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If you are in doubt as to any aspect of this circular or as to the action you should take, you should consult a licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Changbaishan International Holdings Limited** (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, the licensed securities dealer or registered institution or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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CHINA CHANGBAISHAN INTERNATIONAL HOLDINGS LIMITED

中國長白山國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 989)

**(1) RESTRUCTURING FRAMEWORK AGREEMENT
IN RELATION TO
THE PROPOSED RESTRUCTURING INVOLVING
(i) SUBSCRIPTION; AND
(ii) THE SCHEME;
(2) CONNECTED TRANSACTION – SUBSCRIPTION AND ISSUE OF
SCHEME SHARES UNDER SPECIFIC MANDATE;
(3) SPECIAL DEAL; AND
(4) NOTICE OF SPECIAL GENERAL MEETING**

Independent Financial Adviser to the Independent Shareholders



雋匯國際金融有限公司
Jun Hui International Finance Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular. A letter from the Board is set out on pages 11 to 44 of this circular. A letter from Independent Board Committee is set out on pages 45 to 46 of this circular. A letter from TC Independent Board Committee is set out on page 47 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee, TC Independent Board Committee, and Independent Shareholders is set out on pages 48 to 107 of this circular.

A notice convening the SGM to be held at Room 901-5, 9/F, China Insurance Group Building, 141 Des Voeux Road Central, Central, Hong Kong, on Wednesday, 9 September 2026 at 11:45 a.m. (or so soon after the conclusion or adjournment of the annual general meeting of the Company to be convened at 11:00 a.m. at the same place and date) is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM or any adjournment thereof is enclosed with this circular.

Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the office of 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 as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM, excluding Saturdays, Sundays and public holidays in Hong Kong (i.e. 11:45 a.m. on Monday, 7 September 2026), or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

25 August 2026

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DEFINITIONS

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

“2024/2025 Annual Report”	the Company’s annual report for the year ended 31 March 2025
“2025/2026 Annual Report”	the Company’s annual report for the year ended 31 March 2026
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Adjudicator(s)”	such persons with experience in the adjudication of creditors’ claims in a liquidation as the Scheme Administrators, in their absolute discretion, shall nominate and appoint
“Admitted Scheme Claim(s)”	all Scheme Claim(s) against the Company which have been admitted under the Scheme by the Scheme Administrators or the Adjudicator (as the case may be)
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	board of Directors
“Bondholder(s)”	holder(s) of the Bonds at the voting record time, being the latest date and time to be specified in the scheme document for the Scheme for the delivery of the notice of claim and proxy form
“Bonds”	HK\$60,000,000 (equivalent to approximately RMB55,734,000) 6% convertible bonds issued by the Company on 23 June 2023 and due on 22 June 2026 and constituted by the Instrument
“Business Day(s)”	a day other than a Saturday, Sunday or public holiday or a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted or an Extreme Condition is announced in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“BVI”	British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Charm Success”	Charm Success Group Limited (美成集團有限公司), a company incorporated in the BVI with limited liability and directly wholly owned by Deep Wealth Holding Limited which is in turn held by TMF (Cayman) Ltd. as the trustee of the Ground Trust

DEFINITIONS

“Claim(s)”	any debt, liability or obligation of the Company (whether known or unknown, whether actual or contingent, whether present, future or prospective, whether liquidated or unliquidated), whether arising by virtue of contract, at common law, in equity or by statute in Hong Kong, Bermuda or in any other jurisdiction or in any manner whatsoever, which includes without limitation a debt or liability to pay money or money’s worth, any liability for breach of trust, any liability in contract (including any guarantee liability of the Company), tort or bailment and any liability arising out of an obligation to make restitution, together with all interest on such debt, obligation or liability
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended from time to time
“Company”	China Changbaishan International Holdings Limited (stock code: 0989), a company incorporated in Bermuda with limited liability
“Completion”	completion of the Proposed Restructuring
“Composite Document”	the composite offer and response document to be jointly issued by Ground Group HK and the Company in accordance with the Takeovers Code containing, among other things, details of the Offer, the recommendation from the TC Independent Board Committee to the Independent Shareholders and the advice from the Independent Financial Adviser to the TC Independent Board Committee in respect of the Offer
“Concert Party Group”	Ground Group HK and parties acting in concert with it (including Mr. Cui, Ms. Chai, Ms. Cui, Jilin Ground Group, Xin Guangze, Jilin Guangxun Investment, Jilin Xinquan, Jilin Xinshun, Jilin Zexiao, Ka Yik and Charm Success)
“Concert Party Shares”	any Scheme Shares received by members of the Concert Party Group in respect of their Admitted Scheme Claims under the Scheme or any Subscription Shares
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Court”	the High Court of Hong Kong
“Creditors”	collectively, all the creditors of the Company with Admitted Scheme Claims against the Company as at the date on which the Proposed Restructuring becomes effective
“Director(s)”	director(s) of the Company

DEFINITIONS

“DL Securities”	DL Securities (HK) Limited, a licensed corporation to carry out business in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance under the licensing condition that in the capacity as an adviser to a client on matters/transactions falling within the ambit of the Takeovers Code, act together with another adviser (to the client) not subject to this condition) regulated activities under the SFO, being one of the joint financial advisers to the Offeror in connection with the Offer
“Enlarged Issued Share Capital”	5,362,635,631 Shares, being the total number of issued Shares upon Completion as enlarged by the allotment and issue of the Scheme Shares and the Subscription Shares
“Excluded Claim(s)”	(i) preferential Claims, (ii) secured Claims, and (iii) the Scheme Costs and (iv) any amounts owing by the Company to Ground Group HK under the Funding Agreement as at the Restructuring Effective Date (if any)
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“Facility”	a loan facility of up to HK\$40,000,000 granted by DL Securities as lender to the Offeror as borrower, which is secured by the Share Charges over the Concert Party Shares held by members of the Concert Party Group upon Completion and the Offer Shares that may be acquired by the Offeror under the Offer
“Funding Agreement”	the funding agreement dated 12 January 2026 (as supplemented on 15 July 2026) entered into among Ground Group HK as lender, the Company and Ka Yun as co-borrowers in relation to a loan in the amount of HK\$39,000,000 which may or may not be drawn down in full
“Group”	the Company and its subsidiaries
“Ground Group HK” or “Offeror”	Ground Group (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability, which is wholly owned by Jilin Ground Group
“Ground Trust”	a discretionary trust set up by Ms. Cui as settlor and protector, and TMF (Cayman) Ltd. as trustee on 27 July 2016
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“HKFRS 5”	being Hong Kong Financial Reporting Standard 5 – Non Current Assets Held for Sale and Discontinued Operations
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors established for the purpose of advising the Independent Shareholders in relation to the Restructuring Framework Agreement and the transactions contemplated thereunder, the Specific Mandate, the Scheme, and the Subscription
“Independent Financial Adviser” or “Jun Hui International”	Jun Hui International Finance Limited, a licensed corporation permitted to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to (a) advise the Independent Board Committee and the Independent Shareholders on whether the Restructuring Framework Agreement and the transactions contemplated thereunder, the Specific Mandate, the Scheme and the Subscription are fair and reasonable with its letter of advice included in this circular; (b) advise the TC Independent Board Committee and the Independent Shareholders whether the Special Deal is fair and reasonable, and as to voting, with its letter of advice included in this circular; (c) advise the TC Independent Board Committee and the Independent Shareholders whether the Offer is fair and reasonable and as to the acceptance of the Offer, with its letter of advice to be included in the Composite Document
“Independent Shareholder(s)”	(a) (for the purpose of the Proposed Restructuring, Specific Mandate and Special Deal) Shareholders other than (i) the Scheme Creditors, their close associates and parties acting in concert with any one of them, (ii) those who are involved in or interested in the Proposed Restructuring or the Special Deal; (iii) those who are required to abstain from voting under the Listing Rules; and (iv) members of the Concert Party Group (b) (for the purpose of the Offer) Shareholders other than members of the Concert Party Group
“Independent Third Party(ies)”	party(ies) independent of and not connected with the Company and its connected persons
“Instrument”	the instrument constituting the Bonds
“Irrevocable Undertaking”	has the meaning set out under the section headed “Possible Unconditional Mandatory Cash Offer – Irrevocable Undertaking” in this circular

DEFINITIONS

“Issue Price”	HK\$0.15 per Scheme Share, being the issue price of each Scheme Share
“Jilin Ground Group”	吉林省廣澤集團有限公司 (Jilin Ground Group Company Limited*), a company established in the PRC with limited liability and which is in turn wholly owned by Xin Guangze
“Jilin Guangxun Investment”	吉林省廣訊投資有限公司 (Jilin Guangxun Investment Company Limited*), a company established in the PRC with limited liability and is owned as to approximately 96.86% by Jilin Zexiao and as to approximately 3.14% by other parties through Jilin Tianyi
“Jilin Tianyi”	吉林省天益商務諮詢有限公司 (Jilin Tianyi Business Consulting Company Limited*), a company established in the PRC with limited liability and is owned as to approximately 90% by 王彥剛 (Wang Yangang*) and approximately 10% by 李志國 (Li Zhiguo*) respectively
“Jilin Wanding”	吉林省萬鼎控股集團有限公司 (Jilin Wanding Holdings Group Co., Ltd*) is a company established in the PRC with limited liability and is owned as to approximately 90% by 隋廣義 (Mr. Sui Guangyi*), 5% by 王健 (Mr. Wang Jian*) and 5% by 王敏 (Ms. Wang Min*) respectively
“Jilin Xinquan”	吉林省新泉商貿有限公司 (Jilin Xinquan Trading Company Limited*), a company established in the PRC with limited liability and is owned as to approximately 98.77% by 劉曉丹 (Liu Xiaodan*) and approximately 1.23% by 吳紀雨 (Wu Jiyu*) respectively
“Jilin Xinshun”	吉林省欣順商務諮詢有限公司 (Jilin Xinshun Business Consulting Company Limited*), a company established in the PRC with limited liability and is owned as to 80.00% by Mr. Cong and 20.00% by 孫國華 (Sun Guohua*) respectively
“Jilin Zexiao”	吉林省澤曉信息科技有限公司 (Jilin Zexiao Information Technology Company Limited*), a company established in the PRC with limited liability, and is owned as to approximately 99.94% by Mr. Cui and 0.06% by 劉曉丹 (Liu Xiaodan*)
“Joint Announcement”	the announcement jointly published by Ground Group HK and the Company dated 15 July 2026 in relation to, among others, the Proposed Restructuring and the Offer
“Ka Yik”	Ka Yik Investments Limited (家譯投資有限公司) a company incorporated in the BVI with limited liability and directly wholly owned by Deep Wealth Holding Limited which is in turn held by TMF (Cayman) Ltd. as the trustee of the Ground Trust

DEFINITIONS

“Ka Yun”	Ka Yun Investments Limited (家潤投資有限公司), a company incorporated in the BVI and is an indirect wholly-owned subsidiary of the Company
“Last Trading Day”	15 July 2026
“Latest Practicable Date”	21 August 2026, being the latest practicable date prior to the despatch of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 October 2026 or such later date as the parties to the Restructuring Framework Agreement may agree in writing and approved by Scheme Creditors holding not less than 75% in value of the aggregate Voting Claims present and voting at a meeting convened for that purpose
“Mr. Cong”	Mr. Cong Peifeng, an executive Director and the sole director of Ground Group HK
“Mr. Cui”	Mr. Cui Mindong, a non-executive Director and ultimate controlling shareholder of Ground Group HK. Mr. Cui is also the father of Ms. Cui
“Ms. Chai”	Ms. Chai Xiu, the spouse of Mr. Cui and the mother of Ms. Cui
“Ms. Cui”	Ms. Cui Xintong, a former executive director and a substantial shareholder of the Company and the daughter of Mr. Cui and Ms. Chai
“Offer”	subject to Completion, the mandatory unconditional cash offer to be made by DL Securities for and on behalf of Ground Group HK to acquire all the Offer Shares
“Offer Share(s)”	all the issued Shares (other than those already beneficially owned or to be acquired by the Concert Party Group)
“PRC”	the People’s Republic of China, which for the purpose of this circular shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Proposed Restructuring”	the proposed restructuring of the capital, business and indebtedness of the Company comprising the Subscription and the Scheme

DEFINITIONS

“Relevant Period”	the period commencing six months prior to 15 July 2026, being the date of the Joint Announcement, up to and including the Latest Practicable Date
“Restructuring Documents”	the Restructuring Framework Agreement, the Subscription Agreement and all documents necessary to document and implement the Restructuring Framework Agreement and the Restructuring Transactions
“Restructuring Effective Date”	the date on which all conditions precedent under the section headed “Conditions precedent of the Proposed Restructuring” of this circular have been fulfilled
“Restructuring Framework Agreement”	an agreement dated 15 July 2026 (as supplemented by the Supplemental Restructuring Framework Agreement) and entered into between Ground Group HK and the Company (as may be further amended or supplemented from time to time) relating to the Proposed Restructuring
“Restructuring Transactions”	the Subscription and the Scheme, being the transactions for the purpose of implementing the Proposed Restructuring
“RMB”	Renminbi, the lawful currency of the PRC
“Sanction Order”	the order of the Court dated 21 July 2026 sanctioning the Scheme
“Scheme”	the scheme of arrangement in Hong Kong pursuant to section 670 of the Companies Ordinance and made between the Company and the Scheme Creditors, as sanctioned by the Court on 21 July 2026 and set forth in the annexure to the Sanction Order, in its present form or with or subject to any non-material modifications, additions, or conditions that the Court may further approve or impose
“Scheme Administrators”	Mr. Osman Mohammed Arab and Mr. Lai Wing Lun, both of Acclime Corporate Advisory (Hong Kong) Limited acting without personal liabilities subject to the terms of the Scheme
“Scheme Claim(s)”	any Claim excluding the Excluded Claims
“Scheme Company”	a company incorporated by the Scheme Administrators in Hong Kong with limited liability, being a special purpose vehicle held and controlled by the Scheme Administrators

DEFINITIONS

“Scheme Costs”	costs, charges, expenses and disbursements necessary and properly incurred in connection with the administration and implementation of the Scheme including the fees and remuneration of the Scheme Administrators and the Adjudicator and their respective advisers and those set out in the scheme document for the Scheme
“Scheme Creditors”	any person having a Scheme Claim, including but not limited to the Bondholders
“Scheme Effective Date”	the date on which the Scheme becomes effective, where conditions (1) and (2) of the conditions precedent under the section headed “Conditions precedent of the Scheme” of this circular have been fulfilled
“Scheme Funds”	all funds from time to time credited to the Scheme Trust Account, including any interest thereon
“Scheme Meeting”	the meeting(s) of the Scheme Creditors convened and held on 8 June 2026 at the direction of the Court for the purpose of considering and, if thought fit, approving the Scheme
“Scheme Share(s)”	an aggregate of 4,742,453,691 new Shares which fall to be allotted and issued by the Company to the Scheme Creditors pursuant to the Scheme
“Scheme Trust Account”	an interest-bearing trust account to be opened in the names of the Scheme Company and/or any of the Scheme Administrators with a licensed bank in Hong Kong for the purposes of holding the Scheme Funds for the benefit of the Scheme Creditors
“SFC”	The Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SGM”	the special general meeting of the Company to be convened and held at Room 901-5, 9/F, China Insurance Group Building, 141 Des Voeux Road Central, Central, Hong Kong, on Wednesday, 9 September 2026 at 11:45 a.m. (or so soon after the conclusion or adjournment of the annual general meeting of the Company to be convened at 11:00 a.m. at the same place and date), to consider and approve, among other things, the granting of the Specific Mandate, the Scheme, the Subscription and the Special Deal
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company

DEFINITIONS

“Share Charges”	the share charges granted by Ground Group HK and certain members of the Concert Party Group as chargors in favour of DL Securities as chargee in respect of the charge over all the Concert Party Shares held by those members of the Concert Party Group upon Completion and any Offer Shares to be acquired by Ground Group HK during the offer period (as defined under the Takeovers Code) and under the Offer as security for the Facility
“Shareholder(s)”	holder(s) of the issued Shares
“Special Deal”	the proposed settlement of the indebtedness due to each of the Scheme Creditors who are also Shareholders under the Scheme, namely, Ka Yik, Mr. Jiang Jinbo, Mr. Lin Huipeng and Ms. Wang Ting Ting, which will constitute a special deal under Rule 25 of the Takeovers Code
“Specific Mandate”	the specific mandate to be granted by the Independent Shareholders to the Board at the SGM for the allotment and issue of the Scheme Shares and the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares subject to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 15 July 2026 and entered into between Ground Group HK (as subscriber) and the Company (as issuer) in relation to the Subscription
“Subscription Price”	HK\$0.15 per Subscription Share
“Subscription Share(s)”	an aggregate of 260,000,000 new Shares to be subscribed by Ground Group HK pursuant to the terms and conditions of the Subscription Agreement, each a “Subscription Share”
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supplemental Restructuring Framework Agreement”	the supplemental agreement dated 20 August 2026 entered into between Ground Group HK and the Company to supplement the Restructuring Framework Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC

DEFINITIONS

“TC Independent Board Committee”	an independent committee of the Board comprising all non-executive Directors who have no direct or indirect interest in the Offers and the Special Deal, namely Mr. Chiu Sin Nang, Kenny, Mr. Tsang Hung Kei, Mr. Wang Xiaochu and Ms. Wang Meirong, established in compliance with Rule 2.8 of the Takeovers Code to (a) advise the Independent Shareholders whether the Special Deal is fair and reasonable, and as to voting, with its letter included in this circular; and (b) advise the Independent Shareholders whether the Offer is fair and reasonable and as to the acceptance of the Offer, with its letter to be included in the Composite Document
“Voting Claim(s)”	the amount of a Claim admitted for the purposes of voting at the Scheme Meeting, which was held on 8 June 2026, as estimated and determined by the chairman of the Scheme Meeting (i.e. Mr. Tsang Hung Kei, the independent non-executive Director) in his sole discretion as at the date of the Scheme Meeting. For the avoidance of doubt, Ground Group HK, Mr. Cui, Ms. Chai, Ms. Cui, Jilin Ground Group, Xin Guangze, Jilin Guangxun Investment, Jilin Xinquan, Jilin Xinshun, Ka Yik and Charm Success have given undertakings not to attend or vote at the Scheme Meeting and to abide by the terms of the Scheme, and hence were not counted towards the Voting Claims
“Xin Guangze”	吉林省鑫廣澤控股有限公司 (Jilin Xin Guangze Holding Company Limited*), a company established in the PRC with limited liability and is owned as to approximately 75.00%, 10.00% and 15.00% by each of Jilin Guangxun Investment, Jilin Xinquan and Jilin Xinshun, respectively
“%”	per cent.

* *For translation purposes only*

LETTER FROM THE BOARD

CHINA CHANGBAISHAN INTERNATIONAL HOLDINGS LIMITED

中國長白山國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 989)

Executive Directors:

Mr. Xu Yingchuan

Mr. Li Junjie

Mr. Cong Peifeng

Registered Office:

Richmond House

12 Par-la-Ville Road

Hamilton HM 08

Bermuda

Non-executive Directors:

Mr. Cui Mindong

Mr. Chiu Sin Nang, Kenny

Principal place of business in Hong Kong:

Room 1304, 13th Floor,

China Resources Building,

No. 26 Harbour Road,

Wan Chai, Hong Kong

Independent non-executive Directors:

Mr. Tsang Hung Kei

Mr. Wang Xiaochu

Ms. Wang Meirong

25 August 2026

To the Shareholders

Dear Sir or Madam,

**(1) RESTRUCTURING FRAMEWORK AGREEMENT
IN RELATION TO**

THE PROPOSED RESTRUCTURING INVOLVING

(i) SUBSCRIPTION; AND

(ii) THE SCHEME;

**(2) CONNECTED TRANSACTION – SUBSCRIPTION AND ISSUE OF SCHEME SHARES
UNDER SPECIFIC MANDATE;**

(3) SPECIAL DEAL; AND

(4) NOTICE OF SPECIAL GENERAL MEETING

1. INTRODUCTION

References are made to (i) the announcement of the Company dated 12 January 2026 in relation to, among other matters, the entering into of the Funding Agreement; (ii) the Joint Announcement; and (iii) the announcement of the Company dated 21 July 2026 in relation to the modifications to the Scheme and the results of the sanction hearing of the Court for the Scheme.

LETTER FROM THE BOARD

According to the 2024/2025 Annual Report, the Group incurred a loss of approximately RMB852.9 million for the year ended 31 March 2025, with an accumulated losses attributable to the owners of the Company of approximately RMB2,587.5 million. As at 31 March 2025, the Group recorded net current liabilities and net liabilities of approximately RMB942.5 million and RMB623.3 million, respectively. According to the 2025/2026 Annual Report, the Group recorded a profit of approximately RMB122.2 million for the year ended 31 March 2026, mainly attributable to one-off gain arising from the disposal of project companies and purchase of ginseng assets. As at 31 March 2026, the Group recorded net current liabilities and net liabilities of approximately RMB481.5 million and RMB489.5 million, respectively. The cash and cash equivalents of the Group amounted to approximately RMB4.2 million as at 31 March 2026.

As at the Latest Practicable Date, the total outstanding indebtedness of the Company amounted to approximately HK\$711.4 million, which were either in default or under cross-default provisions. Pursuant to the cross-default provisions set out in the outstanding debts, a default in an outstanding debt would trigger defaults in other indebtedness, the Company is thus facing imminent risk of full-scale default of the debts (including debts with maturity dates falling in 2027), leading to a domino effect where any creditors would demand the Company to make immediate repayments and take legal actions (including but not limited to statutory demands and winding-up petitions) against the Group. The Group has received demand letters from certain creditors during the year ended 31 March 2026, requesting the Group's immediate repayment of approximately HK\$248.7 million and formal legal demand indicating potential enforcement proceedings against the Group. Save for the aforementioned, no additional demand letters have been received by the Group since then and up to the Latest Practicable Date. As at the Latest Practicable Date, the Group has not received any enforcement actions undertaken by creditors.

Given the Group's existing debt level and the net liabilities position, the Group's management has been actively exploring various financing options, including but not limited to discussing with the Company's major shareholders for financial support and seeking professional advice in other alternative strategies in improving the Group's financial position. The Group has decreased its bank loans through the disposals of project companies during the past years; transferred convertible bonds to shareholder loans; and explored the possibility to raise funds via equity financing.

In December 2021, the Company completed an issue of an aggregate principal amount of HK\$103,076,730 convertible bonds to Ka Yik (a member of the Concert Party Group) which was due in June 2023. In June 2023, the Company received a written confirmation from Ka Yik for its consent that the initial maturity date shall be extended for another eighteen months to December 2024. Upon maturity in December 2024, as the Company did not have sufficient financial resources to repay at the material time, the convertible bonds with principal amount of HK\$103,076,730 and the accrued interests of HK\$6,184,604 were converted into Shareholder's loan of HK\$109,261,334 in aggregate, which is unsecured, interest free and repayable on demand, by entering into a loan agreement as mutually agreed between the Company and Ka Yik.

LETTER FROM THE BOARD

In April 2024, a loan capitalisation agreement (the “**Loan Capitalisation Agreement**”) was entered into, pursuant to which, among others, the Company conditionally agreed to allot and issue to a connected subscriber (i.e. Ground Investment Holding Group Co. Ltd, which is ultimately and beneficially owned by Mr. Cui and Ms. Chai) and the subscriber conditionally agree to subscribe for, a total of 5,060 million capitalisation shares at a price of HK\$0.05 per capitalisation share for a total consideration of HK\$253 million (equivalent to approximately RMB230 million). As part of the conditions precedent, the loan capitalisation was subject to the completion of a debt reorganisation, which was considered that there is minimal chance for the requisite approvals to be obtained from the relevant government authorities in the PRC (i.e. the National Development and Reform Commission, the State Administration of Foreign Exchange, and the Ministry of Commerce) on or before 31 December 2024 (being the long stop date for the completion of the Loan Capitalisation Agreement). As a result, the loan capitalisation was terminated on 4 October 2024.

In September 2025, the Group completed the disposal of 100% equity interests held in Jilin Province Ground Tourism Development Company Limited and its subsidiaries, resulting in a decrease in the Group’s total liabilities by approximately RMB523.0 million.

In March 2026, the Group completed the disposal of 100% equity interests held in (i) Changchun Zhujia Real Estate Development Company Limited) and its subsidiary; (ii) Baishan Ground Business Management Company Limited; and (iii) Yanji Huize Real Estate Development Company Limited, resulting in a decrease in the Group’s total liabilities by approximately RMB559.8 million.

The initiatives undertaken have significantly contributed a decrease in the Group’s bank and other borrowings from approximately RMB651.6 million as at 31 March 2024 to approximately RMB183.4 million as at 31 March 2026. However, all the above ways have been unable to fully resolve the Group’s severe liquidity and financial distress situation, with subsisting net liabilities of approximately RMB489.5 million and total liabilities of approximately RMB907.5 million as at 31 March 2026. Such initiatives undertaken by the Company could only resolve part, but not the whole, of the Group’s financial difficulties.

Before the decision to proceed with the Proposed Restructuring, the Company has considered other means of fund raising, including but not limited to bank borrowing, debt financing and other equity fund raising methods to settle its indebtedness. For debt financing, taking into account (i) the net current liabilities and net liabilities positions of the Group; (ii) the unavailability of suitable assets to be pledged

LETTER FROM THE BOARD

as collateral; and (iii) debt financing incur interest burden on the Group, which may further deteriorate the liquidity and financial distress situation of the Group, it is considered that further debt financing may not be viable to the Group. As such, the Company is of the view that the debt financing from banks or other financial institutions are of limited accessibility and undesirable effects, and such funding method is not in the interests of the Company and the Shareholders as a whole. As for equity financing, it is considered that (i) the extremely adverse financial position and performance of the Group, the generally low liquidity of the Shares as discussed below as well as the recent volatile market condition, the procurement of commercial underwriting would be difficult; and (ii) substantial transaction costs, including underwriting commission, placing commission and various professional service fees, will be incurred. Nonetheless, the Group's management had approached the principal bank of the Company and various financial institutions for debt and/or equity financing possibilities, which no fruitful results have been yielded. The Group's management had also attempted to approach the Company's substantial Shareholders for financial support, and a further financial support has been provided under the Funding Agreement. Further, the substantial Shareholder has agreed not to demand immediate repayment of the existing loans of approximately HK\$403.7 million, if the Company proceeds its debt restructuring.

Taking into account the severe financial distress situation and lack of cashflow of the Group, which would be at risk of insolvent liquidation, the Board believes there is an imminent need to pursue a restructuring and to formulate the terms of the Proposed Restructuring, which is considered to be the only viable option to the Company under such circumstances, and is in the interest of all the stakeholders in the Company, including the Scheme Creditors.

The purpose of this circular is to provide you, among others, details of: (a) the Restructuring Framework Agreement and the transactions contemplated thereunder; (b) the Specific Mandate; (c) the Scheme; (d) the Subscription; (e) the Special Deal; (f) a letter of advice from the Independent Financial Adviser to the Independent Shareholders in relation to the Restructuring Framework Agreement and the transactions contemplated thereunder, the Subscription, the Scheme, the Specific Mandate and the Special Deal; (g) the letter from the Independent Board Committee; (h) the letter from the TC Independent Board Committee; and (i) a notice of the SGM.

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2. THE RESTRUCTURING FRAMEWORK AGREEMENT

On 15 July 2026, Ground Group HK and the Company entered into the Restructuring Framework Agreement, pursuant to which the Company will implement the Proposed Restructuring, which involves, among others, (i) the Subscription; and (ii) the Scheme. Following the modifications to the terms of the Scheme sanctioned by the Court on 21 July 2026, Ground Group HK and the Company entered into the Supplemental Restructuring Framework Agreement on 20 August 2026 to reflect such modifications (details of which are set out in the announcement of the Company dated 21 July 2026) and to supplement the Restructuring Framework Agreement accordingly, which is of administrative nature (such as revising the definition of the Scheme Effective Date and the introduction of the Restructuring Effective Date) and will not affect the key terms of the Proposed Restructuring. Subject to the terms and conditions of the Subscription Agreement, Ground Group HK shall subscribe a total of 260,000,000 Subscription Shares at the total subscription price of HK\$39,000,000, which shall be satisfied by applying all amounts advanced and to be advanced by Ground Group HK under the Funding Agreement in full as the Subscription Price credited as fully paid for capitalisation into the Subscription Shares on a dollar-for-dollar basis.

Details of the Restructuring Framework Agreement, together with the detailed arrangements are set out below:

Date

15 July 2026 (as supplemented by the Supplemental Restructuring Framework Agreement dated 20 August 2026)

Parties

- (i) the Company; and
- (ii) Ground Group HK

Ground Group HK is a company incorporated in Hong Kong and is wholly owned by Jilin Ground Group, which is a company established in the PRC with limited liability and is wholly-owned by Xin Guangze, which is owned as to approximately 75%, 10% and 15% by each of Jilin Guangxun Investment, Jilin Xinquan and Jilin Xinshun, respectively. Jilin Guangxun Investment is owned as to approximately 96.86% and 3.14% by each of Jilin Zexiao and Jilin Tianyi, respectively. As at the Latest Practicable Date, Ground Group HK is ultimately and beneficially owned by Mr. Cui and Mr. Cong with effective shareholding interests of approximately 72.60% and 12.00%, respectively. The remaining approximately 15.40% of the shareholding interests of Ground Group HK are owned by five natural persons who individually holds less than 10% of the interests as at the Latest Practicable Date.

Based on the available books, records and information of the Company and pending determination and/or adjudication of the Admitted Scheme Claims, the total claim amount owed by the Company to Ground Group HK and Ka Yik is HK\$403,720,228.11. For details of Ground Group HK, please refer to the section headed “Information of Ground Group HK” in this circular.

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Conditions precedent of the Proposed Restructuring

Completion of the Proposed Restructuring shall be conditional upon the following conditions precedent being fulfilled or waived on or before the Long Stop Date:

- (1) the signing of all the Restructuring Documents by all the parties thereunder as may be required to be entered into to give effect to the Proposed Restructuring before Completion;
- (2) the Court sanctions the Scheme and an official copy of the order of the Court is delivered to and filed with and registered by the Registrar of Companies in Hong Kong;
- (3) the passing of the necessary resolutions by the Shareholders or the Independent Shareholders (as the case may be) at the SGM for the Scheme, the Restructuring Framework Agreement, the Subscription Agreement and the transactions contemplated thereunder (including the Subscription, the Specific Mandate, the Scheme and the Special Deal) and not having been revoked or vitiated;
- (4) the Company having obtained either conditional approval or approval-in-principle from the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Scheme Shares and the Subscription Shares;
- (5) the Scheme becoming effective and being implemented in accordance with its terms;
- (6) the Subscription Agreement having become unconditional in all respect in accordance with the terms and conditions set out therein;
- (7) the Company having obtained the necessary consent of the Executive for the Special Deal, and such necessary consent not having been revoked or withdrawn; and
- (8) all necessary governmental, regulatory and corporate authorisations, approvals, consents and/or waivers for the entering into of the Restructuring Framework Agreement and the performance of obligations thereunder having been obtained and effective;

None of the above conditions is capable of being waived. As at the Latest Practicable Date, save for the consents, approvals and/or waivers required to be obtained by the Company as set out in conditions (2) to (7) above, there are no other governmental, regulatory and corporate authorisations and approvals required to be obtained in respect of condition (8) above. In the event that the above conditions precedent have not been fulfilled on or before the Long Stop Date, the Restructuring Framework Agreement shall be automatically terminated.

As at the Latest Practicable Date, save for conditions (1), (2) and (5) above which have been fulfilled, none of the conditions above is fulfilled.

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Undertakings by the Company

Under the Restructuring Framework Agreement, the Company irrevocably undertakes to Ground Group HK that (a) the Scheme Shares shall be allotted and issued to the Scheme Company as soon as practicable after the Proposed Restructuring becomes effective. The Scheme Company shall hold the Scheme Shares on trust for the benefit of those Scheme Creditors with Admitted Scheme Claims, to be distributed on a pro rata basis based on the amount of their respective Admitted Scheme Claims, after determination and/or adjudication and after the close of the Offer, and (b) no Scheme Shares shall be subject to, or taken into account in respect of, the Offer. The Company has further undertaken in favour of Ground Group HK that, as part of the terms of the Scheme, the Scheme Administrators and the Scheme Company have given the Irrevocable Undertaking that they will not accept, and will not transfer, dispose of or distribute, the Scheme Shares until after the close of the Offer. Details of the Irrevocable Undertaking are set out under the section headed “Irrevocable Undertaking” below.

Undertakings by Ground Group HK

The Company has considered the rights of each of the Scheme Creditors against the Company and the way in which those rights would be affected by the Scheme. As the Concert Party Group is connected to Ground Group HK and will be obliged to make a mandatory general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Concert Party Group) under Rule 26.1 of the Takeovers Code upon Completion, each of the entities in the Concert Party Group (namely the Offeror, Mr. Cui, Ms. Chai, Ms. Cui, Jilin Ground Group, Xin Guangze, Jilin Guangxun Investment, Jilin Xinquan, Jilin Xinshun, Ka Yik and Charm Success) has given an undertaking not to attend or vote at the Scheme Meeting and to abide by the terms of the Scheme, and hence were not counted towards the Voting Claims.

Termination of the Restructuring Framework Agreement

The Company and/or Ground Group HK may terminate the Restructuring Framework Agreement by serving written notice to the other party thereto if the Company or Ground Group HK (i) commits a material breach or default in any of its obligations under the Restructuring Framework Agreement or fails to comply fully with such obligations; and (ii) fails to rectify such breach, default or non-compliance within fourteen (14) Business Days of the non-defaulting party notifying the defaulting party in writing of such breach, default or non-compliance.

Unless Ground Group HK and the Company shall otherwise agree, the Restructuring Framework Agreement shall be terminated automatically if:

- (1) the listing of the Shares has been cancelled by the Stock Exchange before the date of Completion; or
- (2) Completion has not taken place on or before the Long Stop Date; or
- (3) Ground Group HK and the Company agree in writing that the Restructuring Framework Agreement shall be terminated; or

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- (4) the Scheme is terminated in accordance with its terms and conditions where the Scheme Claims due to the Scheme Creditors are revived; or
- (5) Ground Group HK fails to advance the loan to the Company and Ka Yun in accordance with the Funding Agreement and such failure is not being rectified (i.e. the payment of funding is not made) within fourteen (14) Business Days from such failure.

A. FUNDING OF THE PROPOSED RESTRUCTURING

Funding Agreement

To proceed with the Proposed Restructuring, on 12 January 2026 (as further supplemented on 15 July 2026), Ground Group HK (as lender) and the Company and Ka Yun (as co-borrowers) entered into the Funding Agreement, pursuant to which, Ground Group HK agreed to grant a credit facility of a total sum of up to HK\$39,000,000 to the Group to, among others, facilitate (i) the preparation and implementation of the Proposed Restructuring; (ii) the Group's property development and management and property investment business; and (iii) the working capital of the Group. The term loan facility under the Funding Agreement is interest-free and unsecured, with eighteen months of availability period from the date of the Funding Agreement. As at the Latest Practicable Date, the full amount of HK\$39,000,000 has been drawn down. For further details, please refer to the Company's announcement dated 12 January 2026.

B. THE SUBSCRIPTION

Subscription Shares

Pursuant to the Restructuring Framework Agreement and the Subscription Agreement, Ground Group HK shall subscribe for a total of 260,000,000 Subscription Shares at the total subscription price of HK\$39,000,000 (representing a subscription price of HK\$0.15 per Subscription Share), which shall be satisfied by way of set-off against the outstanding amounts under the Funding Agreement in whole or in part on a dollar-for-dollar basis.

The Subscription Shares will be allotted and issued under the Specific Mandate to be sought for approval from the Independent Shareholders at the SGM. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

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The Subscription Shares represent approximately 4.85% of the Enlarged Issued Share Capital (assuming there is no change in the issued share capital of the Company other than the allotment and issue of the Subscription Shares and Scheme Shares).

Ranking of the Subscription Shares

The Subscription Shares shall, when fully paid, rank *pari passu* in all respects with the Shares in issue on the date of allotment of the Subscription Shares.

The Subscription Price

The Subscription Price of HK\$0.15 per Subscription Share under the Subscription represents:

- (i) a discount of approximately 75.00% to the closing price of HK\$0.600 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 79.17% to the closing price of HK\$0.72 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 80.21% to the average closing price of HK\$0.758 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 80.89% to the average closing price of HK\$0.785 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day;
- (v) a premium of approximately HK\$1.69 over the Group's audited consolidated net liabilities per Share of approximately HK\$1.54 as at 31 March 2026, based on the audited consolidated net liabilities attributable to Shareholders of approximately RMB489.5 million (equivalent to approximately HK\$554.6 million) as at 31 March 2026 and 360,181,940 Shares in issue, prior to the allotment and issue of the Subscription Shares and the Scheme Shares; and
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 75.32%, represented by the theoretical diluted price of approximately HK\$0.192 per Share (based on the total number of issued Shares as enlarged by the allotment and issue of the Subscription Shares and the Scheme Shares) to the benchmarked price of HK\$0.778 per Share (as defined under Rule 7.27B of the Listing Rules), taking into account the higher of the closing price on the date of the Subscription Agreement and the Restructuring Framework Agreement of HK\$0.720 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days prior to the date of the Subscription Agreement and the Restructuring Framework Agreement of HK\$0.778 per Share.

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The Subscription Price is determined after arm's length negotiation between the Company and Ground Group HK with reference to (i) the net liability position of the Company and the fact that the Company is insolvent; (ii) the loss-making position and the difficulty in obtaining financing from banks and financial institutions to sustain the ongoing operations of the Group; (iii) the market sentiment in relation to investment in listed companies in similar financial situation; and (iv) the prevailing market conditions. The Subscription Price is the same as the Issue Price as they are integral parts of the Proposed Restructuring, where the key terms of the Subscription and the Scheme are inter-related, and thus were negotiated on the same underlying commercial basis as a whole with Ground Group HK and other Creditors.

According to the 2024/2025 Annual Report, the Group incurred a loss of approximately RMB852.9 million for the year ended 31 March 2025, with an accumulated losses attributable to the owners of the Company of approximately RMB2,587.5 million. The Company is both balance-sheet insolvent (with net current liabilities and net liabilities of approximately RMB942.5 million and RMB623.3 million, respectively, as at 31 March 2025; and net current liabilities and net liabilities of approximately RMB481.5 million and RMB489.5 million, respectively, as at 31 March 2026) and cash flow insolvent (with consolidated cash and cash equivalents of only approximately RMB4.2 million as at 31 March 2026). As disclosed in the 2025/2026 Annual Report, for the year ended 31 March 2026, the Company's auditor has issued a disclaimer of opinion on the Company's consolidated financial statements, citing the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. Under such severe financial distress situation and lack of cashflow, the Company has used its best endeavours to maintain on-going discussions with the Creditors (including Ground Group HK as the subscriber) and to explore potential terms of the Proposed Restructuring. Taking into account (i) the feedback received from the Creditors during arm's length negotiations, which Ground Group HK would not accept the Subscription Price to be lower than the Issue Price, and certain lead Creditors explicitly expressed that they would not accept the Issue Price to be higher than HK\$0.15; (ii) the adverse financial condition with worsening net liabilities position and insolvency of the Company; (iii) the accumulated net losses recorded by the Group; (iv) the prevailing market conditions, with relatively low market price and trading liquidity of the Shares, which reflected the market sentiment of investors towards listed companies in similar financial distress situation, during the course of formulating the Proposed Restructuring; and (v) the expected business prospect and continuous development of the Group after the completion of the Proposed Restructuring, the Board (including members of the Independent Board Committee and members of the TC Independent Board Committee, whose views have been set out in this circular together with the advice of the Independent Financial Adviser, but excluding Mr. Cui and Mr. Cong who had abstained from voting on the relevant Board resolutions and providing views on the matters) is of the view that the Subscription Price is considered fair and reasonable, and would be beneficial to and in the interest of the Company, the Shareholders and the Creditors as a whole. Please refer to the sections headed "INTRODUCTION" and "REASONS FOR AND BENEFITS OF ENTERING INTO THE RESTRUCTURING FRAMEWORK AGREEMENT AND THE SUBSCRIPTION AGREEMENT" to this circular for further details.

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It is proposed that the proceeds from the Subscription will be applied as to approximately HK\$10,000,000 for costs and expenses for the implementation of the restructuring plan of the Group, approximately HK\$10,000,000 for the expenditure for the property development and management, and property investment business of the Group, and the balance for the working capital of the Group. As at the Latest Practicable Date, a total sum of HK\$39,000,000 has been drawn down, among which, (i) approximately HK\$6.3 million has been utilised for the costs and expenses for the implementation of the Proposed Restructuring, mainly comprised counsel fee for the sanction of the Scheme and fees for other professional parties; (ii) approximately HK\$8.7 million has been utilised for the expenditure for the Group's property development and management business, mainly attributable to the settlement of constructions costs payables to contractors and vendors arisen from the existing property project of the Group in Jiutai District, Changchun City, Jilin Province and the remaining amount of approximately RMB1.4 million to be utilised for settling the constructions costs payables of the same property project for the year ending 31 March 2027; and (iii) approximately HK\$12.0 million has been utilised for the Group's working capital, mainly attributable to the payment of staff costs, legal and professional fees and other administrative expenses of the Group.

The above proposed use of proceeds of the Subscription is for indicative purpose only and may be changed subject to the agreement among the Company and Ground Group HK.

