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

If you have sold or transferred all your shares in **Glory Sun Land Group Limited**, you should at once forward this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, stockbroker or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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寶新置地集團有限公司
GLORY SUN LAND GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 299)

**(1) VERY SUBSTANTIAL DISPOSAL:
DISPOSAL OF THE ENTIRE EQUITY INTERESTS
IN THE PRC SUBSIDIARIES;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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

A notice convening the extraordinary general meeting of the Company (the “EGM”) to be held at Unit 1908, 19/F., Lippo Centre, Tower Two, No. 89 Queensway, Admiralty, Hong Kong, at 11:00 a.m. on Wednesday, 20 March 2024 is set out on pages EGM-1 to EGM-3 of this circular.

A form of proxy for the EGM is enclosed with this circular. If you do not intend to attend and vote at the EGM in person, you are requested to complete and return the enclosed form of proxy (together with any power of attorney or other authority) to the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. The completion and delivery of a form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

29 February 2024

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DEFINITIONS

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

“associates”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	A day on which licensed banks in the PRC are open for general commercial business, other than a Saturday, Sunday or public holiday in the PRC
“Company”	Glory Sun Land Group Limited (寶新置地集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 299)
“Completion”	completion of the transactions contemplated under the Settlement Agreement
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Corporate Bonds”	the corporate bonds issued by the Company to Yunnan International on 21 May 2018 at a nominal value of HK\$500,000,000 which are guaranteed by a subsidiary of the Group, unsecured and bearing interest at a rate of 10% per annum with maturity being extended to 17 May 2022. As at 26 January 2024, the outstanding principal amount of the Corporate Bonds and all interest accrued thereon pending settlement amounted to approximately RMB413.21 million (equivalent to approximately HK\$450.40 million) in aggregate
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Set-off Subsidiaries by the GSLG Subsidiaries to YEIG International, as the nominee of Yunnan International, for the partial settlement of the outstanding principal amount and interest accrued on the Corporate Bonds pursuant to the terms and conditions of the Settlement Agreement
“EGM”	the extraordinary general meeting of the Company to be held at Unit 1908, 19/F., Lippo Centre, Tower Two, No. 89 Queensway, Admiralty, Hong Kong at 11:00 a.m. on Wednesday, 20 March 2024 for the purpose of considering and, if thought fit, approving the Settlement Agreement, the Disposal and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries

DEFINITIONS

“GSLG Subsidiaries”	Shenzhen Chixu and Shanghai Baoyi
“Hefei Property”	comprises (a) a total of 16 commercial units located at Hefei Time Original Garden, No. 82 Baxia Road, Hefei Economic and Technological Development Area, Hefei, Anhui Province, the PRC (中國安徽省合肥市經開區壩下路82號合肥時光原著花園) for residential and commercial services uses, with a total gross floor area of approximately 1,943.39 sq.m. and the term of the land use rights expiring on 30 July 2081; and (b) a total of 33 commercial units located at Hefei Lingxiang Garden, No. 449 Huangshan Road, Shushan District, Hefei City, Anhui Province, the PRC (中國安徽省合肥市蜀山區黃山路449號合肥領翔花園) for commercial and commercial services uses, with a total gross floor area of approximately 6,062.52 sq.m. and the term of the land use rights expiring on 18 June 2049, which are owned by Shenzhen Baoxin Trading as at the date of this circular
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not core connected persons of the Company and are third parties independent of the Company and its core connected persons in accordance with the Listing Rules
“Latest Practicable Date”	28 February 2024, 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
“Long Stop Date”	30 June 2024 (or such other date as the parties to the Settlement Agreement may agree in writing), being the long stop date of the Settlement Agreement
“Main Board”	the Main Board of the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Remaining Group”	the Group after completion of the Disposal

DEFINITIONS

“Reorganisation”	the transfer of titles of the Shenyang Commercial Property to Shenzhen Hongguanghao pursuant to the Settlement Agreement which has been completed on 24 January 2024
“RMB”	Renminbi, the lawful currency of the PRC
“Set-off Subsidiaries”	Shenzhen Virdom, Shenzhen Hongguanghao and Shenzhen Baoxin Trading
“Settlement Agreement”	the agreement dated 26 January 2024 entered into among the Company, Yunnan International, the GSLG Subsidiaries and YEIG International in relation to the partial settlement of the Corporate Bonds
“SFO”	Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)
“Shanghai Baoyi”	Shanghai Baoyi Supply Chain Co., Ltd.* (上海寶羿供應鏈有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s) for the time being
“Shenyang Commercial Property”	comprises a total of 29 commercial units in Block Nos. 16, 17, 18, 19 and 20 at Nos. 301-3, 301, 299, 299-1 and 299-2 Xijiang North Street, Yuhong District, Shenyang, Liaoning Province, the PRC (中國遼寧省瀋陽市於洪區西江北街301-3, 301, 299, 299-1及299-2號第16, 17, 18, 19及20座) for commercial use, with a total gross floor area of approximately 12,304.62 sq.m. and the term of the land use rights expiring on 6 December 2052, which has been owned by Shenzhen Hongguanghao upon completion of the Reorganisation
“Shenyang Residential Property”	comprises a total of 12 residential units in Block Nos. 1 and 2 at No. 307 Xijiang North Street, Yuhong District, Shenyang, Liaoning Province, the PRC (中國遼寧省瀋陽市於洪區西江北街307號第1及2座) for residential use, with a total gross floor area of approximately 1,733.26 sq.m. and the term of the land use rights expiring on 6 December 2082, which is owned by Shenzhen Virdom as at the date of this circular

DEFINITIONS

“Shenzhen Baoxin Trading”	Shenzhen Baoxin Trading Company Limited* (深圳寶新商貿有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this circular
“Shenzhen Chixu”	Shenzhen Chixu Industrial Co., Ltd.* (深圳馳旭實業有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company as at the date of this circular
“Shenzhen Hongguanghao”	Shenzhen Hongguanghao Industrial Co., Ltd. * (深圳宏廣浩實業有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company as at the date of this circular
“Shenzhen Virdom”	Shenzhen Virdom Education Investments Company Limited* (深圳唯致教育投資有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company as at the date of this circular
“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“YEIG International”	YEIG International Engineering Co., Ltd.* (雲南能投國際工程有限公司), a company established in the PRC with limited liability and an associated company of Yunnan International
“Yunnan International”	Yunnan International Holding Group Limited (雲能國際控股集團有限公司), a company incorporated in the Cayman Islands with limited liability
“%”	per cent.

* *In this circular, the English translation of the Chinese names denoted is for illustration purposes only. In the event of any inconsistency, the Chinese names shall prevail.*

For the purpose of this circular, unless otherwise indicated, conversion of Renminbi into Hong Kong dollars is calculated at the approximate exchange rate of RMB1.00 to HK\$1.09. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.

LETTER FROM THE BOARD



寶新置地集團有限公司 GLORY SUN LAND GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 299)

Executive Directors:

Mr. Yao Jianhui (*Chairman*)

Ms. Xia Lingjie (*Chief Executive Officer*)

Non-executive Director:

Ms. Zhan Yushan

Independent Non-executive Directors:

Ms. He Suying

Mr. Shi Fazhen

Dr. Tang Lai Wah

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Principal place of business in Hong Kong:

Unit 1002, 10th Floor,

Silvercord Tower 1

30 Canton Road

Tsim Sha Tsui, Kowloon

Hong Kong

29 February 2024

To the Shareholders,

Dear Sir or Madam,

**(1) VERY SUBSTANTIAL DISPOSAL:
DISPOSAL OF THE ENTIRE EQUITY INTERESTS
IN THE PRC SUBSIDIARIES;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 26 January 2024 in relation to the Settlement Agreement entered into among the Company, Yunnan International, the GSLG Subsidiaries (namely, Shenzhen Chixu and Shanghai Baoyi) and YEIG International, pursuant to which the parties conditionally agreed to partially settle the outstanding principal amount and interest accrued on the Corporate Bonds as at 26 January 2024 in the manner set out below in this circular.

The purpose of this circular is to provide you with (i) further information on the Settlement Agreement, the Disposal and the transactions contemplated thereunder; (ii) the property valuation reports of the Hefei Property, the Shenyang Commercial Property and the Shenyang Residential Property as at 31 December 2023; (iii) the business valuation reports of Shenzhen Virdom and Shenzhen Baoxin Trading and the property valuation report of the Shenyang Commercial Property as at 31 May 2023; (iv) the financial

LETTER FROM THE BOARD

information of the Group, Shenzhen Virdom, Shenzhen Baoxin Trading and the Shenyang Commercial Property; (v) the unaudited pro forma financial information of the Remaining Group; (vi) other information as required under the Listing Rules; and (vii) the notice of the EGM.

BACKGROUND

On 21 May 2018, the Company issued the Corporate Bonds to Yunnan International at a nominal value of HK\$500,000,000 which are guaranteed by a subsidiary of the Group, unsecured and bearing interest at a rate of 10% per annum with maturity being extended to 17 May 2022. As the principal amount and interest accrued on the Corporate Bonds remained outstanding and unrepaid at maturity, the Company and Yunnan International started negotiation regarding the arrangement for the repayment of the outstanding Corporate Bonds. On 17 March 2023, Yunnan International and the Company entered into a memorandum pursuant to which the parties (i) locked up the exchange rate between Hong Kong dollars and Renminbi as at 31 January 2023 for determining the outstanding amount of the Corporate Bonds; and (ii) agreed that, subject to the terms of the Settlement Agreement, no further interest shall be accrued on the Corporate Bonds from 31 January 2023 onwards. As at 26 January 2024, the outstanding principal amount of the Corporate Bonds and all interest accrued thereon pending settlement amounted to approximately RMB413.21 million (equivalent to approximately HK\$450.40 million) in aggregate.

THE SETTLEMENT AGREEMENT

On 26 January 2024 (after trading hours), the Company, Yunnan International, the GSLG Subsidiaries (namely, Shenzhen Chixu and Shanghai Baoyi) and YEIG International entered into the Settlement Agreement in relation to the partial settlement of the outstanding Corporate Bonds. The principal terms of the Settlement Agreement are set forth below:

- Date: 26 January 2024 (after trading hours)
- Parties:
- (1) the Company;
 - (2) Yunnan International;
 - (3) Shenzhen Chixu, an indirect non-wholly owned subsidiary of the Company;
 - (4) Shanghai Baoyi, an indirect wholly-owned subsidiary of the Company; and
 - (5) YEIG International.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this circular, each of Yunnan International, YEIG International and their ultimate beneficial owners are Independent Third Parties.

LETTER FROM THE BOARD

Subject matter

For the purpose of settling part of the outstanding principal amount and interest accrued on the Corporate Bonds, the Company shall, within thirty (30) Business Days from the fulfilment or waiver (as the case may be) of the conditions precedent set forth in the Settlement Agreement,

- (i) the Company shall procure Shenzhen Chixu, being the holding company of Shenzhen Hongguanghao and an indirect non-wholly owned subsidiary of the Company, to transfer the entire equity interests in Shenzhen Hongguanghao to YEIG International, as the nominee of Yunnan International. Shenzhen Hongguanghao holds the Shenyang Commercial Property as at the date of this circular;
- (ii) the Company shall procure Shenzhen Chixu, an indirect non-wholly owned subsidiary of the Company, to transfer the entire equity interests in Shenzhen Viridom to YEIG International, as the nominee of Yunnan International. Shenzhen Viridom holds the Shenyang Residential Property as at the date of this circular; and
- (iii) the Company shall procure Shanghai Baoyi, an indirect wholly-owned subsidiary of the Company, to transfer the entire equity interests of Shenzhen Baoxin Trading to YEIG International, as the nominee of Yunnan International. Shenzhen Baoxin Trading holds the Hefei Property as at the date of this circular.

As at the date of this circular, Shenzhen Chixu is indirectly owned as to 85% by the Company. Taking into consideration (i) the management and the board of directors of Shenzhen Chixu is ultimately controlled by the Company; (ii) the Company holds the majority stake of 85% in Shenzhen Chixu; and (iii) the remaining 15% equity interests in Shenzhen Chixu is being held by a passive investor who is not materially involved in its business and operational decisions and such investor has not indicated any objection in respect of the Disposal up to the Latest Practicable Date, the Directors do not foresee any material impediment to the transfer of Shenzhen Hongguanghao, Shenzhen Viridom, the Shenyang Commercial Property and the Shenyang Residential Property to YEIG International, respectively.

Completion shall take place upon the change in business registration in relation to the transfer of the equity interests in the Set-off Subsidiaries from each of the GSLG Subsidiaries to YEIG International, as the nominee of Yunnan International, pursuant to the Settlement Agreement. Immediately upon Completion, the following amounts shall be off-set against the outstanding Corporate Bonds:

- (i) approximately RMB109.52 million (equivalent to approximately HK\$119.38 million) (subject to adjustment, where applicable), representing the estimated valuation of the entire equity interests of Shenzhen Hongguanghao upon completion of the Reorganisation. The estimated valuation was determined with reference to the property valuation of the Shenyang Commercial Property, being the sole substantial asset of Shenzhen Hongguanghao subsequent to the Reorganisation, of approximately RMB109.81 million (equivalent to approximately HK\$119.69 million) as at 31 May 2023 (the “**Shenyang Commercial Property Valuation**”) as appraised by an independent professional valuer appointed by Yunnan International, details of which are set forth in Appendix X to this circular.

LETTER FROM THE BOARD

Based on further negotiations between the Group and Yunnan International subsequent to the Reorganisation, necessary adjustments may be made to the Shenyang Commercial Property Valuation and the corresponding amount to be off-set against the outstanding Corporate Bonds in consideration of the transfer of the entire equity interests in Shenzhen Hongguanghao, provided that the adjustment amount shall, in any event, not exceed 5% of the Shenyang Commercial Property Valuation (i.e. approximately RMB5.48 million (equivalent to approximately HK\$5.97 million));

- (ii) approximately RMB10.25 million (equivalent to approximately HK\$11.17 million), which is determined with reference to the valuation of the entire equity interests of Shenzhen Virdom as at 31 May 2023 as appraised by an independent professional valuer appointed by Yunnan International, details of which are set forth in Appendix VIII to this circular; and
- (iii) approximately RMB125.55 million (equivalent to approximately HK\$136.85 million), which is determined with reference to the valuation of the entire equity interests of Shenzhen Baoxin Trading as at 31 May 2023 as appraised by an independent professional valuer appointed by Yunnan International, details of which are set forth in Appendix IX to this circular.

Based on the aforementioned, it is estimated that a total amount of not less than approximately RMB239.85 million (equivalent to approximately HK\$261.44 million) but not more than approximately RMB250.80 million (equivalent to approximately HK\$273.37 million) shall be off-set against the outstanding Corporate Bonds and the amount of outstanding Corporate Bonds shall be reduced to between approximately RMB162.41 million (equivalent to approximately HK\$177.03 million) to approximately RMB173.36 million (equivalent to approximately HK\$188.96 million) immediately upon Completion. The Company shall, upon Completion and at the written request of Yunnan International, enter into separate agreement with and arrange for the unconditional repayment of the remaining outstanding Corporate Bonds to Yunnan International. As at the Latest Practicable Date, the Group has not reached any agreement or consensus with Yunnan International in relation to the repayment plan for the remaining outstanding Corporate Bonds. The Group does not rule out the possibility and is open to different modes of settlements, including but not limited to repayment in cash and/or other asset set-off arrangement, so far as in compliance with the relevant disclosure and/or Shareholders' approval requirements under the Listing Rules.

The Set-off Subsidiaries

The Set-off Subsidiaries consist of the following:

- (i) the entire equity interests in Shenzhen Virdom, which is wholly-owned by Shenzhen Chixu as at the date of this circular. Shenzhen Virdom holds the Shenyang Residential Property which comprises a total of 12 residential units in Block Nos. 1 and 2 at No. 307 Xijiang North Street, Yuhong District, Shenyang, Liaoning Province, the PRC (中國遼寧省瀋陽市於洪區西江北街307號第1及2座) for residential use, with a total gross floor area of approximately 1,733.26 sq.m. and the term of the land use rights expiring on 6 December 2082. According to the valuation by an independent professional valuer appointed by Yunnan International, the valuation of the entire equity interests in Shenzhen Virdom was approximately RMB10.02 million (equivalent to approximately HK\$10.92 million) as at 31 May 2023;

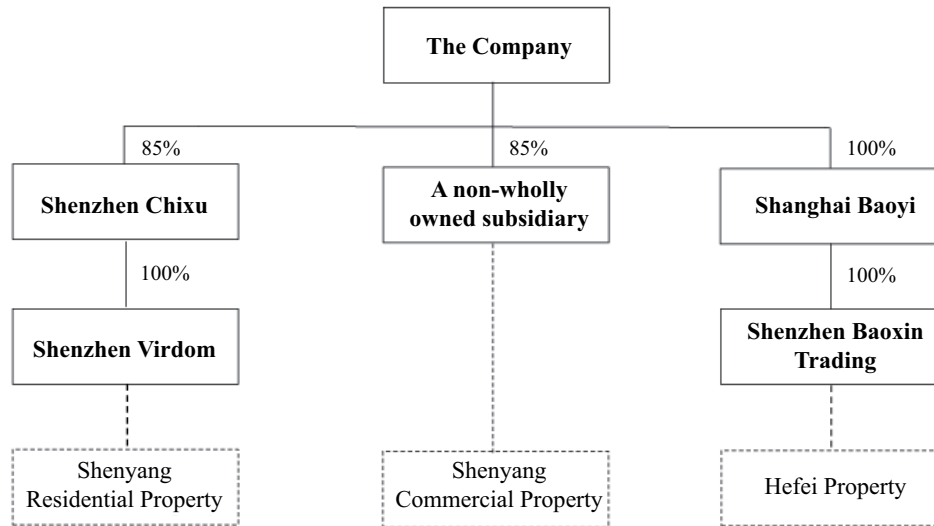
LETTER FROM THE BOARD

- (ii) the entire equity interests in Shenzhen Hongguanghao, which is wholly-owned by Shenzhen Chixu as at the date of this circular. Since the completion of the Reorganisation, Shenzhen Hongguanghao has held the Shenyang Commercial Property which comprises a total of 29 commercial units in Block Nos. 16, 17, 18, 19 and 20 at Nos. 301-3, 301, 299, 299-1 and 299-2 Xijiang North Street, Yuhong District, Shenyang, Liaoning Province, the PRC(中國遼寧省瀋陽市於洪區西江北街301-3, 301, 299, 299-1及299-2號第16, 17, 18, 19及20座) for commercial use, with a total gross floor area of approximately 12,304.62 sq.m. and the term of the land use rights expiring on 6 December 2052. According to the valuation by an independent professional valuer appointed by Yunnan International, the valuation of the Shenyang Commercial Property was approximately RMB109.81 million (equivalent to approximately HK\$119.69 million) as at 31 May 2023; and
- (iii) the entire equity interests in Shenzhen Baoxin Trading, which is wholly-owned by Shanghai Baoyi as at the date of this circular. Shenzhen Baoxin Trading holds the Hefei Property which comprises (a) a total of 16 commercial units located at Hefei Time Original Garden, No. 82 Baxia Road, Hefei Economic and Technological Development Area, Hefei, Anhui Province, the PRC (中國安徽省合肥市經開區壩下路82號合肥時光原著花園) for residential and commercial services uses, with a total gross floor area of approximately 1,943.39 sq.m. and the term of the land use rights expiring on 30 July 2081; and (b) a total of 33 commercial units located at Hefei Lingxiang Garden, No. 449 Huangshan Road, Shushan District, Hefei City, Anhui Province, the PRC (中國安徽省合肥市蜀山區黃山路449號合肥領翔花園) for commercial and commercial services uses, with a total gross floor area of approximately 6,062.52 sq.m. and the term of the land use rights expiring on 18 June 2049. According to the valuation by an independent professional valuer appointed by Yunnan International, the valuation of the entire equity interests in Shenzhen Baoxin Trading was approximately RMB125.69 million (equivalent to approximately HK\$137.01 million) as at 31 May 2023.

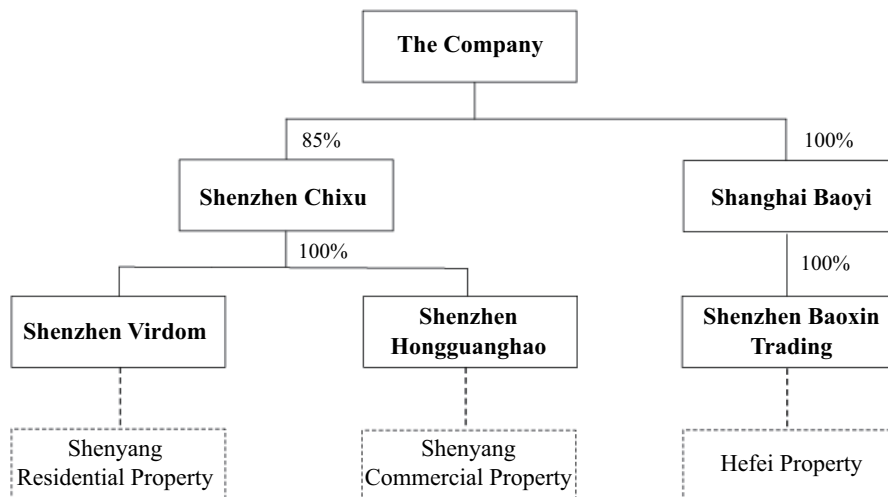
LETTER FROM THE BOARD

Shareholding and corporate structure of the Set-off Subsidiaries and the properties held by each of them

The following diagram sets forth the shareholding and corporate structure of the Set-off Subsidiaries and the properties held by each of them immediately before the Reorganisation:

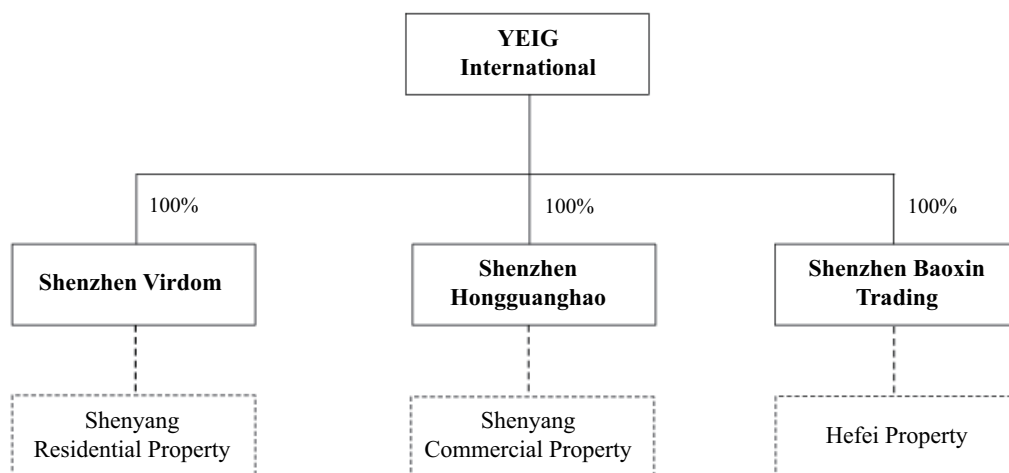


The following diagram sets forth the shareholding and corporate structure of the Set-off Subsidiaries and the properties held by each of them upon completion of the Reorganisation and as at the Latest Practicable Date:



LETTER FROM THE BOARD

The following diagram sets forth the shareholding and corporate structure of the Set-off Subsidiaries and the properties held by each of them upon Completion:



Conditions precedent

Completion of the transfer of the entire equity interests of Shenzhen Virdom, Shenzhen Hongguanghao and Shenzhen Baoxin Trading to YEIG International is conditional upon the satisfaction or waiver (as the case may be) of the following prior to the Long Stop Date:

- (i) the passing of necessary resolution(s) by the Shareholders at the EGM approving the Settlement Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules;
- (ii) Yunnan International having obtained all necessary approvals from its parent companies for entering into the Settlement Agreement and the transactions contemplated thereunder;
- (iii) no statute, regulation or decision which would reasonably be expected to prohibit, restrict or materially delay the execution, delivery or performance of the Settlement Agreement or the consummation of the transactions contemplated thereunder having been proposed, enacted or taken by any government or official authority whether in Hong Kong, the PRC or elsewhere; and
- (iv) all consents, approvals and clearances necessary or, to the Company's knowledge, expedient for the entering into, delivery and performance of the Settlement Agreement and the consummation of the transactions contemplated thereunder having been obtained from the government, official authorities and/or other persons.

LETTER FROM THE BOARD

Yunnan International may in its absolute discretion waive either in whole or in part at any time by notice in writing to the Company any of the conditions precedent, except paragraphs (i) and (ii) above which are not capable of being waived. As at the date of this circular, none of the conditions has been fulfilled or waived.

As at the date of this circular, Shenzhen Chixu is indirectly owned as to 85% by the Company. Taking into consideration (i) the management and the board of directors of Shenzhen Chixu is ultimately controlled by the Company; (ii) the Company holds the majority stake of 85% in Shenzhen Chixu; (iii) the remaining 15% equity interests in Shenzhen Chixu is being held by a passive investor who is not materially involved in its business and operational decisions and such investor has not indicated any objection in respect of the Disposal up to the Latest Practicable Date; and (iv) the amount to be off-set against the outstanding Corporate Bonds in consideration of the transfer of the entire equity interests in Shenzhen Hongguanghao was determined with reference to the valuation as appraised by an independent external valuer on the Shenyang Commercial Property which has been held by Shenzhen Hongguanghao upon completion of the Reorganisation, the Directors confirmed that save as the conditions precedent set forth above, there is no other pre-condition to be satisfied by Shenzhen Chixu to transfer the entire equity interests of Shenzhen Hongguanghao to YEIG International.

In the event (a) any of the transactions contemplated under the Settlement Agreement is not approved at the EGM; or (b) the Company and/or any of the GSLG Subsidiaries fails to transfer the entire equity interests in any of the Set-off Subsidiaries to YEIG International due to its/their own default or as a result of any other force majeure events, then subject to the mutual consent of the Company and Yunnan International, interest shall be accrued on the outstanding principal amount of the Corporate Bonds at a rate of 10% per annum from the date of the Settlement Agreement up to the date of full repayment of the Corporate Bonds.

In the event due to the default of Yunnan International or YEIG International, either of the GSLG Subsidiaries failed to transfer the entire equity interests in any of the Set-off Subsidiaries to YEIG International or any other persons designated by Yunnan International, then Yunnan International agreed to waive the interest to be accrued on the outstanding Corporate Bonds from the date of the Settlement Agreement up to the date of full repayment of the Corporate Bonds.

Matters pending Completion

The parties agree that for the period between the date of the Settlement Agreement up until Completion:

- (i) the Company and the GSLG Subsidiaries shall, within seven (7) days from the date of the Settlement Agreement, store the company seal, business licence and bank U-shield of each of the Set-off Subsidiaries at the office premises of the Company for the co-possession with Yunnan International
- (ii) the Company and the GSLG Subsidiaries shall undertake (a) not to create or impose any other encumbrances or liabilities on the Set-off Subsidiaries and not to dispose any of the Set-off Subsidiaries without the prior consent of Yunnan International; and (b) no third party will make any claim on the Set-off Subsidiaries; and

LETTER FROM THE BOARD

- (iii) Yunnan International shall be entitled to the net rental income collected by the Set-off Subsidiaries from 1 February 2023 onwards the (“**Rental Income**”). Based on the assumption that Completion will take place by 30 June 2024, it is estimated that the Rental Income to be collected by the Set-off Subsidiaries from 1 February 2023 up to Completion will amount to approximately RMB4.54 million. According to the Settlement Agreement, the Company shall pay the Rental Income to Yunnan International in cash and/or by other forms of assets within sixty (60) days from Completion.

Completion

Completion shall take place upon the change in business registration in relation to the transfer of the equity interests in the Set-off Subsidiaries from each of the GSLG Subsidiaries to YEIG International, as the nominee of Yunnan International, pursuant to the Settlement Agreement.

It is estimated that a total amount of not less than approximately RMB239.85 million (equivalent to approximately HK\$261.44 million) but not more than approximately RMB250.80 million (equivalent to approximately HK\$273.37 million) shall be off-set against the outstanding Corporate Bonds and the amount of outstanding Corporate Bonds shall be reduced to between approximately RMB162.41 million (equivalent to approximately HK\$177.03 million) to approximately RMB173.36 million (equivalent to approximately HK\$188.96 million) immediately upon Completion. The Company shall, upon Completion and at the written request of Yunnan International, enter into separate agreement with and arrange for the unconditional repayment of the remaining outstanding Corporate Bonds to Yunnan International. As at the Latest Practicable Date, the Group has not reached any agreement or consensus with Yunnan International in relation to the repayment plan for the remaining outstanding Corporate Bonds. The Group does not rule out the possibility and is open to different modes of settlements, including but not limited to repayment in cash and/or other asset set-off arrangement, so far as in compliance with the relevant disclosure and/or Shareholders' approval requirements under the Listing Rules.

The parties estimated that the loss to be incurred by Shenzhen Virdom and Shenzhen Baoxin Trading for the period from 31 May 2023 up until Completion shall not exceed approximately RMB6.40 million (equivalent to approximately HK\$6.98 million) (the “**Estimated Loss**”) in aggregate. The Company shall compensate Yunnan International such Estimated Loss, where applicable, in an amount not exceeding approximately RMB6.40 million (equivalent to approximately HK\$6.98 million) in cash or by assets within sixty (60) days from Completion.

The Board considers that it is fair and reasonable and in the interest of the Company and the Shareholders as a whole for the Company to agree that Yunnan International shall be entitled to the Rental Income and be compensated with the Estimated Loss, in return for Yunnan International agreeing not to accrue further interest on the Corporate Bonds from 31 January 2023 onwards in consideration thereof.

LETTER FROM THE BOARD

The Board considers that it is fair and reasonable and in the interest of the Company and the Shareholders as a whole to adopt the corresponding equity valuation of Shenzhen Viridom and Shenzhen Baoxin Trading and the property valuation of the Shenyang Commercial Property in the aggregate amount of approximately RMB245.52 million (equivalent to approximately HK\$267.62 million) as at 31 May 2023 (the “**Yunnan International Commissioned Valuation**”) as appraised by an independent professional valuer appointed by Yunnan International for arriving at the settlement amount of approximately RMB245.32 million (equivalent to approximately HK\$267.40 million) for the purpose of partially offsetting against the outstanding Corporate Bonds, after taking into consideration, inter alia:

- (i) (a) the total net assets value of Shenzhen Viridom and Shenzhen Baoxin Trading in the amount of approximately RMB93.25 million (equivalent to approximately HK\$101.87 million in aggregate) and (b) the carrying value of the Shenyang Commercial Property of approximately RMB146.0 million (equivalent to approximately HK\$159.14 million) as per the unaudited management accounts as at 31 December 2023, which in aggregate amounted to approximately RMB239.46 million (equivalent to approximately HK\$261.0 million). This total amount is comparable to the settlement amount of approximately RMB245.32 million (equivalent to approximately HK\$267.40 million);
- (ii) the property valuation of the Shenyang Commercial Property, the Shenyang Residential Property and the Hefei Property in the aggregate amount of approximately RMB242.70 million (equivalent to approximately HK\$264.54 million) as at 31 December 2023 (the “**Company Commissioned Valuation**”) according to the valuation by an independent professional valuer appointed by the Company. The property valuation report with respect to the Hefei Property, the Shenyang Commercial Property and the Shenyang Residential Property in compliance with the requirements under Chapter 5 of the Listing Rules is set out in Appendix VII to this circular, respectively;
- (iii) the Yunnan International Commissioned Valuation of approximately RMB245.52 million (equivalent to approximately HK\$267.62 million) as at 31 May 2023 is higher than the Company Commissioned Valuation of approximately RMB242.70 million (equivalent to approximately HK\$264.54 million) as at 31 December 2023. Notwithstanding that the Yunnan International Commissioned Valuation and the Company Commissioned Valuation have both adopted the market approach by making reference to available market information in relation to the sale of properties comparable to the Shenyang Commercial Property, the Shenyang Residential Property and the Hefei Property, respectively, the corresponding difference in the appraised values was mainly attributable to (a) the difference in timing of valuation, particularly the Yunnan International Commissioned Valuation was conducted as at 31 May 2023; whereas the Company Commissioned Valuation was conducted as at 31 December 2023; (b) the changes in market value of the Shenyang Commercial Property, the Shenyang Residential Property and the Hefei Property during the period between 31 May 2023 and 31 December 2023 as a result of the local market movement in the respective cities during the second half of 2023; and (c) the difference in comparable properties selected for the Yunnan International Commissioned Valuation and the Company Commissioned Valuation. Specifically, owing to the limitation in number of available comparable properties in exactly the same region of the Shenyang Commercial Property, the respective valuer of the Yunnan International Commissioned Valuation and the Company Commissioned Valuation had also

LETTER FROM THE BOARD

taken into account comparable properties located in the nearby regions based on their own selection criteria. In this regard, the Board has obtained and reviewed the list of comparables selected for each of the Yunnan International Commissioned Valuation and the Company Commissioned Valuation. For further details of the comparables selected for the Company Commissioned Valuation, please refer to Appendix VII to this circular. In this regard, the Board noted that the variance in comparables selected for the Yunnan International Commissioned Valuation and the Company Commissioned Valuation was mainly attributable to the difference in the timing of valuation resulting in different comparable properties available for comparison. In respect of the Yunnan International Commissioned Valuation, as the valuation date was on 31 May 2023, the valuer of Yunnan International has made reference to transactions around such valuation date. Meanwhile, for the Company Commissioned Valuation, the valuer of the Company had made reference mainly to those comparable transactions within one month prior to the valuation date of 31 December 2023. Given that the valuers of both valuations have attempted to make reference to those recent transactions of comparable properties close to the respective valuation dates, this approach, while being an industry recognised practice, would inevitably result in different transaction samples being adopted for comparison purpose.

- (iv) according to the Company Commissioned Valuation, the appraised value of the Shenyang Commercial Property was approximately RMB145.9 million as at 31 December 2023, which was comparatively higher than its corresponding set-off amount of approximately RMB109.52 million determined with reference to the appraised value of the Shenyang Commercial Property of approximately RMB109.81 million as at 31 May 2023 according to the Yunnan International Commissioned Valuation. Notwithstanding the set-off amount of RMB109.52 million attributable to the Shenyang Commercial Property seems to fall below its valuation of approximately RMB145.9 million as at 31 December 2023, the Board considered that the set-off amount attributable to the Shenyang Commercial Property is fair and reasonable and in the interest of the Company and its Shareholders as a whole having considered that (i) the Group has made previous attempts to dispose the Shenyang Commercial Property in the open market but to no avail as it did not receive offer from any interested buyers; and (ii) as aforementioned, the difference in valuation of the Shenyang Commercial Property was primarily attributable to the difference in comparable properties selected for the Yunnan International Commissioned Valuation and the Company Commissioned Valuation;
- (v) the prevailing market value of properties comparable and in proximity to the Shenyang Commercial Property, the Shenyang Residential Property and the Hefei Property; and
- (vi) the prevailing market conditions of the PRC real estate industry.

