows:

Unit value RMB1,700/sq. m.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(i) Directors' and chief executives' interests in Shares, underlying Shares or debentures

As at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director was taken or deemed to have under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as set out in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

(ii) Persons having 5% or more interests

As at the Latest Practicable Date, the interests or short positions of the persons, other than a Director or chief executive of the Company, in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO and the amount of such interests and short positions were as follows:

Name	Nature of interests	Number of Shares interested as at the Latest Practicable Date	Approximate percentage of the issued share capital as at the Latest Practicable Date
Nantong Sanjian Holding (HK) Co., Limited (Note 1)	Beneficial owner	4,462,317,519 (L)	29.99%
Nantong Sanjian Holdings Co., Ltd.* (南通三建控股有限公司)(Note 1)	Interest in controlled corporation	4,462,317,519 (L)	29.99%
Smart Success Capital Ltd. (Note 2)	Beneficial owner	2,703,248,481 (L)	18.17%
Cheer Link Global Ltd. (Note 2)	Interest in controlled corporation	2,703,248,481 (L)	18.17%
COS Greater China Special Situations Fund, L.P. (Note 2)	Interest in controlled corporation	2,703,248,481 (L)	18.17%
China Orient Summit Capital SSF GP Co. Ltd. (Note 2)	Interest in controlled corporation	2,703,248,481 (L)	18.17%
China Orient Summit Capital International Co. Ltd. (Note 2)	Interest in controlled corporation	2,703,248,481 (L)	18.17%
China Orient Asset Management (International) Holding Limited (“COAMI”) (Note 2)	Interest in controlled corporation	2,703,248,481 (L)	18.17%
	Person having a security interest	2,678,283,273 (L)	18.00%
		5,381,531,754 (L)	36.17%
Wise Leader Assets Ltd. (Note 2)	Interest in controlled corporation	5,381,531,754 (L)	36.17%
Dong Yin Development (Holdings) Limited (Note 2)	Interest in controlled corporation	5,381,531,754 (L)	36.17%
China Orient Asset Management Co., Ltd. (“COAMC”) (Note 2)	Interest in controlled corporation	5,381,531,754 (L)	36.17%

Name	Nature of interests	Number of Shares interested as at the Latest Practicable Date	Approximate percentage of the issued share capital as at the Latest Practicable Date
China Alliance Properties Limited (Note 3)	Beneficial owner	2,255,335,000 (L)	15.16%
Shanghai Forte Land Co., Ltd (Note 3)	Interest in controlled corporation	2,255,335,000 (L)	15.16%
Shanghai Fosun Industrial Investment Co., Ltd (Note 3)	Interest in controlled corporation	2,255,335,000 (L)	15.16%
Shanghai Fosun High Technology (Group) Co., Ltd (Note 3)	Interest in controlled corporation	2,255,335,000 (L)	15.16%
Fosun International Limited (Note 3)	Interest in controlled corporation	2,255,335,000 (L)	15.16%
Fosun Holdings Limited (Note 3)	Interest in controlled corporation	2,255,335,000 (L)	15.16%
Fosun International Holdings Ltd. (Note 3)	Interest in controlled corporation	2,255,335,000 (L)	15.16%
Guo Guangchang (Note 3)	Interest in controlled corporation	2,255,335,000 (L)	15.16%

(L) denotes long position

Notes:

- As at the Latest Practicable Date, Nantong Sanjian Holding (HK) Co., Limited was 100% controlled by Nantong Sanjian Holdings Co., Ltd.* (南通三建控股有限公司).
- As at the Latest Practicable Date, COAMC had 100% control of Dong Yin Development (Holdings) Limited, which in turn had 100% control of Wise Leader Assets Ltd.; Wise Leader Assets Ltd. and Dong Yin Development (Holdings) Limited each had 50% control of COAMI; COAMI had 40% control of China Orient Summit Capital International Co. Ltd., which in turn had 100% control of China Orient Summit Capital SSF GP Co. Ltd. China Orient Summit Capital SSF GP Co. Ltd. was the only general partner of COS Greater China Special Situations Fund, L.P. COS Greater China Special Situations Fund L.P. had 100% control of Cheer Link Global Ltd., which in turn had 100% control of the Smart Success Capital Ltd. COAMI entered into a security deed with Nantong Sanjian Holding (HK) Co., Limited, pursuant to which COAMI obtained security interests in 2,678,283,273 Shares of the Company.

3. As at the Latest Practicable Date, Mr. Guo Guangchang had 85.29% control of Fosun International Holdings Ltd., which had 100% control of Fosun Holdings Limited, which had 73.35% control of Fosun International Limited, which had 100% control of Shanghai Fosun High Technology (Group) Co., Ltd., which had 100% control of Shanghai Fosun Industrial Investment Co., Ltd., which had approximately 99.71% control of Shanghai Forte Land Co., Ltd., which has 100% control of China Alliance Properties Limited.

