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PROPERTY VALUATION REPORT

FOR

QINGDAO HOLDINGS

INTERNATIONAL LIMITED

PREPARED BY

BonVision International Appraisals Limited

DATE : 29 FEBRUARY 2024

CASE REF : 0923/IT/FIRE1027(b)



BonVision
宏展国际

29 February 2024

The Board of Directors

Qingdao Holdings International Limited

Unit No.8, 26th Floor,
Tower 1, Admiralty Centre,
No.18 Harcourt Road, Admiralty,
Hong Kong

Dear Sirs/Madams,

Re: Valuation of the property interest of an under construction commercial & residential real estate development situated at No.1 Court, Zhongkai Gaoxin District, Huizhou City, Guangdong Province, the People's Republic of China (一個位於中華人民共和國廣東省惠州市仲愷高新區1號小區之興建中商住房地產項目) (the "Property")

INSTRUCTION, PURPOSE AND VALUATION DATE

In accordance with the instructions from Qingdao Holdings International Limited (the "**Company**"), together with its subsidiaries hereinafter collectively referred to as the "**Group**") for BonVision International Appraisals Limited ("**BVIA**", "**We**" or "**Us**") to assess the Market Value (as defined hereunder) of the Property held by Huizhou Jiuyu Real Estate Company Limited situated in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Value of the Property as at 30 November 2023 (the "**Valuation Date**") for the sole purpose of inclusion in the Company's public circular dated 29 February 2024.

VALUATION STANDARDS

This valuation has been prepared in accordance with the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors (“**HKIS**”) and the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors (“**RICS**”) which incorporates the International Valuation Standards published by the International Valuation Standards Council (“**IVSC**”). For the purpose of this valuation, we have also complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited published by the Stock Exchange of Hong Kong Limited.

VALUATION BASIS

This valuation has been carried out on the basis of Market Value which defined by IVSC and adopted by HKIS and RICS as “*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*”.

VALUATION METHODOLOGY

We have valued the Property by the Market Approach by making reference to relevant market evidence, which is universally considered as the most accepted valuation approach for valuing most forms of real property, on the basis that the Property will be developed and completed in accordance with the latest development schemes provided to us by the Company, and assumed that all relevant consents, approvals and licenses for the development proposals have been and/or will be granted by the government authorities without onerous conditions or delays. Recent land transaction evidence in the relevant market with similar characteristics to the Property was collected and analyzed and taken into consideration the development costs incurred and estimated to be incurred. We reserve our right to review the valuation opinion if there is any material change of the state of the Property concerned. The change of the approvals, including the development parameters approved, and any delay in getting the approvals from the government authorities are considered potential risks that may render a material change on the property state and our valuation opinions.

Other common valuation methodologies in property valuation included Income Approach and Cost Approach. Income Approach generally adopted in valuing income generating property, and Cost Approach generally adopted in valuing property which relevant market sale or rental evidence unavailable for comparison. For this valuation, the subject Property is not an income generating property and have market land sale evidence available for comparison, thus Income Approach and Cost Approach were not adopted.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumptions that the owner sells the Property in the open market as at the Valuation Date in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the Market Value of the Property. No account has been taken of any option or right of pre-emption concerning or affecting the sale of the Property. No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, we have assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect the Market Value and the owner has absolute title to the Property. Unless otherwise stated, the Property is valued on the basis of 100% attributable interest. It is assumed that the owner of the Property has free and uninterrupted rights to occupy and use the Property during the whole of the remaining land lease term. For the purpose of this valuation, we have assumed that the construction work of the Property is able to, and feasible to, resume as at the Valuation Date, and will be completed in accordance with the latest development plan available to us. We are not instructed to assess the redevelopment potential of the Property and thus it is not considered in this valuation.

INFORMATION SOURCE

We have relied to a very considerable extent on the information provided by the Company and have accepted advice given to us by the Company on matters such as identification of the Property, occupation particulars, floor and site areas, planning approvals or statutory notices, easements, tenure, development plan, existing status and all other relevant matters which could affect the Market Value of the Property. All documents have been used for reference only. We have no reason to doubt the truth and accuracy of the information provided to us which is material to the valuation. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view of valuation and have no reason to suspect that any material information has been withheld. If in any circumstance that additional documents, information or facts became available, we reserve the right to amend our valuation opinions and the content of this report.

Whenever the information contained in this valuation report is quoted or extracted from documents supplied to us which are originally produced in the language of Chinese and translated into English for disclosure purpose, in case of any inconsistency, the original version shall prevail.