LETTER FROM THE BOARD

INFORMATION OF THE PARTIES TO THE SETTLEMENT AGREEMENT

The Company

The Company is incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 299). The Group is principally engaged in (i) property investment and development; (ii) cultural sports and entertainment business; and (iii) trading of commodities and home appliances and building materials in the PRC.

Yunnan International

Yunnan International is a company incorporated in the Cayman Islands with limited liability and a state-owned enterprise principally engaged in the provision of financial services and project investment in the PRC and Hong Kong.

Shenzhen Chixu

Shenzhen Chixu is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company, being owned as to 85% by the Company. Shenzhen Chixu is principally engaged in investment holding.

Shanghai Baoyi

Shanghai Baoyi is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. Shanghai Baoyi is principally engaged in property investment.

YEIG International

YEIG International is a company established in the PRC with limited liability and an associated company of Yunnan International. YEIG International is a state-owned enterprise principally engaged in the provision of construction engineering services and development of energy resources.

LETTER FROM THE BOARD

INFORMATION OF THE SET-OFF SUBSIDIARIES

Shenzhen Virdom

Shenzhen Virdom is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company. Shenzhen Virdom is principally engaged in property investment. The unaudited financial information of Shenzhen Virdom for the two years ended 31 December 2023 and 2022 and prepared in accordance with the accounting principles generally accepted in Hong Kong are as follows:

	For the year ended 31 December 2023	For the year ended 31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	–	–
Net loss before taxation	(134)	(3,122)
Net loss after taxation	(154)	(2,482)

The net assets value of Shenzhen Virdom as at 31 December 2023 was approximately RMB9.18 million (equivalent to approximately HK\$10.01 million).

Shenzhen Hongguanghao

Shenzhen Hongguanghao is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company. Shenzhen Hongguanghao is principally engaged in property investment. Shenzhen Hongguanghao was established on 2 February 2023 for the purpose of holding the Shenyang Commercial Property. Prior to completion of the Reorganisation which took place on 24 January 2024, Shenzhen Hongguanghao had no operation and did not have any material asset or liability. Hence, the financial information of Shenzhen Hongguanghao for the past two (2) financial years is unavailable as at the date of this circular. Upon completion of the Reorganisation, the Shenyang Commercial Property has become the sole substantial asset of Shenzhen Hongguanghao. For illustrative purpose, the table below sets forth the unaudited carrying amount and net profit before and after taxation of the Shenyang Commercial Property, which were prepared in accordance with the accounting principles generally accepted in Hong Kong, for the three years ended 31 December 2023, 2022 and 2021:

	For the year ended 31 December 2023	For the year ended 31 December 2022	For the year ended 31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying value	146,000	146,000	177,000
Net profit/(loss) before taxation	387	(30,467)	66
Net profit/(loss) after taxation	316	(23,714)	50

LETTER FROM THE BOARD

Shenzhen Baoxin Trading

Shenzhen Baoxin Trading is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. Shenzhen Baoxin Trading is principally engaged in property investment. Shenzhen Baoxin Trading was also previously engaged in the trading of commodities and building materials.

The unaudited financial information of Shenzhen Baoxin Trading for the two years ended 31 December 2023 and 2022 and prepared in accordance with the accounting principles generally accepted in Hong Kong are as follows:

	For the year ended 31 December 2023	For the year ended 31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	2,224	8
Net profit/(loss) before taxation	10,909	(551)
Net profit/(loss) after taxation	8,669	(551)

The net asset value of Shenzhen Baoxin Trading as at 31 December 2023 was approximately RMB85.69 million (equivalent to approximately HK\$93.40 million).

FINANCIAL EFFECT OF THE DISPOSAL

Upon completion of the Disposal, each of Shenzhen Virdom, Shenzhen Hongguanghao and Shenzhen Baoxin Trading will cease to be subsidiaries of the Company and the financial results of each of Shenzhen Virdom, Shenzhen Hongguanghao and Shenzhen Baoxin Trading will no longer be consolidated into the financial statements of the Company. The Disposal will not generate any net proceeds to the Company.

LETTER FROM THE BOARD

For illustrative purposes, it is estimated that the Company will record a preliminary net loss on the Disposal of approximately HK\$1.26 million, being the difference between (i) the estimated amount of approximately RMB245.32 million (equivalent to approximately HK\$267.40 million), which was determined with reference to the valuation of the entire equity interests of Shenzhen Virdom and Shenzhen Baoxin Trading and the property valuation of the Shenyang Commercial Property as at 31 May 2023 in aggregate as appraised by an independent professional valuer appointed by Yunnan International, proposed to be set-off against the Corporate Bonds by way of the Disposal, net of the estimated expenses and tax expenses plus the realisation of foreign exchange reserve in relation to the Disposal of approximately HK\$7.91 million; and (ii) the net asset values of Shenzhen Virdom and Shenzhen Baoxin Trading and the carrying value of the Shenyang Commercial Property in aggregate per the unaudited management accounts as at 31 December 2023. The actual figures will be subject to adjustment audit by the auditors of the Company and therefore may be different from the aforementioned amount.

According to the interim report of the Company for the six months ended 30 June 2023, the unaudited consolidated total assets and total liabilities of the Group as at 30 June 2023 were approximately HK\$12,399.7 million and HK\$9,613.5 million, respectively. For illustrative purposes, based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix V to this circular, assuming the Disposal had taken place on 30 June 2023, the unaudited pro forma consolidated total assets and total liabilities of the Remaining Group as at 30 June 2023 would have been approximately HK\$12,121.8 million and HK\$9,286.1 million, respectively.

REASONS FOR ENTERING INTO AND BENEFITS OF THE SETTLEMENT AGREEMENT

The Group derived the majority of its revenue from property investment and development in the PRC. The Group's revenue derived from its property investment and development business decreased significantly by approximately 32.4% from approximately HK\$1,466.9 million for the year ended 31 December 2021 ("FY2021") to approximately HK\$992.0 million for the year ended 31 December 2022 ("FY2022"), which was mainly attributable to the recession of the PRC property market, the wait-and-see attitude of property buyers and the overall economic sentiment in the PRC. Further, the Group's loss recorded from its property investment and development business increased significantly from approximately HK\$24.5 million for FY2021 to approximately HK\$673.2 million for FY2022, which was mainly attributable to the write-down in the carrying amount of inventories to the net realisable value with respect to the property development projects of the Group.

The Group had faced challenges in its business operations throughout FY2022 owing to a combination of factors including downward pressure on the real estate industry, obstruction in financing channels, the wait-and-see sentiment of property buyers, decline in sales performance and delay in payment collection due to late delivery resulting from delay in construction progress. These challenges have adversely affected the Group's financial performance and increased the difficulties faced by the Group in terms of external debt repayment, payment to suppliers and completion of pre-sale target.

LETTER FROM THE BOARD

During the past few years, the business environment in the PRC real estate industry has been particularly challenging due to the outbreak of the novel coronavirus disease (“COVID-19”), the geopolitical turmoil, the regulatory policies implemented by the PRC government in relation to the real estate industry and the economic downturn in the PRC. In 2022, the market size of real estate development and investment in the PRC decreased by 10% year-on-year, representing the first decline in nearly a decade. The annual sales volume as well as the scale of investment and development of commercial housing decreased drastically. In 2022, the sales value and sales area of commercial housing in the PRC fell to approximately RMB13.5 trillion and 1.358 billion sq.m., respectively, representing the lowest in nearly six years.

A number of real estate enterprises have encountered extraordinary challenges in sales, delivery, investment and debt repayment. Project suspension and late delivery is becoming increasingly common. Owing to liquidity pressure and lowering sell-through rate, many real estate enterprises have shown a sharp decline in sales performance. Besides, financing channel has remained narrow and the problem of debt default has not been substantially resolved. A number of real estate enterprises are even encountering the difficult situation of accelerated disposal of properties or even bankruptcy and dissolution.

The Group relies heavily on debt financing for its property investment and development projects, which imposes substantial interest burden on the Group. To resolve liquidity concerns and alleviate repayment pressure, the Group proactively conducted debt management, optimized the debt structure, sought debt refinancing and accelerated the disposal of existing projects and real estate properties.

Taking into consideration (i) the Corporate Bonds had become due for over a year; (ii) the current financial, indebtedness and liquidity position of the Group; (iii) the Settlement Agreement is for the purpose of partially settling the outstanding Corporate Bonds in an amiable manner, thereby reducing the indebtedness and finance costs of the Group and mitigating its liquidity pressure; and (iv) the Settlement Agreement allows the Group to realise its interests in each of Shenzhen Virdom, Shenzhen Hongguanghao and Shenzhen Baoxin Trading in light of the prevailing property market conditions in the PRC and the financial position of the Group, the Directors (including the independent non-executive Directors) consider that the Settlement Agreement and the transactions contemplated thereunder are fair and reasonable and are on normal commercial terms, and that the Settlement Agreement is in the interests of the Company and the Shareholders as a whole.

Going forward, the Group would continue to place its business strategies on property development and investment in the Guangdong – Hong Kong – Macau Greater Bay Area. Apart from the investment properties held by the Set-off Subsidiaries, the Group currently has a total of five (5) property development projects located in four (4) cities, namely Shenzhen, Changsha, Shantou and Yunfu, which involved commercial complexes, high-end boutique residences, hotels, business apartments, villas, garden houses and others. Hence, the Board considers that the Disposal would not have any material adverse impact on the Group’s ability to maintain and operate its property development business at a viable and sustainable level.

LETTER FROM THE BOARD

LISTING RULES APPLICATIONS

As one or more of the applicable percentage ratio(s) calculated in accordance with the Listing Rules in respect of the Disposal and the transactions contemplated thereunder exceed 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Mr. Yao Jianhui, being the chairman and an executive Director of the Company, is also a director of Yunnan International. In light of his directorships in both the Company and Yunnan International, Mr. Yao Jianhui will abstain from voting on the relevant board resolution(s) of the Company for approving the Settlement Agreement, the Disposal and the transactions contemplated thereunder.

EGM

The EGM will be held at Unit 1908, 19/F., Lippo Centre, Tower Two, No. 89 Queensway, Admiralty, Hong Kong at 11:00 a.m. on Wednesday, 20 March 2024 for the Shareholders to consider and, if thought fit, approve the Settlement Agreement, the Disposal and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) no Shareholders or any of their associates has any material interest in the Settlement Agreement, the Disposal and the transactions contemplated thereunder; and (ii) no Shareholders will be required to abstain from voting on the relevant resolution(s) to approve the Settlement Agreement, the Disposal and the transactions contemplated thereunder at the EGM.

A notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

Register of members of the Company will be closed from Friday, 15 March 2024 to Wednesday, 20 March 2024 (both days inclusive) for the purpose of ascertaining Shareholders' entitlement to attend and vote at the EGM. No transfer of Shares will be registered during those dates. In order to qualify for attending and voting at the EGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 14 March 2024.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the terms of the Settlement Agreement are fair and reasonable so far as the Company and the Shareholders are concerned, and that the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Settlement Agreement, the Disposal and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

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

WARNING

As completion of the Disposal is subject to the satisfaction of a number of conditions precedent as set out in the Settlement Agreement, the Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).

Yours faithfully,
By order of the Board of
Glory Sun Land Group Limited
Yao Jianhui
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the six months ended 30 June 2023 and for each of the three years ended 31 December 2020, 2021 and 2022 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hk0299.com), respectively:

- (i) the interim report of the Company for the six months ended 30 June 2023 published on 28 September 2023 (pages 21 to 64):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0928/2023092801125.pdf>

- (ii) the annual report of the Company for the year ended 31 December 2022 published on 27 April 2023 (pages 74 to 228):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042703109.pdf>

- (iii) the annual report of the Company for the year ended 31 December 2021 published on 27 April 2022 (pages 133 to 296):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0427/2022042701507.pdf>

- (iv) the annual report of the Company for the year ended 31 December 2020 published on 28 April 2021 (pages 138 to 286):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0428/2021042802366.pdf>

2. INDEBTEDNESS STATEMENT

At the close of business on 31 December 2023, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the indebtedness of the Group was as follows:

	<i>Notes</i>	As at 31 December 2023 <i>HK\$'000</i> (unaudited)
Bank Borrowings – secured	<i>1</i>	2,255,647
Other Borrowing – secured	<i>2</i>	411,052
Other Borrowings – unsecured	<i>3</i>	1,143,546
Corporate bonds	<i>4</i>	577,500
Note payable	<i>5</i>	266,501
Lease liabilities	<i>6</i>	<u>25,671</u>
		<u><u>4,679,917</u></u>

Notes:

- Bank borrowings of approximately HK\$2,000,074,000 are guaranteed and HK\$255,573,000 are unguaranteed.

The bank borrowings are secured by equity interests of certain subsidiaries of the Group, the Group's property, plant and equipment, the Group's investment properties, the Group's properties under development, the Group's properties held for sale and the properties of a former subsidiary.
- The balances of approximately HK\$411,052,000 are guaranteed and secured by the Group's properties held for sale, equity interests of a subsidiary of the Group and properties owned by an independent third party.
- The balances of approximately HK\$219,000,000 are guaranteed and HK\$924,546,000 are unguaranteed.
- The balances are unsecured and guaranteed by a subsidiary of the Group.
- The balance is unsecured and guaranteed.
- The lease liabilities are measured at the present value of the remaining lease payments. The balance is unsecured and unguaranteed.
- For the purpose of preparation of the indebtedness statement, the exchange rate adopted as at 31 December 2023 is RMB1=HK\$1.095.

Contingent liabilities or guarantees

As at 31 December 2023, the Group issued guarantee to a bank in respect of banking facilities granted to a former subsidiary of the Group. Under the guarantee, the Group and other independent third parties were jointly and severally liable for all or any of the borrowings of each of them from the bank upon failure of the guaranteed entity to make payments when due. As at 31 December 2023, such unaudited guarantees amounted to approximately HK\$35,574,000. The maximum liability of the Group as at 31 December 2023 under guarantees was RMB124,508,000 (equivalent to approximately HK\$136,336,000), representing the amount of bank loans drawn under the guarantees as at that date.

As at 31 December 2023, a subsidiary of the Group gave guarantees in respect of mortgaged loans procured by the purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group will be responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The maximum liability of the Group as at 31 December 2023 under guarantees was approximately RMB4,723,000 (equivalent to approximately HK\$5,171,360), representing the amount of mortgages drawn under the guarantees as at that date.

Save as aforesaid or as otherwise disclosed herein, at the close of business on 31 December 2023, the Group had no other guarantee or contingent liabilities.

Disclaimer

Save as aforesaid and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, at the close of business on 31 December 2023, the Group did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL SUFFICIENCY

In order to reduce the Group's highly indebted position and to enhance its liquidity, the Board has made continuous devoted effort to resolve the liquidity issue, including but not limited to realising part of its property projects. As discussed in the letter from the Board in this circular, entering into the Settlement Agreement aligned with the overall strategy of the Company to improve the liquidity of the Group.

The Directors have reviewed the Group's cash flow projections which covered a period of at least twelve months from the date of this circular. The Directors, after due and careful enquiry and after taking into account the relief of substantial financial burden as result of the completion of the Disposal and the financial resources available to the Group, including cash and cash equivalents on hand and cash flows to be generated from the operating and financing activities which is dependent on the outcome of the following assumptions (which are subject to multiple uncertainties):

- (a) the timing and amount of receipt of the proceeds from the pre-sale of properties as planned;
and

- (b) successfully obtaining refinancing and/or new financial resources, including but not limited to the existing facility upon maturity, unutilised and/or new facilities advanced from the existing third-party lenders of the Group so as to enable the Group to have adequate working capital within 12 months from the date of this circular and to repay its matured and maturing debts, including but not limited to the existing bank borrowings, other borrowings and corporate bonds being overdue and/or in default, and finance the Group's operations from time to time,

are of the opinion that the Group will have sufficient working capital for its present operating requirements and to repay its financial obligations as and when they fall due for at least the next twelve months from the date of this circular, in the absence of unforeseeable circumstances.

In the event that the Group is unable to successfully accomplish the assumptions as mentioned above, the Group may not have sufficient working capital for the next twelve months from the date of this circular; and under such circumstances, the Board will continue to seek other financing alternatives to finance its working capital.

4. MATERIAL ADVERSE CHANGE

As disclosed in the 2023 interim report of the Company for the six months ended 30 June 2023, the Group recorded net loss of approximately HK\$217.1 million for the six months ended 30 June 2023 which was mainly attributable to (i) written-down in the carrying amount of inventories to the net realisable value of the Hunan Jinxiang International Star City Project and Shantou Baoneng City Garden Project under the segment of real estate and property investment; (ii) fair value loss of investment properties amounting to approximately HK\$28.1 million; and (iii) increase in finance costs which mainly represented interest expenses and other borrowing costs in relation to bank and other borrowings.

Save as disclosed above, the Directors confirmed that there had been no material adverse change in the financial or trading position of the Group since 31 December 2022 (being the date to which the latest published audited financial results of the Group were made up) up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is mainly engaged in real estate and property investment in the PRC. In response to the increasing in demand for higher standards of quality housing in the PRC, the Group is expected to adjust and optimise its business strategies in a timely manner in order to accommodate to the continual changes in market demand. The counter-cyclical monetary policy is expected to continue to intensify so as to meet the financing needs and create a favourable financing environment for the PRC real estate industry. The property support policy introduced by the PRC government will significantly enhance confidence in the property market and ease the wait-and-see sentiment of residential property buyers, thereby contributing to the stabilisation and recovery of the sales of commercial and residential properties in the PRC. Leveraging the supportive property policies introduced by the PRC government, the Group will proactively identify property development opportunities in the PRC.

In order to improve the Group's liquidity and financial position, the Group has been undertaking measures including speeding up the disposal of real estate projects and high-quality assets. Besides, the Group will also continue to actively seek alternative funding sources to manage liquidity as well as to enhance its financial flexibility with a view to mitigate market uncertainties brought on by unexpected changes in operating conditions and external factors.

UNAUDITED FINANCIAL INFORMATION OF SHENZHEN VIRDOM

Set out below are the unaudited historical financial information of Shenzhen Virdom which comprise the unaudited statements of financial position as of 31 December 2021, 2022 and 2023 and the related unaudited statements of profit or loss and other comprehensive income, unaudited statements of changes in equity and unaudited statements of cash flows for the years ended 31 December 2021, 2022 and 2023 (the “**Relevant Periods**”) and certain explanatory notes (the “**Unaudited Financial Information**”). The Unaudited Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by the Company in connection with the disposal of the entire equity interests in Shenzhen Virdom in accordance with paragraph 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The Unaudited Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the disposal of the entire equity interests in Shenzhen Virdom. BDO Limited was engaged to review the Unaudited Financial Information of the Shenzhen Virdom set out in pages II-2 to II-7 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the Hong Kong Institute of Certified Public Accountants. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the auditor to obtain assurance that the auditors would become aware of all significant matters that might be identified in an audit. Accordingly, the auditor do not express an audit opinion. The auditor has included an emphasis of matter – material uncertainty related to going concern paragraph in the review report which states that:

Without qualifying our conclusion, we draw attention to note 2 to the Unaudited Financial Information of Shenzhen Virdom, which indicates that Shenzhen Virdom had net current liabilities of HK\$1,245,000 as at 31 December 2023. These conditions indicate the existence of a material uncertainty that may cast significant doubt about Shenzhen Virdom’s ability to continue as a going concern.

UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the three years ended 31 December 2021, 2022 and 2023

	2021 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Revenue	–	–	–
Selling expenses	(2,376)	(204)	(190)
Administrative expenses	(358)	(521)	(47)
Fair value gain/(loss) on investment properties	4,094	(2,942)	89
Other income	77	10	–
Reversal of impairment loss on financial assets	101	4	–
Profit/(loss) before income tax	1,538	(3,653)	(148)
Income tax credit/(expense)	3	749	(22)
Profit/(loss) for the year	1,541	(2,904)	(170)
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences on translating to presentation currency	(764)	(253)	(43)
Other comprehensive income for the year	(764)	(253)	(43)
Total comprehensive income for the year attributable to the owners of Shenzhen Virdom	<u>777</u>	<u>(3,157)</u>	<u>(213)</u>

UNAUDITED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021, 2022 and 2023

	2021 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Non-current assets			
Investment properties	18,743	11,242	11,279
	<u>18,743</u>	<u>11,242</u>	<u>11,279</u>
Current assets			
Amount due from immediate holding company	27,685	–	–
Other receivables	195	–	–
Bank and cash balances	2,518	13	8
	<u>30,398</u>	<u>13</u>	<u>8</u>
Current liabilities			
Other payables	1,421	1,490	1,253
Amount due to intermediate holding company	64,999	–	–
Amounts due to fellow subsidiaries	899	–	–
	<u>67,319</u>	<u>1,490</u>	<u>1,253</u>
Net current liabilities	<u>(36,921)</u>	<u>(1,477)</u>	<u>(1,245)</u>
Total assets less current liabilities	<u>(18,178)</u>	<u>9,765</u>	<u>10,034</u>
Non-current liabilities			
Deferred tax liabilities	816	–	22
	<u>816</u>	<u>–</u>	<u>22</u>
NET (LIABILITIES)/ASSETS	<u><u>(18,994)</u></u>	<u><u>9,765</u></u>	<u><u>10,012</u></u>
EQUITY			
Paid-up capital	11,880	43,796	43,796
Reserves	(30,874)	(34,031)	(33,784)
TOTAL EQUITY	<u><u>(18,994)</u></u>	<u><u>9,765</u></u>	<u><u>10,012</u></u>

UNAUDITED STATEMENTS OF CHANGES IN EQUITY
For the three years ended 31 December 2021, 2022 and 2023

	Paid-up capital HK\$'000 (unaudited)	Capital reserve HK\$'000 (unaudited)	Translation reserve HK\$'000 (unaudited)	Accumulated losses HK\$'000 (unaudited)	Total equity HK\$'000 (unaudited)
Balance as at					
1 January 2021	11,880	–	(1,728)	(29,923)	(19,771)
Profit for the year	–	–	–	1,541	1,541
Other comprehensive income	–	–	(764)	–	(764)
Total comprehensive income for the year	<u>–</u>	<u>–</u>	<u>(764)</u>	<u>1,541</u>	<u>777</u>
Balance as at					
31 December 2021 and 1 January 2022	11,880	–	(2,492)	(28,382)	(18,994)
Loss for the year	–	–	–	(2,904)	(2,904)
Other comprehensive income	–	–	(253)	–	(253)
Total comprehensive income for the year	<u>–</u>	<u>–</u>	<u>(253)</u>	<u>(2,904)</u>	<u>(3,157)</u>
Increase in registered and paid-up capital	<u>31,916</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>31,916</u>
Balance as at					
31 December 2022 and 1 January 2023	43,796	–	(2,745)	(31,286)	9,765
Loss for the year	–	–	–	(170)	(170)
Other comprehensive income	–	–	(43)	–	(43)
Total comprehensive income for the year	<u>–</u>	<u>–</u>	<u>(43)</u>	<u>(170)</u>	<u>(213)</u>
Capital contribution	<u>–</u>	<u>460</u>	<u>–</u>	<u>–</u>	<u>460</u>
Balance as at					
31 December 2023	<u>43,796</u>	<u>460</u>	<u>(2,788)</u>	<u>(31,456)</u>	<u>10,012</u>

UNAUDITED STATEMENTS OF CASH FLOWS

For the three years ended 31 December 2021, 2022 and 2023

	2021 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Cash flows from operating activities			
Profit/(loss) before income tax	1,538	(3,653)	(148)
Adjustments for:			
Bank interest income	(77)	(10)	–
Fair value (gain)/loss on investment properties	(4,094)	2,942	(89)
Reversal of impairment loss on financial assets	(101)	(4)	–
Operating loss before working capital changes	(2,734)	(725)	(237)
Decrease in other receivables	5,536	190	–
Increase/(decrease) in other payables	1,078	228	(233)
Cash generated from/(used in) operations	3,880	(307)	(470)
Interest received	77	10	–
Income tax paid	(241)	(30)	–
Net cash generated from/(used in) operating activities	3,716	(327)	(470)
Cash flows from investing activities			
Proceeds from disposal of investment properties	22,996	3,002	–
Advance to immediate holding company	(27,211)	(4,206)	–
Net cash used in investing activities	(4,215)	(1,204)	–
Cash flows from financing activities			
Advance from/(repayment to) fellow subsidiaries	884	(859)	–
Advance from immediate holding company	–	–	465
Net cash generated from/(used in) financing activities	884	(859)	465
Net increase/(decrease) in cash and cash equivalents	385	(2,390)	(5)
Cash and cash equivalents at the beginning of year	2,046	2,518	13
Effect of exchange rates changes on cash and cash equivalents	87	(115)	–
Cash and cash equivalents at the end of year	2,518	13	8

NOTES TO THE UNAUDITED FINANCIAL INFORMATION**For the three years ended 31 December 2021, 2022 and 2023****1. GENERAL INFORMATION**

Shenzhen Virdom Education Investments Company Limited (“**Shenzhen Virdom**”), is a limited liability company established in the People’s Republic of China (“**PRC**”) and is principally engaged in property investment.

Shenzhen Virdom is an indirect non-wholly owned subsidiary of Glory Sun Land Group Limited (the “**Company**”), a public company incorporated in the Cayman Islands with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited.

2. BASIS OF PREPARATION OF THE UNAUDITED FINANCIAL INFORMATION

The Unaudited Financial Information of the Shenzhen Virdom for the years ended 31 December 2021, 2022 and 2023 has been prepared in accordance with paragraph 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and is solely for the purposes of inclusion in the circular issued by the Company in connection with the disposal of the entire equity interest in Shenzhen Virdom.

The Unaudited Financial Information has been prepared by the directors of the Company in accordance with the same accounting policies as those adopted by the Company and its subsidiaries (the “**Group**”) in the preparation of the consolidated financial statements of the Group for respective years, which conform with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

The Unaudited Financial Information has been prepared under the historical cost basis except for investment properties which are measured at fair values.

The Unaudited Financial Information is presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated. The Unaudited Financial Information are presented in HK\$ which is different from the functional currency of Shenzhen Virdom, Renminbi (“**RMB**”), as the directors of the Company consider that HK\$ is the appropriate presentation currency in view of the place of listing of the Company.

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in HKAS 1 “Presentation of Financial Statements” nor a set of condensed financial statements as defined in HKAS 34 “Interim Financial Reporting” issued by the HKICPA and that it should be read in conjunction with the relevant published annual reports for the year ended 31 December 2022 dated 30 March 2023 and the interim report for the six months ended 30 June 2023 dated 30 August 2023 of the Company.

The Unaudited Financial Information of Shenzhen Virdom has been prepared on the going concern basis which assumes the realisation of assets and satisfaction of liabilities in the ordinary course of business notwithstanding Shenzhen Virdom had net current liabilities of HK\$1,245,000 as at 31 December 2023. Nevertheless, the directors of the Company are confident that the Shenzhen Virdom will be able to meet its financial obligations as they fall due for twelve months from 31 December 2023 by, on a need basis, disposing of certain of its investment properties. However, it is uncertain that the investment properties could be disposed of on a timely basis to meet its financial obligations. These conditions indicate the existence of a material certainty which may cast significant doubt on Shenzhen Virdom's ability to continue as a going concern and therefore Shenzhen Virdom may not be able to realise its assets and discharge its liabilities in the normal course of business.

Should Shenzhen Virdom be unable to continue in business as a going concern, adjustments would have to be made in the financial information to write down the values of the assets to their net realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of such adjustments has not yet been reflected in the financial statements.

3. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
As at 1 January 2021	36,518
Disposal	(22,996)
Fair value gain	4,094
Exchange differences	<u>1,127</u>
As at 31 December 2021 and 1 January 2022	18,743
Disposal	(3,002)
Fair value loss	(2,942)
Exchange differences	<u>(1,557)</u>
As at 31 December 2022 and 1 January 2023	11,242
Fair value gain	89
Exchange differences	<u>(52)</u>
As at 31 December 2023	<u>11,279</u>

UNAUDITED FINANCIAL INFORMATION OF SHENZHEN BAOXIN TRADING

Set out below are the unaudited historical financial information of Shenzhen Baoxin Trading which comprise the unaudited statements of financial position as of 31 December 2021, 2022 and 2023 and the related unaudited statements of profit or loss and other comprehensive income, unaudited statements of changes in equity and unaudited statements of cash flows for the years ended 31 December 2021, 2022 and 2023 (the “**Relevant Periods**”) and certain explanatory notes (the “**Unaudited Financial Information**”). The Unaudited Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by the Company in connection with the disposal of the entire equity interests in Shenzhen Baoxin Trading in accordance with paragraph 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The Unaudited Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the disposal of the entire equity interests in Shenzhen Baoxin Trading. BDO Limited was engaged to review the Unaudited Financial Information of the Shenzhen Baoxin Trading set out in pages III-2 to III-7 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the Hong Kong Institute of Certified Public Accountants. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the auditor to obtain assurance that the auditors would become aware of all significant matters that might be identified in an audit. Accordingly, the auditor do not express an audit opinion.

UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the three years ended 31 December 2021, 2022 and 2023

	2021 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Revenue	302,313	9	2,465
Cost of sales	<u>(301,710)</u>	<u>–</u>	<u>–</u>
Gross profit	603	9	2,465
Administrative expenses	(224)	(15)	(231)
Fair value gain on investment properties	–	–	9,928
Other income	3	–	5
Reversal of impairment loss/(impairment loss) on financial assets	<u>36</u>	<u>–</u>	<u>(19)</u>
Profit/(loss) from operations	418	(6)	12,148
Finance costs	<u>–</u>	<u>(639)</u>	<u>(61)</u>
Profit/(loss) before income tax	418	(645)	12,087
Income tax expense	<u>(84)</u>	<u>–</u>	<u>(2,482)</u>
Profit/(loss) for the year	334	(645)	9,605
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences on translating to presentation currency	<u>484</u>	<u>(1,264)</u>	<u>(3,343)</u>
Other comprehensive income for the year	<u>484</u>	<u>(1,264)</u>	<u>(3,343)</u>
Total comprehensive income for the year attributable to the owners of Shenzhen Baoxin Trading	<u><u>818</u></u>	<u><u>(1,909)</u></u>	<u><u>6,262</u></u>

UNAUDITED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021, 2022 and 2023

	2021 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Non-current asset			
Investment properties	—	—	94,718
	—	—	94,718
Current assets			
Amounts due from fellow subsidiaries	521,054	467,368	—
Trade and other receivables	103	92	2,016
Bank and cash balances	114	14	19
	521,271	467,474	2,035
Current liabilities			
Other payables	—	—	905
Amounts due to fellow subsidiaries	508,498	456,610	—
	508,498	456,610	905
Net current assets	12,773	10,864	1,130
Total assets less current liabilities	12,773	10,864	95,848
Non-current liability			
Deferred tax liability	—	—	2,453
	—	—	2,453
NET ASSETS	<u>12,773</u>	<u>10,864</u>	<u>93,395</u>
EQUITY			
Paid-up capital	11,590	11,590	99,675
Reserves	1,183	(726)	(6,280)
TOTAL EQUITY	<u>12,773</u>	<u>10,864</u>	<u>93,395</u>

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

For the three years ended 31 December 2021, 2022 and 2023

	Paid-up capital HK\$'000 (unaudited)	Capital reserve HK\$'000 (unaudited)	Translation reserve HK\$'000 (unaudited)	Statutory reserve HK\$'000 (unaudited)	(Accumula- ted losses)/ retained earnings HK\$'000 (unaudited)	Total equity HK\$'000 (unaudited)
Balance as at						
1 January 2021	11,590	–	198	–	167	11,955
Profit for the year	–	–	–	–	334	334
Other comprehensive income	–	–	484	–	–	484
Total comprehensive income for the year	–	–	484	–	334	818
Transfer to statutory reserve	–	–	–	33	(33)	–
Balance as at 31 December 2021 and 1 January 2022	11,590	–	682	33	468	12,773
Loss for the year	–	–	–	–	(645)	(645)
Other comprehensive income	–	–	(1,264)	–	–	(1,264)
Total comprehensive income for the year	–	–	(1,264)	–	(645)	(1,909)
Balance as at						
31 December 2022 and 1 January 2023	11,590	–	(582)	33	(177)	10,864
Profit for the year	–	–	–	–	9,605	9,605
Other comprehensive income	–	–	(3,343)	–	–	(3,343)
Total comprehensive income for the year	–	–	(3,343)	–	9,605	6,262
Increase in registered and paid- up capital	88,085	–	–	–	–	88,085
Deemed distribution	–	(11,816)	–	–	–	(11,816)
Transfer to statutory reserve	–	–	–	961	(961)	–
Balance as at						
31 December 2023	99,675	(11,816)	(3,925)	994	8,467	93,395

UNAUDITED STATEMENTS OF CASH FLOWS

For the three years ended 31 December 2021, 2022 and 2023

	2021 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Cash flows from operating activities			
Profit/(loss) before income tax	418	(645)	12,087
Adjustments for:			
Bank interest income	(3)	–	(5)
Fair value gain on investment properties	–	–	(9,928)
Finance costs	–	639	61
(Reversal of impairment loss)/impairment loss on financial assets	(36)	–	19
	<u>379</u>	<u>(6)</u>	<u>2,234</u>
Operating profit/(loss) before working capital changes	379	(6)	2,234
Decrease/(increase) in trade and other receivables	3,634	1	(1,966)
(Decrease)/increase in other payables	(53)	–	916
	<u>3,960</u>	<u>(5)</u>	<u>1,184</u>
Cash generated from/(used in) operations	3,960	(5)	1,184
Income tax paid	(156)	–	–
Interest received	3	–	5
	<u>3,807</u>	<u>(5)</u>	<u>1,189</u>
Net cash generated from/(used in) operating activities	3,807	(5)	1,189
Cash flows from investing activities			
(Advance to)/repayment from fellow subsidiaries	(3,853)	550	(941)
	<u>(3,853)</u>	<u>550</u>	<u>(941)</u>
Net cash (used in)/generated from investing activities	(3,853)	550	(941)
Cash flows from financing activities			
Proceeds from borrowings	–	23,400	5,540
Repayment of borrowings	–	(23,400)	(5,540)
Interest paid	–	(639)	(61)
	<u>–</u>	<u>(639)</u>	<u>(61)</u>
Net cash used in financing activities	–	(639)	(61)
Net (decrease)/increase in cash and cash equivalents	(46)	(94)	187
Cash and cash equivalents at the beginning of year	154	114	14
Effect of exchange rates changes on cash and cash equivalents	6	(6)	(182)
	<u>114</u>	<u>14</u>	<u>19</u>
Cash and cash equivalents at the end of year	<u>114</u>	<u>14</u>	<u>19</u>

NOTES TO THE UNAUDITED FINANCIAL INFORMATION**For the three years ended 31 December 2021, 2022 and 2023****1. GENERAL INFORMATION**

Shenzhen Baoxin Trading Company Limited (“**Shenzhen Baoxin Trading**”), is a limited liability company established in the People’s Republic of China (“**PRC**”) and is principally engaged in property investment. Shenzhen Baoxin Trading was also previously engaged in the trading of commodities and building materials.

