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If you have sold or transferred all your shares in **Texhong International Group Limited**, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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TEXHONG INTERNATIONAL GROUP LIMITED

天虹國際集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2678)

**MAJOR TRANSACTION
DISPOSAL OF LAND AND BUILDINGS IN SHAOXING**

Financial adviser to the Company

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
溢博資本有限公司

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

A letter from the Board is set out on pages 3 to 10 of this circular.

The Company has obtained written Shareholders’ approval for the transaction being the subject matter of this circular pursuant to Rule 14.44 of the Listing Rules from a Shareholder holding more than 50% of the voting rights at a general meeting to approve the Disposal. Accordingly, no Shareholders’ meeting will be held to approve the Disposal pursuant to Rule 14.44 of the Listing Rules. This circular is being despatched to the Shareholders for information only.

22 December 2023

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DEFINITIONS

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

“Asset Disposal Agreement”	the agreement dated 3 November 2023 entered into among Zhejiang Qing Mao, Paojiang Construction Development and the Subdistrict Office in relation to the Disposal
“Assets”	the Buildings and the Shaoxing Paojiang Land
“Board”	the board of Directors
“Buildings”	the buildings and infrastructure erected upon the Shaoxing Paojiang Land, including but not limited to water supply, drainage, fire protection, electrical equipment, affixed furnishings, elevators, automatic doors and fences
“Company”	Texhong International Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Asset Disposal Agreement in accordance with the terms thereof
“Consideration”	the consideration payable by Paojiang Construction Development under the Asset Disposal Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Assets by Zhejiang Qing Mao as the vendor to Paojiang Construction Development as purchaser subject to and upon the terms and conditions of the Asset Disposal Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	18 December 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Hong”	Mr. Hong Tianzhu, the founder of the Group, chairman of the Board and an executive Director
“Mr. Zhu”	Mr. Zhu Yongxiang, vice chairman and chief executive officer of the Group and an executive Director

DEFINITIONS

“Paojiang Construction Development”	Shaoxing Paojiang Venture Construction Development Co., Ltd. (紹興袍江創業建設發展有限公司), a company established in the PRC
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong)
“Shaoxing Paojiang Land”	three plots of land with an aggregate approximate area of 275,060.93 square meters located on No. 313 Tang Road, Paojiang Industrial Zone, Shaoxing, the PRC, which are owned by Zhejiang Qing Mao
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdistrict Office”	management office of Doumen Street, Yuecheng District, Shaoxing, the PRC (紹興市越城區斗門街道辦事處)
“subsidiary”	has the meaning given to it in the Listing Rules
“Valuer”	Zhejiang Boda Real Estate and Land Assets Appraisal Co., Ltd. (浙江博大房地產土地資產評估有限公司), a qualified independent valuer
“Zhejiang Qing Mao”	Zhejiang Qing Mao Weaving, Dyeing & Printing Co., Ltd (浙江慶茂紡織印染有限公司), an indirect non-wholly owned subsidiary of the Company
“%”	per cent.

* For identification purposes only



TEXHONG INTERNATIONAL GROUP LIMITED

天虹國際集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2678)

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Zhu Yongxiang

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22 December 2023

To the Shareholders

Dear Sir/Madam

**MAJOR TRANSACTION
DISPOSAL OF LAND AND BUILDINGS IN SHAOXING**

INTRODUCTION

On 3 November 2023, the Board announced that Zhejiang Qing Mao entered into the Asset Disposal Agreement with Paojiang Construction Development and the Subdistrict Office, pursuant to which Zhejiang Qing Mao agreed to sell, and Paojiang Construction Development agreed to purchase, the Assets on the terms set out therein.

The purpose of this circular is to provide you with, among other things, further information on the Disposal and other information required under the Listing Rules.

LETTER FROM THE BOARD

THE ASSET DISPOSAL AGREEMENT

The principal terms of the Asset Disposal Agreement are summarized below:

Date

3 November 2023

Parties

- (1) Zhejiang Qing Mao
- (2) Paojiang Construction Development
- (3) the Subdistrict Office

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Paojiang Construction Development and the Subdistrict Office and their respective ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

Subject matter of the Asset Disposal Agreement

Pursuant to the Asset Disposal Agreement, Zhejiang Qing Mao has agreed to sell, and Paojiang Construction Development has agreed to purchase, the Assets on the terms set out therein. The Assets have all along been used by Zhejiang Qing Mao for the manufacture and sales of cotton and cotton blend yarns, greige, dyed and finished woven fabrics.

As disclosed in the property valuation report as set out in Appendix II to this circular, the Buildings include certain self-built houses without certificates. As no warranty has been given by Zhejiang Qing Mao in the Asset Disposal Agreement on the title of those self-built houses, and considering that the Disposal was in response to the resumption plan of the government and that the Buildings (including those self-built houses without title certificates) will all be demolished as part of the land resumption plan, the Directors consider that the legal risk on the Disposal for the reason that some of the self-built houses are without title certificates is minimal. For further details of the land resumption plan, please refer to the section headed "INFORMATION ON THE PARTIES AND REASONS FOR AND BENEFITS OF ENTERING INTO THE ASSET DISPOSAL AGREEMENT" below.

LETTER FROM THE BOARD

Consideration

Pursuant to the Asset Disposal Agreement, the Consideration shall be approximately RMB975.1 million, and shall mainly comprise of the following:

- (1) the value of the Assets as determined by the Valuer, which, based on the valuation report issued on 31 March 2023, was approximately RMB883.4 million; and
- (2) compensations for and costs associated with relocation of production facilities totaling approximately RMB91.7 million, comprising of:
 - (a) Resettlement compensation fee of approximately RMB21.9 million, calculated on the basis of 3% of the value of the Shaoxing Paojiang Land and the buildings (excluding fixtures and furnishings) thereon, being approximately RMB729.4 million, as appraised by the Valuer as at 31 March 2023;
 - (b) Relocation costs compensation of approximately RMB12.5 million, calculated on the basis of the floor area of the Buildings at RMB60/m²;
 - (c) Incentive for timely delivery of vacant possession of the Assets of approximately RMB20.8 million, calculated on the basis of the floor area of the Buildings at RMB100/m²; and
 - (d) Compensation for losses from suspended production of approximately RMB36.5 million, calculated on the basis of 5% of the value of the Shaoxing Paojiang Land and the buildings (excluding fixtures and furnishings) thereon, being approximately RMB729.4 million, as appraised by the Valuer as at 31 March 2023.

LETTER FROM THE BOARD

As some of the equipment and facilities which were originally situated within the Assets as at 31 March 2023 had already been demolished when the valuation was performed on 4 November 2023, such demolished equipment and facilities did not form part of the valuation objects for the valuation performed on 4 November 2023, which has mainly contributed to the reason of the decrease in value of the Assets. Set out below is a reconciliation of the valuation of the Assets as at 31 March 2023 and 4 November 2023:

	<i>RMB</i>
Value of the property interests of the Group as at 31 March 2023 as determined by the Valuer	883,411,526
Movement for the period from 1 April 2023 to 4 November 2023	
Value of the buildings upon the Shaoxing Paojiang Land	1,603,086
Depreciation of the furnishings upon the Shaoxing Paojiang Land	(476,633)
Value of the demolished facilities, equipment and structures upon the Shaoxing Paojiang Land	(95,304,868)
Subtotal:	<u>(94,178,415)</u>
Value of the property interests of the Group as at 4 November 2023 as determined by the Valuer	<u>789,233,111</u>

The Consideration shall be payable by Paojiang Construction Development to the Subdistrict Office in instalments in the following manner:

- (1) 30% within 10 working days of the audit approval of the Subdistrict Office after Zhejiang Qing Mao has obtained consent from all creditors to release their encumbrances upon the Assets; and
- (2) 20% after completing the transfer of the ownership titles of the Assets and release or discharge of all mortgages, preservation orders and other encumbrances on the Assets (as the case may be, and if any); and
- (3) 50% within 10 working days of delivery of vacant possession of the Assets by Zhejiang Qing Mao, and such delivery shall take place within one month of completing the transfer of the ownership titles of the Assets.

Pursuant to the Asset Disposal Agreement, the Consideration shall be paid to the Subdistrict Office, who shall take custody of the funds and ensure that the relevant conditions for their release to Zhejiang Qing Mao are satisfied, and in particular, ensure the prioritised application of the Consideration as disclosed below in accordance with the Asset Disposal Agreement. The Subdistrict Office shall transfer to Zhejiang Qing Mao the instalments paid by Paojiang Construction Development within 10 working days of Zhejiang Qing Mao fulfilling the respective conditions for payment set out in the Asset Disposal Agreement.

LETTER FROM THE BOARD

The first instalment of the Consideration shall be applied towards repaying payments in arrear, procuring the release of any encumbrances on the Assets and taxes payable by Zhejiang Qing Mao (if any). Zhejiang Qing Mao shall be liable for any shortfall needed to release or discharge such encumbrances or liabilities. As at the Latest Practicable Date, (a) there had been no such payments in arrear nor encumbrances on the Assets, and (b) for taxes payable by Zhejiang Qing Mao in respect of the Disposal, an estimated amount of approximately RMB180.0 million remained outstanding and which is expected to be settled in the first half of 2024.

The Consideration was determined after arm's length negotiation between Zhejiang Qing Mao and Paojiang Construction Development on normal commercial terms with reference to valuation of the Assets as determined by the Valuer and the government compensation policy.

FINANCIAL EFFECTS OF THE DISPOSAL

The Group is expected to record an estimated gain after tax of approximately RMB96.5 million from the Disposal, representing the difference between the Consideration and the carrying value of the Assets recorded in the accounting records of the Group as at 30 September 2023 of approximately RMB385.0 million and deducting employee severance pay of approximately RMB41.2 million, equipment relocation and disposal costs of approximately RMB26.9 million and taxes relating to the Disposal, being land value-added tax, value-added tax and tax surcharge, profits tax and deferred taxes of approximately RMB425.5 million.

Upon Completion, (a) the non-current assets of the Group will be reduced by approximately RMB405.0 million, being the net asset value of the Assets of RMB385.0 million and the disposal cost of equipment of RMB20.0 million; (b) current assets of the Group will be increased by approximately RMB452.0 million, being the estimated cash inflow from the Disposal (c) current liabilities is not expected to show any significant change; and (d) non-current liabilities shall decrease by approximately RMB49.6 million, being the deferred income tax liabilities related to the Assets.

Shareholders should note that the actual amount of the gain on the Disposal can only be ascertained when the incidental transaction costs are determined upon Completion. Therefore the actual amount of the gain on the Disposal will be subject to audit and may be different from the amount mentioned above.

The cash inflow from the Disposal is approximately RMB452.0 million. The Group intends to use such cash inflow from the Disposal (i) of approximately RMB200.0 million for the repayment of loans maturing between July 2024 to October 2024; (ii) of approximately RMB90.0 million towards capital expenditures for construction of, and purchase of equipment for, the Group's Vietnam production plant; and (iii) the remainder of approximately RMB162.0 million for general working capital of the Group, of which approximately RMB100.0 million shall be applied towards materials procurement, approximately RMB40.0 million shall be applied towards staff cost and energy costs, and approximately RMB22.0 million shall be used for daily operations.

LETTER FROM THE BOARD

INFORMATION ON THE PARTIES AND REASONS FOR AND BENEFITS OF ENTERING INTO THE ASSET DISPOSAL AGREEMENT

The Company is an investment-holding company and the Group is principally engaged in the manufacturing and sales of yarns, grey fabrics, non-woven fabrics and garment fabrics as well as garments. Zhejiang Qing Mao is principally engaged in the manufacturing and the sales of cotton and cotton blend yarns, greige, dyed and finished woven fabrics in the PRC.

Paojiang Construction Development is principally engaged in infrastructure construction and Level 1 land development, as well as disposal and sales of relevant assets within the Shaoxing Paojiang Economic and Technological Development Zone. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, its ultimate beneficial owners (1) as to approximately 78.43% effective equity interest is Shaoxing Paojiang Economic and Technological Development Zone Management Committee* (紹興袍江經濟技術開發區管理委員會); (2) as to approximately 12.55% effective equity interest is Shaoxing City Yuecheng District Finance Bureau* (紹興市越城區財政局); (3) as to approximately 8.06% effective equity interest is Shaoxing High New Technology Industrial Development Zone Management Committee* (紹興高新技術產業開發區管理委員會); and (4) none of the remaining ultimate beneficial owners is effectively interested in more than 1% equity interest of Paojiang Construction Development.

The Subdistrict Office is an administrative unit of the Yuecheng District People's Government, and is principally responsible for administrative matters in relation to properties on Doumen Street, Yuecheng District, Shaoxing, where the Shaoxing Paojiang Land is located.

The Shaoxing Paojiang Land is land for industrial use located in the development zone adjacent to the urban area of Shaoxing, and the Buildings comprise mainly of production facilities and ancillary infrastructure such as offices and staff dormitories. Pursuant to the Shaoxing Urban Printing and Dyeing Electroplating Industry Transformation and Upgrading Implementation Plan (紹興市區印染化工電鍍產業改造提升實施方案) issued by the Shaoxing Municipal Government office, in order to encourage the scaling up of traditional industries, optimisation of the industrial layout and to make available development space across the PRC, the Shaoxing Municipal Government shall implement measures for enabling suspension of the printing, dyeing and chemical enterprises and the upgrading of urban electroplating enterprises in Shaoxing. Such measures include, among others, corporate mergers and reorganisation of relevant enterprises, as well as withdrawal of enterprises from relevant areas by land resumption. The Shaoxing Paojiang Land is situated within parcels of land subject to resumption, and therefore, in order to comply with such government policies and implementation plans, Zhejiang Qing Mao has entered into the Asset Disposal Agreement. The Board considers that although the Disposal is not in the ordinary and usual course of business of the Group, the terms of the Asset Disposal Agreement are fair and reasonable, are normal commercial terms and in the interests of the Shareholders as a whole.

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the transaction contemplated under the Asset Disposal Agreement is more than 25% but all applicable percentage ratios are below 75%, the transaction contemplated under the Asset Disposal Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval may be obtained by written Shareholders' approval in lieu of convening a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Asset Disposal Agreement and the transactions contemplated thereunder; and (b) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at the general meeting to approve the Asset Disposal Agreement and the transaction contemplated thereunder.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Shareholders have any material interest in the Asset Disposal Agreement and the transaction contemplated thereunder, and therefore no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Asset Disposal Agreement and the transaction contemplated thereunder.

As at the Latest Practicable Date, Texhong Group Holdings Limited (a company wholly-owned by Mr. Hong) indirectly holds 544,742,400 shares of the Company, representing approximately 59.34% of the issued share capital of the Company. As the Company has obtained written approval from Texhong Group Holdings Limited, no extraordinary general meeting will be convened by the Company for the purpose of approving the Asset Disposal Agreement and the transaction contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

RECOMMENDATION

The Directors consider that the terms of the Asset Disposal Agreement are fair and reasonable and the Disposal is in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board of
Texhong International Group Limited
Hong Tianzhu
Chairman

1. Indebtedness Statement

	<i>RMB'000</i>
Current	
Unsecured bank borrowings	74,246
Guaranteed borrowings	3,704,461
Lease liabilities	<u>48,190</u>
	<u>3,826,897</u>
Non-current	
Unsecured bank borrowings	434,518
Secured bank borrowings	200,000
Guaranteed borrowings	4,839,135
Amount due to related parties	85,941
Lease liabilities	<u>148,851</u>
	<u>5,708,445</u>
Total indebtedness	<u><u>9,535,342</u></u>

As at the close of business on 31 October 2023, being the latest practicable date for the purpose of this statement of indebtedness, the Group had aggregate outstanding borrowings of approximately RMB9,535,342,000, comprising (1) secured bank loan of approximately RMB200,000,000 secured by tax rebate accounts of certain subsidiaries of the Group; (2) unsecured bank borrowings of approximately RMB508,764,000; (3) guaranteed bank borrowings of approximately RMB8,543,596,000 guaranteed by certain subsidiaries of the Group; (4) lease liabilities of approximately RMB197,041,000 and (5) amounts due to related parties of approximately RMB85,941,000.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities, normal trade payables and other payables and accruals in the ordinary course of business, as at the close of business on 31 October 2023, the Group did not have any debt securities issued and outstanding, or authorized or otherwise created but unissued, or any other term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, lease liabilities, mortgages or charges, other material contingent liabilities or guarantees outstanding.

2. Financial and Trading Prospects of the Group

During the first half of 2023, the Group's revenue was mainly derived from the sale of yarns. The midstream and downstream business segments mainly focus on the sale of woven garment fabrics and knitted garment fabrics, both of which primarily target the overseas market.

In terms of operating conditions, the Group's business has faced challenges arising from intensifying geopolitical conflicts and increasing competition among major countries, which have disrupted the global supply chain, further weakening market demand and creating uncertain macro backdrop. The rapid changes in the international trading environment has accelerated the transition and consolidation of the global textile industry, presenting new opportunities for some textile enterprises in a long run. Nevertheless, the Group's strategic direction of diversified development and focus on international deployment in recent years has laid a solid foundation for its future development.

In this regard, the Group will further optimize its regional product mixes and enhance local supply capabilities, thereby minimizing the risk imposed on the supply chain by the changes in the international trade situation. The Group shall prepare for realizing regional supply in various markets, to fully utilize and enhance its overseas production capacity, and continue to provide quality products and services to overseas customers. Meanwhile, the Group will also further consolidate its supply chain and adjust its product structure in the PRC market to adapt to domestic market demand under the new market norm.

Additionally, the Group will gradually adjust its industry deployment and enhance or dispose of certain assets or businesses with low efficiency or profitability, so as to increase specialization in industry segmentation of its key businesses and solidify its defensibility in industry.

3. Working Capital Sufficiency

The Directors, after due and careful consideration, are of the opinion that, after taking into account of the Group's internal resources, available credit facilities and successful renewal of existing banking facilities upon expiry, the Group will have sufficient working capital for its present requirements and for at least 12 months from the date of publication of this circular. The Company has obtained the relevant letter as required under Rule 14.66(12) of the Listing Rules.

4. Valuation Report Reconciliation

The table below sets out (i) the reconciliation of property interests of the Group from its audited consolidated financial statements as of 31 December 2022 to the unaudited net book value of the Group's property interests as of 4 November 2023; and (ii) the reconciliation of the unaudited net book value of the Group's property interests and the valuation of such property interests as of 4 November 2023:

	<i>RMB'000</i>
Net book value of property interests of the Group as at 31 December 2022	407,397
Movement for the period from 1 January 2023 to 4 November 2023	(25,554)
Net book value of property interests of the Group as at 4 November 2023	381,843
Fair value change	<u>407,390</u>
Valuation of property interests of the Group as at 4 November 2023	<u><u>789,233</u></u>

The following is the text of a valuation report prepared for the purpose of incorporation in this Circular received from Zhejiang Boda Real Estate and Land Assets Appraisal Co., Ltd (浙江博大房地產土地資產評估有限公司), an independent valuer, in connection with its valuation as at 4 November 2023 of the property interest in the Assets held by the Group.

VALUATION REPORT ON REAL ESTATE VALUE

Valuation Report Number:	Zhe Bo Value Appraisal (2023) No. 0039
Valuation Project Name:	Value of industrial real estate owned by Zhejiang Qing Mao Weaving, Dyeing & Printing Co., Ltd (浙江慶茂紡織印染有限公司) located on No. 313 Tang Road, Paojiang, Shaoxing
Valuation Client:	Zhejiang Qing Mao Weaving, Dyeing & Printing Co., Ltd
Real Estate Valuation Institution:	Zhejiang Boda Real Estate and Land Assets Appraisal Co., Ltd.
Registered Real Estate Valuer:	Chen Lidan Registration No.3320190038 Xie Zheng Registration No.3320130026
Issuance Date of the Valuation Report:	22 December 2023

LETTER TO THE VALUATION CLIENT

To Zhejiang Qing Mao Weaving, Dyeing & Printing Co., Ltd,

As entrusted by your company, on 4 November 2023, our company assigned professional valuers to conduct an on-site survey on the industrial real estate valuation object located on No. 313 Tang Road, Paojiang, Shaoxing owned by Zhejiang Qing Mao Weaving, Dyeing & Printing Co., Ltd, and at the same time investigated and collected a large amount of relevant information, on the basis of the principles of independence, objectivity and impartiality, the principle of legality, the principle of value time point, the principle of substitution and the principle of maximum and best use, conducted investigation, analysis and valuation estimation thereon, and therefore prepared this valuation report. The valuation results are hereby reported as follows:

Valuation purpose: Valuation of the market value of the real estate to provide reference for the valuation client to understand the market value of the valuation object.

Valuation object: The valuation object is an industrial real estate located on No. 313 Tang Road, Paojiang, Shaoxing City. According to the Premises Permit (房產證), the total gross floor area stated in the Real Estate Title Certificate (不動產權證書) is 208,269.64 m². The total area of the land use right is 275,060.93 m². The property scope of the valuation object is the construction with a total gross floor area of 208,269.64 m² and the land with a land use right area of 275,060.93 m², including movable properties such as decoration and renovation, fixtures, structures, equipment and facilities on the valuation object, and excluding creditor's rights and debts and franchise rights, etc.

Value time point: 4 November 2023

Type of valuation: Market value

Valuation method: Cost method and income method are selected for this valuation

Valuation results: Based on the purpose of the valuation, following the valuation principles and in accordance with the valuation procedures, appropriate valuation methods were adopted for this valuation. On the basis of serious analysis on existing information, upon detailed and correct estimate and calculation and combining the comprehensive analysis on factors affecting the value of the real estate, it was determined that the appraised value of the real estate of the valuation object at the value time point was RMB789,233,111 (RMB seven hundred and eighty-nine million, two hundred and thirty-three thousand, one hundred and eleven).

SUMMARY OF VALUATION RESULTS

Currency: RMB

No.	Title Certificate No.	Name	Gross floor area (m ²)	Appraised unit price (RMB/m ²)	Appraised value (RMB)
1		Canteen complex (office building)	5,891.83	4,392.00	25,876,917
		Canteen complex (canteen)	1,159.93	3,267.00	3,789,491
2		4 # Warehouse	8,175.30	3,804.00	31,098,841
3		5 # Warehouse	8,175.30	3,804.00	31,098,841
4	Zhe (2018) Shaoxing Shi Bu Dong Chan Quan No.0043625	Double twisting workshop	40,264.51	3,476.00	139,959,437
5		Air compressor station	1,512.75	3,325.00	5,029,894
6		Main station (10Kv)	209.63	3,196.00	669,977
7		Main station (35Kv)	271.43	3,217.00	873,190
8		Executives' apartments	1,799.95	5,530.00	9,953,724
9		Staffs' dormitory (1)	5,037.64	5,530.00	27,858,149
10		Staffs' dormitory (2)	5,037.64	5,530.00	27,858,149
11		Weaving workshop	15,566.81	3,018.00	46,980,633
12		Weaving building	28,605.09	3,347.00	95,741,236
13		2 # Warehouse	10,798.95	3,076.00	33,217,570
14	Zhe (2021) Shaoxing Shi Bu Dong Chan Quan No.0016932	Printing and dyeing workshop (dyeing factory)	17,810.26	3,078.00	54,819,980
15		Ancillary printing and dyeing workshop	2,209.19	3,633.00	8,025,987
16		1 # Warehouse	11,358.23	3,201.00	36,357,694
17		Expansion of weaving building	5,753.42	3,200.00	18,410,944
18		Pre-treatment workshop	10,864.83	3,335.00	36,234,208
19		Mercerizing workshop	16,583.64	3,504.00	58,109,075
20		Power workshop	2,574.95	3,458.00	8,904,177
21		Water treatment room	486.22	3,317.00	1,612,792
22		Boiler room	3,481.58	3,578.00	12,457,093
23	Zhe (2018) Shaoxing Shi Bu Dong Chan Quan No. 0043629	Thermal power station	1,729.61	3,578.00	6,188,545
24		Thermal oil furnace room	644.22	3,323.00	2,140,743
25		Expansion of machine maintenance workshop	1,773.84	3,454.00	6,126,843
26		Machine repair room	430.62	3,242.00	1,396,070
27		LPG pipeline gas supply project	62.27	3,164.00	197,022
		Sub-total			<u>730,987,222</u>
28		Renovation value	—	—	20,971,212
29		Value of attachments (self-built houses, greening, cement land, wall, etc.)	—	—	19,558,425
30		Value of equipment, facilities and structures	—	—	<u>17,716,252</u>
		Sub-total			<u>58,245,889</u>
		Total			<u><u>789,233,111</u></u>

Special notes: (1) The valuation results in this valuation report include the value of state-owned land use rights, and movable properties such as decoration and renovation, fixtures, structures, equipment and facilities on the valuation objects, excluding creditor's rights and debts and franchise rights, etc.; (2) the valuation results in this consulting valuation report are subject to the valuation assumptions and limiting conditions, therefore, before using this consulting valuation report, please read the full text of this consulting valuation report carefully, pay adequate attention to the valuation assumptions and limiting conditions, and use the valuation results in this consulting valuation report in a reasonable manner; (3) the content of this letter is extracted from the main text of this consulting valuation report, and constitutes, together with the main text, an integral part of this consulting valuation report. Users of this consulting valuation report should read the report in full, understand it correctly and use it in a regulated way, and it is invalid to be used separately; (4) the valid term of this consulting valuation report is one year from the date of issuance of this valuation report, i.e. from 22 December 2023 to 21 December 2024.

We hereby inform your company.

Zhejiang Boda Real Estate and Land Assets Appraisal Co., Ltd.