TITLE INVESTIGATION

For the Property situated in the PRC, we have been provided with copies of extracts of title documents in relation to the Property. Under the current land registration system of the PRC, we are not able to conduct title search to verify the original of such documents have been registered with the relevant official authorities, and we have not scrutinized the original documents to verify any amendment which may not appear on the copies available to us. Thus, we have relied on the advice and information regarding the property title status provided by the Company and the Company's PRC legal adviser, Shanghai Duan and Duan (Qingdao) Law Firm, in the course of our valuation. All legal documents disclosed in this valuation report are for reference only. We assume no liability for any existing or potential legal matters in relation to the title of the Property.

INSPECTION AND INVESTIGATIONS

We have inspected the exterior and endeavored to inspect the interior of the Property where accessible. During the course of our inspection, no structural survey has been made in respect of the Property, but we did not notice any obvious serious defects. We are not in the position to report that the Property is free from rot, infestation, or any other structural defects. We did not carry out any investigation, and are not in the position to comment, regarding the feasibility and potential risk to resume the suspended construction works, thus we have assumed the construction work is able to resume and continue according to the original plan without any significant potential risk or material extra cost. We have been advised by the Company and assumed that there is no material difference on the condition of the Property upon our inspection and as at the Valuation Date.

We have not carried out on-site measurements to verify the land areas and floor areas of the Property, but we have assumed the information shown on the documents handed to us is correct and this valuation has relied on such information. Except as otherwise stated, all dimensions, measurements and areas reported in this valuation report are based on information contained in the documents provided to us and are therefore approximations.

We have not carried out any land investigation or environmental surveys, but during our inspection we did not notice and have not been advised of any evidence of environmental concerns such as existing or potential contamination or any form of hazard, and we assumed none of such exists.

CURRENCY

Unless otherwise stated, all monetary amounts stated in our valuation is in Renminbi (“RMB”), the lawful currency of the PRC.

REMARKS AND LIMITING CONDITIONS

We confirm that we are independent of and unconnected with any directors, chief executive, substantial shareholders of the Group or their respective associates; we have no interests in any of the subject properties or assets being valued; and we do not aware of any instances which might give rise to any potential conflict of interest and affect our position to provide unbiased and objective valuation opinions.


We confirm that the personnel who signed off and provided assist to this valuation report has sufficient skills, knowledge, experience and qualifications in the relevant market and nature of the Property being valued, and competent to undertake this valuation assignment.

We hereby state that this valuation report is for the use only of the party to whom it is addressed and for the abovementioned specified purpose. No responsibility is accepted to any third party for the whole or any part of its contents. Neither the whole or any part of this report may be included in any published documents or statement nor published in any way without our prior written consent of the form and context in which it may appear. We or our personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this report, and we accept no responsibility whatsoever to any other person or party.

This report has been produced and signed off in the language of English only. If this report has been translated into other languages, the translated report should only be deemed for reference only. In case of any inconsistency, the English version shall prevail. The English translation of any Chinese names or words contained in this valuation report are for identification purpose only and should not be regarded as the official English translation.

Our Valuation Certificate is enclosed herewith.

Yours faithfully,
For and on behalf of
BonVision International Appraisals Limited



Alex Ma
MHKIS MRICS RICS Registered Valuer
Director of Property Valuation & Advisory

Note: Mr. Ma is a Member of Hong Kong Institute of Surveyors, a Member and Registered Valuer of the Royal Institution of Chartered Surveyors. He has over 10 years' property valuation experience in Hong Kong, the PRC, and the Asia Pacific Region.

Property under development held by Huizhou Jiuyu Real Estate Company Limited in the PRC

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2023
<p>An under construction commercial & residential real estate development situated at No.1 Court, Zhongkai Gaoxin District, Huizhou City, Guangdong Province, the PRC</p> <p>一個位於中華人民共和國廣東省惠州市仲愷高新區1號小區之興建中商住房地產項目</p>	<p>The Property is an under construction commercial & residential real estate development erected on a parcel of leasehold land.</p> <p>Pursuant to eight Construction Work Planning Permits and information provided by the Company, the Property is proposed to be developed into a development comprising six 11-storey and one 32-storey residential blocks, with underground spaces providing a commercial arcade, car parking spaces and various ancillary facilities. The total proposed gross floor area (“GFA”) is about 52,497.97 square meters (“sq.m.”), comprising 39,106.20 sq.m. aboveground GFA and 13,391.77 sq.m. underground GFA.</p> <p>Pursuant to the Real Estate Certificate, the leasehold land parcel of the Property has a site area of 17,448.20 sq.m., the land use right has been granted for terms with expiry dates on 10 September 2082 for residential use and 10 September 2052 for commercial use. The land parcel is irregularly shaped with major public infrastructure services connected (the “Subject Land”).</p>	<p>As at the Valuation Date, the Property is under construction and the construction work is suspended.</p> <p>As advised by the Company, it is estimated the development will be completed within about two years after construction work resumed.</p>	<p>RMB203,500,000 (RENMINBI TWO HUNDRED THREE MILLION FIVE HUNDRED THOUSAND)</p>