Shenzhen Baoxin Trading is an indirect wholly-owned subsidiary of Glory Sun Land Group Limited (the “**Company**”), a public company incorporated in the Cayman Islands with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited.

2. BASIS OF PREPARATION OF THE UNAUDITED FINANCIAL INFORMATION

The Unaudited Financial Information of the Shenzhen Baoxin Trading for the years ended 31 December 2021, 2022 and 2023 has been prepared in accordance with paragraph 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and is solely for the purposes of inclusion in the circular issued by the Company in connection with the disposal of the entire equity interest in Shenzhen Baoxin Trading.

The Unaudited Financial Information has been prepared by the directors of the Company in accordance with the same accounting policies as those adopted by the Company and its subsidiaries (the “**Group**”) in the preparation of the consolidated financial statements of the Group for respective years, which conform with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

The Unaudited Financial Information has been prepared under the historical cost basis except for investment properties which are measured at fair values.

The Unaudited Financial Information is presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated. The Unaudited Financial Information are presented in HK\$ which is different from the functional currency of Shenzhen Baoxin Trading, Renminbi (“**RMB**”), as the directors of the Company consider that HK\$ is the appropriate presentation currency in view of the place of listing of the Company.

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in HKAS 1 “Presentation of Financial Statements” nor a set of condensed financial statements as defined in HKAS 34 “Interim Financial Reporting” issued by the HKICPA and that it should be read in conjunction with the relevant published annual reports for the year ended 31 December 2022 dated 30 March 2023 and the interim report for the six months ended 30 June 2023 dated 30 August 2023 of the Company.

3. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
As at 1 January 2021, 2022, 2023 and 31 December 2021, 2022	–
Addition	88,085
Fair value gain	9,928
Exchange differences	<u>(3,295)</u>
As at 31 December 2023	<u>94,718</u>

UNAUDITED PROFIT AND LOSS STATEMENTS OF THE SHENYANG COMMERCIAL
PROPERTY

In accordance with Rule 14.68(2)(b)(i) of the Listing Rules, the Company is required to include in this Circular a profit and loss statement for the three preceding financial years on the identifiable net income stream in relation to such assets which must be reviewed by the reporting accountants to ensure that such information has been properly compiled and derived from the underlying books and records.

The unaudited profit and loss statements of identifiable net income stream attributable to the Shenyang Commercial Property for the Relevant Periods (the “Unaudited Profit and Loss Statements”) prepared by the directors of the Company is set out below:

	Year ended 31 December		
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000
Revenue	<u>829</u>	<u>1,202</u>	<u>1,098</u>
	829	1,202	1,098
Administrative expenses	(746)	(578)	(560)
Fair value loss on investment properties	–	(36,270)	(111)
Other income, gains and losses	<u>(4)</u>	<u>–</u>	<u>1</u>
Profit/(loss) before income tax	79	(35,646)	428
Income tax (expense)/credit	<u>(20)</u>	<u>7,900</u>	<u>(79)</u>
Profit/(loss) for the year	<u><u>59</u></u>	<u><u>(27,746)</u></u>	<u><u>349</u></u>

Pursuant to Rule 14.68(2)(b)(i) of the Listing Rules, the directors of the Company engaged BDO Limited, the reporting accountants of the Company, to perform certain agreed-upon procedures on the compilation of the Unaudited Profit And Loss Statements as shown above in accordance with Hong Kong Standard on Related Services 4400 (Revised) “Agreed-Upon Procedures Engagements” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

The reporting accountants obtained the Unaudited Profit and Loss Statements, which were prepared by the management in relation to the very substantial disposal of the Shenyang Commercial Property, and found them to be arithmetically accurate.

In respect of the Unaudited Profit and Loss Statements, the reporting accountants compared the amounts shown on the Unaudited Profit and Loss Statements with the relevant amounts in the underlying books and records of the Group for the Relevant Periods and found them to be in agreement.

The above agreed-upon procedures engagement conducted by the reporting accountants is not an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the reporting accountants on the Unaudited Profit and Loss Statements.

The finding on the agreed-upon procedures were reported solely for the information of the Directors and should not be used or relied upon by any other parties for any other purposes.

APPENDIX V UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Introduction

Capitalised terms used herein shall have the same meanings as those defined in this circular.

The following is an illustrative unaudited pro forma financial information of the Group upon completion of disposal of entire equity interest in Shenzhen Virdom, Shenzhen Baoxin Trading and Shenzhen Hongguanghao (“**Disposal Subsidiaries**”) comprises unaudited pro forma consolidated statement of financial position as at 30 June 2023, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2022 and related notes (the “**Unaudited Pro Forma Financial Information**”), which have been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and on the basis as set out in the accompanying notes below to illustrate how:

- (a) the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2023 as set out in the Group’s published interim report dated 30 August 2023 might have been affected had the Disposal been taken place on 30 June 2023;
- (b) the audited consolidated statement of profit or loss and other comprehensive income and audited consolidated statement of cash flows for the year ended 31 December 2022 as set out in the Group’s published annual report dated 30 March 2023 might have been affected had the Disposal been taken place on 1 January 2022; and
- (c) the unaudited pro forma adjustments relating to the Disposal that are directly attributable to the Disposal, factually supportable and clearly identified as to those which are expected to have a continuing effect on the Remaining Group and those which are not are summarised in the accompanying notes.

This Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position or results of the Remaining Group had the Disposal been completed as at 30 June 2023 or 1 January 2022, where applicable, or at any future date.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the published interim report of the Group for the six months ended 30 June 2023 and the published annual report of the Group for the year ended 31 December 2022, and other financial information included elsewhere in the circular.

Accordingly, financial position, profit or loss and other comprehensive income, and cash flows of the Remaining Group as shown in the Unaudited Pro Forma Financial Information may not be indicative of the Remaining Group’s future financial position, profit or loss and other comprehensive income, and cash flows

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upon the completion of the Disposal. Also, the carrying amounts of the identifiable net assets of Disposal Subsidiaries as at the date of completion of the Disposal may be materially different from their respective values used in the preparation of the Unaudited Pro Forma Financial Information of the Remaining Group.

Unaudited Pro Forma Consolidated Statement of Financial Position of The Remaining Group as at 30 June 2023

	Unaudited condensed consolidated statement of financial position of the Group as at 30 June 2023 HK\$'000 Note 1(a)	Unaudited pro forma adjustments					Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2023 HK\$'000
		HK\$'000 Note 2(a)	HK\$'000 Note 2(b)	HK\$'000 Note 2(c)	HK\$'000 Note 3	HK\$'000 Note 10(a)	
Assets and liabilities							
Non-current assets							
Property, plant and equipment	59,655	-	-	-	-	-	59,655
Investment properties	1,457,669	(11,279)	(94,718)	(159,140)	-	-	1,192,532
Financial asset at fair value through other comprehensive income	1,593	-	-	-	-	-	1,593
	<u>1,518,917</u>	<u>(11,279)</u>	<u>(94,718)</u>	<u>(159,140)</u>	<u>-</u>	<u>-</u>	<u>1,253,780</u>
Current assets							
Inventories	5,083,707	-	-	-	-	-	5,083,707
Contract assets	22,479	-	-	-	-	-	22,479
Trade and other receivables	4,020,979	-	(2,016)	-	-	-	4,018,963
Financial asset at fair value through profit or loss ("FVTPL")	1,483,598	-	-	-	-	-	1,483,598
Tax recoverable	49,385	-	-	-	-	-	49,385
Pledged and restricted bank deposits	161,881	-	-	-	-	-	161,881
Bank and cash balances	58,800	(8)	(19)	-	(10,768)	-	48,005
	<u>10,880,829</u>	<u>(8)</u>	<u>(2,035)</u>	<u>-</u>	<u>(10,768)</u>	<u>-</u>	<u>10,868,018</u>
Current liabilities							
Borrowings	4,367,940	-	-	-	(267,402)	(55,366)	4,045,172
Trade and other payables	3,003,563	(1,253)	(905)	-	-	-	3,001,405
Contract liabilities	1,538,509	-	-	-	-	-	1,538,509
Financial liability at FVTPL	40,627	-	-	-	-	-	40,627
Financial guarantee	46,965	-	-	-	-	-	46,965
Lease liabilities	1,463	-	-	-	-	-	1,463
Current tax liabilities	57,766	-	-	-	-	-	57,766
	<u>9,056,833</u>	<u>(1,253)</u>	<u>(905)</u>	<u>-</u>	<u>(267,402)</u>	<u>(55,366)</u>	<u>8,731,907</u>
Net current assets	<u>1,823,996</u>	<u>1,245</u>	<u>(1,130)</u>	<u>-</u>	<u>256,634</u>	<u>55,366</u>	<u>2,136,111</u>
Total assets less current liabilities	<u>3,342,913</u>	<u>(10,034)</u>	<u>(95,848)</u>	<u>(159,140)</u>	<u>256,634</u>	<u>55,366</u>	<u>3,389,891</u>

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	Unaudited condensed consolidated statement of financial position of the Group as at 30 June 2023 HK\$'000 Note 1(a)	Unaudited pro forma adjustments					Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2023 HK\$'000
		HK\$'000 Note 2(a)	HK\$'000 Note 2(b)	HK\$'000 Note 2(c)	HK\$'000 Note 3	HK\$'000 Note 10(a)	
Non-current liabilities							
Borrowings	439,614	-	-	-	-	-	439,614
Lease liabilities	25,950	-	-	-	-	-	25,950
Deferred tax liabilities	91,099	(22)	(2,453)	-	-	-	88,624
	<u>556,663</u>	<u>(22)</u>	<u>(2,453)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>554,188</u>
Net assets	<u>2,786,250</u>	<u>(10,012)</u>	<u>(93,395)</u>	<u>(159,140)</u>	<u>256,634</u>	<u>55,366</u>	<u>2,835,703</u>
Capital and reserves							
Share Capital	5,460	-	-	-	-	-	5,460
Reserves	1,594,795	(10,012)	(93,395)	(159,140)	262,842	55,366	1,650,456
Equity attributable to owners of the Company	1,600,255	(10,012)	(93,395)	(159,140)	262,842	55,366	1,655,916
Non-controlling interests	1,185,995	-	-	-	(6,208)	-	1,179,787
Total equity	<u>2,786,250</u>	<u>(10,012)</u>	<u>(93,395)</u>	<u>(159,140)</u>	<u>256,634</u>	<u>55,366</u>	<u>2,835,703</u>

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Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Remaining Group for the year ended 31 December 2022

	Audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2022	Unaudited pro forma adjustments						Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Remaining Group for the year ended 31 December 2022
	HK\$'000 Note 1(b)	HK\$'000 Note 5(a)	HK\$'000 Note 5(b)	HK\$'000 Note 5(c)	HK\$'000 Note 6	HK\$'000 Note 7	HK\$'000 Note 10(b)	HK\$'000
Revenue	1,617,467	-	(9)	(1,202)	-	-	-	1,616,256
Cost of sales	(2,142,594)	-	-	-	-	-	-	(2,142,594)
Gross loss	(525,127)	-	(9)	(1,202)	-	-	-	(526,338)
Selling expenses	(53,119)	204	-	-	-	-	-	(52,915)
Administrative expenses	(118,956)	521	15	578	(885)	-	-	(118,727)
Gain on disposal of subsidiaries	-	-	-	-	88,107	-	-	88,107
Fair value loss on investment properties	(222,953)	2,942	-	36,270	-	-	-	(183,741)
Impairment losses on property, plant and equipment – net	(24,508)	-	-	-	-	-	-	(24,508)
Impairment losses on financial assets and contract assets – net	(12,673)	(4)	-	-	-	-	-	(12,677)
Other income, gains/(losses) – net	81,455	(10)	-	-	-	-	(87,629)	(6,184)
Loss from operations	(875,881)	3,653	6	35,646	87,222	-	(87,629)	(836,983)
Finance costs	(185,902)	-	639	-	-	-	-	(185,263)
Loss before income tax	(1,061,783)	3,653	645	35,646	87,222	-	(87,629)	(1,022,246)
Income tax credit	150,519	(749)	-	(7,900)	(42,692)	-	-	99,178
Loss for the year	(911,264)	2,904	645	27,746	44,530	-	(87,629)	(923,068)
Other comprehensive income, net of tax								
Item that will not be reclassified to profit or loss:								
Exchange differences on translating to presentation currency	-	253	1,264	-	-	(1,517)	-	-
Fair value changes of equity instruments at fair value through other comprehensive income	(3,441)	-	-	-	-	-	-	(3,441)
	(3,441)	253	1,264	-	-	(1,517)	-	(3,441)
Item that will be reclassified to profit or loss:								
Exchange difference on translating foreign operations	(684,698)	-	-	-	-	1,517	-	(683,181)
Exchange difference reclassified to profit or loss on disposal of subsidiaries	-	-	-	-	(1,810)	-	-	(1,810)
	(684,698)	-	-	-	(1,810)	1,517	-	(684,991)
Other comprehensive income for the year, net of tax	(688,139)	253	1,264	-	(1,810)	-	-	(688,432)
Total comprehensive income for the year	(1,599,403)	3,157	1,909	27,746	42,720	-	(87,629)	(1,611,500)

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	Unaudited pro forma adjustments							Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Remaining Group for the year ended 31 December 2022 HK\$'000
	Audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2022 HK\$'000 Note 1(b)	HK\$'000 Note 5(a)	HK\$'000 Note 5(b)	HK\$'000 Note 5(c)	HK\$'000 Note 6	HK\$'000 Note 7	HK\$'000 Note 10(b)	
	Loss for the year attributable to:							
Owners of the Company	(787,049)	2,468	645	23,584	53,660	-	(87,629)	(794,321)
Non-controlling interests	(124,215)	436	-	4,162	(9,130)	-	-	(128,747)
	<u>(911,264)</u>	<u>2,904</u>	<u>645</u>	<u>27,746</u>	<u>44,530</u>	<u>-</u>	<u>(87,629)</u>	<u>(923,068)</u>
Total comprehensive income for the year attributable to:								
Owners of the Company	(1,278,066)	2,721	1,909	23,584	51,850	-	(87,629)	(1,285,631)
Non-controlling interests	(321,337)	436	-	4,162	(9,130)	-	-	(325,869)
	<u>(1,599,403)</u>	<u>3,157</u>	<u>1,909</u>	<u>27,746</u>	<u>42,720</u>	<u>-</u>	<u>(87,629)</u>	<u>(1,611,500)</u>

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Unaudited Pro Forma Consolidated Statement of Cash Flows of the Remaining Group for the year ended 31 December 2022

	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2022	Unaudited pro forma adjustments						Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2022
	HK\$'000 Note 1(b)	HK\$'000 Note 5(a)	HK\$'000 Note 5(b)	HK\$'000 Note 5(c)	HK\$'000 Note 6	HK\$'000 Note 8	HK\$'000 Note 10(b)	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES								
Loss before income tax	(1,061,783)	3,653	645	35,646	87,222	-	(87,629)	(1,022,246)
Adjustments for:								
Interest income	(4,083)	10	-	-	-	-	-	(4,073)
Finance cost	185,902	-	(639)	-	-	-	-	185,263
Gain on disposal of subsidiaries	-	-	-	-	(88,107)	-	-	(88,107)
Transaction costs attributable to the Disposal	-	-	-	-	885	-	-	885
Depreciation	21,107	-	-	-	-	-	-	21,107
Loss on disposal of property, plant and equipment	32	-	-	-	-	-	-	32
Gain on lease modifications	(2,246)	-	-	-	-	-	-	(2,246)
Fair value loss on investment properties	222,953	(2,942)	-	(36,270)	-	-	-	183,741
Foreign exchange gain	(70,865)	-	-	-	-	-	-	(70,865)
Impairment loss on property, plant and equipment	24,508	-	-	-	-	-	-	24,508
Impairment loss of financial assets and contract assets - net	12,673	4	-	-	-	-	-	12,677
Loss on extinguishment of financial liabilities	-	-	-	-	-	-	87,629	87,629
Write-down of inventories	700,068	-	-	-	-	-	-	700,068
Operating profit before working capital change	28,266	725	6	(624)	-	-	-	28,373
Decrease in trade and other receivables	50,890	(190)	(1)	-	-	-	-	50,699
Decrease in inventories	605,301	-	-	-	-	-	-	605,301
Increase in contract liabilities	292,308	-	-	-	-	-	-	292,308
Increase in trade and other payables	44,304	(228)	-	-	-	-	-	44,076
Cash generated from operations	1,021,069	307	5	(624)	-	-	-	1,020,757
Tax paid	(67,766)	30	-	-	-	-	-	(67,736)
Interest received	4,083	(10)	-	-	-	-	-	4,073
Net cash generated from operating activities	957,386	327	5	(624)	-	-	-	957,094

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	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2022	Unaudited pro forma adjustments						Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2022
	HK\$'000 Note 1(b)	HK\$'000 Note 5(a)	HK\$'000 Note 5(b)	HK\$'000 Note 5(c)	HK\$'000 Note 6	HK\$'000 Note 8	HK\$'000 Note 10(b)	HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES								
Disposal of subsidiaries, net of cash disposed	-	-	-	-	(17,920)	-	-	(17,920)
Placement of pledged and restricted bank deposits	(901,406)	-	-	-	-	-	-	(901,406)
Withdrawal of pledged and restricted bank deposits	796,733	-	-	-	-	-	-	796,733
Proceeds from disposal of financial assets at FVTOCI in prior year	3,946	-	-	-	-	-	-	3,946
Consideration received in relation to disposal of subsidiaries in prior year	132,000	-	-	-	-	-	-	132,000
Purchases of property, plant and equipment	(8,190)	-	-	-	-	-	-	(8,190)
Payment for investment properties	(25,669)	-	-	-	-	-	-	(25,669)
Proceeds from disposal of property, plant and equipment	55	-	-	-	-	-	-	55
Proceeds from disposal of investment properties	24,608	(3,002)	-	-	-	-	-	21,606
Advance to immediate holding company	-	4,206	-	-	-	(4,206)	-	-
Repayment from fellow subsidiaries	-	-	(550)	-	-	550	-	-
Repayment from former subsidiaries	-	-	-	-	-	4,515	-	4,515
Net cash generated from investing activities	22,077	1,204	(550)	-	(17,920)	859	-	5,670
CASH FLOWS FROM FINANCING ACTIVITIES								
Advance from related parties	1,433	-	-	-	-	-	-	1,433
Proceeds from borrowings	2,813,120	-	(23,400)	-	-	-	-	2,789,720
Repayment of borrowings	(3,677,822)	-	23,400	-	-	-	-	(3,654,422)
Repayment of corporate bonds	(75,012)	-	-	-	-	-	-	(75,012)
Repayment of principal portion on lease liabilities	(914)	-	-	-	-	-	-	(914)
Repayment of interest portion on lease liabilities	(5,524)	-	-	-	-	-	-	(5,524)
Repayment to non-controlling interest	(205)	-	-	-	-	-	-	(205)
Interest paid	(253,584)	-	639	-	-	-	-	(252,945)
Repayment to fellow subsidiaries	-	859	-	-	-	(859)	-	-
Net cash used in financing activities	(1,198,508)	859	639	-	-	(859)	-	(1,197,869)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(219,045)	2,390	94	(624)	(17,920)	-	-	(235,105)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	341,393	(2,518)	(114)	-	-	-	-	338,761
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(33,933)	115	6	-	-	-	-	(33,812)
CASH AND CASH EQUIVALENTS AT END OF YEAR	88,415	(13)	(14)	(624)	(17,920)	-	-	69,844

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Notes to the Unaudited Pro Forma Financial Information of the Remaining Group

1. (a) The amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2023 included in the Group's published interim report dated 30 August 2023.
- (b) The amounts are extracted from the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2022 as set out in the published annual report of the Group dated on 30 March 2023.
2. (a) The adjustments represent the de-recognition of assets, liabilities and total equity of Shenzhen Virdom as at 30 June 2023, assuming the disposal of Shenzhen Virdom had taken place on 30 June 2023. The assets, liabilities and total equity of Shenzhen Virdom are extracted from the unaudited statement of financial position of Shenzhen Virdom as at 31 December 2023 as set out in Appendix II to this circular.
- (b) The adjustments represent the de-recognition of assets, liabilities and total equity of Shenzhen Baoxin Trading as at 30 June 2023, assuming the disposal of Shenzhen Baoxin Trading had taken place on 30 June 2023. The assets, liabilities and total equity of Shenzhen Baoxin Trading are extracted from the unaudited statement of financial position of Shenzhen Baoxin Trading as at 31 December 2023 as set out in Appendix III to this circular.
- (c) As aforesaid in "LETTER FROM THE BOARD" section, Shenzhen Hongguanghao is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company. Shenzhen Hongguanghao is principally engaged in property investment. Shenzhen Hongguanghao was established on 2 February 2023. Prior to completion of the Reorganisation which took place on 24 January 2024, Shenzhen Hongguanghao had no operation and did not have any material asset or liability. Hence, the financial information of Shenzhen Hongguanghao for the years ended 31 December 2021 and 2022 is unavailable as at the date of this circular. Upon completion of the Reorganisation, the Shenyang Commercial Property has become the sole substantial asset of Shenzhen Hongguanghao. For illustrative purpose of the Unaudited Pro Forma Financial Information, the amount of approximately RMB146,000,000 (equivalent to HK\$159,140,000) represents the unaudited carrying amount of the Shenyang Commercial Property as at 30 June 2023, assuming the Disposal had been taken place on 30 June 2023, which is extracted from unaudited carrying amount of the Shenyang Commercial Property as at 31 December 2023 in "LETTER FROM THE BOARD" section to this circular.

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3. The adjustments represent the estimated net loss charged to profit or loss and the net cash outflows arising on the Disposal, assuming the Disposal had been taken place on 30 June 2023 and is calculated as follows:

	<i>Notes</i>	<i>HK\$'000</i>
Consideration for the Disposal	<i>(i)</i>	267,402
Less:		
– Carrying amounts of assets and liabilities of Shenzhen Virdom	<i>2(a)</i>	(10,012)
– Carrying amounts of assets and liabilities of Shenzhen Baoxin Trading	<i>2(b)</i>	(93,395)
– Carrying amounts of assets and liabilities of Shenzhen Hongguanghao	<i>2(c)</i>	<u>(159,140)</u>
		4,855
Release of translation reserve upon disposal of Shenzhen Virdom	<i>(ii)</i>	(2,788)
Release of translation reserve upon disposal of Shenzhen Baoxin Trading	<i>(iii)</i>	<u>(3,925)</u>
Estimated loss on Disposal		<u><u>(1,858)</u></u>
Consideration for the Disposal	<i>(i)</i>	267,402
Less: Set off against the outstanding principal amount and interest accrued on the Corporate Bonds partially	<i>(iv)</i>	<u>(267,402)</u>
		–
Less: Estimated transaction costs attributable to the Disposal	<i>(v)</i>	(885)
Less: Estimated income tax expenses in relation to the Disposal	<i>(vi)</i>	<u>(9,883)</u>
Net cash outflows arising on Disposal upon completion on 30 June 2023		<u><u>(10,768)</u></u>

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Notes:

- (i) Pursuant to the Settlement Agreement, the consideration for the Disposal represents by the amount of approximately RMB245,323,000 (equivalent to approximately HK\$267,402,000) for the purpose of partially offsetting against the outstanding Corporate Bonds, which was determined with reference to the valuation of the entire equity interests of Shenzhen Virdom and Shenzhen Baoxin Trading and the property valuation of the Shenyang Commercial Property as at 31 May 2023 in aggregate. Based on term of the Settlement Agreement, necessary adjustments may be made to the Shenyang Commercial Property Valuation and the corresponding amount to be off-set against the outstanding Corporate Bonds in consideration of the transfer of the entire equity interests in Shenzhen Hongguanghao, provided that the adjustment amount shall, in any event, not exceed 5% of the Shenyang Commercial Property Valuation (i.e. approximately RMB5,476,000 (equivalent to approximately HK\$5,969,000)).

Furthermore, pursuant to the Settlement Agreement, the estimated loss to be incurred by Shenzhen Virdom and Shenzhen Baoxin Trading for the period from 31 May 2023 up until Completion shall not exceed approximately RMB6,400,000 (equivalent to approximately HK\$6,976,000) (as defined aforesaid in this circular as the “Estimated Loss”). The Company shall compensate Yunnan International such Estimated Loss, where applicable, in an amount not exceeding approximately RMB6,400,000 (equivalent to approximately HK\$6,976,000) in cash or by assets within sixty days from Completion.

For the purpose of preparation of the unaudited pro forma consolidated statement of financial position, the consideration amount is assumed as approximately RMB245,323,000 (equivalent to approximately HK\$267,402,000) without assuming the 5% adjustment amount of the Shenyang Commercial Property Valuation as well as the Estimated Loss.

Had the 5% adjustment amount of the Shenyang Commercial Property Valuation been taken into account in the pro forma adjustment, the consideration for the Disposal would be of not less than approximately RMB239,847,000 (equivalent to approximately HK\$261,433,000) but not more than approximately RMB250,799,000 (equivalent to approximately HK\$273,371,000).

Had the Estimated Loss been taken into account in the pro forma adjustment, the consideration for the Disposal would then be approximately RMB238,923,000 (equivalent to HK\$260,426,000).

The actual financial effects of the Disposal are to be determined based on the actual consideration and the carrying amount of the net assets and liabilities of the Disposal Subsidiaries at the completion date and are therefore subject to change.

- (ii) The amount is extracted from the unaudited statement of changes in equity of Shenzhen Virdom as at 31 December 2023 as set out in Appendix II to this circular, assuming the disposal of Shenzhen Virdom had taken place on 30 June 2023.
- (iii) The amount is extracted from the unaudited statement of changes in equity of Shenzhen Baoxin Trading as at 31 December 2023 as set out in Appendix III to this circular, assuming the disposal of Shenzhen Baoxin Trading had taken place on 30 June 2023.
- (iv) Pursuant to the Settlement Agreement, the parties conditionally agreed to partially settle the outstanding principal amount and interest accrued on Corporate Bonds of approximately RMB245,323,000 (equivalent to HK\$267,402,000).

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- (v) The estimated transaction costs including mainly professional fee of approximately HK\$885,000 directly attributable to the Disposal. It is assumed to be settled in cash on the date of completion of the Disposal and to be borne by the Company. The actual transaction costs are subject to change.
- (vi) Estimated income tax in relation to the gain on Disposal represents the PRC enterprise income tax as calculated based on a tax rate of 25% (applicable to the PRC incorporated equity owners of the Disposal Subsidiaries) on the estimated taxable disposal gain attributable to the respective equity owners of the Disposal Subsidiaries arising from the Disposal, and it is assumed to be settled in cash on the date of completion of the Disposal.
- (vii) Shenzhen Virdom and Shenzhen Hongguanghao are wholly-owned subsidiaries of Shenzhen Chixu, while Shenzhen Chixu is an indirect non-wholly owned subsidiary of the Company and is indirectly owned as to 85% by the Company.

For the purpose of preparation of the unaudited pro forma consolidated statement of financial position, the consideration for Shenzhen Virdom, Shenzhen Baoxin Trading and Shenzhen Hongguanghao would be approximately RMB10,250,000 (equivalent to HK\$11,172,000), RMB125,550,000 (equivalent to HK\$136,850,000) and RMB109,523,000 (equivalent to HK\$119,380,000) respectively as per the Settlement Agreement, and therefore the estimated loss on disposal for Shenzhen Virdom and Shenzhen Hongguanghao would be approximately HK\$1,628,000 and HK\$39,760,000 respectively while the estimated gain on disposal for Shenzhen Baoxin Trading would be approximately HK\$39,530,000. Accordingly, the estimated loss on Disposal attributable to the non-controlling interests would be approximately HK\$6,208,000.

- 4. Apart from notes above, no other adjustment has been made to reflect any trading or other transactions of the Remaining Group entered into subsequent to 30 June 2023 for the purpose of preparation of the unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2023.
- 5.
 - (a) The adjustments represent the exclusion of the results and cash flows of Shenzhen Virdom for the year ended 31 December 2022, assuming the Disposal had been taken place on 1 January 2022. The results and cash flows of Shenzhen Virdom for the year ended 31 December 2022 are extracted from the unaudited statement of profit or loss and other comprehensive income of Shenzhen Virdom and the unaudited statement of cash flows of the Shenzhen Virdom set out in Appendix II to this circular.
 - (b) The adjustments represent the exclusion of the results and cash flows of Shenzhen Baoxin Trading for the year ended 31 December 2022, assuming the Disposal had been taken place on 1 January 2022. The results and cash flows of Shenzhen Baoxin Trading for the year ended 31 December 2022 are extracted from the unaudited statement of profit or loss and other comprehensive income of Shenzhen Baoxin Trading and the unaudited statement of cash flows of Shenzhen Baoxin Trading set out in Appendix III to this circular.

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- (c) The adjustments represent the exclusion of the results and cash flows of Shenzhen Hongguanghao for the year ended 31 December 2022, assuming the Disposal had been taken place on 1 January 2022. The results of Shenzhen Hongguanghao for the year ended 31 December 2022 are extracted from the unaudited profit or loss statement on the identifiable net income stream of the Shenyang Commercial Property for the year ended 31 December 2022 set out in Appendix IV to this circular.

As explained aforesaid in note 2(c) to the Unaudited Pro Forma Financial Information of the Remaining Group, upon completion of the Reorganisation on 24 January 2024, the Shenyang Commercial Property has become the sole substantial asset of Shenzhen Hongguanghao.

6. The adjustments represent the estimated net gain charged to profit or loss and the net cash outflows arising on the Disposal, assuming the Disposal had been taken place on 1 January 2022 and is calculated as follows:

	<i>Notes</i>	<i>HK\$'000</i>
Consideration for the Disposal	<i>(i)</i>	300,521
Consideration in relation to net amounts due to the Remaining Group	<i>(v)</i>	<u>25,657</u>
		326,178
Less:		
– Adjusted net assets of Shenzhen Virdom	<i>(ii)</i>	(19,219)
– Adjusted net assets of Shenzhen Baoxin Trading	<i>(iii)</i>	(217)
– Carrying amounts of assets and liabilities of Shenzhen Hongguanghao	<i>(iv)</i>	<u>(216,825)</u>
		89,917
Release of translation reserve upon disposal of Shenzhen Virdom	<i>(vi)</i>	(2,492)
Release of translation reserve upon disposal of Shenzhen Baoxin Trading	<i>(vii)</i>	<u>682</u>
Estimated gain on Disposal		<u><u>88,107</u></u>

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	<i>Notes</i>	<i>HK\$'000</i>
Consideration for the Disposal	<i>(i)</i>	300,521
Consideration in relation to net amounts due to the Remaining Group	<i>(v)</i>	<u>25,657</u>
		326,178
Less: Set off against the outstanding principal amount and interest accrued on the Corporate Bonds partially	<i>(viii)</i>	<u>(300,521)</u>
		25,657
Less:		
Estimated transaction costs attributable to the Disposal	<i>(ix)</i>	(885)
Estimated income tax expense in relation to the Disposal	<i>(x)</i>	<u>(42,692)</u>
Net cash outflows arising on Disposal upon completion on 1 January 2022		<u><u>(17,920)</u></u>

Notes:

- (i) Pursuant to the Settlement Agreement, the consideration for the Disposal represents by the amount of approximately RMB245,323,000 (equivalent to approximately HK\$300,521,000) for the purpose of partially offsetting against the outstanding Corporate Bonds, which was determined with reference to the valuation of the entire equity interests of Shenzhen Virdom and Shenzhen Baoxin Trading and the property valuation of the Shenyang Commercial Property as at 31 May 2023 in aggregate. Based on term of the Settlement Agreement, necessary adjustments may be made to the Shenyang Commercial Property Valuation and the corresponding amount to be off-set against the outstanding Corporate Bonds in consideration of the transfer of the entire equity interests in Shenzhen Hongguanghao, provided that the adjustment amount shall, in any event, not exceed 5% of the Shenyang Commercial Property Valuation (i.e. approximately RMB5,476,000 (equivalent to approximately HK\$6,708,000)).

Furthermore, pursuant to the Settlement Agreement, the estimated loss to be incurred by Shenzhen Virdom and Shenzhen Baoxin Trading for the period from 31 May 2023 up until Completion shall not exceed approximately RMB6,400,000 (equivalent to approximately HK\$7,840,000) (as defined aforesaid in this circular as the “**Estimated Loss**”). The Company shall compensate Yunnan International such Estimated Loss, where applicable, in an amount not exceeding approximately RMB6,400,000 (equivalent to approximately HK\$7,840,000) in cash or by assets within sixty days from Completion.

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For the purpose of preparation of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income, the consideration is assumed as approximately RMB245,323,000 (equivalent to approximately HK\$300,521,000) without assuming the 5% adjustment amount of the Shenyang Commercial Property Valuation as well as the Estimated Loss.

Had the 5% adjustment amount of the Shenyang Commercial Property Valuation been taken into account in the pro forma adjustment, the consideration for the Disposal would be of not less than approximately RMB239,847,000 (equivalent to approximately HK\$293,813,000) but not more than approximately RMB250,799,000 (equivalent to approximately HK\$307,229,000).

Had the Estimated Loss been taken into account in the pro forma adjustment, the consideration for the Disposal would then be approximately RMB238,923,000 (equivalent to HK\$292,681,000).

The actual financial effects of the Disposal are to be determined based on the actual consideration and the carrying amount of the net assets and liabilities of the Disposal Subsidiaries at the completion date and are therefore subject to change.