Legal representative:
Chen Ye

22 December 2023

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Appendix I	Location Map of the Valuation Object
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Appendix III	Drawing of the Valuation Object
Appendix IV	Copy of the Legal Opinion on the Real Estate Ownership Status of Zhejiang Qing Mao Weaving, Dyeing & Printing Co., Ltd.
Appendix V	Copies of Title Certificates of the Valuation Object
Appendix VI	Copies of Business License of the Real Estate Valuation Institution and Certificates Recorded by the Real Estate Valuation Institution
Appendix VII	Copies of the Qualification Certificates of the Registered Real Estate Valuers

VALUERS' STATEMENT

We respectfully state that:

1. The statements of the registered real estate valuers on the facts in the valuation report are true and accurate, and there are no false records, misleading statements and material omissions;
2. The analysis, opinions and conclusions in the valuation report are independent, objective and fair professional analysis, opinions and conclusions of the registered real estate valuers, but are subject to the valuation assumptions and limiting conditions stated in the valuation report;
3. Our company is a member of the China Institute of Real Estate Appraisers and Agents (CIREA) and is required to comply with its professional standards. The registered real estate valuers conduct valuation work and prepare the valuation report in accordance with the requirements of PRC National Standards, such as the Code for Real Estate Appraisal (《房地產估價規範》) (GB/T50291-2015) and the Standard for Basic Terms of Real Estate Valuation (《房地產估價基本術語標準》) (GB/T50899-2013), etc.;
4. The registered real estate valuers have no actual or potential interests with the valuation object in the valuation report, have no interests with the valuation client and the interested persons of the valuation, and have no prejudice against the valuation object, the valuation client and the interested persons of the valuation;
5. Our valuers, Chen Lidan and Xie Zheng, conducted an on-site survey on the valuation object in this valuation report on 4 November 2023. The valuers' survey on the valuation object is limited to the appearance and use of the valuation object. The valuers are not responsible for the investigation of the quality of the construction structure of the valuation object and other responsibilities for the inspection of other covered, unexposed parts and inaccessible parts;
6. Han Jinde and Fu Yingyan, the asset appraisers of our company, have provided important professional assistance for the asset value in this valuation report; Zhejiang Yufeng Engineering Consulting Co., Ltd. (浙江宇風工程諮詢有限公司) has provided important professional assistance for the cost value in this valuation report;

7. Registered real estate valuers participating in this valuation:

Name	Qualification	Registration number
Chen Lidan	Registered Real Estate Appraiser	3320190038
Tse Zheng	Registered Real Estate Appraiser	3320130026

ASSUMPTIONS AND LIMITING CONDITIONS OF VALUATION

1. VALUATION ASSUMPTIONS

(1) General assumptions

1. The valuation client provided the Real Estate Title Certificates (Zhe (2021) Shaoxing Shi Bu Dong Chan Quan No. 0016932, Zhe (2018) Shaoxing Shi Bu Dong Chan Quan No. 0043625, Zhe (2018) Shaoxing Shi Bu Dong Chan Quan No. 0043629) of the valuation object, the Certificate of Real Estate Registration Inquiry in Yuecheng District of Shaoxing City (《紹興市越城區不動產登記查詢證明》) (number: G20231110-0050125) issued by the Registry of Real Estate of Yuecheng District of Shaoxing City, the Survey Form of Basic Information of the Valuation Object (《委估對象基本情況調查表》) signed by the owner, the Legal Opinion on the Property Rights of Zhejiang Qing Mao Weaving, Dyeing & Printing Co., Ltd (《關於浙江慶茂紡織印染有限公司房地產權屬狀況的法律意見書》) issued by Zhejiang Pengcheng Law Firm, and the Certificate of Non-default of Taxes (《無欠稅證明》) (Shao Yue Shui Dou Wu Qian Shui Zheng [2023] No. 10) issued by the State Administration of Taxation Doumen Taxation Office, Taxation Bureau of Yuecheng District, Shaoxing City. The valuers have carefully checked the above relevant information provided by the valuation client on which the valuation was based, and it is assumed that the relevant licenses and information of the valuation object provided by the valuation client are legal, true, accurate and complete and valid without verification if there is no reason to doubt their legality, authenticity, accuracy and completeness.
2. The valuers have paid attention to the major factors affecting the value of the valuation object, such as the safety and environmental pollution of the valuation object. In the absence of reasons to doubt the existence of potential safety hazards of the valuation object and the corresponding evaluation and testing by professional institutions, it is assumed that there are no internal safety and quality issues and environmental pollution of the valuation object that are difficult to be reflected in a intuitively manner, such as the foundation and structure.
3. The property rights of the valuation object are clear with procedures completed and can be freely transferred in the open market. The real estate market at the value time point is an open, equal and voluntary trading market, which meets the following conditions: ① both parties to the transaction voluntarily conduct the transaction; ② both parties to the transaction conduct the transaction for the benefits of their own; ③ both parties to the transaction act knowledgeably and prudently, and understand the target of the transaction and the market conditions; ④ both parties to the transactions have sufficient time to conduct the transaction; ⑤ there is no additional bid from buyers due to special interest.

4. This valuation assumes that the valuation client will not sign a lease agreement with any party for the valuation object for an indefinite term or which has a serious impact on the appraised value.
5. It is assumed that all taxes and fees payable by the valuation object have been paid in accordance with national, provincial and municipal laws, regulations and rules, and there is no default in payment of taxes.
6. This valuation is based on the assumption that the ownership and use of the property specified in the Real Estate Title Certificate have reached the maximum and best use and can be continuously used, of which the valuation of the property is estimated with reference to the use determined at the time of acquisition. Among which, the gross floor area of industrial office is 5,891.83 m², the gross floor area of the industrial dormitory is 11,875.23 m², and the gross floor area of industrial rooms is 190,502.58 m².
7. The nature, purpose and gross floor area of the houses that have been registered in this valuation are generally based on the records in the house ownership certificates (房屋權屬證書) and the house register (房屋登記簿). In case the records in the house ownership certificates are inconsistent with those in the house register, unless there is evidence to prove that there is an error in the house register, the house register shall prevail. For unregistered construction, the valuation shall be conducted according to the verification results of the relevant functional departments.
8. The land of the valuation object is divided into three land parcels (land parcel one, land parcel two and land parcel three). According to the Real Estate Title Certificate, land parcel one, land parcel two and land parcel three of the land belong to the same project, and cannot be divided and transferred without authorization. If transfer is needed, approval shall be obtained in accordance with the law. The valuation results in this valuation report have taken into account the impact of the limiting conditions on its overall value.

(2) Assumption of uncertain matters

1. Matters for the valuation object required in the valuation are clear and there is no assumption for uncertain matters.

(3) Assumption of deviation from facts

1. This valuation does not take into account the impact of factors such as the leasing rights, collateral rights and other prioritized claims of the valuation object.

(4) Inconsistency assumption

1. According to the Real Estate Title Certificate Zhe (2021) Shaoxing Shi Bu Dong Chan Quan No. 0016932 provided by the valuation client, it is recorded in the real state title certificate for the weaving building that the building structure is steel structure. Upon on-site survey by the registered real estate valuers, the current structure is reinforced concrete structure, and thus the recorded structure and the real structure are inconsistent. According to the actual situation, this valuation is conducted based on the on-site survey of the building structure by the registered real estate valuers, i.e. reinforced concrete structure; it is recorded in the real estate title certificate for the extension of the weaving building that the building structure is reinforced concrete structure. Upon on-site survey by the registered real estate valuers, the current structure is steel structure, and thus the recorded structure and the real structure are inconsistent. According to the actual situation, this valuation is conducted based on the on-site survey of the building structure by the registered real estate valuers, i.e. steel structure; it is recorded in the real estate title certificate for 1 # Warehouse that the building structure is reinforced concrete structure. Upon on-site survey by the registered real estate valuers, the current structure is steel structure, and thus the recorded structure and the real structure are inconsistent. According to the actual situation, this valuation is conducted based on the on-site survey of the building structure by the registered real estate valuers, i.e. steel structure. According to the Real Estate Title Certificate Zhe (2018) Shaoxing Shi Bu Dong Chan Quan No. 0043629 provided by the valuation client, it is recorded in the Real Estate Title Certificate for No.7 pre-treatment workshop that the building structure is steel structure. Upon on-site survey by the registered real estate valuers, the current structure is reinforced concrete structure, and thus the recorded structure and the real structure are inconsistent. According to the actual situation, this valuation is conducted based on the on-site survey of the building structure by the registered real estate valuers, i.e. reinforced concrete structure; it is recorded in the real estate title certificate for No. 6 power workshop that the building structure is steel structure. Upon on-site survey by the registered real estate valuers, the current structure is reinforced concrete structure, and thus the recorded structure and the real structure are inconsistent. According to the actual situation, this valuation is conducted based on the on-site survey of the building structure by the registered real estate valuers, i.e. reinforced concrete structure.

(5) Assumption of insufficient basis

1. The valuation client has provided the corresponding valuation information, and the valuers have conducted due diligence. The relevant basis for the status of the valuation object is sufficient and there is no assumption of insufficient basis.

2. RESTRICTION ON THE USE OF VALUATION REPORT

- (1) The valuation results of this valuation report have included the value of state-owned land transfers, houses, movable properties such as decoration and renovation, fixtures, structures, equipment and facilities on the valuation object, excluding creditor's rights and debts and franchise rights, etc.
- (2) The term of use of this valuation report is one year from the date of issuance of the valuation report. If there is any material change in the conditions of the real estate market or the valuation object during the term of use of this report, the valuation results shall be adjusted accordingly or revalued by the valuation institution.
- (3) The valuation result in this valuation report is the value that meets all valuation assumptions and limiting conditions, which is provided to the valuation client for use in accordance with the established valuation purpose and shall not be used for other purposes. If the valuation purpose and conditions of use are changed, necessary adjustments or re-evaluation shall be made after consultation with our company.
- (4) In these valuation results, the real estate value of the valuation object is the fair price of the valuation object determined by the open market principle at the value time point, without taking into account the impact of special transaction methods such as mandatory punishment and rapid realization on the valuation results; this valuation results have not taken into account the significant changes in national macroeconomic policies as well as the impact of natural forces and other force majeure on the valuation results.
- (5) The valuation report shall only be valid after being affixed with the official seal of the valuation institution and signed and sealed by the valuer(s). The valuation report provided to the valuation client is integral and cannot be separately used, and the valuer shall not be liable for any losses caused by improper use.
- (6) This valuation report is for the use of the valuation client and the report users agreed upon by the valuation client. The valuation institution and the valuer(s) shall not assume corresponding liabilities for any consequences caused by the improper use of the valuation report by the client.
- (7) The final interpretation of this valuation report shall belong to our company.

3. MATTERS REQUIRING SPECIAL EXPLANATIONS

- (1) All data in the report are calculated continuously by computerization. As the data calculated in the report is rounded to two decimal places or rounded, there may be circumstances where the left and right sides of individual equations are not exactly the same, but the accuracy of the calculation results and the final valuation conclusion shall not be affected.

- (2) If there is any discrepancy in words or figures in this valuation report due to printing, proofreading or other reasons, the client shall notify our valuation institution for correction, otherwise the error part shall be invalid.
- (3) This valuation result is the value of the valuation object under the real estate market conditions at the value time point. Due to time changes, the real estate market conditions may change, and the market value of the valuation object will change with the local real estate market conditions. This valuation does not take into account the possible impact of the above changes on the value of the real estate.
- (4) This valuation result is the value of the valuation object under the real estate and interest status at the value time point. With the change in time, the real estate condition of the valuation object will change, especially the depreciation of houses and the shortening of land use life. This valuation does not take into account the possible impact of the above changes on the value of the real estate.

REAL ESTATE VALUATION RESULTS REPORT**1. VALUATION CLIENT**

Name: Zhejiang Qing Mao Weaving, Dyeing & Printing Co., Ltd

Legal representative: Wei Zhiguo

Address: No. 313 Tang Road, Yuecheng District, Shaoxing City, Zhejiang Province

Scope of operation: General items: sales of knitwear products; dyeing and processing of fabrics; sales of knitwear products and raw materials; spinning processing; textile processing of fabrics (except for items which are subject to approval in accordance with the law, the operation activities shall be carried out independently with business license in accordance with the law).

2. REAL ESTATE VALUATION INSTITUTION

Name of valuation institution: Zhejiang Boda Real Estate Land and Assets Appraisal Co., Ltd.

Legal representative: Chen Ye

Address: Room 301, Block 3, No. 1051 Renmin East Road, Shaoxing City, Zhejiang Province

Filing level of valuation institution: Tier 1

Filing certificate No. of valuation institution: Zhe Jian Fang Gu Zheng Zi (2002) No. 063

Contact No.: 0575-85225763

Scope of operation: Real estate assessment, land assessment, asset assessment, social stability risk assessment, environmental impact assessment; engineering cost consultation; building surveying and mapping; housing expropriation services; real estate marketing planning, real estate information consulting, housing agency (the above operation scope involves qualification and shall be operated with valid qualification certificate). (For projects subject to approval in accordance with the law, the operation activities may only be carried out after approval by relevant authorities).

Basic information of the valuation institution: Zhejiang Boda Real Estate and Land Assets Appraisal Co., Ltd. is a comprehensive appraisal institution with real estate (tier one), assets and land appraisal qualifications approved by the Provincial Department of Construction, the Municipal Finance Bureau and the Department of Land and Resources of Zhejiang Province. Currently, there are 41 employees in total, among which 20 are professional and technical personnel, and including 15 registered real estate valuers, 3 land valuers and 4 asset valuers. The appraisal business carried out by the company mainly includes mortgage, transfer, expropriation, corporate merger, system transformation, bankruptcy, judicial and other kinds of real estate, land and asset appraisal business and data services such as bulk valuation and price inquiry system.

3. VALUATION PURPOSE

Valuation of the market value of the real estate to provide reference for the valuation client to understand the market value of the valuation object.

4. VALUATION OBJECT

(1) Property scope of the valuation object:

The property scope of the valuation object is the construction with a total gross floor area of 208,269.64 m² and the land with total use right area of 275,060.93 m², including movable properties such as decoration and renovation, fixtures, structures, equipment and facilities on the valuation object, and excluding creditor's rights and debts and franchise rights, etc.

(2) Physical status of the real estate of the valuation object:

1. Basic information of the land where the valuation object is located:

The land parcel where the valuation object is located has a regular shape, a flat landscape and good geological conditions. The degree of land development is at the stage of five access and one clearance, namely road access, water supply, drainage, electricity supply, communication and in-premise clearance. The land use right area is 275,060.93 m².

2. Basic status of the construction of the valuation object:

The right holder of the valuation object is Zhejiang Qing Mao Weaving, Dyeing & Printing Co., Ltd, which is located in No. 313 Tang Road, Paojiang, Shaoxing. 27 houses of the valuation object with a total gross floor area of 208,269.64 m² have title certificates. There are also self-built houses of approximately 22,889.33 m² without certificate. Currently, the house status is a complex for self-use and others are vacant. The specific physical conditions are as follows:

No.	Current building name	Structure of existing status	Number of storey	Gross floor area (m ²)	Height of house (m)	Status of house
1	Canteen complex (office building)	Reinforced concrete structure	1-3/3	5,891.83	1F = 4.78, F2 = 3.87, F3 = 3.87,	Reinforced concrete beams, ground of steel concrete building, aluminum alloy doors and windows, external wall cylinder brick surface, complete water and electricity facilities, housing completed in about 2004 with complete system and in good condition
	Canteen complex (canteen)		1/1	1,159.93	Top F = 2.95	Reinforced concrete beams, ground of steel concrete building, aluminum alloy doors and windows, external wall cylinder brick surface, complete water and electricity facilities, housing completed in about 2004 with complete system and in good condition
2	4 # Warehouse	Reinforced concrete structure	1/1	8,175.30	F1 = 12.10	Reinforced concrete beams, ground of steel concrete building, aluminum alloy doors and windows, external wall coating, complete water and electricity facilities, housing completed in about 2004 with complete system and in good condition
3	5 # Warehouse	Reinforced concrete structure	1/1	8,175.30	F1 = 12.10	Reinforced concrete beams, ground of steel concrete building, aluminum alloy doors and windows, external wall coating, complete water and electricity facilities, housing completed in about 2004 with complete system and in good condition

No.	Current building name	Structure of existing status	Number of storey	Gross floor area (m ²)	Height of house (m)	Status of house
4	Double twisting workshop	Reinforced concrete structure	1-3/3	40,264.51	F1 = 7.8, Mezzanine = 3, F2 = 7.8, Mezzanine = 3, F3 = 7.4, Roof = 3.3	Reinforced concrete beams, ground of steel concrete building, aluminum alloy doors and windows, external wall coating, complete water and electricity facilities, housing completed in about 2004 with complete system and in good condition
5	Air compressor station	Reinforced concrete structure	1/1	1,512.75	F1 = 6.38	Reinforced concrete beams for load bearing, ground of steel concrete building, aluminum alloy doors and windows, external wall coating, complete water and electricity facilities, housing completed in about 2003 with complete system and in good condition
6	Main station (10Kv)	Reinforced concrete structure	1/1	209.63	F1 = 4.55	Reinforced concrete beams for load bearing, ground of steel concrete building, aluminum alloy doors and windows, external wall coating, complete water and electricity facilities, housing completed in about 2003 with complete system and in good condition
7	Main station (35Kv)	Reinforced concrete structure	1/1	271.43	F1 = 5.05	Reinforced concrete beams for load bearing, ground of steel concrete building, aluminum alloy doors and windows, external wall coating, complete water and electricity facilities, housing completed in about 2003 with complete system and in good condition
8	Executives' apartments	Reinforced concrete structure	1-4/4	1,799.95	F1 = 3.55, F2 = 3, F3 = 3, F4 = 3, Top = 2.83	Reinforced concrete beams for load bearing, ground of steel concrete building, aluminum alloy doors and windows, external wall coating, complete water and electricity facilities, housing completed in about 2004 with complete system and in good condition

No.	Current building name	Structure of existing status	Number of storey	Gross floor area (m ²)	Height of house (m)	Status of house
9	Staffs' dormitory (1)	Reinforced concrete structure	1-6/6	5,037.64	F1 = 3.3, F2 = 3.3, F3 = 3.3, F4 = 3.3, F5 = 3.3, F6 = 3.47, Top = 2.9	Reinforced concrete beams for load bearing, ground of steel concrete building, aluminum alloy doors and windows, external wall coating, complete water and electricity facilities, housing completed in about 2004 with complete system and in good condition
10	Staffs' dormitory (2)	Reinforced concrete structure	1-6/6	5,037.64	F1 = 3.3, F2 = 3.3, F3 = 3.3, F4 = 3.3, F5 = 3.3, F6 = 3.47, Top = 2.9	Reinforced concrete beams for load bearing, ground of steel concrete building, aluminum alloy doors and windows, external wall coating, complete water and electricity facilities, housing completed in about 2004 with complete system and in good condition
11	Weaving workshop	Steel structure	1-2/2	15,566.81	F1 = 8.4	Steel structure beams for load bearing, ground of steel concrete, steel structure surface, external wall coating, aluminum doors and aluminum alloy windows, complete water and electricity facilities, completed in 2003 with complete system and in good condition
12	Weaving Building	Reinforced concrete structure	1-4/4	28,605.09	F1 = 7.48, Mezzanine = 4.6, F2 = 6.5, Mezzanine = 3.13, F3 = 5, F4 = 4.6, Roof = 3.26	Reinforced concrete beams for load bearing, ground of steel concrete building, aluminum alloy doors and windows, external wall coating, complete water and electricity facilities, housing completed in about 2006 with complete system and in good condition
13	2 # Warehouse	Steel structure	1/1	10,798.95	F1 = 10.35, F2 = 5.42	Steel structure beams for load bearing, ground of steel concrete, steel structure house surface, external wall coating, aluminum doors and aluminum alloy windows, complete water and electricity facilities, completed in 2003 with complete system and in good condition

No.	Current building name	Structure of existing status	Number of storey	Gross floor area (m ²)	Height of house (m)	Status of house
14	Printing and dyeing workshop (dyeing factory)	Steel structure	1-2/2	17,810.26	F1 = 10.10, F2 = 4	Steel structure beams for load bearing, ground of steel concrete, steel structure house surface, external wall coating, aluminum doors and aluminum alloy windows, complete water and electricity facilities, completed in 2004 with complete system and in good condition
15	Ancillary printing and dyeing workshop	Reinforced concrete structure	1/1	2,209.19	F1 = 10.13	Reinforced concrete beams for load bearing, ground of steel concrete building, aluminum alloy doors and windows, external wall coating, complete water and electricity facilities, completed in 2004 with complete system and in good condition
16	1 # Warehouse	Steel structure	1/1	11,358.23	F1 = 11.22	Steel structure beams for load bearing, ground of steel concrete, steel structure surface, external wall coating, aluminum doors and aluminum alloy windows, complete water and electricity facilities, completed in 2004 with complete system and in good condition
17	Expansion of weaving building	Steel structure	1/1	5,753.42	F1 = 11.2	Steel structure beams for load bearing, ground of steel concrete, steel structure house surface, external wall coating, aluminum doors and aluminum alloy windows, complete water and electricity facilities, completed in 2006 with complete system and in good condition
18	Pre-treatment workshop	Reinforced concrete structure	1-2/2	10,864.83	F1 = 4.5/6.2, F2 = 4.2	Reinforced concrete beams for load bearing, ground of steel concrete building, aluminum alloy doors and windows, external wall coating, complete water and electricity facilities, completed in 2009 with complete system and in good condition

No.	Current building name	Structure of existing status	Number of storey	Gross floor area (m ²)	Height of house (m)	Status of house
19	Mercerizing workshop	Reinforced concrete structure	1/1	16,583.64	F1 = 4.5, 8.7	Reinforced concrete beams for load bearing, ground of steel concrete building, aluminum alloy doors and windows, external wall coating, complete water and electricity facilities, housing completed in 2009 with complete system and in good condition
20	Power workshop	Reinforced concrete structure	1/1	2,574.95	F1 = 8	Reinforced concrete beams for load bearing, ground of steel concrete building, aluminum alloy doors and windows, external wall coating, complete water and electricity facilities, completed in 2009 with complete system and in good condition
21	Water treatment room	Reinforced concrete structure	1/1	486.22	F1 = 8, Mezzanine = 4	Reinforced concrete beams for load bearing, ground of steel concrete building, aluminum alloy doors and windows, external wall coating, complete water and electricity facilities, completed in 2003 with complete system and in good condition
22	Boiler room	Reinforced concrete structure	1-4/4	3,481.58	F1 = 6, Mezzanine = 2.98, F2 = 6, Mezzanine = 2.92, F3 = 8.96, F4 = 4.8, F1-3 = 23.3, F1-2 = 10	Reinforced concrete beams for load bearing, ground of steel concrete building, aluminum alloy doors and windows, external wall coating, complete water and electricity facilities, completed in 2003 with complete system and in good condition
23	Thermal power station	Reinforced concrete structure	1-3/3	1,729.61	F1 = 5.83, Mezzanine = 2.88, F2 = 9.98, F3 = 4.02	Reinforced concrete beams for load bearing, ground of steel concrete building, aluminum alloy doors and windows, external wall coating, complete water and electricity facilities, completed in 2003 with complete system and in good condition

No.	Current building name	Structure of existing status	Number of storey	Gross floor area (m ²)	Height of house (m)	Status of house
24	Thermal oil furnace room	Reinforced concrete structure	1/1	644.22	F1 = 6.35	Reinforced concrete beams for load bearing, ground of steel concrete building, aluminum alloy doors and windows, external wall coating, complete water and electricity facilities, completed in 2003 with complete system and in good condition
25	Expansion of machine maintenance workshop	Reinforced concrete structure	1/1	1,773.84	F1 = 7.8	Reinforced concrete beams for load bearing, ground of steel concrete building, aluminum alloy doors and windows, external wall coating, complete water and electricity facilities, with complete system and in good condition
26	Machine repair room	Reinforced concrete structure	1/1	430.62	F1 = 5.37	Reinforced concrete beams for load bearing, ground of steel concrete building, aluminum alloy doors and windows, external wall coating, complete water and electricity facilities, completed in 2007 with complete system and in good condition
27	LPG pipeline gas supply project	Reinforced concrete structure	1/1	62.27	F1 = 4.22	Reinforced concrete beams for load bearing, ground of steel concrete building, aluminum alloy doors and windows, external wall coating, complete water and electricity facilities, completed in 2003 with complete system and in good condition

Total: 208,269.64

(3) Status of the real estate interests:

1. Source of valuation object

The valuation object is an industrial real estate located in No. 313 Tang Road, Paojiang, Shaoxing, and there are three parcels of land (land parcel one, land parcel two and land parcel three), all of which were legally obtained by the owner, Zhejiang Qing Mao Weaving, Dyeing & Printing Co., Ltd, by way of transfer on 19 March 2003, and the buildings erected thereon are self-built. As at the value time point, the three parcels of land and the construction erected thereon have obtained the Real Estate Title Certificates with the numbers of Zhe

(2021) Shaoxing Shi Bu Dong Chan Quan No. 0016932, Zhe (2018) Shaoxing Shi Bu Dong Chan Quan No. 0043625 and Zhe (2018) Shaoxing Shi Bu Dong Chan Quan No. 0043629, respectively.

2. Registration status of rights of valuation object

According to the Legal Opinion on the Property Rights of Zhejiang Qing Mao Weaving, Dyeing & Printing Co., Ltd issued by Zhejiang Pengcheng Law Firm which is provided by the valuation client, the registered owner of the valuation object is Zhejiang Qing Mao Weaving, Dyeing & Printing Co., Ltd and the valuation object is solely owned by it.

According to the Real Estate Title Certificates with the numbers of Zhe (2021) Shaoxing Shi Bu Dong Chan Quan No. 0016932, Zhe (2018) Shaoxing Shi Bu Dong Chan Quan No. 0043625 and Zhe (2018) Shaoxing Shi Bu Dong Chan Quan No. 0043629 provided by the valuation client, the property rights of the valuation object are as follows:

- (1) Owner: all are owned by Zhejiang Qing Mao Weaving, Dyeing & Printing Co., Ltd
- (2) Joint ownership: all are solely owned
- (3) Location: all are located in No. 313 Tang Road
- (4) Type of rights: all are state-owned construction land use rights/building ownership rights
- (5) Nature of rights: all are granted/self-built houses
- (6) Usage: all are industrial land/industrial
- (7) Term of use: the term of use of the state-owned construction land is from 20 March 2003 to 19 March 2053. The approved term of use is 50 years, and it has been used for 20.63 years as at the value time point. The remaining term of the land use right is 29.37 years.
- (8) Land parcel one, land parcel two and land parcel three of the land belong to the same project, and cannot be divided and transferred without authorization. If transfer is needed, approval shall be obtained in accordance with the law.