Conditions precedent of the Subscription

Completion of the Subscription shall be conditional upon:

- (1) Ground Group HK being reasonably satisfied with the results of the due diligence review on the Group to be conducted;
- (2) all necessary consents, licenses and approvals required to be obtained on the part of the Company in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- (3) all necessary consents, licenses and approvals required to be obtained on the part of Ground Group HK in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- (4) the Court sanctions the Scheme and an official copy of the order of the Court sanctioning the Scheme is delivered to and filed with and registered by the Registrar of Companies in Hong Kong;
- (5) the passing of the necessary resolutions by the Shareholders or the Independent Shareholders (as the case may be) at the SGM for the Scheme, the Restructuring Framework Agreement, the Subscription Agreement and the transactions contemplated thereunder (including the granting of the Specific Mandate and the Special Deal);
- (6) the Company having obtained either conditional approval or approval-in-principle from the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange, and such permission not having been subsequently revoked or withdrawn;

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- (7) the Executive having granted the consent to the Special Deal, the satisfaction of all conditions (if any) attached to the Special Deal, and such consent to the Special Deal not having been subsequently revoked or withdrawn;
- (8) the effectuation of the Scheme having become unconditional (save for the condition that the Subscription has become unconditional); and
- (9) all other necessary waivers, consents and approvals including but not limited to those from the Stock Exchange, the SFC and any other relevant government or regulatory authorities, which are required (if any) for the implementation of the Restructuring Transactions and all transactions contemplated thereunder having been obtained.

None of the above conditions is capable of being waived. The Company shall use its best endeavours to procure the fulfilment of the conditions precedent above. As at the Latest Practicable Date, save for conditions (1), (4) and (8) above which have been fulfilled, none of the conditions contemplated above has been fulfilled. Furthermore, as at the Latest Practicable Date, save for the consents, licenses, approvals and/or waivers required to be obtained by the Company as set out in conditions (4) to (7) above, there is no other governmental, regulatory and corporate consents, licenses, approvals and/or waivers required to be obtained in respect of condition (9) above.

The completion of the Restructuring Transactions shall not result in the Company failing to meet the public float requirements under the Listing Rule. Please refer to the section headed “Effect on the Shareholding Structure of the Company” in this circular for details. Ground Group HK undertakes that it will, at its own cost and as soon as practicable, dispose of such number of Shares through a placing agent as may be necessary to ensure that the public float requirement under Rule 13.32B of the Listing Rules is maintained and complied with by the Company at all times.

C. THE SCHEME

Pursuant to the terms of the Restructuring Framework Agreement, the Company will propose the Scheme between the Company and the Scheme Creditors. Upon the Proposed Restructuring having become effective, the Scheme Claims of all the Scheme Creditors will be discharged and released in full. In return, the Scheme Creditors with the Admitted Scheme Claims under the Scheme will be entitled to receive the Scheme Shares which will be allotted and issued by the Company to the Scheme Company to be held on trust for the benefit of the Scheme Creditors with Admitted Scheme Claims and will only be distributed to the relevant Scheme Creditors after determination and/or adjudication of their Admitted Scheme Claims and after the close of the Offer.

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The Scheme is subject to sanction of the Court and shall become effective and legally binding on the Company and all the Scheme Creditors, including those voting against the Scheme and those not voting, if the requisite majority (more than fifty per cent (50%) in number of the Scheme Creditors, representing not less than seventy-five per cent (75%) in value, of the Voting Claims who, either in person (or through electronic means if applicable) or by proxy, attend the Scheme Meeting convened with the leave of the Court) votes in favour of the Scheme which the Court thereafter sanctions and an official copy of the court order sanctioning the Scheme is filed with the Registrar of Companies in Hong Kong. The effectiveness of the Proposed Restructuring is also subject to certain other conditions precedent as detailed in the section headed “Conditions precedent to the Proposed Restructuring” below.

The Scheme has been approved by the requisite statutory majorities of creditors with Voting Claims at the Scheme Meeting held on 8 June 2026. At the adjourned Sanction Hearing held on 21 July 2026, the Court approved, in accordance with the terms of the Scheme (which permit modifications approved by the Court that do not have a material adverse effect on the interests of any Scheme Creditor), the modifications to the terms of the Scheme, details of which are set out in the announcement of the Company dated 21 July 2026 and under the section headed “Conditions Precedent” below.

Allotment and issue of the Scheme Shares

Under the Scheme, 4,742,453,691 Scheme Shares will be allotted and issued to the Scheme Company, which shall hold the Scheme Shares on trust for the benefit of the Scheme Creditors pending determination and/or adjudication of their Scheme Claims, and after the close of the Offer pursuant to the Irrevocable Undertaking.

No fractional Scheme Shares will be transferred, issued or sold. The entitlement of each Scheme Creditor to the Scheme Shares based on his Admitted Scheme Claim will be rounded down to the nearest whole number, if required.

The Scheme Administrators are entitled to dispose of any odd lots of the Scheme Shares at their discretion which may arise during the allocation of the Scheme Shares to each Scheme Creditor as a result of rounding adjustments. All net cash proceeds from such disposal (after deducting the relevant fees and costs) will be pooled into the Scheme Funds and firstly be applied to settle the Scheme Costs. Any surplus balance will then be applied to distribute to the Scheme Creditors with Admitted Scheme Claims on a pro rata basis. For the avoidance of doubt, all Scheme Costs will be borne by the Company outside of the Scheme.

Ranking of the Scheme Shares

The Scheme Shares shall, when fully paid, rank *pari passu* in all respects with the Shares on the date of allotment of the Scheme Shares.

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Issue Price

The Issue Price of HK\$0.15 per Scheme Share, which was arrived at assuming there will be in aggregate of approximately HK\$711,368,054 of Admitted Scheme Claims after determination and/or adjudication, represents:

- (i) a discount of approximately 75.00% to the closing price of HK\$0.600 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 79.17% to the closing price of HK\$0.72 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 80.21% to the average closing price of HK\$0.758 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 80.89% to the average closing price of HK\$0.785 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day;
- (v) a premium of approximately HK\$1.69 over the Group's audited consolidated net liabilities per Share of approximately HK\$1.54 as at 31 March 2026, based on the audited consolidated net liabilities attributable to Shareholders of approximately RMB489.5 million (equivalent to approximately HK\$554.6 million) as at 31 March 2026 and 360,181,940 Shares in issue, prior to the allotment and issue of the Subscription Shares and the Scheme Shares; and
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 75.32%, represented by the theoretical diluted price of approximately HK\$0.192 per Share (based on the total number of issued Shares as enlarged by the allotment and issue of the Subscription Shares and the Scheme Shares) to the benchmarked price of HK\$0.778 per Share (as defined under Rule 7.27B of the Listing Rules), taking into account the higher of the closing price on the date of the Subscription Agreement and the Restructuring Framework Agreement of HK\$0.720 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days prior to the date of the Subscription Agreement and the Restructuring Framework Agreement of HK\$0.778 per Share.

The Issue Price is determined after arm's length negotiation between the Company and the Creditors with reference to (i) the net liability position of the Company and the fact that the Company is insolvent; (ii) the loss-making position and the difficulty in obtaining financing from banks and financial institutions to sustain the ongoing operations of the Group; (iii) the market sentiment in relation to investment in listed companies in similar financial situation; (iv) the prevailing market conditions; and (v) the 1.26% to 3.31% recovery rate from the Company's assets under liquidation scenario based on the Company's current estimation.

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According to the 2024/2025 Annual Report, the Group incurred a loss of approximately RMB852.9 million for the year ended 31 March 2025, with an accumulated losses attributable to the owners of the Company of approximately RMB2,587.5 million. The Company is both balance-sheet insolvent (with net current liabilities and net liabilities of approximately RMB942.5 million and RMB623.3 million, respectively, as at 31 March 2025; and net current liabilities and net liabilities of approximately RMB481.5 million and RMB489.5 million, respectively, as at 31 March 2026) and cash flow insolvent (with consolidated cash and cash equivalents of only approximately RMB4.2 million as at 31 March 2026). As disclosed in the 2025/2026 Annual Report, for the year ended 31 March 2026, the Company's auditor has issued a disclaimer of opinion on the Company's consolidated financial statements, citing the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. Under such severe financial distress situation and lack of cashflow, the Company has used its best endeavours to maintain on-going discussions with the Creditors and to explore potential terms of the Proposed Restructuring. Taking into account (i) the feedback received from the Creditors during arm's length negotiations, which certain lead Creditors explicitly expressed that they would not accept the Issue Price to be higher than HK\$0.15; (ii) the adverse financial condition with worsening net liabilities position and insolvency of the Company; (iii) the accumulated net losses recorded by the Group; (iv) the prevailing market conditions, with relatively low market price and trading liquidity of the Shares, which reflected the market sentiment of investors towards listed companies in similar financial distress situation, during the course of formulating the Proposed Restructuring; and (v) the expected business prospect and continuous development of the Group after the completion of the Proposed Restructuring, the Board (including members of the Independent Board Committee and members of the TC Independent Board Committee, whose views have been set out in this circular together with the advice of the Independent Financial Adviser, but excluding Mr. Cui who had abstained from voting on the relevant Board resolutions and providing views on the matters) is of the view that the Issue Price is considered fair and reasonable, and would be beneficial to and in the interest of the Company, the Shareholders and the Creditors as a whole. Please refer to the sections headed "INTRODUCTION" and "REASONS FOR AND BENEFITS OF ENTERING INTO THE RESTRUCTURING FRAMEWORK AGREEMENT AND THE SUBSCRIPTION AGREEMENT" to this circular for further details.

As at the Latest Practicable Date, the Excluded Claims amounted to HK\$39,000,000, being the amount drawn down by the Company under the Funding Agreement.

The amount of Admitted Scheme Claims will be subject to further adjustments in accordance with the fluctuations in the exchange rate and the accumulation of interests of the Claims as at the Restructuring Effective Date, which are expected to have minimal effect to the Admitted Scheme Claim, and thus the Issue Price. In the event that the amount of Admitted Scheme Claims exceeds HK\$711,368,054 after such adjustments, the Issue Price will increase accordingly while the number of Scheme Shares would remain at 4,742,453,691. Nonetheless, based on (i) the Undertaking (as defined below) provided by members of the Concert Party Group to the Company; and (ii) the Waiver (as defined below) provided by Ka Yik and Ground Group HK (collectively, the "**Measures**"), the Issue Price would not exceed HK\$0.15. For details of the Measures, please refer to the section headed "Measures implemented in respect of the Admitted Scheme Claims" to this circular. Taking into account the aforesaid adjustments in accordance with exchange rate and accumulation of interests of the Claims, as well as the books and records of the Company, the Company anticipated that the amount of Admitted Scheme Claims would not be less than HK\$711,368,054.

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Measures implemented in respect of the Admitted Scheme Claims

Members of the Concert Party Group which hold Claims against the Company (i.e. Ka Yik and Ground Group HK) irrevocably undertake to the Company (the “**Undertaking**”), among others, that (i) their Claims against the Company shall for all purposes be limited to the amount attributed to them in the scheme document for the Scheme, being HK\$294,458,894.11 in the case of Ground Group HK and HK\$109,261,334.00 in the case of Ka Yik (in each case, its “**Capped Amount**”); (ii) they will complete and file (or, where already filed, procure the updating of) their notice of claim in an amount not exceeding the Capped Amount; and (iii) to the extent that their Claim and/or Admitted Scheme Claim (as determined or adjudicated in accordance with the Scheme) would otherwise exceed their respective Capped Amount, each of Ka Yik and Ground Group HK irrevocably and unconditionally waives such excess.

In the unlikely event that after the date of the Undertaking, any creditor whose Claim was not previously known to or identified in the books and records of the Company filed Claim against the Company (each an “**Unrecorded Claim**”), the accrual of interest, any fluctuation in exchange rates, the determination or adjudication of any Claim in an amount exceeding the amount so recorded, or otherwise, leading the aggregate amount of the Admitted Scheme Claims of all Scheme Creditors to exceed HK\$711,368,054, Ka Yik and Ground Group HK irrevocably and unconditionally waive, on a dollar-for-dollar basis, such portion of its Claim and/or Admitted Scheme Claim (such waiver to be borne by the members of the Concert Party Group holding Claims on a pro rata basis by reference to their respective Admitted Scheme Claims, up to the amount of each such member’s own Claim and/or Admitted Scheme Claim) (the “**Waiver**”). The Measures effectively prevent the fluctuations in the exchange rate and the accumulation of interest and any Unrecorded Claim (the occurrence of which itself is remote as explained above) from inflating the total amount of Admitted Scheme Claims above HK\$711,368,054. Accordingly, the Issue Price would not exceed HK\$0.15.

LETTER FROM THE BOARD

The details of the approximately HK\$711,368,054 of Admitted Scheme Claims are set out as follows:

Type of Scheme Creditors	Claim nature	Maturity profile	Claim amount (HK\$)	Total claim amount (HK\$)
Concert Party Group	Borrowing to the Company	Repayable on demand	113,946,654	403,720,228
	Corporate guarantee liabilities (note 3)	Repayable on demand	289,773,574	
Independent Third Party Creditors (note 1)	Bonds	Default	16,800,000	307,647,826
	Bonds	Default	48,365,754	
	Borrowing to the Company	Default	15,157,277	
	Borrowing to the Company	Under cross-default provision (note 2)	4,250,000	
	Corporate guarantee liabilities (note 3)	Default	185,194,639	
	Corporate guarantee liabilities (note 3)	Under cross-default provision (note 2)	37,880,156	
			Total	<u>711,368,054</u>

Notes:

- 1) Three of the Independent Third Party Creditors are Shareholders, being Mr. Jiang Jinbo, Ms. Wang Ting Ting and Mr. Lin Huipeng, with claim amounts of approximately HK\$19.8 million, HK\$1.0 million and HK\$19.7 million, respectively. As at the Latest Practicable Date and immediately after completion of the Subscription and the allotment and issue of the Scheme Shares, Mr. Jiang Jinbo, Ms. Wang Ting Ting and Mr. Lin Huipeng were not, and will not become the substantial Shareholders.
- 2) The Claims under cross-default provision of approximately HK\$42.1 million will fall due in the first half of 2027.
- 3) The corporate guarantee liabilities represented the corporate guarantees provided by the Company to its subsidiaries.

LETTER FROM THE BOARD

Conditions precedent

Conditions precedent of the Scheme

The Scheme will become effective and subject to the fulfilment of the following conditions precedent:

- (1) over fifty per cent (50%) in number of the Scheme Creditors (for the avoidance of doubt, the Offeror, Mr. Cui, Ms. Chai, Ms. Cui, Jilin Ground Group, Xin Guangze, Jilin Guangxun Investment, Jilin Xinquan, Jilin Xinshun, Ka Yik and Charm Success have given undertakings not to attend or vote at the Scheme Meeting and to abide by the terms of the Scheme, and hence were not counted towards the Voting Claims), representing at least seventy-five per cent (75%) in value of the aggregate Voting Claims of the Scheme Creditors, present and voting in person (or through electronic means if applicable) or by proxy at the Scheme Meeting, vote in favour of the Scheme; and
- (2) the Court sanctions the Scheme and an official copy of the order of the Court sanctioning the Scheme is delivered to and filed with and registered by the Registrar of Companies in Hong Kong.

As at the Latest Practicable Date, all of the above conditions have been fulfilled. The Scheme has been approved by the requisite statutory majorities of creditors with Voting Claims at the Scheme Meeting held on 8 June 2026. On 21 July 2026, the Court has granted an order to sanction the Scheme and an official copy of the order of the Court sanctioning the Scheme has been delivered to the Registrar of Companies in Hong Kong for registration on 28 July 2026. Please refer to the announcements of the Company dated 24 February 2026, 14 May 2026 and, 8 June 2026 and 21 July 2026 for further details.

Condition precedent of the Proposed Restructuring

The Proposed Restructuring will become effective and subject to the fulfilment of the following conditions precedent:

- (a) the occurrence of the Scheme Effective Date;
- (b) the Subscription Agreement having become unconditional in all respects in accordance with the terms and conditions set out therein (save for the condition for the Scheme to become unconditional);
- (c) the passing of the necessary resolutions by the Shareholders or the Independent Shareholders (as the case may be) at the SGM for the Scheme and the transactions contemplated thereunder (including the granting of the Specific Mandate, the Scheme, and the Special Deal) as required under the Listing Rules and the Takeovers Code;
- (d) the Company having obtained either conditional approval or approval in-principle from the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Scheme Shares on the Stock Exchange, and such permission not having been subsequently revoked or withdrawn; and
- (e) the Company having obtained the necessary consent of the Executive for the Special Deal, and such necessary consent not having been revoked or withdrawn.

LETTER FROM THE BOARD

None of the conditions precedent above can be waived. As at the Latest Practicable Date, save for condition (a), none of the above conditions have been fulfilled. For the avoidance of doubt, if any of the condition as listed above cannot be fulfilled, the Proposed Restructuring will not proceed and the Scheme Claims will not be compromised under the Scheme.

Possible unconditional mandatory cash offer

As at the Latest Practicable Date, Charm Success and Ka Yik are interested in 18,356,035 Shares and 89,739,018 Shares, representing approximately 5.10% and 24.91% of the issued share capital of the Company, respectively. Charm Success and Ka Yik are both companies wholly owned by Deep Wealth Holding Limited, which is in turn held by TMF (Cayman) Ltd. as the trustee of the Ground Trust. The Ground Trust is a discretionary trust set up by Ms. Cui as settlor and protector, and TMF (Cayman) Ltd. as trustee on 27 July 2016.

Pursuant to the definition under the Takeovers Code, Ground Group HK, Mr. Cui, Ms. Chai, Ms. Cui, Jilin Ground Group, Xin Guangze, Jilin Guangxun Investment, Jilin Xinquan, Jilin Xinshun, Jilin Zexiao, Ka Yik and Charm Success are presumed to be acting in concert by virtue of classes (1) and (8) of the definition of “acting in concert” under the Takeovers Code, and as a matter of fact are, parties acting in concert.

As at the Latest Practicable Date, the full amount of HK\$39,000,000 under the Funding Agreement has been drawn down. Assuming that there is no other change in the number of issued Shares as at the Latest Practicable Date up to the date of Completion (save for the allotment and issue of the Subscription Shares and the Scheme Shares, pending determination and/or adjudication of the Admitted Scheme Claim) and taking into account the entitlement of Scheme Shares upon Completion, the shareholding interest of each of Ground Group HK and Ka Yik would increase to 2,223,059,293 Shares and 818,147,911 Shares, respectively, representing approximately 41.46% and 15.26% of the Enlarged Issued Share Capital, respectively. As such, the aggregate shareholding interest of the Concert Party Group would increase from 108,767,181 Shares, representing approximately 30.20% of the issued Shares as at the Latest Practicable Date, to 3,060,235,367 Shares, representing approximately 57.07% of the Enlarged Issued Share Capital.

Therefore, upon Completion, the Concert Party Group would trigger an obligation to make a mandatory general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Concert Party Group) under Rule 26.1 of the Takeovers Code.

LETTER FROM THE BOARD

Assuming there is no other change in the number of issued Shares from the Latest Practicable Date up to the date of Completion and in light of the Irrevocable Undertaking in respect of the Scheme Shares, the remaining 251,414,759 Shares, being 5,362,635,631 issued Shares (i.e. the total number of the Enlarged Issued Share Capital) after deducting the 368,767,181 issued Shares held by the Concert Party Group and 4,742,453,691 Scheme Shares issued to the Scheme Company, will be subject to the Offer.

Details of the Offer will be included in the Composite Document to be despatched in due course.

Irrevocable Undertaking

The Scheme Administrators and the Scheme Company have irrevocably and unconditionally undertaken to and covenant with the Company and Ground Group HK that: (a) they will not accept the Offer in respect of any Scheme Shares (including any Scheme Share held by it on trust for the benefit of the Scheme Creditors), (b) they will not transfer, sell, encumber or otherwise dispose of any Scheme Shares, and (c) they will not distribute, transfer or otherwise deliver any Scheme Shares to any Scheme Creditor, from the date of the Irrevocable Undertaking until the close of the Offer.

3. REASONS FOR AND BENEFITS OF ENTERING INTO THE RESTRUCTURING FRAMEWORK AGREEMENT AND THE SUBSCRIPTION AGREEMENT

The Company is an investment holding company. The Group is principally engaged in property development and management, including planning designing, budgeting, licensing, contract tendering and contract administration, property investment and cultivation and sales of ginseng assets in the PRC.

As set out under the section headed “INTRODUCTION” above, taking into account that the Company is facing a severe liquidity shortage and is in serious financial stress, its ability to repay all its indebtedness when they fall due has been significantly impaired, which does not have sufficient financial resources to cover all its liabilities as they became due. With the willingness of Ground Group HK to finance the Group in order to relieve the indebtedness of the Company and to support the business operations of the Group, the Directors consider that the entering into of the Restructuring Framework Agreement and the Subscription Agreement will facilitate the debt restructuring of the Group and is beneficial to the Group in proceeding its debt restructuring plan.

On the other hand, the Company considers that the Proposed Restructuring is a strategic and realistic solution to resolve its outstanding debts in an orderly manner such that all of the Company’s indebtedness and liabilities to the Creditors will be released and discharged pursuant to the terms of the Scheme, without which the Company, as a holding entity and as disclosed above, would be subject to an unsustainable financial situation and would be at risk of insolvent liquidation, and the expected returns to the Shareholders and Scheme Creditors would likely be lower or become minimal.

LETTER FROM THE BOARD

While the Subscription Price and the Issue Price of HK\$0.15 represent a discount to the prevailing market price of the Shares, the Board (including members of the Independent Board Committee and members of the TC Independent Board Committee, whose views have been set out in this circular together with the advice of the Independent Financial Adviser, but excluding Mr. Cui and Mr. Cong who had abstained from voting on the relevant Board resolutions and providing views on the matters) considers that the market price does not reasonably reflect the Company's underlying financial condition, having regard to the low trading liquidity of the Shares and the Company's deeply insolvent position. The discount serves as a necessary incentive for Ground Group HK, being the sole investor willing to participate in the restructuring, to inject capital and assume the risks associated with the Company's outstanding liabilities and uncertain future performance. In the absence of alternative funding sources and based on the discussions with the Creditors, during which certain lead Creditors explicitly expressed that they would not accept the Subscription Price and the Issue Price to be higher than HK\$0.15, and the Board (including members of the Independent Board Committee and members of the TC Independent Board Committee, whose views have been set out in this circular together with the advice of the Independent Financial Adviser, but excluding Mr. Cui and Mr. Cong who had abstained from voting on the relevant Board resolutions and providing views on the matters) understood that the Concert Party Group did not expect to accept any nominal haircut on face value for the Proposed Restructuring, the Board (including members of the Independent Board Committee and members of the TC Independent Board Committee, whose views have been set out in this circular together with the advice of the Independent Financial Adviser, but excluding Mr. Cui and Mr. Cong who had abstained from voting on the relevant Board resolutions and providing views on the matters), after taking into account (i) the feedback from the Creditors; (ii) the absence of any competing higher-priced proposal; (iii) the Group's limited funding alternatives (with the Concert Party Group being the only interested investor willing to participate and provide new funding in the Proposed Restructuring); (iv) the investment risk faced by the Concert Party Group; and (v) the immediate need to implement a restructuring that could secure creditor support, thus considers that the Subscription Price and the Issue Price of HK\$0.15 represent the only viable basis upon which a rescuer could be secured, and therefore constitute the best price reasonably obtainable in the circumstances. The Board (including members of the Independent Board Committee and members of the TC Independent Board Committee, whose views have been set out in this circular together with the advice of the Independent Financial Adviser, but excluding Mr. Cui and Mr. Cong who had abstained from voting on the relevant Board resolutions and providing views on the matters) considers that a nominal haircut on face value would have significantly reduced the prospects of achieving the requisite statutory majorities at the Scheme Meeting, potentially rendering the Proposed Restructuring unworkable.

In light of the above and notwithstanding the allotment and issue of the Subscription Shares and the Scheme Shares would result in a theoretical dilution of approximately 75.32%, the Board (including members of the Independent Board Committee and members of the TC Independent Board Committee, whose views have been set out in this circular together with the advice of the Independent Financial Adviser, but excluding Mr. Cui and Mr. Cong who had abstained from voting on the relevant Board resolutions and providing views on the matters) is of the view that the terms of the Proposed Restructuring (including the Subscription Price and the Issue Price) are fair and reasonable, on normal commercial terms and in the interests of the Company, its Shareholders and the Creditors as a whole.

LETTER FROM THE BOARD

The Scheme has been structured to address and settle the Company's indebtedness (instead of all of the Group's indebtedness) which is proposed to be admitted as Scheme Claims of approximately HK\$711.4 million, representing a substantial portion of the Group's consolidated liabilities. The remaining indebtedness and contingent liabilities of other members of the Group are, in substance, governed primarily by PRC law and arise at the level of PRC operating subsidiaries, which cannot be directly compromised by a scheme of arrangement sanctioned by the Hong Kong Court and will instead continue to be managed through the Group's ongoing restructuring efforts and enforcement negotiations in the PRC.

With the Proposed Restructuring expected to be completed in the fourth quarter of 2026, it is expected that the Group's debt level will be significantly improved. Upon Completion, it is anticipated that the Group's remaining liabilities mainly comprise (i) trade and other payable (mainly attributable to construction cost payables arising from the Group's properties projects), which will be settled by proceeds from the sale of properties; (ii) contract liabilities, which will be recognised as sale of properties upon completion of construction of the Group's property project; and (iii) income tax payable and deferred tax, which will be settled by proceeds from the sale of properties.

LETTER FROM THE BOARD

4. EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purpose only, the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the completion of the Subscription and the allotment and issue of the Scheme Shares is set out below:

Shareholders	As at the Latest Practicable Date		Immediately after the completion of the Subscription and the allotment and issue of the Scheme Shares ^(Note 14)	
	Number of Shares	Approx. %	Number of Shares	Approx. %
Charm Success ^(Note 1)	18,356,035	5.10	18,356,035	0.34
Ka Yik ^(Notes 1 & 2)	89,739,018	24.91	818,147,911	15.26
Ms. Cui	629,628	0.18	629,628	0.01
Ms. Chai	42,500	0.01	42,500	0.00
Ground Group HK ^(Note 3)	–	–	2,223,059,293	41.46
Sub-total (The Concert Party Group)	108,767,181	30.20	3,060,235,367	57.07
China Investment Fund International Financial Group Limited ^(Note 4)	52,000,000	14.44	52,000,000	0.97
Integrated Asset Management (Asia) Limited ^(Note 5)	18,964,950	5.26	18,964,950	0.35
Jilin Wanding ^(Note 6)	–	–	241,648,515	4.51
Mr. Jiang Jinbo ^(Note 7)	31,500,000	8.75	163,500,000	3.05
Mr. Lin Huipeng ^(Note 8)	4,846,250	1.34	136,246,250	2.54
Ms. Wang Ting Ting ^(Note 9)	36,000	0.01	6,869,333	0.13
The Bondholders (except Mr. Jiang Jinbo) ^(Note 10)	–	–	322,438,356	6.01
長春市納百利商貿有限公司 (Changchun Nabaili Trading Company Limited*) ^(Note 11)	–	–	262,737,594	4.90
Other public shareholders	144,067,559	40.00	1,097,995,266	20.47
Total	360,181,940	100.00	5,362,635,631	100.00

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Notes:

1. Charm Success and Ka Yik are companies wholly owned by Deep Wealth Holding Limited, which is in turn wholly held by TMF (Cayman) Ltd. as trustee of the Ground Trust. The Ground Trust is a discretionary trust set up by Ms. Cui as settlor and protector, and TMF (Cayman) Ltd. as trustee on 27 July 2016. By virtue of part XV of the SFO, Ms. Cui is deemed to be interested in the securities of the Company held by Charm Success and Ka Yik.
2. Based on the available books, records and information of the Company and pending determination and/or adjudication of the Admitted Scheme Claims, the total claim amount owed by the Company to Ka Yik is HK\$109,261,334.00, Ka Yik would be entitled to 728,408,893 Scheme Shares upon Completion.
3. Ground Group HK is a company incorporated in Hong Kong and is wholly owned by Jilin Ground Group, which is a company established in the PRC with limited liability and is wholly-owned by Xin Guangze, which is owned as to approximately 75%, 10% and 15% by each of Jilin Guangxun Investment, Jilin Xinquan and Jilin Xinshun, respectively. Jilin Guangxun Investment is owned as to approximately 96.86% and 3.14% by each of Jilin Zexiao and Jilin Tianyi, respectively. Ground Group HK is ultimately and beneficially owned by Mr. Cui and Mr. Cong with effective shareholding interests of approximately 72.60% and 12.00%, respectively. The remaining approximately 15.40% of the shareholding interests of Ground Group HK are owned by five natural persons who individually holds less than 10% of the interests as at the Latest Practicable Date.

Based on the available books, records and information of the Company and pending determination and/or adjudication of the Admitted Scheme Claims, the total claim amount owed by the Company to Ground Group HK is HK\$294,458,894.11 and Ground Group HK would be entitled to 1,963,059,293 Scheme Shares upon Completion (in addition to the 260,000,000 Subscription Shares).

Further, Ground Group HK has undertaken to subscribe for 260,000,000 Subscription Shares by way of set-off against amounts owing under the Funding Agreement. Accordingly, upon Completion and taking into account the entitlement of Scheme Shares, the shareholding interest of each of Ground Group HK and Ka Yik would increase to 2,223,059,293 Shares (comprising 260,000,000 Subscription Shares and 1,963,059,293 Scheme Shares) and 818,147,911 Shares, representing approximately 41.46% and 15.26% of the Enlarged Issued Share Capital, respectively. As such, the aggregate shareholding interest of the Concert Party Group would increase from approximately 30.20% of the issued Shares as at the date hereof to approximately 57.07% of the then issued Shares as enlarged by the Enlarged Issued Share Capital. Therefore, upon Completion, Ground Group HK would trigger an obligation to make the Offer.

Ground Group HK has undertaken that it will, at its own costs and as soon as practicable, dispose of such number of Shares through a placing agent as may be necessary to ensure that the public float requirements under the Listing Rules is maintained and complied with by the Company at all time.

4. China Investment Fund International Financial Group Limited is a company incorporated in Hong Kong with limited liability and is wholly owned by China Investment Fund Company Limited which is in turn wholly owned by Carmen Century Investment Limited. Carmen Century Investment Limited, a company incorporated in Cayman Islands and whose shares are listed on the Main Board of the Stock Exchange, is deemed to be interested in those Shares by virtue of being its controlling shareholder under SFO.
5. Integrated Asset Management (Asia) Limited is a company wholly and beneficially owned by Mr. Yam Tak Cheung. Mr. Yam Tak Cheung deemed to be interested in those Shares by virtue of being its controlling shareholder under SFO.

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6. Based on the available books, records and information of the Company and pending determination and/or adjudication of the Admitted Scheme Claims, the total claim amount of Jilin Wanding is HK\$36,247,277.26 and Jilin Wanding would be entitled to 241,648,515 Scheme Shares upon Completion.
7. Out of the 31,500,000 Shares, (i) 16,500,000 Shares are held by Mr. Jiang Jinbo himself; and (ii) 15,000,000 Shares are held by 元匯國際控股有限公司 (Yuanhui International Holding Limited*), which is in turn wholly owned by 深圳市鼎新控股集團有限公司 (Shenzhen Dingxin Holding Group Company Limited*) (“**Shenzhen Dingxin**”). Shenzhen Dingxin is wholly and beneficially owned by Mr. Jiang Jinbo. Mr. Jiang Jinbo is interested in and deemed to be interested in those shares by virtue of being a controlling shareholder under SFO. As disclosed in note 10 below, the Bonds (including those held by Mr. Jiang Jinbo) have matured on 22 June 2026 and the conversion rights attached to the Bonds lapsed upon the maturity, and thus are no longer convertible into issued Shares. Notwithstanding the maturity, the Company has an outstanding obligation to settle the Admitted Scheme Claims of Mr. Jiang Jinbo in respect of the Bonds. Based on the available books, records and information of the Company and pending determination and/or adjudication of the Admitted Scheme Claims, the total outstanding amount of the Bonds held by Mr. Jiang Jinbo is approximately HK\$16,800,000. Mr. Jiang Jinbo would therefore be entitled to 112,000,000 Scheme Shares upon the Proposed Restructuring becoming effective. Apart from the Admitted Scheme Claims in respect of the outstanding amount of the Bonds held by Mr. Jiang Jinbo, based on the available books, records and information of the Company and pending determination and/or adjudication of the Admitted Scheme Claims, the total claim amount owed by the Company to Mr. Jiang Jinbo is HK\$3,000,000, Mr. Jiang Jinbo would also be entitled to 20,000,000 Scheme Shares upon Completion.
8. Based on the available books, records and information of the Company and pending determination and/or adjudication of the Admitted Scheme Claims, the total claim amount of Mr. Lin Huipeng is HK\$19,710,000, and he would be entitled to 131,400,000 Scheme Shares upon Completion.
9. Based on the available books, records and information of the Company and pending determination and/or adjudication of the Admitted Scheme Claims, the total claim amount of Ms. Wang Ting Ting is HK\$1,025,000, and she would be entitled to 6,833,333 Scheme Shares upon Completion.
10. Pursuant to the terms and conditions of the Bonds, the Bondholder(s) shall have the right to convert all or part of the Bonds into Shares at a conversion price of HK\$8.9 per Share. According to the Instrument, the Bonds held by the Bondholders have matured on 22 June 2026 and the conversion rights attached to the Bonds lapsed upon the maturity, and thus are no longer convertible into issued Shares. Notwithstanding the maturity, the Company has an outstanding obligation to settle the Admitted Scheme Claims of the Bondholders. Based on the available books, records and information of the Company and pending determination and/or adjudication of the Admitted Scheme Claims, the total outstanding amount of the Bonds, save for those held by Mr. Jiang Jinbo as disclosed in note 7 above, is approximately HK\$48,365,753.45. The Bondholders therefore would be entitled to 322,438,356 Scheme Shares upon Completion.
11. Based on the available books, records and information of the Company and pending determination and/or adjudication of the Admitted Scheme Claims, the total amount claim owed by the Company to 長春市納百利商貿有限公司 (Changchun Nabaili Trading Company Limited*) is HK\$39,410,639.17, 長春市納百利商貿有限公司 (Changchun Nabaili Trading Company Limited*) would be entitled to 262,737,594 Scheme Shares upon Completion.
12. Based on the information available to the Company, save for Ka Yik, Mr. Jiang Jinbo, Mr. Lin Huipeng and Ms. Wang Ting Ting, none of the Scheme Creditors are Shareholders as at the Latest Practicable Date.
13. Based on the information available to the Company, save as disclosed above, none of the Directors are Shareholders as at the Latest Practicable Date.

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14. The expected shareholding of the Scheme Creditors (taking into account the Scheme Shares) is calculated based on the information currently available to the Company as at the Latest Practicable Date on the total claim amount due to the Scheme Creditors and the number of Scheme Shares to be allocated to them based on their respective pro rata entitlement under the Scheme. The exact number of Scheme Shares to be allotted and issued to each Scheme Creditor may be changed subject to determination and/or adjudication of the Admitted Scheme Claims by the Scheme Administrator in accordance with the terms of the Scheme.

5. APPLICATION FOR LISTING

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares and the Scheme Shares on the Stock Exchange.

Subject to the granting of listing of, and permission to deal in, the Subscription Shares and the Scheme Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, upon Completion, the Subscription Shares and the Scheme Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Subscription Shares and the Scheme Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Subscription Shares and Scheme Shares to be admitted into CCASS established and operated by HKSCC.

6. FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Save for the Restructuring Framework Agreement and the Subscription Agreement, the Company had not conducted any equity fund raising activities in the 12 months immediately preceding the Latest Practicable Date.

7. IMPLICATIONS UNDER THE LISTING RULES AND THE TAKEOVERS CODE

Listing Rules implications

Connected Transactions

Based on the records available to the Company as at the Latest Practicable Date, the Company has certain debts owed to:

- (i) Ground Group HK, being a company ultimately and beneficially owned by Mr. Cui with effective shareholding interests of approximately 72.60%, which Mr. Cui is a Director; and

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- (ii) Ka Yik, a company directly and wholly owned by Deep Wealth Holding Limited which is in turn held by TMF (Cayman) Ltd. as the trustee of the Ground Trust. The Ground Trust is a discretionary trust where Ms. Cui is the settlor and protector.

According to the Scheme, these creditors of the Company may also be a Scheme Creditor, which are subject to determination and/or adjudication by the Scheme Administrators upon the Scheme taking effect.

As at the Latest Practicable Date, based on the available books and records of the Company, (i) the approximate amount owed by the Company to the abovementioned creditors are set out hereinbelow; and (ii) for illustrative purpose and subject to their respective notices of Claim filed, and the adjudication and the final determination of the same by the Scheme Administrators, based on the total estimated indebtedness owed by the Company, under the Scheme, each of these creditors will receive:

Creditors	Amount owed by the Company	Settlement of indebtedness under the Scheme	
		<i>Number of Scheme Shares (assuming the outstanding debt to be converted at HK\$0.15 per Scheme Share)</i>	<i>% as to the Enlarged Issued Share Capital (assuming no other change in the issued share capital of the Company) (Approximate)</i>
	<i>(Approximate) (HK\$)</i>		
Ground Group HK	294,458,894.11	1,963,059,293	36.61
Ka Yik	109,261,334.00	728,408,893	13.58
Total	403,720,228.11	2,691,468,186	50.19

Accordingly, the issue of Scheme Shares to the abovementioned creditors of the Company under the Scheme constitute connected transactions of the Company under Chapter 14A of the Listing Rules, and are subject to the approval of the Independent Shareholders by way of poll. As such, the abovementioned creditors and their respective associates, including the Concert Party Group (including Ground Group HK and Ka Yik) shall abstain from voting in respect of the resolution(s) to approve the Scheme, the Restructuring Framework Agreement, the Subscription Agreement and the transactions contemplated thereunder.

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As at the Latest Practicable Date, the ultimate beneficial owners of Ground Group HK are (i) Mr. Cui (owned as to approximately 72.60% of the effective shareholding interests in Ground Group HK), who is the non-executive Director and the father of Ms. Cui, a former executive director, a substantial shareholder of the Company and the settlor and protector of the Ground Trust (by virtue of Part XV of the SFO, deemed to be owned as to approximately 30.19% of the issued share capital of the Company, via direct interests and her interests in Ka Yik and Charm Success); and (ii) Mr. Cong (owned as to approximately 12.00% of the effective shareholding interests in Ground Group HK), who is the executive Director and a sole director of Ground Group HK. The remaining approximately 15.40% of the shareholding interests of Ground Group HK are owned by five natural persons who individually holds less than 10% of the interests as at the Latest Practicable Date. As such, Ground Group HK is a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Specific Mandate

The Subscription Shares and the Scheme Shares will be allotted and issued pursuant to the Specific Mandate to be obtained upon approval by the Shareholders at the SGM.

Dilution effect of the Subscription and the issue of Scheme Shares, and exceptional circumstances

Pursuant to Rule 7.27B of the Listing Rules, a listed issuer may not undertake a rights issue, open offer or specific mandate placings that would result in a theoretical dilution effect of 25% or more, unless the Stock Exchange is satisfied that there are exceptional circumstances.

In view of the insolvent financial position of the Company, the closing price of the Shares on the Last Trading Day does not reasonably reflect the existing condition of the Company and the financial position of the Company could be considered as an exceptional circumstance under Rule 7.27B of the Listing Rules. Accordingly, it is considered reasonable (i) for the Subscription Price and the Issue Price to be set at a relatively deep discount to the historical trading prices of the Shares; and (ii) the allotment and issue of the Subscription Shares and the Scheme Shares would result in a relatively significant theoretical dilution effect of approximately 75.32%. Pursuant to Note 2 to Rule 7.27B of the Listing Rules, the Company has consulted the Stock Exchange regarding the allotment and issue of the Subscription Shares and the Scheme Shares. The Stock Exchange has agreed that the Company has demonstrated that there are exceptional circumstances for the purpose of Rule 7.27B, and the Company may proceed with the Subscription and the Scheme on 26 June 2026.

Takeovers Code implications

Special Deal

As at the Latest Practicable Date, each of Ka Yik, Mr. Jiang Jinbo, Mr. Lin Huipeng and Ms. Wang Ting Ting owns 89,739,018 Shares, 31,500,000 Shares, 4,846,250 Shares and 36,000 Shares, representing approximately 24.91%, 8.75%, 1.34% and 0.01% of the issued share capital of the Company. Based on the information available to the Company, the Company is indebted to each of Ka Yik, Mr. Jiang Jinbo, Mr. Lin Huipeng and Ms. Wang Ting Ting of HK\$109,261,334.00, HK\$19,800,000.00, HK\$19,710,000.00 and HK\$1,025,000.00, respectively.

LETTER FROM THE BOARD

As the proposed settlement of the Admitted Scheme Claims (subject to determination and/or adjudication) to Ka Yik, Mr. Jiang Jinbo, Mr. Lin Huipeng and Ms. Wang Ting Ting under the Scheme is not extended to all other Shareholders, the implementation of the Scheme constitutes a special deal under Rule 25 of the Takeovers Code, and thus requires consent of the Executive.

An application has been made to the Executive for the consents to proceed with the Special Deal under Rule 25 of the Takeovers Code. Such consents, if granted, will be subject to (a) the Independent Financial Adviser publicly stating in its opinion that the terms of the Special Deal are fair and reasonable; and (b) approval of the Special Deal by the Independent Shareholders at the SGM, in which (i) the Concert Party Group and (ii) the Shareholders who are involved in or interested in the Restructuring Framework Agreement and the transactions contemplated thereunder, the Specific Mandate, the Scheme, the Subscription or the Special Deal (including Ka Yik, Mr. Jiang Jinbo, Mr. Lin Huipeng and Ms. Wang Ting Ting) will be required to abstain from voting in respect of the relevant resolution(s).

Save as disclosed above, as at the Latest Practicable Date, based on the information available to the Company, none of the creditors of the Company and their ultimate beneficial owners is a Shareholder.