Save as disclosed above, as at the Latest Practicable Date, no persons, other than a director or chief executives of the Company, had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

3. COMPETING BUSINESS

As at the Latest Practicable Date, as far as the Directors are aware, none of the Directors and their respective close associates had any business which competes or may compete, either directly or indirectly, with the business of the Group.

4. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors had any interest, either directly or indirectly, in any asset which has been, since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into a service contract with any member of the Group which will not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors had a material interest, either directly or indirectly, in any subsisting contract or arrangement of significance to the business of the Group to which the Company, its subsidiaries, its fellow subsidiaries or its holding company was a party.

7. LITIGATION

- (i) In June 2022, the Intermediate People's Court of Lanzhou ordered that, among others, (a) the bank deposit of Qingdao Zendai (the operating company of the Qingdao Zendai Thumb Plaza) as at 31 December 2023 shall be frozen and the funds therein to be allocated to settle Loan A; (b) Lender I shall have first priority to be repaid from the proceeds from any discounted disposal or auction or sale of the pledged properties of Qingdao Zendai; (c) Lender I shall have first priority to be repaid from the proceeds from the sale of the 60% pledged equity interest of Hainan Huayi, a then indirect subsidiary of the Company operating a property development project in Hainan; (d) Zendai Real Estate (as a guarantor) shall be jointly and severally liable for the outstanding amount of Loan A; and (e) if the bank deposit of Qingdao Zendai is insufficient to settle the outstanding amount of Loan A, the Court shall have the authority to seal, seize, auction and sell the assets of Qingdao Zendai and Zendai Real Estate. Details of which are disclosed in the Company's announcement dated 21 June 2022. As at the Latest Practicable Date, the 60% pledged equity interest of Hainan Huayi had already been sold at judicial auction, the Properties of Qingdao Zendai and the equity interests of four subsidiaries of Zendai Real Estate (including Yantai Zendai, Yangzhou Zendai, Shanghai Zendai Wudaokou Real Estate Development Co., Ltd. and another subsidiary of Zendai Real Estate) are subject to seizure order or freezing order. The Disposal Group was still in the process of negotiating with Lender I for a settlement plan.
- (ii) In April 2024, the Intermediate People's Court of Nanjing ordered that, among others, (a) a member of the Former Nanjing Subsidiaries shall repay a financial institution for a loan owed by such member with principal amount of approximately RMB800 million, overdue interests up to 20 June 2021 of approximately RMB76.54 million, and interests accrued on the principal amount at the rate of 12.9% per annum from 21 June 2021 until the repayment date, together with the legal costs; (b) the financial institution shall have first priority to be repaid from the proceeds from any discounted disposal or auction or sale of the pledged assets; and (c) Zendai Real Estate and another member of the Former Nanjing Subsidiaries (both as guarantors) shall be jointly and severally liable for the aforesaid repayment obligations. As the outstanding amount remained unpaid and could not be fully paid off through realising the underlying collaterals, the Disposal Group had made provision for such guarantee (i.e. the Financial Guarantee) of approximately HK\$691.3 million as at 31 May 2024.

Save as disclosed above, as at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

- (i) the MOU;
- (ii) the Agreement; and
- (iii) the Service Agreement.

Save as disclosed above, no other material contract (not being contracts in the ordinary course of business) had been entered into by members of the Group within the period from two years immediately preceding 26 July 2024 (being the date of Announcement) to the Latest Practicable Date.

9. EXPERTS AND CONSENTS

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

Name	Qualifications
Cushman & Wakefield Limited	an independent professional valuer
PKF Hong Kong Limited	Certified Public Accountants

The above experts have given and have not withdrawn their respective written consents to the issue of this circular with the inclusion of their letter and/or reference to their names in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any interests, directly or indirectly, in any assets which had been, since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up, acquired, disposed of or leased to any member of the Group, or were proposed to be acquired, disposed of or leased to any member of the Group.

10. MISCELLANEOUS

- (i) The secretary of the Company is Mr. Lau Yin Fung Terrence, who is a practising solicitor in Hong Kong working in the field of commercial and corporate finance.
- (ii) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company in Hong Kong is situated at Room 2429-2430, 24/F Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.

- (iii) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (iv) The English texts of this circular and the accompanying proxy form shall prevail over the Chinese texts in case of inconsistency.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Company (www.zendaiproperty.com) and the Stock Exchange (www.hkexnews.hk) for not less than 14 days from the date of this circular up to and including the date of the SGM:

- (i) the annual reports of the Company for the two years ended 31 December 2022 and 2023;
- (ii) the review report of the financial information of the Disposal Group, the text of which is set out in Appendix II to this circular;
- (iii) the accountants' report from PKF Hong Kong Limited in respect of the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix III to this circular;
- (iv) the report and valuation certificates relating to the Properties prepared by Cushman & Wakefield Limited, the texts of which are set out in Appendix V to this circular;
- (v) the material contracts referred to in the paragraph headed "8. MATERIAL CONTRACTS" in this appendix;
- (vi) the written consents referred to in the paragraph headed "9. EXPERTS AND CONSENTS" in this appendix; and
- (vii) this circular.