(9) Other detailed rights status of the valuation object are as follows:

Real Estate Title Certificate No.	No.	Gross floor area (m ²)	Usage	Structure	No. of storey	Gross floor area (m ²)	Land use right area (m ²)
Zhe (2018) Shaoxing Shi Bu Dong Chan Quan No. 0043625	1	7,051.76	Industrial land/ Non-residential	Reinforced concrete structure	1-3/3	77,535.91	73,770.26
	2	8,175.3	Industrial land/ Industrial	Reinforced concrete structure	1/1		
	3	8,175.3	Industrial/Industrial	Reinforced concrete structure	1/1		
	4	40,264.51	Industrial land/ Industrial	Reinforced concrete structure	1-3/3		
	5	1,512.75	Industrial land/ Non-residential	Reinforced concrete structure	1/1		
	6	209.63	Industrial land/ Non-residential	Reinforced concrete structure	1/1		
	7	271.43	Industrial land/ Non-residential	Reinforced concrete structure	1/1		
	8	1,799.95	Industrial land/ Residential	Reinforced concrete structure	1-4/4		
	9	5,037.64	Industrial land/ Residential	Reinforced concrete structure	1-6/6		
	10	5,037.64	Industrial land/ Residential	Reinforced concrete structure	1-6/6		
Zhe (2021) Shaoxing Shi Bu Dong Chan Quan No. 0016932	1	15,566.81	Industrial land/ Non-residential	Steel structure	1-2/2	92,101.95	104,247.28
	2	28,605.09	Industrial land/ Industrial	Steel structure	1-4/4		
	3	10,798.95	Industrial land/ Non-residential	Steel structure	1/1		
	4	17,810.26	Industrial land/ Non-residential	Steel structure	1-2/2		
	5	19,320.84	Industrial land/ Industrial	Reinforced concrete structure	1/1		

Real Estate Title Certificate No.	No.	Gross floor area (m ²)	Usage	Structure	No. of storey	Gross floor area (m ²)	Land use right area (m ²)
Zhe (2018) Shaoxing Shi Bu Dong Chan Quan No. 0043629	1	10,864.83	Industrial land/ Industrial	Steel structure	1-2/2		
	2	16,583.64	Industrial land/ Industrial	Reinforced concrete structure	1/1		
	3	2,574.95	Industrial land/ Industrial	Steel structure	1/1		
	4	486.22	Industrial land/ Industrial	Reinforced concrete structure	1/1		
	5	3,481.58	Industrial land/ Non-residential	Reinforced concrete structure	1-4/4		
	6	1,729.61	Industrial land/ Industrial	Reinforced concrete structure	1-3/3	38,631.78	97,043.39
	7	644.22	Industrial land/ Non-residential	Reinforced concrete structure	1/1		
	8	1,773.84	Industrial land/ Industrial	Reinforced concrete structure	1/1		
	9	430.62	Industrial land/ Non-residential	Reinforced concrete structure	1/1		
	10	62.27	Industrial land/ Non-residential	Reinforced concrete structure	1/1		
Total:						208,269.64	

3. Status of other rights

Based on the on-site survey and inspection by the registered real estate valuers, and the Legal Opinion on the Property Rights of Zhejiang Qing Mao Weaving, Dyeing & Printing Co., Ltd issued by Zhejiang Pengcheng Law Firm which is provided by the valuation client and the Certificate of Non-default of Taxes (Shao Yue Shui Dou Wu Qian Shui Zheng [2023] No. 10) issued by the State Administration of Taxation Doumen Taxation Office, Taxation Bureau of Yuecheng District, Shaoxing City, other rights of the valuation object are determined as follows:

- (1) Creation of collateral rights: The valuation object has not created mortgage rights at the value time point.
- (2) Leasing and usage: As at the value time point, the complex building of the valuation object is for self-use and the others are vacant.
- (3) Status of restricted rights in the form of seizure: The valuation object is not subject to seizure, detainment, supervision and other conditions according to law at the value time point.
- (4) Tax default: No non-payment of tax of the valuation object was found on 10 November 2023.

- (5) Other information: In addition, there are self-built houses without certificates on the three parcels of land of the valuation object with a total area of approximately 22,889.33 m². As of the date of issuance of the Legal Opinion on the Property Rights of Zhejiang Qing Mao Weaving, Dyeing & Printing Co., Ltd, the owner of the valuation object has not received any objection, rectification opinion or administrative punishment from the relevant competent authorities on the self-built houses without certificates.

In conclusion, the ownership of the valuation object is legal, clear and undisputed. There is no leasehold, occupation, mortgage right, and no seizure, detainment, supervision, etc. The owner could have complete property rights and legally enjoy the rights to occupy, use, gain, transfer, donate, lease, mortgage, etc.

(4) Location status of the real estate:

1. Location status: The valuation object is an industrial real estate located in No. 313 Tang Road, Paojiang, Shaoxing, and the factory area where it is located is in the east to Tang Road, south to river, west to Waiguantang River, north to Hehu Road; it is about 2 kilometres away from the Shaoxing access in Shaohang-Ningbo Expressway with about 6-minute drive, about 9 kilometres away from Shaoxing North Station with about 16-minute drive, and is approximately 32.0 kilometres away from Xiaoshan International Airport with approximately 40-minute drive.
2. Traffic conditions: The factory area where the valuation object is located has Lintang Highway at the east access and Linhe Lake Road at the north access with high road accessibility and convenient cargo transportation; there are 8A, 168A, 168 and 178 bus lines at the Zhejiang Qingmao bus station nearby. Public transportation is convenient in the area.
3. Status of external supporting facilities: The infrastructure reaches five access, namely road access, access to upstream, access to downstream, electricity supply and communication, and the infrastructure is complete; the valuation object is about 3 kilometres away from the centre of Doumen Street. There are supermarkets, banks, schools and other supporting facilities in the street centre. The completeness of public supporting facilities in the area is fair.
4. Nature of surrounding environment: The valuation object is surrounded by industrial enterprises such as Shaoxing City Investment Renewable Resources Co., Ltd. (紹興市城投再生資源有限公司), Zhejiang Minsheng Pharmaceutical Co., Ltd. (浙江民生醫藥股份有限公司), Xi Lin Men Furniture Co., Ltd. (喜臨門家俱股份有限公司), Shaoxing Libixin Instruments Co., Ltd. (紹興力必信儀器有限公司), Shaoxing Ouhuang Furniture Co., Ltd. (紹興歐皇家具有限公司), Hengao Wool Textile (恒澳毛紡), Shaoxing Lianrun Hardware (紹興聯潤五金製品), Shaoxing Asian

Capital Decoration Materials Co., Ltd. (紹興卓亞裝飾材料有限公司), with high corporate concentration and strong industrial atmosphere in the surrounding.

5. VALUE TIME POINT

The value time point of this valuation is the date agreed by the valuation client, i.e. the value time point is 4 November 2023.

6. VALUE TYPE

The type of value adopted in this valuation is market value.

7. VALUATION PRINCIPLES

According to the valuation purpose and value type, this valuation follows the following valuation principles:

(1) Principles of independence, objectivity and impartiality

The principle requires, on the basis of neutral viewpoint and pragmatic manner, a fair and upright assessment for each of the interested persons of the valuation are fair and reasonable value or price.

(2) Principle of legality

The principle requires the valuation results to be the value or price under the condition of the valuation object determined in accordance with the law.

(3) Principle of value time point

The principle requires the valuation results to be the value or price at a specific time determined according to the valuation purpose.

(4) Principle of substitution

The principle requires the valuation result to deviate from the value or price of similar real estate under the same conditions within a reasonable range.

(5) Principle of maximum and best use

The principle requires the valuation results to be the value or price under the maximum and best use of the valuation object. The maximum and best use refers to the reasonable and possible use of the real estate that is legally permissible, technically feasible, financially feasible and with maximized value, including the best use, scale, grade, etc.

8. VALUATION BASIS

(1) Relevant laws, regulations and policies

1. Urban Real Estate Administration Law of the PRC (Order No. 32 of the President of the PRC) (《中華人民共和國城市房地產管理法》(中華人民共和國主席令第32號));
2. Land Administration Law of the PRC (Order No. 32 of the President of the PRC) (《中華人民共和國土地管理法》(中華人民共和國主席令第32號));
3. Civil Code of the PRC (Order No. 45 of the President of the PRC) (《中華人民共和國民法典》(中華人民共和國主席令第45號));
4. Asset Valuation Law of the People's Republic of China (Order No. 46 of the President of the People's Republic of China) (《中華人民共和國資產評估法》(中華人民共和國主席令第46號));
5. Notice on the Implementation Measures for Expropriation of and Compensation for Buildings on State-owned Land in Shaoxing (Amended) (Shao Zheng Fa [2022] No. 24) (《紹興市區國有土地上房屋徵收與補償實施辦法(修訂)》的通知(紹政發[2022]24號));
6. Implementation Rules for Expropriation and Compensation of Buildings on State-owned Land in Yuecheng District, Shaoxing (Trial) (Yue Zheng Fa [2017] No. 53) (《紹興市越城區國有土地上房屋徵收與補償實施細則(試行)》(越政發[2017]53號));

(2) Valuation Standards

1. Code for Real Estate Appraisal (National Standard of the People's Republic of China GB/T50291-2015) (《房地產估價規範》(中華人民共和國國家標準GB/T50291-2015));
2. Standard for Basic Terms of Real Estate Valuation (National Standard of the People's Republic of China GB/T50899-2013) (《房地產估價基本術語標準》(中華人民共和國國家標準GB/T50899-2013));

(3) Relevant Information Provided by the Valuation Client

1. Copy of the Valuation Engagement Letter (估價委託書);
2. Copies of Real Estate Title Certificates (Zhe (2021) Shaoxing Shi Bu Dong Chan Quan No. 0016932, Zhe (2018) Shaoxing Shi Bu Dong Chan Quan No. 0043625, Zhe (2018) Shaoxing Shi Bu Dong Chan Quan No. 0043629 (《不動產權證照》(浙(2021)紹興市不動產第0016932號、浙(2018)紹興市不動產0043625號、浙(2018)紹興市不動產0043629號));

3. Copy of the Certificate of Real Estate Registration Inquiry in Yuecheng District of Shaoxing City (《紹興市越城區不動產登記查詢證明》) (number: G20231110-0050125);
4. Copy of the Survey Form of Basic Information of the Valuation Object (《委估對象基本情況調查表》);
5. Copy of the Legal Opinion on the Property Rights of Zhejiang Qing Mao Weaving, Dyeing & Printing Co., Ltd;
6. Copy of the Certificate of Non-default of Taxes (Shao Yue Xian Dou Wu Zhi Zheng [2023] No. 10) (《無欠稅證明》(紹越稅斗無欠稅證[2023]10號));
7. Other information related to this valuation provided by the valuation client;

(4) Information collected by the valuation institution and valuers

1. On-site survey information of the valuation object;
2. The valuers collected market transaction information of similar real estate;
3. Internal real estate market database of the valuation institution;

(5) Other relevant information

9. VALUATION METHOD

(1) Selection of valuation method

According to the Code for Real Estate Appraisal, the main methods for real estate appraisal include comparison method, income method, cost method and hypothetical development method. Theoretically, the comparison method should be adopted if there are more recent transactions of the same type of real estate of the valuation object at the value time point; the income method shall be adopted when the valuation object or its similar real estate usually has economic income such as rent; the cost method should be adopted for valuation object that can be assumed as an independent development and construction project for redevelopment and construction; when there are no transactions or few transactions of the same type of real estate of the valuation object, and the valuation object or its same type of real estate have no economic income such as rent, the cost method shall be adopted; if the valuation object has development or redevelopment potential and the value after completion of development can be estimated and calculated by methods other than cost method, the hypothetical development method shall be adopted.

The valuers have conducted a detailed on-site survey of the valuation object, and analyzed the applicability of the valuation methods based on objective conditions such as the valuation purpose, the type and characteristics of the valuation object, the local real estate market conditions and the degree of completion of the valuation data collected by the valuers with due diligence as follows:

Valuation method	Adopted or not	Explanation of reasons
Comparison method	Not adopted	The valuation object is non-commodity industrial real estate, which is significantly different from ordinary commercial, office and residential real estate. Due to the strong individual nature of the land planning of industrial enterprises, such as the difference in the types of plants, the use of plants, the construction structure and the number of supporting offices, it is difficult to find transaction cases similar to the planning of the valuation object in the market. Therefore, it is not appropriate to adopt the comparison method for valuation.
Income method	Adopted	The valuation object is industrial real estate. Similar real estate has the economic benefits of leasing or potential leasing, and there are more similar real estate leasing cases within the same scope of demand and supply, thus the income method is adopted.
Cost method	Adopted	The valuation object is industrial real estate, which belongs to the whole real estate that can be independently developed and constructed, thus the cost method is adopted.

Valuation method	Adopted or not	Explanation of reasons
Hypothetical development method	Not adopted	The valuation object is industrial real estate, which has no development or redevelopment potential, and this report is based on the valuation premise of maintaining the existing use, thus the hypothetical development method is not adopted.

By analyzing the applicability of the valuation methods, the valuers have determined to adopt the cost method and income method for valuation estimate and calculation.

The cost method refers to the method of estimating and calculating the replacement cost or reconstruction cost and depreciation of the valuation object at the value time point, and deducts the replacement cost or reconstruction cost from the depreciation to obtain the value or price of the valuation object.

The income method refers to the prediction of the future income of the valuation object, using the return rate or capitalization rate and income multiplier to convert future income into value to obtain the value or price of the valuation object.

(2) Estimation and calculation process for valuation

Based on the relevant information provided by the valuation client and the valuation purpose, the registered real estate valuer carefully studied and analyzed the characteristics and actual conditions of the valuation object through on-site survey, and conducted in-depth investigation into the development of the real estate market in the area where the valuation object is located. Based on the comprehensive analysis of the relevant information collected and obtained, in accordance with the characteristics of the valuation object and valuation purpose, in compliance with the code of valuation and relevant regulations, combined with the valuation experience and with repeated research, the process of valuation technique is determined as follows:

1. The income method is used to estimate and calculate the income value of the valuation object, and the specific steps are as follows:
 - (1) Select the yield capitalization method, choose the full-life income model, and follow the income method model in which net income increases at a certain rate year-by-year during the income period.
 - (2) Estimate and calculate the income period.
 - (3) Estimate and calculate the future income.
 - (4) Determine the rate of return.

- (5) Estimate and calculate the income value of the valuation object.

The formula of the income method is:

$$V = a / (r - g) [1 - ((1 + g) / (1 + r))^n]$$

V — Income value of the valuation object at the value time point

a — Net annual income

g — Annual incremental rate of net annual income

r — Return rate

n — Income period

2. The cost method is used to estimate and calculate the cost value of the valuation object, and the specific steps are as follows:
 - (1) Select specific valuation approaches: this valuation is conducted by adopting separate valuation approaches for real estate.
 - (2) Determine the replacement cost of land by estimating and calculating the acquisition cost of land, development cost of land, administrative expenses, sales expenses, investment interest, sales tax and development profit.
 - (3) Determine the replacement cost of buildings by estimating and calculating the construction cost of buildings, administrative expenses, sales expenses, investment interest, sales tax and development profit. The depreciated value of buildings is determined by estimating and calculating the depreciation of buildings.
 - (4) Determine the cost value of the valuation object.
3. The appraisal value of the valuation object is derived from the appraisal results through standard housing adjustment.

(3) Estimation and calculation process

The cost method and income method were adopted to derive the comparable price of industrial standard housing (Valuation object — Zhejiang Qing Mao Weaving, Dyeing & Printing Co., Ltd; Acquisition method: transfer).

Industrial standard housing benchmark setting (see Table 1):

Table 1: Industrial Standard Housing Benchmark Setting

Type of Housing	Industrial Housing	Building structure	Brick concrete
Level	1–2F	Gross floor area	40,000 m ²
Interior decoration	Rough cast	Nature of rights	State-owned Transfer
Remaining life	29.37 years	Floor area ratio	1.0
Newness rate	0.85	Replacement cost	RMB750/m ²

1. *Estimation and calculation of industrial plants using income method*

(1) Rental estimation and calculation

In accordance with the market research conducted by the valuers and the market information obtained by our company, through sorting and analysis of the recent real estate transactions similar to the valuation object, three transaction cases were selected from the real estate transaction database obtained by our company as comparable cases (Table 2) based on the principles of similar location, same usage, same nature of rights, similar grading, similar scale, same building structure, and proximity of the transaction date with the value time point.

Table 2: Comparable Cases

Comparative items	Comparable case A	Comparable case B	Comparable case C
Location	Doumen	Doumen	Doumen
Location Name	Doumen Tang Road Plant	Doumen Sanjiang Road Plant	Doumen Zhenyuan Road Plant
Total Floor	3	3	2
Level	1–2	1–2	1–2
Construction structure	Steel concrete	Steel concrete	Steel concrete
Year of completion	85% new	85% new	85% new
Gross floor area (m ²)	1,600	4,000	2,200
Floor height (m)	Standard	Standard	Standard
Interior decoration	Rough cast	Rough cast	Rough cast
Attachments	Nil	Nil	Nil
Use of housing	Industrial	Industrial	Industrial
Nature of land	State-owned	State-owned	State-owned
Transaction method	Leasing	Leasing	Leasing
Transaction status	Normal	Normal	Normal
Date of transaction	2023.11	2023.11	2023.11
Total rent (RMB/year)	378,432	949,085	492,563
Source of information	Market research	Market research	Market research
Rental comparable unit price (RMB/m ² • month)	20.00	20.00	19.00

Table 3: Explanation of Comparison Factors

Comparative items		Valuation object	Comparable case A	Comparable case B	Comparable case C
Name of location		Zhejiang Qing Mao, No 313 Tang Road, Doumen Street	Doumen Tang Road Plant	Doumen Sanjiang Road Plant	Doumen Zhenyuan Road Plant
Transaction status		Normal	Normal	Normal	Normal
Date of transaction		2023.11.4	2023.11	2023.11	2023.11
Rental comparable unit price (RMB/m ² • month)		To be valuated	20.00	20.00	19.00
	Geographical location	Doumen Tang Road	Doumen	Doumen	Doumen
	Infrastructure and public facilities	Complete	Relatively complete	Relatively complete	Relatively complete
Location condition	Industrial agglomeration	Relatively high	Relatively high	Relatively high	Relatively high
	Access to transportation	Convenient	Convenient	Convenient	Convenient
	Environmental quality	Fair	Fair	Fair	Fair
	Adjacent road condition	Tang Road	Tang Road	Sanjiang Road	Zhenyuan Road
Real estate condition	Construction structure	Brick concrete	Steel concrete	Steel concrete	Steel concrete
	Floor height (m) Level	Standard 1-2	Standard 1-2	Standard 1-2	Standard 1-2
Physical condition	Usage	Industrial	Industrial	Industrial	Industrial
	Newness	85% new	85% new	85% new	85% new
	Construction scale	Moderate	Moderate	Moderate	Moderate
	Internal facilities	Complete	Incomplete	Incomplete	Relatively complete
	Facilities and equipment	Complete	Incomplete	Incomplete	Relatively complete
	Gross floor area (m ²)	40,000	1,600	4,000	2,200
	Use of housing	Industrial	Industrial	Industrial	Industrial
Interest status	Nature of land	State-owned	State-owned	State-owned	State-owned
	Acquisition method	Transfer	Transfer	Transfer	Transfer

Table 4: Comparison Factor Modification Coefficient Table

Comparative items		Comparable case A			Comparable case B			Comparable case C			
Rental comparable unit price (RMB/m ² • month)		20.00			20.00			19.00			
Transaction status modification		100	/	100	100	/	100	100	/	100	
Adjustment of market conditions		100	/	100	100	/	100	100	/	100	
Geographical location		100	/	100	100	/	102	100	/	101	
Infrastructure and public facilities		100	/	98	100	/	98	100	/	98	
Location condition adjustment	Industrial agglomeration	100	/	100	100	/	100	100	/	100	
	Access to transportation	100	/	100	100	/	100	100	/	100	
	Environmental quality	100	/	100	100	/	100	100	/	100	
	Subtotal of location condition adjustment coefficient	100	/	98	100	/	100	100	/	99	
	Adjacent road condition	100	/	100	100	/	100	100	/	100	
Construction structure		100	/	102	100	/	102	100	/	102	
Floor height (m)		100	/	100	100	/	100	100	/	100	
Adjustment of real estate conditions	Physical condition adjustment	Level	100	/	100	100	/	100	100	/	100
		Usage	100	/	100	100	/	100	100	/	100
		Newness	100	/	100	100	/	100	100	/	100
		Construction scale	100	/	100	100	/	100	100	/	100
		Internal facilities	100	/	96	100	/	96	100	/	98
	Facilities and equipment	100	/	97	100	/	97	100	/	97	
	Gross floor area (m ²)	100	/	104	100	/	104	100	/	104	
	Subtotal of physical condition adjustment coefficient	100	/	99	100	/	99	100	/	101	
	Interest status adjustment	Use of housing	100	/	100	100	/	100	100	/	100
		Nature of land	100	/	100	100	/	100	100	/	100
Acquisition method		100	/	100	100	/	100	100	/	100	
Subtotal of interest status adjustment	100	/	100	100	/	100	100	/	100		
Rental comparison value (RMB/m ² • month)		20.61			20.20			19.00			
Average rental comparison value (RMB/m ² • month)					19.94						

Determination of rental valuation price of the valuation object

The three comparable cases have a relatively high comparability to the valuation object, and the difference between the above three comparable values is within a reasonable range. Therefore, the simple arithmetic average of the three comparable values is adopted as the rental valuation price of the valuation object, i.e. the rental valuation unit price of the valuation object = (RMB20.61/m² • month + RMB20.20/m² • month + RMB19.00/m² • month) ÷ 3 = RMB19.94/m² • month.

(2) Estimated annual effective gross income

Effective gross income is the income after deducting vacancy and rental losses from potential gross income.

The potential gross income is the total income attributable to the valuation object that can be obtained by the valuation object under full utilization without vacancy and rental losses. The potential gross income from lease-type real estate is the potential gross rental income plus other income.

According to the local real estate leasing market condition, combined with the geographical location of the valuation object, and after comprehensive analysis by the valuers, the monthly rental unit price of the valuation object is determined to be RMB19.94/m² • month, the annual potential gross rental income of the valuation object = the objective monthly rent of the valuation object × 12 months = RMB19.94/m² • month × 12 = RMB239.28/m² • year.

Vacancy and rental losses are losses caused by vacancy or default of rent by lessees. Vacancy and rental losses are generally estimated according to a certain proportion of the potential gross rental income. Rental vacancy and rental losses according to survey of similar properties are 2%–10%. Based on the actual circumstances of the valuation target and after comprehensive analysis by the valuers, the rental vacancy and rental loss rate of the valuation object is determined to be 5%. Annual vacancy and rental losses = annual potential gross rental income × vacancy and rental loss rate = RMB239.28/m² • year × 5% = RMB11.96/m² • year.

Other income refers to the income from lease deposit or interest from deposits, which is generally guaranteed or secured by one month's rent. The lessor is entitled to interest calculated at a simple interest rate, which is 1.5% of the annual benchmark interest rate for one-year time deposits for the same period published by the People's Bank of China. Other income for the year = RMB19.94/m² • month × 1.5% = RMB0.3/m² • year.

Annual effective gross income = annual potential gross rental income – vacancy and rental losses + other income = RMB239.28/m² • year – RMB11.96/m² • year + RMB0.3/m² • year = RMB227.62/m² • year.

(3) Estimated annual operating expenses

The annual operating expenses are the expenses necessary to maintain the normal production, operation or use of the real estate and the income attributable to other capital or operation. The valuation object is lease-type real estate, and its annual operating expenses consist of annual maintenance fees, annual management fees, annual insurance premium and annual taxes.

Annual maintenance fees refer to the annual maintenance fees to be paid to ensure the normal use of the house. This is based on the housing replacement price multiplied by the annual maintenance fee rate, which is generally 1.5%–2%. This present valuation is calculated at 1.5%. The housing replacement price of the valuation object is determined to be RMB750/m² based on the specific conditions of the valuation object. The annual maintenance fees = RMB750/m² × 1.5% = RMB11.25/m² • year.

Annual management fees refer to the fees required for the necessary management of the leased house, which is calculated based on the annual effective gross income of the real estate multiplied by the annual management fee rate. The annual management fee rate is generally 2%–5%. For this valuation, it is calculated at 2% based on the specific conditions of the valuation object. Annual management fees = RMB227.62/m² • year × 2% = RMB4.55/m² • year.

Annual insurance premium refers to the fees paid to the insurance company by the owner of a house to avoid losses from accidents of the house, which is calculated by multiplying the present value of the house by the annual insurance premium rate. The annual insurance premium rate is generally 1.5‰ to 2‰. For this valuation, it is calculated based on 1.5‰. The replacement price of the valuation object is determined to be RMB750/m² based on the specific conditions of the valuation object, and the newness rate is 0.85. Insurance premium = RMB750/m² × 0.85 × 1.5‰ = RMB0.96/m² • year.

Annual taxes mainly include property tax, value-added tax and surcharges, totaling 17.6%. The effective gross income is tax inclusive as the tax under assessment is a normal liability. Annual taxes = annual effective gross income ÷ (1 + 5%) × 17.6% = RMB227.62/m² • year ÷ (1 + 5%) × 17.6% = RMB38.15/m² • year.

Total annual operating expenses = annual maintenance fees + annual management fees + annual insurance premium + annual taxes = RMB11.25/m² • year + RMB4.55/m² • year + RMB0.96/m² • year + RMB38.15/m² • year = RMB54.91/m² • year.

(4) Net annual income

Net annual income is the income attributable to the real estate after deducting the reasonable annual operating expenses from the annual effective gross income. Net annual income = annual effective gross income – annual operating expenses = RMB227.62/m² • year — RMB54.91/m² • year = RMB172.71/m² • year.

(5) Determination of return rate

The return rate is determined by using the safe interest rate plus risk-adjusted value method. The one-year fixed deposit interest rate of 1.50% per annum announced by the People's Bank of China for the same period is adopted as the safe interest rate. The risk return rate refers to the supplement required for undertaking additional risks, i.e. the return rate exceeding the risk-free return rate. Specifically, it is the compensation for the regional, industry, market and other risks that possess self-investment characteristics inherently existing in the valuation object. For this valuation, the risk-adjusted value is 4.00% based on the characteristics of the valuation object itself, and the final return rate determined is 5.50%.

(6) Determination of income period

The type of land use right of the valuation object is transfer, the expiry date of land use is 19 March 2053, and the value time point is 4 November 2023, and the remaining term of the land use right of the land of the valuation object is determined to be 29.37 years.

(7) Determination of annual incremental rate of net annual income

Considering the relatively stable economic development in the region and the steady development of the real estate market in recent years, the growth rate of annual net income of the valuation object is determined to be 1.50% based on the leasing market condition of similar real estate in the region where the valuation object is located.

(8) Determination of the income value of the real estate of the valuation object

The calculation formula under the income approach is:

$$V = a / (r - g) [1 - ((1 + g) / (1 + r))^n]$$

V — Income value of the valuation object at the value time point

a — Net annual income

g — Annual incremental rate of net annual income

r — Return rate

n — Income period

By applying the aforesaid derived net annual income of RMB172.71/m², the incremental rate of net annual income is 1.50%, the return rate is 5.50% and the income period used in the formula is 29.37 years. The derived real estate income value of the valuation object = $172.71 \div (5.50\% - 1.50\%) \times (1 - (1 + 1.50\%)^{29.37} \div (1 + 5.50\%)^{29.37}) = \text{RMB}2,930/\text{m}^2$.

2. *Estimation and calculation of industrial plants using cost approach*

(1) Acquisition of land value

A. Acquisition of land acquisition cost by benchmark land price modification method

① Concept and formula of benchmark land price modification method

The benchmark land price modification method refers to the method of obtaining the value or price of the land parcel of the valuation object by adjusting the benchmark land price of the location of the land parcel of the valuation object using the relevant adjustment coefficient in the area where the benchmark land price has been announced by the government or relevant authorities. The general formula for the benchmark land price modification method is:

Land parcel price = Applicable benchmark land price × land market condition adjustment coefficient × floor area ratio adjustment coefficient × land development degree adjustment coefficient × land use term adjustment coefficient × location condition adjustment coefficient × other factors adjustment coefficient × land demand adjustment coefficient.