8. INDEPENDENT BOARD COMMITTEE, TC INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Tsang Hung Kei, Mr. Wang Xiaochu and Ms. Wang Meirong, has been established to advise the Independent Shareholders as to whether the terms of the Restructuring Framework Agreement and the transactions contemplated thereunder, the Specific Mandate, the Scheme and the Subscription are fair and reasonable so far as the Independent Shareholders are concerned, and to advise the Independent Shareholders on how to vote, taking into account recommendations of the Independent Financial Adviser.

The TC Independent Board Committee comprising all non-executive Directors who have no direct or indirect interest in the Offer, the Scheme, the Subscription, and the Special Deal, namely Mr. Chiu Sin Nang, Kenny, Mr. Tsang Hung Kei, Mr. Wang Xiaochu and Ms. Wang Meirong, has been established in compliance with Rule 2.8 of the Takeovers Code to (a) advise the Independent Shareholders whether the Special Deal is fair and reasonable, and as to voting, with its letter included in this circular (with respect to the Restructuring Framework Agreement and the transactions contemplated thereunder, the Specific Mandate, the Subscription, the Scheme and the Special Deal); and (b) advise the Independent Shareholders whether the Offer is fair and reasonable and as to the acceptance of the Offer, taking into account recommendations of the Independent Financial Adviser, with its letter to be included in the Composite Document (with respect to the Offer). Since Mr. Cui is the sole director of Jilin Zexiao, the ultimate parent company of the Offeror, he is considered to be interested in the Offer and the Special Deal and is therefore not considered to be independent, he has been excluded from the TC Independent Board Committee.

LETTER FROM THE BOARD

Jun Hui International has been appointed as the Independent Financial Adviser by the Company with the approval of the Independent Board Committee and the TC Independent Board Committee to (a) advise the Independent Board Committee and the Independent Shareholders on whether the Restructuring Framework Agreement and the transactions contemplated thereunder, the Specific Mandate, the Scheme and the Subscription are fair and reasonable with its letter of advice included in this circular; (b) advise the TC Independent Board Committee and the Independent Shareholders whether the Special Deal is fair and reasonable, and as to voting, with its letter of advice included in this circular; and (c) advise the TC Independent Board Committee and the Independent Shareholders whether the Offer is fair and reasonable and as to the acceptance of the Offer, with its letter of advice to be included in the Composite Document.

9. INFORMATION OF THE GROUP

The Company is an investment holding company. The Group is principally engaged in property development and management, including planning designing, budgeting, licensing, contract tendering and contract administration, property investment and cultivation and sales of ginseng assets in the PRC.

Set out below is the summary of the financial information of the Group for the financial years ended 31 March 2024, 2025 and 2026 as extracted from the 2024/2025 Annual Report and the 2025/26 Annual Report:

	For the year ended 31 March		
	2026 RMB'000 (audited)	2025 RMB'000 (audited) (restated) ^(Note)	2024 RMB'000 (audited)
Revenue	52,686	173,105	116,072
Profit/(loss) before tax from continuing operations	138,627	(782,550)	(227,713)
Profit/(loss) for the year from continuing operations	128,314	(712,034)	(193,330)
	As at 31 March		
	2026 RMB'000 (audited)	2025 RMB'000 (audited)	2024 RMB'000 (audited)
Total assets	417,970	1,252,364	2,268,515
Total (deficit)/equity	(489,493)	(623,301)	228,874

Note: The financial information of the Group for the year ended 31 March 2025 in the 2025/2026 Annual Report has been restated as a result of the disposal of property projects in Baishan City, Jilin Province, the PRC, that included in the Group's property investment segment during the year ended 31 March 2026 as it is considered to be a discontinued operation under HKFRS 5.

LETTER FROM THE BOARD

According to Note 3 to Rule 2 of the Takeovers Code, the Board would like to draw the attention to the Independent Shareholders that the Company's auditor has issued disclaimer of opinion on the consolidated financial statements of the Group for the year ended 31 March 2026. As stated in the independent auditor's report included in 2025/2026 Annual Report, the disclaimer of opinion was issued due to, among others, the Company's auditor was unable to obtain sufficient appropriate audit evidence regarding the use of going concern assumption in the preparation of the consolidated financial statements. The Company's auditor expressed that should the going concern assumption be inappropriate, adjustments may have to be made to reclassify non-current assets and liabilities as current assets and liabilities respectively, write-down the value of assets to their recoverable amounts and to provide for further liabilities which may arise. The Independent Shareholders are advised to take into account the foregoing and consider carefully the resolutions proposed at the SGM. If the Independent Shareholders decide not to vote for the resolutions at the SGM, they should be aware of the potential risks associated with the material uncertainty.

Further details of the financial information of the Group are set out in Appendix I – Financial Information of the Group to this circular.

10. INFORMATION OF GROUND GROUP HK

Ground Group HK is a company incorporated in Hong Kong with limited liability and is wholly owned by Jilin Ground Group, which is in turn wholly owned by Xin Guangze.

Xin Guangze is a company established in the PRC with limited liability and is owned as to approximately 75.00%, 10.00% and 15.00% by each of Jilin Guangxun Investment, Jilin Xinquan and Jilin Xinshun, respectively.

Jilin Guangxun Investment is a company established in the PRC with limited liability and is owned as to approximately 96.86% by Mr. Cui and 劉曉丹 (Liu Xiaodan*) through Jilin Zexiao and as to approximately 3.14% by 王彥剛 (Wang Yangang*) and 李志國 (Li Zhiguo*) through Jilin Tianyi. Wang Yangang and Li Zhiguo are Independent Third Parties, each of whom does not have any relationship with Mr. Cui.

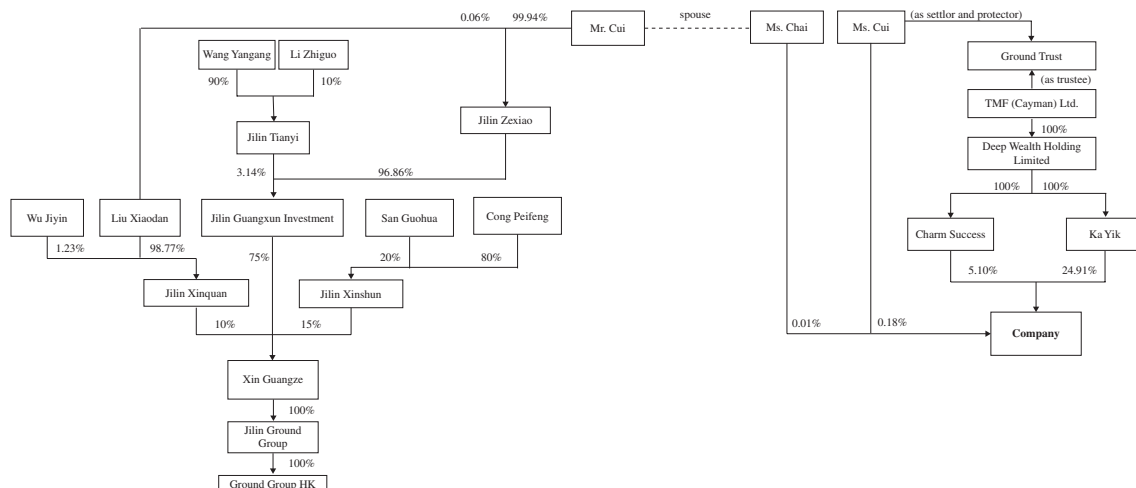
Jilin Xinquan is a company established in the PRC with limited liability and is owned as to approximately 98.77% by 劉曉丹 (Liu Xiaodan*) and approximately 1.23% by 吳紀雨 (Wu Jiyu*) respectively. Liu Xiaodan is the cousin of Mr. Cui. Wu Jiyu is an Independent Third Party and does not have any relationship with Mr. Cui.

Jilin Xinshun is a company established in the PRC with limited liability and is owned as to 80% by Mr. Cong and 20% by 孫國華 (Sun Guohua*) respectively. Mr. Cong is an executive Director and Sun Guohua is an Independent Third Party. Each of Mr. Cong and Sun Guohua does not have any relationship with Mr. Cui.

Ground Group HK is principally engaged in investment holdings.

LETTER FROM THE BOARD

The shareholding structure of Ground Group HK is set out as follows:



Based on the available books, records and information of the Company and pending determination and/or adjudication of the Admitted Scheme Claims, the total claim amount owed by the Company to Ground Group HK and Ka Yik is HK\$403,720,228.11. Ground Group HK and Ka Yik will be entitled to the aggregate of 2,691,468,186 Scheme Shares upon the Proposed Restructuring becoming effective. Further, Ground Group HK has undertaken to subscribe for 260,000,000 Subscription Shares by way of set-off against amounts owing under the Funding Agreement.

11. GENERAL

The SGM will be convened and held to consider and, if thought fit, approve, among others, the Restructuring Framework Agreement and the transactions contemplated thereunder, the grant of the Specific Mandate, the Subscription, the Scheme, and the Special Deal.

As disclosed in the above sections, Ground Group HK and Ka Yik and their respective associates, including the Concert Party Group, shall abstain from voting in respect of the resolution(s) to approve the Scheme. The Concert Party Group (including (i) Charm Success, which was interested in 18,356,035 Shares, representing approximately 5.10% of the issued share capital of the Company as at the Latest Practicable Date; (ii) Ka Yik, which was interested in 89,739,018 Shares, representing approximately 24.91% of the issued share capital of the Company as at the Latest Practicable Date; (iii) Ms. Cui, who was, by virtue of part XV of the SFO, deemed to be interested in 108,724,681 Shares, representing approximately 30.19% of the issued share capital of the Company via direct interests and her interests in Ka Yik and Charm Success as at the Latest Practicable Date; and (iv) Ms. Chai, who was interested in 42,500 Shares, representing approximately 0.01% of the issued share capital of the Company as at the Latest Practicable Date), and other Shareholders who are involved in or interested in the Restructuring Framework Agreement and the transactions contemplated thereunder, the Specific Mandate, the Subscription, the Scheme, or the Special Deal (including (i) Mr. Jiang Jinbo, who was interested in approximately 8.75% of the issued share capital of the Company as at the Latest Practicable Date; (ii) Mr. Lin Huipeng, who was interested in approximately 1.34% of the issued share capital of the Company as at the Latest Practicable Date; and (iii) Ms. Wang Ting Ting, who was interested in approximately

LETTER FROM THE BOARD

0.01% of the issued share capital of the Company as at the Latest Practicable Date) will be required to abstain from voting in respect of the resolution(s) approving the Scheme, the Restructuring Framework Agreement, the Subscription Agreement and the transactions contemplated thereunder (including the granting of the Specific Mandate and the Special Deal).

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same 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 as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM, excluding Saturdays, Sundays and public holidays in Hong Kong (i.e. 11:45 a.m. on Monday, 7 September 2026), or any adjournment thereof.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

12. CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of the Shareholders to attend and vote at the SGM, the register of members of the Company will be closed from Friday, 4 September 2026 to Wednesday, 9 September 2026 (both days inclusive) during which period no transfer of shares will be entitled. In order to qualify for entitlement to attend and vote at the SGM, all properly completed transfer forms accompanied by the relevant share certificates 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 later than 4:30 p.m. on Thursday, 3 September 2026. The record date for determining the identity of Shareholders eligible for attending and voting at the SGM is on Wednesday, 9 September 2026.

13. FURTHER INFORMATION

Your attention is drawn to the letter from the letter from Independent Financial Adviser set out on pages 48 to 107 of this circular which contains its advice to the Independent Board Committee, TC Independent Board Committee, and the Independent Shareholders in this regard.

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

LETTER FROM THE BOARD

13. RECOMMENDATION

Based on the above, the Directors (including members of the Independent Board Committee whose opinion is set forth in the letter from the Independent Board Committee in this circular) consider that the terms of the Proposed Restructuring are fair and reasonable so far as the Independent Shareholders are concerned and the transaction contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Restructuring Framework Agreement and the transactions contemplated thereunder, the grant of the Specific Mandate, the Subscription, the Scheme, and the Special Deal.

WARNING

The transactions contemplated under the Restructuring Framework Agreement are subject to fulfilment of various conditions and therefore may or may not materialise. The release of this circular does not necessarily indicate that the Proposed Restructuring will be completed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

By order of the Board
China Changbaishan International Holdings Limited
Xu Yingchuan
Acting Chairperson and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

CHINA CHANGBAISHAN INTERNATIONAL HOLDINGS LIMITED

中國長白山國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 989)

25 August 2026

To the Independent Shareholders

Dear Sir or Madam,

**(1) RESTRUCTURING FRAMEWORK AGREEMENT
IN RELATION TO**

THE PROPOSED RESTRUCTURING INVOLVING

(i) SUBSCRIPTION; AND

(ii) THE SCHEME; AND

**(2) CONNECTED TRANSACTION – SUBSCRIPTION AND ISSUE OF SCHEME SHARES
UNDER SPECIFIC MANDATE**

We refer to the circular of the Company dated 25 August 2026 (the “**Circular**”) to the Shareholders, of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as members to form the Independent Board Committee and to advise the Independent Shareholders as to whether the terms of the Restructuring Framework Agreement and the transactions contemplated thereunder, the Specific Mandate, the Scheme, and the Subscription are fair and reasonable so far as the Independent Shareholders are concerned, and to advise the Independent Shareholders on how to vote, taking into account recommendations of the Independent Financial Adviser. Jun Hui International Finance Limited has been appointed as the Independent Financial Adviser with approval from the Independent Board Committee to advise you and us in this respect.

We wish to draw your attention to (i) the letter of advice from the Independent Financial Adviser as set out on pages 48 to 107 of the Circular; (ii) the letter from the Board as set out on pages 11 to 44 of the Circular, (iii) the letter from the TC Independent Board Committee and the additional information set out in the appendices to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the principal reasons and factors considered by, and the advice of, the Independent Financial Adviser, we are of the opinion that the terms of the Restructuring Framework Agreement and the transactions contemplated thereunder, the Specific Mandate, the Scheme, and the Subscription are on normal commercial terms, in the interests of the Company and the Independent Shareholders as a whole, and the terms of which are fair and reasonable insofar as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the of the Restructuring Framework Agreement and the transactions contemplated thereunder, the Specific Mandate, the Scheme, and the Subscription.

Yours faithfully,

For and on behalf of

Independent Board Committee of

China Changbaishan International Holdings Limited

Ms. Wang Meirong

Independent Non-executive

Director

Mr. Tsang Hung Kei

Independent Non-executive

Director

Mr. Wang Xiaochu

Independent Non-executive

Director

LETTER FROM THE TC INDEPENDENT BOARD COMMITTEE

CHINA CHANGBAISHAN INTERNATIONAL HOLDINGS LIMITED

中國長白山國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 989)

25 August 2026

To the Independent Shareholders

Dear Sir or Madam,

SPECIAL DEAL

We refer to the circular of the Company dated 25 August 2026 (the “**Circular**”), of which this letter forms part. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in this Circular.

We have been appointed by the Board as members to form the TC Independent Board Committee and to advise the Independent Shareholders whether the Special Deal is fair and reasonable, with its letter to be included in this Circular (with respect to the Restructuring Framework Agreement and the transactions contemplated thereunder, the Specific Mandate, the Scheme, the Subscription, and the Special Deal), taking into account recommendations of the Independent Financial Adviser, with its letter included in this Circular. Jun Hui International Finance Limited has been appointed as the Independent Financial Adviser with approval from the TC Independent Board Committee to advise you and us in this respect.

We wish to draw your attention to (i) the letter of advice from the Independent Financial Adviser containing its recommendation and the principal factors it has taken into account in arriving at its recommendation as set out on pages 48 to 107 of this Circular; (ii) the letter from the Board as set out on pages 11 to 44 of this Circular; (iii) the letter from the Independent Board Committee and the additional information set out in the appendices to this Circular.

Having taken into account the principal reasons and factors considered by, and the advice of, the Independent Financial Adviser, we are of the opinion that the Special Deal is on normal commercial terms and in the interests of the Company and the Independent Shareholders as a whole, and the terms of which are fair and reasonable insofar as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions relating to the Special Deal at the SGM.

Yours faithfully,

For and on behalf of

TC Independent Board Committee of

China Changbaishan International Holdings Limited

Ms. Wang Meirong
*Independent Non-executive
Director*

Mr. Tsang Hung Kei
*Independent Non-executive
Director*

Mr. Wang Xiaochu
*Independent Non-executive
Director*

Mr. Chiu Sin Nang, Kenny
Non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice from Jun Hui International Finance Limited, the Independent Financial Adviser, to the Independent Board Committee and the TC Independent Board Committee and the Independent Shareholders in respect of the Restructuring Framework Agreement and the transactions contemplated thereunder, the Specific Mandate, the Subscription and the Scheme, and the Special Deal, which has been prepared for the purpose of inclusion in this Circular.



Jun Hui International Finance Limited
Unit 01-02, 16/F, Hing Yip Commercial
Centre, 272-284 Des Voeux Road Central,
Sheung Wan, Hong Kong

25 August 2026

To: the Independent Board Committee and the TC Independent Board Committee and the Independent Shareholders of China Changbaishan International Holdings Limited

Dear Sir or Madam,

**(1) RESTRUCTURING FRAMEWORK AGREEMENT IN RELATION TO
THE PROPOSED RESTRUCTURING INVOLVING
(i) SUBSCRIPTION; AND
(ii) THE SCHEME;
(2) CONNECTED TRANSACTION – SUBSCRIPTION AND ISSUE OF
SCHEME SHARES UNDER SPECIFIC MANDATE; AND
(3) SPECIAL DEAL**

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the TC Independent Board Committee and the Independent Shareholders in respect of the Restructuring Framework Agreement and the transactions contemplated thereunder, the Specific Mandate, the Subscription and the Scheme, and the Special Deal, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 25 August 2026 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 15 July 2026, Ground Group HK and the Company entered into the Restructuring Framework Agreement, pursuant to which the Company will implement the Proposed Restructuring, which involves, among others, (i) the Subscription; and (ii) the Scheme. Following the modifications to the terms of the Scheme sanctioned by the Court on 21 July 2026, Ground Group HK and the Company entered into the Supplemental Restructuring Framework Agreement on 20 August 2026 to reflect such modifications and to supplement the Restructuring Framework Agreement accordingly.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

To proceed with the Proposed Restructuring, on 12 January 2026 (as further supplemented on 15 July 2026), Ground Group HK (as lender) and the Company and Ka Yun (as co-borrowers) entered into the Funding Agreement, pursuant to which, Ground Group HK agreed to grant a credit facility of a total sum of up to HK\$39,000,000 to the Group to, among others, facilitate (i) the preparation and implementation of the Proposed Restructuring; (ii) the Group's property development and management and property investment business; and (iii) the working capital of the Group.

Pursuant to the Restructuring Framework Agreement and the Subscription Agreement, Ground Group HK shall subscribe for a total of 260,000,000 Subscription Shares at the total subscription price of HK\$39,000,000 (representing a subscription price of HK\$0.15 per Subscription Share), which shall be satisfied by way of set-off against the outstanding amounts under the Funding Agreement in whole or in part on a dollar-for-dollar basis. The Subscription Shares will be allotted and issued under the Specific Mandate to be sought for approval from the Independent Shareholders at the SGM. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares. The Subscription Shares represent approximately 4.85% of the Enlarged Issued Share Capital (assuming there is no change in the issued share capital of the Company other than the allotment and issue of the Subscription Shares and Scheme Shares).

Pursuant to the terms of the Restructuring Framework Agreement, the Company will propose the Scheme between the Company and the Scheme Creditors. Upon the Proposed Restructuring having become effective, the Scheme Claims of all the Scheme Creditors will be discharged and released in full. In return, the Scheme Creditors with the Admitted Scheme Claims under the Scheme will be entitled to receive the Scheme Shares which will be allotted and issued by the Company to the Scheme Company to be held on trust for the benefit of the Scheme Creditors with Admitted Scheme Claims and will only be distributed to the relevant Scheme Creditors after determination and/or adjudication of their Admitted Scheme Claims and after the close of the Offer.

IMPLICATIONS UNDER THE LISTING RULES AND THE TAKEOVERS CODE

Listing Rules implications

Connected Transactions

Based on the records available to the Company as at the Latest Practicable Date, the Company has certain debts owed to: (i) Ground Group HK, being a company ultimately and beneficially owned by Mr. Cui with effective shareholding interests of approximately 72.60%, which Mr. Cui is a Director; and (ii) Ka Yik, a company directly and wholly owned by Deep Wealth Holding Limited which is in turn held by TMF (Cayman) Ltd. as the trustee of the Ground Trust. The Ground Trust is a discretionary trust where Ms. Cui is the settlor and protector. According to the Scheme, these creditors of the Company may also be a Scheme Creditor, which are subject to determination and/or adjudication by the Scheme Administrators upon the Scheme taking effect. Accordingly, the issue of Scheme Shares to the abovementioned creditors of the Company under the Scheme constitute connected transactions of the Company under Chapter 14A of the Listing Rules, and are subject to the approval of the Independent Shareholders by way of poll. As such, the abovementioned creditors and their respective associates, including the Concert Party Group (including Ground Group HK and Ka Yik) shall abstain from voting in respect of the resolution(s) to approve the Scheme, the Restructuring Framework Agreement, the Subscription Agreement and the transactions contemplated thereunder (including the granting of the Specific Mandate and the Special Deal).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Referring to the Letter from the Board, as at the Latest Practicable Date, the ultimate beneficial owners of Ground Group HK are (i) Mr. Cui (owned as to approximately 72.60% of the effective shareholding interests in Ground Group HK), who is the non-executive Director, the father of Ms. Cui, a former executive director and a substantial shareholder of the Company and the settlor and protector of the Ground Trust (by virtue of Part XV of the SFO, deemed to be owned as to approximately 30.19% of the issued share capital of the Company via direct interests and her interests in Ka Yik and Charm Success); and (ii) Mr. Cong (owned as to approximately 12.00% of the effective shareholding interests in Ground Group HK), who is the executive Director and a sole director of Ground Group HK. The remaining approximately 15.40% of the shareholding interests of Ground Group HK are owned by five natural persons who individually holds less than 10% of the interests as at the Latest Practicable Date. As such, Ground Group HK is a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Specific Mandate

The Subscription Shares and the Scheme Shares will be allotted and issued pursuant to the Specific Mandate to be obtained upon approval by the Shareholders at the SGM.

Dilution effect of the Subscription and the issue of Scheme Shares, and exceptional circumstances

Pursuant to Rule 7.27B of the Listing Rules, a listed issuer may not undertake a rights issue, open offer or specific mandate placings that would result in a theoretical dilution effect of 25% or more, unless the Stock Exchange is satisfied that there are exceptional circumstances. According to the Letter from the Board, the allotment and issue of the Subscription Shares and the Scheme Shares would result in a relatively significant theoretical dilution effect of approximately 75.32%. Pursuant to Note 2 to Rule 7.27B of the Listing Rules, the Company has consulted the Stock Exchange regarding the allotment and issue of the Subscription Shares and the Scheme Shares. The Stock Exchange has agreed that the Company has demonstrated that there are exceptional circumstances for the purpose of Rule 7.27B, and the Company may proceed with the Subscription and the Scheme on 26 June 2026.

Takeovers Code implications

Special Deal

As at the Latest Practicable Date, each of Ka Yik, Mr. Jiang Jinbo, Mr. Lin Huipeng and Ms. Wang Ting Ting owns 89,739,018 Shares, 31,500,000 Shares, 4,846,250 Shares and 36,000 Shares, representing approximately 24.91%, 8.75%, 1.34% and 0.01% of the issued share capital of the Company. Based on the information available to the Company, the Company is indebted to each of Ka Yik, Mr. Jiang Jinbo, Mr. Lin Huipeng and Ms. Wang Ting Ting of HK\$109,261,334.00, HK\$19,800,000.00, HK\$19,710,000.00 and HK\$1,025,000.00, respectively.

As the proposed settlement of the Admitted Scheme Claims (subject to determination and/or adjudication) to Ka Yik, Mr. Jiang Jinbo, Mr. Lin Huipeng and Ms. Wang Ting Ting under the Scheme is not extended to all other Shareholders, the implementation of the Scheme constitutes a special deal under Rule 25 of the Takeovers Code, and thus requires consent of the Executive.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

An application has been made to the Executive for the consents to proceed with the Special Deal under Rule 25 of the Takeovers Code. Such consents, if granted, will be subject to (a) the Independent Financial Adviser publicly stating in its opinion that the terms of the Special Deal are fair and reasonable; and (b) approval of the Special Deal by the Independent Shareholders at the SGM, in which (i) the Concert Party Group and (ii) the Shareholders who are involved in or interested in the Restructuring Framework Agreement and the transactions contemplated thereunder, the Specific Mandate, the Scheme, the Subscription or the Special Deal (including Ka Yik, Mr. Jiang Jinbo, Mr. Lin Huipeng and Ms. Wang Ting Ting) will be required to abstain from voting in respect of the relevant resolution(s).

Possible unconditional mandatory cash offer

As at the Latest Practicable Date, Charm Success and Ka Yik are interested in 18,356,035 Shares and 89,739,018 Shares, representing approximately 5.10% and 24.91% of the issued share capital of the Company, respectively. Charm Success and Ka Yik are both companies wholly owned by Deep Wealth Holding Limited, which is in turn held by TMF (Cayman) Ltd. as the trustee of the Ground Trust. The Ground Trust is a discretionary trust set up by Ms. Cui as settlor and protector, and TMF (Cayman) Ltd. as trustee on 27 July 2016.

Pursuant to the definition under the Takeovers Code, Ground Group HK, Mr. Cui, Ms. Chai, Ms. Cui, Jilin Ground Group, Xin Guangze, Jilin Guangxun Investment, Jilin Xinquan, Jilin Xinshun, Jilin Zexiao, Ka Yik and Charm Success are presumed to be acting in concert by virtue of classes (1) and (8) of the definition of “acting in concert” under the Takeovers Code, and as a matter of fact are, parties acting in concert.

As at the Latest Practicable Date, the full amount of HK\$39,000,000 under the Funding Agreement has been drawn down. Assuming that there is no other change in the number of issued Shares as at the Latest Practicable Date up to the date of Completion (save for the allotment and issue of the Subscription Shares and the Scheme Shares, pending determination and/or adjudication of the Admitted Scheme Claim) and taking into account the entitlement of Scheme Shares upon Completion, the shareholding interest of each of Ground Group HK and Ka Yik would increase to 2,223,059,293 Shares and 818,147,911 Shares, respectively, representing approximately 41.46% and 15.26% of the Enlarged Issued Share Capital, respectively. As such, the aggregate shareholding interest of the Concert Party Group would increase from 108,767,181 Shares, representing approximately 30.20% of the issued Shares as at the Latest Practicable Date, to 3,060,235,367 Shares, representing approximately 57.07% of the Enlarged Issued Share Capital.

Therefore, upon Completion, the Concert Party Group would trigger an obligation to make a mandatory general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Concert Party Group) under Rule 26.1 of the Takeovers Code.

Assuming there is no other change in the number of issued Shares from the Latest Practicable Date up to the date of Completion and in light of the Irrevocable Undertaking in respect of the Scheme Shares, the remaining 251,414,759 Shares, being 5,362,635,631 issued Shares (i.e. the total number of the Enlarged Issued Share Capital) after deducting the 368,767,181 issued Shares held by the Concert Party Group and 4,742,453,691 Scheme Shares issued to the Scheme Company, will be subject to the Offer.

Details of the Offer will be included in the Composite Document to be despatched.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

THE INDEPENDENT BOARD COMMITTEE AND THE TC INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Tsang Hung Kei, Mr. Wang Xiaochu and Ms. Wang Meirong, has been established to advise the Independent Shareholders as to whether the terms of the Restructuring Framework Agreement and the transactions contemplated thereunder, the Specific Mandate, the Scheme and the Subscription are fair and reasonable so far as the Independent Shareholders are concerned, and to advise the Independent Shareholders on how to vote, taking into account recommendations of the Independent Financial Adviser.

The TC Independent Board Committee comprising all non-executive Directors who have no direct or indirect interest in the Offer, the Scheme, the Subscription, and the Special Deal, namely Mr. Chiu Sin Nang, Kenny, Mr. Tsang Hung Kei, Mr. Wang Xiaochu and Ms. Wang Meirong, has been established in compliance with Rule 2.8 of the Takeovers Code to advise the Independent Shareholders whether the Special Deal is fair and reasonable, and as to voting, with its letter included in this circular. Since Mr. Cui is the sole director of Jilin Zexiao, the ultimate parent company of the Offeror, he is considered to be interested in the Offer and the Special Deal and is therefore not considered to be independent, he has been excluded from the TC Independent Board Committee.

We, Jun Hui International, have been appointed as the Independent Financial Adviser by the Company with the approval of the Independent Board Committee and the TC Independent Board Committee to (a) advise the Independent Board Committee and the Independent Shareholders on whether the Restructuring Framework Agreement and the transactions contemplated thereunder, the Specific Mandate, the Subscription and the Scheme are fair and reasonable so far as the Independent Shareholders are concerned and how to vote; and (b) advise the TC Independent Board Committee and the Independent Shareholders on whether the Special Deal is fair and reasonable so far as the Independent Shareholders are concerned and how to vote.

OUR INDEPENDENCE

Jun Hui International is not associated with, nor have any relationship with or interests in the Company, the Concert Party Group, the Shareholders, financial or other professional advisers to the Concert Party Group or the Company and the Scheme Creditors who are involved in or interested in the Restructuring Framework Agreement and the transactions contemplated thereunder (including the Subscription and the Scheme) and the Special Deal, or their respective substantial shareholders or any party acting, or presumed to be acting in concert with any of them, which could reasonably be regarded as relevant to our independence.

We have no engagement or connection between the Company or the Concert Party Group or the Shareholders or the Scheme Creditors who are involved in or interested in the Restructuring Framework Agreement and the transactions contemplated thereunder (including the Subscription and the Scheme) and the Special Deal in the last two years prior to the commencement of the offer period, i.e. 15 July 2026. Apart from normal professional fees paid or payable to us in connection with this engagement, no other arrangement exists whereby we will receive any fees or benefits from the Company, the Concert Party Group, the Shareholders and the Scheme Creditors who are involved in or interested in the Restructuring Framework Agreement and the transactions contemplated thereunder (including the Subscription and the Scheme) and the Special Deal, or their respective substantial shareholders or any party acting, or presumed to be acting in concert with any of them.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Accordingly, we are considered eligible to give independent advice to the Independent Board Committee and the TC Independent Board Committee and the Independent Shareholders pursuant to Rule 13.84 of the Listing Rules and Rule 2.6 of the Takeovers Code.

BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the TC Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the information, opinions and representations contained or referred to in the Circular (or otherwise provided to us by the Directors and the management of the Group (the “**Management**”)), and have assumed that all information, opinions and representations contained or referred to in the Circular (or otherwise provided to us by the Directors and the Management) were true, accurate and complete in all material respects at the time when they were made and up to the date of this letter. We have also assumed that all statements of belief, opinions and intention made by the Directors in the Circular (or otherwise provided to us by the Directors and the Management) are reasonably made after due and careful enquiry. We have no reason to doubt that any relevant information has been withheld or omitted, nor are we aware of any fact or circumstance which would render the information, opinions and representations provided or made to us untrue, inaccurate or misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained or referred to in the Circular (or otherwise provided to us by the Directors and the Management) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions and representations expressed in the Circular (or otherwise provided to us by the Directors and the Management) have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading in any material respect. We consider that we have received sufficient information to enable us to reach an informed view, and have performed all the necessary steps as required under Rule 13.80 of the Listing Rules to justify our reliance on the information, opinions and representations provided or made to us so as to form a reasonable basis for our opinion and recommendation, which include, among other things:

- (a) reviewed the Letter from the Board, interim report of the Company for the six months ended 30 September 2025 and its annual reports for the years ended 31 March 2024, 2025 and 2026 (“**Interim Report 2025/26**”, “**Annual Report 2023/24**”, “**Annual Report 2024/25**” and “**Annual Report 2025/26**”, respectively);
- (b) conducted market and comparable researches to analyse the major terms of the Restructuring Framework Agreement and the transactions contemplated thereunder; and
- (c) discussed with the Directors and the Management regarding, among other things, the background, reasons for and benefits of the Restructuring Framework Agreement and the transactions contemplated thereunder and the basis of the major terms of it.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have not, however, for the purpose of this exercise, conducted any independent detailed verification or audit or investigation into the business, affairs, operations, financial position or future prospects of the Group or the information provided, representations made, or opinion expressed by the Directors and the Management. Our opinion was necessarily based on the legal, financial, economic, market and other conditions in effect, and the information made available to us as at the Latest Practicable Date. The Independent Shareholders will be informed as soon as reasonably practicable if we become aware of any material change to such information provided and representations made, or if there is any change to our opinion in accordance with Rule 9.1 of the Takeovers Code. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

This letter is issued for the information for the Independent Board Committee and the TC Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Restructuring Framework Agreement and the transactions contemplated thereunder, the Specific Mandate, the Subscription and the Scheme, and the Special Deal and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the TC Independent Board Committee and the Independent Shareholders in respect of the Restructuring Framework Agreement and the transactions contemplated thereunder, the Specific Mandate, the Subscription and the Scheme, and the Special Deal, we have considered the following principal factors and reasons:

I. Background and financial information of the Group

Background of the Group

Referring to the Letter from the Board, the Company is an investment holding company. The Group is principally engaged in property development and management, including planning, designing, budgeting, licensing, contract tendering and contract administration, property investment and cultivation and sales of ginseng assets in the PRC. Referring to Annual Report 2025/26, the Group's property investment segment is treated and presented as a discontinued operation for the year ended 31 March 2026 upon the disposal of Baishan Ground Real Estate Development Company Limited and Baishan Ground Business Management Company Limited. It is disclosed that despite of the Group's presentation of the property investment business segment as a discontinued operation in accordance with HKFRS5 for accounting purpose, the Group's management considers the property investment segment remains to be one of the operating segments of the Group and the Group is actively seeking for potential properties to hold for rental income or capital appreciation, subject to the investment return, synergy and exit potentials of any opportunities.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Referring to Annual Report 2024/25, Interim Report 2025/26 and Annual Report 2025/26, it is noted that the Group has strived to improve financial position and reduce the level of its debts. The following corporate actions were taken by the Group:

- (1) on 25 April 2024, the Group entered into a loan capitalisation agreement with Ground Investment Holding Group (Hong Kong) Co., Limited, of which a loan amount of RMB230 million will be capitalised by the issuance of 5,060,000,000 ordinary shares (before share consolidated) at a price of HK\$0.05 upon completion. Details are set out in the Company's announcements dated 14 May 2024 and 16 May 2024 and its circular dated 29 June 2024. It is disclosed that, however, the Company believed there was minimal chance for the requisite approvals to be obtained on or before 31 December 2024 (being the long stop date for the completion of the loan capitalisation agreement). The loan capitalisation agreement was terminated on 4 October 2024, details of which are set out in the Company's announcement dated 4 October 2024;
- (2) in October 2024, the Group as vendor entered into an equity transfer agreement with an independent third party as purchaser to conditionally dispose of its entire equity interests in Jilin Province Ground Tourism Development Company Limited for a nominal consideration of RMB1. Jilin Province Ground Tourism Development Company Limited has a cultural tourism property project in Fusong County, Baishan City, Jilin Province (the "**Fusong Property Project**"). It is disclosed in Annual Report 2024/25 that, as the financing market remained tight, the Group's financial position and cash flows were not in a position to meet the expected future cash flow commitment on the project. At the same time the project company had outstanding bank and other loans of approximately RMB408 million, all of which had become due. The Board considered it is appropriate to divest the Fusong Property Project in order to, among others, alleviate the Group's debt and financing costs burden. On 30 September 2025, the Group completed disposal of the Fusong Property Project. The assets and liabilities of the Fusong Property Project had been derecognised from the Group's financial statements as at 30 September 2025. Further details of the equity transfer agreement are set out in the Company's announcement dated 25 October 2024 and its circular dated 29 November 2024. Referring to Annual Report 2025/26, a gain on disposal of approximately RMB18.7 million was recognised by the Group in profit or loss under other income and gains;
- (3) in November 2024, the Company proposed to carry out a capital reorganisation involving, among others, (i) every twenty issued shares of par value of HK\$0.05 each be consolidated into one consolidated share of par value of HK\$1.00 each; (ii) the par value of each issued consolidated share be reduced from HK\$1.00 to HK\$0.01 by cancellation of the paid-up capital of the Company to the extent of HK\$0.99 on each issued consolidated share; (iii) each authorised but unissued consolidated share be sub-divided into one hundred new shares of HK\$0.01 each; (iv) each authorised but unissued existing convertible preference share be sub-divided into five new convertible preference shares of HK\$0.01 each; (v) the credits arising from the capital reduction and share premium reduction be credited to the contributed surplus account; and (vi) the board lot size for trading on the Stock Exchange be changed from 5,000 existing Shares to 10,000 consolidated Shares. Details of the proposed capital reorganisation are set out in the Company's announcements dated 11 November 2024 and 6 December 2024 and its circular dated 29 November 2024. The capital reorganisation became effective on 17 January 2025;

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- (4) on 28 July 2025, the Group entered into an equity transfer agreement with an independent third party purchaser to dispose of the property projects in Baishan City and Yanji City for a nominal consideration of RMB1. It is disclosed in Interim Report 2025/26 that, the disposal led to a decrease in the Group's bank loans by approximately RMB241.0 million which will further improve the Group's debt level. We also refer to the relevant announcement of the Company dated 28 July 2025 which revealed that the Group's management had carried out review on the Group's project portfolio and took into account the Group's highly leveraged financial position and its net liabilities position, and they decided to divest certain project companies (under tradename "**Guangze**") that (i) are loss-making; (ii) require substantial development expenditure to complete the development; and/or (iii) have an expected prolonged payback period. The disposal constituted a major transaction of the Company under the Listing Rules (details of the disposal were set out in the said announcement dated 28 July 2025 and the Company's circular dated 16 September 2025). Referring to Annual Report 2025/26, the disposal was completed on 31 March 2026 and a gain on disposal of approximately RMB147.3 million was recognised by the Group in profit or loss under other income and gains;
- (5) on 18 September 2025, the Group entered into an equity transfer agreement with an independent third party to dispose of the entire equity interests in Hua Yin International Holdings (Dunhua) Company Limited and its subsidiaries, at a consideration of RMB1. We also refer to the relevant announcement of the Company dated 18 September 2025 which revealed that, by divesting those certain property projects in Dunhua City (which were either unprofitable or would require capital and development expenditures), the disposal could help reduce the Group's overall debt position and mitigate its liquidity issue. The disposal constituted a discloseable transaction of the Company under the Listing Rules (details of the disposal were set out in the said announcement dated 18 September 2025). Referring to Annual Report 2025/26, the disposal was completed on 26 September 2025 and a gain on disposal of RMB123,000 was recognised by the Group in profit or loss under other income and gains; and
- (6) the Company has also transferred convertible bonds to shareholder loans. On 13 December 2024, the convertible bonds issued by the Company to Ka Yik on 14 December 2021 (i.e. the 2021 CBs, which were initially due on 13 June 2023) in the principal of HK\$103,076,730 (equivalent to approximately RMB94,057,000) together with the accrued interest of HK\$6,184,604 were settled by the provision of a loan from Ka Yik of HK\$109,261,334 (equivalent to approximately RMB99,700,000), as disclosed in Annual Report 2024/25.

It is also disclosed in Interim Report 2025/26 that, the management had carried out negotiations with financial institutions, substantial shareholders, and professional parties to explore possible options for improvement. The Group has decreased its bank loans through the disposals of project companies during the past years, transferred convertible bonds to shareholder loans, and explored the possibility to raise funds via equity financing. However, all of the above actions were yet able to sufficiently resolve the Group's net liabilities position. Total deficit of the Group was approximately RMB489.5 million as at 31 March 2026.

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Financial information of the Group

The following table summarises the results of operation and financial positions of the Group for the years ended 31 March 2024, 2025 and 2026 :

(i) *Results of operation*

	For the year ended 31 March			2026
	2024	2025	2025	
		(before restated)	(restated)	
		(Note 1)	(Note 1)	
	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)	(audited)
Revenue (Note 2)				
– Sale of properties	69,936	130,720	130,720	30,241
– Rental income	13,239	13,236	–	–
– Property management service income	32,897	28,520	28,520	22,445
– Project management service income	–	13,865	13,865	–
Total	116,072	186,341	173,105	52,686
Gross profit/(loss)	9,876	8,778	(2,713)	3,258
Other income and gains	8,940	419	419	168,115
Selling and distribution expenses	(6,024)	(5,508)	(3,953)	(2,552)
Administrative expenses	(38,459)	(36,950)	(34,513)	(25,407)
Finance costs	(23,121)	(51,440)	(49,450)	(42,910)
Other expenses	(86,885)	(692,146)	(692,058)	(11,024)
Change in fair value of investment properties	(64,200)	(170,912)	–	–
Gain on initial recognition of ginseng assets held for sale	–	–	–	45,675
Change in fair value of ginseng assets held for sale	–	–	–	3,700
Change in fair value of derivative financial instruments	(27,840)	(282)	(282)	(228)
(Loss)/Profit before tax	(227,713)	(948,041)	(782,550)	138,627
(Loss)/Profit for the year from continuing operations	(193,330)	(852,906)	(712,034)	128,314
Loss for the year from discontinued operation	–	–	(140,872)	(6,065)
(Loss)/Profit for the year	(193,330)	(852,906)	(852,906)	122,249
			(Note 2)	(Note 2)
Net cash flows used in operating activities	(81,923)	(40,644)	(40,644)	(39,877)

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Notes:

- 1) For completeness purpose and to avoid any confusion of disclosures in Annual Report 2024/25, Annual Report 2025/26 and this letter, both financial figures of the Group for the year ended 31 March 2025 before restated (as disclosed in Annual Report 2024/25) and after restated (as disclosed in Annual Report 2025/26) are provided. As referred to Annual Report 2025/26 and confirmed by the Company, following the disposal of the property project in Baishan City that holds the sole investment properties in the Group, the property investment business in the year ended 31 March 2026 was classified as discontinued operation under HKFRS 5 “Non-current assets held for sale and discontinued operations” whereby the operating results of the property investment business are presented as loss for the year from discontinued operation. In accordance with HKFRS 5, comparative figures presented have also been restated to conform to presentation of the year ended 31 March 2026.
- 2) No revenue was generated in relation to the Group’s ginseng business during the years ended 31 March 2024, 2025 and 2026.

