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華潤置地有限公司

China Resources Land Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01109.HK)

CONNECTED TRANSACTION
SUCCESSFUL AUCTION ACQUISITION OF 100% EQUITY INTERESTS OF THE TARGET COMPANY

INTRODUCTION

The Board hereby announces that on 30 October 2026, the Purchaser, a wholly-owned subsidiary of the Company, participated in the public auction conducted by the Shenzhen Intermediate Court on the JD.com Judicial Auction Platform and successfully bid for 100% equity interests in the Target Company held by Hubei Shunrun Investment at the consideration of RMB1,109,359,048.00.

As at the date of this announcement, the Target Company is wholly owned by Hubei Shunrun Investment, and Hubei Shunrun Investment is held as to 60% and 40% by the Company and CR Trust, respectively. Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company.

IMPLICATION UNDER THE LISTING RULES

As at the date of this announcement, the Purchaser is an indirect wholly-owned subsidiary of the Company. As CRI is interested in approximately 59.55% of the total issued share capital of the Company and is a controlling shareholder of the Company, CRI is a connected person of the Company. CR Trust is held as to 51% by CRI, and is therefore an associate of CRI and a connected person of the Company. As CR Trust holds 40% equity interests in Hubei Shunrun Investment, Hubei Shunrun Investment is a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As more than one of the applicable percentage ratios in respect of the Acquisition exceed 0.1% but are all less than 5%, the Acquisition is subject to the reporting and announcement requirements only but exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board hereby announces that on 30 October 2026, the Purchaser, a wholly-owned subsidiary of the Company, participated in the public auction conducted by the Shenzhen Intermediate Court on the JD.com Judicial Auction Platform and successfully bid for 100% equity interests in the Target Company held by Hubei Shunrun Investment at the consideration of RMB1,109,359,048.00. This public auction was a judicial auction conducted by the Shenzhen Intermediate Court in the process of enforcing the loan contract dispute case between the applicant for enforcement, Runzhi Holdings Company Limited* (潤置控股有限公司) (formerly known as China Resources Land Holdings Company Limited), and the person subject to enforcement, Hubei Shunrun Investment, in respect of 100% equity interests in the Target Company held by the person subject to enforcement, Hubei Shunrun Investment.

As at the date of this announcement, the Target Company is wholly owned by Hubei Shunrun Investment, and Hubei Shunrun Investment is held as to 60% and 40% by the Company and CR Trust, respectively. Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company.

THE ACQUISITION

The principal terms of the Acquisition are summarised as follows:

Auction Date	30 October 2026
Parties	(i) Purchaser: Run Accelerator Entrepreneurship Services (Shenzhen) Company Limited* (潤加速創業服務(深圳)有限公司) (a wholly-owned subsidiary of the Company) (ii) Disposal authority: Shenzhen Intermediate Court
Holder of Target Equity	Hubei Shunrun Investment
Auction subject	100% equity interests in the Target Company held by Hubei Shunrun Investment
Consideration	The amount payable by the Purchaser for the successful bid for 100% equity interests in the Target Company is RMB1,109,359,048.00. The bidding price is the same as the starting bidding price of RMB1,109,359,048.00. The consideration for the Acquisition will be funded by the Group's internal resources.
Basis for determining the Consideration	The Consideration is equal to the auction reserve price of 100% equity interests in the Target Company.

The Shenzhen Intermediate Court engaged the Independent Valuer to value the Target Equity. According to the Asset Valuation Report, as at the Valuation Benchmark Date, the appraised value of 100% equity interests in the Target Company held by Hubei Shunrun Investment was RMB1,980.9983 million. For a summary of the Asset Valuation Report, including the valuation methods, principal assumptions and key inputs, please refer to the appendix to this announcement.

The Board has also considered: (i) judicial disposal property valuation: the client of this asset valuation project is the Shenzhen Intermediate Court, and the purpose is to determine the market value of 100% equity interests in the Target Company held by Hubei Shunrun Investment as at the Valuation Benchmark Date, so as to provide a value reference opinion for the Target Equity proposed to be disposed of by the Shenzhen Intermediate Court; (ii) transparent judicial auction process: the transaction was conducted through the transparent judicial auction process of the Shenzhen Intermediate Court, allowing open competition and eliminating any favouritism or collusion; and (iii) no premium over the appraised value: the Consideration does not include any premium over the appraised value, which ensures that the Consideration is consistent with the independently determined market price of the Target Equity.

In light of the above, the Board considers that the appraised value and the Consideration are fair and reasonable.