- (ii) The amount represents the adjusted carrying amounts of assets and liabilities of Shenzhen Virdom as at 1 January 2022 as follows:

	<i>Notes</i>	<i>HK\$'000</i>
Net liabilities of Shenzhen Virdom*		(18,994)
Amounts due to the Remaining Group	<i>6(v)</i>	65,898
Amounts due from the Remaining Group	<i>6(v)</i>	<u>(27,685)</u>
Adjusted net assets of Shenzhen Virdom		<u><u>19,219</u></u>

* The amount represents the carrying amount of the assets and liabilities of Shenzhen Virdom as at 1 January 2022, which is extracted from the unaudited statement of financial position as at 31 December 2021 as set out in Appendix II to this circular.

- (iii) The amount represents the adjusted carrying amounts of assets and liabilities of Shenzhen Baoxin Trading as at 1 January 2022 as follows,

	<i>Notes</i>	<i>HK\$'000</i>
Net assets of Shenzhen Baoxin Trading*		12,773
Amounts due to the Remaining Group	<i>6(v)</i>	508,498
Amounts due from the Remaining Group	<i>6(v)</i>	<u>(521,054)</u>
Adjusted net assets of Shenzhen Baoxin Trading		<u><u>217</u></u>

* The amount represents the carrying amount of the assets and liabilities of Shenzhen Baoxin Trading as at 1 January 2022, which is extracted from the unaudited statement of financial position as at 31 December 2021 as set out in Appendix III to this circular.

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- (iv) As aforesaid in “LETTER FROM THE BOARD” section, Shenzhen Hongguanghao is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company. Shenzhen Hongguanghao is principally engaged in property investment. Shenzhen Hongguanghao was established on 2 February 2023. Prior to completion of the Reorganisation which took place on 24 January 2024, Shenzhen Hongguanghao had no operation and did not have any material asset or liability. Hence, the financial information of Shenzhen Hongguanghao for the years ended 31 December 2021 and 2022 is unavailable as at the date of this circular. Upon completion of the Reorganisation, the Shenyang Commercial Property has become the sole substantial asset of Shenzhen Hongguanghao. For illustrative purpose of the Unaudited Pro Forma Financial Information, the amount of approximately RMB177,000,000 (equivalent to HK\$216,825,000) represents the unaudited carrying amounts of the Shenyang Commercial Property as at 1 January 2022, assuming the Disposal had been taken place on 1 January 2022, which is extracted from unaudited carrying amount of the Shenyang Commercial Property as at 31 December 2021 in “LETTER FROM THE BOARD” section to this circular.
- (v) The amount represents related party balances between Shenzhen Virdom, Shenzhen Baoxin Trading and the Remaining Group, which have been eliminated in the consolidated financial statements of the Group as at 1 January 2022, and would become receivable by the Remaining Group as a consequence of the Disposal if the Disposal had taken place on 1 January 2022.

	Shenzhen Virdom	Shenzhen Baoxin Trading	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Note 6(ii)</i>	<i>Note 6(iii)</i>	
Amounts due to the Remaining Group [#]	65,898	508,498	574,396
Amounts due from the Remaining Group [#]	(27,685)	(521,054)	(548,739)
Net amounts due to the Remaining Group	38,213	(12,556)	25,657

[#] The amount is extracted from the unaudited statement of financial position of Shenzhen Virdom and Shenzhen Baoxin Trading as at 31 December 2021 as set out in Appendix II and III to this circular respectively.

It is assumed the aggregate net amounts due by Shenzhen Virdom and Shenzhen Baoxin Trading to the Remaining Group would be settled in cash on the date of completion of the Disposal.

- (vi) The amount is extracted from the unaudited statement of changes in equity of Shenzhen Virdom as at 31 December 2021 as set out in Appendix II to this circular, assuming the disposal of Shenzhen Virdom had taken place on 1 January 2022.
- (vii) The amount is extracted from the unaudited statement of changes in equity of Shenzhen Baoxin Trading as at 31 December 2021 as set out in Appendix III to this circular, assuming the disposal of Shenzhen Baoxin Trading had taken place on 1 January 2022.
- (viii) Pursuant to the Settlement Agreement, the parties conditionally agreed to partially settle the outstanding principal amount and interest accrued on Corporate Bonds of approximately RMB245,323,000 (equivalent to HK\$300,521,000).

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- (ix) The estimated transaction costs including mainly professional fee of approximately HK\$885,000 directly attributable to the Disposal. It is assumed to be settled in cash on the date of completion of the Disposal and to be borne by the Company. The actual transaction costs are subject to change.
- (x) Estimated income tax in relation to the gain on Disposal represents the PRC enterprise income tax as calculated based on a tax rate of 25% (applicable to the PRC incorporated equity owners of the Disposal Subsidiaries) on the estimated taxable disposal gain attributable to the respective equity owners of the Disposal Subsidiaries arising from the Disposal, and it is assumed to be settled in cash on the date of completion of the Disposal.
- (xi) Shenzhen Virdom and Shenzhen Hongguanghao are wholly-owned subsidiaries of Shenzhen Chixu, while Shenzhen Chixu is an indirect non-wholly owned subsidiary of the Company and is indirectly owned as to 85% by the Company.

For the purpose of preparation of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income, the consideration for Shenzhen Virdom, Shenzhen Baoxin Trading and Shenzhen Hongguanghao would be approximately RMB10,250,000 (equivalent to HK\$12,556,000), RMB125,550,000 (equivalent to HK\$153,799,000) and RMB109,523,000 (equivalent to HK\$134,166,000) respectively as per the Settlement Agreement, and therefore the estimated gain on disposal for Shenzhen Virdom and Shenzhen Baoxin Trading would be approximately HK\$29,058,000 and HK\$141,708,000 respectively while the estimated loss on disposal for Shenzhen Hongguanghao would be approximately HK\$82,659,000. Accordingly, the estimated loss on Disposal, attributable to the non-controlling interests would be approximately HK\$9,130,000.

- 7. The adjustment represents reclassification of exchange differences of translating foreign operations at consolidation.
- 8. The adjustment represents the reclassification of cash flows between the Disposal Subsidiaries and the Remaining Group, which have been eliminated in the consolidated financial statements of the Group for the year ended 31 December 2022, and would not have been eliminated if the Disposal had taken place on 1 January 2022.
- 9. Apart from notes above, no other adjustment has been made to reflect any trading or other transactions of the Remaining Group entered into subsequent to 31 December 2022 for the purpose of preparation of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2022.
- 10. By entering into the Settlement Agreement, the denomination currency of the Corporate Bonds will change from HK\$ to RMB and the outstanding balance will be fixed at approximately RMB505,194,000. This will constitute a substantial modification of the terms of financial liability under HKFRS 9, and shall be accounted for as an extinguishment on the original financial liability and recognition of a new financial liability at fair value with the difference between to be recognised in the profit or loss.
 - (a) The adjustment represents the gain on extinguishment of Corporate Bonds upon entering into the Settlement Agreements, assuming the Disposal had been taken place on 30 June 2023. It is the difference between the carrying amount of outstanding principal amount

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and interest accrued on Corporate Bonds of approximately HK\$606,027,000 as at 30 June 2023 extinguished and recognition of outstanding principal amount and interest accrued on Corporate Bonds of approximately RMB505,194,000 (equivalent to HK\$550,661,000) as per the Settlement Agreement initially.

- (b) The adjustment represents the loss on extinguishment of Corporate Bonds upon entering into the Settlement Agreements, assuming the Disposal had been taken place on 1 January 2022. It is the difference between the carrying amount of outstanding principal amount and interest accrued on Corporate Bonds of approximately HK\$531,233,000 as at 1 January 2022 extinguished and recognition of outstanding principal amount and interest accrued on Corporate Bonds of approximately RMB505,194,000 (equivalent to HK\$618,862,000) as per the Settlement Agreement initially.
- 11. The above all pro forma adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of the Remaining Group.
 - 12. The conversion of RMB into HK\$ as of 1 January 2022 and 30 June 2023 is based on the exchange rate of approximately RMB1.00 = HK\$1.225 and RMB1.00 = HK\$1.09, respectively.

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The following is the text of a report in relation to the Unaudited Pro Forma Financial Information of the Remaining Group received from BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this circular.



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

To the directors of Glory Sun Land Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Glory Sun Land Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities of the Remaining Group as at 30 June 2023, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Remaining Group for the year ended 31 December 2022 and related notes as set out on page V-2 to V-17 of Appendix V of the Company’s circular dated 29 February 2024 (the “**Circular**”) in connection with the very substantial disposal in relation to the partial settlement of the outstanding principal amount and interest accrued on the corporate bonds of the Company by disposal of the entire equity interest in Shenzhen Baoxin Trading Company Limited, Shenzhen Virdom Education Investments Company Limited and Shenzhen Hongguanghao Industrial Company Limited (the “**Disposal**”). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described on page V-8 to V-17 of Appendix V of the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Disposal on the Remaining Group’s assets and liabilities as at 30 June 2023 as if the Disposal had taken place on 30 June 2023, and the Remaining Group’s consolidated financial performance and cash flows for the year ended 31 December 2022 as if the Disposal had been taken place on 1 January 2022, respectively. As part of this process, information about the Remaining Group’s financial position, financial performance and cash flows has been extracted by the directors of the Company from the Company’s consolidated financial statements for the six months ended 30 June 2023 and year ended 31 December 2022, on which an interim report and an annual report have been published.

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Directors' Responsibility for the Unaudited Pro Forma Financial Information

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

Our Independence and Quality Management

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

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

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

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

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

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Disposal at 30 June 2023 or 1 January 2022 would have been as presented.

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

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

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

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

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

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Company; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

BDO Limited

Certified Public Accountants

Hong Kong, 29 February 2024

Set forth below is the management discussion and analysis on the Remaining Group for the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023. Upon Completion of the Disposal, the Company will no longer hold any interest in the Set-off Subsidiaries, and the Set-off Subsidiaries will no longer remain as the subsidiaries of the Company.

For the purpose of this circular and for illustration purpose only, the management discussion and analysis of the Remaining Group below is made with the exclusion of the Set-off Subsidiaries.

There will be no change to the principal business of the Remaining Group as a result of the Disposal. Following the Disposal, the Remaining Group will continue to carry out its existing businesses. The management discussion and analysis of the Remaining Group for each of the years ended 31 December 2020 (“FY2020”), 31 December 2021 (“FY2021”) and 31 December 2022 (“FY2022”) and the six months ended 30 June 2023 (“6M2023”) are set out below.

BUSINESS AND FINANCIAL REVIEW

Segmental information

The Remaining Group is principally engaged in the real estate and investment business, trading of commodities and construction business in the PRC. The revenue of the Remaining Group mainly arose from four segments, namely (i) real estate and property investment; (ii) trading of commodities; (iii) construction; and (iv) others. A summary of the revenues and operating results of each business segment of the Remaining Group for FY2020, FY2021, FY2022 and 6M2023 are as follows:

FY2020	Real estate and property investment	Trading of commodities	Construction	Others	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	531,770	5,862,018	–	104,740	6,498,528
Segment operating results	(154,485)	(5,404)	(59,830)	18,544	(201,175)

For FY2020, revenue of the Remaining Group was approximately HK\$6,498.5 million, which was mainly derived from the real estate and property investment and trading of commodities business segments. The operating loss of the Remaining Group was approximately HK\$201.2 million.

FY2021	Real estate and property investment	Trading of commodities	Construction	Others	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	1,466,071	3,645,851	–	89,276	5,201,198
Segment operating results	(21,989)	2,504	(7)	19,312	(180)

For FY2021, revenue of the Remaining Group was approximately HK\$5,201.2 million, which was mainly derived from the real estate and property investment and trading of commodities business segments. The revenue decreased by 20.0% compared to FY2020, which was mainly due to the decrease in revenue from the trading of commodities business segment. The operating loss of the Remaining Group was approximately HK\$0.2 million.

FY2022	Real estate and property investment	Trading of commodities	Construction	Others	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	990,798	587,394	–	38,073	1,616,256
Segment operating results	(673,810)	(730)	449	(60,924)	(735,015)

For FY2022, revenue of the Remaining Group was approximately HK\$1,616.3 million, which was mainly derived from the real estate and property investment and trading of commodities business segments. The revenue decreased by approximately 68.9% as compared to FY2021, which was mainly due to the decrease in revenue from the real estate and property investment and trading of commodities business segments. The operating loss of the Remaining Group was approximately HK\$735.0 million.

6M2023	Real estate and property investment	Trading of commodities	Construction	Others	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	141,289	–	–	17,304	158,593
Segment operating results	(97,563)	(957)	(15,925)	8,754	(105,691)

For 6M2023, revenue of the Remaining Group was approximately HK\$158.6 million, which was mainly derived from the real estate and property investment business segment. The revenue decreased by approximately 90.2% as compared to FY2022, which was mainly due to the decrease in revenue from the real estate and property investment and trading of commodities business segments. The operating loss of the Remaining Group was approximately HK\$105.7 million.

Real Estate and Property Investment

Taking root in the Guangdong-Hong Kong-Macao Greater Bay Area, the Remaining Group's property development and investment sector continues to consistently maintain its development strategy of "deeply exploring the business of property investment and development in strong first-tier cities, new first-tier cities and strong second-tier cities". Currently, the Remaining Group has a total of five (5) property development projects in four (4) PRC cities, including Shenzhen, Changsha, Shantou and Yunfu. These projects comprise commercial complexes, high-class residences, hotels, commercial apartments, villas, garden houses and other multi-format and segmented products.

The revenue from the real estate and property investment business segment decreased by approximately HK\$3,847.6 million or 90.0% for FY2020 as compared to the year ended 31 December 2019 (“FY2019”) which was mainly attributable to large scale of completed properties handover in Nanning project in FY2019 while there was no such scale in FY2020.

The revenue from the real estate and property investment business segment had increased by approximately HK\$934.3 million or 175.7% from approximately HK\$531.8 million for FY2020 to HK\$1,466.1 million for FY2021 which was mainly attributable to the increase of completed properties handover in Weinan and Shantou projects in FY2021.

The revenue from the real estate and property investment business segment had decreased by approximately HK\$475.3 million or 32.4% from approximately HK\$1,466.1 million for FY2021 to HK\$990.8 million for FY2022 which was mainly attributable to the decrease of completed properties handover in Weinan and Shantou projects in FY2022.

The revenue from the real estate and property investment business segment had decreased by approximately HK\$602.0 million or 81.0% from approximately HK\$743.3 million for the six months ended 30 June 2022 (“6M2022”) to HK\$141.3 million for 6M2023 which was mainly attributable to the decrease of completed properties handover in Shantou project in 6M2023.

Trading of Commodities

The trading of commodities of the Remaining Group were mainly copper cathodes and zinc ingot. As a wholesaler of such non-ferrous metal products, the Remaining Group purchased the products in bulk, and then distributed and sold to the downstream customers. Under the prevailing business operations, for the sake of obtaining optimal contractual terms, the Remaining Group arranged to conclude and sign supply framework agreements with individual key suppliers with good reputation and credit in the market. Meanwhile, the profitability was relatively low being affected by a bundle of external factors including the COVID-19 pandemic and the international non-ferrous metal price fluctuations. Both buyers and sellers of such non-ferrous metal products had great demand in the PRC market, the relatively low gross profit margin should be attributable to the active market participation and the transparent prices information.

The revenue from the trading of commodities business segment had increased by approximately HK\$630.4 million or 12.1% for FY2020 as compared to FY2019 which was mainly attributable to the increase in trading volume of commodities in FY2020.

The revenue from the trading of commodities business segment had decreased by approximately HK\$2,216.1 million or 37.8% from approximately HK\$5,862.0 million for FY2020 to HK\$3,645.9 million for FY2021 which was mainly attributable to the decrease in trading volume of commodities in FY2021.

The revenue from the trading of commodities business segment had decreased by approximately HK\$3,058.5 million or 83.9% from approximately HK\$3,645.9 million for FY2021 to HK\$587.4 million for FY2022 which was mainly attributable to the decrease in trading volume of commodities in FY2022.

The revenue from the trading of commodities business segment had decreased by approximately HK\$490.0 million or 100.0% from approximately HK\$490.0 million for 6M2022 to nil for 6M2023 which was mainly attributable to the decrease in trading volume of commodities in 6M2023.

The revenue generated by the Remaining Group from the trading of commodities was mainly derived from Shenzhen Baoxin Trading for FY2020, FY2021 and FY2022. The revenue generated by the Remaining Group from the trading of commodities decreased significantly from approximately HK\$5,862.0 million for FY2020 to nil for 6M2023, which was mainly attributable to a number of global risk events, including the COVID-19 pandemic and the sluggish demand for non-ferrous metals industry owing to price fluctuations. Leveraging the gradual recovery of the global non-ferrous metals industry, the Remaining Group has resumed and generated revenue from the trading of commodities again in the fourth quarter of 2023 through other member of the Remaining Group. Going forward, so long as the relevant industry and market conditions are considered to be economically viable for operations, the Remaining Group will continue to engage in the trading of commodities.

Construction

The revenue from construction business segment decreased by approximately HK\$12.3 million or 100.0% for FY2020 as compared to FY2019 which was mainly attributed to the completion of construction projects and some construction projects which were under finalisation stage.

For FY2021, FY2022 and 6M2023, no revenue was derived from the construction business segment mainly because no new construction projects were engaged during these years/period.

Others

Others consist of operation of golf practice court, children playrooms, fitness rooms and a karaoke box and trading of home appliances and building materials.

The revenue from others increased by approximately HK\$79.4 million or 312.6% for FY2020 as compared to FY2019 which was mainly attributable to the increase in trading volume of trading of home appliances and building materials and introduction of business from operation of children playrooms, fitness rooms and karaoke box.

The revenue from others decreased by approximately HK\$15.4 million or 14.7% from approximately HK\$104.7 million for FY2020 to approximately HK\$89.3 million for FY2021 which was mainly attributable to decrease in trading volume of trading of home appliances and building materials.

The revenue from others decreased by approximately HK\$51.2 million or 57.3% from approximately HK\$89.3 million for FY2021 to approximately HK\$38.1 million for FY2022 which was mainly attributable to decrease in trading volume of trading of home appliances and building materials.

The revenue from other had decreased by approximately HK\$2.1 million or 10.7% from approximately HK\$19.4 million for 6M2022 to approximately HK\$17.3 million for 6M2023 which was mainly attributable to decrease in trading volume of trading of home appliances and building materials.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2020, the Remaining Group had total assets of approximately HK\$23,409.6 million, net current assets of approximately HK\$6,878.5 million and equity attributable to Shareholders of approximately HK\$4,986.6 million.

As at 31 December 2020, the Remaining Group had bank and cash balances of approximately HK\$732.7 million, while the pledged and restricted bank deposits amounted to approximately HK\$618.1 million. All of the Remaining Group's bank and cash balances and pledged and restricted bank deposits are denominated in Hong Kong dollar and RMB.

As at 31 December 2020, current assets and current liabilities of the Remaining Group were approximately HK\$18,481.9 million and HK\$11,603.4 million, respectively. Accordingly, the Remaining Group's current ratio was approximately 1.6.

As at 31 December 2020, the total borrowings of the Remaining Group amounted to approximately HK\$12,363.7 million, of which equivalents of approximately HK\$1,388.0 million and approximately HK\$10,975.7 million were denominated in Hong Kong dollar and RMB respectively.

As at 31 December 2020, total borrowings included bank and other loans of approximately HK\$11,271.9 million, corporate bonds of approximately HK\$874.0 million, and notes payable of approximately HK\$217.8 million. Except for interest-free for note payables, all loans bore fixed interest rates and exposed the Remaining Group to fair value interest rate risk.

As at 31 December 2020, the maturity profile of the borrowings was approximately HK\$5,420.5 million (representing approximately 43.9% of the total borrowings) due within one year, approximately HK\$2,823.4 million (representing 22.8% of the total borrowings) due after one year but not exceeding two years, and approximately HK\$4,119.8 million (representing 33.3% of the total borrowings) due after two years but not exceeding five years.

As at 31 December 2021, the Remaining Group had total assets of approximately HK\$19,938.6 million, net current assets of approximately HK\$3,909.0 million and equity attributable to Shareholders of approximately HK\$4,804.7 million. The decrease in equity attributable to Shareholders was approximately 3.6% when compared with that of last year, which was mainly due to a decrease in assets of the Remaining Group.

As at 31 December 2021, the Remaining Group had bank and cash balances of approximately HK\$329.0 million, while the pledged and restricted bank deposits amounted to approximately HK\$391.7 million. All of the Remaining Group's bank and cash balances and pledged and restricted bank deposits are denominated in Hong Kong dollar and RMB.

As at 31 December 2021, current assets and current liabilities of the Remaining Group were approximately HK\$16,001.7 million and HK\$12,092.7 million, respectively. Accordingly, the Remaining Group's current ratio was approximately 1.3.

As at 31 December 2021, the total borrowings of the Remaining Group amounted to approximately HK\$8,067.4 million, of which equivalents of approximately HK\$974.0 million, approximately HK\$7,044.3 million and approximately HK\$49.1 million were denominated in Hong Kong dollar, RMB and US dollar respectively.

As at 31 December 2021, total borrowings included bank and other loans of approximately HK\$7,324.8 million, corporate bonds of approximately HK\$680.0 million, and notes payable of approximately HK\$62.6 million. Except for interest-free for note payables, all loans bore fixed interest rates and exposed the Remaining Group to fair value interest rate risk.

As at 31 December 2021, the maturity profile of the borrowings was approximately HK\$5,593.5 million (representing approximately 69.4% of the total borrowings) due within one year, approximately HK\$527.9 million (representing 6.5% of the total borrowings) due after one year but not exceeding two years, and approximately HK\$1,946.0 million (representing 24.1% of the total borrowings) due after two years but not exceeding five years.

As at 31 December 2022, the Remaining Group had total assets of approximately HK\$16,511.8 million, net current assets of approximately HK\$674.7 million and equity attributable to Shareholders of approximately HK\$3,021.6 million. The decrease in equity attributable to Shareholders was approximately 37.1% when compared with that of last year, which was mainly due to a decrease in assets of the Remaining Group.

As at 31 December 2022, the Remaining Group had bank and cash balances of approximately HK\$88.4 million, while the pledged and restricted bank deposits amounted to approximately HK\$441.3 million. All of the Remaining Group's bank and cash balances and pledged and restricted bank deposits are denominated in Hong Kong dollar and RMB.

As at 31 December 2022, current assets and current liabilities of the Remaining Group were approximately HK\$13,123.8 million and HK\$12,078.1 million, respectively. Accordingly, the Remaining Group's current ratio was approximately 1.1.

As at 31 December 2022, the total borrowings of the Remaining Group amounted to approximately HK\$6,481.1 million, of which equivalents of approximately HK\$899.0 million and approximately HK\$5,582.1 million were denominated in Hong Kong dollar and RMB respectively.

As at 31 December 2022, total borrowings included bank and other loans of approximately HK\$5,579.1 million, corporate bonds of approximately HK\$605.0 million, and notes payable of approximately HK\$297.0 million. Except for interest-free for note payables, all loans bore fixed interest rates and exposed the Remaining Group to fair value interest rate risk.

As at 31 December 2022, the maturity profile of the borrowings was approximately HK\$5,820.1 million (representing approximately 89.8% of the total borrowings) due within one year, approximately HK\$486.2 million (representing 7.5% of the total borrowings) due after one year but not exceeding two years, and approximately HK\$174.8 million (representing 2.7% of the total borrowings) due after two years but not exceeding five years.

As at 30 June 2023, the Remaining Group had total assets of approximately HK\$12,121.8 million, net current assets of approximately HK\$2,136.1 million and equity attributable to Shareholders of approximately HK\$2,835.7 million. The decrease in equity attributable to Shareholders was approximately 6.2% when compared with that of FY2022, which was mainly due to a decrease in assets of the Remaining Group.

As at 30 June 2023, the Remaining Group had bank and cash balances of approximately HK\$48.0 million, while the pledged and restricted bank deposits amounted to approximately HK\$161.9 million. All of the Remaining Group's bank and cash balances and pledged and restricted bank deposits are denominated in Hong Kong dollar and RMB.

As at 30 June 2023, current assets and current liabilities of the Remaining Group were approximately HK\$10,868.0 million and HK\$8,731.9 million, respectively. Accordingly, the Remaining Group's current ratio was approximately 1.2.

As at 30 June 2023, the total borrowings of the Remaining Group amounted to approximately HK\$4,484.8 million, of which equivalents of approximately HK\$594.5 million and approximately HK\$3,890.3 million were denominated in Hong Kong dollar and RMB respectively.

As at 30 June 2023, total borrowings included bank and other loans of approximately HK\$3,593.0 million, corporate bonds of approximately HK\$594.5 million, and notes payable of approximately HK\$297.3 million. Except for interest-free for note payables, all loans bore fixed interest rates and exposed the Remaining Group to fair value interest rate risk.

As at 30 June 2023, the maturity profile of the borrowings was approximately HK\$4,045.2 million (representing approximately 90.2% of the total borrowings) due within one year, approximately HK\$409.9 million (representing 9.1% of the total borrowings) due after one year but not exceeding two years, and approximately HK\$29.7 million (representing 0.7% of the total borrowings) due after two years but not exceeding five years.

The capital structure of the Remaining Group consists of equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated losses. The Directors review the capital structure of the Remaining Group on a timely basis. As part of the review, the Directors consider the cost of capital and the risks associated with each class of capital. The Remaining Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts.

Funding and treasury policies

The objectives of the Remaining Group when managing capital are to safe guard the ability of the Remaining Group to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. For FY2020, FY2021, FY2022 and 6M2023, the Remaining Group generally financed its operations with internally generated resources, and bank and other borrowings. The Remaining Group actively and regularly reviewed and managed its capital structure and made adjustments by taking into consideration the changes in economic conditions, its future capital requirements, prevailing and projected profitability and operating cash flows, projected capital expenditures and projected strategic investment

opportunities. The Remaining Group closely monitored its debt/assets ratio, which is defined as total borrowings divided by total assets. The Remaining Group endeavored to monitor its cash flow position, and to improve the cost-efficiency of funding initiatives by its treasury function.

GEARING RATIO

As at 31 December 2020, 2021 and 2022 and 30 June 2023, the gearing ratio of the Remaining Group was approximately 233.2%, 161.1%, 211.6% and 156.5%, respectively. The gearing ratio was calculated on the basis of net debt (aggregated borrowings net of bank balances and cash) divided by the equity attributable to owners of the Company as at the respective reporting date.

FOREIGN CURRENCY MANAGEMENT

Most of the Remaining Group's revenue and expenses were generated from the PRC and were denominated in RMB. For FY2020, FY2021, FY2022 and 6M2023, the Remaining Group had not hedged its foreign exchange risk because the exposure was considered insignificant. Our management will continue to monitor the foreign exchange exposure and will consider hedging the foreign currency exposure when necessary.

CAPITAL EXPENDITURE

The total spending on the additions of property, plant and equipment and investment properties amounted to approximately HK\$446.4 million, HK\$393.9 million, HK\$90.1 million and HK\$33.7 million for FY2020, FY2021, FY2022 and 6M2023, respectively.

CHARGE OF ASSETS

As at 31 December 2020, the carrying amount of property, plant and equipment, inventories and investment properties amounted to HK\$5.1 million, approximately HK\$7,803.0 million and approximately HK\$3,522.8 million respectively were pledged as security for the Remaining Group's bank loans and other borrowings granted in relation to the Remaining Group's real estate business.

As at 31 December 2021, the carrying amount of property, plant and equipment, inventories and investment properties amounted to HK\$5.1 million, approximately HK\$7,564.2 million and approximately HK\$1,892.8 million respectively were pledged as security for the Remaining Group's bank loans and other borrowings granted in relation to the Remaining Group's real estate business.

As at 31 December 2022, the carrying amount of property, plant and equipment, inventories and investment properties amounted to HK\$4.4 million, approximately HK\$5,708.1 million and approximately HK\$2,260.0 million respectively were pledged as security for the Remaining Group's bank loans and other borrowings granted in relation to the Remaining Group's real estate business.

As at 30 June 2023, the carrying amount of property, plant and equipment, inventories and investment properties amounted to HK\$4.3 million, approximately HK\$3,503.0 million and approximately HK\$611.9 million respectively were pledged as security for the Remaining Group's bank loans and other borrowings granted in relation to the Remaining Group's real estate business.

As at 31 December 2020, there was no financial guarantee had been granted. As at 31 December 2021, the carrying amount of investment properties and properties held for sale amounting to approximately HK\$47.0 million and HK\$32.1 million respectively were pledged as security for a bank borrowing in favour of a former subsidiary of the Remaining Group which was overdue. The pledge has not been released as at the Latest Practicable Date.

As at 31 December 2022, the carrying amount of investment properties and properties held for sale amounting to approximately HK\$39.2 million and HK\$28.9 million, respectively were pledged as security for a bank borrowing in favour of a former subsidiary of the Remaining Group which was overdue. The pledge has not been released as at the Latest Practicable Date.

As at 31 December 2023, the carrying amount of investment properties and properties held for sale amounting to approximately HK\$30.0 million and HK\$28.7 million, respectively were pledged as security for a bank borrowing in favour of a former subsidiary of the Remaining Group which was overdue. The pledge has not been released as at the Latest Practicable Date.

As at 31 December 2020, 2021 and 2022 and 30 June 2023, the Remaining Group's pledged and restricted bank deposits amounting to approximately HK\$618.1 million, HK\$381.9 million, HK\$441.3 million and HK\$161.9 million respectively were pledged to banks to secure a bank loan granted to an independent third party, notes payable granted to the Remaining Group and guarantee deposits for construction of pre-sale properties.

EMPLOYEE AND REMUNERATION POLICIES

The Remaining Group had 614, 413, 361 and 271 employees as at 31 December 2020, 2021 and 2022 and 30 June 2023 respective in Hong Kong and the PRC. For FY2020, FY2021, FY2022 and 6M2023, the Remaining Group provided periodic training to its employees in relation to different areas such as environmental, social and governance issues, intellectual property and work safety. The Remaining Group also sent its employees to participate in external professional training to enhance their professional knowledge and skills and broaden their professional vision.

CONTINGENT LIABILITIES

As at 31 December 2020, 2021 and 2022 and 30 June 2023, the Remaining Group had no material contingent liabilities.

COMMITMENTS

As at 31 December 2020, 2021 and 2022 and 30 June 2023, the Remaining Group's commitment was approximately HK\$15,961.7 million, HK\$7,849.1 million, HK\$7,264.6 million and HK\$2,026.2 million respectively in respect of contracted but not provided for expenditures on properties under development, investment properties under construction and the acquisition of property, plant and equipment.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES COMMITMENTS**FY2020**

The Remaining Group did not have any significant investments as at 31 December 2020 or material acquisitions or disposals of subsidiaries or affiliated companies during FY2020.

FY2021

During FY2021, the Remaining Group had the following material disposal of subsidiaries:

*(I) Disposal of Shenzhen Xinhengchuang Industrial Company Limited**

On 22 December 2021, the Remaining Group disposed of its entire equity interest in Shenzhen Xinhengchuang Industrial Company Limited* (深圳新恒創實業有限公司) ("Xinhengchuang") for a cash consideration of RMB300,000,000 (equivalent to approximately HK\$367,500,000). The Remaining Group derived a gain on disposal of subsidiaries for approximately HK\$296.1 million which was mainly attributable to the disposal of Xinhengchuang in FY2021. For further details on the disposal of Xinhengchuang, please refer to the announcements of the Company dated 20 July 2021, 2 December 2021, 15 December 2021 and 23 December 2021.

The Remaining Group did not have any significant investments as at 31 December 2021.

FY2022

The Remaining Group did not have any significant investments as at 31 December 2022 or material acquisitions or disposals of subsidiaries or affiliated companies during FY2022.

6M2023**(I) Disposal of Shantou Taisheng Technology Limited***

On 19 October 2022, the Remaining Group and Glory Sun Financial Group Limited (“GSFG”) and its subsidiaries (collectively as the “GSFG Group”), the former related parties of the Remaining Group, entered into a sale and purchase agreement (the “Sale and Purchase Agreement”), pursuant to which the Remaining Group conditionally agreed to sell, and the GSFG Group conditionally agreed to acquire, the 51% of the total equity interest in Shantou Taisheng Technology Limited* (汕頭市泰盛科技有限公司) (“Shantou Taisheng”), an indirect non-wholly owned subsidiary of the Company at the consideration of approximately RMB1,176 million (equivalent to approximately HK\$1,331 million) (“1st Tranche Disposal”). Pursuant to the Sale and Purchase Agreement, subject to the satisfaction (or waiver, as the case may be) of the conditions precedent, the Group shall dispose the remaining 49% of the total equity interest in Shantou Taisheng to the GSFG Group within twelve months from the completion of 1st Tranche Disposal at the consideration of approximately RMB1,129 million. The Remaining Group derived a loss on disposal of subsidiaries for approximately HK\$119.5 million which was mainly attributable to the disposal of Shantou Taisheng in 6M2023. For further details on the disposal of Shantou Taisheng, please refer to the announcement of the Company dated 28 December 2022.

The Remaining Group did not have any significant investments as at 30 June 2023.

SHARE OPTIONS

The Company adopted a share option scheme on 26 March 2014. As at 31 December 2020, 2021 and 2022 and 30 June 2023, the number of shares in respect of which options had been granted and remained outstanding was nil.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Remaining Group will keep a close watch on the development and transformation trend of the industry, continue to implement its strategic development plan, keep abreast of the current trend, seize future investment opportunities arising from economic recovery and make continuous effort to optimise its investment portfolio and minimize the operating cost, with an aim to improve the value and market competitiveness of the Remaining Group.

The Remaining Group will continue to optimise its capital structure and business portfolio in order to continuously improve its financial position. The Remaining Group will strive to capture investment opportunities prudently and optimise the capital structure and business portfolio in a bid to maximise shareholders’ interest.

The following is the text of a letter, a summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from Ravia Global Appraisal Advisory Limited, an independent valuer, in connection with its valuation as at 31 December 2023 of the properties in the People's Republic of China.



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29 February 2024

Glory Sun Land Group Limited

Unit 1002, 10/F.
Silvercord Tower 1,
30 Canton Road,
Tsim Sha Tsui,
Hong Kong

Dear Sirs/Madams,

Re: Property valuations of various properties in the People's Republic of China (the "PRC")

In accordance with the instructions of Glory Sun Land Group Limited (the "**Company**", and together with its subsidiaries hereinafter referred to as the "**Group**") for us to value the properties to be disposed by the Group in the PRC, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 31 December 2023 (the "**Valuation Date**") for the purpose of incorporation in the circular of the Group dated 29 February 2024.