② Introduction and connotation of benchmark land price

According to the Notice of the People's Government of Shaoxing City on Announcing the Update Results of Shaoxing City Benchmark Land Price (Shao Zheng Fa [2019] No. 21) ((紹政發 [2019]21 號)《紹興市人民政府關於公佈紹興市級基準地價更新成果的通知》), the connotation of the benchmark land price of industrial land in this valuation refers to the average price of the land area of the complete land use right unit with the statutory maximum land use term within the scope of each level of industrial land meeting the degree of land development of “five access and one clearance” (“五通一平”) required of large municipal infrastructure facilities.

- a. Benchmark land price update benchmark date: 1 January 2019.
- b. Degree of land development: based on the definition of cultivated land, it refers to meeting the “five access and one clearance” requirements for large municipal infrastructure facilities (road access outside the

boundary line of the land parcel, electricity supply, water supply, drainage and communication, and land clearance within the boundary line of the land parcel).

- c. Land price connotation: includes state land ownership income, land acquisition costs and land pre-development costs.
- d. Useful life of the benchmark land price: is the statutory maximum land grant term, which is 50 years for industrial land.
- e. Basis condition definition: floor area ratio of 1.0, building density of 40%.

③ Determination of the land grade benchmark land price of the land parcel to be appraised

The land parcel of the valuation object is located in No. 313 Tang Road, Paojiang, Shaoxing City, and is located in the level III industrial land area in Yuecheng District, Shaoxing City. The benchmark land price is RMB480/m².

④ Determination of adjustment coefficient of land market condition:

The benchmark date of the benchmark land price is 1 January 2019, and the value time point of this valuation is 4 November 2023, during which the average annual increase of industrial land price is 4%, and thus the land market condition adjustment coefficient is: $(1 + 4\%)^{4.84} = 1.21$.

⑤ Determination of floor area ratio adjustment coefficient

The floor area ratio set at the benchmark condition of the benchmark land price for industrial land is 1.0, and the floor area ratio set at the benchmark condition of the actual floor area ratio of the land parcel of the valuation object is also 1.0. The land is fully utilized, so the floor area ratio adjustment coefficient is 1.0.

⑥ Determination of land development degree adjustment coefficient

The benchmark land price sets “five access and one clearance” as the land development degree, i.e. road access outside the boundary line of the land parcel, electricity supply, water supply, drainage and communication, and land clearance within the boundary line of the land parcel. The actual development degree

of the land parcel of the valuation object is “five access and one clearance”, and thus the land development degree adjustment coefficient is 1.0.

⑦ Determination of land use term adjustment coefficient

The benchmark land price sets the statutory maximum land grant term for industrial land as 50 years. The type of land use right of the valuation object is transfer. The expiry date of land use is 19 March 2053 and the value time point is 4 November 2023. The remaining land use term of the land of the valuation object is determined to be 29.37 years.

Based on the land use term adjustment coefficient, the calculation formula is $K = [1-1/(1+Y)^n]/[1-1/(1+Y)^N]$.

Where: K is the adjustment coefficient of land use term, n is the remaining land use term, N is the statutory maximum term of industrial land set by the benchmark land price, Y is the land restoration rate of 5.5% (determined by the safe interest rate plus the risk-adjusted value method, of which the safe interest rate is the annual benchmark interest rate for one-year fixed deposits for the same period of 1.5% published by the People’s Bank of China, and the risk-adjusted value is 4% based on the purpose, factors and future forecast risks of the valuation object).

$$K = [1-1/(1+5.5\%)^{29.37}] \div [1-1/(1+5.5\%)^{50}] = 0.851.$$

⑧ Determination of location adjustment coefficient and other factors adjustment coefficient

In accordance with the Explanation Table of the Indicators for the Modification of Benchmark Land Price for Industrial Land (Table 5) and the Table of Modification Coefficient of Benchmark Land Price Factors for Industrial Land (Table 6), and based on the location conditions and other factors and conditions of the valuation object, the Table of Indicators and Adjustment Coefficients of Various Factors of the Valuation Object (Table 7) can be established to obtain the location condition adjustment coefficient and other factors adjustment coefficient of the valuation object.

Table 5: Explanation Table of the Indicators for the Modification of Benchmark Land Price for Industrial Land

Modification factors	Grades	Excellent	Good	Average	Poor	Worst
Location adjustment coefficient	Modification of industrial zone type	Economic development zone, high-tech industrial zone, etc.	Large industrial zone	General industrial function area	Independent mining site	Sporadic industry
	Modification of industrial agglomeration	Significantly higher than the average level of cooperation of relevant enterprises	Higher than the average level of cooperation of relevant enterprises	Average level of cooperation of relevant enterprises	Lower than the average level of cooperation of relevant enterprises	Significantly lower than the average level of cooperation of relevant enterprises
	Modification of external traffic convenience	$\geq 10\%$ higher than the average level of convenience	$\geq 5\%$ higher than the average level of convenience	Within $\pm 5\%$ of the average level of convenience	$\leq 5\%$ lower than the average level of convenience	$\leq 10\%$ lower than the average level of convenience
	Convenience in accessing to living facilities	$\geq 10\%$ higher than the average level of convenience in accessing to living facilities	$\geq 5\%$ higher than the average level of convenience in accessing to living facilities	Within $\pm 5\%$ of the average level of convenience in accessing to living facilities	$\leq 5\%$ lower than the average level of convenience in accessing to living facilities	$\leq 10\%$ lower than the average level of convenience in accessing to living facilities
	Modification of infrastructure assurance	$\geq 10\%$ higher than the average assurance rate	$\geq 5\%$ higher than the average assurance rate	Within $\pm 5\%$ of the average assurance rate	$\leq 5\%$ lower than the average assurance rate	$\leq 10\%$ lower than the average assurance rate
	Modification of flooding	4 times lower than the average probability	2 times lower than the average probability	Average probability of flooding	2 times higher than the average probability	Others
	Modification of environmental quality	No pollution	Basically no pollution	Class I industrial	Class II and III industrial	Heavy pollution
Other factors adjustment coefficient	Modification of regional planning restriction	High near-term development potential, no change in usage, no planning restriction	Higher near-term development potential, no change in usage for a long period of time, no planning restriction	General near-term development potential, no change in usage for a short period of time, no planning restriction	There may be planning restrictions and usage may change	Change in usage due to severe planning restrictions
	Modification of adjacent road conditions of the land parcel	Main road	Secondary road	General road	Branch road	Others
	Modification of bearing capacity of the foundation of the land parcel	$\geq 10\%$ higher than the average bearing capacity of the foundation	$\geq 5\%$ higher than the average bearing capacity of the foundation	Within $\pm 5\%$ of the average bearing capacity of the foundation	$\leq 5\%$ lower than the average bearing capacity of the foundation	$\leq 10\%$ lower than the average bearing capacity of the foundation
	Modification of parcel shape	Regular and rectangular	Regular and polygon, conducive to development and utilization	Regular and polygon, not affecting development and utilization	Irregular, which has certain impact on the development and utilization	Undesirable, seriously affecting development and utilization
	Modification of topographic gradient	$\leq 12\%$ lower than the average slope	$\leq 10\%$ lower than the average slope	Within $\pm 10\%$ of the average slope	$\geq 10\%$ higher than the average slope	$\geq 12\%$ higher than the average slope

Table 6: Table of Modification Coefficient of Benchmark Land Price Factors for Industrial Land

Modification Factors	Grades	Excellent	Good	Average	Poor	Worst
Location adjustment coefficient	Modification of industrial zone type	1.08	1.04	1.00	0.96	0.92
	Modification of industrial agglomeration	1.08	1.04	1.00	0.96	0.92
	Modification of external traffic convenience	1.06	1.03	1.00	0.97	0.94
	Convenience in accessing to living facilities	1.04	1.02	1.00	0.98	0.96
	Modification of infrastructure assurance	1.08	1.04	1.00	0.96	0.92
	Modification of flooding	1.06	1.03	1.00	0.97	0.94
	Modification of environmental quality	1.06	1.03	1.00	0.97	0.94
	Modification of regional planning restriction	1.04	1.02	1.00	0.98	0.96
	Modification of adjacent road conditions of the land parcel	1.06	1.00	0.96	0.94	0.92
Other factors adjustment coefficient	Modification of bearing capacity of the foundation of the land parcel	1.04	1.02	1.00	0.98	0.96
	Modification of parcel shape	1.04	1.02	1.00	0.98	0.96
	Modification of topographic gradient	1.04	1.02	1.00	0.98	0.96

Table 7: Table of Indicators and Adjustment Coefficients of Various Factors of the Valuation Object

Modification Factors	Condition of the land parcel to be evaluated	Grade	Modification coefficient	
Location adjustment coefficient	Modification of industrial zone type	Large industrial zone	Good	1.04
	Modification of industrial agglomeration	Higher than the average level of cooperation of relevant enterprises	Good	1.04
	Modification of external traffic convenience	≥5% higher than the average level of convenience	Good	1.03
	Convenience in accessing to living facilities	Within ±5% of the average level of convenience in accessing to living facilities	Average	1.00
	Modification of infrastructure assurance	≥5% higher than the average assurance rate	Good	1.04
	Modification of flooding	2 times lower than the average probability	Good	1.03
	Modification of environmental quality	Class I industrial	Average	1.00
	Modification of regional planning restriction	General near-term development potential, no change in usage for a short period of time, no planning restriction	Average	1.00
	Modification of adjacent road conditions of the land parcel	Secondary road	Good	1.00
	Modification of bearing capacity of the foundation of the land parcel	≥5% higher than the average bearing capacity of the foundation	Good	1.02
Other factors adjustment coefficient	Modification of parcel shape	Regular and polygon, not affecting development and utilization	Average	1.00
	Modification of topographic gradient	≤10% lower than the average slope	Good	1.02
Total			1.22	

⑨ Determination of land demand modification coefficient

In conducting the specific land parcel appraisal, the demand coefficient shall be revised according to the characteristics of market demand for the land parcel to be appraised. The determination of the demand coefficient shall be made based on the size of the land parcel to be appraised, the type of industry and the market competition characteristics of similar land parcels, in which the demand coefficient of the land where the demand side with competitive land needs shall be revised upward; and that where the demand side with weak competition or high entry barrier shall be revised downward, and the value of the demand modification coefficient is generally between 0.7 and 1.3.

The land demand modification coefficient of this valuation object is 1.2.

⑩ Determination of land acquisition cost

Land parcel price = applicable benchmark land price × land market condition adjustment coefficient × floor area ratio adjustment coefficient × land development degree adjustment coefficient × land use term adjustment coefficient × location condition adjustment coefficient × other factors adjustment coefficient × land demand modification coefficient, i.e. land acquisition cost = $480 \times 1.21 \times 1.0 \times 1.0 \times 0.851 \times 1.22 \times 1.2 = \text{RMB}723.6/\text{m}^2$.

B. Determination of land replacement cost

① Land acquisition tax

Land acquisition tax mainly includes deed tax. According to the relevant local regulations, land acquisition tax is generally calculated at 3% of the land acquisition cost, i.e. land acquisition tax = $723.6 \times 3\% = \text{RMB}21.71/\text{m}^2$.

② Land development cost

Land development cost refers to the sum of the costs incurred in land development, i.e. the total costs required for the development of the potential land into cultivated land, including complementary urban infrastructure fees, complementary public utility construction fees and complementary community and land development fees. The land parcel of the valuation object determined based on the benchmark land price accessed to road, electricity supply, water supply, drainage and communication outside the boundary line of the land parcel, and the land clearance within the boundary line of the land parcel. Therefore, the land development cost here is the infrastructure construction fee, public utilities construction supporting fee and community and land development supporting fee within the boundary line of the land parcel. Based on the understanding of the valuers on the land development cost of similar land parcels and taking into account the current status of the land parcel to be appraised, the land development cost is RMB225/m².

③ Administrative expenses

Administrative expenses refer to the expenses necessary for organizing and managing the construction activities of projects, which are generally 3%–5% of the sum of land acquisition cost, land acquisition tax and land development cost. Based on the specific conditions of the valuation object, the administrative expenses are calculated at 3%, i.e. administrative expenses = (land acquisition cost + land acquisition tax + land development cost) × 3% = (723.6 + 21.71 + 225) × 3% = RMB29.11/m².

④ Sales expenses

Sales expenses refer to the expenses necessary for selling the real estate upon completion of development. Sales expenses are generally calculated based on a certain percentage of the value of the real estate upon completion of development. According to the survey of the valuers on the sales expenses of land similar to the valuation object, the sales expenses are calculated at 3% of the land replacement cost, i.e. sales expenses = $V \times 3\% = 0.03V$.

⑤ Investment interest

Investment interest refers to the interest that should be calculated for all necessary expenses incurred for investment in real estate development. According to the valuers' survey on the development cycle of land similar to the valuation object, and combined with the construction scale of the valuation object, the development cycle is determined to be 2 years. Assuming that the land acquisition cost and land acquisition tax are paid on one-off basis at the beginning of the development cycle, the interest period is 2 years, and assuming that the land development cost, administrative expenses and sales expenses are paid evenly during the development cycle, and they are concentrated in the middle of the cycle, the interest period is half-development cycle, and the interest rate is 3.825%. Thus, investment interest = (land acquisition cost + land acquisition tax) $\times [(1 + 3.825\%)^2 - 1]$ + (land development cost + administrative expenses + sales expenses) $\times [(1 + 3.825\%)^{(2/2)} - 1]$ = (723.6 + 21.71) $\times [(1 + 3.825\%)^2 - 1]$ + (225 + 29.11 + 0.03V) $\times [(1 + 3.825\%)^{(2/2)} - 1]$ = RMB(67.83 + 0.0011V)/m².

⑥ Sales tax

Sales tax refers to taxes payable by the seller for pre-selling or selling the real estate upon completion of development, including sales taxes and surcharges (value-added tax, urban maintenance and construction tax and education surcharge, local education surcharge), other sales taxes (stamp duty, transaction fee, etc.), that are calculated at 5.6% of the total sales taxes according to the local tax standards. Thus, sales taxes = land replacement cost/(1 + 5%) $\times 5.6\%$ = V/(1 + 5%) $\times 5.6\%$ = 0.0533V.

⑦ Development profit

Development profit refers to the profit of a real estate developer (or owner, construction entity). The calculation basis of development profit is the sum of land acquisition cost, land acquisition tax and land development cost, and the profit margin is the direct cost profit margin. According to the survey of the valuers, the development profit margin of similar land in the locality is 10%–15%. Based on the specific conditions of the valuation object, the direct cost profit margin is determined to be 12%. Thus, development profit = (land acquisition cost + land acquisition tax + land development cost) × 12% = (723.6 + 21.71 + 225) × 12% = RMB116.44/m².

⑧ Determination of land replacement cost

The formula for calculating the land replacement cost is: land replacement cost = land acquisition cost + land acquisition tax + land development cost + administrative expenses + sales expenses + investment interest + sales tax + development profit.

Thus, $V = 723.6 + 21.71 + 225 + 29.11 + 0.03V + (67.83 + 0.0011V) + 0.0533V + 116.4$

i.e. $V = \text{RMB}1,293/\text{m}^2$

(2) Determination of building value

The newness discount method is adopted, the formula is: the depreciated value of buildings = replacement cost of buildings × newness rate of buildings, where the replacement cost of buildings = construction cost + administrative expenses + sales expenses + investment interest + sales tax + development profit.

A. Construction cost of buildings: It refers to the direct expenses and taxes necessary for infrastructure construction and housing construction on the acquired land, mainly including the following items:

① Construction and installation engineering fee: including civil engineering fee, installation engineering fee, decoration and renovation engineering fee, etc., which is calculated based on the input cost of local development and construction of similar structures and buildings.

② Preliminary expenses: including market research, feasibility study, engineering survey, planning and architectural design, etc., which are generally calculated at 3% to 6% of the construction and installation engineering fee. Based on the specific conditions of the valuation object, it is calculated at 4%.

③ Infrastructure construction fee: including the construction cost of access to road, water supply, drainage, electricity supply, communication, gas, heating and other facilities required by urban planning. Such fee has already been calculated in the land development cost set out in the section “(1) Acquisition of land value — B. Determination of land replacement cost — ② Land development cost” above, accordingly, the infrastructure construction fee is set at RMB0/m².

④ Public facilities construction fee: includes the construction cost of non-business facilities such as education, medical and health, culture and sports, community services and municipal public facilities required by urban planning. Such fee has already been calculated in the land development cost set out in the section “(1) Acquisition of land value — B. Determination of land replacement cost — ② Land development cost” above, accordingly, the infrastructure construction fee is set at RMB0/m².

④ Tax charges during the development period: including relevant tax charges and fees charged by local governments or other relevant authorities, such as greening and construction fees and civil defense fees, which are generally calculated at 4% of the construction and installation engineering fee.

To sum up, construction cost = construction and installation engineering fee + preliminary expenses + infrastructure construction fee + public facilities construction fee + tax charges during the development period.

B. Administrative expenses

Administrative expenses refer to the expenses incurred for organizing and managing the construction activities of projects, which are generally 3%–5% of the construction cost. Based on the specific conditions of the valuation object, the administrative expenses are calculated at 3%.

C. Sales expenses

Sales expenses refer to the expenses necessary for selling the real estate upon completion of development. Sales expenses are generally calculated based on a certain percentage of the value of the real estate upon completion of development. According to the survey of the valuers on the sales expenses of buildings similar to the valuation object, the sales expenses are calculated at 3% of the replacement cost of buildings.

D. Investment interest

Investment interest refers to the interest that should be calculated for all necessary expenses incurred for investment in real estate development. According to the valuers' survey on the development cycle of buildings similar to the valuation object, and combined with the construction scale of the valuation object, the development cycle is determined to be 2 years. Assuming that the construction cost of buildings, administrative expenses and sales expenses are paid evenly during the development cycle, and they are concentrated in the middle of the cycle, the interest period is half-development cycle, and the interest rate is determined to be 3.825%.

Thus, investment interest = (construction cost + administrative expenses + sales expenses) $\times ((1 + 3.825\%)^{(2/2)} - 1)$

E. Sales tax

Sales tax refers to taxes payable by the seller for pre-selling or selling the real estate upon completion of development, including sales taxes and surcharges (value-added tax, urban maintenance and construction tax and education surcharge, local education surcharge), other sales taxes (stamp duty, transaction fee, etc.). According to the local tax standards, value-added tax is calculated by simple tax calculation method with a tax rate of 5%, and the total sales taxes are calculated at 5.6%. Thus, sales tax = replacement cost of buildings / (1 + 5%) $\times 5.6\% = P / (1 + 5\%) \times 5.6\% = 0.0533P$.

F. Development profit

Development profit refers to the profit of a real estate developer (or owner, construction entity). The calculation basis of development profit is construction cost, and the profit margin is the direct cost profit margin. According to the survey of the valuers, the development profit margins of similar construction projects in the locality are 10%–12%, and the direct cost profit margin is determined to be 12%. Thus, development profit = construction cost × 12%.

G. Replacement cost of buildings

The formula for calculating the replacement cost of buildings is: replacement cost of buildings = construction cost of buildings + administrative expenses + sales expenses + investment interest + sales tax + development profit.

H. Newness rate of buildings

The newness rate of buildings is comprehensively determined based on the structural nature, year of completion, residual rate, remaining economic useful life, remaining term of the land use right of and actual maintenance conditions of buildings.

I. Depreciated value of buildings (unit price)

Depreciated value of buildings (unit price) = replacement cost of buildings (unit price) × newness rate

Table 8: Building estimation process

No.	Name and item of valuation object	I	2	3	4	5	II	III	IV	V	VI	VII	VIII	IX	
Building usage	Storey of structure	Gross floor area (m ²)	Construction cost (RMB/m ²)	Construction and installation engineering fee (RMB/m ²)	Infrastructure construction fee (RMB/m ²)	Public facilities construction fee (RMB/m ²)	Tax charges during the development period (RMB/m ²)	Administrative expenses (RMB/m ²)	Sales expenses (RMB/m ²)	Investment interest (RMB/m ²)	Sales tax (RMB/m ²)	Development profit (RMB/m ²)	Replacement cost of buildings (unit price) P (RMB/m ²)	Newness rate	Appraised unit price (RMB/m ²)
			1 + 2 + 3 + 4 + 5	Determined based on building structure, floor, etc.	By case	By case	Based on construction and installation engineering fee	Based on construction cost	Based on value upon completion of development	3.825% 2	12%	Direct cost + profit margin + IV + V + VI	I + II + III Determined based on the year of completion	VII*VIII	
1	Brick concrete		902.50	750	0	0	30.00	24.30	0.03	31.91	0.0011	97.2	1,052.26	0.85	894

(3) Cost value of real estate of the valuation object

Relevant results	Valuation method	Cost method Appraised unit price (RMB/m ²)
Zhejiang Qing Mao Weaving, Dyeing & Printing Co., Ltd Industrial room	Land Buildings	1,293 894
Total		2,187

3. *Comparable unit price of industrial plant*

In this valuation, the income value of the valuation object of RMB2,930/m² is obtained by adopting the income method, and the cost value of the valuation object of RMB2,187/m² is obtained by adopting the cost method. In the calculation results of the two valuation methods, the calculation result of the income approach is closer to the comparable appraised price of the real estate of the valuation object (central price). Therefore, the weighted average of 30% of the cost value and 70% of the income value is used to obtain the appraised unit price of the valuation object, i.e. the appraised unit price of the valuation object (industrial buildings of Zhejiang Qing Mao Weaving, Dyeing & Printing Co., Ltd) = RMB2,930/m² × 70% + RMB2,187/m² × 30% = RMB2,707/m², rounded to RMB2,710/m².

4. For the industrial office and industrial dormitory in the industrial factory area, the comparable price of industrial office is RMB4,060/m², and the comparable price of industrial dormitory is RMB5,170/m², which are obtained based on the modification of factors such as usage modification, area modification and supporting facilities.

(4) The appraisal results of properties of the valuation object are as follows:

The value of the valuation object is divided into groups for all the appraised real estate within the scope of valuation through the standard price adjustment method, so that the real estate within the same group is similar, and a standard real estate within each group is selected or set and its value is measured. The relevant adjustment coefficient or adjustment value is used, i.e. by combining the adjustment coefficient of structure, storey and newness to the base of standard unit price of properties. The calculation results are as follows:

No.	Title Certificate No.	Property no.	Name	Structure	Gross floor area (m ²)	Storey height (m)	Comparable price	Modification of other factors	Replacement cost of similar properties	Newness of properties	Replacement price of appraised properties	Newness of properties	Appraised unit price (RMB)	Appraised value (RMB)
1		1	Canteen complex (office building)	Reinforced concrete structure	5,891.83	F1 = 4.78, F2 = 3.87, F3	4,060	1.0000	750	85%	1,043.00	93%	4,392.00	25,876,917
			Canteen complex (canteen)	Reinforced concrete structure	1,159.93	= 3.87, Top F = 2.95	2,710	1.0828	750	85%	1,043.00	93%	3,267.00	3,789,491
2		2	4 # Warehouse	Reinforced concrete structure	8,175.30	F1=12.10	2,710	1.0828	750	85%	1,621.00	93%	3,804.00	31,098,841
3		3	5 # Warehouse	Reinforced concrete structure	8,175.30	F1=12.10	2,710	1.0828	750	85%	1,621.00	93%	3,804.00	31,098,841
4		4	Double twisting workshop	Reinforced concrete structure	40,264.51	F1 = 7.8, Mezzanine = 3, F2 = 7.8, Mezzanine = 3, F3 = 7.4, Roof = 3.3	2,710	1.0828	750	85%	1,268.00	93%	3,476.00	139,959,437
5		5	Air compressor station	Reinforced concrete structure	1,512.75	F1=6.38	2,710	1.0828	750	85%	1,130.00	91%	3,325.00	5,029,894
6	Zhe (2018) Shaoxing Shi Bu Dong Chan Quan No. 0043625	6	Main station (10Kv)	Reinforced concrete structure	209.63	F1=4.55	2,710	1.0828	750	85%	988.00	91%	3,196.00	669,977
7		7	Main station (35Kv)	Reinforced concrete structure	271.43	F1=5.05	2,710	1.0828	750	85%	1,011.00	91%	3,217.00	873,190
8		8	Executives' apartments	Reinforced concrete structure	1,799.95	F1 = 3.55, F2 = 3, F3 = 3, F4 = 3, Top = 2.83	5,170	1.0000	750	85%	1,073.00	93%	5,530.00	9,953,724
9		9	Staffs' dormitory (1)	Reinforced concrete structure	5,037.64	F1 = 3.3, F2 = 3.3, F3 = 3.3, F4 = 3.3, F5 = 3.3, F6 = 3.47, Top = 2.9	5,170	1.0000	750	85%	1,073.00	93%	5,530.00	27,858,149
10		10	Staffs' dormitory (2)	Reinforced concrete structure	5,037.64	F1 = 3.3, F2 = 3.3, F3 = 3.3, F4 = 3.3, F5 = 3.3, F6 = 3.47, Top = 2.9	5,170	1.0000	750	85%	1,073.00	93%	5,530.00	27,858,149

No.	Title Certificate No.	Property no.	Name	Structure	Gross floor area (m ²)	Storey height (m)	Comparable price	Modification of other factors	Replacement cost of similar properties	Newness of the same type of properties	Replacement price of appraised properties	Newness of properties	Appraised unit price (RMB)	Appraised value (RMB)
11		11	Weaving workshop	Steel structure	15,566.81	F1 = 8.4	2,710	1.0828	750	85%	784.00	92%	3,018.00	46,980,633
12		12	Weaving building	Steel structure	28,605.09	F1 = 7.48, Mezzanine = 4.6, F2 = 6.5, Mezzanine = 3.13, F3 = 5, F4 = 4.6, Roof = 3.26	2,710	1.0828	750	85%	1,154.00	91%	3,347.00	95,741,236
13		13	2 # Warehouse	Steel structure	10,798.95	F1 = 10.35, F2 = 5.42	2,710	1.0828	750	85%	856.00	91%	3,076.00	33,217,570
14	Zhe (2021) Shaoxing Shi Bu Dong Chan Quan No. 0016932	14	Printing and dyeing workshop (dyeing factory)	Steel structure	17,810.26	F1 = 10.10, F2 = 4	2,710	1.0828	750	85%	858.00	91%	3,078.00	54,819,980
15		15	Ancillary printing and dyeing workshop	Reinforced concrete structure	2,209.19	F1 = 10.13	2,710	1.0828	750	85%	1,468.00	91%	3,653.00	8,025,987
16		16	1 # Warehouse	Reinforced concrete structure	11,358.23	F1 = 11.22	2,710	1.0828	750	85%	993.00	91%	3,201.00	36,357,694
17		17	Expansion of weaving building	Reinforced concrete structure	5,753.42	F1 = 11.2	2,710	1.0828	750	85%	992.00	91%	3,200.00	18,410,944

No.	Title Certificate No.	Property no.	Name	Structure	Gross floor area (m ²)	Storey height (m)	Comparable price	Modification of other factors	Replacement cost of similar properties	Newness of properties	Replacement price of appraised properties	Newness of properties	Appraised unit price (RMB)	Appraised value (RMB)
18		18	Pre-treatment workshop	Steel structure	10,864.83	F1 = 4.5/6.2, F2 = 4.2	2,710	1.0828	750	85%	1,141.00	91%	3,335.00	36,234,208
19		19	Mercerizing Workshop	Reinforced concrete structure	16,583.64	F1 = 4.5, 8.7	2,710	1.0828	750	85%	1,327.00	91%	3,504.00	58,109,075
20		20	Power workshop	Steel structure	2,574.95	F1=8	2,710	1.0828	750	85%	1,276.00	91%	3,458.00	8,904,177
21		21	Water treatment room	Reinforced concrete structure	486.22	F1 = 8, Mezzanine = 4	2,710	1.0828	750	85%	1,121.00	91%	3,317.00	1,612,792
22		22	Boiler room	Reinforced concrete structure	3,481.58	F1 = 6, Mezzanine = 2.98, F2 = 6, Mezzanine = 2.92, F3 = 8.96, F4 = 4.8, F1-3 = 23.3, F1-2 = 10	2,710	1.0828	750	85%	1,408.00	91%	3,578.00	12,457,093
23	Zhe (2018) Shaoxing Shi Bu Dong Chan Quan No. 0043629	23	Thermal power station	Reinforced concrete structure	1,729.61	F1 = 5.83, Mezzanine = 2.88, F2 = 9.98, F3 = 4.02	2,710	1.0828	750	85%	1,408.00	91%	3,578.00	6,188,545
24		24	Thermal oil furnace room	Reinforced concrete structure	644.22	F1=6.35	2,710	1.0828	750	85%	1,128.00	91%	3,323.00	2,140,743
25		25	Expansion of machine	Reinforced concrete structure	1,773.84	F1=7.8	2,710	1.0828	750	85%	1,258.00	92%	3,454.00	6,126,843
26		26	Machine repair room	Reinforced concrete structure	430.62	F1=5.57	2,710	1.0828	750	85%	1,039.00	91%	3,242.00	1,396,070
27		27	LPG pipeline gas supply project	Reinforced concrete structure	62.27	F1=4.22	2,710	1.0828	750	85%	953.00	91%	3,164.00	197,022
Total					<u>208,269.64</u>									<u>730,987,222</u>

Remarks: Appraised unit price = comparable price* modification of other factors – replacement price of similar properties* newness of similar properties + replacement price of appraised properties* newness of properties
Appraised value = Appraised unit price* gross floor area

- (5) The value of the renovation, attachments, equipment, facilities and structures of the valuation object are as follows:

No.	Name	Appraised value (RMB)
1	Renovation value	20,971,212
2	Value of attachments (self-built houses, greening, cement land, wall, etc.)	19,558,425
3	Value of equipment, facilities and structures	<u>17,716,252</u>
Sub-total		<u><u>58,245,889</u></u>

10. VALUATION RESULTS

Based on the valuation purpose, using the valuation principles and in accordance with the valuation procedures, appropriate valuation methods were adopted for this valuation. On the basis of serious analysis on existing information, upon detailed and correct estimate and calculation and combining the comprehensive analysis on factors affecting the value of the real estate, it was determined that the appraised value of the real estate of the valuation object at the value time point was RMB789,233,111 (RMB seven hundred and eighty-nine million, two hundred and thirty-three thousand, one hundred and eleven).