Source: Annual Report 2023/24, Annual Report 2024/25 and Annual Report 2025/26 published by the Company on the website of the Stock Exchange

Financial results for the year ended 31 March 2024 compared with the year ended 31 March 2025 (Note: to avoid any confusion of disclosures with Annual Report 2024/25, the Group’s financial figures before restated for the year ended 31 March 2025 are used under this headline for illustration purpose)

Revenue of the Group increased by approximately 60.5% from approximately RMB116.1 million for the year ended 31 March 2024 to approximately RMB186.3 million for the year ended 31 March 2025, which was mainly due to the increase in sale of properties by approximately 86.9% resulted from the fact that the Group’s property project of Guangze China House – Phase IIA was completed and delivered during the year ended 31 March 2025 whereas there was no newly completed property project delivered during the year ended 31 March 2024. During the years ended 31 March 2024 and 2025, the Group had a gross profit of approximately RMB9.9 million (with a gross margin of approximately 8.5%) and RMB8.8 million (with a gross margin of approximately 4.7%), respectively. As disclosed in Annual Report 2024/25, the decrease in overall gross profit and gross margin for the year ended 31 March 2025 was primarily due to lower gross profit margin in respect of the Group’s property project of Guangze China House – Phases IIA which was resulted from a significant release of capitalised interest from a prolonged construction period of the project into the cost of sales during the year ended 31 March 2025.

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During the year ended 31 March 2025, the Group's results of operations further deteriorated and recorded net loss of approximately RMB852.9 million, compared to the net loss of approximately RMB193.3 million for the year ended 31 March 2024, which was mainly the combined effect of: (i) the decreased other income and gains from approximately RMB8.9 million for the year ended 31 March 2024 to approximately RMB0.4 million for the year ended 31 March 2025 mainly as the matter of (a) an exchange gain of approximately RMB4.3 million, (b) gain on modification of convertible bonds of approximately RMB1.8 million (of which the Company advised that the bondholder was Ka Yik and the modification was related to an extension of maturity date of the convertible bonds) and (c) gain on recognition of lease receivables of approximately RMB2.3 million recognised during the year ended 31 March 2024 (as the matter of an accounting gain recognised for the transfer of certain car park units from properties under development and completed properties held for sale to lease receivables upon completion, as advised by the Company), whereas there were no such items in the year ended 31 March 2025; (ii) the increased finance costs from approximately RMB23.1 million for the year ended 31 March 2024 to approximately RMB51.4 million for the year ended 31 March 2025 which was mainly due to less interest capitalised into properties under development during the year ended 31 March 2025 (as the matter of completion or suspension of relevant property projects and the related interest was subsequently not qualified for capitalisation under the Group's accounting policy, as advised by the Company); (iii) the increased other expenses from approximately RMB86.9 million for the year ended 31 March 2024 to approximately RMB692.1 million for the year ended 31 March 2025 which was mainly due to the write-down of properties under development and impairment loss on assets associated with disposal group classified as held for sale in respect of the Fusong Property Project of approximately RMB637.9 million (compared to that of approximately RMB84.3 million during the year ended 31 March 2024) and RMB47.1 million (whereas it was nil during the year ended 31 March 2024), respectively; and (iv) the change in fair value of investment properties which had a further decrease in the fair value of approximately RMB170.9 million during the year ended 31 March 2025 (compared to that of approximately RMB64.2 million for the year ended 31 March 2024) mainly as the matter of the continual deterioration of the market rent for shopping mall units in Baishan City, Jilin Province, as disclosed in Annual Report 2024/25.

Financial results for the year ended 31 March 2025 (restated) compared with the year ended 31 March 2026 (Note: to avoid any confusion of disclosures with Annual Report 2025/26, restated financial figures of the Group for the year ended 31 March 2025 are used under this headline for illustration purpose)

Revenue of the Group decreased by approximately 69.6% from approximately RMB173.1 million (restated) for the year ended 31 March 2025 to approximately RMB52.7 million for the year ended 31 March 2026, which was mainly due to the decrease in sale of properties by approximately 76.9% resulted from the fact that no new properties project was completed and delivered during the year ended 31 March 2026. The Group had a gross profit of approximately RMB3.3 million (with a gross margin of approximately 6.2%) for the year ended 31 March 2026 and a gross loss of approximately RMB2.7 million (restated) for the year ended 31 March 2025. As disclosed in Annual Report 2025/26, the increase in overall gross profit for the year ended 31 March 2026 was primarily due to the lower gross profit margin in respect of the Group's property

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project of Guangze China House – Phases IIA which was resulted from a significant release of capitalised interest from a prolonged construction period of the project into the cost of sales during the year ended 31 March 2025.

During the year ended 31 March 2026, the Group recorded net profit of approximately RMB122.2 million, compared to the net loss of approximately RMB852.9 million (restated) for the year ended 31 March 2025, which was mainly the combined effect of: (i) the gross profit of approximately RMB3.3 million recorded for the year ended 31 March 2026, compared to the gross loss of approximately RMB2.7 million (restated) for the year ended 31 March 2025 as explained above; (ii) the increased other income and gains from approximately RMB0.4 million (restated) for the year ended 31 March 2025 to approximately RMB168.1 million for the year ended 31 March 2026 which was mainly due to one-off gains arising from the disposals of certain property projects; and (iii) the significant decrease in other expenses from approximately RMB692.1 million (restated) for the year ended 31 March 2025 to approximately RMB11.0 million for the year ended 31 March 2026 which was mainly due to the write-down of properties under development and impairment loss on assets associated with disposal group classified as held for sale in respect of the Fusong Property Project of approximately RMB637.9 million and RMB47.1 million respectively for the year ended 31 March 2025, whilst there were no such write-downs and impairment during the year ended 31 March 2026, as disclosed in Annual Report 2025/26.

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(ii) *Financial positions*

	As at 31 March 2024 RMB'000 (audited)	2025 RMB'000 (audited)	As at 31 March 2026 RMB'000 (audited)
Non-current assets	516,901	337,963	4,478
– which include, among others:			
Investment properties	486,200	315,288	–
Current assets	1,751,614	914,401	413,492
– which include, among others:			
Properties under development and completed properties held for sale	1,606,803	335,304	261,460
Ginseng assets held for sale	–	–	101,700
Pledged and restricted deposits	5,366	3,324	797
Cash and cash equivalents	53,635	5,103	4,152
Assets associated with disposal group classified as held for sale	–	504,169	–
Total assets	2,268,515	1,252,364	417,970
Non-current liabilities	396,043	18,740	12,461
– which include, among others:			
Liability component of the convertible bonds	45,950	–	–
Bank and other borrowings	230,990	–	–
Current liabilities	1,643,598	1,856,925	895,002
– which include, among others:			
Trade and other payables	490,797	435,912	176,718
Loans from a substantial/controlling shareholder	344,849	449,363	369,743
Loans from related parties	63,651	50,060	35,750
Bank and other borrowings	420,640	243,090	183,375
Liability component of the convertible bonds	95,726	48,517	51,733
Liabilities associated with disposal group classified as held for sale	–	504,169	–
Total liabilities	2,039,641	1,875,665	907,463
Total (deficit)/equity	228,874	(623,301)	(489,493)
Gearing ratio (<i>Note</i>)	80%	197%, or 106% (excluding disposal group), as disclosed in Annual Report 2024/25 and Interim Report 2025/26 respectively	174%
Net current (liabilities)/assets	108,016	204%, as disclosed in Annual Report 2025/26 (942,524)	(481,510)

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Note: Refers to (a) the gearing ratio disclosed in Annual Report 2023/24 and Annual Report 2024/25, which is net debt divided by the adjusted capital (being the Group's total equity plus the liability component of the Convertible Bonds) plus net debt; and (b) the gearing ratio disclosed in Annual Report 2025/26, which is net debt divided by the adjusted capital (being the Group's total equity plus the liability component of the Convertible Bonds). For completeness and to avoid any confusion of disclosures, gearing ratios as at 31 March 2025 disclosed by the Company in its financial reports are presented in this table to facilitate year-on-year comparison for illustration purpose in this letter. As confirmed by the Company, the difference between gearing ratio as at 31 March 2025 reported in Annual Report 2024/25 and Annual Report 2025/26 was principally resulted from the revised calculation method for the gearing ratio as illustrated above.

Source: Annual Report 2023/24, Annual Report 2024/25 and Annual Report 2025/26 published by the Company on the website of the Stock Exchange

As at 31 March 2025, the Group had total assets of approximately RMB1,252.4 million, which significantly reduced by approximately RMB1,016.1 million from the total assets of approximately RMB2,268.5 million as at 31 March 2024. As at 31 March 2024 and 2025, the Group had total liabilities of approximately RMB2,039.6 million and RMB1,875.7 million, respectively. The Group's financial positions deteriorated from the total equity of approximately RMB228.9 million as at 31 March 2024 to the total deficit of approximately RMB623.3 million as at 31 March 2025, as the decrease in its total assets as at 31 March 2025 substantially outweighed the decrease in its total liabilities as at the same date.

Referring to Annual Report 2024/25, certain major items comprising the total assets of the Group as at 31 March 2025 included (i) investment properties of approximately RMB315.3 million compared with the balance of approximately RMB486.2 million as at 31 March 2024, the decrease in balance of investment properties as at 31 March 2025 was mainly due to the decrease in fair value of the self-owned and leased portion of the shopping mall in Baishan City, Jilin Province as a result of the decrease in market rent; (ii) properties under development and completed properties held for sale of approximately RMB335.3 million; (iii) cash and cash equivalents of approximately RMB5.1 million, and (iv) assets associated with disposal group classified as held for sale of approximately RMB504.2 million in relation to the disposal of the entire equity interest in Jilin Province Ground Tourism Development Company Limited and its three subsidiaries (the “**Fusong Disposal**”), whereas the balance was nil as at 31 March 2024. The lower balance of the Group's total assets of approximately RMB1,252.4 million as at 31 March 2025, comparing to the balance of approximately RMB2,268.5 million as at 31 March 2024 was mainly as the result of (i) the write-down on the Group's properties under development in the Fusong Property Project of approximately RMB637.9 million made during the six months ended 30 September 2024; and (ii) decrease of cash and cash equivalents from approximately RMB53.6 million as at 31 March 2024 to approximately RMB5.1 million as at 31 March 2025 primarily resulted from the repayment of borrowings, settlement of construction costs, interests, operating expenditure partially offset by the cash receipt from pre-sale of properties, as advised by the Company. Other than the write-down of the Fusong Property Project as mentioned above, the decrease in the Group's properties under development and completed properties held for sale from approximately RMB1,606.8 million as at 31 March 2024 to approximately RMB335.3 million as at 31 March 2025 was primarily attributable to (a) the transfer of the Fusong Property Project to assets associated with disposal group classified as held for sale, (b) the completion and delivery of property units on the Group's property project of Guangze China House – Phase

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IIA (the completion of the property project resulted in the relevant property project costs being allocated into two categories, namely cost of sales on pre-sold units upon recognition of the respective revenue from sale of properties and completed properties held for sale on remaining unsold units in accordance with the Group's accounting policy as advised by the Company), and (c) partially offset by the increase in construction costs relating to Guangze Jiuxi Red House – Phase II (a property project of the Group located in Changchun City of Jilin Province, which is expected to complete construction in second half of 2025 as disclosed in Annual Report 2024/25), as advised by the Company.

As at 31 March 2025, certain major items comprising the Group's total liabilities were (i) trade and other payables of approximately RMB435.9 million; (ii) loans from a substantial/controller shareholder of approximately RMB449.4 million, which were unsecured, interest free and repayable within one year or on demand; (iii) bank and other borrowings of approximately RMB243.1 million, which were payable within one year or on demand; and (iv) liabilities associated with disposal group classified as held for sale of approximately RMB504.2 million in relation to the Fusong Disposal. The gearing ratio of the Group as at 31 March 2025 was high at approximately 197% (figure disclosed in Annual Report 2024/25), which increased as compared with its gearing ratio of approximately 80% as at 31 March 2024 mainly due to the decrease in the Group's equity as a result of the increase in accumulated losses referring to Annual Report 2024/25.

As at 31 March 2026, the Group had total assets of approximately RMB418.0 million and total liabilities of approximately RMB907.5 million. The Group's total liabilities remained substantially outweighing its total assets as at the same date. The Group's financial positions remained as total deficit, recording the balance of approximately RMB489.5 million as at 31 March 2026.

Referring to Annual Report 2025/26, certain major items comprising the total assets of the Group as at 31 March 2026 included (i) properties under development (being mainly Guangze Jiuxi Red House – Phase II) and completed properties held for sale (being mainly unsold units of Guangze Jiuxi Red House – Phase I) of approximately RMB261.5 million; (ii) ginseng assets held for sale of approximately RMB101.7 million; and (iii) cash and cash equivalents of approximately RMB4.2 million. The lower balance of the Group's total assets of approximately RMB418.0 million as at 31 March 2026, comparing to the balance of approximately RMB1,252.4 million as at 31 March 2025 was mainly as the result of (i) no balance of investment properties was recorded as at 31 March 2026, comparing to the balance of approximately RMB315.3 million as at 31 March 2025 which were primarily certain shopping mall units in Baishan City, Jilin Province. Such investment properties were reclassified to assets associated with disposal group classified as held for sale in September 2025 and were derecognised upon the completion of the disposal in March 2026; (ii) decreased balance of properties under development and completed properties held for sale from approximately RMB335.3 million as at 31 March 2025 to approximately RMB261.5 million as at 31 March 2026. As disclosed in Annual Report 2025/26, the lower balance of properties under development and completed properties held for sale as at 31 March 2026 was primarily the result led by the remaining residential and commercial units and car parking spaces at projects completed in prior years including those relating to Baishan and Yanji Property Projects were reclassified to assets associated with disposal group classified as held for

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sale in September 2025 and were derecognised upon the completion of the disposal in March 2026; (iii) no balance of assets associated with disposal group classified as held for sale was recorded as at 31 March 2026 following the disposal of the Fusong Property Project, comparing to the balance of approximately RMB504.2 million as at 31 March 2025, and partially offset by the initial recognition of ginseng assets held for sale of approximately RMB101.7 million as at 31 March 2026 as the Group purchased ginseng assets grown under forest land located in Ji'an City, Jilin Province during the year ended 31 March 2026.

As at 31 March 2026, certain major items comprising the Group's total liabilities were (i) trade and other payables of approximately RMB176.7 million; (ii) loans from a substantial shareholder of approximately RMB369.7 million, which were unsecured, interest free and repayable on demand; and (iii) bank and other borrowings of approximately RMB183.4 million. The lower balance of the Group's total liabilities of approximately RMB907.5 million as at 31 March 2026, comparing to the balance of approximately RMB1,875.7 million as at 31 March 2025 was mainly as the result of (i) decrease in trade and other payable from approximately RMB435.9 million as at 31 March 2025 to approximately RMB176.7 million as at 31 March 2026; and (ii) no balance of liabilities associated with disposal group classified as held for sale was recorded as at 31 March 2026 following the disposal of the Fusong Property Project, comparing to the balance of approximately RMB504.2 million as at 31 March 2025. The gearing ratio of the Group as at 31 March 2026 remained high at approximately 174%, which slightly decreased as compared with its gearing ratio of approximately 204% (figure disclosed in Annual Report 2025/26) as at 31 March 2025 mainly due to the decrease in the Group's net debt as a result of its disposals of non-performing property projects (with net liabilities) during the year ended 31 March 2026 referring to Annual Report 2025/26.

(iii) Valuation of the Group's properties and adjusted net liabilities

The valuation of the properties held by the Group (being the unsold portions of Guangze Jiuxi Red House – Phase I and Phase II, collectively as the “**Property**”) in existing state as at 31 May 2026 (the “**Valuation Date**”) has been assessed by Colliers Appraisal & Advisory Services (Shanghai) Co., Ltd. (“**Colliers**” or the “**Valuer**”) pursuant to Rule 11.1(f) of the Takeovers Code. The full text of the valuation report (including the valuation certificates) is set out in Appendix II to the Circular (the “**Valuation Report**”). According to the Valuation Report, the total market value of the Property attributable to the Group as at the Valuation Date was RMB305.0 million (the “**Valuation**”).

We have reviewed the Valuation Report and discussed with the Valuer the methodology, bases and assumptions adopted in arriving at the Valuation. We note that the Valuer has valued the Property by the direct comparison approach, with reference to recent asking prices of comparable properties located within the same district (Jiutai District, Changchun) with similar conditions, size and tenure, adjusted for factors including condition, amenities, environment, view, age and decoration, management, and, for the retail comparables, established retail area, accessibility, size and road frontage. We further note that pre-sold portions of the Property have been taken into account by the Valuer at their respective transacted amounts. In addition, the Valuer has selected separate sets of comparables for the residential and retail portions of the Property respectively, on the basis that residential and retail properties are subject to different market dynamics,

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pricing characteristics and value drivers and are separately analysed under the direct comparison approach. Based on our enquiry with the Valuer, we note that this valuation methodology is a commonly used approach for assessing the market value of residential and retail properties held for sale (the same as the Property).

We are provided with the Valuer's underlying workings indicating the adjustments applied to comparable properties, and enquired of the Valuer as to the basis on which such adjustments were determined. We understand that the adjustments reflect the Valuer's assessment of the specific characteristics of each comparable property by reference to the Property, and have reviewed and confirmed the quantified adjustment ranges disclosed by the Valuer to be consistent with the direction of adjustment applied to each comparable as set out in the Valuation Report. We have also enquired about the equal weighting applied by the Valuer to each comparable, and understand this reflects the Valuer's assessment that none of the selected comparables was demonstrably more representative of the Property than the others. We consider this a reasonable basis for weighting.

Further to the above, we have enquired the qualifications and experience of the persons responsible for the Valuation. We note that Mr. Kin Ming Woo James, Executive Director and Head of China Valuation and Advisory Services at Colliers, is a fellow member of the Royal Institution of Chartered Surveyors ("RICS") with 30 years' experience in the valuation of properties of this magnitude and type in China, and that Mr. Chin Pang Tsang, Executive Director and Acting Head of the Valuation and Advisory Services (Hong Kong) at Colliers, is a member of RICS and the Hong Kong Institute of Surveyors, a Registered Professional Surveyor in Hong Kong and a Registered Real Estate Appraiser in the PRC, with over 26 years' relevant experience. The Valuer has confirmed that the Valuation has been prepared in accordance with the HKIS Valuation Standards (2024 Edition) published by The Hong Kong Institute of Surveyors, the RICS Valuation – Global Standards published by RICS, and the requirements set out in Chapter 5 of and Practice Note 12 to the Listing Rules and Rule 11 of the Takeovers Code.

After our enquiry, we understand that the Valuer provided valuation services to the Company for: (i) connected transaction in relation to loan capitalisation involving subscription of shares under specific mandate and application for whitewash waiver in 2024 (with the Company's circular dated 29 June 2024); (ii) very substantial disposal in relation to the disposal of the entire equity interest of the target company involving a property project in Fusong County, Jilin Province (with the Company's circular dated 29 November 2024); (iii) major transaction in relation to the disposal of the entire equity interest of the target companies involving property projects in Baishan City and Yanji City, Jilin Province (with the Company's circular dated 16 September 2025); and (iv) valuation on fair value of investment properties held by the Group, if any, for annual preparation of the Group's financial statements. The aforementioned valuation services had been completed. We have been confirmed by the Valuer that it has no other relationship with the Company or the Concert Party Group or the Scheme Creditors which may render the Valuer not independent, and we are satisfied that the Valuer is independent of the Company, the Concert Party Group and the Scheme Creditors for the purpose of the Valuation. We have also reviewed the Valuer's terms of engagement and are satisfied that the scope of work thereunder is appropriate for the Valuer to arrive at its opinion of value.

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Adjusted net liabilities

For the purpose of Rule 11 of the Takeovers Code, we have reviewed the adjusted unaudited consolidated net liabilities attributable to the Shareholders, which is provided by the Company and calculated based on the audited consolidated net liabilities attributable to the Shareholders as at 31 March 2026, adjusted with reference to the Valuation as at 31 May 2026. Details of the adjustment are set out in the table below for illustration purpose.

	<i>RMB'000</i>
Audited consolidated net liabilities as at 31 March 2026	(489,493)
<i>Adjustment:</i>	
– Revaluation surplus arising from the Valuation (<i>Note</i>)	43,540
Adjusted net liabilities	(445,953)

Note: represents the revaluation surplus arising from the excess of (a) the market value of the Property in existing state of RMB305.0 million as at 31 May 2026 according to the Valuation Report in Appendix II to the Circular, as appraised by the Valuer, over (b) its corresponding book value of approximately RMB261.5 million as at 31 March 2026.

The appreciation in value of the Property represented by the Valuation was mainly attributable to the fact that the Property has been stated at cost in the consolidated financial statements of the Group since completion, in accordance with the accounting policy adopted by the Group, whereas the Valuation reflects the current open market value of the Property. We also note that the revaluation surplus of approximately RMB43.5 million is modest relative to the Group's audited net liabilities as at 31 March 2026, and the Group would remain in a substantial net liabilities position after taking the Valuation into account. Accordingly, we do not consider the Valuation to have a material impact on the Group's overall net liabilities position.

Going concern issue

It is noted that the independent auditor's report in Annual Report 2024/25 includes a "Material uncertainty relating to going concern" paragraph, from which the Company's auditor highlighted, among others, the loss from continuing operations of approximately RMB852.9 million recorded by the Group for the year ended 31 March 2025, the net current liabilities of approximately RMB942.5 million and net liabilities of approximately RMB623.3 million recorded by the Group as at 31 March 2025, and concluded these conditions may cast significant doubt on the Group's ability to continue as a going concern.

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The going concern issue remain unresolved as referred to Annual Report 2025/26, disclosing that the Company's auditor considered, among others, the Group's net current liabilities and net liabilities of approximately RMB481.5 million and RMB489.5 million respectively, of which RMB183.4 million represented other borrowings and RMB51.7 million represented liability component of convertible bonds as at 31 March 2026, while the cash and cash equivalents amounted to approximately RMB4.2 million only as at 31 March 2026, and considered that the Group may take longer time than expected to realise cash from the sales of its properties, and/or have cash from external financing to meet its loan repayment obligations. The Company's auditor expressed that these conditions along with certain matters relating to the Funding Agreement for the purpose of financing the Company's restructuring and the working capital requirements of the Group, the cash flow forecast of which the Directors expect the Group to generate adequate cash flows to maintain its operations and the continuous active measures to control costs and expenses by the Group, indicate the existence of a material uncertainty which casts significant doubt on the Group's ability to continue as a going concern and the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The validity of the going concern basis depends on the assumptions that the Group would be successful in the debt restructuring, further cash inflow from ginseng business and obtaining the future fundings. The Company's auditor issued disclaimer of opinion and expressed that, due to the uncertainty of the Group's ability to maintain adequate future cash flows, it was unable to ascertain whether the assumptions made by the Directors in preparing the consolidated financial statements for the year ended 31 March 2026 on a going concern basis are proper and appropriate. For further details, please refer to the independent auditor's report included in Annual Report 2025/26.

We consider the going concern issue of the Company raised by its auditor, in particular, the success of the Proposed Restructuring has become one of the assumptions affecting the validity of the going concern basis in relation to the consolidated financial statements for the year ended 31 March 2026 and the disclaimer of opinion given by the Company's auditor as above discussed, shall be cautiously considered as an indication that a credible restructuring plan is urgently required to ease financial distress situation of the Group.

According to Note 3 to Rule 2 of the Takeovers Code, we would like to draw the attention to the Independent Shareholders that the Company's auditor has issued disclaimer of opinion on the consolidated financial statements of the Group for the year ended 31 March 2026. As stated in the independent auditor's report included in Annual Report 2025/26, the disclaimer of opinion was issued due to, among others, the Company's auditor was unable to obtain sufficient appropriate audit evidence regarding the use of going concern assumption in the preparation of the consolidated financial statements. The Company's auditor expressed that should the going concern assumption be inappropriate, adjustments may have to be made to reclassify non-current assets and liabilities as current assets and liabilities respectively, write-down the value of assets to their recoverable amounts and to provide for further liabilities which may arise. For detailed information of the basis of disclaimer of opinion, please refer to the independent auditor's report in Annual Report 2025/26 and the Letter from the Board.

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Industry overview

During the years ended 31 March 2024, 2025 and 2026, sale of properties remained as the major revenue stream of the Group which accounted for approximately 60.3%, 70.2% (before restatement of relevant financial figures, or approximately 75.5% after restatement of relevant financial figures for the year ended 31 March 2025) and 57.4% of the Group's revenue, respectively. It is noted that the property development and management business in the PRC remains as the major business of the Group and it is key to the Group's financial performance.

National Bureau of Statistics of China revealed that the investment in real estate development in China was approximately RMB8,278.8 billion in 2025, indicating a year-on-year decrease of approximately 17.2%. From January to May 2026, the investment in real estate development was approximately RMB3,035.6 billion, which represented a decrease of approximately 16.2% comparing with the corresponding period of last year. The situation of the real estate investment in the Northeastern region of China, being the region where the Group's principal business and properties are located, was even worse recording a decrease of approximately 28.4% from January to May 2026 (with the investment in real estate development amounted to approximately RMB43.9 billion) as compared with the corresponding period of last year. According to an article titled "China's home prices seen falling faster before stabilising in 2027: Reuters poll" released by Reuters on 13 March 2026, it is noted that the property sector in China remains stuck in a prolonged downturn, still facing several structural challenges, including demographic shifts, an uncertain employment environment, low housing affordability and high stocks of unsold homes. The article also indicated the property investment and sales in China are expected to remain weak in 2026, with investment forecast to fall 10.3% and sales down 6.5%. While the property management sector in China is also generally tough. According to an article titled China's real estate funk drags down yet another sector: property service providers" released by Reuters on 3 June 2026, it is revealed that providers of property services in China are struggling to collect management fees from disgruntled homeowners, threatening their revenue and house prices in general, as the consequence after decades of overbuilding, many compounds are partly vacant and distressed property developers owe the service fees for unsold flats. From the above, we note the unfavourable condition of the PRC property market will likely continue or the market will likely remain uncertain in the short run.

Our assessment on outlook of the Group

Referring to the Letter from the Board, the Directors consider the Company is in severe liquidity shortage and financial distress situation, its ability to repay all its indebtedness when they fall due has been significantly impaired, which does not have sufficient financial resources to cover all its liabilities as they became due. We took into account the following points previously illustrated under this section:

- (i) the Group continued incurring net loss during the years ended 31 March 2024 and 2025 (although it recorded net profit of approximately RMB122.2 million for the year ended 31 March 2026, the profit was relatively thin. As advised by the Company, it was a one-time gain arising from the disposals of the non-performing property projects. The Company also cannot guarantee profit will continue in the near-term). As abovementioned under the sub-section headed "Going concern issue", the Company's auditor issued disclaimer of opinion in respect of the Group's consolidated financial statements for the year ended 31 March 2026 and expressed a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going

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concern, having considered factors including the net current liabilities, net liabilities and cash position of the Group as at 31 March 2026 and that the Group may take longer time than expected to realise cash from the sales of its properties and/or have cash from external financial to meet its loan repayment obligations. This suggests that the own business operations of the Group shall not be able to timely improve its financial distress situation. The disclaimer of opinion and going concern issue raised by the Company's auditor shall be cautiously considered as an indication of a credible restructuring plan in urgent need;

- (ii) the Group's financial position deteriorated from total equity of approximately RMB228.9 million as at 31 March 2024 to total deficit of approximately RMB623.3 million as at 31 March 2025. As at 31 March 2026, total deficit of the Group was approximately RMB489.5 million, with current liabilities of approximately RMB895.0 million remained significantly outweighing its current assets of approximately RMB413.5 million as at the same date. Although the Group has, among others, disposed project companies with unfavourable performance such as the Fusong Property Project and the Baishan and Yanji property projects aiming to improve its financial distress, its gearing ratio remained high at around 106% (even though excluding disposal group) and 174% as at 31 March 2025 and 2026, respectively. The Group's cash and cash equivalents were also low at approximately RMB4.2 million as at 31 March 2026 which shall not be able to support its operation and improve its financial distress situation. The above indicates the Group is balance-sheet insolvent to a significant extent, and without substantial balance-sheet repair (e.g. debt to equity conversion), there may not be realistic way to restore a positive equity position;
- (iii) as at 31 March 2025, the Group held only approximately RMB5.1 million in cash and cash equivalents and RMB3.3 million in pledged and restricted deposits, whilst it had significant amount of current liabilities, including among others, trade and other payables of approximately RMB435.9 million, current portion of bank and other borrowings of approximately RMB243.1 million, loans from a substantial/controlling shareholder of approximately RMB449.4 million, loans from related parties of approximately RMB50.1 million and current portion of liability component of convertible bonds of approximately RMB48.5 million as at the same date. As at 31 March 2026, its cash and cash equivalents remained low at approximately RMB4.2 million. Net cash flows used in operating activities of the Group had been negative, being approximately RMB81.9 million, RMB40.6 million and RMB39.9 million for the years ended 31 March 2024, 2025 and 2026, respectively. The above shows the Group has insufficient liquid resources to meet its trade payables and current debt liabilities from operating cash flows or cash on hand, and also indicates a possible and near-term default risk by the Group; and
- (iv) as above mentioned under the sub-section headed "Background of the Group", the Group had carried out review on its project portfolio and divested unfavourable property projects which were unprofitable and/or would require capital and development expenditures, trying to improve its financial position. However, the Group recorded decrease in gross profit (approximately RMB9.9 million for the year ended 31 March 2024 comparing to approximately RMB8.8 million (before restated, or even recorded gross loss (after restated) of approximately RMB2.7 million for the year ended 31 March 2025) or the gross profit was relatively thin (approximately RMB3.3 million for the year ended 31 March 2026), and had negative net operating cash flows during the years ended 31 March 2024, 2025 and 2026. In addition, as previously illustrated under the sub-

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section headed “Industry overview”, we note that the PRC property market remained uncertain and market downturn will likely continue in the short run. Historical figure of investment in real estate development even indicated a stronger downturn in the Northeastern region of China, being the region where the Group’s principal business and properties are located. Hence, the general market condition shall unlikely to support business growth of the Group, whose existing property business was unable to generate enough cash or margin to solve its financial distress in the near-term.

Based on the above, we therefore agree with the Directors’ view that the Company is in severe financial distress situation and has insufficient internal financial resources to cover all its liabilities as they became due in the near-term, and has a need for credible restructuring plan to restore a positive equity position.

II. Information of Ground Group HK

Ground Group HK is a company incorporated in Hong Kong with limited liability and is wholly owned by Jilin Ground Group, which is in turn wholly owned by Xin Guangze.

Xin Guangze is a company established in the PRC with limited liability and is owned as to approximately 75.00%, 10.00% and 15.00% by each of Jilin Guangxun Investment, Jilin Xinquan and Jilin Xinshun, respectively: (i) Jilin Guangxun Investment is a company established in the PRC with limited liability and is owned as to approximately 96.86% by Mr. Cui and 劉曉丹 (Liu Xiaodan*) through Jilin Zexiao and as to approximately 3.14% by 王彥剛 (Wang Yangang*) and 李志國 (Li Zhiguo*) through Jilin Tianyi. Wang Yangang and Li Zhiguo are Independent Third Parties, each of whom does not have any relationship with Mr. Cui; (ii) Jilin Xinquan is a company established in the PRC with limited liability and is owned as to approximately 98.77% by 劉曉丹 (Liu Xiaodan*) and approximately 1.23% by 吳紀雨 (Wu Jiyu*) respectively. Liu Xiaodan is the cousin of Mr. Cui. Wu Jiyu is an Independent Third Party and does not have any relationship with Mr. Cui; and (iii) Jilin Xinshun is a company established in the PRC with limited liability and is owned as to 80% by Mr. Cong and 20% by 孫國華 (Sun Guohua*) respectively. Mr. Cong is an executive Director and Sun Guohua is an Independent Third Party. Each of Mr. Cong and Sun Guohua does not have any relationship with Mr. Cui.

Ground Group HK is principally engaged in investment holdings. Based on the available books, records and information of the Company and pending determination and/or adjudication of the Admitted Scheme Claims, the total claim amount owed by the Company to Ground Group HK and Ka Yik is HK\$403,720,228.11. Ground Group HK and Ka Yik will be entitled to the aggregate of 2,691,468,186 Scheme Shares upon the Proposed Restructuring becoming effective. Further, Ground Group HK has undertaken to subscribe for 260,000,000 Subscription Shares by way of setoff against amounts owing under the Funding Agreement.

III. Reasons for and benefits of the Restructuring Framework Agreement and the Subscription Agreement

As set out in the Letter from the Board, taking into account the Company is in severe liquidity shortage and financial distress situation, its ability to repay all its indebtedness when they fall due has been significantly impaired, which does not have sufficient financial resources to cover all its liabilities as

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they became due. With the willingness of Ground Group HK to finance the Group in order to relieve the indebtedness of the Company and to support the business operations of the Group, the Directors consider that the entering into of the Restructuring Framework Agreement and the Subscription Agreement will facilitate the debt restructuring of the Group and is beneficial to the Group in proceeding its debt restructuring plan.

On the other hand, the Company considers that the Proposed Restructuring is a strategic and realistic solution to resolve its outstanding debts in an orderly manner such that all of the Company's indebtedness and liabilities to the Creditors will be released and discharged pursuant to the terms of the Scheme, without which the Company, as a holding entity and as disclosed above, would subject to an unsustainable financial situation and would be at risk of insolvent liquidation, and the expected returns to the Shareholders and Scheme Creditors would likely be lower or become minimal.

While the Subscription Price and the Issue Price of HK\$0.15 represent a discount to the prevailing market price of the Shares, the Board (including members of the Independent Board Committee and members of the TC Independent Board Committee, whose views have been set out in this circular together with the advice of the Independent Financial Adviser, but excluding Mr. Cui and Mr. Cong who had abstained from voting on the relevant Board resolutions and providing views on the matters) considers that the market price does not reasonably reflect the Company's underlying financial condition, having regard to the low trading liquidity of the Shares and the Company's deeply insolvent position. The discount serves as a necessary incentive for Ground Group HK, being the sole investor willing to participate in the restructuring, to inject capital and assume the risks associated with the Company's outstanding liabilities and uncertain future performance. In the absence of alternative funding sources and based on the discussions with the Creditors, during which certain lead Creditors explicitly expressed that they would not accept the Subscription Price and the Issue Price to be higher than HK\$0.15, and the Board (including members of the Independent Board Committee and members of the TC Independent Board Committee, whose views have been set out in this circular together with the advice of the Independent Financial Adviser, but excluding Mr. Cui and Mr. Cong who had abstained from voting on the relevant Board resolutions and providing views on the matters) understood that the Concert Party Group did not expect to accept any nominal haircut on face value for the Proposed Restructuring, the Board (including members of the Independent Board Committee and members of the TC Independent Board Committee, whose views have been set out in this circular together with the advice of the Independent Financial Adviser, but excluding Mr. Cui and Mr. Cong who had abstained from voting on the relevant Board resolutions and providing views on the matters), after taking into account (i) the feedback from the Creditors; (ii) the absence of any competing higher-priced proposal; (iii) the Group's limited funding alternatives (with the Concert Party Group being the only interested investor willing to participate and provide new funding in the Proposed Restructuring); (iv) the investment risk faced by the Concert Party Group; and (v) the immediate need to implement a restructuring that could secure creditor support, thus considers that the Subscription Price and the Issue Price of HK\$0.15 represent the only viable basis upon which a rescuer could be secured, and therefore constitute the best price reasonably obtainable in the circumstances. The Board (including members of the Independent Board Committee and members of the TC Independent Board Committee, whose views have been set out in this circular together with the advice of the Independent Financial Adviser, but excluding Mr. Cui and Mr. Cong who had abstained from voting on the relevant Board resolutions and providing views on the matters) considers that a nominal haircut on face value would have significantly reduced the prospects of

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achieving the requisite statutory majorities at the Scheme Meeting, potentially rendering the Proposed Restructuring unworkable.

In light of the above and notwithstanding the allotment and issue of the Subscription Shares and the Scheme Shares would result in a theoretical dilution of approximately 75.32%, the Board (including members of the Independent Board Committee and members of the TC Independent Board Committee, whose views have been set out in this circular together with the advice of the Independent Financial Adviser, but excluding Mr. Cui and Mr. Cong who had abstained from voting on the relevant Board resolutions and providing views on the matters) is of the view that the terms of the Proposed Restructuring (including the Subscription Price and the Issue Price) are fair and reasonable, on normal commercial terms and in the interests of the Company, its Shareholders and the Creditors as a whole.

The Scheme has been structured to address and settle the Company's indebtedness (instead of all of the Group's indebtedness) which is proposed to be admitted as Scheme Claims of approximately HK\$711.4 million, representing a substantial portion of the Group's consolidated liabilities. The remaining indebtedness and contingent liabilities of other members of the Group are, in substance, governed primarily by PRC law and arise at the level of PRC operating subsidiaries, which cannot be directly compromised by a scheme of arrangement sanctioned by the Hong Kong Court and will instead continue to be managed through the Group's ongoing restructuring efforts and enforcement negotiations in the PRC.

With the Proposed Restructuring expected to be completed in the fourth quarter of 2026, it is expected that the Group's debt level will be significantly improved. Upon Completion, it is anticipated that the Group's remaining liabilities mainly comprise (i) trade and other payable (mainly attributable to construction cost payables arising from the Group's properties projects), which will be settled by proceeds from the sale of properties; (ii) contract liabilities, which will be recognised as sale of properties upon completion of construction of the Group's property project; and (iii) income tax payable and deferred tax, which will be settled by proceeds from the sale of properties.

Imminent need to pursue the Proposed Restructuring

To examine the Group's imminent need to pursue the Proposed Restructuring, we further consider the following:

- (i) we have discussed with and advised by the Company that the total outstanding indebtedness of the Company were up to around HK\$711 million as at 21 June 2026 (the "**Relevant Date**"). We have obtained the corresponding list of liabilities and note that, among the total outstanding indebtedness of around HK\$711 million, approximately HK\$403.7 million were related to the Concert Party Group (nature of which being corporate guarantee liabilities or borrowings to the Company, which were repayable on demand) and approximately HK\$307.6 million were related to independent third-party creditors (nature of which being corporate guarantee liabilities, borrowings to the Company or bonds, which were either in default or under cross-default provisions). We note that the Group would not be enough to settle its indebtedness even if its current assets of approximately RMB413.5 million as at 31 March 2026 were all liquidated at book value. Referring to the Letter from the Board, the total outstanding indebtedness of the Company remained as around HK\$711 million as at the Latest Practicable Date. Referring to the

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Letter from the Board and as confirmed by the Company, the Company has been communicating with the Concert Party Group and the creditors with a view to managing their repayment demands and preventing the Group from being placed into liquidation, notwithstanding that it still received demand letters from certain creditors during the year ended 31 March 2026 requesting the Group's immediate repayment for their outstanding debts and formal legal demand indicating potential enforcement proceedings against the Group. We consider the creditors are entitled to file a winding-up petition against the Company at any time at their discretions, and the Shareholders would most likely not be able to receive any value for their equity interest in the Company if the Company is subject to bankruptcy, and together having considered the significant amount of indebtedness of the Group (significantly outweighed the Group's current assets even if its current assets could be all liquidated at book value) as illustrated above, we therefore agree that the Company shall have an urgent need to repay the significant outstanding indebtedness under creditors' pressures;

- (ii) we note earlier in this letter that the Company has insufficient internal financial resources to cover all its liabilities as they became due in the near-term, in particular, the Group failed to generate positive net operating cash flows during the recent financial years and its balance of cash also remained low at approximately RMB4.9 million (including pledged and restricted deposits and cash and cash equivalents) as at 31 March 2026. The disclaimer of opinion and going concern issue raised by the Company's auditor as previously illustrated in this letter also provide clear signal about the financial distress situation of the Group. We therefore consider that the Company has a need for credible restructuring plan to restore a positive equity position. However, as mentioned under the section headed "Background and financial information of the Group – Background of the Group" above in this letter, we note that the Group has taken different actions such as loan capitalisation, capital reorganisation, divesting unfavourable property projects to reduce its bank loans and capital expenditure requirements and transferring convertible bonds to shareholder loans, whereas these actions were yet able to sufficiently resolve the Group's net liabilities position. We therefore agree with the Board that the Proposed Restructuring represents a chance to relieve the financial distress situation of the Group with the presence of new funding from Ground Group HK, which is also the only party willing to provide new funding to the Group as confirmed by the Directors, under the Proposed Restructuring; and
- (iii) we have also enquired the Company about possible immediate cash, in material aspect, that could be generated or realised from the Group's existing business and properties. Based on our discussions with the Management and calculations provided to us by the Company, we understand that: (a) the Group has a remaining property project, namely Guangze Jiuxi Red House comprising two phases (phase one completed during the year ended 31 March 2023 and phase two expected to complete construction in December 2026) which would have an estimated total sale proceeds from remaining units of approximately RMB209 million and remaining construction cost payable (based on the related actual balance as at 31 March 2026 in the Group's financial statements) of approximately RMB140 million. Although the estimated total sale proceeds from remaining units would cover the project's remaining construction cost payable, the sale proceeds after offsetting the remaining cost would only be around RMB69 million (for simplicity and illustration purpose, only the net effect of estimated sale proceeds minus cost is considered), which is far inadequate to repay the outstanding indebtedness of the Company (being around HK\$711 million as at 21 June 2026 as abovementioned); and (b) the existing property

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management services of the Group would only expect to maintain similar business scale as the existing level in the coming year and the revenue from which would be inadequate to repay the outstanding indebtedness of the Company.