1. BASIS OF VALUATIONS

Our valuations of the properties are our opinion of the market values of the concerned properties which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

**APPENDIX VII PROPERTY VALUATION REPORTS OF THE HEFEI
PROPERTY, THE SHENYANG COMMERCIAL
PROPERTY AND THE SHENYANG RESIDENTIAL
PROPERTY AS AT 31 DECEMBER 2023**

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

2. VALUATION METHODOLOGY

We have valued the properties by the direct comparison approach assuming sale of the properties in their existing states and by making reference to comparable sales transactions/asking evidences as available in the relevant market.

3. TITLE INVESTIGATION

We have been provided with copies of title documents relating to the properties and have been confirmed by the Group that no further relevant documents have been produced. However, we have not examined the original documents to verify ownership or to ascertain the existence of any amendment documents, which may not appear on the copies handed to us. In the course of our valuations, we have relied upon the legal opinion provided by the Group's PRC legal adviser, Guangdong Tainuo Law Firm (廣東泰諾律師事務所) (the "PRC Legal Adviser"), regarding the legality of the titles of the properties and the interests of the Group in the properties located in the PRC.

4. VALUATION ASSUMPTIONS

Our valuations have been made on the assumptions that the owners sell the properties in the market in their existing states without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the market values of the properties.

In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the properties and no allowance has been made for the properties to be sold in one lot or to a single purchaser.

5. SOURCE OF INFORMATION

In the course of our valuations, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of the properties, particulars of occupations, site/floor areas, building ages and all other relevant matters which can affect the market values of the properties. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. 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 and have no reason to suspect that any material information has been withheld.

6. VALUATION CONSIDERATION

We have inspected the exterior and, where possible, the interior of the properties. No structural survey has been made in respect of the properties. However, in the course of our inspections, we did not note any serious defects. We are not, however, able to report that the buildings are free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the site/floor areas of the properties under consideration and have assumed that the site/floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are therefore approximations.

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

In valuing the properties, we have 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 and The HKIS Valuation Standards (2020 Edition) published by The Hong Kong Institute of Surveyors.

7. REMARKS

In accordance with our standard practice, we must state that this report is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents and neither the whole, nor any part of this report may be included in any published documents or statement nor published in any way without our prior written approval of the form and context in which it may appear.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (“**RMB**”).

Our Summary of Values and Valuation Certificates are attached herewith.

Yours faithfully,

For and on behalf of

RAVIA GLOBAL APPRAISAL ADVISORY LIMITED

Dr. Alan Lee

PhD(BA) MFin Bcom(Property)

MHKIS RPS(GP) AAPI CPV CPV(Business)

Director

Note:

Dr. Alan Lee is a Registered Professional Surveyor (General Practice), a Member of Hong Kong Institute of Surveyors, and an Associate of Australian Property Institute. He has over 20 years’ valuation experience in Hong Kong, Macau, the PRC, the Asia Pacific Region, and European and American countries. Dr. Alan Lee has been a director of Ravia Global Appraisal Advisory Limited since 2017.

**APPENDIX VII PROPERTY VALUATION REPORTS OF THE HEFEI
PROPERTY, THE SHENYANG COMMERCIAL
PROPERTY AND THE SHENYANG RESIDENTIAL
PROPERTY AS AT 31 DECEMBER 2023**

SUMMARY OF VALUES

Properties held by the Group for investment purpose in the PRC

No.	Property	Market Value in Existing State as at 31 December 2023
1.	<p>12 residential units in Block Nos. 1 and 2, No.307 Xijiang North Street, Yuhong District, Shenyang City, Liaoning Province, the PRC</p> <p>中國遼寧省瀋陽市於洪區西江北街307號第1及2座12個住宅單位</p>	RMB10,300,000
2.	<p>29 commercial units in Block Nos. 16, 17, 18, 19 and 20 at Nos. 301-3, 301, 299, 299-1 and 299-2 Xijiang North Street, Yuhong District, Shenyang City, Liaoning Province, the PRC</p> <p>中國遼寧省瀋陽市於洪區西江北街301-3, 301, 299, 299-1及 299-2號第16, 17, 18, 19及20座29個商業單位</p>	RMB145,900,000
3.	<p>16 commercial units located at Time Original Garden, No. 82 Baxia Road, Economic and Technological Development Area, Hefei City, Anhui Province, the PRC</p> <p>中國安徽省合肥市經開區壩下路82號時光原著花園16個商業單位</p>	RMB23,300,000
4.	<p>33 commercial units located at Lingxiang Garden, No. 449 Huangshan Road, Shushan District, Hefei City, Anhui Province, the PRC</p> <p>中國安徽省合肥市蜀山區黃山路449號領翔花園33個商業單位</p>	RMB63,200,000
Total:		RMB242,700,000

VALUATION CERTIFICATE

Properties held by the Group for investment purpose in the PRC

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 December 2023
1.	<p>12 residential units in Block Nos. 1 and 2, No.307 Xijiang North Street, Yuhong District, Shenyang City, Liaoning Province, the PRC</p> <p>中國遼寧省瀋陽市於洪區西北街307號第1及2座12個住宅單位</p>	<p>The property comprises 12 residential units of two 6-storey residential buildings of a development known as Baoneng Shui'ankangcheng, completed in about 2015.</p> <p>As advised by the Group, the property has a total gross floor area of approximately 1,733.26 sq.m. for residential use.</p> <p>The property is surrounded by various residential developments, shopping malls, schools, hospitals, etc.</p> <p>The land use rights of the property have been granted for a term expiring on 6 December 2082 for residential use.</p>	As advised by the Group, the property was vacant as at the Valuation Date.	RMB10,300,000.

Notes:

1. Pursuant to 12 Real Estate Title Certificates issued by the Shenyang City Planning and Land Resources Bureau (瀋陽市規劃和國土資源局), the ownership of the property with a total gross floor area of approximately 1,733.26 sq.m. has been vested in Shenzhen Qianhai Virdom Education Investments Company Limited (深圳前海唯致教育投資有限公司) (currently known as Shenzhen Virdom Education Investments Company Limited (深圳唯致教育投資有限公司) (“**Shenzhen Virdom**”)) for a term expiring on 6 December 2082 for residential use.
2. Shenzhen Virdom is an indirect non-wholly owned subsidiary of the Company.
3. The inspection of the property was performed by Che Leung, an EAA licenced estate agent with over 10-year relevant experience and 1-year valuation experience, in January 2024.
4. We have been provided with a legal opinion report regarding the property prepared by the Group’s PRC Legal Adviser, which contains, inter alia, the following salient information:
 - a. Shenzhen Virdom is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
 - b. The property is not subject to mortgage or other major encumbrance;
 - c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and
 - d. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

5. In arriving at our opinion of market value of the property, we have adopted the direct comparison approach. We have identified various relevant sales transactions which satisfied the criteria on time, usage, and location, including (i) sales transactions which are recent to the Valuation Date; (ii) the comparable properties are residential units; and (iii) the comparable properties are located in the same development as the property.

In the valuation of the property, we have considered two residential comparable properties as available in the relevant market, the details of the comparable properties adopted are as follows:

Comparables	A	B
Time of transaction	March 2023	February 2023
Address	Baoneng Shui'ankangcheng, No. 307 Xijiang North Street, Yuhong District, Shenyang City	Baoneng Shui'ankangcheng, No. 307 Xijiang North Street, Yuhong District, Shenyang City
Type of property	residential	residential
Approximate gross floor area (sq.m.)	107.76	109.28
Consideration (RMB)	670,000	630,000
Unit rate (RMB/sq.m.)	6,218	5,765
Adjustment factors		
Time of transaction	Downward adjustment due to market trend	Downward adjustment due to market trend
Location	Same development	Same development
Total adjustments	-0.8%	-0.8%
Adjusted unit rate (RMB/sq.m.)	6,168	5,719

After making the above due adjustments, the adjusted unit rates of the comparables are ranging from RMB5,719 per sq.m. to RMB6,168 per sq.m. on the basis of total gross floor area. The two adjusted unit rates are assigned with the same weight and represent a weighted average of RMB5,944 per sq.m. on the basis of total gross floor area. We multiply the adjusted unit rate (i.e. RMB5,944 per sq.m.) by total gross floor area of the property (i.e. 1,733.26 sq.m.) in deriving the market value of the property (i.e. approximately RMB10,300,000).

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 December 2023
2.	<p>29 commercial units in Block Nos. 16, 17, 18, 19 and 20 at Nos. 301-3, 301, 299, 299-1 and 299-2 Xijiang North Street, Yuhong District, Shenyang City, Liaoning Province, the PRC</p> <p>中國遼寧省瀋陽市於洪區西北街301-3, 301, 299, 299-1及299-2號第16, 17, 18, 19及20座29個商業單位</p>	<p>The property comprises 29 commercial units of a development known as Baoneng Shui'ankangcheng, completed in about 2017.</p> <p>As advised by the Group, the property has a total gross floor area of approximately 12,304.62 sq.m. for retail use.</p> <p>The property is surrounded by various residential developments, shopping malls, schools, hospitals, etc.</p> <p>The land use rights of the property have been granted for a term expiring on 6 December 2052 for commercial use.</p>	<p>As advised by the Group, as at the Valuation Date, portion of the property with a total gross floor area of approximately 4,203 sq.m. was subject a tenancy agreement commencing from 20 October 2023 and expiring on 19 October 2033, at a total monthly rental of approximately RMB75,700 for the first 3 years, with 5% increase every 3 years, exclusive of management fee and other outgoings for retail use.</p> <p>The remaining portion of the property was vacant.</p>	RMB145,900,000.

Notes:

1. Pursuant to 29 Real Estate Title Certificates issued by Shenyang City Natural Resources Bureau (瀋陽市自然資源局), the ownership of the property with a total gross floor area of approximately 12,304.62 sq.m. has been vested in Shenzhen Hongguanghao Industrial Co., Ltd. (深圳宏廣浩實業有限公司) ("Shenzhen Hongguanghao") for a term expiring on 6 December 2052 for commercial use.
2. Shenzhen Hongguanghao is an indirect non-wholly owned subsidiary of the Company.
3. The inspection of the property was performed by Che Leung, an EAA licenced estate agent with over 10-year relevant experience and 1-year valuation experience, in January 2024.
4. We have been provided with a legal opinion report regarding the property prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following salient information:
 - a. Shenzhen Hongguanghao is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
 - b. The property is not subject to mortgage or other major encumbrance;
 - c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and
 - d. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

5. In arriving at our opinion of market value of the property, we have adopted the direct comparison approach. We have identified various relevant sales asking evidences which satisfied the criteria on time, usage, and location, including (i) sales asking evidences which are recent to the Valuation Date; (ii) the comparable properties are retail units; and (iii) the comparable properties are located in the same district as the property.

In the valuation of the property, we have considered two retail comparable properties as available in the relevant market, the details of the comparable properties adopted are as follows:

Comparables	A	B
Time of asking Address	January 2024 No.82 Xijiang North Street, Yuhong District, Shenyang City	January 2024 No.139 Xijiang North Street, Yuhong District, Shenyang City
Type of property	retail	retail
Level	1	1
Approximate gross floor area (sq.m.)	145.00	124.37
Asking price (RMB)	2,300,000	2,000,000
Unit rate (RMB/sq.m.)	15,862	16,081
Adjustment factors		
Time of asking	Same period	Same period
Nature	Downward adjustment due to asking nature	Downward adjustment due to asking nature
Location	Downward adjustment due to comparable A is in better location	Downward adjustment due to comparable B is in better location
Floor	Downward adjustment due to floor difference	Downward adjustment due to floor difference
Total adjustments	-25.0%	-26.6%
Adjusted unit rate (RMB/sq.m.)	11,897	11,803

After making the above due adjustments, the adjusted unit rates of the comparables are ranging from RMB11,803 per sq.m. to RMB11,897 per sq.m. on the basis of total gross floor area. The two adjusted unit rates are assigned with the same weight and represent a weighted average of RMB11,850 per sq.m. on the basis of total gross floor area. We multiply the adjusted unit rate (i.e. RMB11,850 per sq.m.) by total gross floor area of the property (i.e. 12,304.62 sq.m.) in deriving the market value of the property (i.e. approximately RMB145,900,000).

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 December 2023
3.	<p>16 commercial units located at Time Original Garden, No. 82 Baxia Road, Economic and Technological Development Area, Hefei City, Anhui Province, the PRC</p> <p>中國安徽省合肥市經開區壩下路82號時光原著花園16個商業單位</p>	<p>The property comprises 16 commercial units of a development known as Time Original Garden, completed in about 2013.</p> <p>As advised by the Group, the property has a total gross floor area of approximately 1,943.39 sq.m. for retail use.</p> <p>The property is surrounded by various residential developments, shopping malls, etc.</p> <p>The land use rights of the property have been granted for a term expiring on 30 July 2081 for commercial services uses.</p>	<p>As advised by the Group, as at the Valuation Date, the property with a total gross floor area of approximately 1,943 sq.m. was subject a tenancy agreement commencing from 5 March 2017 and expiring on 5 March 2027, at a total monthly rental of approximately RMB89,500, exclusive of management fee and other outgoings for retail use.</p>	RMB23,300,000.

Notes:

1. Pursuant to 16 Real Estate Title Certificates issued by Hefei City Natural Resources and Planning Bureau (合肥市自然資源和規劃局), the ownership of the property with a total gross floor area of approximately 1,943.39 sq.m. has been vested in Shenzhen Baoxin Trading Company Limited (深圳寶新商貿有限公司) (“**Shenzhen Baoxin Trading**”) for a term expiring on 30 July 2081 for commercial services use.
2. Shenzhen Baoxin Trading is an indirect wholly-owned subsidiary of the Company.
3. The inspection of the property was performed by Che Leung, an EAA licenced estate agent with over 10-year relevant experience and 1-year valuation experience, in January 2024.
4. We have been provided with a legal opinion report regarding the property prepared by the Group’s PRC Legal Adviser, which contains, inter alia, the following salient information:
 - a. Shenzhen Baoxin Trading is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
 - b. The property is not subject to mortgage or other major encumbrance;
 - c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and
 - d. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

5. In arriving at our opinion of market value of the property, we have adopted the direct comparison approach. We have identified various relevant sales asking evidences which satisfied the criteria on time, usage, and location, including (i) sales asking evidences which are recent to the Valuation Date; (ii) the comparable properties are retail units; and (iii) the comparable properties are located in the same district as the property.

In the valuation of the property, we have considered two retail comparable properties as available in the relevant market, the details of the comparable properties adopted are as follows:

Comparables	A	B
Time of asking	December 2023	December 2023
Address	Hong Kong and Macau Plaza, Economic and Technological Development Area, Hefei City	Shimen Road, Jade Lake, Economic and Technological Development Area, Hefei City
Type of property	retail	retail
Level	1	1
Approximate gross floor area (sq.m.)	62.55	128.00
Asking price (RMB)	800,000	1,680,000
Unit rate (RMB/sq.m.)	12,790	13,125
Adjustment factors		
Time of asking	Same period	Same period
Nature	Downward adjustment due to asking nature	Downward adjustment due to asking nature
Location	Downward adjustment due to comparable A is in better location	Downward adjustment due to comparable B is in better location
Total adjustments	-7.0%	-8.0%
Adjusted unit rate (RMB/sq.m.)	11,894	12,075

After making the above due adjustments, the adjusted unit rates of the comparables are ranging from RMB11,894 per sq.m. to RMB12,075 per sq.m. on the basis of total gross floor area. The two adjusted unit rates are assigned with the same weight and represent a weighted average of RMB11,985 per sq.m. on the basis of total gross floor area. We multiply the adjusted unit rate (i.e. RMB11,985 per sq.m.) by total gross floor area of the property (i.e. 1,943.39 sq.m.) in deriving the market value of the property (i.e. approximately RMB23,300,000).

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 December 2023
4.	<p>33 commercial units located at Lingxiang Garden, No. 449 Huangshan Road, Shushan District, Hefei City, Anhui Province, the PRC</p> <p>中國安徽省合肥市蜀山區黃山路449號領翔花園33個商業單位</p>	<p>The property comprises 33 commercial units of a development known as Lingxiang Garden, completed in about 2013.</p> <p>As advised by the Group, the property has a total gross floor area of approximately 6,062.52 sq.m. for retail use.</p> <p>The property is surrounded by various residential developments, shopping malls, universities, etc.</p> <p>The land use rights of the property have been granted for a term expiring on 18 June 2049 for commercial services use.</p>	<p>As advised by the Group, as at the Valuation Date, portion of the property with a total gross floor area of approximately 5,098 sq.m. was subject various tenancy agreements with the latest expiry date on 30 June 2030, at a total monthly rental of approximately RMB261,300, exclusive of management fees and other outgoings for retail use.</p> <p>The remaining portion of the property was vacant.</p>	RMB63,200,000.

Notes:

1. Pursuant to 33 Real Estate Title Certificates issued by Hefei City Natural Resources and Planning Bureau (合肥市自然資源和規劃局), the ownership of the property with a total gross floor area of approximately 6,062.52 sq.m. has been vested in Shenzhen Baoxin Trading Company Limited (深圳寶新商貿有限公司) (“**Shenzhen Baoxin Trading**”) for a term expiring on 18 June 2049 for commercial services use.
2. Shenzhen Baoxin Trading is an indirect wholly-owned subsidiary of the Company.
3. The inspection of the property was performed by Che Leung, an EAA licenced estate agent with over 10-year relevant experience and 1-year valuation experience, in January 2024.
4. We have been provided with a legal opinion report regarding the property prepared by the Group’s PRC Legal Adviser, which contains, inter alia, the following salient information:
 - a. Shenzhen Baoxin Trading is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
 - b. The property is not subjected to mortgage or other major encumbrance;
 - c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and
 - d. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

5. In arriving at our opinion of market value of the property, we have adopted the direct comparison approach. We have identified various relevant sales asking evidences which satisfied the criteria on time, usage and location, including (i) sales asking evidences which are recent to the Valuation Date; (ii) the comparable properties are retail units; and (iii) the comparable properties are located in the same district as the property.

In the valuation of the property, we have considered two retail comparable properties as available in the relevant market, the details of the comparable properties adopted are as follows:

Comparables	A	B
Time of asking	December 2023	December 2023
Address	Science Avenue, Wangjiang West Road, Shushan District, Hefei City	Arc de Triomphe, Qianshan Road Service Road, Hezuohua Road, Shushan District, Hefei City
Type of property	retail	retail
Level	1	1
Approximate gross floor area (sq.m.)	163.75	286.06
Asking price (RMB)	1,700,000	3,336,000
Unit rate (RMB/sq.m.)	10,382	11,662
Adjustment factors		
Time of asking	Same period	Same period
Nature	Downward adjustment due to asking nature	Downward adjustment due to asking nature
Location	Upward adjustment due to comparable A is in inferior location	Upward adjustment due to comparable B is in inferior location
Floor	Downward adjustment due to floor difference	Downward adjustment due to floor difference
Total adjustments	-3.0%	-7.5%
Adjusted unit rate (RMB/sq.m.)	10,070	10,787

After making the above due adjustments, the adjusted unit rates of the comparables are ranging from RMB10,070 per sq.m. to RMB10,787 per sq.m. on the basis of total gross floor area. The two adjusted unit rates are assigned with the same weight and represent a weighted average of RMB10,429 per sq.m. on the basis of total gross floor area. We multiply the adjusted unit rate (i.e. RMB10,429 per sq.m.) by total gross floor area of the property (i.e. 6,062.52 sq.m.) in deriving the market value of the property (i.e. approximately RMB63,200,000).



北京亞超資產評估有限公司
Beijing YaChao Assets Appraisal Co., Ltd.

**CONSULTANCY REPORT ON THE VALUE OF
THE TOTAL SHAREHOLDERS' EQUITY IN
SHENZHEN VIRDOM EDUCATION
INVESTMENTS COMPANY LIMITED**

6 February 2024

Company Address: Rm. 2202, 20th Floor, Tian Xing Jian Business Building, #47 Fuxing Road,
Haidian District, Beijing 100036

Tel: (010) 51716863

Value of the Total Shareholders' Equity in Shenzhen Virdom Education Investments Company Limited**I. PREAMBLE****To Yunnan International Holding Group Limited:**

Adhering to the principles of independence, objectiveness and impartiality, Beijing YaChao Assets Appraisal Co., Ltd. was engaged by Yunnan International Holding Group Limited to appraise and advise on the market value of 100% equity interest in Shenzhen Virdom Education Investments Company Limited (the “**Company**”) as at 31 May 2023, by adopting the asset-based approach and implementing the necessary appraisal procedures in accordance with the requirements imposed by laws and administrative regulations. The commissioning party and the subject of valuation accept full responsibility for the truthfulness, legitimacy and completeness of the information provided for valuation and related to legal ownership, and ensure the safety and completeness of the assets being appraised. This valuation consulting report is only used by the commissioning party to understand the value of assets, and shall not be used as the basis for other economic behaviors.

II. PROFILE OF THE COMMISSIONING PARTY, THE SUBJECT OF VALUATION AND OTHER USERS OF THE VALUATION CONSULTANCY REPORT AS AGREED IN THE COMMISSIONING CONTRACT**(1) Profile of the Commissioning Party**

Company name:	Yunnan International Holding Group Limited;
Company number:	F0024429;
Type:	incorporated as a non-Hong Kong company;
Chairman:	Yan Jiong;
Date of incorporation:	29 January 2018;
Business Address:	Rm 2008, 20/F, China Resources Building, 26 Harbor Road, Wanchai, Hong Kong;
Current status:	remaining incorporated.

(2) Profile of the Subject of Valuation**1. Registration Particulars of Business License**

Company name:	Shenzhen VirDOM Education Investments Company Limited;
Unified Social Credit Identifier:	91440300335410669U;
Type:	Limited liability company (sole proprietorship of legal person);
Address:	101-1, Building 1, South Zone of Yuanchuang Kongjian, South Side of Bulong Road, Xinniu Community, Minzhi Street, Longhua District, Shenzhen, China;
Legal representative:	Lu Xuequn;
Registered capital:	RMB40,000,000;
Date of Establishment:	10 July 2015;
Business operation period:	from 10 July 2015 to permanent;
Scope of business:	General business areas are: education information platform, educational resources database, technical development of modern educational equipment and open software, technical consultancy; cultural activities planning (excluding karaoke, ballrooms); economic information consultancy; (excluding human resources intermediary services); education information consultancy; (all of the above do not include items prohibited by laws, administrative regulations, or those that require the approval of the State Council), approved operating project: human resources information consultancy.

2. *History and Shareholding Structure*(i) *Company Profile*

The Company is a limited liability company established by Shenzhen Yuejin Investment Company Limited with contribution in cash. The Company was registered with a capital of RMB10,000,000.00, and obtained a “Corporate Legal Person Business License” issued by Shenzhen Municipal Market Supervision Administration of Guangdong Province in August 2016.

(ii) *Company establishment (in July 2015)*

The shareholding structure at the time of establishment was as follows:

Amounts in RMB0’000

No.	Name of Shareholder	Form of capital contribution	Subscribed contribution amount	Contribution paid amount	Percentage of contribution
1	Shenzhen Yuejin Investment Company Limited	Cash	1,000.00	1,000.00	100%
Total			1,000.00	1,000.00	100%

(iii) *Shareholding structure as at the valuation reference date*

In August 2022, in accordance with the Resolution of the Shareholders’ Meeting, it was agreed to increase the registered capital, and the capital increase was carried out by Shenzhen Baohuian Industrial Company Limited, and the shareholding structure of the Company as at the valuation reference date after the change of the subscribed registered capital was as follows:

Amounts in RMB0’000

No.	Name of Shareholder	Form of capital contribution	Subscribed contribution amount	Contributions paid amount	Percentage of contribution
1	Shenzhen Baohuian Industrial Company Limited	Cash	4,000.00	1,000.00	100%
Total			4,000.00	1,000.00	100%

3. *Assets, liabilities and operating results of the Subject of Valuation in recent years*(i) *Assets, liabilities and financial position***Summary statement of assets, liabilities and financial position (individual)***Amount in RMB0'000*

Items of assets and liabilities	2019/12/31	2020/12/31	2021/12/31	2022/12/31	2023/5/31
Current asset	35.77	1,180.42	2,481.79	1.15	2.26
Non-current asset	7,163.69	3,194.55	1,415.28	1,718.80	1,100.70
Total assets	7,199.45	4,374.97	3,897.07	1,719.95	1,102.95
Current liability	5,714.91	5,871.44	5,495.38	135.47	40.35
Non-current liability	148.99	129.06	84.90	96.41	60.45
Total liabilities	5,863.90	6,000.50	5,580.28	231.89	100.80
Shareholders' equity	1,335.55	-1,625.53	-1,683.20	1,488.07	1,002.15
Items of income statement	2019	2020	2021	2022	January-May 2023
Revenue	-	1,041.49	1,910.00	235.40	-
Operating costs	-	897.61	1,607.18	235.60	-
Profit from operations	87.66	-2,981.02	-101.83	-264.12	219.74
Total profit	87.66	-2,981.02	-101.83	-264.12	219.74
Net profit	58.79	-2,961.08	-57.67	-266.80	-485.91
Type of audit opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion
Auditing body	Zhongxi Certified Public Accountants (Special General Partnership) SZSE Branch	Zhongxi Certified Public Accountants (Special General Partnership) SZSE Branch		Mazars Certified Public Accountants LLP Yunnan ranch	Mazars Certified Public Accountants LLP Yunnan Branch

(ii) *Accounting system*

The company's financial statements have been recognised, measured and reported on an accrual basis for the purpose of accounting, and prepared in accordance with the Accounting Standards for Business Enterprises – Basic Standards, specific accounting standards and the application guidelines and interpretations thereof as well as other related provisions issued by the Ministry of Finance.

(iii) Major taxes and tax rates

No.	Tax type	Tax rate	Taxable basis
1	Enterprise income tax	25%	Taxable income
2	Value-added tax	9%	Added values of goods sold or services provided
3	Urban maintenance and construction tax	7%	Amount of turnover tax payable
4	Education surcharge	3%	Amount of turnover tax payable
5	Local education surcharge	2%	Amount of turnover tax payable

(3) Relationship between the Commissioning Party and the Subject of Valuation

The Commissioning Party of this valuation consultancy is Yunnan International Holdings Group Limited and the Subject of Valuation is Shenzhen VirDOM Education Investments Company Limited. Yunnan International Holdings Group Limited intends to offset the debts of the Company with capital contribution involving 100% equity interest in Shenzhen VirDOM Education Investments Company Limited.

(4) Users of the valuation consultancy reports other than the Commissioning Party

This consultancy report is only for the use of the Commissioning Party.

The appraisers and the appraisal firm accept no responsibility for the consequences resulted from the improper use of the valuation consultancy report by the Commissioning Party and other users thereof.

III. PURPOSE OF VALUATION CONSULTANCY

The purpose of the valuation consultancy is to provide a basis of reference for Yunnan International Holding Group Limited to understand the value of the 100% equity interest in Shenzhen VirDOM Education Investments Company Limited.

IV. TARGET AUDIENCE AND SCOPE OF ASSESSMENT AND CONSULTATION

(1) Subject of Valuation

The subject of the valuation consultancy is the value of the entire equity interest of the shareholders of Shenzhen Virdom Education Investments Company Limited.

(2) Scope of Valuation

The scope of the valuation covers all the assets and liabilities reported as audited by Shenzhen Virdom Education Investments Company Limited.

As at 31 May 2023, the valuation reference date, the accounting statements of Shenzhen Virdom Education Investments Company Limited were audited by the Yunnan Asia Pacific Branch of Mazars Certified Public Accountants LLP and an unqualified auditor's report was issued, and the audited assets and liabilities were as follows:

Summary of asset valuation declarations

Amount in RMB0'000

Item	Carrying value as at the valuation reference date
Current asset	2.26
Non-current asset	1,100.70
Of which: Investment property	1,081.91
Deferred tax assets	18.79
Total assets	1,102.95
Current liability	40.35
Non-current liability	60.45
Total liabilities	100.80
Net assets (owners' equity)	1,002.15

The subject and the scope of this commissioned valuation are in line with the subject and scope of valuation involved in economic behaviour.

(3) Conditions and Characteristics of Key Assets within the Scope of Valuation

- Current assets, non-current assets
 1. Cash at bank and on hand, which is the main component of current assets with a carrying value of RMB12,300, are mainly bank deposits.
 2. Investment property, which is a main component of non-current assets with a carrying value of RMB10,819,100, mainly consists of residential properties for lease.
- Physical assets

The physical assets are investment properties located in the Waterfront Kangcheng in Shenyang, Liaoning Province (遼寧省瀋陽市水岸康城小區).

Investment properties

Investment properties, with a carrying value of RMB10,819,100, are located in Waterfront Kangcheng, No. 307, Xijiang North Street, Yuhong District, Shenyang, Liaoning Province (遼寧省瀋陽市于洪區西江北街307號水岸康城小區), mainly comprising residential units for lease, all of which are bare shell units, distributed in 6-storey high Building 1 and Building 2, and the residential units to be valued are distributed on the 1st to 4th floors, with two units on each floor, reinforced concrete construction, and a total gross floor area of 1,733.26 m². They were completed in June 2015 for occupation.

Status of ownership

No.	Land use right certificate no.	Name of asset	Nature of land	Land use	Expiry date	Structure	Completed	Gross floor area m ²	Holder of the rights set out in the certificate
1	Liao (2017) Shenyang Real Estate Right No. 0184562	No. 307, Xijiangbei Street, Yuhong District (1-1-2)	Transferred	Urban mixed residential	06 December 2082	Reinforced concrete	June 2015	157.17	Shenzhen Virdom Education Investments Company Limited.
2	Liao (2017) Shenyang Real Estate Right No. 0184561	No. 307, Xijiangbei Street, Yuhong District (2-1-1)	Transferred	Urban mixed residential	06 December 2082	Reinforced concrete	June 2015	157.01	Shenzhen Virdom Education Investments Company Limited.

APPENDIX VIII

**BUSINESS VALUATION REPORT OF
SHENZHEN VIRDOM AS AT 31 MAY 2023**

No.	Land use right certificate no.	Name of asset	Nature of land	Land use	Expiry date	Structure	Completed	Gross floor area m ²	Holder of the rights set out in the certificate
3	Liao (2017) Shenyang Real Estate Right No. 0184563	No. 307, Xijiangbei Street, Yuhong District (1-2-1)	Transferred	Urban mixed residential	06 December 2082	Reinforced concrete	June 2015	149.75	Shenzhen Virdom Education Investments Company Limited.
4	Liao (2017) Shenyang Real Estate Right No. 0184565	307 Xijiangbei Street, Yuhong District (1-2-2)	Transferred	Urban mixed residential	06 December 2082	Reinforced concrete	June 2015	149.75	Shenzhen Virdom Education Investments Company Limited.
5	Liao (2017) Shenyang Real Estate Right No. 0184559	307 Xijiangbei Street, Yuhong District (2-2-1)	Transferred	Urban mixed residential	06 December 2082	Reinforced concrete	June 2015	149.60	Shenzhen Virdom Education Investments Company Limited.
6	Liao (2017) Shenyang Real Estate Right No. 0184538	307 Xijiangbei Street, Yuhong District (2-2-2)	Transferred	Urban mixed residential	06 December 2082	Reinforced concrete	June 2015	149.60	Shenzhen Virdom Education Investments Company Limited.
7	Liao (2017) Shenyang Real Estate Right No. 0184537	307 Xijiangbei Street, Yuhong District (2-3-1)	Transferred	Urban mixed residential	06 December 2082	Reinforced concrete	June 2015	138.53	Shenzhen Virdom Education Investments Company Limited.
8	Liao (2017) Shenyang Real Estate Right No. 0184558	307 Xijiangbei Street, Yuhong District (2-3-2)	Transferred	Urban mixed residential	06 December 2082	Reinforced concrete	June 2015	138.53	Shenzhen Virdom Education Investments Company Limited.
9	Liao (2017) Shenyang Real Estate Right No. 0184552	No. 307, Xijiangbei Street, Yuhong District (1-4-1)	Transferred	Urban mixed residential	06 December 2082	Reinforced concrete	June 2015	135.90	Shenzhen Virdom Education Investments Company Limited.

No.	Land use right certificate no.	Name of asset	Nature of land	Land use	Expiry date	Structure	Completed	Gross floor area m ²	Holder of the rights set out in the certificate
10	Liao (2017) Shenyang Real Estate Right No. 0184549	307 Xijiangbei Street, Yuhong District (1-4-2)	Transferred	Mixed residential land in towns and cities	06 December 2082	Reinforced concrete	June 2015	135.90	Shenzhen Virdom Education Investments Company Limited.
11	Liao (2017) Shenyang Real Estate Right No. 0184548	307 Xijiangbei Street, Yuhong District (2-4-1)	Transferred	Urban mixed residential	06 December 2082	Reinforced concrete	June 2015	135.76	Shenzhen Virdom Education Investments Company Limited.
12	Liao (2017) Shenyang Real Estate Right No. 0184557	307 Xijiangbei Street, Yuhong District (2-4-2)	Transferred	Urban mixed residential	06 December 2082	Reinforced concrete	June 2015	135.76	Shenzhen Virdom Education Investments Company Limited.
Total								1,733.26	

Location

The shops of Waterfront Kangcheng in Shenyang are located at 307 Xijiang North Street, Pingluo Street, Yuhong District, Shenyang, near Shenyu Line and close to Dongsheng Jiayuan and Jinchang Jinghuayuan. Its south gate is close to the 393 bus station, about 5 km away from the Renjiehu Station's Subway Line Two. In the middle of the housing estate, there is a square of about 1,000 m² for owners to rest and have fun, and there are children's slides, swings and other recreational facilities on both sides. 1000 meters to the south of the sub-district is the Zaohua market fair, which opens once every three days, and provides the convenience for food purchase. Pingluo market is 3 km to the north, and the lack of commercial facilities around the sub-district makes it inconvenient for shopping. Shenyang 60th Middle School, Pingluo Hospital and Shengjing Hospital of China Medical University are 0.6 km, 0.8 km and 5.5 km from the sub-district, respectively.

The location map of Shenyang Waterfront Kangcheng is as follows:



Status of other rights

As at the valuation reference date, there were no other rights such as mortgages or guarantees on the land being valued.

(4) Intangible assets reported by the enterprise with or without book records

Intangible assets not reported on the books of the enterprise and intangible assets not recorded on its books.

(5) Type and quantity of off-balance sheet assets declared by the enterprise

During the course of this valuation consultancy, the appraisal consultant had advised the enterprise to carry out a verification and reporting of all assets owned by the enterprise, and the enterprise agreed that there were no other assets owned by the enterprise that were not recorded in the books of account, except for the assets recorded above.