11. REGISTERED REAL ESTATE VALUER

Name	Qualification	Registration number	Signature	Signature Date
Chen Lidan	Registered Real Estate Valuer	3320190038		22 December 2023
Xie Zheng	Registered Real Estate Valuer	3320130026		22 December 2023

Note: Valuer Xie Zheng obtained the qualification certificate of real estate valuer in 2013 and has been engaged in relevant valuation work for 11 years. He has extensive experiences in practicing real estate valuation, lease valuation and expropriation valuation. Valuer Chen Lidan obtained the qualification certificate of real estate appraiser in 2019 and has been engaged in relevant valuation work for five years. She has extensive experiences in practicing real estate valuation, lease valuation and expropriation valuation.

12. ON-SITE SURVEY PERIOD

4 November 2023

13. VALUATION OPERATION PERIOD

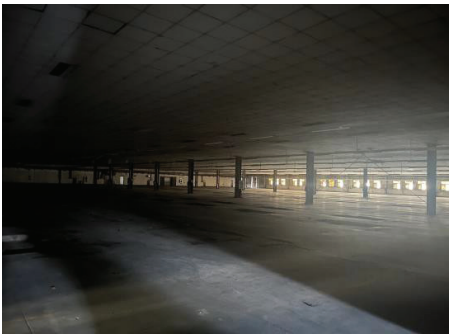
4 November 2023 to 22 December 2023.



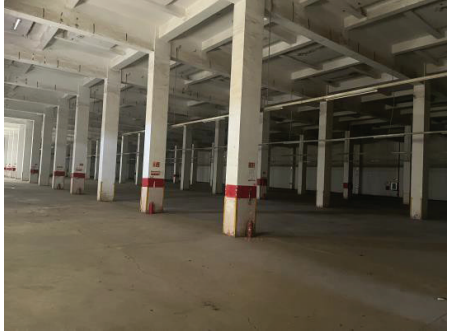
Appendix I Location Map of the Valuation Object



Appendix II Photos Related to On-site Survey of the Valuation Object



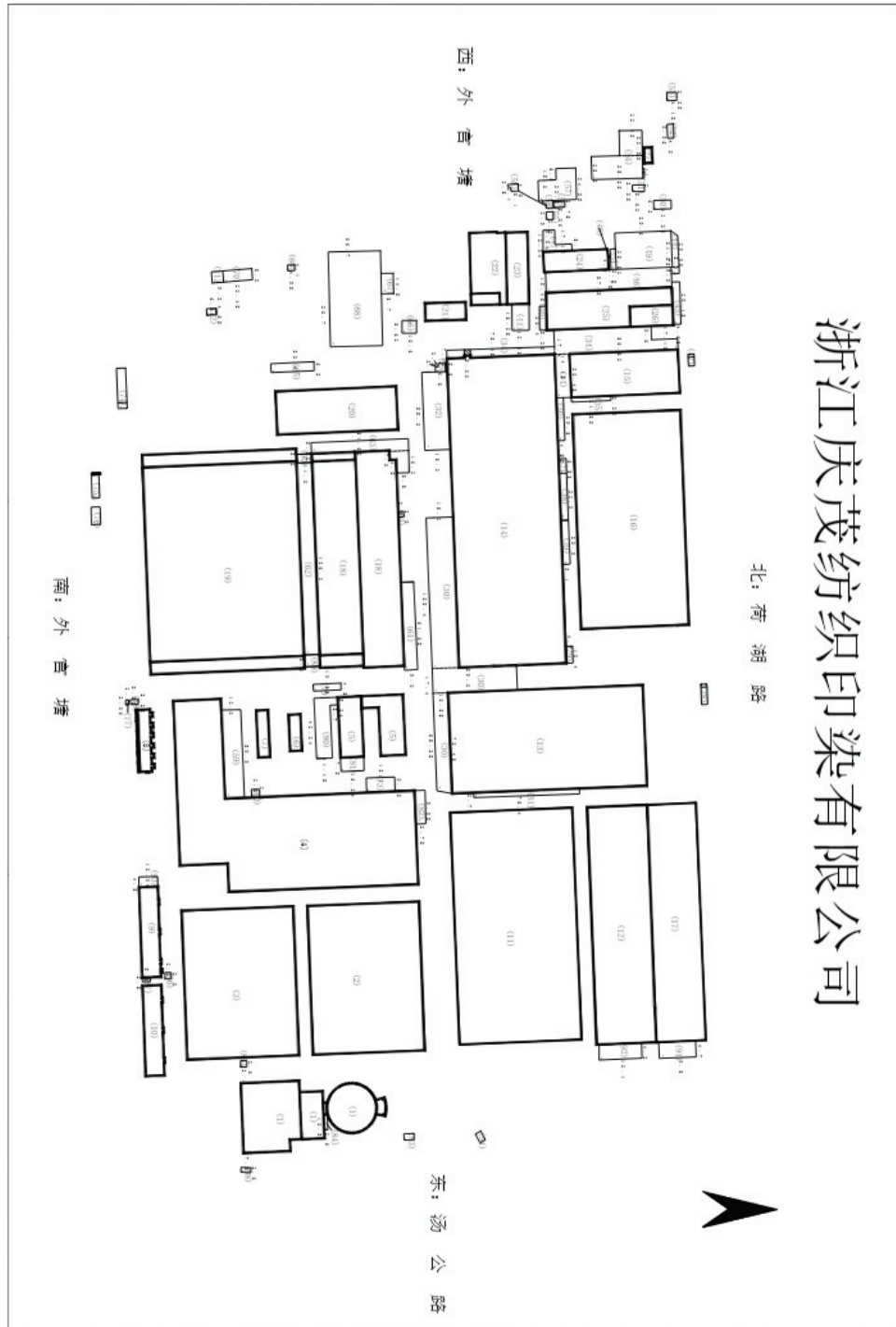
Appendix II Photos Related to On-site Survey of the Valuation Object



Appendix II Photos Related to On-site Survey of the Valuation Object



Appendix II Photos Related to On-site Survey of the Valuation Object



Appendix III Drawing of the Valuation Object

浙江朋成律师事务所

关于浙江庆茂纺织印染有限公司房地产权属状况的 法律意见书

浙江庆茂纺织印染有限公司：

浙江朋成律师事务所（以下简称：本所）依据《中华人民共和国律师法》之规定，接受浙江庆茂纺织印染有限公司（以下简称：贵公司）的委托，为贵公司名下房地产的权属状况出具法律意见书。

为出具本法律意见书，本所律师在接受委托后进行了尽职调查，约见了贵公司的法定代表人及相关人员，收集和查阅了本所律师认为出具法律意见书必须取得和查阅的文件和有关材料，并对其进行了必要的核查和验证。

为此，本所对出具本法律意见书声明如下：

1、本所律师依据《中华人民共和国民法典》（以下简称：民法典）等法律、法规之规定，及本法律意见书出具日前由本所律师尽职调查已经存在的事实发表法律意见。

2、本所律师承诺：遵循勤勉尽责和诚实信用原则，对贵公司名下的房地产的权属状况进行了充分的核查验证，保证本法律意见书不存在虚假记载、误导性陈述。

3、贵公司保证：向本所律师提供的出具本法律意见书所必需的

浙江朋成律师事务所

文件资料均是真实的、准确的、完整的、合法有效的，无任何虚假陈述及遗漏。

4、本法律意见书记载的事实及结论，是以贵公司真实完整的陈述及政府有关职能部门提供的材料及证明文件的合法有效为前提。

5、本法律意见书仅供评估贵公司名下房地产市场价值的评估机构使用。

本所律师基于以上声明，现对贵公司名下房地产权属状况出具法律意见书如下：

一、贵公司房地产的基本情况

根据贵公司提供的《不动产权证书》及本所律师尽职调查获取的《绍兴市越城区不动产登记查询证明》，截至本法律意见书出具日，登记于贵公司名下的房地产为：

1、浙（2021）绍兴市不动产权第 0016932 号，房屋建筑面积 92101.95 平方米，土地使用权面积 104247.28 平方米；

2、浙（2018）绍兴市不动产权第 0043625 号，房屋建筑面积 77535.91 平方米，土地使用权面积 73770.26 平方米；

3、浙（2018）绍兴市不动产权第 0043629 号，房屋建筑面积 38631.78 平方米，土地使用权面积 97043.39 平方米。

该等房地产的登记权利人为贵公司，且为单独所有，不存在抵押权的其他权利限制，不存在查封的司法处置限制，权利类型均为国有

浙江朋成律师事务所

建设用地使用权/房屋所有权，权利性质均为出让/自建房，用途均为工业用地/工业，三宗国有建设用地使用期限均自 2003 年 03 月 20 日起至 2053 年 03 月 19 日止。

另据贵公司陈述，上述三宗土地上存在无证自建房屋，面积约为 22889.33 平方米。截至本法律意见书出具日，贵公司未收到相关主管机关对于该无证自建房屋的任何反对、整改意见或行政处罚。

综上，本所认为贵公司为浙（2021）绍兴市不动产权第 0016932 号房地产、浙（2018）绍兴市不动产权第 0043625 号房地产、浙（2018）绍兴市不动产权第 0043629 号房地产的合法所有权人，依法享有占有、使用、收益、转让、捐赠、租赁、按揭或以其他方式处置该房地产的权利，不存在抵押、查封的权利限制情形。

出具单位：浙江朋成律师事务所

(盖章)

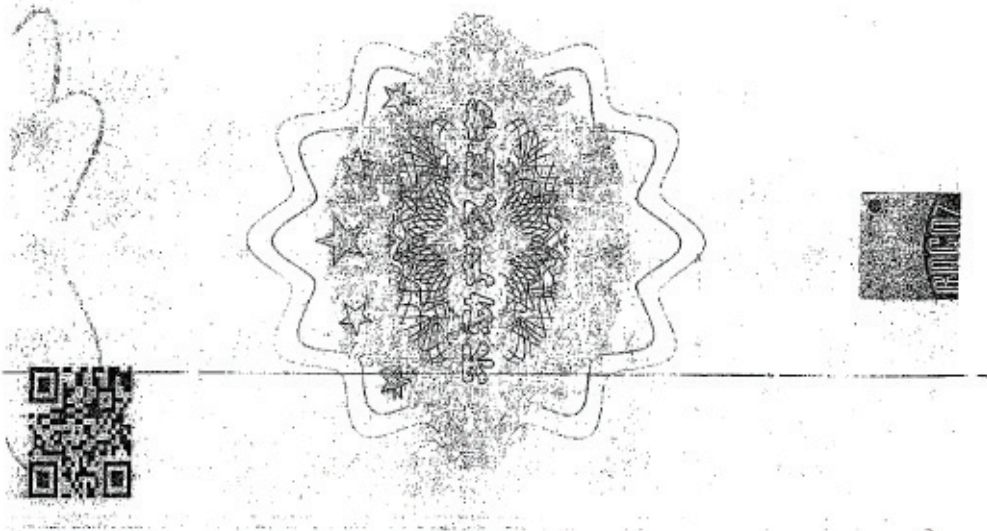
经办律师：王超律师

(盖章)
王超
律师章

出具时间：二〇二三年十一月二十一日

3

Appendix IV Copy of the Legal Opinion on the Real Estate Ownership Status of Zhejiang Qing Mao Weaving, Dyeing & Printing Co., Ltd.



Appendix V Copies of Title Certificates of the Valuation Object

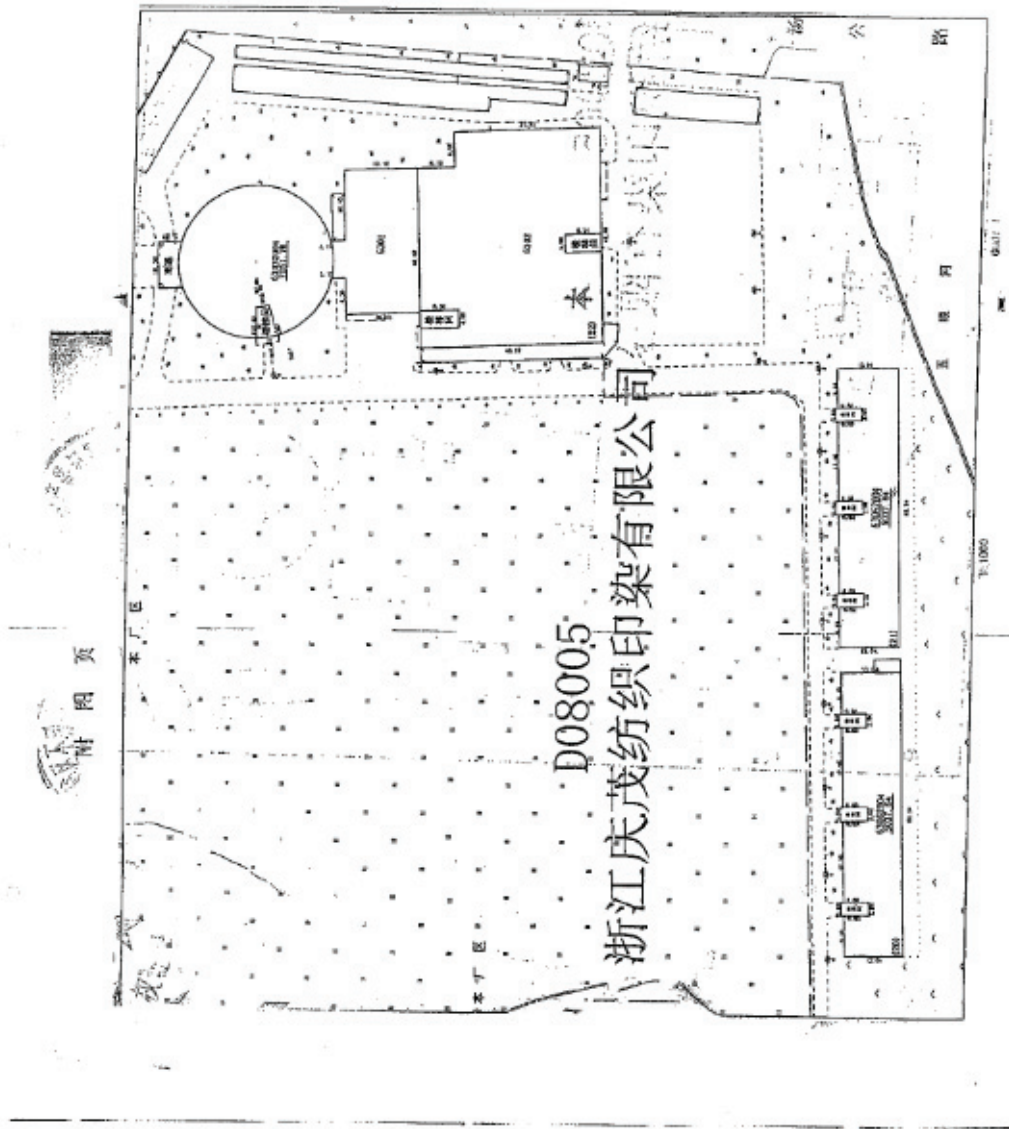
附 记

土地分块一、分块二、分块三属于同一项目，不得擅自分割转让。如需转让，须依法审批。该不动产证属于分块二。

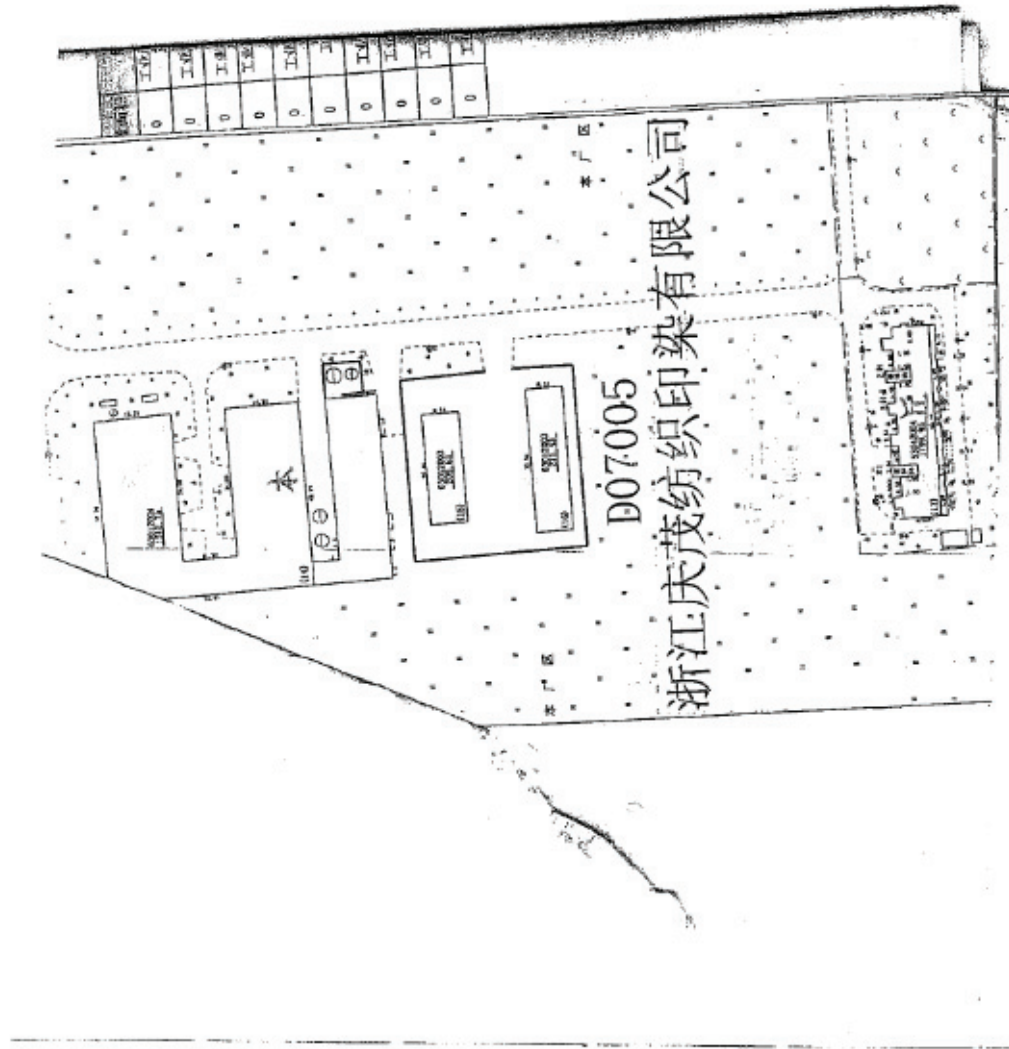
序号	坐落	所在层	总层数	规划用途	建筑面积	专有面积	分摊建筑面积
1	主房	1	1	住宅	1312.76m ²	/	/
2	连房	1-4	4	住宅	1795.85m ²	/	/
3	主房	1-6	6	住宅	8537.04m ²	/	/
4	连房	1-3	3	住宅	7051.70m ²	/	/
5	主房	1	1	工业	8175.30m ²	/	/
6	主房	1	1	工业	8175.30m ²	/	/
7	主房	1-3	3	工业	40254.53m ²	/	/
8	主房	1	1	住宅	209.03m ²	/	/
9	连房	1	1	住宅	271.43m ²	/	/
10	主房	1-6	6	住宅	8037.64m ²	/	/

浙江省编号: BDC3306021201839473824 浙 (2018) 绍兴市 不动产权第 0043025 号	浙江庆成纺织印染有限公司
权利人	单独所有
共有情况	汤公路313号
坐落	
不动产单元号	330602015001GB08027F00010001 (其它详见清单)
权利类型	国有建设用地使用权/房屋所有权
权利性质	出让/自建房
用途	工业用地/工业
面积	土地使用权面积73770.26m ² /房屋建筑面积77535.91m ²
使用期限	国有建设用地使用权2053年03月19日止
权利其他状况	土地使用权面积: 73770.26m ² , 其中建设用地面积73770.26m ² , 分摊土地面积0m ² 房屋结构: 钢筋混凝土结构

Appendix V Copies of Title Certificates of the Valuation Object



Appendix V Copies of Title Certificates of the Valuation Object



Appendix V Copies of Title Certificates of the Valuation Object

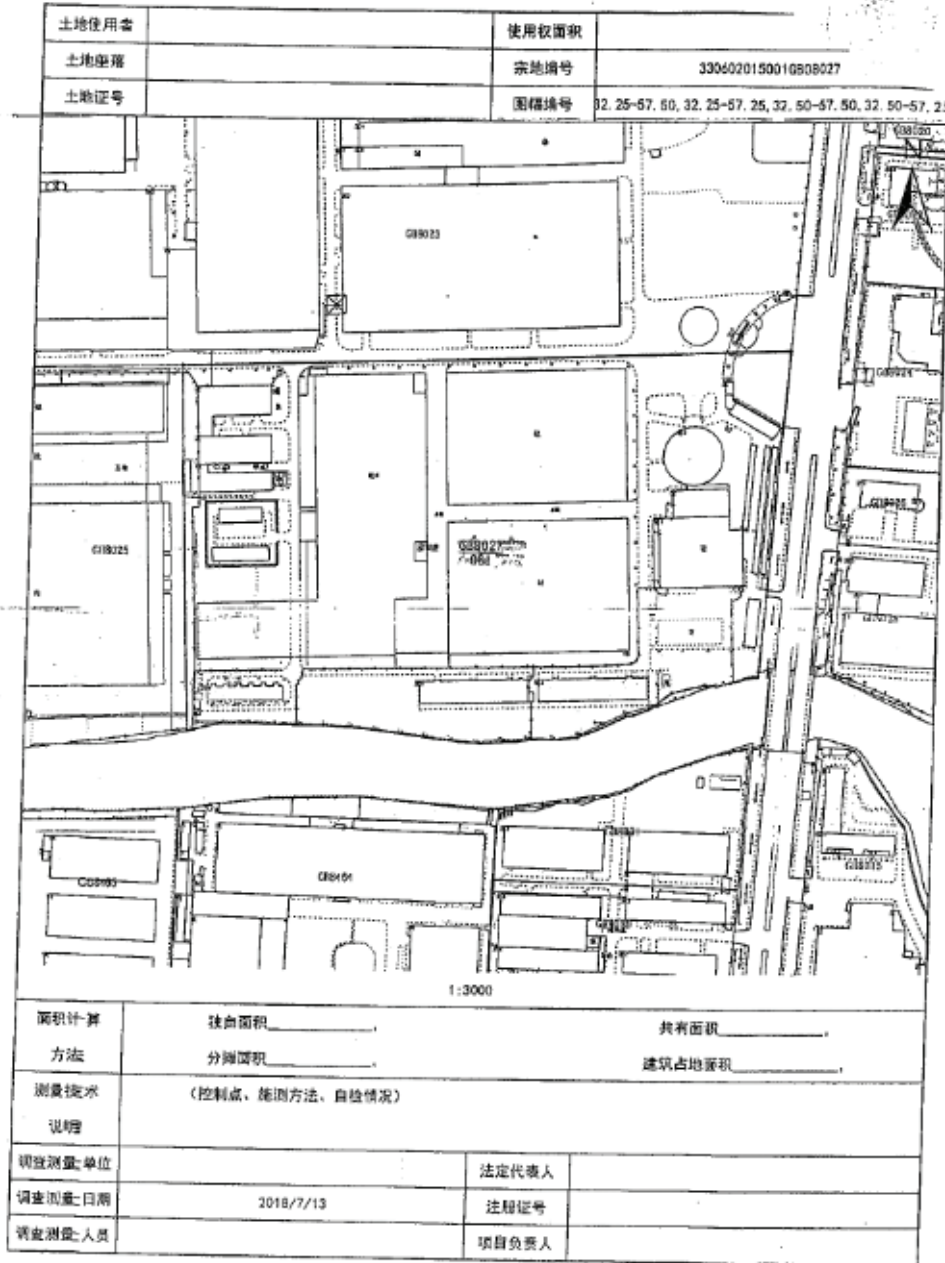
不动产权证书
权证骑缝章
(11)