As discussed previously in this letter under the section headed “Background and financial information of the Group – Our assessment on outlook of the Group”, we took into account factors including (i) the going concern issue of the Company raised by its auditor who has given the disclaimer of opinion in respect of the Group’s consolidated financial statements for the year ended 31 March 2026, (ii) indication of balance-sheet insolvency relating to the Group, (iii) its sufficiency of liquid resources to meet repayment needs and (iv) the prevailing market condition, and we consider that the Company is in severe financial distress situation and has insufficient internal financial resources to cover all its liabilities as they became due in the near-term and has a need for credible restructuring plan to restore a positive equity position. Combined with more considerations discussed in the paragraphs above, including (v) the Group’s current asset level (even all liquidated at book value were not be enough to cover its outstanding indebtedness) and the urgency need to settle the indebtedness under pressures from creditors who are entitled to file a winding-up petition against the Company at any time, (vi) the financial distress situation of the Group while the Proposed Restructuring contains new funding to the Group from Ground Group HK (which is also the only party willing to provide new funding at the material time) and (vii) the unavailability of possible immediate cash (in material aspect) even having taken into account the Group’s existing business and remaining unsold property project, we therefore agree with the Directors that the Company has immediate need to implement the Proposed Restructuring to settle its indebtedness and restore a positive equity position which is also in the interests of the Company and the Shareholders as a whole.

Use of proceeds

As referred to the Letter from the Board, taking into account the Company is in severe liquidity shortage and financial distress situation, its ability to repay all its indebtedness when they fall due has been significantly impaired, and the willingness of Ground Group HK to finance the Group, the Directors considered that the entering into of the Restructuring Framework Agreement and the Subscription Agreement will facilitate the debt restructuring of the Group and is beneficial to the Group in proceeding its debt restructuring plan. Referring to the Letter from the Board, it is disclosed that the proceeds from the Subscription (with a total sum of HK\$39,000,000 which has been drawn down as at the Latest Practicable Date) will be applied as to (i) approximately HK\$10,000,000 for costs and expenses for the implementation of the restructuring plan of the Group (and approximately HK\$6.3 million of the drawn down amount has been utilised for the said costs and expenses mainly comprised counsel fee for the sanction of the Scheme and fees for other professional parties as at the Latest Practicable Date), (ii) approximately HK\$10,000,000 for the expenditure for the property development and management, and property investment business of the Group (and approximately HK\$8.7 million of the drawn down amount has been utilised for the said expenditure with respect to constructions costs payables to contractors and vendors arisen from the Group’s existing property project as at the Latest Practicable Date and the remaining amount to be utilised for settling the constructions costs payables of the same property project for the year ending 31 March 2027), and (iii) the balance for the working capital of the Group (approximately HK\$12.0 million of the drawn down amount has been utilised for working capital with respect to staff costs, legal and professional fees and other administrative expenses of the Group as at the Latest Practicable Date). The above proposed use of proceeds of the Subscription is for indicative

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purpose only and may be changed subject to the agreement among the Company and Ground Group HK. Details of the use of proceeds from the Subscription are set out in the section headed “2B. The Subscription” of the Letter from the Board.

We note the Subscription provides the Group with aggregate proceeds of approximately HK\$39 million, which we consider to be beneficial to the Group in light of its severe financial distress and the fact that its financing enquiries have been declined by several financial institutions. We have discussed with the Company the benefits of the Subscription which are principally reflected in the funding to be raised under the Subscription. We consider the benefits of the Subscription arise and took into account: (i) the fact that the Company has failed to raise new funds whose financing requests had been refused/declined by several financial institutions, and the Proposed Restructuring becomes the only viable financing method of the Company at the material time (as further illustrated below under the sub-section headed “Financing alternatives”); (ii) as stated in the concluding paragraph under the sub-section headed “Imminent need to pursue the Proposed Restructuring” above, we agree that the Company has immediate need to proceed with the Proposed Restructuring to settle its indebtedness. Based on the cost breakdown provided by the Company, the total estimated cost of the Proposed Restructuring will be close to HK\$10 million, mainly comprising professional fees, which the Company is unable to pay such cost from its existing cash resources. We note from the section headed “Background and financial information of the Group – Financial information of the Group” above in this letter that the Group’s cash and cash equivalents were only approximately RMB4.2 million as at 31 March 2026 and its net operating cash flows were negative for the recent financial years. The use of part of the proceeds of the Subscription to cover such costs will make the Proposed Restructuring realistic to the Company and alleviate its cost burden; (iii) as noted above, the Group’s net operating cash flows were negative for the recent financial years. The Group requires financial resources to support its current business operations. The allocation of the proceeds (in the amount of approximately HK\$19 million) to general working capital of the Group which has been/will be used for payment of staff costs, legal and professional fees and other administrative expenses, and the allocation of the proceeds (in the amount of approximately HK\$10 million) towards the Group’s property business for settling the construction cost payables relating to its property project namely “Guangze Jiuxi Red House” (located in Jiutai District, Changchun City, Jilin Province) will help ease the Group’s operating cost burden, provide greater business flexibility in short run in view of its tight cash position and are beneficial to the Group; and (iv) our view that setting the Subscription Price at a substantial discount to the historical closing prices of the Shares is commercially reasonable to facilitate the successful implementation of the Proposed Restructuring as illustrated under the section headed “Assessment on the Subscription Price and the Issue Price” below in this letter, we consider the Subscription in the principal amount of HK\$39 million is fair.

During the year ended 31 March 2026, the Group’s net cash flows used in operating activities were approximately RMB39.9 million. By excluding the portion of HK\$10 million for the implementation of the restructuring plan with this planned to cover all the estimated cost arisen under the Proposed Restructuring, we, after review of the Group’s latest financial statements, the cost breakdown relating to intended use of proceeds provided by the Company and discussions with the Management, note that the remaining proceeds (has been/to be applied towards the Group’s property business and for general working capital purpose) of approximately HK\$29 million would be close to three-fourths of the Group’s net operating cash flows for the year ended 31 March 2026. Without material change in the Group’s cost structure, it is reasonable to state that the allocated proceeds would be sufficient to support the Group’s current operations in the short run, but it may not be the case from a long-term perspective.

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In balancing the benefits of the Subscription as discussed above and that without implementing the Proposed Restructuring (i.e. no funding could be raised by the Group at the material time), we agree with the Directors that the entering into of the Restructuring Framework Agreement and the Subscription Agreement will facilitate the debt restructuring of the Group and is beneficial to the Group in proceeding its debt restructuring plan.

Financing alternatives

We have discussed with the Company and were given to understand that the Company had considered other means of fund raising to solve its indebtedness issue, including equity fund raising methods and debt financing such as bank borrowings. As advised by the Company, prior to resolving to the Proposed Restructuring, the Group had sought for financing possibilities from its principal bank and four other financial institutions since late December 2025, and discussing with the Company's substantial Shareholders for financial support.

(i) Debt financing

The Company approached its principal bank in December 2025 with respect to, among others, the possibility of loan financing, but was given the reply that it did not satisfy the bank's lending criteria in the view of the Company's financial results and cash flow performance except that the bank may consider to provide loan to the Group in the PRC if the Company has cash as collateral. We are provided by the Company with the relevant record of the Company with the bank. However, the Directors did not consider the cash collateral loan to be a viable option for the Group, given its minimal cash balance relative to its funding needs, and as confirmed by the Director, the Company's enquiry for debt financing was turned down by the bank. As discussed previously in this letter under the section headed "Background and financial information of the Group – Our assessment on outlook of the Group", we agree with the Directors that the Company is in severe financial distress situation given, among others, the disclaimer of opinion and going concern issue raised by the Company's auditor, indication of balance-sheet insolvency, sufficiency of liquid resources and the prevailing market condition. The cash position of the Group was also low. Its one remaining property project, namely Guangze Jiuxi Red House located in Jilin Province, had total book value of approximately RMB261.5 million as at 31 March 2026 (classified as properties under development and completed properties held for sale under current assets in the Group's consolidated statement of financial position as referred to Annual Report 2025/26). As confirmed by the Company, such property project is currently at its pre-sale stage with certain units already pre-sold. The pledging of the remaining unsold units would deter the Group from selling the property units to realise cash. Therefore, the Group has no significant assets available to be pledged as collateral for obtaining new funding. Referring to the Letter from the Board, it is noted that the Management had also attempted to approach the Company's substantial Shareholders for financial support, and apart from the further financial support provided under the Funding Agreement and the substantial Shareholder's consent not to demand immediate repayment of the existing loans of approximately HK\$403.7 million if the Company proceeds its debt restructuring, the Management has been informed that no other financial support will be given to the Group.

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Given the Company's principal bank also shows its unwillingness to provide new funding to support the Group's operations, and in the absence of significant assets/cash to be pledged as collateral for debt financing, we agree with the Directors that debt financing shall not be feasible for the Group's current situation whose net liabilities was significant (approximately RMB489.5 million as at 31 March 2026) and gearing ratio remained high (approximately 174% as at 31 March 2026). We consider that even though any debts could be sought out, debt financing is subject to repayment obligations and using funds from new loans to repay existing loans may not be an effective way to improve the Group's liability position from a long-term perspective.

(ii) *Equity financing*

As advised by the Management, they had considered equity financing alternatives such as share placement, rights issue and open offer, whilst equity financing involves identification of suitable underwriters or placing agents who is/are willing to commit to relevant engagement for the Company. It is noted that the Management approached four financial institutions (being investment banks and/or brokerage firms) during late 2025 and early 2026 to explore possible debt and equity financing opportunities that could be available to the Group, but was declined by the financial institutions to provide debt or equity financing generally as the matter of their concerns about the Company's financial position. We are provided by the Company with the relevant correspondence between the Company and the financial institutions, and consider their rejections to the Group's financing enquiries could to a significant extent substantiate the Company's difficulty in sourcing underwriters or placing agents and thereby equity financing may not be a feasible option to the Group given its financial distress situation. In addition, as abovementioned, it is stated in the Letter from the Board that the Management had also attempted to approach the Company's substantial Shareholders for financial support, and apart from the further financial support provided under the Funding Agreement and the substantial Shareholder's consent not to demand immediate repayment of the existing loans if the Company proceeds its debt restructuring, the Management has been informed that no other financial support will be given to the Group.

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From the above, it is noted that debt financing and equity financing alternatives shall not be feasible to the Company with severe financial distress whose enquiries for financing had been refused/declined by its principal bank and four other financial institutions as well as its substantial shareholders. The Proposed Restructuring becomes the only viable financing method of the Company at the material time. We also note from the Letter from the Board that, pursuant to the terms of the Restructuring Framework Agreement, the Company will propose the Scheme between the Company and the Scheme Creditors. Upon the Scheme having become effective, the Scheme Claims of all the Scheme Creditors will be discharged and released in full. In return, the Scheme Creditors with the Admitted Scheme Claims under the Scheme will be entitled to receive the Scheme Shares which will be allotted and issued by the Company to the Scheme Company to be held on trust for the benefit of the Scheme Creditors with Admitted Scheme Claims and will only be distributed to the relevant Scheme Creditors after determination and/or adjudication of their Admitted Scheme Claims and after the close of the Offer. In view of the significant balance of the Group's indebtedness (being up to around HK\$711 million as at the Relevant Date), the insufficiency of financial resources to settle the outstanding indebtedness and that the Scheme arrangement stated above to orderly release and discharge the Group's indebtedness and liabilities to the Creditors and achieve a full and final settlement of all outstanding indebtedness and liabilities to the Creditors thereby mitigate immediate insolvent liquidation risks of the Company, we agree with the Directors' view that the Scheme is beneficial to the Group and it is fair and reasonable to enter into the Restructuring Framework Agreement.

Our conclusion

Having taking into considerations that:

- (i) with reference to the previous sections headed "III. Reasons for and benefits of the Restructuring Framework Agreement and the Subscription Agreement" and "I. Background and financial information of the Group – Our assessment on outlook of the Group" of this letter, we consider that the Company, which is in severe financial distress situation and has insufficient internal financial resources to cover all its liabilities as they became due in the near-term, has an immediate need to undergo a restructuring plan and the Proposed Restructuring is in the interests of the Company and the Shareholders as a whole;
- (ii) with reference to the section headed "Financing alternatives" of this letter, we note that debt financing and equity financing alternatives shall not be feasible to the Company with financial distress at the material time whose enquiries for financing had been refused/declined by its principal bank and four other financial institutions as aforementioned. In addition, debt financing is subject to repayment obligations and using funds from new loans to repay existing loans which may not be effective to improve the Group's liability position from a long-term perspective. Equity financing may also not be a feasible option to the Group given its financial distress situation. While both of the Subscribers and Scheme Creditors are still willing to take up the inherent risks to subscribe for the Shares with a net liability position and relatively low trading liquidity, in the absence of other viable financing alternatives. The Proposed Restructuring is therefore considered as the only viable financing option to the Company at the material time;

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- (iii) comparing to other financing alternatives, Ground Group HK intends to provide support to the implementation of the restructuring plan and the continuous business development of the Group under the Proposed Restructuring, and hence the Subscription provides the Group with aggregate proceeds of HK\$39 million which is beneficial to the Group in light of its severe financial distress; and
- (iv) it is also noted that the Scheme arrangement enables the Group to orderly release and discharge its indebtedness and liabilities to the Creditors, which were of significant balance and the Group was unable to settle at the material time in light of insufficiency of financial resources;

we agree with the Directors' view that the Proposed Restructuring is an appropriate means of financing for the Group under the distressed situation and entering into of the Restructuring Framework Agreement (including the Subscription and the Scheme) is reasonable and in the interests of the Company and the Shareholders as a whole.

IV. Fund raising activities in the past 12 months

Referring to the Letter from the Board, save for the Restructuring Framework Agreement and the Subscription Agreement, the Company had not conducted any equity fund raising activities in the 12 months immediately preceding the Latest Practicable Date.

V. Principal terms of the Restructuring Framework Agreement

On 15 July 2026, Ground Group HK and the Company entered into the Restructuring Framework Agreement, pursuant to which the Company will implement the Proposed Restructuring, which involves, among others, (i) the Subscription; and (ii) the Scheme. Following the modifications to the terms of the Scheme sanctioned by the Court on 21 July 2026, Ground Group HK and the Company entered into the Supplemental Restructuring Framework Agreement on 20 August 2026 to reflect such modifications and to supplement the Restructuring Framework Agreement accordingly, which is of administrative nature and will not affect the key terms of the Proposed Restructuring. Details of the Restructuring Framework Agreement, together with the detailed arrangements are set out below:

Date

15 July 2026 (as supplemented by the Supplemental Restructuring Framework Agreement dated 20 August 2026)

Parties

- (i) the Company; and
- (ii) Ground Group HK

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Ground Group HK is a company incorporated in Hong Kong and is wholly owned by Jilin Ground Group, which is a company established in the PRC with limited liability and is wholly-owned by Xin Guangze, which is owned as to approximately 75%, 10% and 15% by each of Jilin Guangxun Investment, Jilin Xinquan and Jilin Xinshun, respectively. Jilin Guangxun Investment is owned as to approximately 96.86% and 3.14% by each of Jilin Zexiao and Jilin Tianyi, respectively. As at the Latest Practicable Date, Ground Group HK is ultimately and beneficially owned by Mr. Cui and Mr. Cong with effective shareholding interests of approximately 72.60% and 12.00%, respectively. The remaining approximately 15.40% of the shareholding interests of Ground Group HK are owned by five natural persons who individually holds less than 10% of the interests as at the Latest Practicable Date.

Based on the available books, records and information of the Company and pending determination and/or adjudication of the Admitted Scheme Claims, the total claim amount owed by the Company to Ground Group HK and Ka Yik is HK\$403,720,228.11. For details of Ground Group HK, please refer to the section headed “Information of Ground Group HK” in the Letter from the Board.

Funding of the Proposed Restructuring

To proceed with the Proposed Restructuring, on 12 January 2026 (as further supplemented on 15 July 2026), Ground Group HK (as lender) and the Company and Ka Yun (as co-borrowers) entered into the Funding Agreement, pursuant to which, Ground Group HK agreed to grant a credit facility of a total sum of up to HK\$39,000,000 to the Group to, among others, facilitate (i) the preparation and implementation of the Proposed Restructuring; (ii) the Group’s property development and management and property investment business; and (iii) the working capital of the Group. The term loan facility under the Funding Agreement is interest-free and unsecured, with eighteen months of availability period from the date of the Funding Agreement. As at the Latest Practicable Date, the full amount of HK\$39,000,000 has been drawn down.

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The Subscription

Pursuant to the Restructuring Framework Agreement and the Subscription Agreement, Ground Group HK shall subscribe for a total of 260,000,000 Subscription Shares at the total subscription price of HK\$39,000,000 (representing a subscription price of HK\$0.15 per Subscription Share), which shall be satisfied by way of set-off against the outstanding amounts under the Funding Agreement in whole or in part on a dollar-for-dollar basis.

The Subscription Shares will be allotted and issued under the Specific Mandate to be sought for approval from the Independent Shareholders at the SGM. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

The Subscription Shares represent approximately 4.85% of the Enlarged Issued Share Capital (assuming there is no change in the issued share capital of the Company other than the allotment and issue of the Subscription Shares and Scheme Shares).

The completion of the Restructuring Transactions shall not result in the Company failing to meet the public float requirements under the Listing Rule. Ground Group HK undertakes that it will, at its own cost and as soon as practicable, dispose of such number of Shares through a placing agent as may be necessary to ensure that the public float requirement under Rule 13.32B of the Listing Rules is maintained and complied with by the Company at all times.

(i) Subscription Price

The Subscription Price of HK\$0.15 per Subscription Share under the Subscription represents:

- (i) a discount of approximately 75.00% to the closing price of HK\$0.600 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 79.17% to the closing price of HK\$0.72 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 80.21% to the average closing price of HK\$0.758 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 80.89% to the average closing price of HK\$0.785 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day;

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- (v) a premium of approximately HK\$1.69 over the Group's audited consolidated net liabilities per Share of approximately HK\$1.54 as at 31 March 2026, based on the audited consolidated net liabilities attributable to Shareholders of approximately RMB489.5 million (equivalent to approximately HK\$554.6 million) as at 31 March 2026 and 360,181,940 Shares in issue, prior to the allotment and issue of the Subscription Shares and the Scheme Shares; and
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 75.32%, represented by the theoretical diluted price of approximately HK\$0.192 per Share (based on the total number of issued Shares as enlarged by the allotment and issue of the Subscription Shares and the Scheme Shares) to its Rule 7.27B benchmarked price (*note*) of HK\$0.778 per Share, taking into account the higher of the closing price on the date of the Subscription Agreement and the Restructuring Framework Agreement of HK\$0.720 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days prior to the date of the Subscription Agreement and the Restructuring Framework Agreement of HK\$0.778 per Share. (*Note: referring to Rule 7.27B of the Listing Rules, the "Rule 7.27B benchmarked price" means the higher of: (i) the closing price on the date of the agreement involving the issue; and (ii) the average closing price in the 5 trading days immediately prior to the earlier of: (1) the date of announcement of the issue; (2) the date of the agreement involving the issue; and (3) the date on which the issue price is fixed*)

Referring to the Letter from the Board, the Subscription Price is determined after arm's length negotiation between the Company and Ground Group HK with reference to (i) the net liability position of the Company and the fact that the Company is insolvent; (ii) the loss-making position and the difficulty in obtaining financing from banks and financial institutions to sustain the ongoing operations of the Group; (iii) the market sentiment in relation to investment in listed companies in similar financial situation; and (iv) the prevailing market conditions. The Subscription Price is the same as the Issue Price as they are integral parts of the Proposed Restructuring, where the key terms of the Subscription and the Scheme are inter-related, and thus were negotiated on the same underlying commercial basis as a whole with Ground Group HK and other Creditors.

Scheme

Pursuant to the terms of the Restructuring Framework Agreement, the Company will propose the Scheme between the Company and the Scheme Creditors. Upon the Proposed Restructuring having become effective, the Scheme Claims of all the Scheme Creditors will be discharged and released in full. In return, the Scheme Creditors with the Admitted Scheme Claims under the Scheme will be entitled to receive the Scheme Shares which will be allotted and issued by the Company to the Scheme Company to be held on trust for the benefit of the Scheme Creditors with Admitted Scheme Claims and will only be distributed to the relevant Scheme Creditors after determination and/or adjudication of their Admitted Scheme Claims and after the close of the Offer.

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The Scheme is subject to sanction of the Court and shall become effective and legally binding on the Company and all the Scheme Creditors, including those voting against the Scheme and those not voting, if the requisite majority (more than fifty per cent (50%) in number of the Scheme Creditors, representing not less than seventy-five per cent (75%) in value, of the Voting Claims who, either in person (or through electronic means if applicable) or by proxy, attend the Scheme Meeting convened with the leave of the Court) votes in favour of the Scheme which the Court thereafter sanctions and an official copy of the court order sanctioning the Scheme is filed with the Registrar of Companies in Hong Kong. The effectiveness of the Proposed Restructuring is also subject to certain other conditions precedent as detailed in the section headed “Conditions precedent to the Proposed Restructuring” of the Letter from the Board. Under the Scheme, 4,742,453,691 Scheme Shares will be allotted and issued to the Scheme Company, which shall hold the Scheme Shares on trust for the benefit of the Scheme Creditors pending determination and/or adjudication of their Scheme Claims, and the close of the Offer pursuant to the Irrevocable Undertaking. The Scheme has been approved by the requisite statutory majorities of creditors with Voting Claims at the Scheme Meeting held on 8 June 2026.

(i) Issue Price

The Issue Price of HK\$0.15 per Scheme Share, which was arrived at assuming there will be in aggregate of approximately HK\$711,368,054 of Admitted Scheme Claims after determination and/or adjudication, represents:

- (i) discount of approximately 75.00% to the closing price of HK\$0.600 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 79.17% to the closing price of HK\$0.72 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 80.21% to the average closing price of HK\$0.758 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 80.89% to the average closing price of HK\$0.785 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day;
- (v) a premium of approximately HK\$1.69 over the Group’s audited consolidated net liabilities per Share of approximately HK\$1.54 as at 31 March 2026, based on the audited consolidated net liabilities attributable to Shareholders of approximately RMB489.5 million (equivalent to approximately HK\$554.6 million) as at 31 March 2026 and 360,181,940 Shares in issue, prior to the allotment and issue of the Subscription Shares and the Scheme Shares; and

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- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 75.32%, represented by the theoretical diluted price of approximately HK\$0.192 per Share (based on the total number of issued Shares as enlarged by the allotment and issue of the Subscription Shares and the Scheme Shares) to its Rule 7.27B benchmarked price of HK\$0.778 per Share, taking into account the higher of the closing price on the date of the Subscription Agreement and the Restructuring Framework Agreement of HK\$0.720 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days prior to the date of the Subscription Agreement and the Restructuring Framework Agreement of HK\$0.778 per Share.

As disclosed in the Letter from the Board, the Issue Price is determined after arm's length negotiation between the Company and the Creditors with reference to (i) the net liability position of the Company and the fact that the Company is insolvent; (ii) the loss-making position and the difficulty in obtaining financing from banks and financial institutions to sustain the ongoing operations of the Group; (iii) the market sentiment in relation to investment in listed companies in similar financial situation; (iv) the prevailing market conditions; and (v) the 1.26% to 3.31% recovery rate from the Company's assets under liquidation scenario based on the Company's current estimation.

(ii) Scheme Creditors' involvement in negotiation

We were advised by the Board regarding the negotiation process of the Subscription Price and the Issue Price: (i) in December 2025, the Company put forward an indicative price of HK\$0.30 per Share as the issue price to both the Concert Party Group and, in parallel, to 13 independent creditors representing approximately 76% of the restructuring debt (excluding the Concert Party Group's own claims). At this stage, creditors were being consulted for feedback on a proposed figure rather than jointly negotiating it; (ii) three named independent creditors 任悅寧, Mr. Zhang (張則文) ("Mr. Zhang") and Mr. Zhu (朱軍) ("Mr. Zhu") then pushed back substantively: they considered HK\$0.30 as the issue price too high relative to the Company's financial position and trading price, with Mr. Zhu specifically counter-proposing first HK\$0.01 per Share (rejected by the Company as commercially impracticable) and then HK\$0.15 per Share. Mr. Zhang separately raised governance concerns about the Concert Party Group's dual creditor/shareholder role and requested it abstain from voting. The remaining ten independent creditors gave no concrete counter-proposal; (iii) the Concert Party Group (where Ground Group HK is both the sole subscriber and, together with Ka Yik, a connected Scheme Creditor) also independently rejected HK\$0.30 per Share and counter-proposed HK\$0.15 per Share for both of Subscription Price and Issue Price, considering that it would be unreasonable for a new money investor to pay a higher price per share than the price at which near-worthless debt is being converted into equity; (iv) having weighed both sides of feedback during arm's length negotiations, in particular, Ground Group HK would not accept the Subscription Price to be lower than the Issue Price and certain lead Creditors explicitly expressed that they would not accept the Issue Price to be higher than HK\$0.15 and there was no any competing higher-priced proposal at the material time, the Board settled on HK\$0.15 per Share as both the Subscription Price and the Issue Price being the same around January 2026; (v) the Independent Restructuring Adviser then formally communicated the finalised terms to all Scheme Creditors; and (vi) at the Scheme Meeting on 8 June 2026, all 22

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Scheme Creditors who attended and voted (to the best knowledge and information of the Board, excluding the Concert Party Group who voluntarily undertook to abide by the Scheme and not to vote in the Scheme Meeting; and creditors who abstained from voting (Kingston Securities Limited attended the Scheme Meeting and, at its own discretion, abstained from voting)) approved the Scheme unanimously.

(iii) Other key terms of the Scheme

As disclosed in the section headed “Reasons for and benefits of the Restructuring Framework Agreement and the Subscription Agreement” above, we note that upon Completion, it is anticipated that the Group’s remaining liabilities mainly comprise trade and other payables, contract liabilities, and income tax payable and deferred tax. We understand from the Company that such remaining liabilities principally represent ordinary course operating liabilities, including construction cost payables and contract liabilities relating to pre-sold properties expected to be recognised as revenue upon completion and delivery of the relevant property projects, which are expected to be settled from the sale proceeds of the Group’s property projects and its working capital, rather than distressed legacy indebtedness. Separately, we note that the Excluded Claims amounted to HK\$39,000,000 as at the Latest Practicable Date, being the amount drawn down by the Company under the Funding Agreement, are excluded from the Scheme’s scope on the basis that they are to be capitalised into Subscription Shares pursuant to the Subscription rather than compromised under the Scheme. We were further advised by the Company’s Hong Kong legal advisors that, as a matter of Hong Kong law, a creditors’ scheme of arrangement operates on a single-entity basis. The Scheme is accordingly structured to compromise the unsecured indebtedness of the Company only, being approximately HK\$711.4 million in the Admitted Scheme Claims. The remaining liabilities as aforementioned are related to the Group’s PRC operating subsidiaries, which are governed by PRC law and cannot be directly compromised by a Hong Kong court-sanctioned scheme, and will continue to be managed at the subsidiary level. Having considered the above, we are of the view that the scope of the Scheme, and the consequential existence of remaining liabilities upon Completion, is reasonable, as (i) the remaining liabilities principally represent ordinary course operating liabilities with identified settlement sources; (ii) the Excluded Claims are narrowly defined; (iii) upon the Scheme having become effective, the Scheme Claims (being any Claim excluding the Excluded Claims) of all the Scheme Creditors will be discharged and released in full; and (iv) this is consistent with the legal framework governing a Hong Kong scheme of arrangement.

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We were advised by the Board that the Admitted Scheme Claims at approximately HK\$711.4 million will be compromised on a dollar-for-dollar basis by reference to their face value, with no haircut applied to the principal amount, and Scheme Creditors will receive Scheme Shares based on the full face value of their Admitted Scheme Claims at the Issue Price of HK\$0.15 per Scheme Share. Notwithstanding the absence of a haircut to face value, we were advised by the Board that (i) the settlement nonetheless involves a substantial economic compromise, as (a) settlement is effected through Scheme Shares rather than cash; and (b) based on the theoretical ex-rights price analysis conducted on 11 May 2026 (being the latest practicable date prior to the printing of scheme document), which reflects the impact of the completion of the Proposed Restructuring on the market price of the Company from a theoretical perspective, the theoretical price per new Share upon Completion would be approximately HK\$0.050 (please refer to the calculation of “theoretical ex-rights price” in the note below). Comparing to the Issue Price of HK\$0.15, a Scheme Creditor will receive a new Share with the theoretical price per new Share of approximately HK\$0.050, representing a recovery of approximately 33.06% and (ii) the Board understood that the Concert Party Group did not expect to accept any nominal haircut on face value for the Proposed Restructuring, accordingly the Board considered a nominal haircut on face value would have significantly reduced the prospects of achieving the requisite statutory majorities at the Scheme Meeting, potentially rendering the Proposed Restructuring unworkable. Having considered the above, we are of the view that the absence of a haircut to the principal amount of the Scheme Claims under the Scheme is commercially justifiable, as (i) the effective economic recovery of approximately 33.06% of their Admitted Scheme Claims already reflects a substantial compromise by the Scheme Creditors; and (ii) the dollar-for-dollar structure was instrumental in securing creditor support, evidenced by the unanimous approval at the Scheme Meeting.

Note: according to the scheme document to the creditors, the calculation of the “theoretical ex-rights price” is the sum of (i) the issuer’s total market capitalisation (by reference to the Rule 7.27B benchmarked price and the number of issued shares immediately before the issue); and (ii) the total funds raised and to be raised from the issue, divided by the total number of shares as enlarged by the issue.

Assuming all Subscription Shares and Scheme Shares were allotted and issued in full such that the enlarged issued share capital comprises 5,362,635,631 new Shares, based on: (i) the Company’s total market capitalisation on 11 May 2026 of approximately HK\$226.9 million (being the latest practicable date prior to the printing of scheme document) by reference to (a) its Rule 7.27B benchmarked price of HK\$0.63 per Share on 11 May 2026, taking into account the higher of the average closing price in the 5 trading days immediately prior to 11 May 2026 of HK\$0.63 per Share and the closing price on 11 May 2026 of HK\$0.61 per Share, and (b) the existing number of issued shares of 360,181,940 Shares on 11 May 2026; (ii) total funds raised and to be raised: (a) the fund raised from the Subscription Shares at HK\$0.15 per new Share i.e. approximately HK\$39 million; and (b) the Admitted Claims to be set off by the allotment and issue of all the Scheme Shares (i.e. 4,742,453,691 new Shares) at nil consideration in full and final settlement of the Admitted Claims; and (iii) total number of shares as enlarged by the Proposed Restructuring (including the Subscription and the Scheme): 5,362,635,631 new Shares. The theoretical ex-right price per new Share would be approximately HK\$0.050.

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Assessment on the Subscription Price and the Issue Price

It is noted that the Subscription Price per Subscription Share and the Issue Price per Scheme Share are both of HK\$0.15.

(i) *Historical closing price of the Shares*

In order to assess the fairness and reasonableness of the Subscription Price and the Issue Price, being HK\$0.15, we have performed a review on the daily closing prices of the Shares as quoted on the Stock Exchange during the period commencing from 16 July 2025, being the twelve-month period immediately preceding the date of the Joint Announcement (i.e. 15 July 2026) and up to and including the Latest Practicable Date (the “**Review Period**”).

We consider that the Review Period is adequate, fair and representative to illustrate the historical trend and level of movements in the closing prices of the Shares, reflect prevailing market sentiment, and provide a general overview of the recent price and trading performance of the Shares.

The chart below shows the daily closing prices of the Shares as quoted on the Stock Exchange during the Review Period:



Source: the website of the Stock Exchange

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We have reviewed the Company's notable corporate events during the Review Period, including but not limited to:

- (i) 30 June 2025, the Company announced financial results for the year ended 31 March 2025, where a net loss attributable to owners of at least RMB840.0 million for the year ended 31 March 2025, a significant increase from the RMB193.3 million loss recorded for the year ended 31 March 2024, which were primarily driven by write-down and impairment related to the Fusong Property Project;
- (ii) 4 July 2025, the Company proposed to further change the its English and Chinese names to better reflect the direction of the future business plans and development of the Company;
- (iii) 28 July 2025, the Company announced to divest certain property projects under tradename "Guangze", which constituted a major transaction under the Listing Rules;
- (iv) 18 September 2025, the Company announced to divest certain property projects in Dunhua City, which constituted a discloseable transaction under the Listing Rules;
- (v) 30 September 2025, divestment related to the Fusong Property Project was completed, which constituted a very substantial disposal transaction under the Listing Rules;
- (vi) 21 November 2025, profit alert was announced where a significant reduction by not less than 90% of net loss attributable to the owners of the Company for the six months ended 30 September 2025, which were primarily driven by the completion of divestment related to the Fusong Property Project;
- (vii) 12 January 2026, Ground Group HK, the Company, and Ka Yun entered into the Funding Agreement to facilitate the preparation and implementation of the Restructuring;
- (viii) 24 February 2026, the Company has received a court order to convene a Scheme Meeting in early June 2026 for Scheme Creditors to consider the Proposed Restructuring;
- (ix) 31 March 2026, the major disposal related to certain property projects under tradename "Guangze" was completed;
- (x) 8 June 2026, the Company announced that at the Scheme Meeting was held and the Scheme was approved by the requisite statutory majorities of creditors;
- (xi) 22 June 2026, positive profit alert was announced where a profit of not less than approximately RMB110.0 million is expected to record for the year ended 31 March 2026 mainly due to the one-off gain arising from the disposal of project companies and purchase of ginseng assets; and
- (xii) 15 July 2026, Ground Group HK and the Company entered into the Restructuring Framework Agreement, pursuant to which the Company will implement the Proposed Restructuring, which involves, among others, (i) the Subscription; and (ii) the Scheme.

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As advised by the Management, other than the events mentioned above, the Management is not aware of any events that might lead to the fluctuation trend in the closing prices of the Shares during the Review Period.

Our assessment on the historical closing price of the Shares

During the Review Period, the closing prices of the Shares traded within a range between the lowest closing price at HK\$0.42 per Share in mid-May 2026 to the highest closing price at HK\$0.92 per Share in late June 2026 with an average closing price of approximately HK\$0.70 per Share. The Subscription Price and Issue Price of HK\$0.15 per Subscription Share and Scheme Share represent discounts of approximately 83.70%, 64.29% and 78.57% over the highest, lowest and the average closing prices respectively during the Review Period. Furthermore, the Subscription Price and the Issue Price represent a discount of approximately 79.17% over the closing price of HK\$0.72 as at the Last Trading Day.

During the initial phase of the Review Period, spanning from July 2025 through March 2026, the Shares traded within a relatively stable band ranging from approximately HK\$0.60 to HK\$0.85. The period commenced under immediate downward pressure following the profit warning announcement dated 13 June 2025 and the subsequent release of the annual result for the year ended 31 March 2025. Thereafter, the closing price of the Shares consolidated and stabilized at around HK\$0.75 level. This might indicate that the market had digested the insolvent position of the Company, pricing in both the Group's strategic efforts to prevent winding-up proceedings through disposal of loss-making and heavily indebted property projects, and the speculative value tied to the potential successful completion of the Proposed Restructuring.

During April and May 2026, the Shares experienced a sharp downturn to a low of HK\$0.42 per Share, which might reflect market reactions related to the uncertainties surrounding the restructuring ahead of the court-convened Scheme Meeting in early June 2026, notwithstanding that the Company had successfully decoupled from its distressed real estate liabilities following the disposal of property projects under the tradename "Guangze". Following the announcement made on 8 June 2026 confirming that the Scheme had been approved by the requisite statutory majorities of creditors, the Shares recovered and subsequently reached the highest closing price during Review Period at HK\$0.92 per Share on 24 June 2026 after the publication of a positive profit alert announcement. In July 2026, the Shares stabilized at around the HK\$0.72 level, demonstrating the market might have adopted a cautious approach regarding the restructuring updates, pending the actual implementation and execution of the Proposed Restructuring.

Following the publication of the Joint Announcement on 15 July 2026, the Shares experienced a sharp downward correction, the closing price of the Shares fell significantly from the pre-announcement level of HK\$0.72 per Share to HK\$0.45 per Share on 17 July 2026 and stabilized at a range of HK\$0.50 per Share to HK\$0.60 per Share as at the Latest Practicable Date. This reflected immediate market re-pricing to align with the substantial discount of the transaction terms and structural changes under the Proposed Restructuring.

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We acknowledged that the historical closing prices of the Shares had been staying above the Subscription Price and the Issue Price throughout the Review Period and the Subscription Price and the Issue Price represent a significant discount to the average closing prices of the Shares of approximately 78.57% during the Review Period, however we consider that the existing share price performance alone should not be the sole barometer to assess the fairness and reasonableness of the Subscription Price and Issue Price in the Proposed Restructuring given the circumstances of the Company.

We set out below additional factors that were taken into consideration when assessing the fairness and reasonableness of the Subscription Price and Issue Price, apart from the review of historical share price movement:

- (i) the Company is in severe financial distress situation and has insufficient internal financial resources to cover all its liabilities as they became due in the near-term as stated in the section headed “I. Background and financial information of the Group – Our assessment on outlook of the Group”;
- (ii) the relatively thin trading volume of the Shares and there are 56 trading days with no trading volume out of 276 trading days during the Review Period as stated in the section headed “V. Principal terms of the Restructuring Framework Agreement – Assessment on the Subscription Price and the Issue Price – (ii) Historical trading liquidity of the Shares”; and
- (iii) imminent need to pursue a restructuring and the absence of other viable financing alternatives as stated in the section headed “III. Reasons for and benefits of the Restructuring Framework Agreement and the Subscription Agreement” to sufficiently resolve the net liabilities position of the Company, while the Proposed Restructuring is considered as an appropriate means of financing for the Group and it is in the interests of the Company and the Shareholders as a whole.

Having taking into account of all other factors mentioned above which are equally important, we are of the view that setting the Subscription Price and Issue Price at a substantial discount to the historical closing prices of the Shares is commercially reasonable to facilitate the successful implementation of the Proposed Restructuring.

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(ii) *Historical trading liquidity of the Shares*

The following table sets out the average daily trading volume of the Shares per relevant month/period, and its respective percentage of the average daily trading volume of the Shares to the total number of issued Shares as at the end of relevant month/period, during the Review Period:

Year/Month	Total trading volume of the Shares	Number of trading days	Average daily trading volume of the Shares (Note 1)	Percentage of average daily trading volume of total issued Shares as at the end of relevant month/period (Note 2)
2025				
July (from 16 July)	1,599,725	12	133,310	0.0370%
August	4,820,015	21	229,525	0.0637%
September	1,286,250	22	58,466	0.0162%
October	3,414,800	20	170,740	0.0474%
November	414,900	20	20,745	0.0058%
December	797,298	21	37,967	0.0105%
2026				
January	818,380	21	38,970	0.0108%
February	314,650	17	18,509	0.0051%
March	522,120	22	23,733	0.0066%
April	223,700	19	11,774	0.0033%
May	3,176,500	19	167,184	0.0464%
June	5,425,760	21	258,370	0.0717%
July	4,458,850	26	171,494	0.0476%
August (to the Latest Practicable Date)	458,530	15	30,569	0.0085%
		Maximum	258,370	0.0717%
		Minimum	11,774	0.0033%
		Average	97,954	0.0272%

Source: the website of the Stock Exchange

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Note:

1. Average daily trading volume of the Shares is calculated by dividing the total trading volume for the month/period by the number of trading days in the respective month/period.
2. The calculation is based on the average daily trading volume of the Shares divided by the total number of the Shares in issue at the end of month/period.

As illustrated above, the average daily trading volume of the Shares per relevant month/period during the Review Period ranged from a low of approximately 11,774 Shares in April 2026 to a high of approximately 258,370 in June 2026 Shares, representing a negligible percentage of the total number of issued Shares as at the end of the relevant month/period, ranging from approximately 0.0033% to approximately 0.0717%. The highest daily trading volume was recorded on 17 July 2026, with approximately 2.86 million Shares traded, representing approximately 0.7940% of the total number of issued Shares, which occurred following the publication of the Joint Announcement. This may represent a brief, event-driven liquidity surge directly triggered by market reactions to the material inside information contained in the Joint Announcement, which is highly unlikely to be sustainable under ordinary open market conditions. It is also noted there were 56 trading days where no trading of the Shares was recorded out of 276 trading days during the Review Period, representing approximately 20% of the total number of trading days.

According to the Management, given the persistently low trading liquidity and the Company's net liability position, the Shares lack an active and robust secondary market. Following arm's length negotiations with the Subscribers and the Scheme Creditors, the Management has advised that it would be highly challenging, if not impossible, to implement the Proposed Restructuring without offering a substantial discount to the prevailing market price of the Shares.