(6) Types, quantities and carrying amounts of assets associated with reference to reports issued by other agencies

In this valuation consultancy, the audited financial data of the audit report issued by the Yunnan Asia-Pacific Branch of Mazars Certified Public Accountants LLP is quoted as the book value of the subject of the valuation. Other than that, no reference is made to reports issued by other agencies.

V. TYPE OF VALUE

Based on the purpose of the valuation, market conditions, the conditions of the subject of the valuation, and taking into account the relevance of the type of value to the assumptions of the valuation, the type of value of the assets being valued has been determined as market value.

Market value is the estimated amount of the value of the subject of valuation in an arm's length transaction as at the valuation reference date, between a willing buyer and a willing seller, each acting rationally and without any coercion.

VI. VALUATION REFERENCE DATE

The valuation reference date is 31 May 2023.

Closest to the actual date when the economic behaviour took place, the valuation reference date can effectively reflect the condition of the assets, which is in line with the purpose of the valuation. As the reference date is the balance sheet date of the subject of valuation, it can fully reflect the overall situation of the various assets and liabilities of the subject of valuation, thus facilitating the check on assets. After discussion, we determined jointly with the commissioning party and the subject of valuation such date as the valuation reference date.

The price standards used in this valuation and consultation are those in force or in effect as at the valuation reference date.

VII. VALUATION METHODOLOGY**(1) Basic Valuation Approaches**

Asset valuation methods include three basic approaches, namely market approach, income approach and cost approach, and their derivative approaches. The valuer shall, taking into account the purpose of valuation, the subject of valuation, types of value, data collection and the conditions for application of valuation approaches, analyse the availabilities of these three basic methods in order to select applicable valuation approaches in accordance with the law.

1. Asset-based approach

The asset-based approach to appraise the value of a company refers to the appraisal method of determining the value of the subject of valuation by assessing the value of all on-balance-sheet and identifiable off-balance-sheet assets and liabilities based on the balance sheet of the subject of valuation as at the valuation reference date.

2. *Income approach*

The income approach to appraise the value of a company refers to the appraisal method of determining the value of the subject of valuation by capitalising or discounting the expected earnings. The valuer should properly consider the applicability of the income approach in the light of the historical operations of the subject of valuation, the predictability of future earnings and the adequacy of the appraisal information obtained.

Specific methods commonly used for the income approach include the discounted dividend method and the discounted cash flow method.

The discounted dividend method is a specific method of discounting expected dividends to determine the value of the subject of valuation, which is usually applicable to the valuation of partial equity value of shareholders without power of control. The discounted cash flow method usually includes the discounted free cash flow model of a company and the discounted free cash flow model of the equity interest. The valuer should appropriately select the discounted cash flow model based on the industry, business model, capital structure and development trend of the subject of valuation.

3. *Market approach*

The market approach to appraise the value of a company refers to the appraisal method of determining the value of the subject of valuation by comparing it with comparable listed companies or comparable transaction cases. The valuer should consider the applicability of the market approach in the light of the adequacy and reliability of the operational and financial data obtained on comparable companies and the number of comparable companies that can be collected.

The two commonly used specific methods of market approach are comparison method of listed companies and comparison method of transaction cases.

The comparison method of listed companies refers to a specific method of obtaining and analysing the operation and financial data of comparable listed companies, calculating the value ratio, and determining the value of the subject of valuation on the basis of comparative analysis with the evaluated entity.

The comparison method of transaction cases refers to a specific method of obtaining and analysing information on cases of sales and purchases and mergers of comparable companies, calculating the ratio of value, and determining the value of the subject of valuation based on comparative analyses with the evaluated entity.

(2) Selection of Valuation Approach

Analysis on the applicability of the three valuation approaches for this project:

1. Analysis of the applicability of the asset-based approach

Considering that the various types of assets and liabilities entrusted for valuation are capable of fulfilling the on-site investigation procedures and meeting the conditions for the application of the valuation methodology, and assessing the information requirements for the estimation, the asset-based approach has been selected for the valuation of this project.

2. Analysis of the applicability of the income approach:

Considering that the subject of valuation is an asset management company, it has not actually carried out business operations and is unable to forecast future earnings, the income approach is not applicable to the valuation of this project.

3. Analysis of the applicability of the market approach:

Considering that there are insufficient number of listed companies in the same industry comparable to the subject of valuation in China's capital market, as well as there are fewer cases of transactions in the market in the same industry and limited disclosure of information, the market approach is not applicable to the valuation of this project.

In view of the above and in accordance with the purpose of the valuation, the asset-based approach has been selected for the valuation.

(3) Technical Considerations on the Selection of Valuation Approach***Asset-based approach***

The use of the asset-based approach in the valuation of a company refers to the use of an appropriate methodology to assess the value of assets and liabilities to arrive at the appraised value of the entire shareholders' equity.

The valuation methodology for specific categories of assets and liabilities is set out below:

1. Monetary funds

For monetary funds denominated in RMB, the appraised value is determined based on the verified book value.

2. Investment properties

In accordance with the purpose of this valuation consultancy and in line with the principle of continuous use, and taking into account the characteristics of each of the building assets to be valued and the information collected, the market approach was adopted for the valuation.

Market approach

The market approach is based on the principle of substitution, whereby the appraised value is obtained by corrective adjustments to the transaction prices of buildings (structures) similar to the target of the appraisal enquiry. The basic formula of the market approach is as follows:

$$P = P' \times A \times B \times C \times D$$

Where: P – Assessed value;

P' – Actual price of comparable transaction;

A – Correction factor of transaction factors;

B – Correction factor of date factors;

C – Correction factor of regional factors;

D – Correction factor of individual factors.

3. Liabilities

Liabilities mainly include tax payable, other payables and deferred income tax liabilities. The liabilities of a company are reviewed and verified, and based on the verification, the actual amount of liabilities to be borne by the company as at the valuation reference date is taken as the appraised value of the liabilities.

VIII. IMPLEMENTATION PROCESS AND SITUATION OF VALUATION CONSULTANCY PROCEDURES

In accordance with the relevant provisions of laws and regulations, the valuation consultancy has fulfilled the appropriate valuation procedures. The specific implementation procedures are as follows:

(1) Specifying General Matters for the Valuation Consultancy Engagement

Discuss with the commissioning party in relation to other users of the valuation consultancy report other than the appraised entity and the commissioning party, the purpose of valuation, the subject and scope of valuation, type of value, valuation reference date, the restriction on the use of the valuation consultancy report, the deadline and manner for submission of the valuation consultancy report, valuation service fee and payment method, as well as the collaboration and coordination among the commissioning party, other parties involved, the asset valuation firm and the appraisers and other important matters, and specify such matters.

(2) Entering into the Engagement Contract

After conducting comprehensive analyses and evaluations of the professional competence, independence and business risks of the asset valuation firm and appraisers in light of the particulars on valuation engagement, we entered into an engagement contract with the commissioning party.

(3) Formulation of Work Plan for the Valuation Consultancy

According to the requirements of the consultancy engagement, a work plan was prepared for the valuation consultancy, including, among others, determination of specific steps, time schedule and personnel placement, as well as formulation of technical plan for the valuation consultancy, and submitted to the relevant person in charge for review and approval.

(4) On-site Investigation

1. Help the commissioning party, the subject of valuation and other relevant parties to check assets and prepare detailed information in relation to the subject and the scope of valuation;
2. According to the specific circumstances of the subject of the valuation, understand the current situation of the subject of valuation in an appropriate way, in particular pay attention to the legal ownership of the subject of valuation. In case of any discrepancies, conduct investigation on a case-by-case basis by sampling and other ways according to the importance.

(5) Collection of Valuation Information

Collect data that are derived directly and independently from the market and other channels, provided by the commissioning party, the appraised entity and other parties involved, and obtained from government authorities, professional organisations and other relevant departments; check and verify the information used in the valuation consultancy, usually by means of observation, inquiry, written examination, on-site investigation, inquiry, correspondence, review and etc..

(6) Assessment and Estimation

1. Analyse the applicability of valuation methodologies such as the market approach, the income approach and the asset-based approach in light of the subject of valuation, type of value, data collection for the valuation and other relevant conditions, and select appropriate valuation methodology(ies);
2. Based on the valuation approach(es) adopted, select applicable formulas and parameters for analysis, calculation and judgment to form estimation results;
3. Comprehensively analyse the estimation results so derived in order to form valuation consultancy conclusions.

(7) Preparation and Submission of Valuation Report

1. Prepare a valuation consultancy report and form an exposure draft of the consultancy report after internal review;
2. Without prejudice to independent judgment on the final valuation conclusions, issue a valuation consultancy report to the commissioning party after communication with the commissioning party or such parties as it may permit regarding the contents of the valuation consultancy report, if necessary.

IX. VALUATION ASSUMPTIONS

In the course of the valuation consultancy process, the valuation assumptions that we have relied upon and used are the basic premises for the writing of the valuation report. Users of the valuation report are reminded to pay attention to the contents of the valuation assumptions in order to understand and use the valuation conclusions correctly. We are guided by the following conditions of the valuation assumptions, and in the event that there are important changes in the valuation assumptions after the date of the valuation report that would materially affect the valuation conclusions, the results of the valuation should be adjusted accordingly.

(1) Basic Assumption**1. *Transaction assumption***

The transaction assumption assumes all assets to be valued are in the course of transaction and the valuation assessed by the appraiser is based on simulated market including terms of transaction of such assets. The transaction assumption is one of the most fundamental assumptions for conducting asset valuation.

2. Open market assumptions

The open market assumption assumes that the parties to the assets transaction or the proposed assets transaction in the market have equal bargaining power and have the opportunities and time to obtain sufficient market information in order to make a rational and informed judgment on the assets, including their functions, uses and transaction prices. The basis of open market assumption is that the assets can be traded openly in the market.

3. Asset Going-concern Assumption

The asset going-concern assumption means that the valuation approaches, parameters and basis shall be determined on the premise that the valued assets will be continuously used in consistence with their current functions and methods, scale, frequency and environment of application, or used *mutatis mutandis*.

4. Assumption of Going Concern of Enterprise

The assumption of going concern of enterprise assumes that the subject of valuation will remain a going concern and will operate in a manner consistent with the present.

(2) General Assumptions

1. There are no significant changes in the social and economic environment in which the appraised entity operates, nor in the laws, regulations and policies of the country and the region where the appraised entity is located;
2. It is assumed that the materials provided by the commissioning party and the appraised entity are true, complete and reliable, and there are no other defects or contingencies that may affect the valuation conclusion that should have been provided but have not been provided, and that the necessary valuation procedures have been performed but remained unavailable to the appraisers;
3. It is assumed that no force majeure or unforeseeable events that may affect the operation of the appraised entity will occur subsequent to the valuation reference date;
4. There are no other force majeure and unforeseeable factors that have material adverse impact on the enterprise.

(3) Assumptions for the Valuation

1. The business scope, business mode, management mode, etc. of the subject of Valuation, on the basis of maintaining consistency, can make timely adjustments and innovations in line with the development of the market and science and technology;

2. The assets and liabilities declared by the subject of valuation are free from property rights disputes and other matters of economic disputes;
3. The economic behaviors in relation to the production and operation of the subject of valuation are in compliance with national laws and regulations;
4. There will be no significant changes in future lending rate, VAT and additional tax rates, etc.;
5. The valuation does not take into account the impact on the value of the subject of valuation with respect to outward equity investment projects incurred after the valuation reference date;

In accordance with the requirements of the asset valuation, we recognize that these assumptions are in effect as at the valuation reference date. Where there are any significant changes to the valuation assumptions subsequent to the date of the valuation consultancy report, we accept no responsibility for deriving different valuation conclusions as a result of the changes thereof.

X. VALUATION CONCLUSIONS

Adhering to the principles of independence, objectiveness and impartiality, we have conducted a valuation on all assets and liabilities included in the scope of the valuation based on generally accepted asset valuation methodologies. In the process of the valuation, our appraisers conducted asset stocktaking for the subject of valuation, verified and reviewed the legal documents, accounting records and other relevant information provided by the company, and conducted special investigations and enquiries where necessary. On this basis, we adopted the asset-based approach in appraising the value of the entire shareholders' equity of Shenzhen VirDOM Education Investments Company Limited. The type of value adopted in this valuation consultancy is market value.

(1) Valuation Conclusion under the Asset-based Approach

The book value of total assets included in the scope of valuation was RMB11,029,500, the book value of total liabilities was RMB1,008,000, and the book value of owner's equity was RMB10,021,500.

The appraised value of total assets was RMB11,029,500, the appraised value of total liabilities was RMB1,080,000 and the appraised value of total shareholders' equity was RMB10,021,500. Details are set out in the table below:

Summary of asset valuation results

Amount in RMB0'000

Item	Book value	Assessed value	Increase or decrease in value	Value added %
	A	B	C=B-A	D = C/A x 100%
Current asset	2.26	2.26	--	--
Non-current asset	1,100.70	1,100.70	--	--
Of which: Investment properties	1,081.91	1,081.91	--	--
Deferred tax assets	18.79	18.79	--	--
Total assets	1,102.95	1,102.95	--	--
Current liability	40.35	40.35	--	--
Non-current liability	60.45	60.45	--	--
Total liabilities	100.80	100.80	--	--
Net assets (owners' equity)	1,002.15	1,002.15	--	--

(2) Final Conclusion of the Valuation

The book value of owner's equity interest in Shenzhen VirDOM Education Investments Company Limited was RMB10,021,500, and the appraised value was RMB10,021,500 (**In words: RMB Ten Million Twenty One Thousand Five Hundred Yuan**).

The valuation did not consider the impact of the controlling interest premium on the conclusion of the valuation, nor did it consider the impact of liquidity on the conclusion of the valuation.

XI. SPECIAL NOTES

Below are the matters identified during the valuation that may affect the valuation conclusions, but the assessment and estimation of which are beyond the practicing standards and capabilities of the appraisers:

- (1) Citation of the conclusions of reports issued by other institutions, with an indication of responsibility for improper citation;

In this valuation, the audited financial data in the unqualified audit report issued by the Yunnan Asia Pacific Branch of Yunnan Asia Pacific Branch of Mazars Certified Public Accountants LLP is quoted as the book value of the subject of valuation, and we assume the responsibility for any inappropriate quoting thereof.

- (2) Incompleteness or defects in title and other material information;

Based on the data and information provided by the title holder, we have not identified any incompleteness or defect in title or other material information.

- (3) Legal and economic disputes or other pending matters;

Based on the data and information provided by the title holder, we have not identified any legal or economic disputes or other pending matters.

- (4) The nature and amount of guarantees, leases and contingent liabilities (contingent assets) therefrom and the relationship between them and the subject of the valuation;

Based on the data and information provided by the title holder, we have not identified any guarantees, leases and contingent liabilities (contingent assets) therefrom.

- (5) Other matters that may affect the conclusions of the valuation from the valuation reference date to the date of the valuation consultancy report;

Based on the information provided by the title holder and the findings from the investigations by the appraisers, there are no matters that may affect the conclusions of the valuation identified from the valuation reference date to the date of the valuation consultancy report.

- (6) Any defect in the economic behaviours in relation to this asset valuation that may have a significant impact on the valuation conclusions;

Based on the information provided by the title holder and the findings from the investigations by the appraisers, there are no defect in the economic behaviours in relation to this valuation consultancy that may have a significant impact on the valuation conclusions identified.

- (7) Circumstances where the valuation procedures are restricted, remedies adopted by the asset valuation firm and how they affect the valuation conclusions;

Based on the information provided by the title holder and the findings from the investigations by the appraisers, there are no circumstances where the valuation procedures are restricted.

- (8) In this valuation, considering that the subject of valuation is an asset management company, which has not actually carried out business operations and is unable to forecast future earnings, the income approach is not applicable to the valuation of this project. Considering also that there was insufficient number of listed companies in the same industry comparable to the subject of valuation in China's capital market, as well as there were fewer cases of transactions in the market in the same industry and limited disclosure of information, the market approach is not applicable to the valuation of this project. In view of the above and in accordance with the purpose of the valuation, the asset-based approach has been selected for the valuation.

- (9) The valuation conclusions in the report reflect the market value of the subject of valuation determined in accordance with the principles of an open market for the purpose of this valuation consultancy, without taking into account the fees and taxes to be incurred when making title registration or change of ownership of such assets, and without providing for any tax adjustments to be made in respect of an increment in the appraised value of the assets.
- (10) This valuation consultancy report is only for the use of the commissioning party to understand the value of the assets, and shall not be used as the basis for other economic behaviours.
- (11) Subsequent matters

Subsequent to the valuation reference date, on 27 December 2023, Shenzhen Baohuian Industrial Company Limited withdrew its shareholding and the Company is owned as to 100% by Shenzhen Chixu Industrial Co., Ltd. The impact of the change in shareholding on the future operation of the Company has not been considered.

Users of the report are advised to draw their attention to the possible impact of the above matters on the conclusions of the valuation.

XII. RESTRICTIONS ON THE USE OF THE VALUATION REPORT

- (1) Scope of Use:
 - 1. Save for the commissioning party, other users of the valuation consultancy report provided in the engagement contract, and users of the valuation consultancy report as stipulated by laws and administrative regulations, any other institutions or individuals may not use the valuation consultancy report;
 - 2. This valuation consultancy report shall be used solely for the purposes of valuation consultancy as stated herein;
 - 3. All or any part of the contents of this valuation consultancy report shall not be extracted, reproduced or disclosed in public media, unless otherwise required by laws and regulations or otherwise agreed by the commissioning party and the firm conducting this asset valuation or other parties involved;
 - 4. The valuation report is valid for a term of one year from 31 May 2023.
- (2) The asset valuation firm and its appraisers take no responsibility for any use of the valuation consultancy report not within the scope as stated herein in accordance with the laws and administrative regulations by the commissioning party or other users of the valuation consultancy report.

- (3) The users of the valuation consultancy report should correctly interpret and use the valuation conclusions, which are not equivalent to the realizable value of the subject of valuation and should not be regarded as a guarantee for the realizable value of the subject of valuation.
- (4) This valuation consultancy report shall be interpreted by Beijing YaChao Assets Appraisal Co. Ltd.

XIII. DATE OF THE VALUATION CONSULTANCY REPORT

The date on which the conclusions in this valuation consultancy report are formed is 6 February 2024.

Beijing Yachao Assets Appraisal Co., Ltd.

Beijing, China

6 February 2024



北京亞超資產評估有限公司
Beijing YaChao Assets Appraisal Co., Ltd.

**CONSULTANCY REPORT ON
THE VALUE OF THE TOTAL SHAREHOLDERS' EQUITY IN
SHENZHEN BAOXIN TRADING COMPANY LIMITED**

6 February 2024

**Company Address: Rm. 2202, 20th Floor, Tian Xing Jian Business Building, #47 Fuxing Road,
Haidian District, Beijing 100036**

Tel: (010) 51716863

Value of the Total Shareholders' Equity in Shenzhen Baoxin Trading Company Limited**I. PREAMBLE****To Yunnan International Holding Group Limited:**

Adhering to the principles of independence, objectiveness and impartiality, Beijing YaChao Assets Appraisal Co., Ltd. was engaged by Yunnan International Holding Group Limited to appraise and advise on the market value of the entire equity interest in Shenzhen Baoxin Trading Company Limited (the “**Company**”) as at 31 May 2023, by adopting the asset-based approach and implementing the necessary appraisal procedures in accordance with the requirements imposed by laws and administrative regulations. The commissioning party and the subject of valuation accept full responsibility for the truthfulness, legitimacy and completeness of the information provided for valuation and related to legal ownership, and ensure the safety and completeness of the assets being appraised. This valuation consulting report is only used by the commissioning party to understand the value of assets, and shall not be used as the basis for other economic behaviors.

II. PROFILE OF THE COMMISSIONING PARTY, THE SUBJECT OF VALUATION AND OTHER USERS OF THE VALUATION CONSULTANCY REPORT AS AGREED IN THE COMMISSIONING CONTRACT**(1) Profile of the Commissioning Party**

Company name:	Yunnan International Holding Group Limited;
Company number:	F0024429;
Type:	incorporated as a non-Hong Kong company;
Chairman:	Yan Jiong;
Date of incorporation:	29 January 2018;
Business Address:	Rm 2008, 20/F, China Resources Building, 26 Harbor Road, Wanchai, Hong Kong;
Current status:	remaining incorporated.

(2) Profile of the Subject of Valuation**1. Registration Particulars of Business License**

Company name:	Shenzhen Baoxin Trading Company Limited;
Unified Social Credit Identifier:	91440300MA5FW1UB8L;
Type:	Other limited liability company;
Address:	6E-612, Podium Building, Futian Zhonggang City, Xingang Community, Fubao Street, Futian District, Shenzhen;
Legal representative:	Lu Xuequn;
Registered capital:	RMB87,540,000;
Date of Establishment:	18 October 2019;
Business operation period:	from 18 October 2019 to no fixed term;
Scope of business:	Sale of daily necessities, clothing and accessories, leather products, shoes and hats, cleaning products, cosmetics, skin care products, photographic equipment and toys; technology research and development and sales of audio equipment and gear, ceramic products, electronic products and accessories; domestic trade, import and export of goods and technology; Purchase and sale of non-ferrous metals; logistics solution design and consulting; business management consulting and planning and information consulting; computer information technology consulting and technical services.

2. *History and Shareholding Structure*(i) *Company establishment (in October 2019)*

The shareholding structure at the time of establishment was as follows:

Amounts in RMB0'000

No.	Name of Shareholder	Form of capital contribution	Subscribed contribution amount	Contribution paid amount	Percentage of contribution
1	Shenzhen Baoxin Logistics Company Limited	Cash	1,000	1,000	100%
Total			1,000	1,000	100%

(ii) *Shareholding structure as at the valuation reference date*

In March 2023, in accordance with the Capital Increase Agreement, it was agreed to increase capital of the Company by way of subscription of the newly increased registered capital of Shenzhen Baoxin Trading of RMB77,540,000 by Baoxin Holdings with its 49 properties in Hefei. After the capital increase, the registered capital of the Company was RMB87,540,000 and the shareholding structure as at the valuation reference date was as follows:

Amounts in RMB0'000

No.	Name of Shareholder	Form of capital contribution	Subscribed contribution amount	Shareholding percentage
1	Baoxin Holdings Company Limited	Cash	8,754	100%
Total			8,754	100%

3. *Operating conditions*

The company was established in 2019 and has not conducted any substantial business since its establishment. The accumulated loss from 31 December 2022 to 31 May 2023 was RMB39,900.

4. *Assets, liabilities and operating results of the Subject of Valuation in recent years*(i) *Assets, liabilities and financial position***Summary statement of assets, liabilities and financial position***Amount in RMB0'000*

Balance sheet items	2019/12/31	2020/12/31	2021/12/31	2022/12/31	2023/5/31
Current asset	10.00	42,538.31	42,552.63	42,497.56	645.89
Non-current asset	-	-	-	-	7,115.70
Total assets	10.00	42,538.31	42,552.63	42,497.56	7,761.59
Current liability	-	-	-	-	-
Non-current liability	-	-	-	-	-
Total liabilities	10.50	41,520.40	41,509.92	41,509.91	4.26
Shareholders' equity	-0.50	1,017.91	1,042.71	987.65	7,757.34
Items of income statement	2019	2020	2021	2022	January-June 2023
Revenue	-	24,099.97	25,109.02	16.93	28.22
Operating costs	-	23,768.75	25,057.20	16.12	26.87
Profit from operations	-0.50	24.37	31.74	-54.06	-984.18
Total profit	-0.50	24.37	31.74	-54.06	-984.18
Net profit	-0.50	18.40	24.80	-55.06	-984.31
Type of audit opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion
Auditing body	Shenzhen Branch of Zhongxi Certified Public Accountants (Special General Partnership)	Shenzhen Branch of Zhongxi Certified Public Accountants (Special General Partnership)			

(ii) Accounting system

The company's financial statements have been recognised, measured and reported on an accrual basis for the purpose of accounting, and prepared in accordance with the Accounting Standards for Business Enterprises – Basic Standards, specific accounting standards and the application guidelines and interpretations thereof as well as other related provisions issued by the Ministry of Finance.

(iii) Major taxes and tax rates

No.	Tax type	Tax rate	Taxable basis
1	Enterprise income tax	25%	Taxable income
2	Value-added tax	9%	Added values of goods sold or services provided
3	Urban maintenance and construction tax	7%	Amount of turnover tax payable
4	Education surcharge	3%	Amount of turnover tax payable
5	Local education surcharge	2%	Amount of turnover tax payable

(3) Relationship between the Commissioning Party and the Subject of Valuation

The Commissioning Party of this valuation consultancy is Yunnan International Holdings Group Limited and the Subject of Valuation is Shenzhen Baoxin Trading Company Limited. Yunnan International Holdings Group Limited intends to offset the debts of the Company with capital contribution involving 100% equity interest in Shenzhen Baoxin Trading Company Limited.

(4) Users of the valuation consultancy reports other than the Commissioning Party

This consultancy report is only for the use of the Commissioning Party.

The appraisers and the appraisal firm accept no responsibility for the consequences resulted from the improper use of the consultancy report by the Commissioning Party and other users thereof.

III. PURPOSE OF VALUATION CONSULTANCY

The purpose of the valuation consultancy is to provide a basis of reference for Yunnan International Holding Group Limited to understand the value of the total shareholders' equity in Shenzhen Baoxin Trading Company Limited.

IV. TARGET AUDIENCE AND SCOPE OF ASSESSMENT AND CONSULTATION

(1) Subject of Valuation

The subject of the valuation consultancy is the value of the entire equity interest of the shareholders of Shenzhen Baoxin Trading Company Limited.

(2) Scope of Valuation

The scope of the valuation covers all the assets and liabilities reported as audited by Shenzhen Baoxin Trading Company Limited.

As at 31 May 2023, the valuation reference date, the accounting statements of Shenzhen Baoxin Trading Company Limited were audited by the Yunnan Asia Pacific Branch of Mazars Certified Public Accountants LLP and an unqualified auditor's report was issued, and the audited assets and liabilities were as follows:

Summary of asset valuation declarations

Amount in RMB0'000

Item	Carrying value as at the valuation reference date
Current asset	645.89
Non-current asset	7,115.70
Investment property	7,115.70
Total assets	7,761.59
Current liability	4.26
Total liabilities	4.26
Total net assets (owners' equity)	7,757.34

The subject and the scope of this commissioned valuation are in line with the subject and scope of valuation involved in economic behaviour.

(3) Conditions and Characteristics of Key Assets within the Scope of Valuation

- Current assets, non-current assets
 1. Other current assets, which are the main component of current assets with a carrying value of RMB6,401,563, are mainly tax credit refunds.
 2. Investment property, which is a main component of non-current assets with a carrying value of RMB71,156,990, mainly consists of 49 shops owned by the Subject of Valuation.

- Physical assets

The physical assets include investment properties mainly located in Lingxiang Garden (領翔花園) and Time Original Garden (時光原著) in Hefei City.

Investment properties, with a carrying value of RMB71,156,990 and bad debt provision of RMB0.00, are located in Lingxiang Garden and Time Original, mainly comprising shops under lease with reinforced concrete construction, and a total gross floor area of 8,005.92 m². Lingxiang Garden and Time Original was completed in May 2012 and September 2014 for occupation respectively.

Status of ownership

No.	Land use right certificate no.	Name of asset	Gross floor area m ²
1	Anhui (2023) Hefei Real Estate Right No. 1085870	Shop 101/Shop 101 Upper, 2/F, Commercial Block, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	641.66
2	Anhui (2023) Hefei Real Estate Right No. 1095886	Shop 104, Commercial and Garage Block, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	50.71
3	Anhui (2023) Hefei Real Estate Right No. 1095887	Shop 105, Commercial and Garage Block, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	45.88
4	Anhui (2023) Hefei Real Estate Right No. 1095893	Shop -101, Commercial and Garage Block, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	100.97
5	Anhui (2023) Hefei Real Estate Right No. 1095894	Shop -102, Commercial and Garage Block, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	58.86
6	Anhui (2023) Hefei Real Estate Right No. 1095895	Shop -103, Commercial and Garage Block, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	63.39
7	Anhui (2023) Hefei Real Estate Right No. 1095891	Shop -107, Commercial and Garage Block, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	66.4
8	Anhui (2023) Hefei Real Estate Right No. 1095896	Shop -104, Commercial and Garage Block, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	63.39
9	Anhui (2023) Hefei Real Estate Right No. 1095897	Shop -105, Commercial and Garage Block, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	57.35
10	Anhui (2023) Hefei Real Estate Right No. 1095898	Shop -106, Commercial and Garage Block, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	66.4
11	Anhui (2023) Hefei Real Estate Right No. 1095892	Shop -108, Commercial and Garage Block, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	63.39
12	Anhui (2023) Hefei Real Estate Right No. 1095883	Shop 101, Commercial and Garage Block, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	87.13
13	Anhui (2023) Hefei Real Estate Right No. 1095884	Shop 102, Commercial and Garage Block, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	47.09
14	Anhui (2023) Hefei Real Estate Right No. 1095885	Shop 103, Commercial and Garage Block, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	50.71

No.	Land use right certificate no.	Name of asset	Gross floor area m ²
15	Anhui (2023) Hefei Real Estate Right No. 1095888	Shop 106, Commercial and Garage Block, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	49.5
16	Anhui (2023) Hefei Real Estate Right No. 1095889	Shop 107, Commercial and Garage Block, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	53.12
17	Anhui (2023) Hefei Real Estate Right No. 1095890	Shop 108, Commercial and Garage Block, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	50.71
18	Anhui (2023) Hefei Real Estate Right No. 1095875	Shop 105(-), Building 2, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	134.07
19	Anhui (2023) Hefei Real Estate Right No. 1095879	Shop 106(-), Building 2, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	63.98
20	Anhui (2023) Hefei Real Estate Right No. 1095877	Shop 103, Building 2, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	48.26
21	Anhui (2023) Hefei Real Estate Right No. 1095880	Shop 101, Building 2, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	35.38
22	Anhui (2023) Hefei Real Estate Right No. 1095881	Shop 105, Building 2, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	92.44
23	Anhui (2023) Hefei Real Estate Right No. 1095882	Shop 106, Building 2, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	51.19
24	Anhui (2023) Hefei Real Estate Right No. 1095876	Shop 103(-), Building 2, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	61.41
25	Anhui (2023) Hefei Real Estate Right No. 1095878	Shop 104, Building 2, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	118.79
26	Anhui (2023) Hefei Real Estate Right No. 1095874	Shop 104(-), Building 2, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	133.29
27	Anhui (2023) Hefei Real Estate Right No. 1095901	Shop 201, Building 4, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	1,352.26
28	Anhui (2023) Hefei Real Estate Right No. 1095902	Shop 301, Building 4, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	1,403.49
29	Anhui (2023) Hefei Real Estate Right No. 1095871	Shop 102(-) and Shop 102(-) Upper, Building 1, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	255.13
30	Anhui (2023) Hefei Real Estate Right No. 1095873	Shop 103(-) and Shop 103(-) Upper, Building 1, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	272.46
31	Anhui (2023) Hefei Real Estate Right No. 1095872	Shop 105(-) and Shop 105(-) Upper, Building 1, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	255.1
32	Anhui (2023) Hefei Real Estate Right No. 1095899	Shop 101, Building 4, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	32.45
33	Anhui (2023) Hefei Real Estate Right No. 1095900	Shop 132, Building 4, Lingxiang Garden, No. 449 Huangshan Road, Shushan District	136.16
34	Anhui (2023) Hefei Real Estate Right No. 1095918	Shop -126 Upper/Shop-126, Underground Garage, Time Original Garden, No. 82 Baxia Road, Hefei Economic and Technological Development Area	150.47

No.	Land use right certificate no.	Name of asset	Gross floor area m ²
35	Anhui (2023) Hefei Real Estate Right No. 1095917	Shop -125/Shop -125 Upper, Underground Garage, Time Original Garden, No. 82 Baxia Road, Hefei Economic and Technological Development Area	90.62
36	Anhui (2023) Hefei Real Estate Right No. 1095916	Shop -124/Shop -124 Upper, Underground Garage, Time Original Garden, No. 82 Baxia Road, Hefei Economic and Technological Development Area	97.45
37	Anhui (2023) Hefei Real Estate Right No. 1095915	Shop -123/Shop -123 Upper, Underground Garage, Time Original Garden, No. 82 Baxia Road, Hefei Economic and Technological Development Area	85.59
38	Anhui (2023) Hefei Real Estate Right No. 1095914	Shop -121/Shop -121 Upper, Underground Garage, Time Original Garden, No. 82 Baxia Road, Hefei Economic and Technological Development Area	97.28
39	Anhui (2023) Hefei Real Estate Right No. 1095913	Shop -119/Shop -119 Upper, Underground Garage, Time Original Garden, No. 82 Baxia Road, Hefei Economic and Technological Development Area	94.44
40	Anhui (2023) Hefei Real Estate Right No. 1095912	Shop -118/Shop -118 Upper, Underground Garage, Time Original Garden, No. 82 Baxia Road, Hefei Economic and Technological Development Area	94.44
41	Anhui (2023) Hefei Real Estate Right No. 1095911	Shop -117/Shop -117 Upper, Underground Garage, Time Original Garden, No. 82 Baxia Road, Hefei Economic and Technological Development Area	94.44
42	Anhui (2023) Hefei Real Estate Right No. 1095910	Shop -116/Shop -116 Upper, Underground Garage, Time Original Garden, No. 82 Baxia Road, Hefei Economic and Technological Development Area	102.84
43	Anhui (2023) Hefei Real Estate Right No. 1095909	Shop -115/Shop -115 Upper, Underground Garage, Time Original Garden, No. 82 Baxia Road, Hefei Economic and Technological Development Area	77.94
44	Anhui (2023) Hefei Real Estate Right No. 1095907	Shop -113, Underground Garage, Time Original Garden, No. 82 Baxia Road, Hefei Economic and Technological Development Area	64.31
45	Anhui (2023) Hefei Real Estate Right No. 1095906	Shop -112/Shop -112 Upper, Underground Garage, Time Original Garden, No. 82 Baxia Road, Hefei Economic and Technological Development Area	356.24
46	Anhui (2023) Hefei Real Estate Right No. 1095905	Shop -111, Underground Garage, Time Original Garden, No. 82 Baxia Road, Hefei Economic and Technological Development Area	177.15
47	Anhui (2023) Hefei Real Estate Right No. 1095093	Shop -107/Shop -107 Upper, Underground Garage, Time Original Garden, No. 82 Baxia Road, Hefei Economic and Technological Development Area	75.56
48	Anhui (2023) Hefei Real Estate Right No. 1095904	Shop -110, Underground Garage, Time Original Garden, No. 82 Baxia Road, Hefei Economic and Technological Development Area	153.04

No.	Land use right certificate no.	Name of asset	Gross floor area m ²
49	Anhui (2023) Hefei Real Estate Right No. 1095908	Shop -114/Shop -114 Upper, Underground Garage, Time Original Garden, No. 82 Baxia Road, Hefei Economic and Technological Development Area	131.58

Location

1. Commercial shops of Jianye Lingxiang:

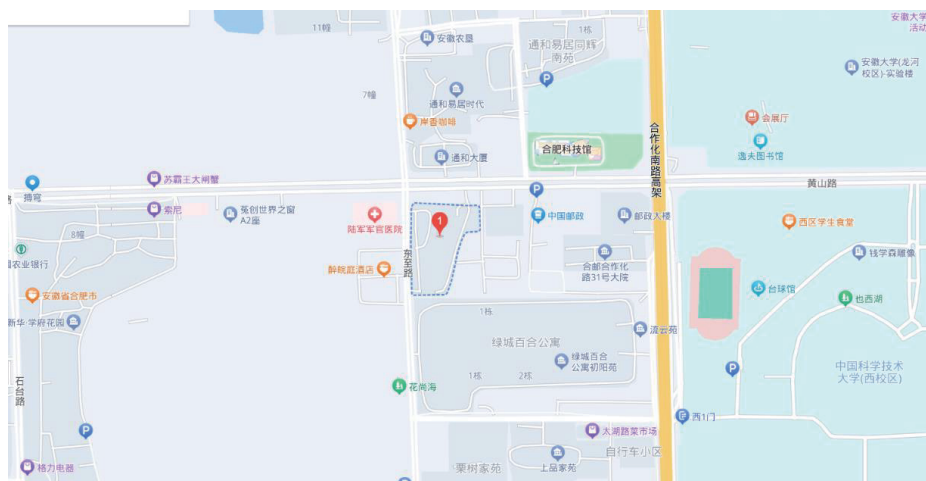
Location: Jianye Lingxiang is located at No. 449 Huangshan Road, Hefei City and faces the West Campus of the University of Science and Technology of China in the east, Green Town Lily Garden in the south, Hefei Window of the World in the west and Huangshan Road in the north.