面积单位: 平方米

序号	不动产单元号	坐落	建筑面积	分摊面积	用途	房屋结构	房屋性质	房屋层数	产权证号	产权证号
1	3306020150010508027F00040001	高公路313号	1512.75	0	工业用地/非住宅	钢筋混凝土结构		1/1	浙(2018)绍兴市不动产权证0043625号	袍江12121号
2	3306020150010508027F00070001	高公路313号	1798.95	0	工业用地/住宅	钢筋混凝土结构		1-4/4	浙(2018)绍兴市不动产权证0043625号	袍江12121号
3	3306020150010508027F00090001	高公路313号	5037.54	0	工业用地/住宅	钢筋混凝土结构		1-6/6	浙(2018)绍兴市不动产权证0043625号	袍江12123号
4	3306020150010508027F00100001	高公路313号	7051.76	0	工业用地/商住	钢筋混凝土结构		1-3/3	浙(2018)绍兴市不动产权证0043625号	袍江12123号
5	3306020150010508027F00020001	高公路313号	8175.3	0	工业用地/工业	钢筋混凝土结构	自建房	1/1	浙(2018)绍兴市不动产权证0041148号	浙(2018)绍兴市不动产权证0041148号
6	3306020150010508027F00030001	高公路313号	8175.3	0	工业/工业	钢筋混凝土结构	商品房	1/1	浙(2018)绍兴市不动产权证0041148号	浙(2018)绍兴市不动产权证0041148号
7	3306020150010508027F00010001	高公路313号	40254.51	0	工业用地/工业	钢筋混凝土结构	自建房	1-3/3	浙(2018)绍兴市不动产权证0043625号	浙(2018)绍兴市不动产权证0041148号
8	3306020150010508027F00050001	高公路313号	209.63	0	工业用地/非住宅	钢筋混凝土结构		1/1	浙(2018)绍兴市不动产权证0043625号	袍江12121号
9	3306020150010508027F00060001	高公路313号	271.43	0	工业用地/非住宅	钢筋混凝土结构		1/1	浙(2018)绍兴市不动产权证0043625号	袍江12121号
10	3306020150010508027F00080001	高公路313号	5037.54	0	工业用地/住宅	钢筋混凝土结构		1-6/6	浙(2018)绍兴市不动产权证0043625号	袍江12123号

Appendix V Copies of Title Certificates of the Valuation Object

宗地图



Appendix V Copies of Title Certificates of the Valuation Object

房产分层分户图

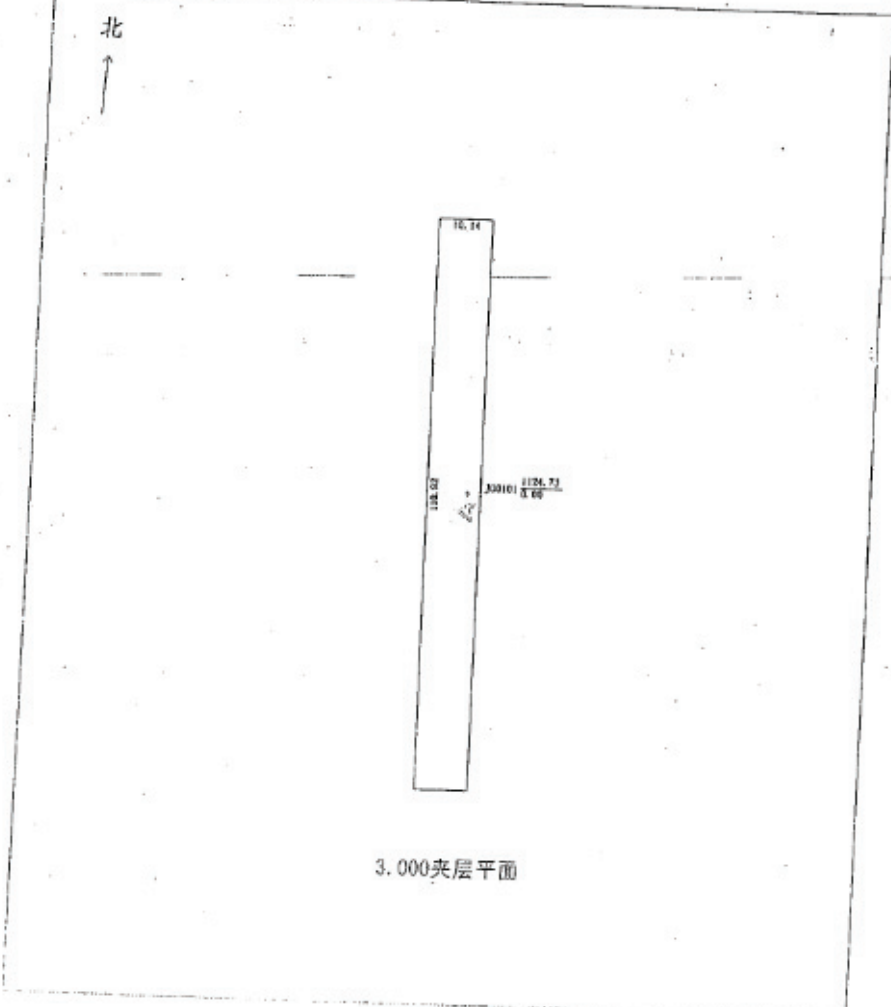


绍兴市永佳测绘咨询有限公司
 测绘人: 姜鑫剑 审核人: 姜贺龙 质检人: 金君 比例尺: 1:1000

Appendix V Copies of Title Certificates of the Valuation Object

房产分层分户图

宗地代码		结构	钢混
建设单位		总层数	3
产权单位	浙江庆茂纺织印染有限公司	所在层次	3.000夹层
房屋座落	袍江工业区汤公路313号(倍捻车间)		



绍兴市永佳测绘咨询有限公司

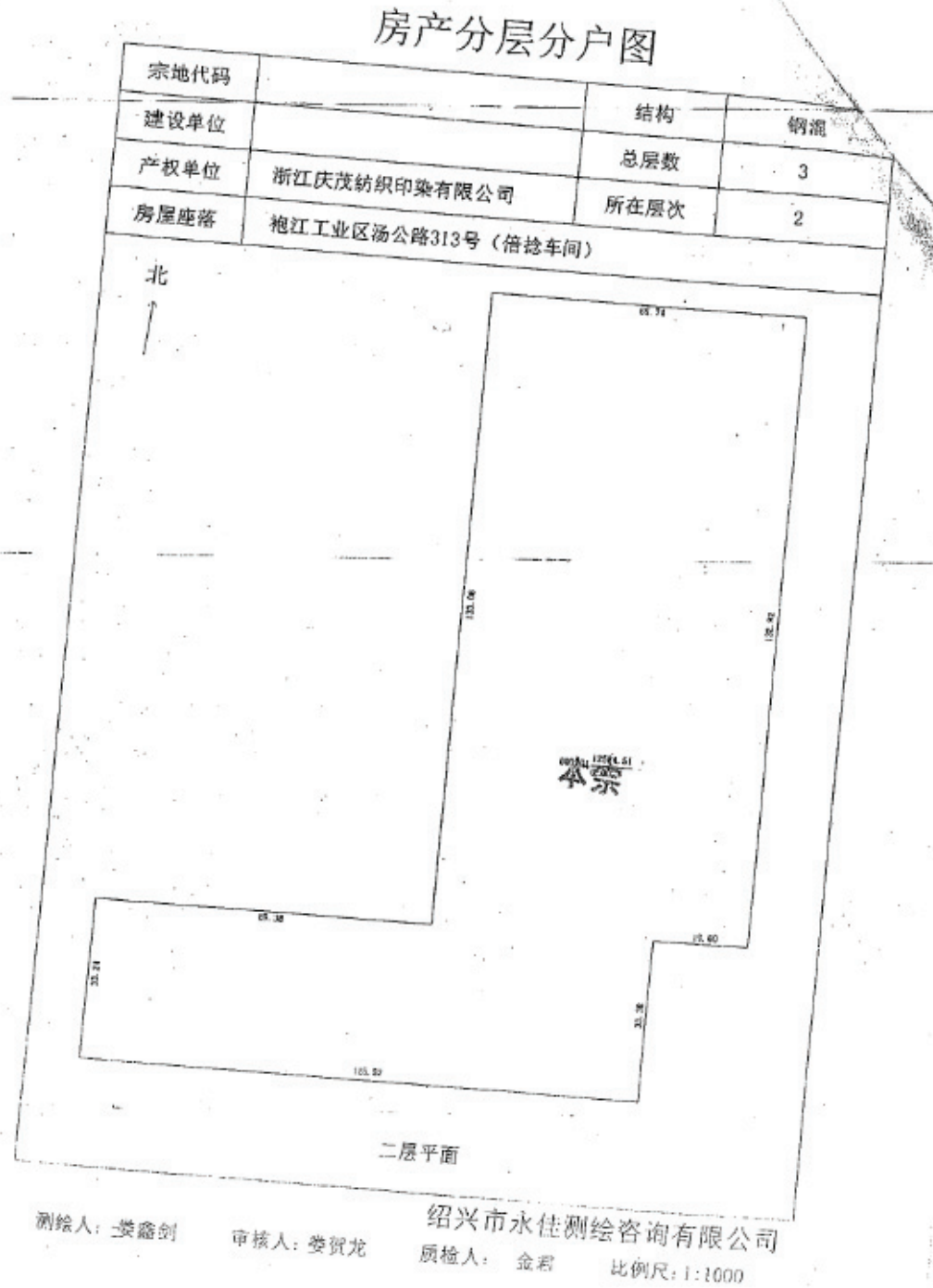
测绘人: 姜鑫剑

审核人: 姜昕龙

质检人: 俞利

绘图人: 俞利

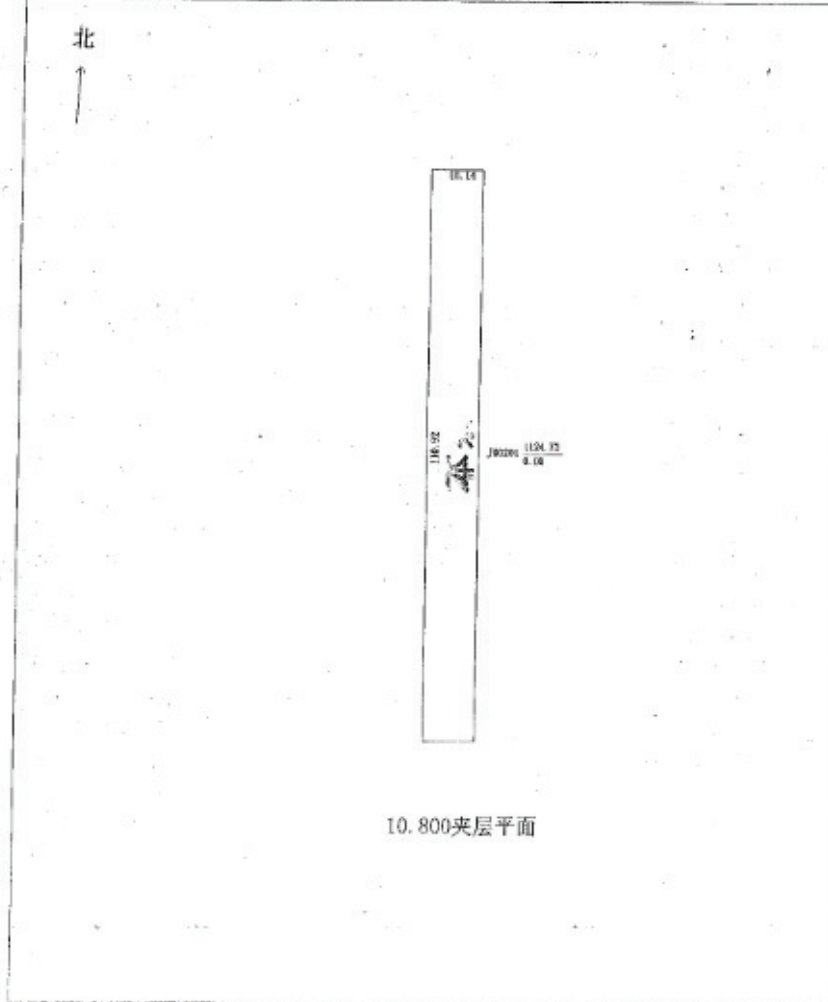
Appendix V Copies of Title Certificates of the Valuation Object



Appendix V Copies of Title Certificates of the Valuation Object

房产分层分户图

宗地代码		结构	钢混
建设单位		总层数	3
产权单位	浙江庆茂纺织印染有限公司	所在层次	10.800夹层
房屋座落	袍江工业区汤公路313号（倍捻车间）		



绍兴市永佳测绘咨询有限公司

测绘人：姜鑫剑

审核人：姜贺龙

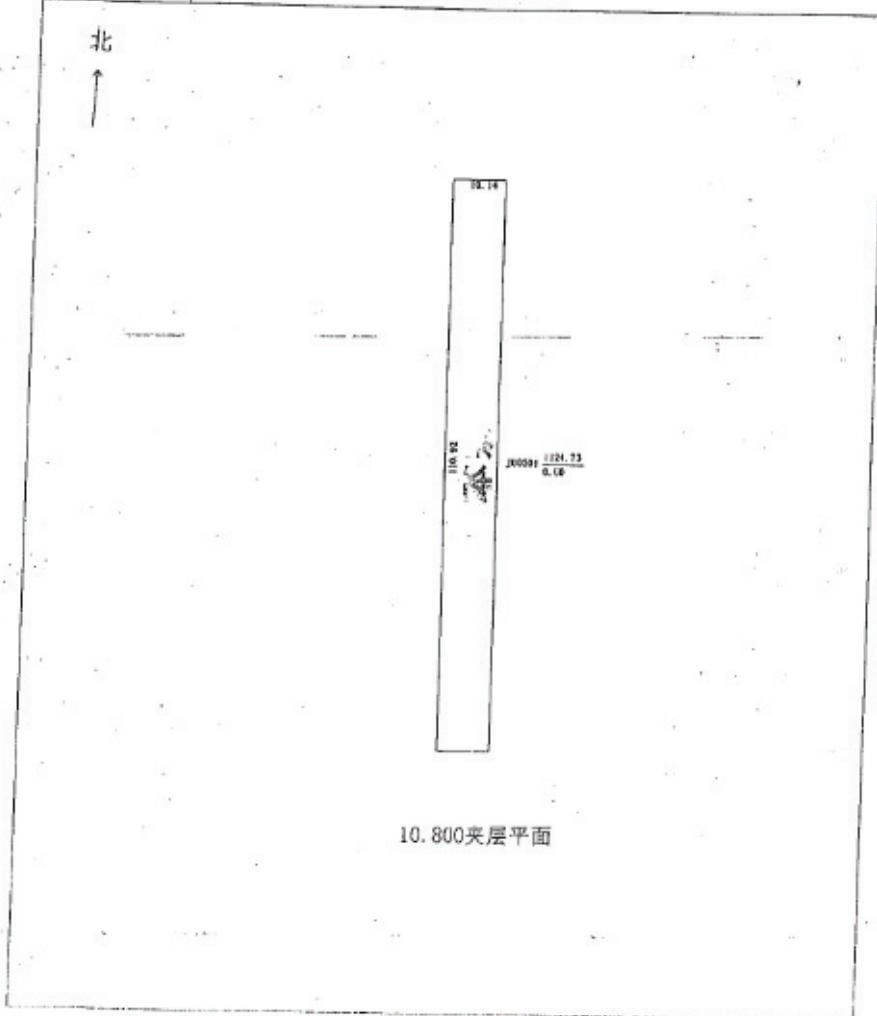
质检人：金岩

比例尺：1:1000

Appendix V Copies of Title Certificates of the Valuation Object

房产分层分户图

宗地代码		结构	钢混
建设单位		总层数	3
产权单位	浙江庆茂纺织印染有限公司	所在层次	10.800夹层
房屋座落	袍江工业区汤公路313号(倍捻车间)		



绍兴市永佳测绘咨询有限公司

测绘人: 姜鑫剑 审核人: 姜贺龙 质检人: 金君 比例尺: 1:1000

Appendix V Copies of Title Certificates of the Valuation Object

房产分层分户图

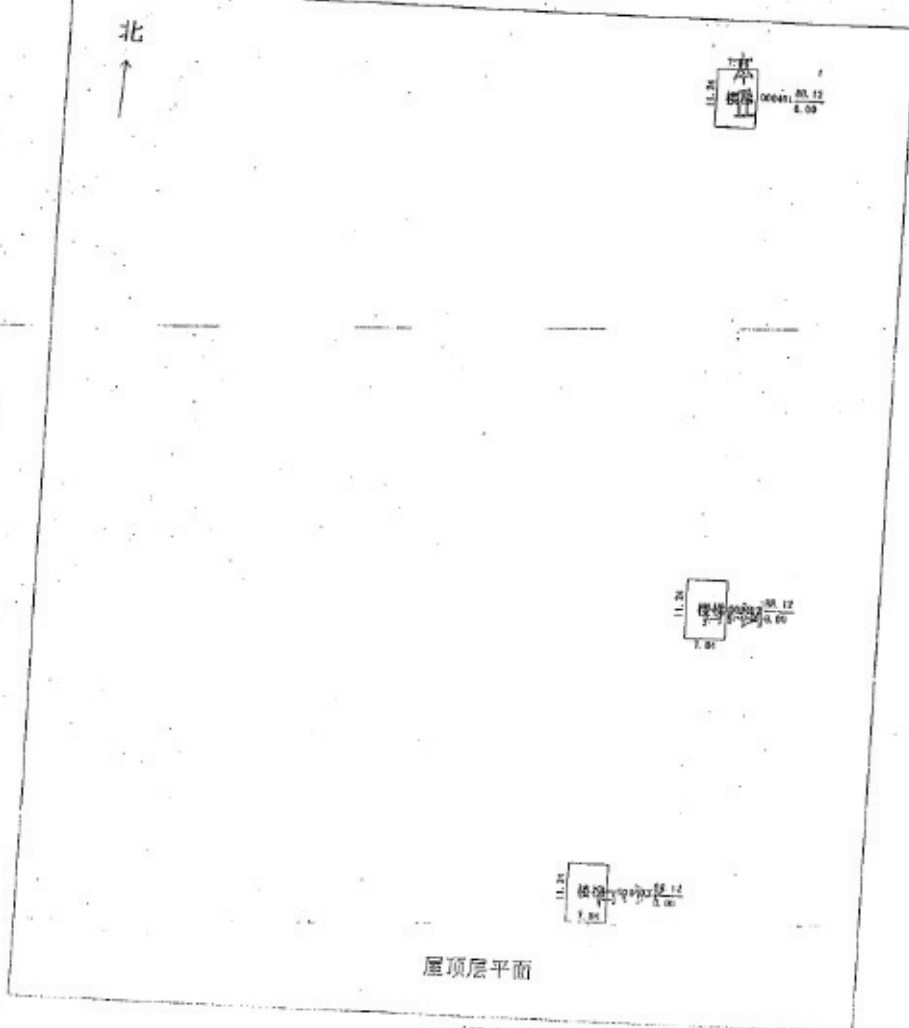


测绘人: 姜鑫剑 审核人: 姜贺龙 绍兴市永佳测绘咨询有限公司
 质检人: 金君 比例尺: 1:1000

Appendix V Copies of Title Certificates of the Valuation Object

房产分层分户图

宗地代码		结构	钢筋混凝土
建设单位		总层数	3
产权单位	浙江庆茂纺织印染有限公司	所在层次	屋顶层
房屋座落	袍江工业区汤公路313号(倍捻车间)		



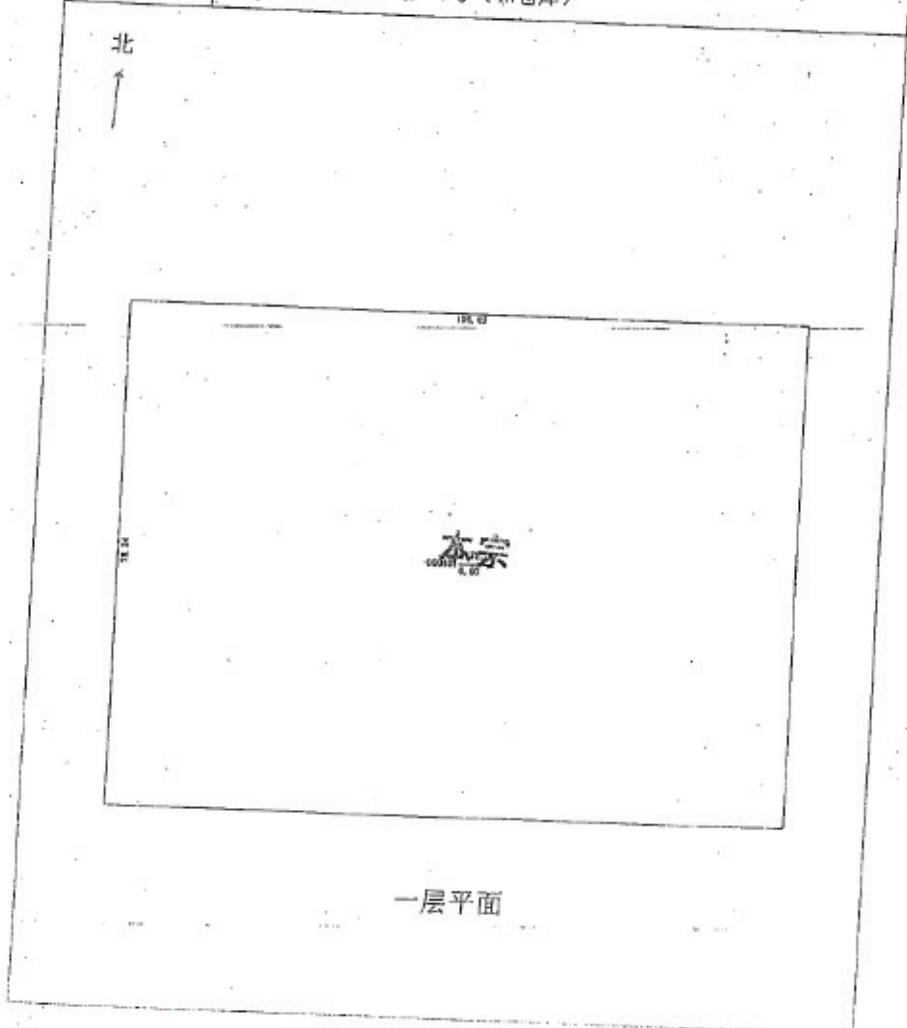
绍兴市永佳测绘咨询有限公司

测绘人: 樊鑫剑 审核人: 姜贺龙 质检人: 金君 比例尺: 1:1000

Appendix V Copies of Title Certificates of the Valuation Object

房产分层分户图

宗地代码		结构	钢混
建设单位		总层数	1
产权单位	浙江庆茂纺织印染有限公司	所在层次	1
房屋座落	袍江工业区汤公路313号(4#仓库)		



绍兴市永佳测绘咨询有限公司

测绘人：姜鑫剑

审核人：姜贺龙

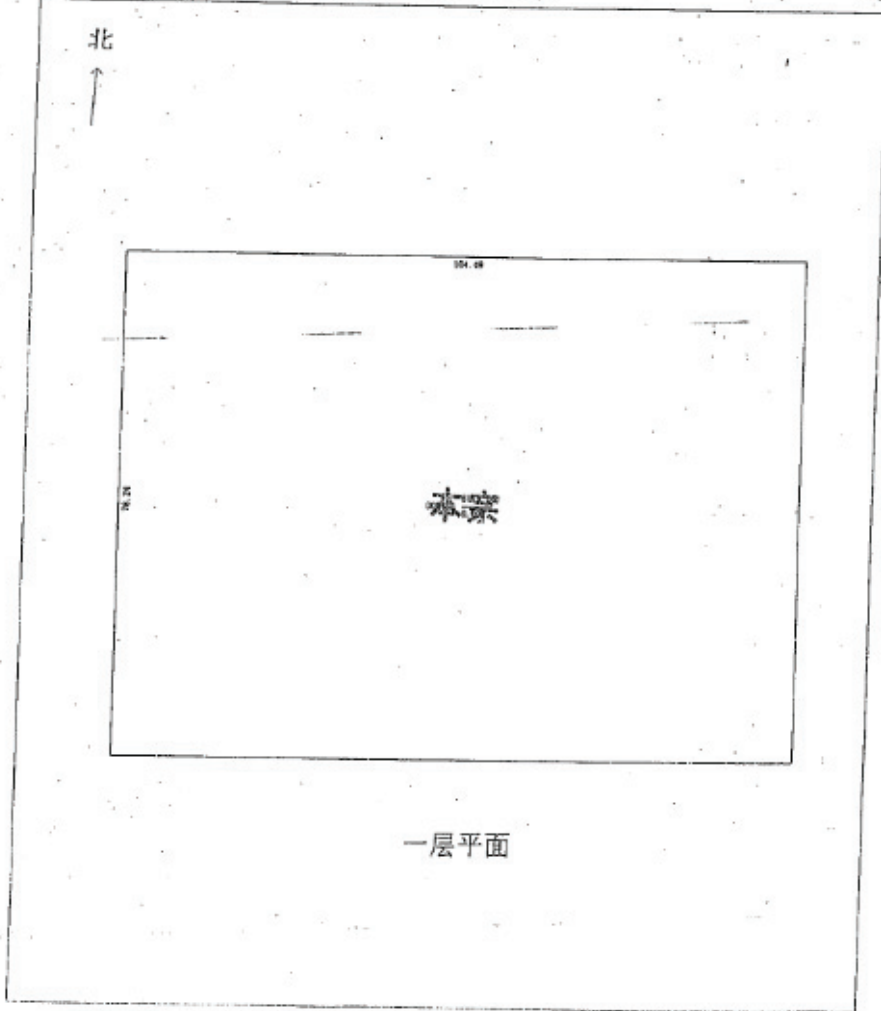
质检人：金君

比例尺：1:800

Appendix V Copies of Title Certificates of the Valuation Object

房产分层分户图

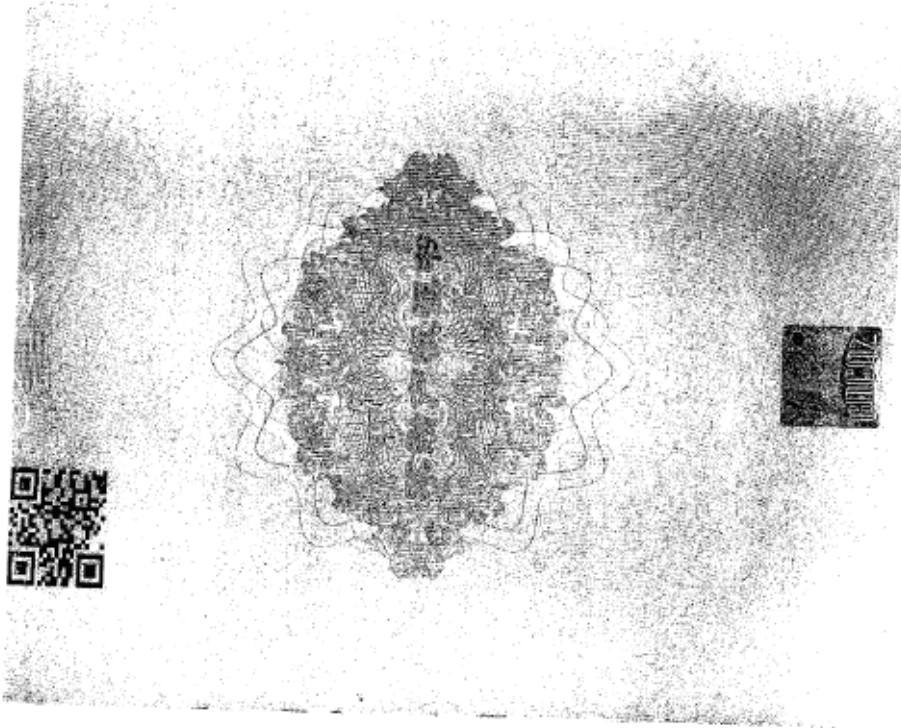
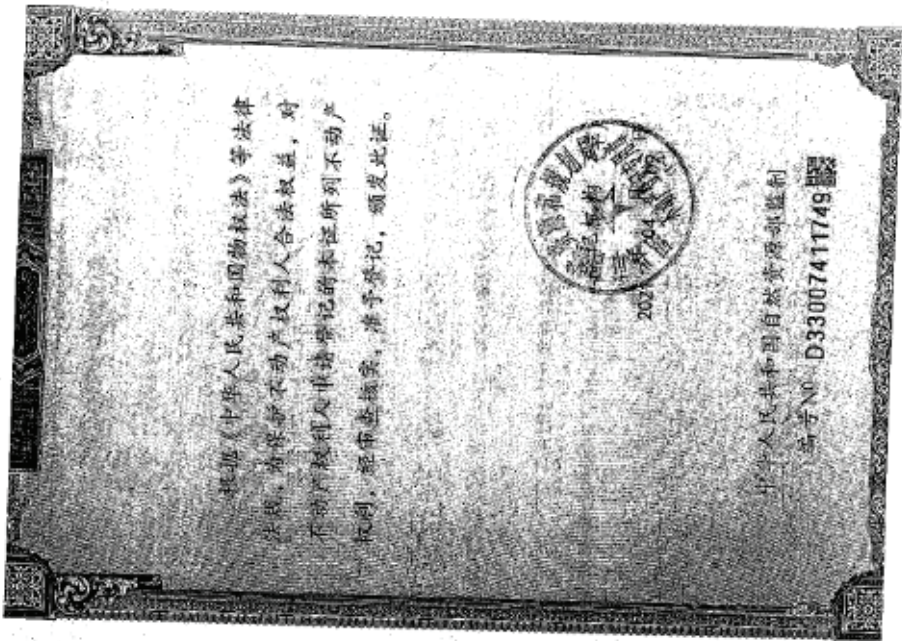
宗地代码		结构	钢混
建设单位		总层数	1
产权单位	浙江庆茂纺织印染有限公司	所在层次	1
房屋座落	袍江工业区汤公路313号(5#仓库)		