Our assessment on the historical trading liquidity of the Shares

In assessing the reasonableness of the Subscription Price and the Issue Price, we have considered the following factors regarding the trading liquidity of the Shares during the Review Period:

- (i) based on the trading volume presented above, we observe that the trading liquidity of the Shares was generally low throughout the Review Period, with the average daily trading volume per month/period representing a negligible percentage of the total number of issued Shares;
- (ii) the relatively thin trading volume of the Shares during the Review Period suggests that if the Company were to explore alternative equity fund-raising in the open market to refinance its outstanding indebtedness, potential investors would likely perceive the historical trading liquidity as inadequate. Such thin market depth potentially restricts an investor's ability to dispose of large blocks of shares or realise investment returns without causing downward pressure on the share price; and

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- (iii) to enhance the attractiveness of the transaction and entice the Subscribers and the Scheme Creditors to participate in the Proposed Restructuring, it is reasonable to expect that they would demand greater incentives. These incentives typically manifest as a substantial discount to the prevailing market price of the Shares to compensate for the underlying liquidity risk and the Company's financial distress.

In light of the thin trading volume, the aforementioned market factors and the absence of other viable financing alternatives to sufficiently resolve the net liabilities position of the Company as discussed in the section headed "Reasons for and benefits of the Restructuring Framework Agreement and the Subscription Agreement" in this letter, we are of the view that setting the Subscription Price and Issue Price at a substantial discount to the historical closing prices of the Shares is commercially justifiable to facilitate the successful implementation of the Proposed Restructuring.

(iii) *Comparable companies*

Market comparables

In assessing the fairness and reasonableness of the Subscription Price and Issue Price, we have conducted a comparative analysis of the Subscription Price and Issue Price against the prevailing market valuation of industry peers. This was based on the trading multiples of the companies listed on the Stock Exchange which are primarily engaged in business activities similar to those of the Group ("**Market Comparables**").

We have considered three most commonly adopted benchmarks for equity analysis: the price-to-sales ratio ("**P/S ratio**"), the price-to-earnings ratio ("**P/E ratio**"), and the price-to-book ratio ("**P/B ratio**"). Given that the Group recorded net liabilities of approximately RMB489.5 million for the year ended 31 March 2026, the P/B ratio analysis is not applicable. Given that the Group incurred net losses for the years ended 31 March 2024 and 2025, and its profit of approximately RMB122.2 million for the year ended 31 March 2026 was mainly driven by a non-recurring, one-off gain of approximately RMB168.1 million from disposing of project companies and purchasing ginseng assets, the P/E ratio analysis is neither considered applicable. Consequently, we have utilized the P/S ratio as the primary metric for our analysis of the Market Comparables.

Taking into account the principal business nature and the severe financial distress situation of the Company, we have identified the Market Comparables based on the following criteria: (i) companies which are principally engaged in property development and management businesses in the PRC, with such activities accounting for over 70% of total revenue in the latest financial year; (ii) companies whose shares are listed and traded on the Main Board of the Stock Exchange; (iii) companies with a market capitalization of not more than HK\$1,000 million as at the Last Trading Day; (iv) companies recording a net liability position as that of the Company during the latest financial year, which is regarded as exhibiting a distressed financial profile similar to that of the Company; (v) companies whose shares were not under trading suspension as at the Last Trading Day. On this basis, we have identified an exhaustive list of 15 Market Comparables that met the aforementioned criteria, details of which are set out in the table below:

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#	Company name (stock code)	Principal business	Market capitalisation as at the Last Trading Day (Note 1) HK\$'million	Total revenue for the latest financial year HK\$'million	Percentage of revenue generated from property development and management %	P/S Ratio (Note 2) times	Net liabilities recorded for the latest financial year HK\$'million
1	JY Grandmark Holdings Limited (2231)	Principally engaged in property development and sales, hotel operations, property management and commercial property investment in the PRC.	24.69	615.03	94%	0.040	(734.96)
2	Sunshine 100 China Holdings Ltd (2608)	Principally engaged in property and land development, property investment, property management and hotel operation, and light-asset operation in the PRC	25.51	1,920.15	93%	0.013	(9,548.13)
3	Zhenro Properties Group Limited (6158)	Principally engaged in property development and property leasing in the PRC	48.05	10,771.54	99%	0.004	(25,025.52)
4	Redsun Properties Group Limited (1996)	Principally engaged in property development and management services, commercial property investment and operations and hotel operations in the PRC	66.78	4,747.46	94%	0.014	(5,010.15)
5	Ronshine China Holdings Limited (3301)	Principally engaged in property development in the PRC	89.22	7,818.34	94%	0.011	(7,419.67)
6	Times China Holdings Limited (1233)	Principally engaged in the property development, urban redevelopment business and property leasing in the PRC	89.77	3,685.47	82%	0.024	(8,614.53)
7	Central China Real Estate Limited (832)	Principally engaged in property development, property leasing and hotel operations in the PRC	130.68	12,998.66	91%	0.010	(9,420.81)
8	Zhiguang Holdings Group Company Limited (1176)	Principally engaged in property development, property investment, project management, and other property development related services in the PRC	132.76	1,529.78	90%	0.087	(4,699.31)
9	Overseas Chinese Town (Asia) Holdings Limited (3366)	Principally engaged in comprehensive development, equity investment and fund management	160.90	443.08	88%	0.363	(2,160.41)
10	Huijing Holdings Company Limited (9968)	Principally engaged in property development and investment in the PRC	183.89	330.32	90%	0.557	(2,256.62)

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#	Company name (stock code)	Principal business	Market capitalisation as at the Last Trading Day (Note 1) HK\$'million	Total revenue for the latest financial year HK\$'million	Percentage of revenue generated from property development and management %	P/S Ratio (Note 2) times	Net liabilities recorded for the latest financial year HK\$'million
11	China Aoyuan Group Limited (3883)	Principally engaged in property development and property investments in the PRC	192.81	10,181.22	90%	0.019	(50,209.58)
12	China SCE Group Holdings Limited (1966)	Principally engaged in property development, property investment, property management, project management and land development in the PRC	206.93	40,825.51	98%	0.005	(5,619.96)
13	Redco Properties Group Limited (1622)	Principally engaged in property development, property management services, property investment, project management services and healthcare services in the PRC	607.33	2,638.46	96%	0.230	(6,160.06)
14	Sino-Ocean Group Holding Limited (3377)	The Group is mainly engaged in development of residential property, investment property development and operation, property services and whole-industrial chain construction services, with its scope of businesses also covering senior living service, internet data center, logistics real estate, real estate financing, etc. The Group is one of the leading property developers with developments in key economic regions in the PRC.	607.92	16,321.18	75%	0.037	(739.91)
15	Shimao Group Holdings Limited (813)	The Group is principally engaged in the development and investment of residential and commercial properties, property management, commercial properties operation and hotel operation in the PRC	687.05	31,259.55	87%	0.022	(183.59)
					Maximum	0.557	
					Minimum	0.004	
					Average	0.096	
	The Company	Principally engaged is principally engaged in property development and management, including planning designing, budgeting, licensing, contract tendering and contract administration, property investment and cultivation and sales of ginseng assets in the PRC.	54.03	57.95	100%	0.932	(538.45)

(Note 3)

Source: the website of the Stock Exchange

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Notes:

1. The market capitalisation of the Market Comparables is computed by multiplying their respective closing share price and the total number of issued shares as at the Last Trading Day as published on the website of the Stock Exchange.
2. For each of the Market Comparables, the P/S ratio is computed by dividing their respective market capitalisation as at the Last Trading Day by the total revenue based on their respective latest published annual results for the year ended 31 December 2025 with an exchange rate of RMB1=HK\$1.1 (for illustrative purposes).
3. For the implied P/S ratio of the Company, it is computed based on: (a) the Subscription Price per Share and Issue Price per Scheme Share, being both HK\$0.15; (b) 360,181,940 Shares in issue as at the Last Trading Day; and (c) the Group's revenue of approximately RMB52.686 million for the year ended 31 March 2026 with an exchange rate of RMB1=HK\$1.1 (for illustrative purpose).
4. Figures are subject to rounding
5. For each of JY Grandmark Holdings Limited, Sunshine 100 China Holdings Ltd, Redsun Properties Group Limited, Central China Real Estate Limited and Shimao Group Holdings Limited we acknowledge that they engaged in hotel operations, which is a business segment different from that of the Company. Nevertheless, given that the revenue derived from their respective hotel operations accounted for less than 10% of their total revenue in the latest financial year, we consider that such operational discrepancies do not compromise the fundamental relevance and representativeness of these Market Comparables.

As illustrated in the above table, the P/S ratios of the Market Comparables ranged from approximately 0.004 times to approximately 0.557 times, with an average of approximately 0.096 times respectively, as of the Last Trading Day. The implied P/S ratio of the Company of 0.932 times is above the range of the P/S ratios of the Market Comparables.

Dilution comparables

Apart from comparison of trading multiples of the Market Comparables, we have also conducted independent research to identify comparable companies listed on the Stock Exchange which conducted transactions comparable to the Proposed Restructuring, involving the issuance or subscription of new shares under a specific mandate relating to a creditors' scheme or debt restructuring, and which triggered an obligation to make a mandatory general offer or involved an application for a whitewash waiver under the Takeovers Code. Details of the analysis have been included in the Dilution Comparables discussed in the later section headed "VI. Potential dilution effect to the existing Shareholders".

Referring to the results of the Dilution Comparables, we note the percentage of discounts of the issue price over their respective Rule 7.27B benchmarked price among the Dilution Comparables ranged from approximately 19.79% to 97.50% with an average of approximately 63.19%, where the Subscription Price and the Issue Price of HK\$0.15 represent a discount of approximately 80.72% over its Rule 7.27B benchmarked price of HK\$0.778 falling within the range of the Dilution Comparables.

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We further note that, unlike the P/S ratio analysis above which is based on the Company's own financial fundamentals relative to industry peers, the discount of the issue price over their respective Rule 7.27B benchmarked price reflects the depth of pricing discount that market participants have been willing to accept in past distressed restructuring transactions, which is a result of each company's specific negotiation with subscribers and creditors (if applicable), funding urgency and investor risk appetite, rather than a direct indicator of a company's underlying value. Having also considered that the Dilution Comparables have different principal business activities, market capitalisations, financial conditions, and trading liquidity as compared to the Company, we consider that the comparison of price discount serves as an alternative reference to support our assessment on the fairness and reasonableness of the Subscription Price and the Issue Price, supplementary to the primary analysis based on the P/S ratio of the Market Comparables above.

(iv) Our assessment on the Subscription Price and the Issue Price

In evaluating the fairness and reasonableness of the Subscription Price and the Issue Price, we have taken into account the following factors:

- (i) given the Group's distressed financial position, the persistently thin trading volume of the Shares, and the lack of other viable financing alternatives, a lower market valuation relative to industry peers is considered necessary to incentivise the Subscribers and Scheme Creditors to support the Proposed Restructuring to safeguard the Company's long-term viability;
- (ii) taking into consideration the process by which the Subscription Price and the Issue Price were negotiated and determined as discussed in the section headed "Scheme Creditors' involvement in negotiation" above, including (a) the fact that the Company's initial indicative price of HK\$0.30 per Share as the issue price was put to both the Concert Party Group and independent creditors representing approximately 76% of the restructuring debt (excluding the Concert Party Group), and was subject to genuine arm's length negotiation rather than being unilaterally fixed; (b) that certain independent Scheme Creditors actively participated in this process, including a counter-proposal for an issue price of HK\$0.15 per Share; (c) that the Concert Party Group, notwithstanding its position as the Company's only committed source of new funding, likewise rejected the HK\$0.30 per Share proposal and independently arrived at HK\$0.15 per Share as the subscription price and the issue price; (d) as advised by the Board, Ground Group HK would not accept the Subscription Price to be lower than the Issue Price and certain lead Creditors explicitly expressed that they would not accept the Issue Price to be higher than HK\$0.15; (e) as advised by the Board, there was no competing higher-priced proposal at the material time; and (f) that the finalised Issue Price was subsequently approved unanimously by all Scheme Creditors who attended and voted at the Scheme Meeting, we agree with the Board that this negotiation process, in which both the Concert Party Group and independent Scheme Creditors reached a common position through arm's length bargaining, indicates that the Subscription Price and the Issue Price are the product of genuine commercial negotiation and reflect the best terms the Company could obtain after exhausting alternative financing options;

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- (iii) regarding that the Subscription Price of HK\$0.15 per Subscription Share is the same as the Issue Price of HK\$0.15 per Scheme Share, having considered that (a) the Subscription and the Scheme are inter-conditional and form an integrated restructuring package, such that consistent pricing avoids an unexplained difference in value between the consideration paid by Ground Group HK and that ascribed to Scheme Shares issued to Scheme Creditors; (b) as Ground Group HK is both the sole subscriber and, together with Ka Yik, a connected Scheme Creditor, consistent pricing avoids any suggestion that the connected Subscription was priced more favourably than terms extended to independent Scheme Creditors; and (c) the same price was reached through arm's length negotiation involving both the Concert Party Group and independent Scheme Creditors, rather than being unilaterally imposed, we agree with the Board that adopting the same price for the Subscription and the Scheme is fair and reasonable;
- (iv) the Company's implied P/S ratio exceeds the range of the P/S ratios of the Market Comparables, which indicates that, notwithstanding the substantial discount to the recent trading price of the Shares, the Subscription Price and the Issue Price do not undervalue the Company relative to how the market currently values comparable distressed PRC property developers;
- (v) notwithstanding the limitation on the price discount comparison as discussed above, the discount of the Subscription Price and the Issue Price over its Rule 7.27B benchmarked price falls within the range of the Dilution Comparables; and
- (vi) the Subscription Price and the Issue Price of HK\$0.15 represents a premium of approximately HK\$1.69 over the Group's audited consolidated net liabilities per Share of approximately HK\$1.54 as at 31 March 2026.

In light of the above, particularly that the implied trading multiples of the Company under the Proposed Restructuring are favorable compared to those of the Market Comparables, and that the Subscription Price and the Issue Price reflect a substantial premium over the audited net liabilities position per Share, we are of the view that the Subscription Price and the Issue Price of HK\$0.15 are fair and reasonable so far as the Independent Shareholders are concerned, and are commercially justifiable.

Our recommendation on the Restructuring Framework Agreement

Taking into account the principal factors and reasons discussed in this letter, we highlight the following key considerations:

- (i) the Company is in a position of severe financial distress and lacks sufficient internal financial resources to cover all its liabilities as they became due as stated in the section headed "I. Background and financial information of the Group – Our assessment on outlook of the Group";

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- (ii) the reasons for and benefits of the Restructuring Framework Agreement as discussed in the section headed “III. Reasons for and benefits of the Restructuring Framework Agreement and the Subscription Agreement” above, in particular, the imminent funding need for the Company to implement its corporate restructuring, to settle its outstanding indebtedness, and restore a sustainable positive net asset position;
- (iii) referring to the section headed “III. Reasons for and benefits of the Restructuring Framework Agreement and the Subscription Agreement – Use of proceeds”, the Subscription provides the Group with proceeds of HK\$39 million as financial support to alleviate the Group’s cost burden arisen from the Proposed Restructuring and business operations, which is beneficial to the Group in light of its severe financial distress;
- (iv) upon the Scheme becoming effective, the Scheme Claims of all the Scheme Creditors will be discharged and released in full. Given the absence of other viable financing alternatives as discussed in the section headed “III. Reasons for and benefits of the Restructuring Framework Agreement and the Subscription Agreement – Financial alternatives”, the Scheme could orderly release and discharge the Group’s indebtedness and liabilities to the Creditors and achieve a full and final settlement of all outstanding indebtedness and liabilities to the Creditors thereby mitigate immediate insolvent liquidation risks of the Company. In addition, the scope of the Scheme and the absence of a haircut to the principal amount of the Scheme Claims are considered commercially reasonable, as discussed in the section headed “Scheme – (iii) other key terms of the Scheme” above;
- (v) the Subscription Price under the Subscription Agreement and the Issue Price under the Scheme of HK\$0.15 are considered fair and reasonable and commercially justifiable based on our analysis as discussed under the section headed “Assessment on the Subscription Price and the Issue Price” above; and
- (vi) the potential dilution effect on the shareholding interests of existing other public Shareholders arising from the Proposed Restructuring is considered acceptable under the distressed circumstances as discussed in the section headed “VI. Potential dilution effect to the existing Shareholders” below;

we consider that the terms of the Restructuring Framework Agreement and the transaction contemplated thereunder (including the Subscription and the Scheme) are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

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VI. Potential dilution effect to the existing Shareholders

Pursuant to Rule 7.27B of the Listing Rules, a listed issuer may not undertake a rights issue, open offer or specific mandate placings that would result in a theoretical dilution effect of 25% or more, unless the Stock Exchange is satisfied that there are exceptional circumstances. According to the Letter from the Board, the allotment and issue of the Subscription Shares and the Scheme Shares would result in a theoretical dilution effect of approximately 75.32%. Pursuant to Note 2 to Rule 7.27B of the Listing Rules, we noted that the Company has consulted the Stock Exchange regarding the allotment and issue of the Subscription Shares and the Scheme Shares. The Stock Exchange has agreed that the Company has demonstrated that there are exceptional circumstances for the purpose of Rule 7.27B, and the Company may proceed with the Subscription and the Scheme on 26 June 2026.

With reference to the shareholding table as set out in the section headed “Effect on the shareholding structure of the Company” from the Letter of the Board, the shareholding interests of the existing other public Shareholders (holding 144,067,559 Shares as at the Latest Practicable Date) would be reduced by approximately 37.31 percentage points from approximately 40.00% to approximately 2.69% immediately after the completion of the Subscription and the allotment and issue of the Scheme Shares, representing a maximum dilution effect of approximately 93.28% of their original shareholding.

In assessing the fairness and reasonableness of the theoretical dilution effect of approximately 75.32% and the maximum dilution effect on the existing other public Shareholders as a result of the Proposed Restructuring, we have conducted independent research to identify comparable companies listed on the Stock Exchange which (i) conducted transactions that involved issuance or subscription of new shares under a specific mandate relating to a creditors’ scheme or debt restructuring; (ii) triggered an obligation to make a mandatory general offer or involved an application for a whitewash waiver under the Takeovers Code (this criterion was adopted because a mandatory general offer obligation or a whitewash waiver application typically arises in a creditors’ scheme or debt restructuring where a subscriber’s or creditor’s shareholding increases materially pursuant to a specific mandate, which is comparable to the Proposed Restructuring); (iii) published a circular in relation to their respective transactions during the period from 15 July 2022 to the Last Trading Day, covering a 48-month period (the “**Comparison Period**”) and (iv) had been approved by the independent shareholders for their respective transactions as at the Last Trading Day.

Based on our best endeavours and as far as we are aware, an exhaustive list of a total of seven (7) companies (the “**Dilution Comparables**”) meeting the aforementioned criteria has been identified to provide a general reference on market practice. We consider this list to be fair, representative and comparable to the Company, taking into account that: (i) they involved comparable type of transaction as that of the Proposed Restructuring, namely the issuance or subscription of new shares under a specific mandate relating to a creditors’ scheme or debt restructuring, which facilitates a meaningful comparison; (ii) the Comparison Period represents a reasonable and meaningful timeframe to capture market practice under prevailing market conditions; (iii) a list of seven Dilution Comparables is considered adequate to provide a general reference for comparison purposes, representing all identifiable transactions meeting the aforementioned criteria based on our research, without selective inclusion or exclusion; and (iv) their respective transactions have been approved by the independent shareholders, which provides meaningful market reference to the extent of dilution effect acceptable to the independent shareholders under creditors’ scheme or debt restructuring circumstances.

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We acknowledge that the Dilution Comparables have different principal business activities, market capitalisations, financial conditions, and trading liquidity compared to the Company. Nevertheless, these discrepancies do not compromise the relevance of the comparison, given that they underwent transactions comparable in nature to the Proposed Restructuring of the Company. Accordingly, we consider the Dilution Comparables adequately demonstrate the general dilution trend for listed companies in Hong Kong executing creditors' scheme or debt restructuring.

Set out below are the results of the Dilution Comparables:

#	Date of circular	Company name (stock code)	Principal business as at the date of circular	Theoretical dilution effect (Note 3) Approximate %	Maximum dilution effect on the existing other public shareholders (Note 4) Approximate %	The percentage of shares to be issued	The percentage of premium/discount of the issue price over their respective Rule 7.27B benchmarked price (Note 5) Approximate %	Independent shareholders approval status
1	26 May 2026	China Ecotourism Group Limited (1371)	The Group is principally engaged in (i) provision of technology and operation services for lottery systems, terminal equipment and gaming products in the China's lottery market, which covers various lottery products ranging from video lottery, computer-generated ticket games and KENO-type lottery to new media lottery; and (ii) research and development, processing, production and sales of natural and health food.	18.89%	95.49%	95.49%	-19.79%	Approved
2	27 Apr 2026	CA Cultural Technology Group Limited (1566)	The Group is principally engaged in the trading of animation derivative products, establishment and operation of indoor theme parks and multimedia animation entertainment in the PRC, Hong Kong and Japan.	72.66%	92.69%	92.69%	-78.39%	Approved
3	24 Jan 2025	IDT International Limited (167)	The Group is principally engaged in the design, development, manufacturing and sales of electronic products and smart wearable devices, providing fashionable, healthy and intelligent products and service experience, enhancing people's ability to work, live and play, and leading social trends.	40.00%	90.00%	90.00%	-44.44%	Approved
4	30 Nov 2023	SoftMedx Healthcare Limited (648)	The Group is principally engaged in the distribution of medical equipment and products in Hong Kong involving dental equipment and products.	82.70%	84.78%	84.78%	-97.50%	Approved
5	23 Jun 2023	Fulsun International Holdings Group Co., Limited (627) (Note 1)	The Group is principally engaged in the development and sale of residential and commercial properties in the PRC including Hong Kong.	86.09%	92.00%	92.00%	-93.58%	Approved

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#	Date of circular	Company name (stock code)	Principal business as at the date of circular	Theoretical dilution effect (Note 3) Approximate %	Maximum dilution effect on the existing other public shareholders (Note 4) Approximate %	The percentage of shares to be issued	The percentage of premium/discount of the issue price over their respective Rule 7.27B benchmarked price (Note 5) Approximate %	Independent shareholders approval status
6	3 Mar 2023	China Bozza Development Holdings Limited (1069) (Note 2)	The Group is principally engaged in forestry management (i.e. plantation, logging and sale of timber related products), ginseng-related business (i.e. plantation and sale of ginseng) and investment holding.	65.48%	84.61%	84.61%	-77.38%	Approved
7	5 Aug 2022	China Wood International Holding Co., Limited (1822)	The Group is principally engaged in (i) sale and distribution of furniture wood, manufacturing and sales of antique style wood furniture and imported timber flooring processing businesses; and (ii) car rental business in the PRC.	28.10%	90.00%	90.00%	-31.25%	Approved
Maximum				86.09%	95.49%	95.49%	-19.79%	
Minimum				18.89%	84.61%	84.61%	-97.50%	
Average				56.27%	89.94%	89.94%	-63.19%	
The Company (existing other public shareholders)				75.32%	93.28%	93.28%	-80.72%	

Source: the website of the Stock Exchange

Note:

1. Name of the company has been changed to “Japan Kyosei Group Company Limited” with effect from 23 January 2024 and subsequently changed to “Vision Synergy Holdings Limited” with effect from 20 November 2025.
2. Name of the company has been changed to “China Health Technology Group Holding Company Limited” with effect from 27 November 2023. The issue price of this company used for the calculation of “the percentage of premium/discount of the issue price over their respective Rule 7.27B benchmarked price” represents a share-count-weighted average of the subscription price of HK\$0.1288 per share (in respect of 466,000,000 subscription shares) and the scheme price of HK\$0.55 per scheme share (in respect of 140,000,000 scheme shares).
3. Theoretical dilution effect refers to the discount of their respective theoretical diluted price to their respective Rule 7.27B benchmarked price.

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4. For the Dilution Comparables, it refers to the reduction in the shareholding percentage of the existing other public shareholders arising from the proposed issuance or subscription, divided by their original shareholding percentage. For the Company, the shareholding interests of the existing other public Shareholders (holding 144,067,559 Shares as at the Latest Practicable Date) would be reduced by approximately 37.31 percentage points from approximately 40.00% to approximately 2.69% immediately after the completion of the Subscription and the allotment and issue of the Scheme Shares, representing a maximum dilution effect of approximately 93.28% of their original shareholding.

Based on our analysis of the Dilution Comparables, we note that the theoretical dilution effect among the Dilution Comparables ranged from approximately 18.89% to 86.09% with an average of approximately 56.27%, where the theoretical dilution effect of approximately 75.32% arising from the Proposed Restructuring falls within the range of the Dilution Comparables. For the maximum dilution effect on existing other public shareholdings among the Dilution Comparables, it ranged from approximately 84.61% to 95.49% with an average of approximately 89.94%, where the maximum dilution effect on the existing other public Shareholders of approximately 93.28% arising from the Proposed Restructuring falls within the range of the Dilution Comparables. We further note that all seven Dilution Comparables had obtained the approval of their respective independent shareholders for the relevant transactions, notwithstanding the significant dilution effect involved.

Taking into account the factors including but not limited to:

- (i) the Company is in a severe financial distress position and has insufficient financial resources to satisfy its outstanding indebtedness, as evidenced by the going concern issue and disclaimer of opinion given by the Company's auditor, the net liability position of the Group, its lack of immediate liquid financial resources to meet repayment obligations, and the prevailing challenging industry conditions;
- (ii) the Proposed Restructuring is considered an appropriate financing mechanism under the circumstances, given the unavailability of other alternative debt or equity financing methods to the Group at the material time, and the potential benefits arising from the Subscription (which provides the Group with new funding) and the Scheme (which enables the Group to orderly release and discharge its indebtedness and liabilities to the Creditors and achieve a full and final settlement of the said), which have been discussed in the section headed "Reasons for and benefits of the Restructuring Framework Agreement and the Subscription Agreement" above;

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- (iii) the Subscription Price and the Issue Price of HK\$0.15 are considered fair and reasonable and commercially justifiable, as discussed in the section headed “V. Principal terms of the Restructuring Framework Agreement – Assessment on the Subscription Price and the Issue Price” above; and
- (iv) referring to the analysis of Dilution Comparables, we note that (a) the theoretical dilution effect of approximately 75.32% arising from the Proposed Restructuring also falls within the range of the Dilution Comparables; (b) the maximum dilution effect on the existing other public Shareholders arising from the Proposed Restructuring falls within the range of the Dilution Comparables; and (c) all seven Dilution Comparables had obtained the approval of their respective independent shareholders for the relevant transactions, notwithstanding the significant dilution effect involved. This demonstrates that a comparable level of dilution has previously been considered acceptable by independent shareholders of other listed companies in Hong Kong in the context of a creditors’ scheme or debt restructuring, which supports that the dilution level arising from the Proposed Restructuring, albeit substantial, is not without market precedent.

we are of the view that the Company has demonstrated that there are exceptional circumstances for the purpose of Rule 7.27B. Further, we consider that the potential benefits arising from the successful implementation of the Proposed Restructuring (as discussed in the section headed “Reasons for and benefits of the Restructuring Framework Agreement and the Subscription Agreement” above) outweigh the dilution impact on the existing other public Shareholders, and that such dilution level is acceptable so far as the Independent Shareholders are concerned under the Group’s current distressed circumstances.

THE SPECIAL DEAL

As at the Latest Practicable Date, each of Ka Yik, Mr. Jiang Jinbo, Mr. Lin Huipeng and Ms. Wang Ting Ting owns 89,739,018 Shares, 31,500,000 Shares, 4,846,250 Shares and 36,000 Shares, representing approximately 24.91%, 8.75%, 1.34% and 0.01% of the issued share capital of the Company. Based on the information available to the Company, the Company is indebted to each of Ka Yik, Mr. Jiang Jinbo, Mr. Lin Huipeng and Ms. Wang Ting Ting of HK\$109,261,334.00, HK\$19,800,000.00, HK\$19,710,000.00 and HK\$1,025,000.00, respectively.

As the proposed settlement of the Admitted Scheme Claims (subject to determination and/or adjudication) to Ka Yik, Mr. Jiang Jinbo, Mr. Lin Huipeng and Ms. Wang Ting Ting under the Scheme is not extended to all other Shareholders, the implementation of the Scheme constitutes a special deal under Rule 25 of the Takeovers Code, and thus requires consent of the Executive.

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An application has been made to the Executive for the consents to proceed with the Special Deal under Rule 25 of the Takeovers Code. Such consents, if granted, will be subject to (a) the Independent Financial Adviser publicly stating in its opinion that the terms of the Special Deal are fair and reasonable; and (b) approval of the Special Deal by the Independent Shareholders at the SGM, in which (i) the Concert Party Group and (ii) the Shareholders who are involved in or interested in the Restructuring Framework Agreement and the transactions contemplated thereunder, the Specific Mandate, the Scheme, the Subscription or the Special Deal (including Ka Yik, Mr. Jiang Jinbo, Mr. Lin Huipeng and Ms. Wang Ting Ting) will be required to abstain from voting in respect of the relevant resolution(s).

Save as disclosed above, as at the Latest Practicable Date, based on the information available to the Company, none of the creditors of the Company and their ultimate beneficial owners is a Shareholder.

Taking into account (i) the aforementioned reasons for and benefits of the Restructuring Framework Agreement as detailed in this letter; (ii) our assessment that the terms of the Restructuring Framework Agreement and the transaction contemplated thereunder (including the Subscription and the Scheme) are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned; (iii) our view that entering into the Restructuring Framework Agreement is in the interests of the Company and the Shareholders as a whole; and (iv) the fact that the approval of the Special Deal by the Independent Shareholders is a prerequisite and non-waivable condition precedent for the completion of the Restructuring Framework Agreement, we are of the opinion that the Special Deal is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned, and that the Special Deal is in the interests of the Company and the Independent Shareholders as a whole.

OPINION AND RECOMMENDATION

In arriving at our opinion and recommendation in respect of the Restructuring Framework Agreement and the transactions contemplated thereunder, the Specific Mandate, the Subscription and the Scheme, and the Special Deal, we have considered the principal factors and reasons as discussed above and in particular the following (which should be read in conjunction with an interpreted in the full context of this letter):

- (i) as stated in the section headed “I. Background and financial information of the Group – Our assessment on outlook of the Group”, the Company is in severe financial distress situation and has insufficient internal financial resources to cover all its liabilities as they became due;
- (ii) as stated in the section headed “III. Reasons for and benefits of the Restructuring Framework Agreement and the Subscription Agreement” in particular, the imminent funding need for the Company to implement its restructuring plan to settle its indebtedness and restore a positive equity position, the absence of other viable financing alternatives to sufficiently resolve the net liabilities position of the Company, while the Proposed Restructuring is considered as an appropriate means of financing for the Group and it is in the interests of the Company and the Shareholders as a whole;

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- (iii) as stated in the section headed “III. Reasons for and benefits of the Restructuring Framework Agreement and the Subscription Agreement”, we agree that the Subscription provides financial support to the Group to facilitate the debt restructuring and alleviate the Group’s cost burden arisen from the Proposed Restructuring and business operations, while the Scheme serves as a realistic arrangement to resolve and achieve a full and final orderly discharge of all outstanding liabilities by the Group to the Creditors, thereby mitigate immediate insolvent liquidation risks;
- (iv) as stated in the section headed “V. Principal terms of the Restructuring Framework Agreement – Assessment on the Subscription Price and the Issue Price”, taking into reference the historical thin trading liquidity of the Shares, the implied trading multiples of the Company under the Proposed Restructuring are favorable compared to those of the Market Comparables, and that the Subscription Price and the Issue Price reflect a substantial premium over the audited net liabilities position per Share, we consider the Subscription Price under the Subscription Agreement and the Issue Price under the Scheme of HK\$0.15 to be fair and reasonable so far as the Independent Shareholders are concerned, and commercially justifiable;
- (v) as stated in the section headed “VI. Potential dilution effect to the existing Shareholders”, the possible dilution effect on the existing other public Shareholders arising from the Proposed Restructuring falls within the range of the Dilution Comparables, and we consider that the potential benefits arising from the successful implementation of the Proposed Restructuring outweigh the dilution impact on the existing other public Shareholders, rendering such dilution level acceptable under the Company’s distressed circumstances; and
- (vi) as stated in the section headed “Special Deal” above, our analysis of the fairness and reasonableness of the Special Deal under Rule 25 of the Takeovers Code.

Having considered the cumulative effect of the abovementioned principal factors and reasons, we are of the view that the Restructuring Framework Agreement and the transactions contemplated thereunder, the Specific Mandate, the Subscription and the Scheme, and the Special Deal on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

We also consider that although the entering into of the Restructuring Framework Agreement and the transactions contemplated thereunder, the Specific Mandate, the Subscription and the Scheme, and the Special Deal is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Independent Shareholders as a whole.

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We therefore advise the Independent Board Committee and the TC Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Restructuring Framework Agreement and the transactions contemplated thereunder, the Specific Mandate, the Subscription and the Scheme, and the Special Deal.

Yours faithfully,

For and on behalf of

JUN HUI INTERNATIONAL FINANCE LIMITED

Tina Tian

Managing Director

Karol Hui

Executive Director

Note: Ms. Tina Tian and Ms. Karol Hui are licensed persons and responsible officers of Jun Hui International Finance Limited registered with the SFC to carry out Type 6 (advising on corporate finance) regulated activity under the SFO with over 18 years and 15 years of experience in corporate finance industry respectively.

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the years ended 31 March 2024, 2025 and 2026 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinacbsintl.com).

- Annual report of the Group for the year ended 31 March 2024 published on 25 July 2024 (pages 105 to 238) available on:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0725/2024072500818.pdf>

- Annual report of the Group for the year ended 31 March 2025 published on 25 July 2025 (pages 106 to 242) available on:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0725/2025072500406.pdf>

- Annual report of the Group for the year ended 31 March 2026 published on 29 July 2026 (pages 129 to 270) available on:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0729/2026072900622.pdf>

2. FINANCIAL SUMMARY

The following is a summary of the audited consolidated financial results of the Group for the years ended 31 March 2024, 2025 and 2026 as extracted from the relevant annual reports of the Group:

Profit or Loss	For the year ended 31 March		
	2026	2025	2024
	RMB\$'000	RMB\$'000	RMB\$'000
	(audited)	(audited)	(audited)
		(restated)*	
Revenue	52,686	173,105	116,072
Profit/(loss) before tax from continuing operations	138,627	(782,550)	(227,713)
Profit/(loss) for the year from continuing operations	128,314	(712,034)	(193,330)
Profit/(loss) for the year attributable to owners of the parent	122,249	(852,906)	(193,330)
Basic earnings/(loss) per share – for loss for the year	RMB33.9 cents	RMB(236.8) cents	RMB(53.7) cents
Basic earnings/(loss) per share – for loss from continuing operations	RMB35.6 cents	RMB(197.7) cents	N/A**
Diluted earnings/(loss) per share – for loss for the year	RMB33.9 cents	RMB(236.8) cents	RMB(53.7) cents
Diluted earnings/(loss) per share – for loss from continuing operations	RMB35.6 cents	RMB(197.7) cents	N/A
Total comprehensive income/(loss) for the year attributable to owners of the Company	133,808	(852,175)	(206,767)
Assets and Liabilities	As at 31 March		
	2026	2025	2024
	RMB\$'000	RMB\$'000	RMB\$'000
	(audited)	(audited)	(audited)
Non-current assets	4,478	337,963	516,901
Current assets	413,492	914,401	1,751,614
Non-current liabilities	12,461	18,740	396,043
Current liabilities	895,002	1,856,925	1,643,598
Total (deficit)/equity	(489,493)	(623,301)	228,874

- * The financial information of the Group for the year ended 31 March 2025 in the 2025/2026 Annual Report has been restated as a result of the disposal of property projects in Baishan City, Jilin Province, the PRC, that included in the Group's property investment segment during the year ended 31 March 2026 as it is considered to be a discontinued operation under HKFRS 5.
- ** The basic and diluted loss per Share for the year ended 31 March 2024 have been retrospectively restated to account for the effects of the Company's Share consolidation effective on 17 January 2025.

Save for disclosed above, there were no items of income or expenses which are material in respect of the audited consolidated financial statements of the Group for the year ended 31 March 2024, 2025 and 2026.

Pursuant to Rule 11.1(f) of the Takeovers Code, as the book value of the consolidated property assets of the Company exceeded 50% of the book value of its consolidated total assets, and that the Offeror is considered as an interested party under the Takeovers Code, the Company has engaged Colliers Appraisal & Advisory Services (Shanghai) Co., Ltd. ("Colliers"), an independent professional valuer, to conduct and report on the valuation of the property interests of the Group as at 31 May 2026. Details of the valuation of the said Group's property interests are set out in the valuation report prepared by Colliers in Appendix II to this circular.

There was no payment of dividends for each the year ended 31 March 2024, 2025 and 2026. Thus, dividends per Share for each the year ended 31 March 2024, 2025 and 2026 was inapplicable.

As disclosed in the annual report of the Company for the year ended 31 March 2024, the following statement regarding material uncertainty related to going concern was given by Mazars CPA Limited, the auditor of the Company:

"MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to the "Going concern basis" section in note 2.1 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared, which states that the Group's current portion of bank and other borrowings amounted to RMB420,640,000, while its unrestricted cash and cash equivalent amounted to RMB53,635,000. The Group may take longer time than expected to realise cash from the sales of its properties and/or have cash from external financing to meet its loan repayment obligations. These conditions, along with other matters as set forth in note 2.1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors, having considered the measures to be taken by the Group as disclosed in note 2.1 to the consolidated financial statements, are of the opinion that the Group would be able to continue as a going concern. Accordingly, the directors have prepared the consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments that would result from a failure of achieving the measures. We consider appropriate disclosures have been made in this respect. Our opinion is not modified in respect of this matter."

As disclosed in the 2024/2025 Annual Report, the following statement regarding material uncertainty related to going concern was given by Forvis Mazars CPA Limited, the auditor of the Company:

“MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

We draw attention to the “Going concern basis” section in note 2.1 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared, the Group incurred loss from continuing operations of RMB852.9 million for the year ended 31 March 2025 and, as at that date, the Group had net current liabilities and net liabilities of approximately RMB942.5 million and RMB623.3 million respectively. The Group may take longer time than expected to realise cash from the sales of its properties and/or have cash from external financing to meet its loan repayment obligations. These conditions, along with other matters as set forth in note 2.1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors, having considered the measures to be taken by the Group as disclosed in note 2.1 to the consolidated financial statements, are of the opinion that the Group would be able to continue as a going concern. Accordingly, the directors have prepared the consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments that would result from a failure of achieving the measures. We consider appropriate disclosures have been made in this respect. Our opinion is not modified in respect of this matter.”

As disclosed in the 2025/2026 Annual Report, the following statement regarding disclaimer of opinion and material uncertainty related to going concern was given by Forvis Mazars CPA Limited, the auditor of the Company:

“Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion**Material Uncertainty Relating to Going Concern**

As explained in Note 2.1 to the consolidated financial statements, the Group had net current liabilities and net liabilities of approximately RMB481.5 million and RMB489.5 million respectively, of which RMB183.4 million represented other borrowings and RMB51.7 million represented liability component of convertible bonds as at 31 March 2026 respectively, while the cash and cash equivalents amounted to approximately 4.2 million only as at 31 March 2026. The Group may take longer time than expected to realise cash from the sales of its properties, and/or have cash from external financing to meet its loan repayment obligations. These conditions, along with other matters as set forth in Note 2.1 to the consolidated financial statements, indicate the existence of a material uncertainty which casts significant doubt on the Group’s ability to continue as a going concern and the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

As explained in Note 2.1 to the consolidated financial statements, the consolidated financial statements have been prepared by the directors of the Company on a going concern basis, the validity of the going concern basis depends on the assumptions that the Group would be successful in the debt restructuring, future cash inflow from ginseng business and obtaining the future fundings. Due to the uncertainty of the Group's ability to maintain adequate future cash flows, we were unable to ascertain whether the assumptions made by the directors of the Company in preparing the consolidated financial statements on a going concern basis are proper and appropriate.

We were unable to obtain sufficient appropriate audit evidence regarding the use of going concern assumption in the preparation of the consolidated financial statements. Should the going concern assumption be inappropriate, adjustments may have to be made to reclassify non-current assets and liabilities as current assets and liabilities respectively, write-down the value of assets to their recoverable amounts and to provide for further liabilities which may arise."

3. INDEBTEDNESS STATEMENT

As at the close of business on 30 June 2026, being the latest practicable date for the purpose of this indebtedness statement prior to the publication of this circular, the Group had outstanding indebtedness of approximately RMB652,238,000. The indebtedness of the Group comprises the following:

- (a) Other borrowings of approximately RMB182,859,000 which comprised of:
 - (i) other loans of RMB37,222,000 that bear interests at a fixed rate of 5% per annum, are unguaranteed, unsecured and repayable within one year and are subject to certain cross default provisions; and
 - (ii) other loans of RMB145,637,000 that is interest free, unguaranteed, unsecured and repayable on demand, all of which had been called for immediate repayment;
- (b) loans from a substantial shareholder of approximately RMB378,568,000, which are unguaranteed, unsecured, interest-free and repayable within one year or on demand;

- (c) loans from related parties of approximately RMB35,707,000, which are unguaranteed, unsecured, interest-free and repayable within one year or on demand;
- (d) liability component of the convertible bonds with principal of RMB52,080,000 (HK\$60,000,000) that is unsecured and unguaranteed; and
- (e) lease liabilities of approximately RMB3,024,000, which are unsecured and unguaranteed.

The Group also had outstanding contingent liabilities which comprised of guarantees amounting to approximately RMB87,621,000 given to banks with respect to mortgage loans procured by purchasers of property units. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate to the purchasers; and (ii) the full payment of the mortgage loans by the purchasers of properties.

