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**華潤置地有限公司**

**China Resources Land Limited**

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

**(Stock Code: 1109)**

## **SUPPLEMENTAL ANNOUNCEMENT**

### **CONNECTED TRANSACTION ACQUISITION OF EQUITY INTERESTS IN A TARGET COMPANY**

Reference is made to the Company's announcement dated 23 May 2025 (the "**Announcement**") in relation to the connected transaction involving the Acquisition contemplated under the Equity Transfer Agreement. Unless otherwise stated, capitalized terms in this supplemental announcement shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, the consideration of RMB200,791,265.57 for the Acquisition was determined after arm's length negotiation between the Purchaser and the Vendor with reference to, among other things, (1) the appraised value of the Target Equity; (2) the Shareholder's Loan and the subsequent investment and the contribution made by the Vendor; and (3) the market condition as a whole. According to the valuation of the Target Equity conducted by Independent Valuer (the "**Valuation**") as at the valuation benchmark date (i.e. 31 July 2024) (the "**Valuation Date**"), the appraised value of the Target Equity based on asset-based approach was RMB200,791,265.57.

The Board wishes to supplement the following information in relation to the Valuation:

#### **BASIC INFORMATION ON THE VALUATION**

##### **Selection of valuation methods**

Based on the information collected for the Valuation and taking into account the objective and the value type of the Valuation, the Independent Valuer adopted the asset-based method to assess the value of the Target Equity as at the Valuation Date on the premise of going concern. The asset-based method refers to a method for appraisal of the value of on-balance sheet and identifiable off-balance sheet assets and liabilities based on the balance sheet of the appraised entity as at the valuation benchmark date to determine the value of the appraised object.

According to the valuation report of the Independent Valuer, the basis of adopting the asset-based approach are, among others, that (1) the Target Company has complete financial and asset management records; (2) the asset-based approach is the most suitable valuation method as compared with other valuation methods; and (3) other valuation approach such as market approach, which determines the value of the appraised subject based on the market price of comparable subjects by comparison, was not feasible due to a lack of comparable market transaction data.

### **Scope and details of valuations**

The scope of the valuation covers all assets and liabilities declared by the Target Company as at the Valuation Date.

#### *Assets*

The appraised value of monetary funds (including bank deposits) is assessed based on the verified book value after verification of bank reconciliation statements, bank confirmations, etc.

The appraised values of accounts receivable, prepayments, other receivables, and long-term receivables are assessed by confirming the authenticity of the book balance through verification procedures such as confirmation, and considering the difference between the book balance and assessed risk loss.

For other current assets, the Independent Valuer investigated with the Target Company to understand the reasons for the formation of other current assets and reviewed relevant supporting documents and accounting records. If the result of the verification is found to be correct, the valuation of other current assets will be confirmed based on the verified book value after verification.

For the valuation of investment properties, the income approach has been adopted. The income approach is a method of forecasting the future income of the appraised object and using the rate of return or capitalization rate and income multiplier to convert the future income into value to derive the value or price of the appraised object. The calculation formula for the appraised value of the investment properties is as follows:

$$V=A_1/(1+r)^{1/2}+A_2/(1+r)^{1+1/2}+.....A_n/(1+r)^{n-1+1/2}+V_1$$

Where:  $A_1$  is the annual net income of the first year of approximately RMB15.1484 million  
 $A_2$  is the annual net income of the second year of approximately RMB37.7568 million

$A_n$  is the annual net income of the n-th year of approximately RMB5.8424 million and such annual net income refers to the difference between the total annual revenue and the total annual cash expenses

$r$  is the rate of return which 7% was used in the assessment based on the following assumption and formula:

rate of return = risk-free rate + investment risk compensation rate + management burden compensation rate + lack of liquidity compensation rate – benefits from investment

$n$  is the income period, which is remaining term of the land use rights of approximately 38.48 years

$V_1$  is the present value of residual value beyond the income period of approximately RMB21.436 million

For the above calculation, one of the key assumptions adopted is that the appraised asset will continue to be used according to its current purpose and usage. After the expiration of the land use rights, the residual value of the buildings can be reasonably recovered.

The fixed assets of the Target Company comprise solely electronic equipment including but not limited to different models of laptops, desktops, monitors, projectors, air-purifiers, air-conditioners and coffee machines etc. The electronic equipment was primarily appraised by adopting the replacement cost approach, while certain long-used equipment was appraised based on second-hand market prices as of the Valuation Date by the market approach.

Replacement cost method formula:

**Appraised value = Replacement Cost × Composite Depreciation Rate**

- (1) Determination of Replacement Cost: the replacement cost (excluding tax) was determined through market inquiries with manufacturers or suppliers, supplemented by online price research.
- (2) Determination of Composite Depreciation Rate: the depreciation rate was primarily calculated based on the equipment’s economic useful life. The calculation formula is as follows:

$$\text{Composite Depreciation Rate} = (\text{Economic Useful Life} - \text{Years in Use})/\text{Economic Useful Life} \times 100\%$$

- (3) Determination of Appraised value:

$$\text{Appraised value} = \text{Replacement Cost} \times \text{Composite Depreciation Rate}$$

Different models of electronic equipment were primarily appraised by adopting the above replacement cost approach based on their actual status and conditions. When using the above cost replacement method, it is assumed that, as of the Valuation Date, it is possible to purchase (or manufacture) brand-new equipment with the same functions and technical performance as the appraised object at market prices in an open market.