绍兴市永佳测绘咨询有限公司

测绘人：姜鑫剑 审核人：姜贺龙 质检人：金君 比例尺：1:800

Appendix V Copies of Title Certificates of the Valuation Object



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附 录		附 录	
2021 年 01 月 01 日 不动产权第 0018932 号		2021 年 01 月 01 日 不动产权第 0018932 号	
权利人	浙江庆康纺织印染有限公司	权利人	浙江庆康纺织印染有限公司
共有情况	单独所有	权利人	浙江庆康纺织印染有限公司
坐 落	嘉善县 313 号	权利人	浙江庆康纺织印染有限公司
不动产单元号	3306020150016808023F000420001 (其它详见清单)	权利人	浙江庆康纺织印染有限公司
权利类型	国有建设用地使用权/房屋所有权	权利人	浙江庆康纺织印染有限公司
权利性质	出让/自建房产	权利人	浙江庆康纺织印染有限公司
用 途	工业用地/工业	权利人	浙江庆康纺织印染有限公司
面 积	土地使用权面积 104247.28 ㎡ / 房屋建筑面积 95102.95 ㎡	权利人	浙江庆康纺织印染有限公司
使用期限	国有建设用地使用权 2058 年 03 月 19 日止	权利人	浙江庆康纺织印染有限公司
	土地用途面积: 104247.28 ㎡, 其中熟用土地面积 104247.28 ㎡, 分属土地面积 930 ㎡	权利人	浙江庆康纺织印染有限公司
	房屋结构: 砖混结构	权利人	浙江庆康纺织印染有限公司
	权利其他状况	权利人	浙江庆康纺织印染有限公司

序号	所在层	房屋套数	房屋用途	建筑面积	专有部分的面积	分摊建筑面积
1	1-3	2	住宅	13110.30 ㎡	✓	✓
2	1-3	4	住宅	15854.80 ㎡	✓	✓
3	1	1	住宅	10798.50 ㎡	✓	✓
4	1	1	工业	15220.84 ㎡	✓	✓
5	1-3	4	工业	38015.00 ㎡	✓	✓

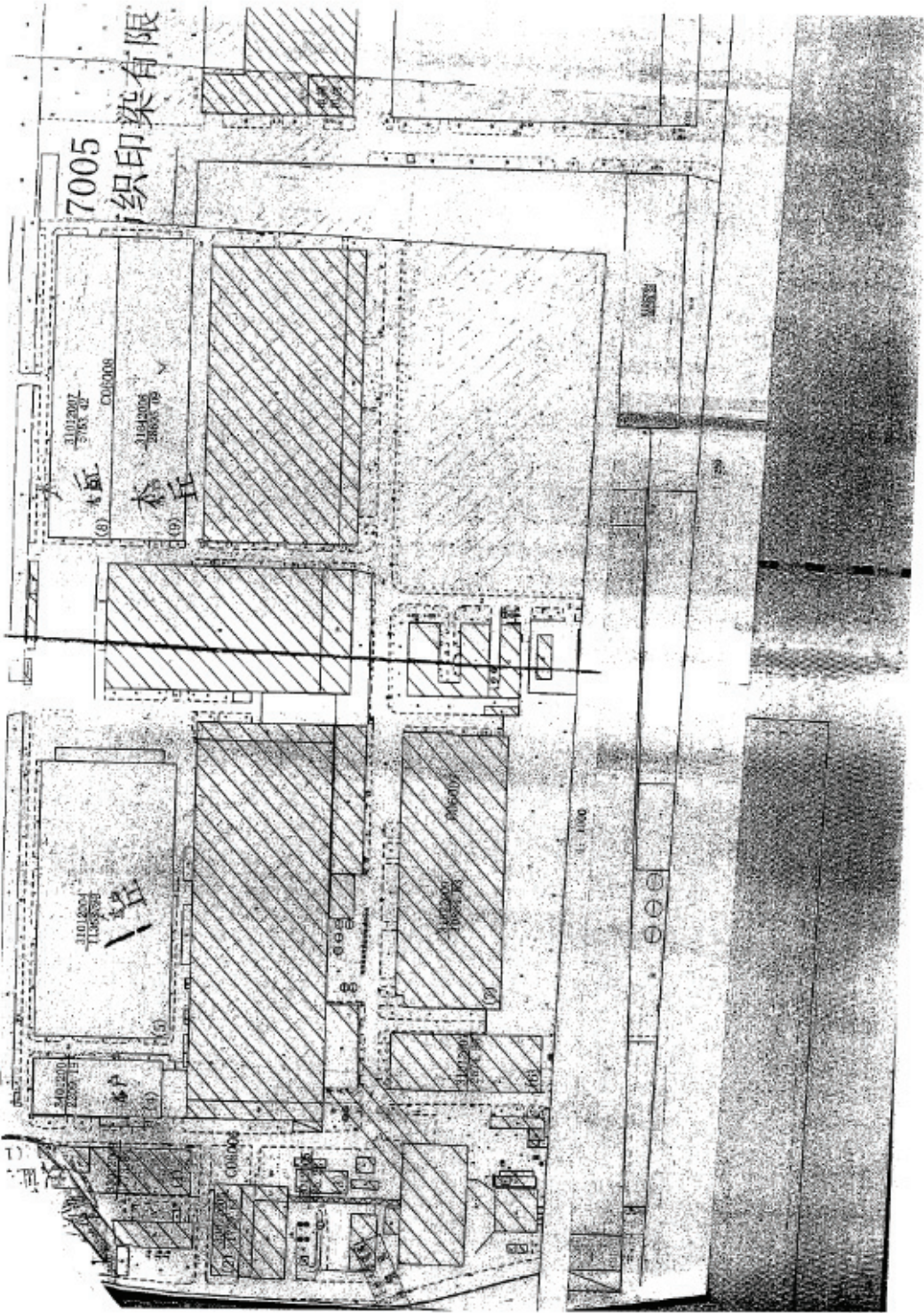
上述分一、分二、分三、分块三属于同一项目,不得擅自分割转让,如需转让,需依法申报。该不动产不属于分单。

Appendix V Copies of Title Certificates of the Valuation Object

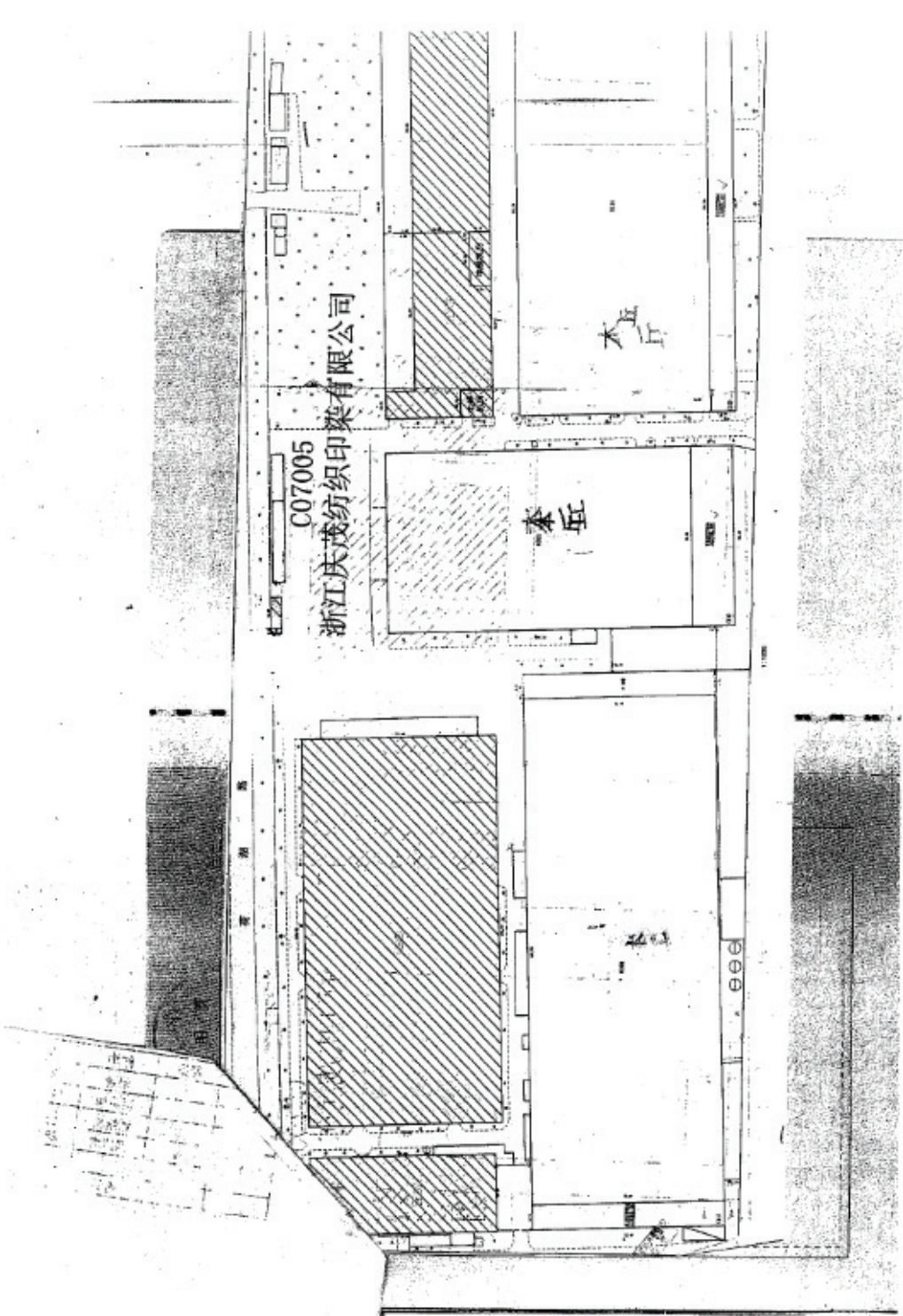
20210408-002781

序 号	宗 地 类 别	不动产权单元号	坐 落	建筑面积	套内面积	分摊面积	用途	房屋性质	房屋结构	层数	产权证号	原产权证号
1		330602015001G008023 F00020001	嘉公路313号	17810.26	0.00	0.00	工业用地/ 工业厂房		钢结构	1-2/2	浙(2021)绍兴市不动 产权证0016932号	浙(2018)绍兴市不动 产权证0043628号
2		330602015001G008023 F00040001	嘉公路313号	10798.96	0.00	0.00	工业用地/ 工业厂房		钢结构	1/1	浙(2021)绍兴市不动 产权证0016932号	浙(2018)绍兴市不动 产权证0043628号
3		330602015001G008023 F00010001	嘉公路313号	19320.84	0.00	0.00	工业用地/ 工业		钢筋混凝土 结构	1/1	浙(2021)绍兴市不动 产权证0016932号	浙(2018)绍兴市不动 产权证0043628号
4		330602015001G008023 F00020001	嘉公路313号	28605.09	0.00	0.00	工业用地/ 工业		钢结构	1-4/4	浙(2021)绍兴市不动 产权证0016932号	浙(2018)绍兴市不动 产权证0043628号
5		330602015001G008023 F00050001	嘉公路313号	15566.81	0.00	0.00	工业用地/ 工业(打)		钢结构	1-2/2	浙(2021)绍兴市不动 产权证0016932号	浙(2018)绍兴市不动 产权证0043628号

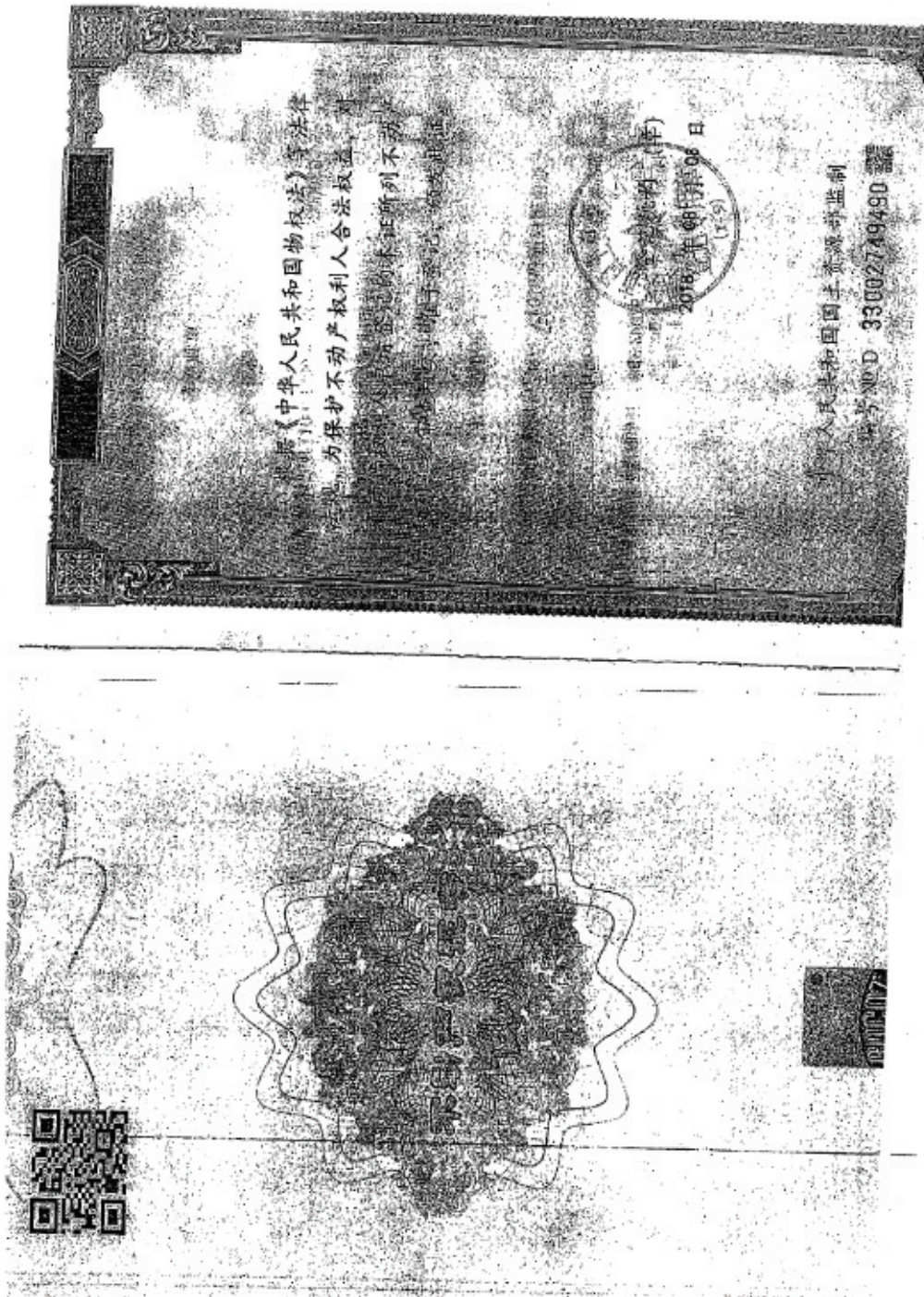
Appendix V Copies of Title Certificates of the Valuation Object



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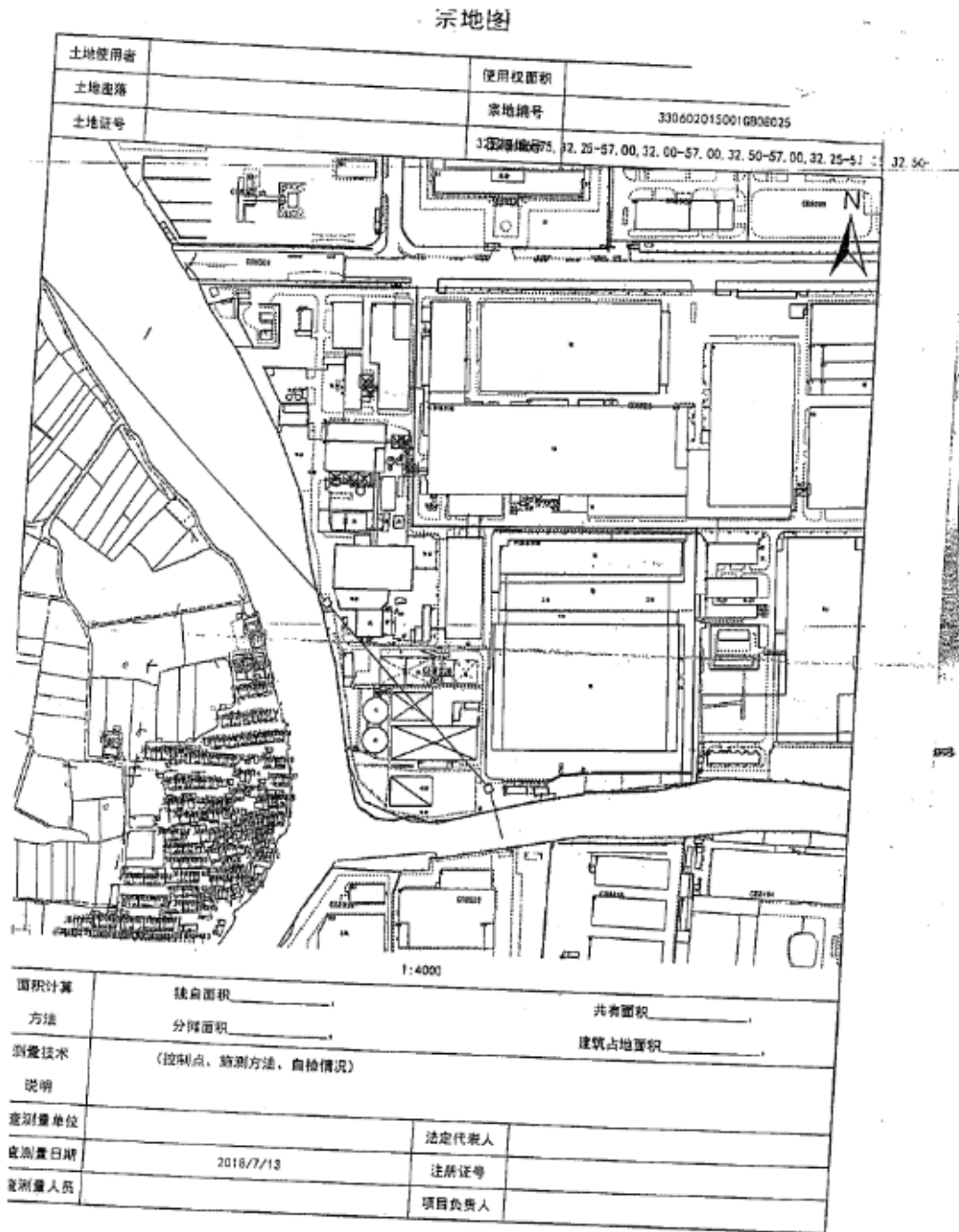


Appendix V Copies of Title Certificates of the Valuation Object

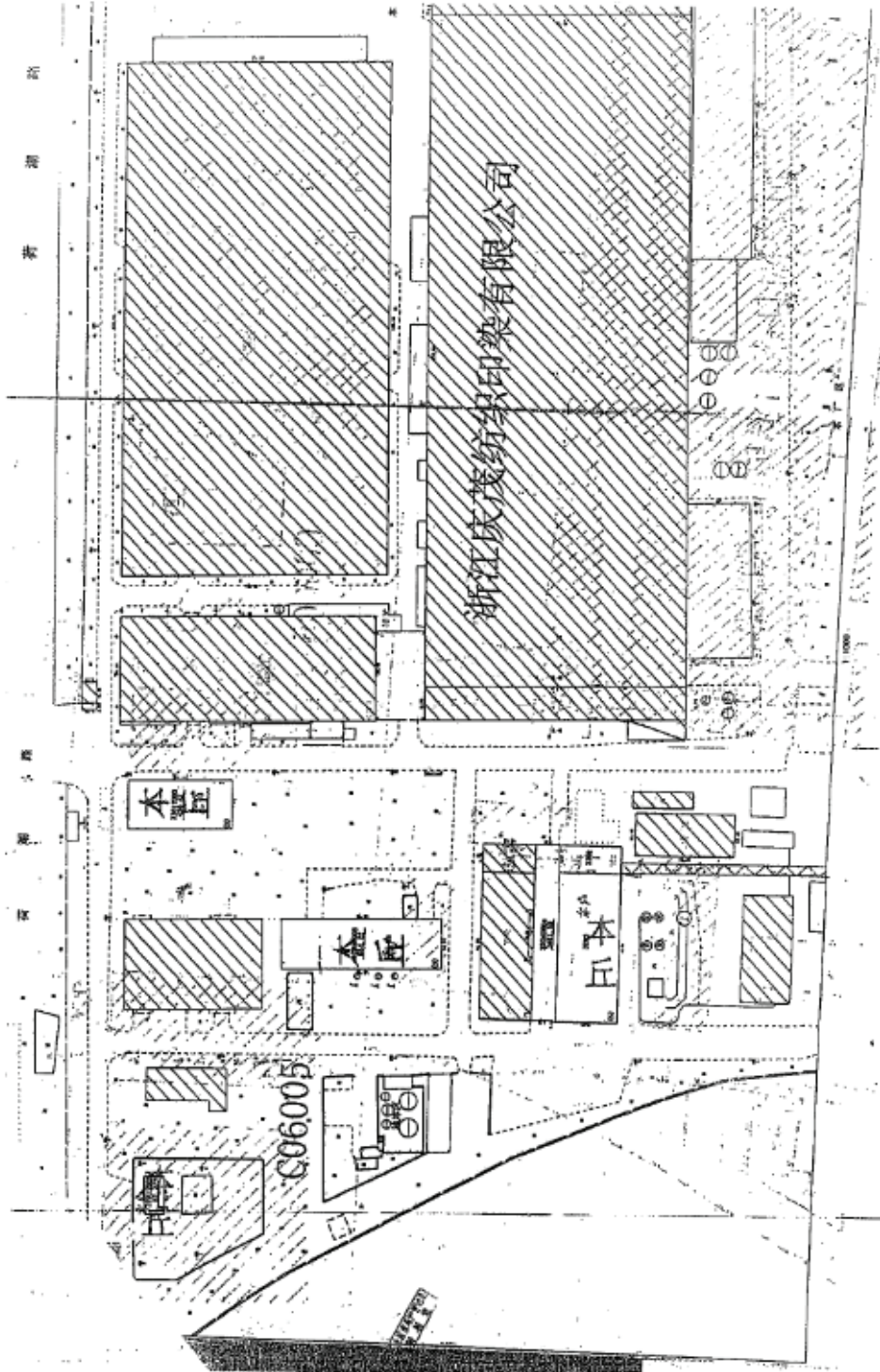
面积单位：平方米

不动产权证书编号	坐落	用途	面积	用途/非住宅	房屋结构	层数	用途/非住宅	房屋结构	层数	不动产权证书编号	坐落	用途	面积	用途/非住宅	房屋结构	层数	用途/非住宅	房屋结构	层数
330602015001GB08025F00020001	汤公路313号	工业用地	62.27	工业用地/非住宅	钢筋混凝土结构	1/1	工业用地/非住宅	钢筋混凝土结构	1/1	浙(2018)绍兴市不动产权证书0043629号	袍江12120号	工业用地		工业用地/非住宅	钢筋混凝土结构	1/1	工业用地/非住宅	钢筋混凝土结构	1/1
330602015001GB08025F00010001	汤公路313号	工业用地	16683.64	工业用地/工业	白建房	1/1	工业用地/工业	钢筋混凝土结构	1/1	浙(2018)绍兴市不动产权证书0043629号	袍江12120号	工业用地		工业用地/工业	钢筋混凝土结构	1/1	工业用地/工业	钢筋混凝土结构	1/1
330602015001GB08025F00100001	汤公路313号	工业用地	486.22	工业用地/工业		1/1	工业用地/工业	钢筋混凝土结构	1/1	浙(2018)绍兴市不动产权证书0043629号	袍江17025号	工业用地		工业用地/工业	钢筋混凝土结构	1/1	工业用地/工业	钢筋混凝土结构	1/1
330602015001GB08025F00030001	汤公路313号	工业用地	430.62	工业用地/非住宅		1/1	工业用地/非住宅	钢筋混凝土结构	1/1	浙(2018)绍兴市不动产权证书0043629号	袍江12120号	工业用地		工业用地/非住宅	钢筋混凝土结构	1/1	工业用地/非住宅	钢筋混凝土结构	1/1
330602015001GB08025F00040001	汤公路313号	工业用地	644.22	工业用地/非住宅		1/1	工业用地/非住宅	钢筋混凝土结构	1/1	浙(2018)绍兴市不动产权证书0043629号	袍江12120号	工业用地		工业用地/非住宅	钢筋混凝土结构	1/1	工业用地/非住宅	钢筋混凝土结构	1/1
330602015001GB08025F00060001	汤公路313号	工业用地	1729.61	工业用地/工业		1-3/3	工业用地/工业	钢筋混凝土结构	1-3/3	浙(2018)绍兴市不动产权证书0043629号	袍江17025号	工业用地		工业用地/工业	钢筋混凝土结构	1/1	工业用地/工业	钢筋混凝土结构	1/1
330602015001GB08025F00080001	汤公路313号	工业用地	1773.84	工业用地/工业		1/1	工业用地/工业	钢筋混凝土结构	1/1	浙(2018)绍兴市不动产权证书0043629号	袍江17025号	工业用地		工业用地/工业	钢筋混凝土结构	1/1	工业用地/工业	钢筋混凝土结构	1/1
330602015001GB08025F00060001	汤公路313号	工业用地	2574.96	工业用地/工业		1/1	工业用地/工业	钢筋混凝土结构	1/1	浙(2018)绍兴市不动产权证书0043629号	袍江17025号	工业用地		工业用地/工业	钢筋混凝土结构	1/1	工业用地/工业	钢筋混凝土结构	1/1
330602015001GB08025F00070001	汤公路313号	工业用地	10864.83	工业用地/工业		1/1	工业用地/工业	钢筋混凝土结构	1/1	浙(2018)绍兴市不动产权证书0043629号	袍江17025号	工业用地		工业用地/工业	钢筋混凝土结构	1-2/2	工业用地/工业	钢筋混凝土结构	1-2/2
330602015001GB08025F00060001	汤公路313号	工业用地	3481.58	工业用地/非住宅		1-4/4	工业用地/非住宅	钢筋混凝土结构	1-4/4	浙(2018)绍兴市不动产权证书0043629号	袍江12120号	工业用地		工业用地/非住宅	钢筋混凝土结构	1-4/4	工业用地/非住宅	钢筋混凝土结构	1-4/4