Save as aforesaid and apart from intra-group liabilities and normal trade and bill payables, as at the close of business on 30 June 2026, the Group did not have any material: (i) debt securities issued and outstanding, authorised or otherwise created but unissued; (ii) term loans; (iii) borrowings or indebtedness in the nature of borrowing of the Group including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments; or (iv) mortgages or charges or contingent liabilities.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save for the Proposed Restructuring, the Directors confirm that there had been no other material adverse change in the financial or trading position of the Group since 31 March 2026 (being the date to which the latest audited consolidated financial statements of the Group were made up) and up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Company was principally engaged in investment holding and the Group was principally engaged in property development and management, including planning, designing, budgeting, licensing, contract tendering and contract administration, property investment and cultivation and sales of ginseng assets in the People's Republic of China.

The business plans on the business segment of the Group are as follows:

Property Development

Since the year ended 31 March 2025, the Group's management underwent a review of the its portfolio of property projects; and completed the disposals of (i) the entire equity interest in Jilin Province Ground Tourism Development Company Limited and its three subsidiaries (property project in Fusong County, Jilin Province) in September 2025; and (ii) property projects in Baishan City and Yanji City in March 2026.

As at 31 March 2026, the Group has one residential property project, namely Guangze Jiuxi Red House. Guangze Jiuxi Red House has two phases (“**Phase One**” and “**Phase Two**”). Phase One has been completed during the year ended 31 March 2023. Phase Two is expected to complete construction in December 2026. In addition, the Group has six property projects under the Group’s property management, being three in Jilin City, one in Jiutai District, Changchun City, and two in Baishan City, expecting to generate stable revenue for the financial year ending 31 March 2027.

As at 31 March 2026, the GFA of the remaining unsold units from Phase Two comprised approximately 45,182 sq.m. of residential units, 1,127 sq.m. of commercial units and 102 car park units, representing approximately 84.3%, 81.4% and 95.3% of the respective total units available for sale.

In order to maintain the Group’s sustainability, the Group’s management has carried out a prudent search of new property projects in view of the persistently stagnant property market in Jilin Province. In April 2026, the Group was introduced a property complex project in Jinshan District, Shanghai City, which is planned for (i) rehabilitation, medical research and development uses, mainly for rental purpose; and (ii) serviced apartments on top of a shopping mall, mainly for sale and/or rental purpose, with an estimated GFA of approximately 65,000 sq.m.. As at the Latest Practicable Date, the Group’s property development team is assessing the feasibility of the project.

Property Investment

The Group has entered into an equity transfer agreement with an independent third party to dispose of property projects in Baishan and Yanji. This included the Group’s investment properties of Guangze International Shopping Centre – self owned and leased portion. Such property investment segment was disposed of as at 31 March 2026.

Despite of the Group’s presentation of the property investment business segment as a discontinued operation in accordance with HKFRS 5 for accounting purpose, the Group’s management considers the property investment segment remains to be one of the operating segments of the Group and the Group is actively seeking for potential properties to hold for rental income or capital appreciation, subject to the investment return, synergy and exit potentials of any opportunities. The Group’s real estate team has explored a number of potential properties for investment and/or held for rental, yet no legally binding agreement in relation to these properties has been entered into as at the Latest Practicable Date.

With the market sentiment in the property market in Jilin Province remains sluggish recently, the Group, as disclosed in its annual report, will turn its focus on first-tier cities such as Beijing, Shanghai, Guangzhou, and Shenzhen, selecting commercial, office, and high-quality property projects with superior locations, strong cash flow, and significant appreciation potential. The Group remains committed to its long-term strategy of replenishing the land reserve with high-quality assets, and the Company will continue to seek potential property projects, including but not limited to greenfield land parcels, re-development property projects and incomplete property projects suitable for completion after the Proposed Restructuring. Despite the sluggish property market in Jilin Province, the Group has been a long-established property developer in Jilin Province where vast geographical experience had been accumulated and long-lasting business relationship had been established with local business partners within the province over the years. Since the beginning of 2026, the Group has looked at various property projects in Shanghai City, Greater Bay Area as well as Jilin Province. However, no legal binding agreements had been entered into out of these projects. The Group's management will continue to adopt a prudent approach in assessing the feasibilities of potential property projects.

As at the Latest Practicable Date, the Group is exploring a property investment project in Guangzhou City which is a complex property project with GFA of over 150,000 sq.m. where hotel and commercial portions are in operation. The Group's real estate team is in the process of carrying out feasibility studies on the project.

Ginseng business

In February 2024 and September 2025, the Group entered into purchase agreements with Independent Third Party ginseng farmers to purchase Linxia Ginsengs together with the operation rights of the forest land in Tumen City and Ji'an City, Jilin Province. In December 2025, the procurement pursuant to the purchase agreement entered in September 2025 has been completed, which the Group purchased over 700,000 pieces of ginsengs aged 15-17 years that are naturally grown under forest land ("**Linxia Ginsengs**") in Ji'an City, Jilin Province. Ji'an City (集安市) located with close proximity to Changbaishan ("長白山") is one of the most ginseng abundant districts within Jilin Province. As at 31 March 2026, the fair value of these Linxia Ginsengs is approximately RMB101.7 million with a gain on initial recognition of approximately RMB45.7 million and a subsequent change in fair value of approximately RMB3.7 million recognised in the profit or loss for the year.

Currently, the Group expects to have a product range from fresh Linxia Ginsengs, dry Linxia Ginsengs to Linxia Ginseng supplements. Such products, being consumer goods, are primarily targeted at individuals aged 45 and above who have health and wellness needs and prioritize health and wellness. Sales channels mainly consist of traditional ginseng and antler specialty stores, as well as online sales platforms, private domain channels, and live-streaming e-commerce.

In addition, the Group intends to establish a digital integrated management service platform for the ginseng industry, positioning itself at both domestic and global levels. This platform will incorporate a range of functions, including ginseng-related data collection, soil and air quality monitoring, cultivation records management, weather and pest forecasting, testing and inspection, agricultural insurance, financing solutions, and policy subsidies specific to the ginseng sector. It aims to provide a robust foundation for informed government decision-making, support ginseng individual farmers and ginseng farming entities in their operations, and enhance consumer trust and enhance the Group's income stream in using the platform for services to other independent third parties. By developing and implementing this platform, the Group's management intends to achieve the following:

- Leverage digital endorsement to elevate the “吉林長白山人參” brand, facilitating its entry into international markets;
- Establish partnerships with e-commerce platforms to streamline the supply chain, reduce intermediaries, and enhance profitability; and
- Implement robust traceability measures to effectively combat counterfeit products and purify the market environment, ensuring that high-quality forest-grown Linxia Ginsengs — characterized by its superior appearance and appropriate age — receives its rightful market value. This approach will empower consumers to make informed decisions, use products with confidence, and be willing to invest in premium quality.

In March 2026, a proposed platform plan for the said platform has been submitted to 吉林省人參產業高質量發展專班 (Jilin Provincial Ginseng Industry High Quality Development Task Force*) (the “**Jilin Ginseng Task Force**”) for review and approval, with project implementation sets to commence in the first half of 2026. As at the Latest Practicable Date, the Jilin Ginseng Task Force has provided comments and feedbacks on the proposed platform plan. The Group is currently working together with the technical team on an updated and refined plan accordingly for the Jilin Ginseng Task Force's further review.

The Group has commenced the ginseng business through third-party retail stores since June 2026, which entered into sales contracts with these retail stores (mainly ginseng specialty or “Changbaishan” cultural and creative products) with an aggregate amount of approximately RMB0.8 million up to the Latest Practicable Date. In respect of the purchase agreement dated 9 February 2024 for the procurement of 5.8 million pieces of Linxia Ginsengs aged 3-5 years and 69,800 pieces of Linxia Ginsengs aged 13 years or above in Tumen City and Yanji City, Jilin Province, as the Independent Third Party vendor has not been able to grant full access right to the Group to the forest lands to conduct physical inspection, stocktaking and valuation work, the procurement has yet to be completed as at the date hereof. The Group's management is currently in active communication with the Independent Third Party vendor on the matter and preliminary conversations with legal advisers who have yet to be engaged. Save for the procurement of 700,000 pieces of Linxia Ginsengs as disclosed above, the Group has not entered into any other purchase agreements thereafter.

Mineral water business

The Group obtained the “Changbaishan” mineral water brand in 2024. In the coming financial year, the management intends to commence the mineral water business, which the Group plans to focus in the sales and distribution of its own branded mineral water products, while outsourcing its production (including mineral water source and bottling) to an Independent Third Party. Such business model enables the Group to avoid significant capital expenditure to acquire mineral water sources as well as bottling facilities in order to overcome the financial constraints currently encountered by the Group. The Group is currently negotiating with an Independent Third Party vendor for the outsourcing service. At the Latest Practicable Date, no definitive agreement has been entered into. Nevertheless, it is anticipated that the Group will generate income from the mineral water business in the second half of the financial year ending 31 March 2027.

The Company currently has no intention or plan or entered into any agreement, undertaking and negotiation for the acquisition of new business(es) and/or disposal or downsizing of its existing business(es).

Prospect of the Group

For the past years, the Group’s management has taken the opportunity to review and adjust its business operation, asset portfolio, financing and capital structure in order to better prepare the Group’s long-term prospect and sustainability. With the disposals of loss-making property projects and Proposed Restructuring likely to be completed in the fourth quarter of 2026, it is expected that the Group’s debt level will be significantly improved.

As stated in the Company’s circular dated 16 September 2025, the Group will continue to look at potential projects in its property development and property investment business segments. At the same time, the Group’s management will endeavour to extend and diversify into other relevant business opportunities, such as ginseng and mineral water businesses. In particular, the Group has carried out research and detailed feasibility study in the ginseng business. The Group’s marketing team has been actively developing market penetration and promotional strategies with multiple sales channels; and it is expected that sales will commence in the second quarter of 2026.

Looking ahead, the Group will continue prudently with its property development, management and investment business segment in project selection taking into consideration of the project profitability and cash flows. Coupled with the Group’s intended diversification into ginseng and mineral water businesses as mentioned above, it is expected that the Group will gradually generate a stable income and cash flows from its diverse businesses in the near future.

6. SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that after taking into account (i) the relief of the severe financial distress situation as a result of the completion of the Proposed Restructuring; (ii) loan provided by Ground Group HK under the Funding Agreement; (iii) the cash flows to be generated from the operating and financing activities of the Group; and (iv) the available cash on hand, the Group has sufficient working capital for at least twelve months from the date of this circular, in the absence of unforeseeable circumstances.

Colliers Appraisal & Advisory Services (Shanghai) Co., Ltd.

No. 253 Yonghe Road, Jingan District, Shanghai
China

The Board of Directors
China Changbaishan International Holdings Limited



25 August 2026

Dear Sirs,

RE: Unsold portions of Jiuxi Red House Phase 1 & 2 (九溪紅府一、二期), intersection of Jiutai Yinbin Road and Wenti Avenue (extended section), Jiutai District, Changchun, Jilin Province, PRC (the “**Property**”)

INSTRUCTIONS

In accordance with the instruction of China Changbaishan International Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) to value the properties held by the Group in the People’s Republic of China (“**the PRC**”), we conform that we have carried out inspections, and 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 May 2026 (the “**Date of Valuation**” or “**Valuation Date**”) for the purpose of incorporation the Company’s circular in accordance with Rule 11 of the Codes on Takeovers and Mergers issued by the Securities & Futures Commission of Hong Kong in the public document.

The Group’s remaining property interests subject to Rule 11.1(f) comprise the unsold portions of Jiuxi Red House Phase 1 and Phase 2, being the only property interests retained by the Group as at the Valuation Date following the disposal of the Fusong, Baishan and Yanji property projects completed in September 2025 and March 2026.

For the purpose of Rule 11.1(f) of Code on Takeovers and Mergers (the “**Takeover Code**”), we understand the book value of the consolidated property assets of the Company exceeded 50% of the book value of its consolidated total assets. We also understand that there is no other property which is held by the associated companies of the Company such that it is subject to a valuation report under Rule 11.1(f) the Takeovers Code.

Our valuations are provided on the basis of Market Value, which we would define as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

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.

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value.

VALUATION STANDARDS

In valuing the Property, we have fully complied with the HKIS Valuation Standards (2024 Edition) published by The Hong Kong Institute of Surveyors (HKIS), the requirements set out in Chapter 5 of and Practice Note 12 to the Rule Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and Rule 11 of the Code on Takeovers and Mergers issued by Securities and Futures Commission.

QUALIFICATIONS OF THE VALUER

These valuations have been prepared by Kin Ming Woo James (James Woo) (RICS Registration No.: 0837243) and Chin Pang Tsang (Eric Tsang) (RICS Registration No.: 1265711). James Woo is a fellow member of the Royal Institution of Chartered Surveyors.

James Woo is an Executive Director and the Head of China Valuation and Advisory Services, China at Colliers. He is suitably qualified to carry out the valuation and has 30 years' experience in the valuation of properties of this magnitude and type in China.

Eric Tsang, Executive Director and Acting Head of the Valuation and Advisory Services, Hong Kong at Colliers, is an experienced competent valuer and has over 26 years' experience in undertaking valuations of this type in Hong Kong and Mainland China. He is a Member of the Royal Institution of Chartered Surveyors ("RICS") and the Hong Kong Institute of Surveyors and a Registered Professional Surveyor under the Surveyors Registration Ordinance (Cap.417) in the Hong Kong Special Administrative Region, and also a Registered Real Estate Appraiser in the PRC.

We are acting as independent valuer as defined in the latest "RICS Global Valuation Standards", the "HKIS Valuation Standards" published by the RICS and HKIS, which incorporates with the IVS.

Neither the valuer nor Colliers are aware of any pecuniary interest or conflict that could reasonably be regarded as being capable of affecting the ability to give an unbiased and objective, opinion of the value of the Property.

VALUATION APPROACHES

In valuing the Property held by the Group for sale, we have valued such properties by direct comparison approach with reference to comparable transactions in the open market and on the basis of vacant possession.

Our valuation has been made on the assumption that the owner sells the Property on the open market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the values of the Property. In addition, no forced sale situation in any manner is assumed in our valuations.

SOURCES OF INFORMATION

Although we have made independent enquires as much as possible, we have relied to a very considerable extent on the information provided by the Group and its legal advisor in respect of the titles of the Property. We also have accepted such information given to us as being true and correct for valuation purposes. This has included such matters as ownership title, site and floor areas, planning approvals or statutory notices, pre-sales permit, easements, tenure, occupancy, the identification of the Property and all other relevant matters. We have also been advised by the Company that no material factors or information have been omitted or withheld from the information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable and have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation.

TITLE DOCUMENTS

We have been provided with copies or extracts of title documents relating to the Property and have made relevant enquires where possible. Due to the nature of the land registration system in the PRC, however, we have not examined the original documents to verify the existing titles to the Property or any material encumbrances that might be attached to the Property or any lease amendments. We have made assumptions that the full and proper ownership title of the Property has been obtained and all payable land premium or land-use rights fees have been fully settled.

We have relied on the advice given by the Company's legal adviser, Commerce & Finance Law Office (通商律師事務所) ("Client's PRC legal advisor"), based on their legal opinion dated 22 July 2026 regarding the titles of the Property. We do not accept liability for any interpretation that we have placed on such information, which is more properly placed within the sphere of the legal adviser.

All legal documents disclosed in this letter and the valuation particulars are for reference only. No responsibility is assumed for any legal matters concerning the legal titles to the Property set out in this letter and the valuation particulars.

ASSUMPTIONS AND CAVEATS

Our valuations have been made on the assumption that the owners can sell the Property on the open market without the benefit of deferred terms contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of the Property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property valued nor for any expenses or taxation which may be incurred in effecting a sale.

We have conducted the valuation assuming:

- the information as set out in the section headed "Source of Information" above about the Property provided by the Company and its legal advisor is true and correct;
- the Property are free from contamination and environmental problems or hazards;

- the full and proper ownership title of the Property have been obtained, and all payable land premium or land-use rights fees have been fully settled;
- We have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of, all relevant laws, ordinances and statutory requirements.
- the Property can be freely transferred, mortgaged, sublet or otherwise disposed of in the market; and
- We have assumed the Property is in a good state of repair, management and maintenance and fit for the use to which it is put, and will continue to be managed and maintained to this standard in the future.

SITE MEASUREMENT

We have not carried out on-site measurements to verify the correctness of the site areas in respect of the Property but have assumed that the areas shown on the documents and plans provided to us are true and correct in all respects. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

SITE INSPECTION

The Property was inspected by James Woo, from 24 June 2026 to 26 June 2026. We have inspected the exterior, and where possible, the interiors of the properties, in the course of our inspection, we did not note any serious defects. However, we have not carried out a structural survey nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible and we are therefore unable to report that any such parts of the property are free from defect though in the course of our inspections we did not note any serious defects. No tests were carried out on any of the services.

Please be advised we have not carried out investigations to determine the suitability of the ground conditions and the services etc. for any future development. Our valuation has been prepared on the assumption that these aspects are satisfactory.

ESG CONSIDERATION

Where our advice is based on International Valuation Standards (IVS), we have had regard to i) those significant environmental, social and governance (ESG) factors which were readily apparent to us from our inspection of the Properties, if undertaken and ii) which we consider significantly impact our advice. This is a requirement of the IVS. In our advice we have endeavoured to analyse whether any significant ESG factors affect the value assessed. For the avoidance of doubt, we are property valuers and that we do not have any expertise in conducting environmental audits or any audits regarding the compliance of any entity associated with the Properties in relation to their social responsibility or corporate governance. Such an assessment is beyond the scope and purpose of our advice. You should seek specific advice in relation to these matters, given that our observations are of a very general nature.

CURRENCY

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

We hereby certify that we have neither present nor a prospective interest in the Property or the value reported.

TAXES

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and as advised by the Company, the potential tax liabilities which may arise from the sale of the properties include: (i) PRC business tax (equivalent to 5% of sales revenue), (ii) PRC land appreciation tax (equivalent to 30% – 60% of the net appreciation amount) and (iii) PRC corporate income tax (25%). It is unlikely that such tax liability will be crystallized in the recent future as the Group has no intention to dispose of or transfer the relevant Property. According to our established practice, in the course of our valuation, we have neither verified nor taken into account such tax liability.

Our summary of values and valuation summary reports are attached hereto.

Yours faithfully,

For and on behalf of

Colliers Appraisal & Advisory Services (Shanghai) Co., Ltd. (“Colliers”)

Kin Ming Woo James

FRICS AICFC

Executive Director

Valuation and Advisory Services I China

RICS Registration Number: 0837243

Note:

Mr. James Woo is a Registered Valuer with 30 years’ experience in real estate industry and assets valuation sector. His experience on valuation covers Mainland China. Mr. Woo is a fellow member of the Royal Institution of Chartered Surveyors.

Contributing Valuer:

Chin Pang Tsang Eric

BSc (Hons) MRICS MHKIS MCIREA R.P.S. (GP)

Executive Director and Acting Head

Valuation and Advisory Services I Hong Kong

RICS Registration Number: 1265711

Note:

Mr. Eric Tsang is a qualified general practice surveyor and a Registered Valuer with over 26 years’ experience in valuation of properties in Hong Kong and Mainland China.

SUMMARY OF VALUATION

		Market Value in existing state as at 31 May 2026
Property interests held by the Group for sale		
1	Unsold portions of Jiuxi Red House Phase 1 (九溪紅府一期), Intersection of Jiutai Yinbin Road and Wenti Avenue (extended section), Jiutai District, Changchun, Jilin Province, PRC	RMB37,000,000
2	Unsold portions of Jiuxi Red House Phase 2 (九溪紅府二期), Intersection of Jiutai Yinbin Road and Wenti Avenue (extended section), Jiutai District, Changchun, Jilin Province, PRC	RMB268,000,000
Total		<u>RMB305,000,000</u>

VALUATION CERTIFICATE

Property		Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 May 2026								
1	Unsold portion of Jiuxi Red House Phase 1 (九溪紅府一期), Intersection of Jiutai Yinbin Road and Wenti Avenue (extended section), Jiutai District, Changchun, Jilin Province, PRC	Jiuxi Red House (the “Development”) is a residential project developed into two phases erected on irregularly shaped plot with a site area of approximately 58,669.00 sq m. Phase 1 of Jiuxi Red House was completed in 2022. According to the information provided, the Property comprises 47 units of residential, and 6 units of retail. The Property is in frame structure with a total gross floor area (GFA) of approximately 6,165.19 sq m, details of which are listed below: <table><tr><th>Portion</th><th>GFA (sq.m.)</th></tr><tr><td>Residential</td><td>4,988.87</td></tr><tr><td>Retail</td><td>1,176.32</td></tr><tr><td>Total:</td><td><u>6,165.19</u></td></tr></table> Pursuant to the Real Estate Ownership Certificates provided, the land-use rights of the Property have been granted for two concurrent terms expiring on 16 July 2060 for commercial use and 16 July 2090 for residential use respectively.	Portion	GFA (sq.m.)	Residential	4,988.87	Retail	1,176.32	Total:	<u>6,165.19</u>	At the time of our inspection, the Property was vacant.	RMB37,000,000 (RENMINBI THIRTY SEVEN MILLION)
Portion	GFA (sq.m.)											
Residential	4,988.87											
Retail	1,176.32											
Total:	<u>6,165.19</u>											

Notes:

- i) Pursuant to the Business License issued by the Changchun Market Supervision Administration Jiutai Branch, the basic information of Jilin Province Xisheng Real Estate Development Co., Ltd. (吉林省熙盛房地產開發有限公司) (hereinafter referred to as “**Jilin Xisheng**”), which is the indirect wholly owned subsidiary of the Company, is as follows:

Enterprise Name:	Jilin Xisheng Real Estate Development Co., Ltd.
Social Credit Code	91220100MA17JA1F52
Type	Limited Liability Company (sole proprietorship of a legal entity invested or controlled by a natural person)
Legal Representative	Yin Chuan Xu
Registered Capital	RMB30,000,000
Date of Establishment	3 June 2020
Operating Period	3 June 2020 to 3 June 2040
Address	Yingbin Road (Jiuxi Red House Sales Office), Jiutai District, Changchun City
Scope of Business	Real estate development and operation (projects that require approval by law can only be carried out after approval by relevant departments).

- ii) Pursuant to the following Real Estate Ownership Certificates, the ownership of the Property has been granted to Jilin Xisheng. Details are listed below:

No.	Certificate No.	Issue Date	Usage	Site Area
1	Ji (2020) Jiutai Qu Bu Dong Chan Quan Di 0007069 Hao	4 September 2020	Residential	30,641.00
Total:				30,641.00

- iii) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Jilin Xisheng. Details are listed below:

No.	Certificate No.	Issue Date	Usage	Site Area
1	Di Zi Di 220113202010016 Hao	30 July 2020	Commercial and Residential	30,641.00
Total:				30,641.00

- iv) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Jilin Xisheng. Details are listed below:

No.	Certificate No.	Issue Date	Project Name	Construction Scale
1	Jian Zi Di 220113202010019 Hao	4 August 2020	Guangze Jiuxi Red House (Phase 1)	67,400.26
Total:				67,400.26

- v) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Jilin Xisheng. Details are listed below:

No.	Certificate No.	Issue Date	Project Name	Construction Scale
1	220113202008270101	27 August 2020	Guangze Jiuxi Red House (Phase 1)	67,400.26
Total:				67,400.26

- vi) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Jilin Xisheng. Details are listed below:

No.	Certificate No.	Project Name	Issue Date	GFA
1	Jiu Fang Shou Zheng (2020) Di 149 Hao	Guangze Jiuxi Red House (Phase 1) 1#	6 November 2020	7,542.94
2	Jiu Fang Shou Zheng (2020) Di 155 Hao	Guangze Jiuxi Red House (Phase 1) 2#	6 November 2020	6,301.66
3	Jiu Fang Shou Zheng (2020) Di 154 Hao	Guangze Jiuxi Red House (Phase 1) 5#	6 November 2020	7,656.72
4	Jiu Fang Shou Zheng (2020) Di 153 Hao	Guangze Jiuxi Red House (Phase 1) 6#	6 November 2020	10,316.45
5	Jiu Fang Shou Zheng (2020) Di 147 Hao	Guangze Jiuxi Red House (Phase 1) 7#	7 September 2020	7,542.94
6	Jiu Fang Shou Zheng (2020) Di 152 Hao	Guangze Jiuxi Red House (Phase 1) 8#	6 November 2020	5,935.31
7	Jiu Fang Shou Zheng (2020) Di 148 Hao	Guangze Jiuxi Red House (Phase 1) 9#	7 September 2020	6,137.53
8	Jiu Fang Shou Zheng (2020) Di 151 Hao	Guangze Jiuxi Red House (Phase 1) 10#	16 October 2021	917.49
9	Jiu Fang Shou Zheng (2020) Di 150 Hao	Guangze Jiuxi Red House (Phase 1) 3#	7 June 2020	6,947.87
Total:				59,298.91

- vii) The general description and market information of the Property are summarized below:

Location	The Property is located at Intersection of Jiutai Yinbin Road and Wenti Avenue (extended section), Jiutai District, Changchun, Jilin Province, PRC.
Transportation	Changchun Longjia International Airport is located approximately 14.2 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential and commercial area.

- viii) In assessing the market value of the Property, we have made reference to sales prices of similar properties in the vicinity. Comparable properties are located in the same district with similar conditions, size and tenure, etc. Comparable that had been selected include retail (Level 1) ranges from RMB6,400 to RMB11,300 psm; residential ranges from RMB4,600 to RMB4,800 psm. In the course of our valuation, we have considered the relevant adjustment factors such as the location, condition, size, tenure, etc. to determine the unit price of the Property. The summary of the comparables referred to in this approach are presented below:

	Comparable 1	Comparable 2	Comparable 3
Property Name	Huaheng Nanshan Mansion (華恆南山公館)	Phase III Phoenix City (鳳凰城三期)	Senlin Yujing (佳隆香墅灣)
Detail Address	No. 58 Changtong Road, Jiutai District, Changchun	Xihuan Road, Jiutai District, Changchun	Nanyuan Avenue, Jiutai District, Changchun
Type Mix	Residential	Residential	Residential
Handover Condition	Bareshell	Bareshell	Bareshell
Asking Price (RMB)	4,708	4,800	4,593

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 2	Comparable 3
Condition	Downward	Downward	Downward
Amenities Factor	Downward	Downward	Upward
Environment	Upward	Upward	Upward
View	Upward	Upward	Upward
Age & Building and Decoration	Downward	Downward	Downward
Management	No adjustment	Downward	Upward
Adjusted Unit Price (RMB/sq m)	4,470	4,494	4,648
Weight	33.33%	33.33%	33.33%
Weighted Value (RMB/sq m)	1,490	1,498	1,549
Adopted weighted Unit Price (RMB/sq m)		4,500	

The adjustments to Comparables are:

- (a) Condition: Comparables 1-3 are all asking price which is generally higher than the transaction price.

Hence, downward adjustments have been applied to Comparables 1-3.

- (b) Amenities Factor: Amenities factor usually include commercial availability, dining and services, public services, recreational facilities, daily-life convenience and etc. Comparables 1-2 have superior amenities factor, however Comparables 3 has inferior amenities factor. Hence, downward adjustments on Amenities Factor have been applied to Comparables 1–2, upward adjustments on Amenities Factor have been applied to Comparables 3.
- (c) Environment: Environment factor usually include noise, air quality, greenery, and external nuisances and etc. Comparable 1-3 have more noise and less air quality than the Property. Hence, upward adjustments on Environment have been applied to Comparables 1-3.
- (d) View: View factor usually include orientation, floor level, sightlines and etc. The Property is situated higher up and can enjoy superior view compared to Comparables 1-3. Hence, upward adjustments on View have been applied to Comparables 1–3.
- (e) Age & Building and Decoration: Age & Building and Decoration factor usually include building age, maintenance, finishing quality, style and etc. As per our inspection findings and based on the information provided, Comparables 1-3 have superior interior condition than the Property. Hence, downward adjustments on Age & Building and Decoration have been applied to Comparables 1–3.
- (f) Management: Management factor usually include management level, security services, cleaning & sanitation common area maintenance and etc. Comparables 1 has the similar management services as the Property. Hence, no adjustments on Management have been applied to Comparable 1. Comparables 2 have superior management, however Comparables 3 has inferior management. Hence, downward adjustments on Management have been applied to Comparable 2, upward adjustments on Management have been applied to Comparable 3.
- (g) For the condition factor, we apply -3% for three comparables. For the amenities factor, the adjustment range is -2.2% to 1.7% for three comparables. Environmental factors fall within the category of locational factors, we apply 2.6% for three comparables. View, age & building and decoration, management fall within the category of property-specific factors, the overall adjustment range is -1.8% to -3.8% for three comparables.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Xinda Farmers' Market (新大農貿市場)	Broadway Plaza (百老匯名店廣場)	Longfeng Garden (龍鳳花園)
Detail Address	Intersection of Lekang Street and Minkang Road, Jiutai District, Changchun	No. 228 Xinhua Avenue, Jiutai District, Changchun	Minle Road, Jiutai District, Changchun
Level	1	1	1
Type Mix	Retail	Retail	Retail
Handover Condition	Bareshell	Bareshell	Bareshell
Asking Price (RMB)	10,900	11,300	6,383

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 2	Comparable 3
Condition	Downward	Downward	Downward
Established Retail Area	Downward	Downward	No adjustment
Age & Building and Decoration	Downward	Downward	Downward
Accessibility	Downward	Downward	No adjustment
Amenities Factor	No adjustment	Downward	No adjustment
Size	Downward	Downward	Downward
Environment	Downward	Downward	No adjustment
Road Frontage	Downward	Downward	Downward
Adjusted Unit Price (RMB/sq m)	8,500	8,670	5,392
Weight	33.33%	33.33%	33.33%
Weighted value (RMB/sq m)	2,833	2,890	1,797
Adopted weighted Unit Price (RMB/sq m)		7,500	

The adjustments to Comparables are:

- (a) Condition: Comparables 1-3 are all asking price which is generally higher than the transaction price.

Hence, downward adjustments have been applied to Comparables 1-3.
- (b) Established Retail Area: The effect on property value caused by being located in (or near) a well-established, established/active retail area. Comparables 1-2 have more mature and well-established retail environment than the Property. Comparable 3 has the similar retail environment with the Property. Hence, downward adjustments on Established Retail Area have been applied to Comparables 1-2.
- (c) Age & Building and Decoration: Age & Building and Decoration factor usually include building age, maintenance, finishing quality, style and etc. As per our inspection findings and based on the information provided, Comparables 1-3 have superior interior condition than the Property. Hence, downward adjustments on Age & Building and Decoration have been applied to Comparables 1-3.
- (d) Accessibility: The effect on property value caused by how easily the location can be reached and how well it is connected to key transport and amenities. Comparables 1-2 have more favorable accessibility with shorter travel times to public transportation and main roads than the Property. Hence, downward adjustments on Accessibility have been applied to Comparables 1-2.
- (e) Amenities Factor: Amenities factor usually include commercial availability, dining and services, public services, recreational facilities, daily-life convenience and etc. Comparable 2 has superior amenities factor. Hence, downward adjustments on Amenities Factor have been applied to Comparable 2.
- (f) Size: Based on our understanding, a larger area attracts quantum discounts. The sizes of Comparables 1-3 are smaller than that of the Property. Hence, downward adjustments on Size have been applied to Comparables 1-3.
- (g) Environment: Environment factor usually include noise, air quality, greenery, and external nuisances and etc. Comparable 1-2 have less noise and less air quality than the Property. Hence, downward adjustments on Environment have been applied to Comparables 1-2.
- (h) Road Frontage: For commercial properties, greater road frontage typically translates to higher visibility, increased window display space, and superior accessibility. As per our inspection findings and based on the information provided, Comparables 1-3 have superior Road Frontage than the Property. Hence, downward adjustments on Road Frontage have been applied to Comparables 1-3.
- (i) For the condition factor, we apply -3% for three comparables. For the Accessibility factor, the adjustment range is -2.5% to 0% for three comparables. For the amenities factor, the adjustment range is -1.25% to 0% for three comparables. For the size factor, we apply -4.4% for three comparables. Environmental factors and established retail area fall within the category of locational factors, the overall adjustment range is -4% to 0% for three comparables. Age & building and decoration and road frontage fall within the category of building quality factor, we apply -8.1% for three comparables.

All comparables we selected for residential and retail are bare shell which are the same as the Property.

In property valuation practice, the selection of a benchmark floor differs fundamentally between commercial and residential properties due to their distinct market dynamics and value drivers. For commercial properties, the ground floor (first floor) is universally adopted as the benchmark floor. For residential properties, the middle floors typically used as the benchmark.

Residential comparables were selected for valuing the residential portion of the Property, while retail comparables were selected for valuing the retail portion of the Property. We considers this approach appropriate because residential and retail properties are subject to different market dynamics, pricing characteristics and value drivers and are therefore analysed separately under the direct comparison approach.

ix) According to the information provided, as at the Valuation Date, residential portion of the Property with a total GFA of 4,739.58 sq.m. have been pre-sold with a total sales amount of approximately RMB26,457,348. As instructed by the Company, we have taken into account the said sales amount (i.e. RMB26,457,348) in our valuation. We consider the pre-sold price is in-line with the market condition, such inclusion is appropriate.

x) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
Real Estate Ownership Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Business License	Yes

xi) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. With respect to the land use rights and properties of Phase I for which the real estate ownership registration certificates have been obtained, Jilin Xisheng has lawfully acquired the relevant land use rights and property ownership, and the rights and interests thereof are protected by PRC laws. During the term of the said land use rights, Jilin Xisheng shall have the right to lawfully possess, use and develop the land use rights and properties, and shall also have the right to dispose of the relevant land use rights and properties through transfer, lease, mortgage or other lawful means.
2. With respect to the relevant properties of Phase I, Jilin Xisheng shall have the right to dispose of them through transfer, lease, mortgage or other lawful means.

VALUATION CERTIFICATE

		Market Value in									
		Existing State as at									
		31 May 2026									
Property	Description and Tenure	Particulars of Occupancy									
2	Unsold portion of Jiuxi Red House Phase 2 (九溪紅府二期), Intersection of Jiutai Yinbin Road and Wenti Avenue (extended section), Jiutai District, Changchun, Jilin Province, PRC According to the information provided, the Property comprises 480 units of residential, and 13 units of retail. The Property is in frame structure with a total gross floor area (GFA) of approximately 55,331.60 sq m, details of which are listed below: <table><tr><th>Portion</th><th>GFA (sq.m.)</th></tr><tr><td>Residential</td><td>53,622.09</td></tr><tr><td>Retail</td><td>1,709.51</td></tr><tr><td>Total:</td><td><u>55,331.60</u></td></tr></table> Pursuant to the land-use rights certificate provided, the land-use rights of the Property have been granted for two concurrent terms expiring on 16 July 2060 for commercial service use and 16 July 2090 for residential respectively.	Portion	GFA (sq.m.)	Residential	53,622.09	Retail	1,709.51	Total:	<u>55,331.60</u>	At the time of our inspection, the Property was vacant.	RMB268,000,000 (RENMINBI TWO HUNDRED SIXTY EIGHT MILLION)
Portion	GFA (sq.m.)										
Residential	53,622.09										
Retail	1,709.51										
Total:	<u>55,331.60</u>										

Notes:

- i) Pursuant to the Business License issued by the Changchun Market Supervision Administration Jiutai Branch, the basic information of Jilin Province Xisheng Real Estate Development Co., Ltd. (吉林省熙盛房地產開發有限公司) (hereinafter referred to as “**Jilin Xisheng**”), which is the indirect wholly owned subsidiary of the Company, is as follows:

Enterprise Name:	Jilin Xisheng Real Estate Development Co., Ltd.
Social Credit Code	91220100MA17JA1F52
Type	Limited Liability Company (sole proprietorship of a legal entity invested or controlled by a natural person)
Legal Representative	Yin Chuan Xu
Registered Capital	RMB30,000,000
Date of Establishment	3 June 2020
Operating Period	3 June 2020 to 3 June 2040
Address	Yingbin Road (Jiuxi Red House Sales Office), Jiutai District, Changchun City
Scope of Business	Real estate development and operation (projects that require approval by law can only be carried out after approval by relevant departments).

- ii) Pursuant to the following Real Estate Ownership Certificates, the ownership of the Property has been granted to Jilin Xisheng. The details are listed below:

No.	Certificate No.	GFA	Site Area
1	Ji (2023) Jiutai Qu Bu Dong Chan Quan Di 0009591 Hao	Residential	28,028.00
		Total:	28,028.00

- iii) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Jilin Xisheng. Details are listed below:

No.	Certificate No.	Issue Date	Usage	Site Area
1	Di Zi Di 220113202210007 Hao	23 June 2022	Commercial and Residential	28,028.00
			Total:	28,028.00

- iv) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Jilin Xisheng. Details are listed below:

No.	Certificate No.	Construction Scale	Construction Scale
1	Jian Zi Di 220113202210021 Hao	7 November 2022	62,824.98
		Total:	62,824.98

- v) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Jilin Xisheng. Details are listed below:

No.	Certificate No.	Issue Date	Project Name	Construction Scale
1	No. 220113202305150101	15 May 2023	Guangze Jiuxi Red House (Phase 2) First Section (Y1,Y2,G1,G2,G3)	29,221.07
2	No. 220113202305120101	12 May 2023	Guangze Jiuxi Red House (Phase 2) Second Section	33,603.91
Total:				62,824.98

- vi) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Jilin Xisheng. Details are listed below:

No.	Certificate No.	Project Name	Issue Date	GFA
1	Jiu Fang Shou Zheng (2023) Di 017 Hao	Guangze Jiuxi Red House (Phase 2) 1#	11 August 2023	4,325.86
2	Jiu Fang Shou Zheng (2023) Di 018 Hao	Guangze Jiuxi Red House (Phase 2) 2#	11 August 2023	11,285.44
3	Jiu Fang Shou Zheng (2023) Di 019 Hao	Guangze Jiuxi Red House (Phase 2) 3#	11 August 2023	5,983.00
4	Jiu Fang Shou Zheng (2023) Di 020 Hao	Guangze Jiuxi Red House (Phase 2) 5#	11 August 2023	3,116.75
5	Jiu Fang Shou Zheng (2023) Di 021 Hao	Guangze Jiuxi Red House (Phase 2) 6#	11 August 2023	10,842.12
6	Jiu Fang Shou Zheng (2023) Di 022 Hao	Guangze Jiuxi Red House (Phase 2) 7#	11 August 2023	2,996.76
7	Jiu Fang Shou Zheng (2023) Di 023 Hao	Guangze Jiuxi Red House (Phase 2) 8#	11 August 2023	4,230.04
8	Jiu Fang Shou Zheng (2023) Di 024 Hao	Guangze Jiuxi Red House (Phase 2) 9#	11 August 2023	10,842.12
9	Jiu Fang Shou Zheng (2023) Di 025 Hao	Guangze Jiuxi Red House (Phase 2) G1#	11 August 2023	1,709.51
Total:				55,331.60

- vii) The general description and market information of the Property are summarized below:

Location	The Property is located Intersection of Jiutai Yinbin Road and Wentu Avenue (extended section), Jiutai District, Changchun, Jilin Province, PRC
Transportation	Changchun Longjia International Airport is located approximately 14.2 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area	The subject area is a predominately residential and commercial area.

- viii) In assessing the market value of the Property, we have made reference to sales prices of similar properties in the vicinity. Comparable properties are located in the same district with similar conditions, size and tenure, etc. Comparable that had been selected include retail (Level 1) ranges from RMB6,400 to RMB11,300 psm; residential ranges from RMB4,600 to RMB4,800 psm. In the course of our valuation, we have considered the relevant adjustment factors such as the location, condition, size, tenure, etc. to determine the unit price of the Property. The summary of the comparables referred to in this approach are presented below:

	Comparable 1	Comparable 2	Comparable 3
Property Name	Huaheng Nanshan Mansion (華恆南山公館)	Phase III Phoenix City (鳳凰城三期)	Senlin Yujing (佳隆香墅灣)
Detail Address	No. 58 Changtong Road, Jiutai District, Changchun	Xihuan Road, Jiutai District, Changchun	Nanyuan Avenue, Jiutai District, Changchun
Type Mix	Residential	Residential	Residential
Handover Condition	Bareshell	Bareshell	Bareshell
Asking Price (RMB)	4,708	4,800	4,593

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 2	Comparable 3
Condition	Downward	Downward	Downward
Amenities Factor	Downward	Downward	Upward
Environment	Upward	Upward	Upward
View	Upward	Upward	Upward
Management	No adjustment	Downward	Upward
Adjusted Unit Price (RMB/sq m)	4,610	4,664	4,789
Weight	33.33%	33.33%	33.33%
Weighted value (RMB/sq m)	1,537	1,555	1,596
Adopted weighted Unit Price (RMB/sq m)		4,700	

The adjustments to Comparables are:

- (a) Condition: Comparables 1-3 are all asking price which is generally higher than the transaction price.

Hence, downward adjustments have been applied to Comparables 1-3.

- (b) Amenities Factor: Amenities factor usually include commercial availability, dining and services, public services, recreational facilities, daily-life convenience and etc. Comparables 1-2 have superior amenities factor, however Comparables 3 has inferior amenities factor. Hence, downward adjustments on Amenities Factor have been applied to Comparables 1-2, upward adjustments on Amenities Factor have been applied to Comparables 3.
- (c) Environment: Environment factor usually include noise, air quality, greenery, and external nuisances and etc. Comparable 1-3 have more noise and less air quality than the Property. Hence, upward adjustments on Environment have been applied to Comparables 1-3.
- (d) View: View factor usually include orientation, floor level, sightlines and etc. The Property is situated higher up and can enjoy superior view compared to Comparables 1-3. Hence, upward adjustments on View have been applied to Comparables 1-3.
- (e) Management: Management factor usually include management level, security services, cleaning & sanitation common area maintenance and etc. Comparables 1 has the similar management services as the Property. Hence, no adjustments on Management have been applied to Comparable 1. Comparables 2 has superior management, however Comparables 3 has inferior management. Hence, downward adjustments on Management have been applied to Comparable 2, upward adjustments on Management have been applied to Comparable 3.
- (f) For the condition factor, we apply -3% for three comparables. For the amenities factor, the adjustment range is -2.2% to 1.7% for three comparables. Environmental factors fall within the category of locational factors, we apply 2.6% for three comparables. View and management fall within the category of property-specific factors, the overall adjustment range is -0.25% to 1.3% for three comparables.