NOTICE OF SGM



SHANGHAI ZENDAI PROPERTY LIMITED

上海証大房地產有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 755)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of Shanghai Zendai Property Limited (the “**Company**”) will be held at Suite 2701-08, 27/F., Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong at 2:30 p.m. on Wednesday, 11 September 2024 for the purpose of considering and, if thought fit, passing with or without amendments the following resolutions of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the conditional sale and purchase agreement dated 26 July 2024 (the “**Sale and Purchase Agreement**”) entered into among (i) the Company as the vendor, (ii) Fortunate Omen (HK) Limited as the purchaser (the “**Purchaser**”), and (iii) Auto Win Investments Limited, Giant Hope Investments Limited, Best East Developments Limited and Ample Century Limited (collectively, the “**Disposal Targets**”, together with its subsidiaries, the “**Disposal Group**”) in relation to, among other things, (i) the sale and purchase of the entire issued share capital of each of the Disposal Targets, and (ii) the assignment of the amount due to and due from the Company and its subsidiaries (collectively, the “**Group**”) but excluding the Disposal Group (the “**Remaining Group**”) as at 31 May 2024, and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;

* For identification purpose only

NOTICE OF SGM

- (b) any one or more of the directors of the Company (the “**Directors**”) be and are hereby authorised to do all such acts and things, to sign and execute all such further documents and to take such steps as the Directors in their discretion may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Sale and Purchase Agreement and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents, which are not fundamentally different from those as provided thereunder) as are, in the opinion of the Directors, in the interest of the Company and its shareholders as a whole.”

SPECIAL RESOLUTION

“THAT:

- (a) subject to and conditional upon the approval of the Registrar of Companies in Bermuda being obtained, (i) the English name of the Company be changed from “Shanghai Zendai Property Limited” to “DevGreat Group Limited”, and (ii) the Chinese name “大方廣瑞德集團有限公司” be adopted as the secondary name of the Company (collectively, the “**Change of Company Name**”); and
- (b) any one or more of the Directors be and are hereby authorised to do all such acts and things and execute all such documents as he considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Change of Company Name and to attend to any necessary registration and/or filing for and on behalf of the Company.”

By order of the Board
Huang Yuhui
Chairman of the Board

Hong Kong, 23 August 2024

* *For identification purposes only*

Notes:

1. Any member entitled to attend and vote at the SGM is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. In order to be valid, the proxy form together with any power of attorney or other authority under which it is signed or a certified copy of such power of attorney must be lodged with the Company’s branch registrar in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event no later than 2:30 p.m. (Hong Kong time) on Monday, 9 September 2024 (or, if the SGM is adjourned, not less than 48 hours before the time appointed for the holding of the adjourned SGM).

NOTICE OF SGM

3. In the case of joint holders, the vote of the senior who tenders a vote, whether present in person or by proxy, will be accepted to the exclusion of the vote(s) of other joint holder(s), and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
4. Detailed information on certain businesses to be transacted at the SGM is set out in the circular to be sent to the shareholders of the Company.
5. For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Friday, 6 September 2024 to Wednesday, 11 September 2024, both dates inclusive, during which period no transfer of shares of the Company will be effected. Shareholders who are entitled to attend and vote at the SGM are those whose names appear on the register of members of the Company on Wednesday, 11 September 2024. In order to be eligible to attend and vote at the SGM, all duly completed and signed transfer forms accompanied by the relevant share certificates must be lodged with Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m., Thursday, 5 September 2024 (Hong Kong time).
6. Bad weather arrangement:

If a black rainstorm warning signal or a typhoon warning signal no. 8 or above or "extreme conditions" caused by super typhoons is in force in Hong Kong at any time after 12:00 p.m. (Hong Kong time) on the date of the SGM, the SGM will be automatically adjourned to a later date. The Company will post an announcement on both websites of the Company (www.zendaiproperty.com) and the Stock Exchange (www.hkexnews.hk) to notify Shareholders of the date, time and location of the adjourned SGM. Shareholders should in any event exercise due care and caution when deciding to attend the SGM in adverse weather conditions. In the event that the SGM is adjourned because of bad weather or other reasons, the book closure period and record date for determination of entitlement to attend and vote at the adjourned SGM will remain the same as stated above.

The SGM will be held as scheduled when an amber or red rainstorm warning signal or typhoon warning signal no. 3 or below is in force in Hong Kong at any time on that day.

As at the date of this notice, the executive Directors are Mr. Huang Yuhui, Mr. Wang Letian, Ms. Li Zhen, and Mr. Long Tianyu, the non-executive Directors are Ms. Wang Zheng, Mr. Zou Yang and Mr. Guo Haomiao, and the independent non-executive Directors are Dr. Guan Huanfei, Mr. Cao Hailiang, Dr. Lin Xinzhu and Mr. Wang Yuzhou.