Concentration of offices: Nearby there are Tonghe Building and other office buildings such as those of Anhui Nongken and Hefei Gas Building, as well as schools such as the West Campus of the University of Science and Technology of China, Anhui University, and National University of Defense Technology.

Accessibility: There are numerous bus routes in the surrounding area. It is 166 meters away from the North Gate bus station of the PLA Army Academy Of Artillery And Air Defense, with routes such as No. 10, No. 56, No. 118, No. 121, No. 125, No. 129, No. 158 and No. T37. The surrounding area has a well-developed road network and is easily accessible.

Public facilities: The Subject of Valuation is surrounded by all kinds of supporting facilities including medical, educational, financial and commercial facilities, thus providing the convenience of living and working.

The location map is as follows:



2. Commercial shops of Time Original Garden:

Location: Time Original Garden is located at No. 82 Baxia Road, Hefei City, adjacent to the Industry Convergence Centre in the east, Furong Road in the south, Hongtai Garden in the west and Hefei Ring Expressway in the north.

Concentration of offices: Nearby there are Mingbang Building and other office buildings such as those of Hefei Water and Yuncheng of Industry Convergence Centre, as well as schools such as Hefei No. 46 Middle School (Haiheng Branch).

Accessibility: There are relatively few bus routes in the surrounding area. It is 253 meters away from the Baxia Road bus station, with route No. 608. The surrounding area has a well-developed road network with less public transportation yet still fairly accessible.

Public facilities: The Subject of Valuation is surrounded by many kinds of supporting facilities including medical, educational, financial and commercial facilities, thus providing the convenience of living and working.

The location map is as follows:



Status of other rights

As at the valuation reference date, there were no other rights such as mortgages or guarantees on the investment properties being valued.

Status of leases

No.	Name of asset	Lessee	Location of leased property	Term of lease	Leased area m ²	Note
1	Shop 101, Building 4, Lingxiang Garden	He Tao (何濤)	Lingxiang Garden, No. 449 Huangshan Road, Shushan District, Hefei, China	2021.12.1 – 2024.11.30	32.45	
2	Shops 104 and 104(-), Commercial and Garage Block, Lingxiang Garden	Chen Liuyang (陳劉洋)	Lingxiang Garden, No. 449 Huangshan Road, Shushan District, Hefei, China	2021.9.20 – 2024.9.19	141.1	
3	Shops 106 and 106(-), Building 2, Lingxiang Garden	Zhou Gang (周剛)	Lingxiang Garden, No. 449 Huangshan Road, Shushan District, Hefei, China	20206.6.1 – 2023.5.31	115.17	
4	Shops 107, 107(-), 108, and 108(-), Commercial and Garage Block, Lingxiang Garden	Zhang Li (張麗)	Lingxiang Garden, No. 449 Huangshan Road, Shushan District, Hefei, China	2021.10.15 – 2023.10.14	233.62	
5	Shop 201, Building 4, Lingxiang Garden	Chin Chengcheng (秦程程)	Lingxiang Garden, No. 449 Huangshan Road, Shushan District, Hefei, China	2020.7.1 – 2030.6.30	1352.26	

No.	Name of asset	Lessee	Location of leased property	Term of lease	Leased area m ²	Note
6	Shop 301, Building 4, Lingxiang Garden	Shi Jian (史建)	Lingxiang Garden, No. 449 Huangshan Road, Shushan District, Hefei, China	2018.9.1 – 2026.8.31	1403.49	
7	Shop 101/Shop 101 Upper, 2/F, Lingxiang Garden	Li Yong (李勇)	Lingxiang Garden, No. 449 Huangshan Road, Shushan District, Hefei, China	2017.5.21 – 2027.5.2	641.66	
8	Shop 103(-) Upper, Shop 105(-) and Shop 105(-) Upper, Building 1, Lingxiang Garden	Liu Zitao (劉子陶)	Lingxiang Garden, No. 449 Huangshan Road, Shushan District, Hefei, China	2018.12.1 – 2023.11.30	389.98	
9	107/110/111/112/113/114/115/116/117/118/119/121/123/124/125/126, Time Original Garden	Zhu Zhangxiu (朱章秀)	Lingxiang Garden, No. 449 Huangshan Road, Shushan District, Hefei, China	2017.3.6 – 2027.3.5		

(4) Intangible assets reported by the enterprise with or without book records

Intangible assets not reported on the books of the enterprise and intangible assets not recorded on its books.

(5) Type and quantity of off-balance sheet assets declared by the enterprise

During the course of this valuation consultancy, the appraisal consultant had advised the enterprise to carry out a verification and reporting of all assets owned by the enterprise, and the enterprise agreed that there were no other assets owned by the enterprise that were not recorded in the books of account, except for the assets recorded above.

(6) Types, quantities and carrying amounts of assets associated with reference to reports issued by other agencies

In this valuation consultancy, the audited financial data of the audit report issued by the Yunnan Asia-Pacific Branch of Mazars Certified Public Accountants LLP is quoted as the book value of the subject of the valuation. Other than that, no reference is made to reports issued by other agencies.

V. TYPE OF VALUE

Based on the purpose of the valuation, market conditions, the conditions of the subject of the valuation, and taking into account the relevance of the type of value to the assumptions of the valuation, the type of value of the assets being valued has been determined as market value.

Market value is the estimated amount of the value of the subject of valuation in an arm's length transaction as at the valuation reference date, between a willing buyer and a willing seller, each acting rationally and without any coercion.

VI. VALUATION REFERENCE DATE

The valuation reference date is 31 May 2023.

Closest to the actual date when the economic behaviour took place, the valuation reference date can effectively reflect the condition of the assets, which is in line with the purpose of the valuation. As the reference date is the balance sheet date of the subject of valuation, it can fully reflect the overall situation of the various assets and liabilities of the subject of valuation, thus facilitating the check on assets. After discussion, we determined jointly with the commissioning party and the subject of valuation such date as the valuation reference date.

The price standards used in this valuation and consultation are those in force or in effect as at the valuation reference date.

VII. VALUATION METHODOLOGY

(1) Basic Valuation Approach

Asset valuation methods include three basic approaches, namely market approach, income approach and cost approach, and their derivative approaches. The valuer shall, taking into account the purpose of valuation, the subject of valuation, types of value, data collection and the conditions for application of valuation approaches, analyse the availabilities of these three basic methods in order to select applicable valuation approaches in accordance with the law.

1. Asset-based approach

The asset-based approach to appraise the value of a company refers to the appraisal method of determining the value of the subject of valuation by assessing the value of all on-balance-sheet and identifiable off-balance-sheet assets and liabilities based on the balance sheet of the subject of valuation as at the valuation reference date.

2. Income approach

The income approach to appraise the value of a company refers to the appraisal method of determining the value of the subject of valuation by capitalising or discounting the expected earnings. The valuer should properly consider the applicability of the income approach in the light of the historical operations of the subject of valuation, the predictability of future earnings and the adequacy of the appraisal information obtained.

Specific methods commonly used for the income approach include the discounted dividend method and the discounted cash flow method.

The discounted dividend method is a specific method of discounting expected dividends to determine the value of the subject of valuation, which is usually applicable to the valuation of partial equity value of shareholders without power of control. The discounted cash flow method usually includes the discounted free cash flow model of a company and the discounted free cash flow model of the equity interest. The valuer should appropriately select the discounted cash flow model based on the industry, business model, capital structure and development trend of the subject of valuation.

3. *Market approach*

The market approach to appraise the value of a company refers to the appraisal method of determining the value of the subject of valuation by comparing it with comparable listed companies or comparable transaction cases. The valuer should consider the applicability of the market approach in the light of the adequacy and reliability of the operational and financial data obtained on comparable companies and the number of comparable companies that can be collected.

The two commonly used specific methods of market approach are comparison method of listed companies and comparison method of transaction cases.

The comparison method of listed companies refers to a specific method of obtaining and analysing the operation and financial data of comparable listed companies, calculating the value ratio, and determining the value of the subject of valuation on the basis of comparative analysis with the evaluated entity.

The comparison method of transaction cases refers to a specific method of obtaining and analysing information on cases of sales and purchases and mergers of comparable companies, calculating the ratio of value, and determining the value of the subject of valuation based on comparative analyses with the evaluated entity.

(2) Selection of Valuation Approach

Analysis on the applicability of the three valuation approaches for this project:

1. *Analysis of the applicability of the asset-based approach*

Considering that the various types of assets and liabilities entrusted for valuation are capable of fulfilling the on-site investigation procedures and meeting the conditions for the application of the valuation methodology, and assessing the information requirements for the estimation, the asset-based approach has been selected for the valuation of this project.

2. *Analysis of the applicability of the income approach:*

Considering that the subject of valuation is an asset management company, it has not actually carried out business operations and is unable to forecast the future earnings, the income approach is not applicable to the valuation of this project.

3. *Analysis of the applicability of the market approach:*

Considering that there was insufficient number of listed companies in the same industry comparable to the subject of valuation in China's capital market, as well as there were fewer cases of transactions in the market in the same industry and limited disclosure of information, the market approach is not applicable to the valuation of this project.

In view of the above and in accordance with the purpose of the valuation, the asset-based approach has been selected for the valuation.

(3) Technical Considerations on the Selection of Valuation Approach

Asset-based approach

The use of the asset-based approach in the valuation of a company refers to the use of an appropriate methodology to assess the value of assets and liabilities to arrive at the appraised value of the entire shareholders' equity.

The valuation methodology for specific categories of assets and liabilities is set out below:

1. Monetary funds

For monetary funds denominated in RMB, the appraised value is determined based on the verified book value.

2. Investment properties

In accordance with the purpose of this valuation consultancy and in line with the principle of continuous use, and taking into account the characteristics of each of the building assets to be valued and the information collected, the market approach was adopted for the valuation.

Market approach

The market approach is based on the principle of substitution, whereby the appraised value is obtained by corrective adjustments to the transaction prices of buildings (structures) similar to the target of the appraisal enquiry. The basic formula of the market approach is as follows:

$$P = P' \times A \times B \times C \times D$$

Where: P – Assessed value;

P' – Actual price of comparable transaction;

A – Correction factor of transaction factors;

B – Correction factor of date factors;

C – Correction factor of regional factors;

D – Correction factor of individual factors.

3. Liabilities

Liabilities mainly include tax payable, other payables and deferred income tax liabilities. The liabilities of a company are reviewed and verified, and based on the verification, the actual amount of liabilities to be borne by the company as at the valuation reference date is taken as the appraised value of the liabilities.

VIII. IMPLEMENTATION AND STATUS OF THE VALUATION PROCEDURE

In accordance with the relevant provisions of laws and regulations, the valuation consultancy has fulfilled the appropriate valuation procedures. The specific implementation procedures are as follows:

(1) Specifying General Matters for the Valuation Consultancy Engagement

Discuss with the commissioning party in relation to other users of the valuation consultancy report other than the appraised entity and the commissioning party, the purpose of valuation, the subject and scope of valuation, type of value, valuation reference date, the restriction on the use of the valuation consultancy report, the deadline and manner for submission of the valuation consultancy report, valuation service fee and payment method, as well as the collaboration and coordination among the commissioning party, other parties involved, the asset valuation firm and the appraisers and other important matters, and specify such matters.

(2) Entering into the Engagement Contract

After conducting comprehensive analyses and evaluations of the professional competence, independence and business risks of the asset valuation firm and appraisers in light of the particulars on valuation engagement, we entered into an engagement contract with the commissioning party.

(3) Formulation of Work Plan for the Valuation Consultancy

According to the requirements of the consultancy engagement, a work plan was prepared for the valuation consultancy, including, among others, determination of specific steps, time schedule and personnel placement, as well as formulation of technical plan for the valuation consultancy, and submitted to the relevant person in charge for review and approval.

(4) On-site Investigation

1. Help the commissioning party, the subject of valuation and other relevant parties to check assets and prepare detailed information in relation to the subject and the scope of valuation;
2. According to the specific circumstances of the subject of the valuation, understand the current situation of the subject of valuation in an appropriate way, in particular pay attention to the legal ownership of the subject of valuation. In case of any discrepancies, conduct investigation on a case-by-case basis by sampling and other ways according to the importance.

(5) Collection of Valuation Information

Collect data that are derived directly and independently from the market and other channels, provided by the commissioning party, the appraised entity and other parties involved, and obtained from government authorities, professional organisations and other relevant departments; check and verify the information used in the valuation consultancy, usually by means of observation, inquiry, written examination, on-site investigation, inquiry, correspondence, review and etc..

(6) Assessment and Estimation

1. Analyse the applicability of valuation methodologies such as the market approach, the income approach and the asset-based approach in light of the subject of valuation, type of value, data collection for the valuation and other relevant conditions, and select appropriate valuation methodology(ies);
2. Based on the valuation approach(es) adopted, select applicable formulas and parameters for analysis, calculation and judgment to form estimation results;
3. Comprehensively analyse the estimation results so derived in order to form valuation consultancy conclusions.

(7) Preparation and Submission of Valuation Report

1. Prepare a valuation consultancy report and form an exposure draft of the consultancy report after internal review;

2. Without prejudice to independent judgment on the final valuation conclusions, issue a valuation consultancy report to the commissioning party after communication with the commissioning party or such parties as it may permit regarding the contents of the valuation consultancy report, if necessary.

IX. VALUATION ASSUMPTIONS

In the course of the valuation consultancy process, the valuation assumptions that we have relied upon and used are the basic premises for the writing of the valuation report. Users of the valuation report are reminded to pay attention to the contents of the valuation assumptions in order to understand and use the valuation conclusions correctly. We are guided by the following conditions of the valuation assumptions, and in the event that there are important changes in the valuation assumptions after the date of the valuation report that would materially affect the valuation conclusions, the results of the valuation should be adjusted accordingly.

(1) Basic Assumption

1. *Transaction assumption*

The transaction assumption assumes that all assets subject to valuation are in the process of transaction, and the valuer conducts the valuation based on a simulated market, namely the transaction conditions of the assets to be valued. The transaction assumption is one of the most basic prerequisite assumptions for an asset valuation to be carried out.

2. *Open market assumptions*

The open market assumption assumes that with respect to an asset traded, or to be traded in a market, the transacting parties are on equal footing with each other and both have access to sufficient market information and time to make reasoned judgements about the function, purpose and transaction price of the asset. The open market assumption is made on the basis that assets can be traded openly in the market.

3. *Assumption of Going Concern of Assets*

The assumption of going concern of assets assumes that the valuation is based on the continued use of the assets under appraisal in the manner, scale, frequency and environment in which they are currently used, or on a modified basis, with the valuation methodology, parameters and basis determined accordingly.

4. *Assumption of Going Concern of Enterprise*

The assumption of going concern of enterprise assumes that the subject of valuation will remain a going concern and will operate in a manner consistent with the present.

(2) General Assumptions

1. There are no significant changes in the social and economic environment in which the appraised entity operates, nor in the laws, regulations and policies of the country and the region where the appraised entity is located;
2. It is assumed that the materials provided by the commissioning party and the appraised entity are true, complete and reliable, and there are no other defects or contingencies that may affect the valuation conclusion that should have been provided but have not been provided, and that the necessary valuation procedures have been performed but remained unavailable to the appraisers;
3. It is assumed that no force majeure or unforeseeable events that may affect the operation of the appraised entity will occur subsequent to the valuation reference date;
4. There are no other force majeure and unforeseeable factors that have material adverse impact on the enterprise.

(3) Assumptions for the Valuation

1. The business scope, business mode, management mode, etc. of the subject of Valuation, on the basis of maintaining consistency, can make timely adjustments and innovations in line with the development of the market and science and technology;
2. The assets and liabilities declared by the subject of valuation are free from property rights disputes and other matters of economic disputes;
3. The economic behaviors in relation to the production and operation of the subject of valuation are in compliance with national laws and regulations;
4. There will be no significant changes in future lending rate, VAT and additional tax rates, etc.;
5. The valuation does not take into account the impact on the value of the subject of valuation with respect to outward equity investment projects incurred after the valuation reference date;

In accordance with the requirements of the asset valuation, we recognize that these assumptions are in effect as at the valuation reference date. Where there are any significant changes to the valuation assumptions subsequent to the date of the valuation consultancy report, we accept no responsibility for deriving different valuation conclusions as a result of the changes thereof.

X. VALUATION CONCLUSIONS

Adhering to the principles of independence, objectiveness and impartiality, we have conducted a valuation on all assets and liabilities included in the scope of the valuation based on generally accepted asset valuation methodologies. In the process of the valuation, our appraisers conducted asset stocktaking for the subject of valuation, verified and reviewed the legal documents, accounting records and other relevant information provided by the company, and conducted special investigations and enquiries where necessary. On this basis, we adopted the asset-based approach in appraising the value of the entire shareholders' equity of Shenzhen Baoxin Trading Company Limited was conducted using the asset-based approach. The type of value adopted in this valuation consultancy is market value.

(1) Valuation Conclusion under the Asset-based Approach

The book value of total assets included in the scope of valuation was RMB77,615,900, the book value of total liabilities was RMB42,600, and the book value of owner's equity was RMB77,573,400.

The appraised value of total assets was RMB125,739,900, the appraised value of total liabilities was RMB42,600 and the appraised value of total shareholders' equity was RMB125,697,400, with an appraisal value appreciation of RMB48,124,400, representing a value appreciation rate of 62.04%. Details are set out in the table below:

Summary of asset valuation results*Amount in RMB0'000*

Item	Book value A	Assessed value B	Increase or decrease	Value added % D = C/A x 100%
			in value C=B-A	
Current asset	645.89	645.89	-	-
Non-current asset	7,115.70	11,928.10	4,812.40	67.63
Investment properties	7,115.70	11,928.10	4,812.40	67.63
Total assets	7,761.59	12,573.99	4,812.40	62.00
Current liability	4.26	4.26	-	-
Non-current liability	-	-	-	-
Total liabilities	4.26	4.26	-	-
Total Net assets (owners' equity)	7,757.34	12,569.74	4,812.40	62.04

(2) Final Conclusion of the Valuation

The book value of owner's equity interest in Shenzhen Baoxin Trading Company Limited was RMB77,573,400, and the appraised value was RMB125,697,400 (**In words: RMB One Hundred And Twenty Five Million Six Hundred And Ninety Seven Thousand Four Hundred Yuan**), representing an appraisal value appreciation of RMB48,124,000, representing an appreciation rate of 62.04%.

The valuation did not consider the impact of the controlling interest premium on the conclusion of the valuation, nor did it consider the impact of liquidity on the conclusion of the valuation.

(3) Analysis of valuation conclusion

The value appreciation was mainly due to the lower recorded value of the investment properties and the market value of the investment properties was higher than the book value as at the valuation reference date, resulting in a value appreciation.

XI. SPECIAL NOTES

Below are the matters identified during the valuation that may affect the valuation conclusions, but the assessment and estimation of which are beyond the practicing standards and capabilities of the appraisers:

- (1) Citation of the conclusions of reports issued by other institutions, with an indication of responsibility for improper citation;

In this valuation, the audited financial data in the unqualified audit report issued by the Yunnan Asia Pacific Branch of Yunnan Asia Pacific Branch of Mazars Certified Public Accountants LLP is quoted as the book value of the subject of valuation, and we assume the responsibility for any inappropriate quoting thereof.

- (2) Incompleteness or defects in title and other material information;

Based on the data and information provided by the title holder, we have not identified any incompleteness or defect in title or other material information.

- (3) Legal and economic disputes or other pending matters;

Based on the data and information provided by the title holder, we have not identified any legal or economic disputes or other pending matters.

- (4) The nature and amount of guarantees, leases and contingent liabilities (contingent assets) therefrom and the relationship between them and the subject of the valuation;

No.	Name of asset	Lessee	Location of leased property	Term of lease	Leased area m ²	Note
1	Shop 101, Building 4, Lingxiang Garden	He Tao (何濤)	Lingxiang Garden, No. 449 Huangshan Road, Shushan District, Hefei, China	2021.12.1 – 2024.11.30	32.45	
2	Shops 104 and 104(-), Commercial and Garage Block, Lingxiang Garden	Chen Liuyang (陳劉洋)	Lingxiang Garden, No. 449 Huangshan Road, Shushan District, Hefei, China	2021.9.20 – 2024.9.19	141.1	
3	Shops 106 and 106(-), Building 2, Lingxiang Garden	Zhou Gang (周剛)	Lingxiang Garden, No. 449 Huangshan Road, Shushan District, Hefei, China	20206.6.1 – 2023.5.31	115.17	
4	Shops 107, 107(-), 108, and 108(-), Commercial and Garage Block, Lingxiang Garden	Zhang Li (張麗)	Lingxiang Garden, No. 449 Huangshan Road, Shushan District, Hefei, China	2021.10.15 – 2023.10.14	233.62	
5	Shop 201, Building 4, Lingxiang Garden	Chin Chengcheng (秦程程)	Lingxiang Garden, No. 449 Huangshan Road, Shushan District, Hefei, China	2020.7.1 – 2030.6.30	1352.26	
6	Shop 301, Building 4, Lingxiang Garden	Shi Jian (史建)	Lingxiang Garden, No. 449 Huangshan Road, Shushan District, Hefei, China	2018.9.1 – 2026.8.31	1403.49	
7	Shop 101/Shop 101 Upper, 2/F, Lingxiang Garden	Li Yong (李勇)	Lingxiang Garden, No. 449 Huangshan Road, Shushan District, Hefei, China	2017.5.21 – 2027.5.2	641.66	
8	Shop 103(-) Upper, Shop 105(-) and Shop 105(-) Upper, Building 1, Lingxiang Garden	Liu Zitao (劉子陶)	Lingxiang Garden, No. 449 Huangshan Road, Shushan District, Hefei, China	2018.12.1 – 2023.11.30	389.98	
9	107/110/111/112/ 113/114/115/116/ 117/118/119/121/ 123/124/125/126, Time Original Garden	Zhu Zhangxiu (朱章秀)	Lingxiang Garden, No. 449 Huangshan Road, Shushan District, Hefei, China	2017.3.6 – 2027.3.5		

- (5) Other matters that may affect the conclusions of the valuation from the valuation reference date to the date of the valuation consultancy report;

Based on the information provided by the title holder and the findings from the investigations by the appraisers, there are no matters that may affect the conclusions of the valuation identified from the valuation reference date to the date of the valuation consultancy report.

- (6) Any defect in the economic behaviours in relation to this asset valuation that may have a significant impact on the valuation conclusions;

Based on the information provided by the title holder and the findings from the investigations by the appraisers, there are no defect in the economic behaviours in relation to this valuation consultancy that may have a significant impact on the valuation conclusions identified.

- (7) Circumstances where the valuation procedures are restricted, remedies adopted by the asset valuation firm and how they affect the valuation conclusions;

It has been verified that the capital contribution to the subject of valuation, Shenzhen Baoxin Trading Company Limited, was RMB87,540,000, of which RMB10,000,000 was contributed in monetary funds and RMB77.54 million was contributed in kind. The industrial and commercial information of its paid-in capital was RMB10,000,000. According to the capital increase agreement Baoxin Holdings Company Limited made a capital increase of 49 shops it held to Shenzhen Baoxin Trading Company Limited in March 2023, with a total area of 8,005.91m² and a total appraised price of RMB77,540,000. The appraised company was unable to provide the corresponding valuation report, and the book value of the investment properties included in the scope of this valuation could not be verified.

- (8) In this valuation, considering that the subject of valuation is an asset management company, which has not actually carried out business operations and is unable to forecast future earnings, the income approach is not applicable to the valuation of this project. Considering also that there was insufficient number of listed companies in the same industry comparable to the subject of valuation in China's capital market, as well as there were fewer cases of transactions in the market in the same industry and limited disclosure of information, the market approach is not applicable to the valuation of this project. In view of the above and in accordance with the purpose of the valuation, the asset-based approach has been selected for the valuation.
- (9) The valuation conclusions in the report reflect the market value of the subject of valuation determined in accordance with the principles of an open market for the purpose of this valuation consultancy, without taking into account the fees and taxes to be incurred when making title registration or change of ownership of such assets, and without providing for any tax adjustments to be made in respect of an increment in the appraised value of the assets.
- (10) This valuation consultancy report is only for the use of the commissioning party to understand the value of the assets, and shall not be used as the basis for other economic behaviours.
- (11) As at the date of the valuation report, Shenzhen Baoxi Trading Company Limited was held as to 100% by Shanghai Baoyi Supply Chain Company Limited (上海寶奕供應鏈有限公司) and the impact of the subsequent change in shareholding on the Company's operation was not considered.

Users of the report are advised to draw their attention to the possible impact of the above matters on the conclusions of the valuation.

XII. RESTRICTIONS ON THE USE OF THE VALUATION REPORT

- (1) Scope of Use:
1. Save for the commissioning party, other users of the valuation consultancy report provided in the engagement contract, and users of the valuation consultancy report as stipulated by laws and administrative regulations, any other institutions or individuals may not use the valuation consultancy report;
 2. This valuation consultancy report shall be used solely for the purposes of valuation consultancy as stated herein;
 3. All or any part of the contents of this valuation consultancy report shall not be extracted, reproduced or disclosed in public media, unless otherwise required by laws and regulations or otherwise agreed by the commissioning party and the firm conducting this asset valuation or other parties involved;
 4. The valuation report is valid for a term of one year from 31 May 2023.
- (2) The asset appraisal institution and its appraisal personnel shall not be liable if the commissioning party or other users of the valuation report fail to use the valuation report in accordance with the provisions of the laws and administrative regulations or within the scope of use as stated in the valuation report.
- (3) The user of the valuation report shall correctly understand and use the valuation conclusions, which are not equivalent to the realisable price of the subject of valuation, and the valuation conclusions shall not be regarded as a guarantee of the realisable price of the subject of the valuation.
- (4) This valuation report shall be interpreted by Beijing YaChao Assets Appraisal Co. Ltd.

XIII. DATE OF THE VALUATION CONSULTANCY REPORT

The date on which the conclusions in this valuation consultancy report are formed is 6 February 2024.

Beijing Yachao Assets Appraisal Co., Ltd.

Beijing, China

6 February 2024



Beijing YaChao Assets Appraisal Co., Ltd.

**CONSULTANCY REPORT ON THE VALUE OF
THE INVESTMENT PROPERTIES HELD BY
A SUBSIDIARY OF SHENZHEN CHIXU
INDUSTRIAL CO., LTD.**

6 February 2024

**Company Address: Rm. 2202, 20th Floor, Tian Xing Jian Business Building, #47 Fuxing Road,
Haidian District, Beijing 100036**

Tel: (010) 51716863

Investment Properties Held by Shenzhen Chixu Industrial Co., Ltd.**I. PREAMBLE****To Yunnan International Holding Group Limited,**

Adhering to the principles of independence, objectiveness and impartiality, Beijing YaChao Assets Appraisal Co., Ltd. was engaged by Yunnan International Holding Group Limited (the “**Company**”) to appraise and advise on the market value of the investment properties held by Shenzhen Ruiteng Enterprise Management Company Limited by using market method and implementing the necessary appraisal procedures in accordance with the requirements imposed by laws and administrative regulations. The commissioning party and the subject of valuation accept full responsibility for the truthfulness, legitimacy and completeness of the information provided for valuation and related to legal ownership, and ensure the safety and completeness of the assets being appraised. It is our responsibility to appraise and estimate the value of the subject of valuation as at the valuation reference date. This valuation consultancy report is only used by the commissioning party to understand the value of assets, and shall not be used as the basis for other economic behaviors.

II. PROFILE OF THE COMMISSIONING PARTY AND TITLE HOLDER**(1) Profile of the Commissioning Party**

Company name:	Yunnan International Holding Group Limited;
Company No.:	F0024429;
Type:	incorporated as a non-Hong Kong company;
Chairman:	Yan Jiong;
Date of incorporation:	29 January 2018;
Address:	Rm 2008, 20/F, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong;
Current status:	remaining incorporated.

(2) Profile of Title Holder

1. Registration Particulars of Business License

Company name:	Shenzhen Ruiteng Enterprise Management Company Limited;
Unified social credit code:	91440300312051421Q;
Type:	limited liability company (sole proprietorship of legal person);
Address:	Shenzhen Sea Sports Base, Judiaosha, Xindong Road, Nanao Street, Dapeng New District, Shenzhen;
Legal representative:	Liu Bingchuan;
Registered capital:	RMB200,000,000;
Date of establishment:	26 August 2014;
Business operation period:	from 26 August 2014 to permanent;
Scope of business:	corporate management consultancy and investment information consultancy, excluding trust, insurance, securities, funds, financial services, personnel intermediary services and other restricted items, and those requiring approval according to the provisions of laws, administrative regulations and the decisions of the State Council can only be operated after relevant approval documents have been obtained according to the law); domestic trade, import and export of goods and technologies (except items prohibited by laws and administrative regulations).

2. *Accounting System*

The company's financial statements have been recognised, measured and reported on an accrual basis for the purpose of accounting, and prepared in accordance with the Accounting Standards for Business Enterprises – Basic Standards, specific accounting standards and the application guidelines and interpretations thereof as well as other related provisions issued by the Ministry of Finance.

3. *Major Taxes And Tax Rates*

No.	Major Tax	Tax Rate	Taxation Basis
1	Enterprise income tax	25%	Taxable income
2	Value-added tax	9%	Added values of goods sold or services provided
3	Urban maintenance and construction tax	7%	Amount of turnover tax payable
4	Education surcharge	3%	Amount of turnover tax payable
5	Local education surcharge	2%	Amount of turnover tax payable

(3) **Relationship between the Commissioning Party and the Title Holder**

For this valuation consultancy, the commissioning party is Yunnan International Holding Group Limited, and the title holder is Shenzhen Ruiteng Enterprise Management Company Limited, 100% equity interest of which is held by and is a subsidiary of Shenzhen Baohui'an Industrial Co., Ltd., which is in turn held by Shenzhen Chixu Industrial Co., Ltd. as to 100%. Yunnan International Holding Group Limited intends to understand the value of the assets included in the valuation.

(4) **Other Users of the Valuation Consultancy Report apart from the Commissioning Party**

This valuation consultancy report is only for the use of the commissioning party.

The appraisers and the appraisal firm accept no responsibility for the consequences resulted from the improper use of the valuation consultancy report by the commissioning party and other users thereof.

III. **PURPOSE OF VALUATION CONSULTANCY**

The purpose of the valuation consultancy is to provide a basis of reference for Yunnan International Holding Group Limited to understand the value of investment properties held by Shenzhen Ruiteng Enterprise Management Company Limited.

IV. SUBJECT AND SCOPE OF VALUATION

(1) Subject of Valuation

The subject of valuation is the value of investment properties held by Shenzhen Ruiteng Enterprise Management Company Limited.

(2) Scope of Valuation

The scope of valuation is the investment properties held by Shenzhen Ruiteng Enterprise Management Company Limited, i.e. shops, with a total gross floor area of 12,304.62 square meters.

(3) Conditions and Characteristics of the Major Assets within the Scope of Valuation

The investment properties, with a book value of RMB109,809,200, are located in Waterfront Kangcheng in Shenyang, Liaoning Province, and mainly include shops with a total gross floor area of 12,304.62 square meters, built in reinforced concrete structure. They were completed and put into use in June 2015.