	Comparable 1	Comparable 2	Comparable 3
Property Name	Xinda Farmers' Market (新大農貿市場)	Broadway Plaza (百老匯名店廣場)	Longfeng Garden (龍鳳花園)
Detail Address	Intersection of Lekang Street and Minkang Road, Jiutai District, Changchun	No. 228 Xinhua Avenue, Jiutai District, Changchun	Minle Road, Jiutai District, Changchun
Level	1	1	1
Type Mix	Retail	Retail	Retail
Handover Condition	Bareshell	Bareshell	Bareshell
Asking Price (RMB)	10,900	11,300	6,383

The major adjustments made to comparables are as follows:

	Comparable 1	Comparable 2	Comparable 3
Condition	Downward	Downward	Downward
Established Retail Area	Downward	Downward	No adjustment
Accessibility	Downward	Downward	No adjustment
Amenities Factor	No adjustment	Downward	No adjustment
Size	Downward	Downward	Downward
Environment	Downward	Downward	No adjustment
Road Frontage	Downward	Downward	Downward
Adjusted Unit Price (RMB/sq m)	9,122	9,316	5,757
Weight	33.33%	33.33%	33.33%
Weighted value (RMB/sq m)	3,041	3,105	1,919
Adopted weighted Unit Price (RMB/sq m)		8,000	

The adjustments to Comparables are:

- (a) Condition: Comparables 1-3 are all asking price which is generally higher than the transaction price.

Hence, downward adjustments have been applied to Comparables 1-3.
- (b) Established Retail Area: The effect on property value caused by being located in (or near) a well-established, established/active retail area. Comparables 1-2 have more mature and well-established retail environment than the Property. Comparable 3 has the similar retail environment with the Property. Hence, downward adjustments on Established Retail Area have been applied to Comparables 1-2.
- (c) Accessibility: The effect on property value caused by how easily the location can be reached and how well it is connected to key transport and amenities. Comparables 1-2 have more favorable accessibility with shorter travel times to public transportation and main roads than the Property. Hence, downward adjustments on Accessibility have been applied to Comparables 1-2.
- (d) Amenities Factor: Amenities factor usually include commercial availability, dining and services, public services, recreational facilities, daily-life convenience and etc. Comparable 2 has superior amenities factor. Hence, downward adjustments on Amenities Factor have been applied to Comparable 2.
- (e) Size: Based on our understanding, a larger area attracts quantum discounts. The sizes of Comparables 1-3 are smaller than that of the Property. Hence, downward adjustments on Size have been applied to Comparables 1-3.

- (f) Environment: Environment factor usually include noise, air quality, greenery, and external nuisances and etc. Comparable 1-2 have less noise and less air quality than the Property. Hence, downward adjustments on Environment have been applied to Comparables 1-2.
- (g) Road Frontage: For commercial properties, greater road frontage typically translates to higher visibility, increased window display space, and superior accessibility. As per our inspection findings and based on the information provided, Comparables 1-3 have superior Road Frontage than the Property. Hence, downward adjustments on Road Frontage have been applied to Comparables 1-3.
- (h) For the condition factor, we apply -3% for three comparables. For the Accessibility factor, the adjustment range is -2.5% to 0% for three comparables. For the amenities factor, the adjustment range is -1.25% to 0% for three comparables. For the size factor, we apply -4.4% for three comparables. Environmental factors and established retail area fall within the category of locational factors, the overall adjustment range is -4% to 0% for three comparables. Road frontage fall within the category of building quality factor, we apply -2.4% for three comparables.

All comparables we selected for residential and retail are bare shell which are the same as the Property.

In property valuation practice, the selection of a benchmark floor differs fundamentally between commercial and residential properties due to their distinct market dynamics and value drivers. For commercial properties, the ground floor (first floor) is universally adopted as the benchmark floor. For residential properties, the middle floors typically used as the benchmark.

Residential comparables were selected for valuing the residential portion of the Property, while retail comparables were selected for valuing the retail portion of the Property. We considers this approach appropriate because residential and retail properties are subject to different market dynamics, pricing characteristics and value drivers and are therefore analysed separately under the direct comparison approach.

- ix) According to the information provided, as at the Valuation Date, residential portion of the Property with a total GFA of 9,018.53 sq.m and retail portion of the Property with a total GFA of 257.38 sq.m. have been pre-sold with a total sales amount of approximately RMB46,995,496. As instructed by the Company, we have taken into account the said sales amount (i.e. RMB46,995,496) in our valuation. We consider the pre-sold price is in-line with the market condition, such inclusion is appropriate.
- x) In 2024, Jilin Xisheng had certain construction cost payable to an Independent Third Party contractor, which amounted to approximately RMB3.6 million, being overdue and no subsequent settlement has been made by Jilin Xisheng to the contractor. The contractor has originally taken legal proceeding against Jilin Xisheng to resolve this matter, and the court has ordered to seal off eight residential units of Jilin Xisheng with a total GFA of 1,027.55 sq.m. (the “**Sealed Properties**”). After numerous rounds of discussions between the contractor and Jilin Xisheng, the parties have mutually agreed to enter into an execution settlement agreement dated 4 March 2026 (the “**Execution Settlement Agreement**”), where a settlement plan has been made.

According to the legal opinion on the Property prepared by the Client’s PRC legal advisor, as at the Valuation Date, the Sealed Properties were remained sealed with a total valuation amount of approximately RMB4,800,000. We have taken into account and included the said amount (i.e. RMB4,800,000) in our valuation.

- xi) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
Real Estate Ownership Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Business License	Yes

- xii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, inter alia, the following information:

1. With respect to the Phase II construction project, with respect to the construction-in-progress and the land use rights for which the real estate ownership registration certificates have been obtained as set out in "Part I – Project Specifics" of this legal opinion, Jilin Xisheng has lawfully acquired the relevant land use rights, and the rights and interests thereof are protected by PRC laws. During the term of the said land use rights, Jilin Xisheng shall have the right to lawfully possess, use and develop the land use rights, and shall also have the right to dispose of the relevant land use rights through transfer, lease, mortgage or other lawful means.
2. With respect to the Phase II construction project, according to the Company's confirmation, although property registration has been completed for certain properties, the construction acceptance procedures and relevant documents are still in the process of being processed. If, in the future, the Jiutai Xisheng Phase II construction project lawfully completes all construction acceptance procedures and relevant documents, Jilin Xisheng shall have the right to lawfully possess, use and develop the relevant properties for which property ownership certificates have been obtained, and shall also have the right to dispose of the relevant properties for which property ownership certificates have been obtained through transfer, lease, mortgage or other lawful means.
3. With respect to the relevant Sealed Properties, Jilin Xisheng shall not, prior to the lawful release of the seal, dispose of the said sealed properties without authorization through transfer, lease, mortgage or any other means. However, Jilin Xisheng shall have the right to dispose of the relevant properties through transfer, lease, mortgage or other lawful means under any of the following circumstances:
 - i) After payment in full is made pursuant to the Execution Settlement Agreement and the People's Court releases the relevant seal; or
 - ii) Regardless of whether the Execution Settlement Agreement has been fully performed, after obtaining the consent of the sealing applicant and the People's Court releases the relevant seal.

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 Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

This circular includes particulars given in compliance with the Takeovers Code. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. SHARE CAPITAL

The authorised issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the completion of the issue of Subscription Shares and the Scheme Shares are as follows:

(i) Share capital as at the Latest Practicable Date:

<i>Authorised share capital</i>	<i>HK\$</i>
<u>78,000,000,000</u> Shares	<u>780,000,000</u>
<i>Authorised unlisted limited voting non-redeemable convertible preference shares</i>	
<u>22,696,764,705</u> Shares	<u>226,967,647.05</u>
<i>Issued and fully paid or credited as fully paid</i>	
<u>360,181,940</u> Shares	<u>3,601,819.40</u>

- (ii) **Share capital immediately after the completion of the issue of the Subscription Shares and the Scheme Shares in full (assuming that there are no other changes in the share capital of the Company from the Latest Practicable Date up to completion of the issue of the Subscription Shares and the Scheme Shares):**

<i>Authorised share capital</i>		<i>HK\$</i>
<u>78,000,000,000</u>	Shares	<u>780,000,000</u>
<i>Authorised unlisted limited voting non-redeemable convertible preference shares</i>		
<u>22,696,764,705</u>	Shares	<u>226,967,647.05</u>
<i>Issued and fully paid or credited as fully paid</i>		
360,181,940	Shares	3,601,819.40
260,000,000	Subscription Shares of HK\$0.01 each to be allotted and issued	2,600,000.00
<u>4,742,453,691</u>	Scheme Shares of HK\$0.01 each to be allotted and issued	<u>47,424,536.91</u>
<u>5,362,635,631</u>		<u>53,626,356.31</u>

When fully paid and allotted, the Subscription Shares and the Scheme Shares, which will be allotted and issued under the Specific Mandate, will rank *pari passu* in all respects, including all rights as to dividend, voting and interest in capital, among themselves and with the Shares in issue as at the date of allotment and issue of the Subscription Shares and the Scheme Shares.

The Shares in issue are listed on the Main Board of the Stock Exchange. No part of the equity or debt securities of the Company is listed or dealt in, nor is listing or permission to deal in the Shares or loan capital of the Company being, or proposed to be, sought on any other stock exchange.

There are no arrangements under which future dividends will be waived or agreed to be waived.

As at the Latest Practicable Date, no capital of any member of the Group was under option or agreed conditionally or unconditionally to be put under option, and there have not been any alterations in the capital of any member of the Group since the publication of the annual results announcement of the Company for the year ended 31 March 2026 and up to the Latest Practicable Date.

As at the Latest Practicable Date, no shares, options, warrants, conversion rights or any equity or debt securities of the Company was outstanding or was proposed to be issued for cash or otherwise and no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any such capital, except for the Subscription Shares and the Scheme Shares.

Since 31 March 2026, the date to which the latest audited financial statements of the Company were made up, and up to the Latest Practicable Date, no Shares have been allotted and issued by the Company. No part of the equity or debt securities of the Company is listed or dealt in, nor is listing or permission to deal in the Shares or loan capital of the Company being, or proposed to be, sought on any other stock exchange.

3. MARKET PRICES

The table below shows the closing prices of the Shares quoted on the Stock Exchange on (a) the last trading day in each of the calendar months during the Relevant Period; (b) the Last Trading Day; and (c) the Latest Practicable Date:

Date	Closing price per Share (HK\$)
30 January 2026	0.710
27 February 2026	0.790
31 March 2026	0.690
30 April 2026	0.660
29 May 2026	0.620
30 June 2026	0.740
15 July 2026 (Last Trading Day)	0.720
31 July 2026	0.520
21 August 2026 (Latest Practicable Date)	0.600

The lowest and highest closing market prices of the Shares recorded on the Stock Exchange during the Relevant Period were HK\$0.420 on 19 and 20 May 2026 and HK\$0.920 on 24 June 2026 respectively.

4. DISCLOSURE OF INTERESTS

(a) Interest of Directors

As at the Latest Practicable Date, the interests and short positions, of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Listing Rules relating to securities transactions by Directors or (iv) required to be disclosed under the Takeovers Code were as follows:

Long position in Shares and underlying Shares

Name of Director	Capacity	Number of Shares held/ interested	Approximate percentage of holding
Mr. Cui	Interest of spouse	42,500	0.01%

(b) Interest of substantial Shareholders

As at the Latest Practicable Date, so far as is known to Directors or chief executive of the Company and as required by Divisions 2 and 3 of Part XV of the SFO which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Long position in Shares and underlying Shares

Name of Shareholder	Capacity	Number of Shares held/ interested	Approximate percentage of holding
Charm Success	Registered owner	18,356,035 (Notes 2, 3)	5.10%
Ka Yik	Registered owner	89,739,018 (Notes 2, 3, 4)	24.91%
TMF (Cayman) Ltd.	Trustee	108,095,053 (Notes 2, 3, 4)	30.01%
Deep Wealth Holding Limited ("Deep Wealth")	Interest in controlled corporation	108,095,053 (Notes 2, 3, 4)	30.01%
Ms. Cui Xintong ("Ms. Cui")	Interest in controlled corporation	108,724,681 (Notes 2, 3, 4)	30.19%
Mr. Lee Ken-yi Terence ("Mr. Lee")	Interest of spouse	108,724,681 (Notes 2, 3, 4, 8)	30.19%
Carman Century Investment Limited	Interest in controlled corporation	52,000,000 (Note 5)	14.44%

Name of Shareholder	Capacity	Number of Shares held/ interested	Approximate percentage of holding
China Investment Fund Company Limited	Interest in controlled corporation	52,000,000 (Note 5)	14.44%
China Investment Fund International Financial Group Limited	Registered owner	52,000,000 (Note 5)	14.44%
Integrated Asset Management (Asia) Limited	Beneficial owner	18,964,950 (Note 6)	5.26%
Mr. Yam Tak Cheung ("Mr. Yam")	Interest in controlled corporation	18,964,950 (Note 6)	5.26%
Mr. Jiang Jinbo ("Mr. Jiang")	Interest in controlled corporation and beneficial owner	31,500,000 (Note 7)	8.75%

Notes:

1. The percentage is calculated on the basis of 360,181,940 issued voting Shares as at the Latest Practicable Date.
2. As at the Latest Practicable Date, these 108,724,681 Shares consist of (i) 18,356,035 Shares held by Charm Success; (ii) 89,739,018 Shares held by Ka Yik; and (iii) 629,628 Shares held by Ms. Cui herself. Charm Success and Ka Yik are companies wholly owned by Deep Wealth, which is in turn held by TMF (Cayman) Ltd. as the trustee of the Ground Trust. The Ground Trust is a discretionary trust set up by Ms. Cui as settlor and protector, and TMF (Cayman) Ltd. as trustee on 27 July 2016. By virtue of the SFO, Ms. Cui is deemed to be interested in the securities of the Company held by Charm Success and Ka Yik, and such interest duplicated the interest of Charm Success, Ka Yik, Mr. Lee (Ms. Cui's spouse) for the purpose of SFO.
3. On 29 July 2022, Ka Yik has entered into several sale and purchase agreements with each of the purchasers separately in relation to the proposed disposal of an aggregate of 3,300,000,000 Shares (being 165,000,000 Shares upon completion of the Company's share consolidation on 17 January 2025). As at the Latest Practicable Date, three sale and purchase agreements with 83,000,000 Shares has not taken place and the transaction has not completed yet. Accordingly, Ka Yik remains to be the legal and beneficial owner of the 83,000,000 Shares, which includes 50,000,000 Shares stated in Note 4, as at the Latest Practicable Date.

4. Ka Yik entered into a sale and purchase agreement (the “SPA”) on 29 July 2022 pursuant to which Ka Yik agreed to sell 1,000,000,000 Shares (being 50,000,000 Shares upon completion of the Company’s share consolidation on 17 January 2025) (representing approximately 13.88% of the total issued share capital of the Company as at the Latest Practicable Date) to Tianfeng International Holding Limited (“**Tianfeng**”). Tianfeng is a company wholly owned by Jilin Wanding Holdings Group Co., Ltd.*, which 90%, 5% and 5% of its shares are owned by (i) Mr. Sui Guangyi (“**Mr. Sui**”), a former non-executive Director; (ii) Mr. Wang Jian (王健), an independent third party; and (iii) Ms. Wang Min (王敏), an independent third party, respectively. As at the Latest Practicable Date, while Tianfeng shall be deemed to be interested in those 50,000,000 Shares via its interests in the SPA, as Tianfeng has not yet fulfilled all of the obligations undertaken by it (i.e. the only outstanding obligation being the undertaking by Tianfeng to procure the Group to discharge any corporate guarantee given by Ka Yik or its associates as a security for the Group’s borrowing when fall due or upon re-financing), notwithstanding the consideration payable by Tianfeng under the SPA has been fully settled, the completion of the SPA has not taken place and the transaction has not completed yet. Accordingly, Ka Yik remains to be the legal and beneficial owner of the 50,000,000 Shares as at the Latest Practicable Date.
5. These 52,000,000 Shares are held by China Investment Fund International Financial Group Limited. China Investment International Financial Group Limited and China Investment Fund Company Limited are all wholly owned subsidiaries of Carmen Century Investment Limited (“**Carmen Century**” and formerly as Ding Yi Feng Holding Group International Limited). Carmen Century is a company incorporated in the Cayman Islands, whose shares are listed on the Main Board of the Stock Exchange.
6. Integrated Asset Management (Asia) Limited is a company wholly and beneficially owned by Mr. Yam. Mr. Yam deemed to be interested in those Shares by virtue of being its controlling shareholder under SFO. The interests duplicate each other.
7. These 31,500,000 Shares consists of (i) 16,500,000 Shares held by Mr. Jiang himself; and (ii) 15,000,000 Shares held by Yuanhui International Holding Limited* (元匯國際控股有限公司), which is in turn wholly owned by Shenzhen Dingxin Holding Group Company Limited* (深圳市鼎新控股集團有限公司) (“**Shenzhen Dingxin**”). Shenzhen Dingxin is wholly and beneficially owned by Mr. Jiang. Mr. Jiang is both interested in and deemed to be interested in those Shares by virtue of being its controlling shareholder under SFO. Accordingly, Mr. Jiang is deemed to be interested in a total of 31,500,000 Shares by virtue of Part XV of the SFO.
8. Mr. Lee is the spouse of Ms. Cui, the business development director and directors of certain subsidiaries of the Group. Mr. Lee is deemed to be interested in those securities by virtue of being Ms. Cui’s spouse under the SFO and such interest duplicated to Ms. Cui’s interest for the purpose of SFO. All of the relevant underlying shares are unlisted and physically settled under SFO.

Saved as disclosed above, as at the Latest Practicable Date, so far as is known to Directors, no other person (other than the Directors and the chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, were, directly or indirectly, interested in 10% or more of the issued share capital of any class of share capital, including options in respect of such capital, carrying rights to vote in all circumstances at general meeting of any other member of the Group or had any option in respect of such capital.

5. DIRECTORS' INTERESTS

As at the Latest Practicable Date, no Director was interested in any business (other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or any member of the Group) which were considered to compete or were likely to compete, whether directly or indirectly, with the businesses of the Group.

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been 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 since 31 March 2026, being the date to which the latest published audited consolidated financial statements of the Company were made up.

As at the Latest Practicable Date, there is no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director is materially interested and significant to the business of the Group.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any members of the Group which is not expiring or determinable by the Group within one year without payment of compensations other than statutory compensation.

7. LITIGATIONS

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and, no litigation or claims of material importance is pending or threatened by or against the Company and any of its subsidiaries.

8. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associates were considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group other than those businesses to which the Directors and his close associates were appointed to represent the interests of the Company and/or the Group.

9. MATERIAL CONTRACTS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the following contracts had been entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the Latest Practicable Date, which are or may be material:

- (a) the Restructuring Framework Agreement (as may be amended or supplemented from time to time) relating to the Proposed Restructuring;
- (b) the Supplemental Restructuring Framework Agreement;
- (c) the Subscription Agreement;
- (d) the Funding Agreement;
- (e) the conditional equity transfer agreement dated 18 September 2025 entered into between 吉林省融裕投資有限公司 (Jilin Rongyu Investment Co., Ltd*) as seller and 長春市納百利商貿有限公司 (Changchun Nabaili Trading Company Limited*) as purchaser in relation to the disposal of the entire equity interest in 華音國際控股(敦化)有限公司 (Hua Yin International Holdings (Dunhua) Company Limited*) holding a potential property project in Dunhua City, Jilin Province at a consideration of RMB1.0, details of which are set out the announcements 18 September 2025;
- (f) the conditional equity transfer agreement dated 28 July 2025 (together with the extension letters dated 10 December 2025) entered into between 吉林省融利投資有限公司 (Jilin Province Rongli Investment Company Limited*), 吉林省融裕投資有限公司 (Jilin Province Rongyu Investment Company Limited*), 長春市融裕商貿有限公司 (Changchun Province Rongyu Commercial Company Limited*) and 吉林省廣物業投資有限公司 (Jilin Ground Property Investment Company Limited*) as sellers and 白山市昇達商貿有限公司 (Baishan Shengda Commercial Company Limited*) as purchaser in relation to the disposal of the entire equity interest in 長春市築家房地產開發有限公司 (Changchun Zhujia Real Estate Development Company Limited*), 延吉市惠澤房地產開發有限公司 (Yanji Huize Real Estate Development Company Limited*), 白山市廣澤房地產開發有限公司 (Baishan Ground Real Estate Development Company Limited*) and 白山市廣澤商業管理有限公司 (Baishan Ground Business Management Company Limited*) holding the property projects in Baishan City and Yanji City, Jilin Province at a consideration of RMB1.0, details of which are set out the announcement of the Company dated 28 July 2025, 27 August 2025, 12 December 2025, and 31 March 2026 and the circular of the Company dated 16 September 2025, respectively; and

- (g) the equity transfer agreement dated 25 October 2024 (together with the extension letters dated 28 March 2025 and 30 June 2025, respectively) entered into between Goodyear International Capital Limited and 長春市融裕商貿有限公司 (Changchun Rongyu Trading Company Limited*) as sellers and 長春市納百利商貿有限公司 (Changchun Nabaili Trading Company Limited*) as purchaser in relation to the disposal of the entire equity interest in 吉林省廣澤旅遊開發有限公司 (Jilin Province Ground Tourism Development Company Limited*) holding the property project in Fusong County, Jilin Province at a consideration of RMB1.0, details of which are set out the announcements of the Company dated 25 October 2024, 28 March 2025 and 30 June 2025 and the circular of the Company dated 29 November 2024, respectively.

10. EXPERTS AND CONSENTS

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

Name	Qualification
Colliers Appraisal & Advisory Services (Shanghai) Co., Ltd.	an independent property valuer
Jun Hui International Finance Limited	a licensed corporation permitted to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Each of the experts has given and has not withdrawn its consent to the issue of this circular with the inclusion herein of its letter, report and/or reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the experts did not have any shareholding, directly or indirectly, in any member of the Group, nor did they have 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, the experts did not have any interest, either direct or indirect, in any assets which had been, since 31 March 2026 (being the date to which the latest published audited accounts of the Group 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.

11. DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY**(a) Business addresses**

The business address of all the Directors and senior management of the Company is the same as the address of the Company's principal place of business at Room 1304, 13th Floor, China Resources Building, No. 26 Harbour Road, Wanchai, Hong Kong.

(b) Biographical details**EXECUTIVE DIRECTORS**

Mr. Xu Yingchuan ("Mr. Xu"), aged 53, was appointed as an executive Director of the Company in March 2021 and has been a director in various subsidiaries of the Company. Mr. Xu appointed as the acting chairperson of the Board, the chairperson and member of Nomination Committee and member of Remuneration Committee on 30 May 2025. Mr. Xu joined the Ground Real Estate Group ("**Real Estate Group**") in October 2009, as a design director, responsible for the design management of Amethyst City in Jilin City. He was promoted to vice general manager of research and development centre of the Real Estate Group in November 2010 and responsible for the design management of Amethyst City and Guangze International Shopping Centre of the Real Estate Group. He was further promoted to the general manager of the research and development centre of the Real Estate Group in September 2011 and responsible for design management of all projects of the Real Estate Group. Mr. Xu was appointed as project general manager of 延吉市惠澤房地產開發有限公司 (Yanji Huize Real Estate Development Company Limited*) in May 2012. Mr. Xu is responsible for the overall operation of the Guangze Red House. Prior to joining the Real Estate Group, Mr. Xu was a chief project management officer of 長春中東房地產開發有限公司 (Changchun Zhongdong Real Estate Development Company Limited*) from October 2007 to September 2009. Mr. Xu was the officer of architecture department in 吉林省建苑設計集團有限公司 (Jilin Jianyuan Design Group Company Limited*) from August 1994 to October 2007. Mr. Xu obtained his Bachelor degree of Science in Architecture from Jilin Institute of Architecture and Civil Engineering (吉林建築工程學院), the PRC in July 1994.

Mr. Li Junjie ("Mr. Li"), aged 66, was appointed as executive Director and chief executive officer of the Company in September 2020. Mr. Li has worked in various county and city government departments in Yanbian Prefecture, Jilin Province for more than 37 years. He is responsible for government general management, strategic policy and decision-making, investment promotion, urban and rural economy, and management in new development zone. Prior to joining the Company, Mr. Li had joined the government department in Yanbian prefecture, Jilin Province since December 1982 and held important positions in different cities. He served as the Executive Deputy Mayor of Helong City Government of Yanbian Prefecture, Jilin Province from 1998 to 2005. He served as Executive Deputy Mayor and District Director of Yanji City Government, Yanbian Prefecture, Jilin Province from 2006 to 2013. He served as the Chairman of the Standing Committee of Yanji Municipal People's Congress in Yanbian Prefecture, Jilin Province from 2013 to 2018. When he retired from the government in December 2018, he worked as President in Yanji Chamber of Commerce of Enterprises until now. Mr. Li

graduated from the Physics Department of Jilin Provincial Institute of Education in 1986 and completed the postgraduate course of Peking University's enterprise development strategy major in July 1999.

Mr. Cong Peifeng (“Mr. Cong”), aged 49, had been a non-executive Director of the Company since December 2017 before being redesignated as an executive Director of the Company in March 2021, and has been a legal representative in various subsidiaries of the Company. Mr. Cong appointed as Authorised Representative of the Company on 5 June 2025. Mr. Cong has over 24 years of experience in tourism management and hospitality management. He has been the deputy general manager of the administration and human resources department of 廣澤投資控股集團有限公司 (Ground Investment Holding (Group) Limited*) since 2016, and has been a distinguished lecturer of tourism management profession at Changchun Vocational Institute of Technology since 2014. Mr. Cong had served as supervisor, deputy manager or manager of different departments in South Lake Hotel from 2002 to 2016. He received a Bachelor degree in Economics from Changchun University in 2000 and graduated from the postgraduate programme of Tourism Economic of Shanghai Academy of Social Sciences in 2002. Mr. Cong is the director of Ground Group HK.

NON-EXECUTIVE DIRECTORS

Mr. Cui Mindong (“Mr. Cui”), aged 60, was appointed as a non-executive Director of the Company in November 2021. Mr. Cui has been the chairman of 廣澤投資控股集團有限公司 (Guangze Investment Holdings Group Company Limited*) from 2010 up to now. For the period from 2001 to 2010, Mr. Cui was the chairman of 吉林省廣澤集團有限公司 (Jilin Province Guangze Group Company Limited*). Mr. Cui was working as a manager of 吉林省儲備糧公司長春分公司 (Jilin Province Grain Reserve Company – Changchun Branch) for the period from 1999 to 2001 respectively. Mr. Cui graduated from Jilin Agricultural University major in agricultural studies in 1988; and obtained an EMBA degree at Cheung Kong Graduate School of Business in 2008. Mr. Cui is the father of Ms. Cui.

Mr. Chiu Sin Nang Kenny (“Mr. Chiu”), aged 64, was appointed as a non-executive Director of the Company with effect from 30 May 2025. Mr. Chiu, has over 36 years of experience in accounting. He has held various senior accounting and finance positions in sectors of property investment and development, and information technology development business. He is currently a director of Hong Kong International Family Office Limited. Mr. Chiu was appointed as an executive director of Sinopharm Tech Holdings Limited (a company whose shares are listed on the Stock Exchange with stock code 8156) on 2 June 2025. Mr. Chiu was an executive director of Kin Shing Holdings Limited (a company whose shares are listed on the Stock Exchange with stock code 1630) and an independent non-executive director of KEYNE Limited (“KEYNE”) (formerly known as Nine Express Limited, a company whose shares are listed on the Stock Exchange with stock code 0009), Sincere Watch (Hong Kong) Limited (a company whose shares are listed on the Stock Exchange with stock code 0444), Baijin Life Science Holdings Limited (formerly known as Affluent Partners Holdings Limited, a company whose shares are listed on the Stock Exchange with stock code 1466) and Coolpad Group Limited (a company whose shares are listed on the Stock Exchange with stock code 2369). Mr. Chiu is a fellow member of professional accountant (FCPA) in Hong Kong and Australia. Mr. Chiu obtained a CFO Qualifying Training Certificate from Shanghai National Accounting Institute in June 2006, a Master of Accountancy degree from The Chinese University of Hong Kong in December 2006, a Bachelor of Laws degree from the Peking University, the People’s Republic of China in July 1998, a degree of Master of Commerce in Accounting from The University of New South Wales, Australia in May 1989, a Bachelor of Administrative Studies degree and a Bachelor of Arts (Economics) degree from York University in June 1986 and June 1985 respectively.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tsang Hung Kei (“Mr. Tsang”), aged 55, was appointed an independent non-executive Director, a member and chairperson of the Audit Committee, a member of the Nomination Committee and a Member of the Remuneration Committee of the Company in April 2019. On 29 June 2022, he was appointed as chairperson of the Remuneration Committee. Mr. Tsang has more than 30 years of experience in financial management and reporting and corporate governance. He is a Fellow of the Association of Chartered Certified Accountants, a Fellow of the Hong Kong Institute of Certified Public Accountants and a Fellow of the Institute of Chartered Accountants in England and Wales. Mr. Tsang had years of working experience in an international accounting firm and is currently the chief financial officer of Pak Fah Yeow International Limited, a company listed on the Main Board of the Stock Exchange and an executive director of its major subsidiaries. Mr. Tsang is also an independent non-executive director of China Success Finance Group Holdings Limited and Oriental Media Group Limited, the issued shares of both companies are listed on the Main Board. Mr. Tsang holds a Bachelor degree in computer science and accounting at the University of Manchester, United Kingdom.

Mr. Wang Xiaochu (“Mr. XC Wang”), aged 62, was appointed as an independent non-executive Director, a member of the Audit Committee, a member of the Remuneration Committee and a member of the Nomination Committee of the Company in July 2018. Mr. XC Wang has more than 26 years of experience in the legal profession in business investment, financing and mergers and acquisitions. He has served as corporate legal counsel for a number of sizeable companies since 2007, such as Jilin Investment Group, Jilin Agricultural Investment Group Co. Limited, etc. He is also currently a legal advisor to the Jilin Provincial Government, a decision-making advisory committee member of the Jilin Provincial Government, and a member of the 13th CPPCC National Committee of Changchun. Mr. XC Wang graduated from the China University of Political Science and Law in 1985 and was qualified as a Chinese lawyer in 1988. He has also published various academic theses on the theory and practice of Civil and Commercial Law.

Ms. Wang Meirong (“Ms. Wang”), aged 49, was appointed as an independent non-executive Director, a member of the Audit Committee, a member of the Remuneration Committee and a member of the Nomination Committee of the Company in October 2025. Ms. Wang has over 18 years of experience in capital markets, providing legal advice on risk management and control, business investment, financing, and mergers and acquisitions. She has worked as a legal representative at Nuo Rui De Investment Holdings Group Limited* (諾睿德投資控股集團有限公司) from March 2008 to March 2011. She served as a legal representative at Sino-ocean Property (Changchun)* (遠洋地產長春公司) from April 2011 to April 2017 and redesignated to the role of investment representative from May 2017 to May 2019. Ms. Wang was a honorary partner at Jilin Chuang Yi Law Firm* (吉林創一律師事務所) from June 2019 to September 2020. Since October 2020, she has been a honorary partner at Beijing Yingke (Changchun) Law Firm* (北京盈科(長春)律師事務所). Ms. Wang graduated from Chongqing Normal University with a bachelor of arts degree in Chinese language and literature education in 2000 and obtained a master’s degree in Economic Law from Jilin University in 2007.

SENIOR MANAGEMENT

Ms. Cui Xintong (“Ms. Cui”), aged 36, is a business development director and directors of certain subsidiaries of the Group and the substantial shareholder of the Company. Ms. Cui is responsible for exploring new business opportunities, formulating business plans and executing systematic prospecting, maintaining relationships with existing and potential business partners, developing, coaching and managing a team to deliver professional service and ensure business sustainability. Ms. Cui was the chairperson of the Board, member of the Remuneration Committee and chairperson and member of the Nomination Committee until 30 May 2025. She was also an assistant president of 廣澤投資控股集團有限公司 (Ground Investment Holding (Group) Limited*, a related company established in the PRC) from September 2013 to February 2015. Ms. Cui obtained her Bachelor degree of Science in Business Administration from Northeastern University, Boston, USA in August 2013. Ms. Cui is the daughter of Mr. Cui Mindong, the non-executive Director of the Company. She is the director of Ka Yik and Charm Success, each of which has interest in the shares and/or underlying shares of the Company.

Mr. Ng Man Kit Micky (“Mr. Ng”), aged 50, joined the Company as the finance and investor relations director in January 2015, where he was responsible for the Group’s financial management and general management of operation in Hong Kong until he was appointed as chief financial officer and company secretary of the Company in March 2016. Mr. Ng is also a director in various subsidiaries of the Company and is responsible for advising the Board on corporate governance matters. He reports to the chairperson of the Board directly and assists the Board in ensuring effective information flow among the Board members and that the Board policy and procedures are followed. Mr. Ng has extensive auditing and accounting experience having been with an international professional accounting firm for 15 years and is a fellow member of Hong Kong Institute of Certified Public Accountants. Mr. Ng obtained his joint degree of Bachelor of Science in Mathematics and Management Science from the University of Hull, United Kingdom in July 1998 and a Postgraduate diploma in Business Administration from the University of Birmingham, United Kingdom in June 1999.

12. CORPORATE INFORMATION

Registered office	Richmond House, 12 Par-la-Ville Road, Hamilton HM 08, Bermuda
Head office and principal place of business in Hong Kong	Room 1304, 13th Floor, China Resources Building, No. 26 Harbour Road, Wan Chai, Hong Kong
Authorised representative	Mr. Cong Peifeng Room 1304, 13th Floor, China Resources Building, No. 26 Harbour Road, Wan Chai, Hong Kong Mr. Ng Man Kit Micky Room 1304, 13th Floor, China Resources Building, No. 26 Harbour Road, Wan Chai, Hong Kong
Company secretary	Mr. Ng Man Kit Micky <i>Fellow member of Hong Kong Institute of Certified Public Accountants</i>
Legal advisors to the Company as to Hong Kong laws	CLKW Lawyers LLP 1901A, 1902 and 1902A, 19/F, New World Tower I, 16-18 Queen's Road Central, Central, Hong Kong
Auditor of the Company	Forvis Mazars CPA Limited <i>Certified Public Accountants</i> 42nd Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong
Principal banker	Hang Seng Bank Limited Hang Seng Bank Bldg., 83 Des Voeux Road Central, Hong Kong
Share registrar and transfer office	Tricor Investor Services Limited 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Independent Financial Adviser	Jun Hui International Finance Limited Unit 01-02, 16/F, Hing Yip Commercial Centre, 272-284 Des Voeux Road Central, Sheung Wan, Hong Kong

13. DOCUMENTS ON DISPLAY

Copies of the following documents will be available on the websites of the Company (www.chinacbsintl.com), the Stock Exchange (www.hkexnews.hk) and the SFC (www.sfc.hk) between the period from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association of the Company and bye-laws of the Company;
- (b) the 2024/2025 Annual Report and the 2025/2026 Annual Report;
- (c) the “Letter from the Board” as set out in this circular;
- (d) the “Letter from the Independent Board Committee” as set out in this circular;
- (e) the “Letter from the TC Independent Board Committee” as set out in this circular;
- (f) the “Letter from the Independent Financial Adviser” as set out in this circular;
- (g) the “Valuation Report” as set out in this circular;
- (h) the written consents referred to in the paragraph headed “10. Experts and Consents” in this appendix; and
- (i) the material contracts as referred to in the paragraph headed “9. Material Contracts” in this appendix.

14. GENERAL

If there is any inconsistency or ambiguity between the English version and the Chinese version of this circular, the English version shall prevail.

NOTICE OF SGM

CHINA CHANGBAISHAN INTERNATIONAL HOLDINGS LIMITED

中國長白山國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 989)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT a special general meeting (the “SGM”) of China Changbaishan International Holdings Limited (the “Company”) will be held at Room 901-5, 9/F, China Insurance Group Building, 141 Des Voeux Road Central, Central, Hong Kong on Wednesday, 9 September 2026 at 11:45 a.m. (or so soon after the conclusion or adjournment of the annual general meeting of the Company to be convened at 11:00 a.m. at the same place and date) to consider, and if thought fit, passing the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. **“THAT:**

- (a) the Restructuring Framework Agreement dated 15 July 2026, as supplemented by the Supplemental Restructuring Framework Agreement dated 20 August 2026 (as may be further amended or supplemented from time to time) relating to the Proposed Restructuring (together, the “**Restructuring Framework Agreement**”) (copies of which are produced to the SGM marked “A” and signed by the Chairman of the SGM for the purpose of identification) and entered into amongst the Company and Ground Group HK (“**Ground Group HK**”), in relation to the Proposed Restructuring of the capital, business and indebtedness of the Company comprising the Subscription and the Scheme (the “**Proposed Restructuring**”) be and are hereby approved, confirmed and ratified.”

2. **“THAT:**

- (a) the conditional subscription agreement dated 15 July 2026 (the “**Subscription Agreement**”) (a copy of which is produced to the SGM marked “B” and signed by the Chairman of the SGM for the purpose of identification) and entered into amongst the Company (as issuer) and the Ground Group HK (as subscriber), in relation to the subscription up to 260,000,000 new Shares (the “**Subscription Shares**”) at the subscription price of HK\$0.15 per Subscription Share and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) subject to the Listing Committee of the Stock Exchange granting the listing of and permission to deal in all of the Subscription Shares, the directors of the Company (the “**Directors**”) be and are hereby granted a specific mandate for the allotment and issue of the Subscription Shares in accordance with the terms of the Subscription Agreement; and
- (c) any Directors be and are hereby authorised to do all such things and acts and execute all documents (whether under common seal or not) as may be necessary, desirable or expedient to implement or to give effect to any matters relating to the Subscription Agreement and the transactions contemplated thereunder.”

NOTICE OF SGM

3. “**THAT** subject to and conditional upon, among others, the applicable laws of Bermuda and Hong Kong and the directions and sanctions of the High Court of Hong Kong (the “**Court**”), and to all the other resolutions set out in this notice being passed:
- (a) the proposed scheme of arrangement (the “**Scheme**”) material particulars whereof are disclosed in the scheme document of the Company despatched to all creditors of the Company (“**Creditors**”) (details of the major terms of the Scheme are set out in the section headed “Letter from the Board – (C) the Scheme” in the circular), which are to be proposed and effected as a scheme under section 670 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), be and are hereby approved, confirmed and ratified, subject to any modification thereof or addition thereof approved or imposed by the Court (if any);
 - (b) the proposed allotment and issue of an aggregate of 4,742,453,691 new Shares (the “**Scheme Share(s)**”) at the issue price of HK\$0.15 per Scheme Share on a pro-rata basis in accordance with the terms of the Scheme be and is hereby approved;
 - (c) subject to the Listing Committee of the Stock Exchange granting the listing of and permission to deal in all of the Scheme Shares, the Directors be and are hereby granted a specific mandate for the allotment and issue of the Scheme Shares in accordance with the terms of the Scheme; and
 - (d) the Directors be and are hereby authorised to do all such things and acts and execute all documents (whether under common seal or not) as may be necessary, desirable or expedient to implement or to give effect to any matters relating to the Scheme and the transactions contemplated thereunder.”
4. “**THAT** the proposed settlement of indebtedness under the Scheme which may result in proceeds to be distributed to the Creditors who are also shareholders of the Company as set out in the circular under the section headed “Letter from the Board – 7. Implications under the Listing Rules and the Takeovers Code – Takeovers Code implications – Special Deal”, which constitute special deals under Rule 25 of the Takeovers Code, be and are hereby approved, confirmed and ratified.”

By the order of the Board
China Changbaishan International Holdings Limited
Ng Man Kit Micky
Company Secretary

Hong Kong, 25 August 2026

NOTICE OF SGM

Notes:

1. A member entitled to attend and vote at the SGM is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the Bye-laws of the Company, to vote on his/her behalf. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number of Shares in respect of which each such proxy is so appointed.
2. Where there are joint 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 were solely entitled thereto, but if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
3. A proxy form for use at the SGM is enclosed. Whether or not you intend to attend the SGM in person, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hands of any officer or attorney duly authorised.
5. In order to be valid, the proxy form, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at the Hong Kong branch share registrar of the Company, 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 SGM or any adjournment thereof (as the case may be).
6. Completion and return of a proxy form shall not preclude a member from attending and voting in person at the SGM or any adjournment thereof (as the case may be) and, in such event, the proxy form appointing a proxy shall be deemed to be revoked.
7. To ascertain shareholders' eligibility to attend and vote at the SGM, the register of members will be closed from Friday, 4 September 2026 to Wednesday, 9 September 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify to attend and vote at the SGM, all transfer documents accompanied by the relevant Share certificates must be lodged with the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Thursday, 3 September 2026. The record date for determining the identity of Shareholders eligible for attending and voting at the SGM is on Wednesday, 9 September 2026.
8. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning or "extreme conditions after super typhoons" announced by the Government of Hong Kong is/are in effect any time at 12:00 noon and/or thereafter on the date of the SGM, the meeting will be postponed to the next business day or such other day as the Executive may approve in accordance with the Takeovers Code. The Company will publish an announcement on the website of the Company at www.chinacbsintl.com and on the website of the Stock Exchange at <http://www.hkexnews.hk> to notify Shareholders of the date, time and venue of the rescheduled meeting.