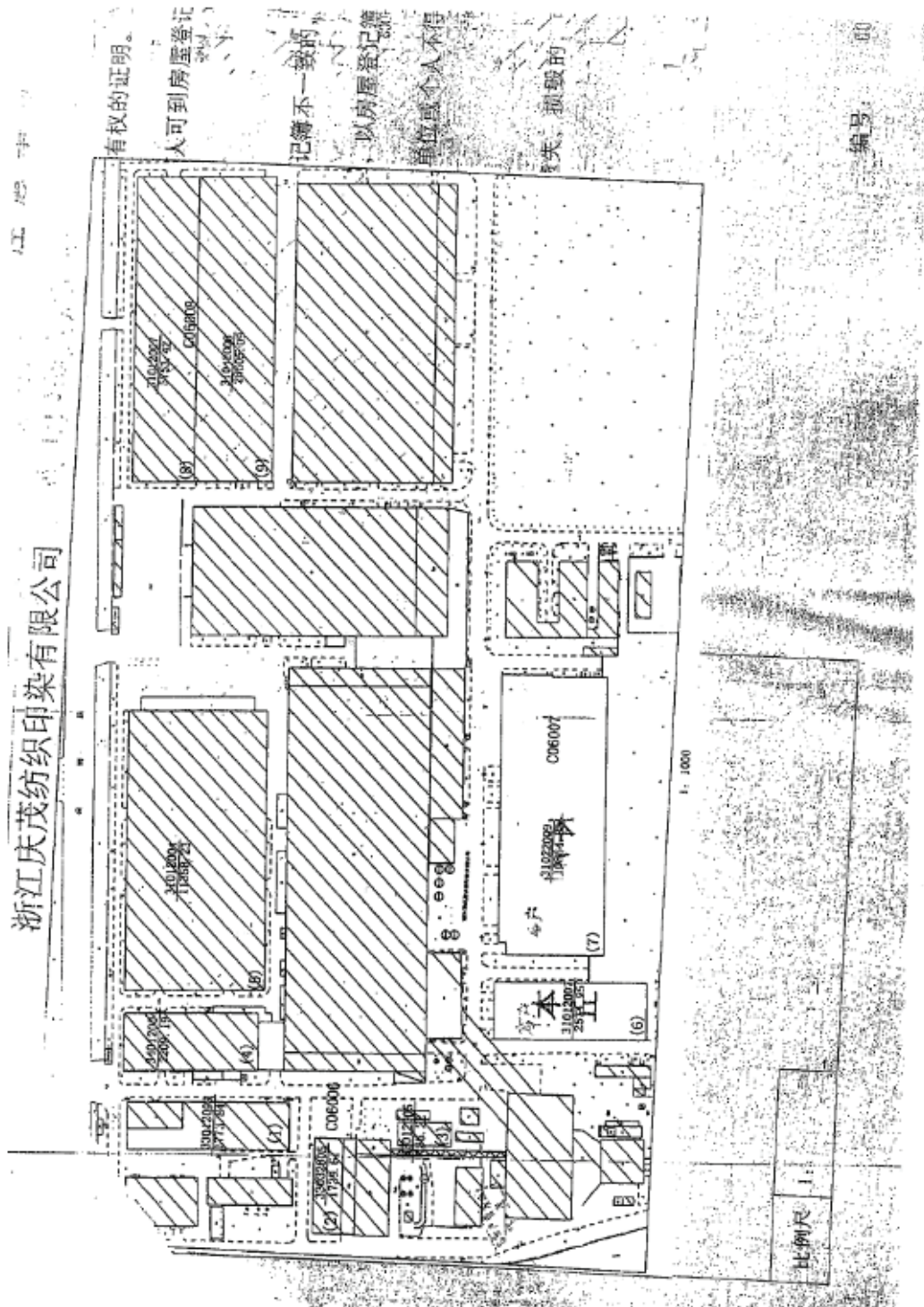
Appendix V Copies of Title Certificates of the Valuation Object



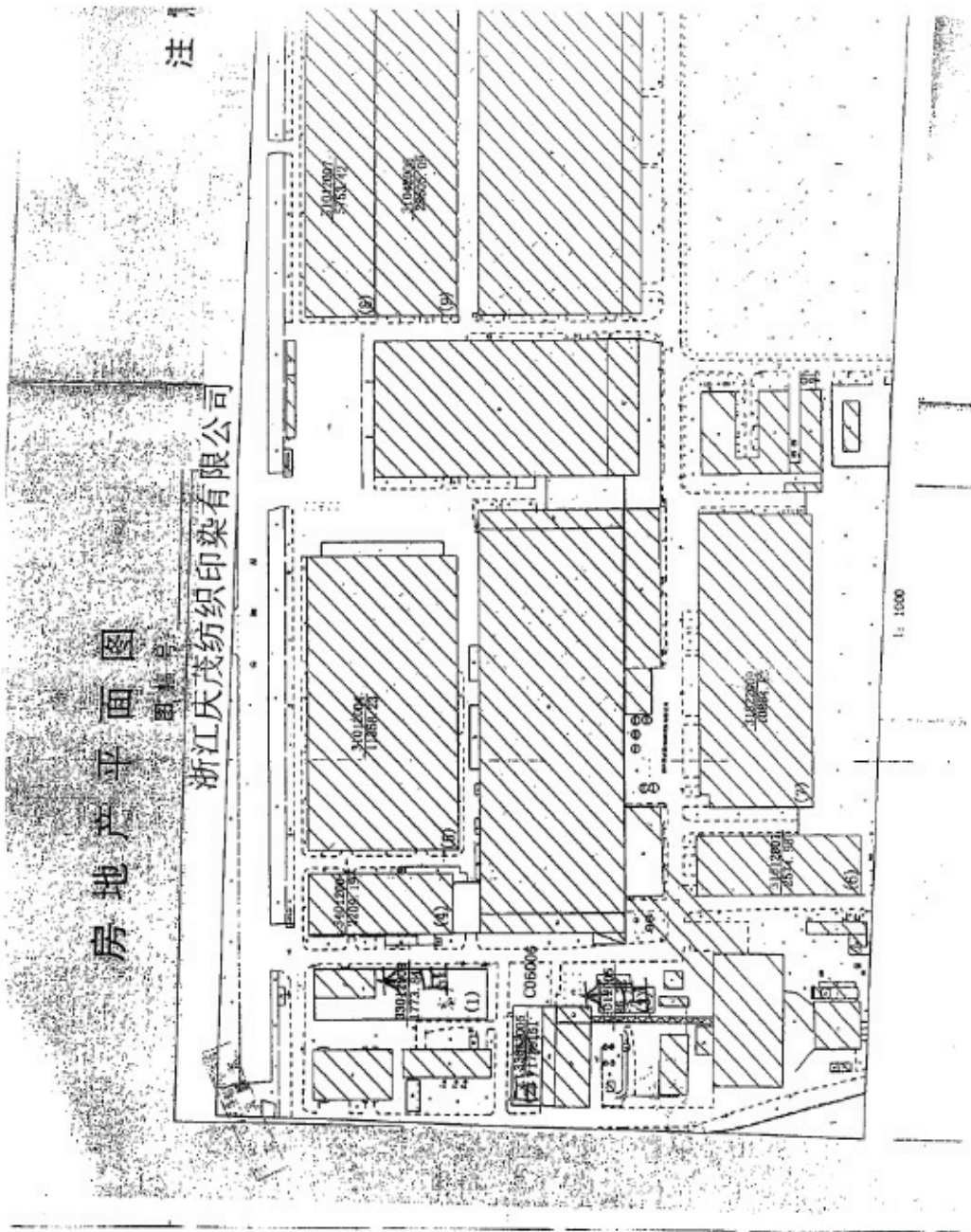
Appendix V Copies of Title Certificates of the Valuation Object



Appendix V Copies of Title Certificates of the Valuation Object

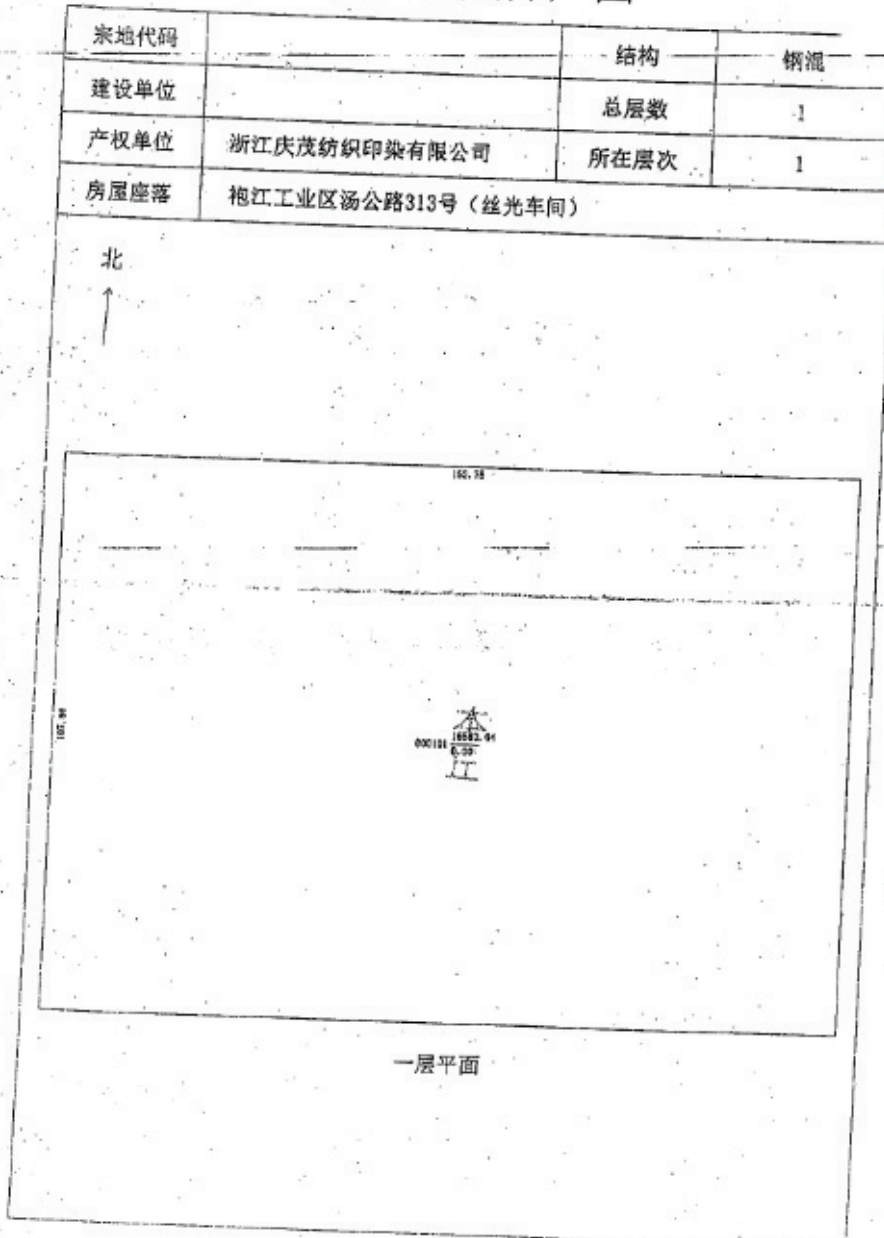


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房产分层分户图



绍兴市永佳测绘咨询有限公司

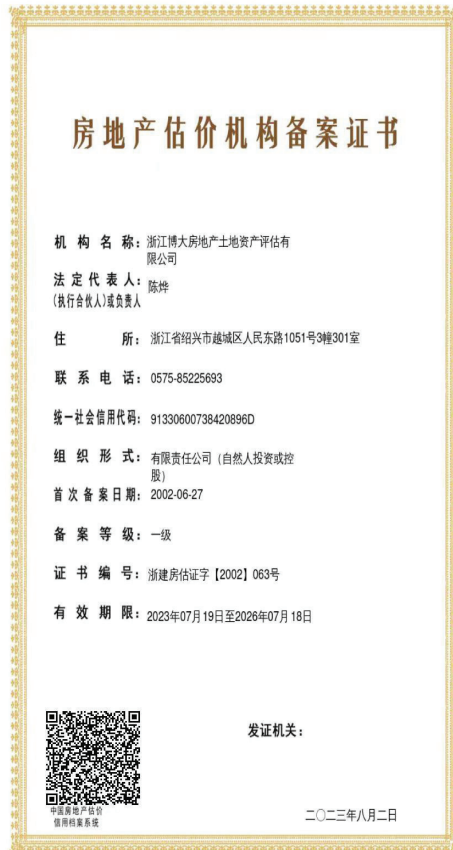
测绘人： 姜鑫剑

审核人： 姜贺龙

质检人： 金君

比例尺： 1:1000

Appendix V Copies of Title Certificates of the Valuation Object



Appendix VI Copies of Business License of the Real Estate Valuation Institution and Certificates Recorded by the Real Estate Valuation Institution



Appendix VII Copies of the Qualification Certificates of the Registered Real Estate Valuers

1. RESPONSIBILITY STATEMENTS

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and is 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

(a) Interests and short positions of the Directors and chief executive in the Company

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

Name of directors of the Company	Name of Group member/ associated corporation	Nature of interest	Number of ordinary shares (Note 1)	Approximate percentage
Mr. Hong	the Company	Interest of controlled corporation(s)	544,742,400 (L) (Note 2)	59.34%
	the Company	Beneficial owner	<u>5,400,000 (L)</u>	<u>0.59%</u>
			550,142,400 (L)	59.93%
Mr. Zhu	the Company	Interest of controlled corporation(s)	219,900,000 (L) (Note 3)	23.95%
Mr. Shu Wa Tung, Laurence	the Company	Beneficial owner	80,000 (L)	0.01%

Notes:

1. The letter “L” denotes the person’s long position in the Shares.
2. Among these 544,742,400 Shares, as to 392,842,400 Shares are registered in the name of and beneficially owned by New Green Group Limited, the entire issued share capital of which is beneficially owned by Texhong Group Holdings Limited, a company wholly owned by Mr. Hong; and as to 151,900,000 Shares are registered in the name of and beneficially owned by Trade Partner Investments Limited, the entire issued share capital of which is beneficially owned as to 57.44% by Mr. Hong through New Green Group Limited. Under the SFO, Mr. Hong is deemed to be interested in all the Shares held by New Green Group Limited and Trade Partner Investments Limited. Mr. Hong is a director of Texhong Group Holdings Limited, New Green Group Limited and Trade Partner Investments Limited.
3. Among these 219,900,000 Shares, as to 68,000,000 Shares are registered in the name of and beneficially owned by Wisdom Grace Investments Limited, the entire issued share capital of which is beneficially owned by Mr. Zhu; and as to 151,900,000 Shares are registered in the name of and beneficially owned by Trade Partner Investments Limited, the issued share capital of which is beneficially owned as to 42.56% by Mr. Zhu through Wisdom Grace Investments Limited. Mr. Zhu is a director of Wisdom Grace Investments Limited and Trade Partner Investments Limited.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company has any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV to the SFO) which are 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 he is taken or deemed to have under such provisions of SFO), or are required, pursuant to Section 352 of the SFO, to be recorded in the register required to be kept by the Company, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

(b) Interests and short positions of substantial Shareholders in the Company

So far as the Directors are aware, as at the Latest Practicable Date, the interests or short position of the persons other than a Director or chief executive of the Company in the Shares or underlying shares of the Company which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of the substantial shareholders	Nature of interests	Number of ordinary shares <i>(Note 1)</i>	Approximate percentage
New Green Group Limited	Beneficial owner	392,842,400 (L) <i>(Note 2)</i>	42.79%
	Interest of controlled corporation(s)	151,900,000 (L) <i>(Note 3)</i>	16.55%
		544,742,400 (L)	59.34%
Trade Partner Investments Limited	Beneficial owner	151,900,000 (L) <i>(Note 3)</i>	16.55%
Wisdom Grace Investments Limited	Beneficial owner	68,000,000 (L) <i>(Note 4)</i>	7.41%
	Interest of controlled corporation(s)	151,900,000 (L) <i>(Note 3)</i>	16.55%
		219,900,000 (L)	23.95%
Texhong Group Holdings Limited	Interest of controlled corporation(s)	544,742,400 (L) <i>(Notes 2 and 3)</i>	59.34%
Ms. Ke Luping	Interest of spouse	550,142,400 (L) <i>(Note 5)</i>	59.93%
Ms. Zhao Zhiyang	Interest of spouse	219,900,000 (L) <i>(Note 6)</i>	23.95%
Mr. Hui Ching Lau	Interest of controlled corporation(s)	64,200,000 (L) <i>(Note 7)</i>	6.99%
Event Star Limited	Beneficial owner	64,200,000 (L) <i>(Note 7)</i>	6.99%

Notes:

1. The letter “L” denotes the person’s long position in the Shares.
2. These 392,842,400 Shares are registered in the name of and beneficially owned by New Green Group Limited, the entire issued share capital of which is beneficially owned by Texhong Group Holdings Limited, a company wholly beneficially owned by Mr. Hong. Under the SFO, each of Texhong Group Holdings Limited and Mr. Hong is deemed to be interested in all the Shares held by New Green Group Limited.
3. These 151,900,000 Shares are registered in the name of and beneficially owned by Trade Partner Investments Limited, the entire issued share capital of which is beneficially owned as to 57.44% by Mr. Hong through New Green Group Limited and 42.56% by Mr. Zhu through Wisdom Grace Investments Limited. Under the SFO, each of Mr. Hong, Texhong Group Holdings Limited, Mr. Zhu, New Green Group Limited and Wisdom Grace Investments Limited is deemed to be interested in all the Shares held by Trade Partner Investments Limited.
4. These 68,000,000 Shares are registered in the name of and beneficially owned by Wisdom Grace Investments Limited, the entire issued share capital of which is beneficially owned by Mr. Zhu. Under the SFO, Mr. Zhu is deemed to be interested in all the Shares held by Wisdom Grace Investments Limited.
5. Ms. Ke Luping is the spouse of Mr. Hong. Under the SFO, Ms. Ke Luping is deemed to be interested in the same number of Shares in which Mr. Hong is interested.
6. Among these 219,900,000 Shares, as to 68,000,000 Shares are registered in the name of and beneficially owned by Wisdom Grace Investments Limited, the entire issued share capital of which is beneficially owned by Mr. Zhu and as to 151,900,000 Shares are registered in the name of and beneficially owned by Trade Partner Investments Limited, the entire issued share capital of which is beneficially owned as to 42.56% by Mr. Zhu through Wisdom Grace Investments Limited. Ms. Zhao Zhiyang is the spouse of Mr. Zhu. Under the SFO, Ms. Zhao Zhiyang is deemed to be interested in the same number of shares in which Mr. Zhu is interested.
7. These 64,200,000 Shares are registered in the name of and beneficially owned by Event Star Limited, a company which is 100% controlled by Mr. Hui Ching Lau. Under the SFO, Mr. Hui Ching Lau is deemed to be interested in all the Shares held by Event Star Limited.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any other person (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying shares of the Company which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

3. DIRECTORS’ 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 is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

4. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the experts who has given opinions or advice which are contained or referred to in this circular:

Name	Qualifications
Valuer	A qualified independent property valuer in the PRC

The Valuer has given and has not withdrawn its written consent to the issue of this circular with the inclusion of the text of its letters, reports, recommendations, opinion, and/or references to their name in the form and context in which they appear.

As at the Latest Practicable Date, the Valuer did not have any interests, either direct or indirect, in any assets which have been acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to any members of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

As at the Latest Practicable Date, the Valuer did not have any shareholding in the Company or any of its subsidiaries or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any members of the Group.

5. DIRECTORS' INTERESTS IN CONTRACTS OR ASSETS

(a) Interests in contracts and arrangements of significance

As at the Latest Practicable Date, save for (i) the framework agreement entered into on 17 January 2023 entered into between the Company and Texhong Industrial Park Vietnam Limited (天虹工業園區越南有限公司) ("**Texhong Industrial Park**"), which is ultimately owned as to 78% by Mr. Hong and 22% by Mr. Zhu, and of which Mr. Hong is director, for the supply of wastewater and administrative services by Texhong Industrial Park to the Group; and (ii) the related party transactions disclosed in note 38 to the consolidated financial statements in the annual report of the Company for the year ended 31 December 2022, none of the Directors had material interests in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

(b) Interests in assets

On 31 March 2023, completion of an acquisition took place in relation to an asset purchase agreement dated 7 November 2022 (as supplemented by the supplemental agreements dated 8 December 2022 and 3 February 2023) (collectively, the "**Asset Purchase Agreement**") entered into between a wholly-owned subsidiary of the Company ("**HK Co**") with Texhong Industrial Park, pursuant to which HK Co

conditionally agreed to purchase and Texhong Industrial Park conditionally agreed to sell certain parcels of land located inside Hai Ha Industrial Park and certain infrastructure erected thereon at a maximum consideration of US\$54.6 million.

Save as aforesaid, as at the Latest Practicable Date, none of the Directors or proposed directors of the Company had any interest, direct or indirect, in any assets which had been, since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors, proposed directors of the Company or their respective close associates had any interests in a business which competes or may compete, either directly or indirectly, with the business of the Group or any other conflicts of interests with the Group pursuant to Rule 8.10 of the Listing Rules.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the Company or its subsidiaries was engaged in any litigation or claims of material importance and no litigation or claim of material importance was pending or threatened against the Company or any other member of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) had been entered into by members of the Group within two years immediately preceding the date of this circular which are or may be material:

1. The Asset Purchase Agreement;
2. A sale and purchase agreement dated 4 August 2023 (as supplemented by the supplemental agreements dated 28 September 2023, 31 October 2023 and 30 November 2023) (collectively, the “**Sale and Purchase Agreement**”) entered into between Fashion Time Vietnam Holdings Limited (時針越南控股有限公司), an indirect wholly-owned subsidiary of the Company as vendor, the Company as vendor’s guarantor, Nice View Dyeing & Bleaching Limited (永景實業有限公司) as purchaser, and Texwinca Holdings Limited as purchaser’s guarantor, in relation to the sale and purchase of the entire equity interests in Fashion Time Viet Nam Limited (時針越南有限公司), and the assignment of its shareholders’ loan for a total consideration of USD78,591,942 (subject to adjustment). For details of the Sale and Purchase Agreement, please refer to the announcements of the Company dated 4 August 2023, 28 September 2023, 31 October 2023 and 30 November 2023; and
3. The Asset Disposal Agreement.

9. GENERAL

- (a) The registered office of the Company is at Cricket Square Hutchins Drive, PO Box 2681 Grand Cayman KY1-1111, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is at Unit 3, 37/F Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, Hong Kong.
- (c) The principal share registrar and transfer office of the Company is Suntera (Cayman) Limited at Suite 3204, Unit 2A, Block 3, Building D, P.O. Box 1586, Gardenia Court, Camana Bay, Grand Cayman KY1-1100, Cayman Islands.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Boardroom Share Registrars (HK) Limited at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong.
- (e) The company secretary of the Company is Ms. Ng Sau Mei, who is a Chartered Secretary, a Chartered Governance Professional and a fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.
- (f) This circular is in both English and Chinese. In the event of inconsistency, the English text shall prevail over the Chinese text.

10. DOCUMENTS ON DISPLAY

Copies of the following documents are available on display (i) on the website of the Company at <https://www.texhong.com>; and (ii) the website of the Stock Exchange at <https://www.hkexnews.hk/index.htm> for the period of 14 days commencing from the date of this circular:

1. the Asset Disposal Agreement;
2. the property valuation report as set out in Appendix II to this circular; and
3. the written consent referred to in the paragraph headed “Expert’s Qualification and Consent” in this appendix.