Particulars of ownership

No.	Title certificate No.	Name of property	Nature of land	Land use	Expiry date	Structure	Method of acquisition	Acquisition cost	Date of completion	Gross floor area m ²
1	Liao (2017) Shenyang Real Estate Ownership No. 0219320	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	1,156,600.00	June 2015	57.86
2	Liao (2017) Shenyang Real Estate Ownership No. 0218978	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	2,917,090.00	June 2015	265.32
3	Liao (2017) Shenyang Real Estate Ownership No. 0219069	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	2,130,000.00	June 2015	213.12
4	Liao (2017) Shenyang Real Estate Ownership No. 0218981	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	2,130,000.00	June 2015	213.12
5	Liao (2017) Shenyang Real Estate Ownership No. 0219315	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	2,119,300.00	June 2015	212.05

APPENDIX X**PROPERTY VALUATION REPORT OF
THE SHENYANG COMMERCIAL PROPERTY
AS AT 31 MAY 2023**

No.	Title certificate No.	Name of property	Nature of land	Land use	Expiry date	Structure	Method of acquisition	Acquisition cost	Date of completion	Gross floor area m ²
6	Liao (2017) Shenyang Real Estate Ownership No. 0219064	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	2,152,700.00	June 2015	195.15
7	Liao (2017) Shenyang Real Estate Ownership No. 0219225	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	3,144,900.00	June 2015	209.41
8	Liao (2017) Shenyang Real Estate Ownership No. 0219070	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	2,982,000.00	June 2015	213.12
9	Liao (2017) Shenyang Real Estate Ownership No. 0219204	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	2,982,000.00	June 2015	213.12
10	Liao (2017) Shenyang Real Estate Ownership No. 0219106	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	2,726,500.00	June 2015	193.79
11	Liao (2017) Shenyang Real Estate Ownership No. 0219066	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	2,876,440.00	June 2015	205.58
12	Liao (2017) Shenyang Real Estate Ownership No. 0219248	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	4,349,920.00	June 2015	272.01
13	Liao (2017) Shenyang Real Estate Ownership No. 0218984	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	4,443,360.00	June 2015	276.08
14	Liao (2017) Shenyang Real Estate Ownership No. 0219289	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	3,408,000.00	June 2015	213.12
15	Liao (2017) Shenyang Real Estate Ownership No. 0219079	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	3,621,000.00	June 2015	213.12

APPENDIX X**PROPERTY VALUATION REPORT OF
THE SHENYANG COMMERCIAL PROPERTY
AS AT 31 MAY 2023**

No.	Title certificate No.	Name of property	Nature of land	Land use	Expiry date	Structure	Method of acquisition	Acquisition cost	Date of completion	Gross floor area m ²
16	Liao (2017) Shenyang Real Estate Ownership No. 0218986	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	3,621,000.00	June 2015	213.12
17	Liao (2017) Shenyang Real Estate Ownership No. 0219264	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	4,542,740.00	June 2015	267.35
18	Liao (2017) Shenyang Real Estate Ownership No. 0219214	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	4,540,760.00	June 2015	309.64
19	Liao (2017) Shenyang Real Estate Ownership No. 0219109	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	3,084,120.00	June 2015	241.22
20	Liao (2017) Shenyang Real Estate Ownership No. 0219241	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	2,886,960.00	June 2015	234.67
21	Liao (2017) Shenyang Real Estate Ownership No. 0219065	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	2,405,800.00	June 2015	241.22
22	Liao (2017) Shenyang Real Estate Ownership No. 0218975	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	2,380,800.00	June 2015	230.67
23	Liao (2017) Shenyang Real Estate Ownership No. 0219141	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	4,054,250.00	June 2015	323.99
24	Liao (2017) Shenyang Real Estate Ownership No. 0219075	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	2,728,260.00	June 2015	241.16
25	Liao (2017) Shenyang Real Estate Ownership No. 0219232	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	2,285,510.00	June 2015	234.62

APPENDIX X

**PROPERTY VALUATION REPORT OF
THE SHENYANG COMMERCIAL PROPERTY
AS AT 31 MAY 2023**

No.	Title certificate No.	Name of property	Nature of land	Land use	Expiry date	Structure	Method of acquisition	Acquisition cost	Date of completion	Gross floor area m ²
26	Liao (2017) Shenyang Real Estate Ownership No. 0218976	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	2,044,930.00	June 2015	241.16
27	Liao (2017) Shenyang Real Estate Ownership No. 0219077	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	2,023,680.00	June 2015	238.66
28	Liao (2017) Shenyang Real Estate Ownership No. 0219273	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	31,466,856.96	June 2015	2,837.92
29	Liao (2017) Shenyang Real Estate Ownership No. 0219127	Shops in Waterfront Kangcheng in Shenyang	Grant	Urban mixed residential	06 December 2052	Reinforced concrete	Purchase	36,772,400.00	June 2015	3,283.25
Total										12,304.62

Location

The shops of Waterfront Kangcheng in Shenyang are located at 307 Xijiang North Street, Pingluo Street, Yuhong District, Shenyang, near Shenyu Line and close to Dongsheng Jiayuan and Jinchang Jinghuayuan.

The location map of Waterfront Kangcheng in Shenyang is as follows:



Status of other rights

As of the valuation reference date, there were no other rights such as mortgages or guarantees over the land being valued.

Status of leasing

No.	Name of property	Location	Period of lease	Lease area m²	Monthly rent (RMB/month)	Amount of rent during remaining lease period
1	Shops 17-18# and 20# of Waterfront Kangcheng Project	Waterfront Kangcheng	2017.10.20-2023.10.19	5,844.89	96,659.85	483,299.25

V. TYPE OF VALUE

Based on the purpose of the valuation, market conditions, the conditions of the subject of valuation, and taking into account factors including the correlation of the value type to the valuation assumptions, the value type of the assets being valued is determined as market value.

Market value is defined as the estimated value of the subject of valuation in a normal and fair transaction as at the valuation reference date between a willing buyer and a willing seller, each acting rationally and without any coercion.

VI. VALUATION REFERENCE DATE

The valuation reference date is 31 May 2023.

Closest to the actual date when the economic behaviour took place, the valuation reference date can properly reflect the condition of the assets, which is in line with the purpose of the valuation. The reference date can fully reflect the overall conditions of various assets of the subject of valuation, thus facilitating the check on assets. After discussion, we determined jointly with the commissioning party such date as the valuation reference date.

The price criteria adopted for this valuation consultancy are those in force or in effect as at the valuation reference date.

VII. VALUATION METHODOLOGIES**(1) Basic valuation approaches**

Asset valuation methodologies include three basic approaches, namely market approach, income approach and cost approach, and their derivative approaches. The professional asset valuer shall, taking into account the purpose of valuation, valuation subject, types of value, data collection and the conditions for adoption of valuation approaches, analyse the availabilities of these three basic valuation approaches in order to select applicable valuation approaches in accordance with the law.

1. Market approach

The market approach is an asset valuation method to ascertain the value by making adjustments and corrections to the difference between the subject of valuation and the reference objects that is determined by comparing and analyzing the prices of the reference objects similar or comparable to the subject of valuation in the open market.

2. Income approach

The income approach is a method to estimate the objective and reasonable price or value of the subject of valuation by estimating the net profit or net cash flow of the subject of valuation within the future reasonable period and discounting it to the present value at the time of valuation by using an appropriate return rate or capitalization rate and income multiplier, and then summing up.

3. Cost approach

The cost approach refers to collective valuation methodologies that determine the value of assets based on the reconstruction or replacement cost of the subject of valuation less depreciation factors, assuming the subject of valuation is rebuilt or replaced.

(2) Selection of valuation approaches

The three basic approaches measure the asset value from different perspectives. The selection of the valuation methodology or methodologies depends on various factors including purpose of the valuation, subject of the valuation, market conditions, data collected and conditions for adoption of valuation methodologies. The followings have been taken into account when appraising the subject of this valuation:

1. According to the accounting standards, the fair value of an investment property refers to the voluntary exchange price of the property between informed parties in an arm's length transaction. In determining the fair value of the investment property, reference should be made to the current market prices of the same or similar type of properties

available in an active market (quoted market price). If current market prices of the same or similar type of properties are not available, recent transaction prices of the same or similar type of properties in an active market can be used as reference, taking into account certain factors such as circumstances of the transaction, the transaction date and the place located, so that a reasonable estimation of the fair value of the investment property will be made. In addition, the estimation can be based on the present value of the estimated future rental income and related cash flows.

2. Considering that the investment property is shops and has an active market, we adopt the market approach for conducting this valuation consultancy.

(3) Technical considerations on the selection of valuation approach

Market comparison approach

The market approach is based on the principle of substitution, whereby the appraised value is obtained by making corrective adjustments to the transaction prices of buildings (structures) similar to the subject of valuation. The basic formula of the market approach is as follows:

$$P = P' \times A \times B \times C \times D \times E;$$

Where: P – Appraised value

P' – Actual price of comparable transaction;

A – Correction factor of transaction factors;

B – Correction factor of date factors;

C – Correction factor of regional factors;

D – Correction factor of individual factors;

E – Correction factor of equity factors.

VIII. IMPLEMENTATION PROCESS AND SITUATION OF VALUATION CONSULTANCY PROCEDURES

In accordance with relevant provisions of laws and regulations, the valuation consultancy has performed appropriate valuation consultancy procedures. The detailed implementation process is as follows:

(1) Specifying General Matters for the Valuation Consultancy Engagement

Discuss with the commissioning party in relation to other users of the valuation consultancy report other than the appraised entity and the commissioning party, the purpose of valuation, the subject and scope of valuation, type of value, valuation reference date, the restriction on the use of the valuation consultancy report, the deadline and manner for submission of the valuation consultancy report, valuation service fee and payment method, as well as the collaboration and coordination among the commissioning party, other parties involved, the asset valuation firm and the appraisers and other important matters, and specify such matters.

(2) Entering into the Contract on Asset Valuation Engagement

After conducting comprehensive analyses and evaluations of the professional competence, independence and business risks of the asset valuation firm and appraisers in light of the particulars on valuation engagement, we entered into a contract on asset valuation engagement with the commissioning party.

(3) Formulation of Work Plan for the Valuation Consultancy

According to the requirements of the asset valuation engagement, a work plan was prepared for the valuation consultancy, including, among others, determination of specific steps, time schedule and personnel placement, as well as formulation of technical plan for the valuation consultancy, and submitted to the relevant person in charge for review and approval.

(4) On-site Investigation

1. Help the commissioning party, the appraised entity and other parties involved to check assets and prepare detailed information in relation to the subject and the scope of the valuation;
2. According to the specific circumstances of the subject of the valuation, understand the current situation of the subject of valuation in an appropriate way, in particular pay attention to the legal ownership of the subject of valuation. In case of any discrepancies, conduct investigation on a case-by-case basis by sampling and other ways according to the importance.

(5) Data Collection for the Valuation Consultancy

Collect data that are derived directly and independently from the market and other channels, provided by the commissioning party, the appraised entity and other parties involved, and obtained from government authorities, professional organisations and other relevant departments; check and verify the information used in the valuation consultancy usually by means of observation, written examination, on-site investigation, review, and etc..

(6) Assessment and Estimation

1. Analyse the applicability of valuation methodologies such as the market approach, the income approach and the asset-based approach in light of the subject of valuation, type of value, data collection for the valuation and other relevant conditions, and select appropriate valuation methodology(ies);
2. Based on the valuation approach(es) adopted, select applicable formulas and parameters for analysis, calculation and judgment to derive estimation results;
3. Comprehensively analyse the estimation results so derived in order to form valuation consultancy conclusions.

(7) Preparation and Submission of Valuation Consultancy Report

1. Prepare a valuation consultancy report according to the requirements of laws and regulations, and form an exposure draft after internal review;
2. Without prejudice to independent judgment on the final valuation conclusions, issue a valuation consultancy report to the commissioning party after communication with the commissioning party or such parties as it may permit regarding the contents of the valuation consultancy report, if necessary.

IX. VALUATION ASSUMPTIONS

In the process of conducting the valuation consultancy, the valuation assumptions that we have based on and used are the basic premises for writing of the valuation consultancy report. Users of the valuation consultancy report are reminded to pay attention to the contents of the valuation assumptions in order to understand and use the valuation conclusions properly. We are guided by the following conditions of the valuation assumptions, and in case of any significant changes in the valuation assumptions subsequent to the date of the valuation consultancy report that would materially affect the valuation conclusions, the results of the valuation shall be adjusted accordingly.

(1) Basic Assumptions**1. *Transaction Assumption***

The transaction assumption assumes all assets to be valued are in the course of transaction and the valuation assessed by the appraiser is based on simulated market including terms of transaction of such assets. The transaction assumption is one of the most fundamental assumptions for conducting asset valuation.

2. *Open Market Assumption*

The open market assumption assumes that the parties to the assets transaction or the proposed assets transaction in the market have equal bargaining power and have the opportunities and time to obtain sufficient market information in order to make a rational and informed judgment on the assets, including their functions, uses and transaction prices. The basis of open market assumption is that the assets can be traded openly in the market.

3. *Asset Going-concern Assumption*

The asset going-concern assumption means that the valuation approaches, parameters and basis shall be determined on the premise that the valued assets will be continuously used in consistence with their current functions and methods, scale, frequency and environment of application, or used *mutatis mutandis*.

(2) General Assumptions

1. There are no significant changes in the social and economic environment in which the appraised entity operates, nor in the laws, regulations and policies of the country and the region where the appraised entity is located;
2. It is assumed that the materials provided by the commissioning party are true, complete and reliable, and there are no other defects or contingencies that may affect the valuation conclusion that should have been provided but have not been provided, and that the necessary valuation procedures have been performed but remained unavailable to the appraisers;
3. It is assumed that no force majeure or unforeseeable events that may affect the operation of the appraised entity will occur subsequent to the valuation reference date;
4. There are no other force majeure and unforeseeable factors that have material adverse impact on the enterprise.

(3) Assumptions for this Valuation

1. There are no dispute on the property title and other economic disputes in respect of the assets declared by the appraised entity;
2. There are no material ownership defects in the assets declared by the appraised entity;
3. There will be no significant changes in future lending rate, VAT and additional tax rates, etc.;

In accordance with the requirements of the asset valuation, we recognize that these assumptions are in effect as at the valuation reference date. Where there are any significant changes to the valuation assumptions subsequent to the date of the valuation consultancy report, we accept no responsibility for deriving different valuation conclusions as a result of the changes thereof.

X. VALUATION CONCLUSIONS

Adhering to the principles of independence, objectiveness and impartiality, we have conducted a valuation on all assets included in the scope of the valuation based on generally accepted valuation methodologies. In the process of the valuation, our appraisers conducted asset stocktaking for the subject of valuation, verified and reviewed the legal documents, accounting records and other relevant information provided by the company, and also performed special investigations and enquiries where necessary. On this basis, we adopted the market approach in valuing the investment properties held by Shenzhen Ruiteng Enterprise Management Company Limited. The type of value adopted in this valuation is market value.

The appraised value of the investment properties held by Shenzhen Ruiteng Enterprise Management Company Limited is RMB109,809,200 (**In words: RMB One Hundred and Nine Million Eight Hundred and Nine Thousand and Two Hundred Yuan only**).

XI. SPECIAL NOTES

Below are the matters identified during the valuation that may affect the valuation conclusions, the assessment and estimation of which are beyond the practicing standards and capabilities of the appraisers:

- (1) incompleteness or defects in title or other material information;

Based on the data and information provided by the title holder, there are no incompleteness or defect in title or other material information identified.

- (2) Legal and economic disputes or other pending matters;

Based on the data and information provided by the title holder, there are no legal or economic disputes or other pending matters identified.

- (3) The nature and amount of guarantees, leases and contingent liabilities (contingent assets) therefrom and the relationship between them and the subject of the valuation;

Based on the data and information provided by the title holder, there are no guarantees, leases or contingent liabilities (contingent assets) therefrom identified.

- (4) Other matters that may affect the conclusions of the valuation from the valuation reference date to the date of the valuation consultancy report;

Based on the information provided by the title holder and the findings from the investigations by the appraisers, there are no matters that may affect the conclusions of the valuation identified from the valuation reference date to the date of the valuation consultancy report. The impact of the subsequent property market conditions on the value of the properties held as at the valuation reference date has not been taken into account.

- (5) Any defect in the economic behaviours in relation to this valuation consultancy that may have a significant impact on the valuation conclusions;

Based on the information provided by the title holder and the findings from the investigations by the appraisers, there are no defect in the economic behaviours in relation to this valuation consultancy that may have a significant impact on the valuation conclusions identified.

- (6) Circumstances where the valuation procedures are restricted, remedies adopted by the asset valuation firm and how they affect the valuation conclusions;

Based on the information provided by the title holder and the findings from the investigations by the appraisers, there are no circumstances where the valuation procedures are restricted.

- (7) Pursuant to the Property Lease Contract (XTY-BX-ZL-0001), Shenzhen Ruiteng Enterprise Management Company Limited agreed to lease a total of 11 shops, i.e. 17-18# and 20# shops located in the Waterfront Kangcheng Project in Shenyang, Liaoning Province, with the leased gross floor area of 5,844.89m², from 20 October 2017 to 19 October 2023. The monthly rent is RMB15.00/m², representing RMB87,673.35 annually in the first year, and from the second year onwards, the monthly rent will represent an increment of 5.00% from that for the previous year.
- (8) The valuation conclusions in the report reflect the market value of the subject of valuation determined in accordance with the principles of an open market for the purpose of this valuation consultancy, without taking into account the fees and taxes to be incurred when making title registration or change of ownership of such assets, and without providing for any tax adjustments to be made in respect of an increment in the appraised value of the assets.
- (9) The value of investment properties appraised in this valuation is the value excluding VAT.
- (10) This valuation consultancy report is only for the use of the commissioning party to understand the value of assets, and shall not be used as the basis for other economic behaviours.

Users of the report are advised to draw the attention to the possible impact of the above matters on the conclusions of the valuation.

**XII. EXPLANATIONS ON RESTRICTIONS OF THE USE OF THE VALUATION
CONSULTANCY REPORT**

- (1) Scope of Use:
1. Save for the commissioning party, other users of the valuation consultancy report provided in the valuation engagement contract, and users of the valuation consultancy report as stipulated by laws and administrative regulations, any other institutions or individuals may not use the valuation consultancy report;
 2. This valuation consultancy report shall be used solely for the purposes of valuation consultancy as stated herein;
 3. All or any part of the contents of this valuation consultancy report shall not be extracted, reproduced or disclosed in public media, unless otherwise required by laws and regulations or otherwise agreed by the commissioning party and the firm conducting this asset valuation or other parties involved;
 4. The valuation conclusions shall be used for a term of one year from 31 May 2023.
- (2) The asset valuation firm and its appraisers take no responsibility for any use of the valuation consultancy report not within the scope as stated herein in accordance with the laws and administrative regulations by the commissioning party or other users of the valuation consultancy report.
- (3) The users of the valuation consultancy report should correctly interpret and use the valuation conclusions, which are not equivalent to the realizable value of the subject of valuation and should not be regarded as a guarantee for the realizable value of the subject of valuation.
- (4) This valuation consultancy report may only be officially used after being stamped by the asset valuation firm.
- (5) This valuation consultancy report shall be interpreted by Beijing YaChao Assets Appraisal Co., Ltd.

XIII. DATE OF THE VALUATION CONSULTANCY REPORT

The date on which the conclusions in this valuation consultancy report are formed is 6 February 2024.

Beijing Yachao Assets Appraisal Co., Ltd.

Beijing, China

6 February 2024

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

Directors' and chief executives' interests and short positions in Shares and underlying Shares and debentures of the Company

As at the Latest Practicable Date, to the best of the Directors' knowledge, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) to be recorded in the register required to be kept by the Company under section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules, were as follows:

Name of Director	Personal interests in Shares	Corporate interests in Shares	Total interests in Shares	Approximate percentage of Shares in issue (Note 1)
Mr. Yao Jianhui ("Mr. Yao")	115,661 (L)	106,731 (L) (Note 2)	222,392 (L)	0.20%

Abbreviation: "(L)" stands for long position

Notes:

- (1) As at the Latest Practicable Date, the total issued share capital of the Company was 109,202,495 Shares.
- (2) As at the Latest Practicable Date, Mr. Yao through Shenzhen Lai Hua Industrial Limited Company* (深圳萊華實業有限公司), a company owned as to 99.50% by him, held 100% equity interest in Lai Hua Holding Group Limited Company* (萊華控股集團有限公司) ("Lai Hua Holding Group"), which beneficially owned 106,731 Shares. Therefore, Mr. Yao was deemed to be interested in the 106,371 Shares held by Lai Hua Holding Group.

Save as disclosed above, none of the Directors or chief executive of the Company or their respective associates had any interests or short positions in the securities of the Company or its associated corporations (within the meaning of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, required pursuant to section 352 of the SFO to be entered in the register referred to therein or required to be notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

Substantial Shareholders' interests and short positions in the Shares and underlying Shares and debentures of the Company

As at the Latest Practicable Date, to the best of the Directors' knowledge, the following persons or entities (other than the Directors or chief executives of the Company disclosed above) had an interest or long position or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or which were required pursuant to section 336 of the SFO, to be entered in the register referred therein:

Name of Shareholders	Capacity in which interests in Shares are held	Number of Shares/underlying Shares held	Approximate percentage of Shares in issue (Note 1)
Da Ming Prime Limited	Beneficial Owner	29,737,836 (L)	27.23%
Mr. Wang Jian	Corporate Interest (Note 2)	20,807,954 (L)	19.05%
Massive Thriving Limited ("Massive Thriving")	Beneficial Owner (Note 2)	18,507,300 (L)	16.95%
	Corporate Interest (Note 2)	2,300,654 (L)	2.10%

Abbreviation: "(L)" stands for long position

Notes:

- (1) As at the Latest Practicable Date, the total issued share capital of the Company was 109,202,495 Shares.
- (2) As at the Latest Practicable Date, Shenzhen Changfeng Industrial Company Limited* (深圳長豐實業有限公司), a direct wholly-owned subsidiary of Massive Thriving, beneficially owned 2,300,654 Shares whilst Massive Thriving, which was a company wholly-owned by Mr. Wang Jian, beneficially owned 18,507,300 Shares. Accordingly, Mr. Wang Jian was deemed to be interested in 20,807,954 Shares by virtue of SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors confirmed that there have been no other persons who have interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations which would be required to be disclosed to the Company and the Stock Exchange pursuant to Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had entered into any service agreement with any member of the Group nor were there any proposed service agreements which would not expire or be determinable by the member of the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

(a) Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2022 (the date up to which the latest published audited consolidated financial statements of the Group was made), acquired or disposed of by, or lease to any member of the Group, or which were proposed to be acquired or disposed of by, or leased to any member of the Group.

(b) Interests in contracts of significance

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

(c) Interests in competing business

As at the Latest Practicable Date, none of the Directors nor their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules.

5. LITIGATION

As disclosed in the announcements of the Company dated 17 March 2023 and 13 June 2023, the Company received a petition (the "**Petition**") filed by a creditor bank in the PRC (the "**Creditor**") on the principal ground that Shenzhen Jitong Industrial Company Limited* (深圳吉通實業有限公司) ("**Shenzhen Jitong**"), an indirect non-wholly owned subsidiary of the Company, had defaulted on its obligations due to its failure to make timely repayment under a loan facility granted by the Creditor to Shenzhen Jitong with an outstanding principal amount of RMB1,197,000,000 (the "**Shenzhen Jitong Facility**") and the Company, as a guarantor of the Shenzhen Jitong Facility, was demanded by the Creditor to perform its guaranteed obligations under the Shenzhen Jitong Facility and the relevant guarantee contract. As at the date of this circular, Shenzhen Jitong had made an application to appeal the judgement of the first hearing dated 16 August 2023 and the second hearing was scheduled to be held on 28 February 2024.

Save as disclosed above, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance and, insofar as the Directors were aware, no litigation or claims of material importance was pending or threatened against any member of the Group.

6. MATERIAL CONTRACTS

The following material contracts, not being contracts entered into in the ordinary course of business of the Group, have been entered into by members of the Group within two years immediately preceding the date of this circular:

- (a) the sale and purchase agreement dated 19 October 2022 (the “**Sale and Purchase Agreement**”) entered into between Shenzhen Hong Jia Xin Technology Limited* (深圳宏佳新科技有限公司) (“**Shenzhen Hong Jia Xin**”), an indirect non-wholly owned subsidiary of the Company, as vendor and Shenzhen Baokai Investment Holding Company Limited* (深圳寶開投資控股有限公司) (“**Shenzhen Baokai**”), as purchaser. Pursuant to the Sale and Purchase Agreement, Shenzhen Baokai conditionally agreed to acquire and Shenzhen Hong Jia Xin conditionally agreed to sell 51% of the total equity interest and actual paid-up registered capital of Shantou Taisheng Technology Limited* (汕頭市泰盛科技有限公司) (“**Shantou Taisheng**”) for a consideration of approximately RMB1,175.6 million (the “**1st Tranche Disposal**”). Subject to the satisfaction (or waiver, as the case may be) of the conditions precedent set forth in the Sale and Purchase Agreement, Shenzhen Hong Jia Xin shall dispose the remaining 49% of the total equity interest and actual paid-up registered capital of Shantou Taisheng for a consideration of approximately RMB1,129.5 million. Details of the Sale and Purchase Agreement were disclosed in the announcement and circular of the Company dated 3 October 2022 and 28 December 2022, respectively. The 1st Tranche Disposal was completed on 22 March 2023, details of which were disclosed in the announcement of the Company dated 22 March 2023;
- (b) the irrevocable undertaking given by Shenzhen Hong Jia Xin dated 3 October 2022, pursuant to which Shenzhen Hong Jia Xin undertook that the consideration to be received by Shenzhen Hong Jia Xin under the 1st Tranche Disposal shall be fully applied by Shenzhen Baoxin Industrial Company Limited* (深圳寶新實業集團有限公司) (“**Shenzhen Baoxin**”), an indirect non-wholly owned subsidiary of the Company, towards the repayment of the interest accrued under the facility granted by Xiamen International Trust Co., Ltd.* (廈門國際信託有限公司) to Shenzhen Baoxin as and when they fall due;
- (c) the equity transfer agreement dated 26 June 2023 (the “**Equity Transfer Agreement**”) entered into between Shenzhen Xinhengchuang Construction Group Co., Ltd.* (深圳新恆創建設集團有限公司) (“**Shenzhen Xinhengchuang**”), as purchaser and Shenzhen Yaozhen Industrial Co., Ltd.* (深圳耀振實業有限公司) (“**Shenzhen Yaozhen**”), an indirect non-wholly owned subsidiary of the Company, as vendor. Pursuant to the Equity Transfer Agreement, Shenzhen Yaozhen conditionally agreed to sell, and Shenzhen Xinhengchuang conditionally agreed to acquire, the entire equity interest in Shenzhen Saiao Enterprise Management Co., Ltd.* (深圳賽奧企業管理有限公司) for a consideration of RMB10,000; and
- (d) the Settlement Agreement.

7. EXPERTS AND CONSENTS

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

Name	Qualifications
Ravia Global Appraisal Advisory Limited	Independent Professional Valuer appointed by the Company
Beijing YaChao Assets Appraisal Co., Ltd.* (北京亞超資產評估有限公司)	Independent Professional Valuer appointed by Yunnan International
BDO Limited	Certified Public Accountants

As at the Latest Practicable Date, each of the experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter(s), report(s), opinion and/or references to its name in the form and context in which they appear.

As at the Latest Practicable Date, none of the experts had any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the experts had any direct or indirect interest in any assets which have been, since 31 December 2022 (being the date to which the latest published audited financial statements 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.

8. DOCUMENTS ON DISPLAY

Copies of the following documents are available on the website of the Stock Exchange (<http://www.hkexnews.hk>) and on the website of the Company (www.hk0299.com) for a period of 14 days from the date of this circular:

- (a) the annual reports of the Company for the financial years ended 31 December 2020, 2021 and 2022;
- (b) the interim report of the Company for the six months ended 30 June 2023;
- (c) the report on the review of the financial information of Shenzhen Virdom issued by BDO Limited, the text of which is set out in Appendix II to this circular;
- (d) the report on the review of the financial information of Shenzhen Baoxin Trading issued by BDO Limited, the text of which is set out in Appendix III to this circular;

- (e) the letter on the unaudited pro forma financial information of the Remaining Group issued by BDO Limited, the text of which is set out in Appendix V to this circular;
- (f) the property valuation report of the Hefei Property, the Shenyang Commercial Property and the Shenyang Residential Property as at 31 December 2023 issued by Ravia Global Appraisal Advisory Limited, the text of which is set out in Appendix VII to this circular;
- (g) the business valuation report of Shenzhen Virdom as at 31 May 2023 issued by Beijing YaChao Assets Appraisal Co., Ltd., the text of which is set out in Appendix VIII to this circular;
- (h) the business valuation report of Shenzhen Baoxin Trading as at 31 May 2023 issued by Beijing YaChao Assets Appraisal Co., Ltd., the text of which is set out in Appendix IX to this circular;
- (i) the property valuation report of Shenyang Commercial Property as at 31 May 2023 issued by Beijing YaChao Assets Appraisal Co., Ltd., the text of which is set out in Appendix X to this circular;
- (j) the written consents referred to in the paragraph headed “7. Experts and Consents” in this appendix;
- (k) the material contracts referred to in the paragraph headed “6. Material Contracts” in this appendix;
- (l) the Settlement Agreement; and
- (m) this circular.

9. MISCELLANEOUS

- (a) The chief financial officer and company secretary of the Company is Mr. Fong Ching Kong. He is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of each of the Association of Chartered Certified Accountants, the Hong Kong Chartered Governance Institute (formerly known as the Hong Kong Institute of Chartered Secretaries), the Chartered Governance Institute, and the Taxation Institute of Hong Kong.
- (b) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company in Hong Kong is at Unit 1002, 10th Floor, Silvercord Tower 1, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.
- (c) The Hong Kong branch share registrar of the Company is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text.

NOTICE OF EGM



寶新置地集團有限公司 GLORY SUN LAND GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 299)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of Glory Sun Land Group Limited (the “Company”) will be held at Unit 1908, 19/F., Lippo Centre, Tower Two, No. 89 Queensway, Admiralty, Hong Kong at 11:00 a.m. on Wednesday, 20 March 2024 for the purpose of considering, and if thought fit, passing with or without modification the following resolution:

ORDINARY RESOLUTION

“THAT:

- (i) the conditional settlement agreement (the “Settlement Agreement”) (a copy of which has been produced at the EGM and marked “A” and initialled by the chairman of the EGM for the purpose of identification) dated 26 January 2024 entered into among the Company, Yunnan International Holding Group Limited (雲能國際控股集團有限公司) (“Yunnan International”), Shenzhen Chixu Industrial Co., Ltd.* (深圳馳旭實業有限公司) (an indirect non-wholly owned subsidiary of the Company) (“Shenzhen Chixu”), Shanghai Baoyi Supply Chain Co., Ltd.* (上海寶羿供應鏈有限公司) (an indirect wholly-owned subsidiary of the Company) (“Shanghai Baoyi”) and YEIG International Engineering Co., Ltd.* (雲南能投國際工程有限公司) (an associated company of Yunnan International) (“YEIG International”) in relation to, among other matters, the partial settlement of the outstanding corporate bonds (“Corporate Bonds”) issued by the Company to Yunnan International with outstanding principal amount and interest accrued thereon of approximately RMB413.21 million (equivalent to approximately HK\$450.40 million) in aggregate as at 26 January 2024. Pursuant to the Settlement Agreement,
 - (a) the Company shall procure Shenzhen Chixu to transfer the entire equity interests in Shenzhen Hongguanghao Industrial Co., Ltd.* (深圳宏廣浩實業有限公司) (“Shenzhen Hongguanghao”) to YEIG International, as the nominee of Yunnan International. Shenzhen Hongguanghao holds a total of 29 commercial units in Block Nos. 16, 17, 18, 19 and 20 at Nos. 301-3, 301, 299, 299-1 and 299-2 Xijiang North Street, Yuhong District, Shenyang, Liaoning Province, the PRC (中國遼寧省瀋陽市於洪區西江北街301-3, 301, 299, 299-1及299-2號第16, 17, 18, 19及20座) for commercial use, with a total gross floor area of approximately 12,304.62 sq.m. and the term of the land use rights expiring on 6 December 2052; and
 - (b) the Company shall procure Shenzhen Chixu to transfer the entire equity interests in Shenzhen Virdom Education Investments Company Limited* (深圳唯致教育投資有限公司) to YEIG International, as the nominee of Yunnan International. Shenzhen Virdom

NOTICE OF EGM

holds a total of 12 residential units in Block Nos. 1 and 2 at No. 307 Xijiang North Street, Yuhong District, Shenyang, Liaoning Province, the PRC (中國遼寧省瀋陽市於洪區西江北街307號第1及2座) for residential use, with a total gross floor area of approximately 1,733.26 sq.m. and the term of the land use rights expiring on 6 December 2082; and

- (c) the Company shall procure Shanghai Baoyi to transfer the entire equity interests of Shenzhen Baoxin Trading Company Limited* (深圳寶新商貿有限公司) (“**Shenzhen Baoxin Trading**”) to YEIG International, as the nominee of Yunnan International. Shenzhen Baoxin Trading holds (i) a total of 16 commercial units located at Hefei Time Original Garden, No. 82 Baxia Road, Hefei Economic and Technological Development Area, Hefei, Anhui Province, the PRC (中國安徽省合肥市經開區壩下路82號合肥時光原著花園) for residential and commercial services uses, with a total gross floor area of approximately 1,943.39 sq.m. and the term of the land use rights expiring on 30 July 2081; and (ii) a total of 33 commercial units located at Hefei Lingxiang Garden, No. 449 Huangshan Road, Shushan District, Hefei City, Anhui Province, the PRC (中國安徽省合肥市蜀山區黃山路449號合肥領翔花園) for commercial and commercial services uses, with a total gross floor area of approximately 6,062.52 sq.m. and the term of the land use rights expiring on 18 June 2049.

A total amount of not less than approximately RMB239.85 million (equivalent to approximately HK\$261.44 million) but not more than approximately RMB250.80 million (equivalent to approximately HK\$273.37 million) shall be offset against the outstanding Corporate Bonds pursuant to the Settlement Agreement. The transactions contemplated under the Settlement Agreement be and are hereby approved, ratified and confirmed; and

- (ii) any one Director (or any two Directors if the affixing of the common seal of the Company is necessary) be and is/are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents as he/she/they may, in his/her/their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the Settlement Agreement and the transactions contemplated thereunder and the implementation thereof, including, without limitation, the affixing of common seal of the Company thereon.”

** For identification purposes only*

By order of the Board of
Glory Sun Land Group Limited
Mr. Yao Jianhui
Chairman

Hong Kong, 29 February 2024

NOTICE OF EGM

Registered Office:

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal place of business in Hong Kong:

Unit 1002, 10th Floor,
Silvercord Tower 1
30 Canton Road
Tsim Sha Tsui, Kowloon
Hong Kong

Notes:

1. A shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxy(ies) (if he/she/it is the holder of two or more shares) to attend and, on a poll, vote instead of him/her/it at the EGM that the appointment shall specify the number and class of shares in respect of which such proxy is so appointed. A proxy need not be a shareholder of the Company.
2. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority, must be lodged with the Company's branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be).
3. Completion and return of a form of proxy will not preclude a member of the Company from attending and voting in person at the EGM or at any adjournment thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
4. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the EGM, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of that share shall be accepted to the exclusion of the votes of the other registered holders.
5. The register of members of the Company will be closed from Friday, 15 March 2024 to Wednesday, 20 March 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the EGM, all completed share transfer forms, accompanied by the relevant certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 14 March 2024.

As at the date hereof, the executive Directors are Mr. Yao Jianhui and Ms. Xia Lingjie; the non-executive Director is Ms. Zhan Yushan; and the independent non-executive Directors are Ms. He Suying, Mr. Shi Fazhen and Dr. Tang Lai Wah.