Thus, the appraised value of the fixed assets of the Target Company was determined by applying either the replacement cost method and the market approach, depending on the equipment's years in use and available data.

### *Liabilities*

The appraised value of the current and non-current liabilities is determined based on the actual liability items and amounts to be borne by the Target Company as of the Valuation Date. Among the accounts receivable in advance, three items including the rental receipts in advance were formed due to historical accounting adjustment, and do not require actual payment. Therefore, those items were excluded from the Valuation.

### **Valuation Assumptions**

Set out below are the principal assumptions, among others, adopted in the Valuation:

1. all appraised assets are already in the process of being transacted. The Independent Valuer simulated market conditions for valuation based on the transaction conditions of the appraised assets;
2. the assets traded or intended to be traded on the market are transacted between parties of equal standing, with both parties having sufficient opportunity and time to obtain market information, so as to make rational judgements regarding the asset's function, use, and transaction price;
3. the appraised assets will continue to be used according to their current purpose and usage;
4. there will be no significant changes in the current national laws, regulations, policies, or the macroeconomic situation, and that there will be no significant changes in the political, economic, or social environment of the regions where the parties to the transaction are located;
5. the Target Company will continue as a going concern, based on the actual condition of the assets as of the Valuation Date;
6. the interest rates, exchange rates, tax bases and rates, and policy-based fees related to the appraised Target Company will not undergo significant changes after the Valuation Date;
7. after the Valuation Date, the management of the appraised will remain responsible, stable, and capable of fulfilling their duties;
8. unless otherwise stated, it is assumed that appraised Target Company fully complies with all relevant laws and regulations;

9. after the Valuation Date, there will be no force majeure events adversely affecting the main asset leasing and operating model or the leasing market of the appraised Target Company;
10. the accounting policies adopted by the appraised Target Company after the valuation benchmark date will remain consistent in material respects with those adopted at the time of the preparation of the valuation report; and
11. after the Valuation Date, the management style and level of management of the appraised Target Company, as well the business scope and manner of operation of the appraised Target Company, will remain consistent with the present.

#### **Valuation conclusion under the asset-based method and comparisons with book values**

The appraised value of assets of the Target Company was approximately RMB1,014.3 million and the book value was approximately RMB1,013.4 million, representing a negligible difference of less than RMB1 million or less than 0.1%.

The appraised value of liabilities of the Target Company was approximately RMB813.5 million and the book value was approximately RMB815.6 million, representing a negligible difference of RMB2 million or less than 0.3%.

The appraised value of net assets of the Target Company was approximately RMB200.8 million and the book value was approximately RMB197.9 million, representing a very slight difference of less than RMB3 million or less than 1.5%.

The Board is of the view that there is no material difference between the appraised value and the book value of the Target Company.

The consolidated results of the Valuation as of the Valuation Date (and comparison with the book values) are summarised in the table below:

Items	Book value A	Appraised value B	Amount of depreciation	Appreciation
			or appreciation C = B-A	rate % D = C/A×100%
<b>Current Asset</b>	<b>207.31</b>	<b>207.31</b>	—	—
Monetary Fund	114.55	114.55	—	—
Accounts Receivable	30.57	30.57	—	—
Prepayments	2.03	2.03	—	—
Other Receivables	26.01	26.01	—	—
Other Current Assets	34.14	34.14	—	—
<b>Non-current Asset</b>	<b>806.13</b>	<b>807.03</b>	<b>0.90</b>	<b>0.1%</b>
Long-term receivables	10.84	10.84	—	—
Investment properties	795.17	795.80	0.63	0.08%
Net fixed assets	0.12	0.39	0.27	221.14%
<b>Total Asset</b>	<b>1,013.44</b>	<b>1,014.34</b>	<b>0.90</b>	<b>0.09%</b>
<b>Current Liability</b>	<b>467.58</b>	<b>465.57</b>	<b>-2.01</b>	<b>-0.43%</b>
Accounts payable	205.29	205.29	—	—
Accounts receivable in advance	9.32	7.32	-2.01	-21.55%
Interests payable	1.2	1.2	—	—
Employee compensation payable	0.17	0.17	—	—
Taxes payable	0.84	0.84	—	—
Other payables	250.77	250.77	—	—
<b>Non-current Liability</b>	<b>347.97</b>	<b>347.97</b>	—	—
Long-term borrowings	347.97	347.97	—	—
<b>Total Liability</b>	<b>815.55</b>	<b>813.54</b>	<b>-2.01</b>	<b>-0.25%</b>
<b>Net Assets (owners' equity)</b>	<b>197.88</b>	<b>200.79</b>	<b>2.91</b>	<b>1.47%</b>

The above additional information does not affect other information contained in the Announcement.

Save as disclosed above, all other information set forth in the Announcement remains unchanged.

By Order of the Board  
**China Resources Land Limited**  
**LI Xin**  
*Chairman*

PRC, 17 July 2025

*As at the date of this announcement, the executive Directors of the Company are Mr. Li Xin, Mr. Xu Rong, Mr. Zhang Dawei, Mr. Guo Shiqing and Mr. Chen Wei; the non-executive Directors of the Company are Mr. Huang Ting and Mr. Wei Chenglin; and the independent non-executive Directors of the Company are Mr. Zhong Wei, Mr. Sun Zhe, Mr. Frank Chan Fan, Mr. Leong Kwok-ken, Lincoln and Ms. Qin Hong.*