Notes:

1. According to the latest development plan provided by the Company, upon completion, the Property will comprise six 11-storey and one 32-storey residential blocks with a total residential GFA of about 37,394 sq.m., an underground retail arcade with a total commercial GFA of about 268.31 sq.m. and 342 underground carparking spaces, with various greenery community facilities and ancillary services facilities. The designated development name of the Property is Meile-Longcuishan (美樂-龍翠山).

As advised by the Company and per our inspection, as at the Valuation Date, four residential blocks have completed the main structure constructions; two residential blocks were partly under construction and one residential block has not commenced construction.

2. The Property is situated adjacent to a large-scale residential development, Guangyao Chengshi Shangu (光耀城市山谷), within Zhongkai Gaoxin District which is a development zone for innovative hi-technology industries. The neighborhood of the Property mainly comprises various technological light industrial developments and residential developments. Amenities such as retail destinations, recreational facilities and community facilities are readily available. The Property is located along Zhongkai Avenue, a major road of Zhongkai Gaoxin District, with proximate access to Guanglong Expressway and Changshen Expressway Huizhou Branch. Huizhou North, Huizhou South and Zhongkai High-Speed Railway Station are within about 30 minutes' driving distance.
3. The site inspection was performed by Mr. Alex Ma *MHKIS MRICS* on 30 November 2023.
4. Pursuant to a State-owned Land Use Rights Grant Contract, *Hui Zhong Guo Tu Zi (Yong Di) Zi (2012) No.118* 惠仲國土資(用地)字(2012)118號, entered between the State-owned Land Resources Bureau of Huizhou City and Huizhou Times Guangyao Real Estate Company Limited (惠州市時代光耀房地產有限公司) (“**Huizhou Times**”), the site area of the Subject Land is 17,448.6 sq.m. and the land use right have been granted to Huizhou Times for a tenure of 70 years for residential use from 11 September 2012 to 10 September 2082 and 40 years for commercial use from 11 September 2012 to 10 September 2052. According to the contract, the maximum plot ratio is 2.0, maximum site coverage 25% and minimum greening ratio is 30%.
5. Pursuant to a Construction Project Transaction Contract entered between Huizhou Times and Huizhou Jiuyu Real Estate Company Limited (惠州市九煜置業有限公司) (“**Huizhou Jiuyu**”) dated 24 November 2020 and the subsequent supplementary agreement dated 18 June 2021, the land use right of the Subject Land together with the ongoing construction works erected thereon (i.e. the Property), with consideration of outstanding construction cost liabilities, have been acquired by Huizhou Jiuyu with a transaction price of about RMB149,200,000.
6. Pursuant to a Real Estate Title Certificate, *Yue (2020) Hui Zhou Shi Bu Dong Chan Quan No.5057292* 粵(2020)惠州市不動產權第5057292號, issued by the State-owned Land Resources Bureau of Huizhou City dated 30 December 2020, the land use right of the Subject Land with a site area of 17,448.20 sq.m. is vested in Huizhou Jiuyu for terms with expiration dates on 10 September 2082 for residential use and 10 September 2052 for commercial use.
7. Pursuant to a Construction Site Planning Permit, *De Zi No. 441302(2021)50025* 地字第441302(2021)50025號, issued by the State-owned Land Resources Bureau of Huizhou City dated 21 February 2021, the construction plan of the project with a maximum plot ratio accountable GFA of 38,500 sq.m. has been approved.
8. Pursuant to eight Construction Work Planning Permits, *Jian Zi Nos. 441302(2021) 60311-60318* 建字第441302(2021) 60311-60318號, issued by Bureau of Housing and Urban-Rural Planning and Construction of Huizhou City dated 27 April 2021, the construction plan of the aboveground construction project for residential Blocks #1-#7 with a total aboveground GFA of 39,106.20 sq.m. and the underground construction project for underground structures of Blocks #1-#7 with a total underground GFA of 13,391.77 sq.m. has been approved.
9. Pursuant to a Construction Work Commencement Permit, *No.441352202109230101* 編號441352202109230101, issued by Bureau of Housing and Urban-Rural Planning and Construction of Huizhou Zhongkai Gaoxin District dated 23 September 2021, the construction work with total GFA of 52,497.97 sq.m. has been approved to commence.
10. We have been provided with legal opinions regarding the title of the Property prepared by the Company's PRC legal adviser, Shanghai Duan and Duan (Qingdao) Law Firm, which contains, *inter alia*, the following material opinions:
 - i. Qingdao Qifeng Technology Services Co. Ltd. (青島啟峰科技服務有限公司) (“**Qifeng**”) is the sole and legal mortgagee of the land use right of the Property; and
 - ii. Qifeng is the sole and legal mortgagee of the completed portions of the Property.

11. In arriving at our valuation, we have made reference to transactions of lands with similar characteristics for comparison purpose. Major selection criteria included –

- a) Traction nature – sold by the Huizhou People's Government through tender
- b) Location – situated within the same district of the Property, i.e. Zhongkai Gaoxin District of Huizhou City
- c) Land usage – Residential (general commodity housing)
- d) Transaction Date – transacted within one year prior to the Valuation Date

Three land transactions were identified which meet with the abovementioned selection criteria and there is no further relevant land transactions has been excluded. The three land transactions are representative and exhaustive. Salient details of the comparable land transactions adopted are summarised as follows:

	Comparable 1	Comparable 2	Comparable 3
Location	Site No. ZKC-063-16, Wucunhedong Area, Zhongkai Gaoxin District, Huizhou City	Site No. ZKE-048-21, Lilin Town, Zhongkai Gaoxin District, Huizhou City	Site No. ZKC-049-09, Yaoli Area, Zhongkai Gaoxin District, Huizhou City
Usage	Residential	Residential	Residential
Tenure	Residential – 70 years Commercial – 40 years	Residential – 70 years Commercial – 40 years	Residential – 70 years Commercial – 40 years
Site Area (sq.m.)	56,447 sq.m.	49,692 sq.m.	41,018 sq.m.
Plot Ratio	2.8	2.8	2.8
Consideration	RMB582,210,000	RMB496,920,000	RMB441,140,000
Accommodation Value	RMB3,684/sq.m.	RMB3,402/sq.m.	RMB3,841/sq.m.
Transaction Date	15 April 2023	3 February 2023	3 February 2023

Adjustments have been made to reflect the relative advantages and disadvantages between the subject land and the comparable lands in order to achieve a fair comparison. For instance, in a particular aspect, if the comparable land is relatively superior or more desirable than the subject land, downward adjustment would be made, vice versa. Major adjustment included, but not limited to, the below factors:

	Comparable 1	Comparable 2	Comparable 3
Accommodation Value	RMB3,684/sq.m.	RMB3,402/sq.m.	RMB3,841/sq.m.
Adjustment Factors			
Location/Accessibility	-5%	-5%	-5%
Size	0%	0%	0%
Outstanding Tenure	RMB3,499/sq.m. -16%	RMB3,232/sq.m. -16%	RMB3,649/sq.m. -16%
Adjusted Accommodation Value	RMB2,939/sq.m.	RMB2,714/sq.m.	RMB3,064/sq.m.
Weighting	1/3	1/3	1/3
Weighted Accommodation Value (A)	RMB2,906/sq.m.		
Maximum Permitted GFA* (B)	34,896.4sq.m.		
Concluded Land Value (A*B)	RMB101,400,000 (rounded)		

* Maximum Permitted GFA (34,896.4 sq.m.) is the product of site area 17,448.2 sq.m. and plot ratio of 2.0 (as stipulated in the State-owned Land Use Rights Grant Contract).

12. As per information provided by the Company, as at the Valuation Date, the total adjusted incurred construction cost is about RMB102,100,000, and the estimated outstanding cost to complete the development according to the latest development plan is about RMB61,350,000. We have taken into account of such costs in the course of our valuation.
13. For reference only, under the assumption that the Property is completed in accordance with the latest development plan as at the Valuation Date, the hypothesis Market Value is estimated at about RMB342,000,000.
14. The hypothesis breakdown of land and the buildings and structures erected thereon is summarised as below:

Portion	Market Value breakdown (RMB)
Land (assume bare site)	RMB101,400,000
Adjustment of incurred construction cost	RMB102,100,000
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	RMB203,500,000
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