Payment arrangements

The Purchaser has paid RMB221,870,000.00 as a deposit before the auction, which will be applied towards part of the Consideration. The remaining balance of the Consideration of RMB887,489,048.00 shall be paid to the bank account designated by the Shenzhen Intermediate Court before 13 November 2026.

Completion

After the Purchaser pays the full Consideration, the Shenzhen Intermediate Court will arrange for the Purchaser to sign the Auction Confirmation and issue the Enforcement Ruling required for handling the transfer of the Target Equity. The Purchaser will, in accordance with the arrangements of the Shenzhen Intermediate Court, collect the Enforcement Ruling and handle the change registration of the Target Equity and relevant delivery procedures.

GENERAL INFORMATION

The Group

The Group is principally engaged in the development and sale of developed properties, property investment and management, hotel operations and the provision of construction, decoration and other property development related services in the PRC. As at the date of this announcement, approximately 59.55% of the issued shares of the Company are indirectly held by CRH, whose holding company and ultimate beneficial owner is CRCL, a state-owned enterprise under the supervision of SASAC.

The Purchaser

The Purchaser is an indirect wholly-owned subsidiary of the Company and is principally engaged in enterprise management consulting, business incubation services, and technology information consulting services.

CR Trust

CR Trust is an integrated financial services institution. As at the date of this announcement, CR Trust is held as to 51% by CRI and 49% by Shenzhen Investment Holdings Co., Ltd., whose ultimate beneficial owners are CRCL (a state-owned enterprise supervised by the SASAC) and the State-owned Assets Supervision and Administration Commission of the Shenzhen Municipal People's Government respectively. The registered capital of CR Trust is approximately RMB11 billion. With the headquarters located in Shenzhen, China, CR Trust is authorised by the relevant regulatory body to conduct business on a nationwide basis in the PRC.

Shenzhen Intermediate Court

The Shenzhen Intermediate Court is a government authority in the PRC with the power to arrange auctions of mortgaged property and bankruptcy property owned by liquidated companies.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Shenzhen Intermediate Court and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Hubei Shunrun Investment

Hubei Shunrun Investment is a company established in the PRC with limited liability, which principally engages in the provision of business services. As at the date of this announcement, Hubei Shunrun Investment is held as to 60% and 40% by the Group and CR Trust, respectively.

The Target Company

The Target Company is a company established in the PRC with limited liability on 28 March 2012 and is principally engaged in real estate development and operation and property management. As at the date of this announcement, the Target Company is held as to 100% by Hubei Shunrun Investment. As disclosed in the Asset Valuation Report, on 5 March

2020, Hubei Shunrun Investment acquired 100% equity interests in the Target Company at a consideration of HK$1, so as to facilitate the conversion of the Target Company from a foreign-invested enterprise into a domestic enterprise, thereby enabling it to obtain the requisite qualification for real estate development.

Set out below are the audited financial information of the Target Company (prepared in accordance with the PRC Accounting Standards for Business Enterprises) for the two financial years ended 31 December 2024 and 31 December 2025:

	For the year ended 31 December 2024 *RMB*	**For the year ended 31 December 2025** *RMB*
Loss before tax	(781,237,304.12)	(176,284,552.34)
Loss after tax	(604,170,913.12)	(446,535,252.51)

As at 31 December 2025, the audited total assets, total liabilities and total equity attributable to the owners of the Target Company were RMB10,877,070,696.18, RMB9,074,269,785.29 and RMB1,802,800,910.89, respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

First, the target project involves a large number of livelihood matters such as resettlement. The Group, as a listed company controlled by a central state-owned enterprise, participated in the bidding as an important measure to assist the local government in relieving difficulties and to fulfil its social responsibilities of maintaining stability and ensuring delivery.

Second, the target project is a key project at both municipal and district levels. By participating in the auction and acquiring the Target Equity, the Group can achieve wholly-owned control and lead the development of the project, which is conducive to increasing its business share in the local market, better revitalizing the project, and optimizing cash flow and operating efficiency.

The Directors (including the independent non-executive Directors) are of the view that the Acquisition is conducted on normal commercial terms, consistent with the development strategy of the Group, and in the interests of the Company and its Shareholders as a whole.

Mr. Huang Ting, a non-executive Director of the Company, has abstained from voting on the board resolution approving the Acquisition as he is a director of CR Trust. Save as disclosed above, no other Director has any material interest in the Acquisition, and therefore no other Director has abstained from voting on the relevant board resolution approving the Acquisition and the transactions contemplated thereunder.

IMPLICATION UNDER THE LISTING RULES

As at the date of this announcement, the Purchaser is an indirect wholly-owned subsidiary of the Company. As CRI is interested in approximately 59.55% of the total issued share capital of the Company and is a controlling shareholder of the Company, CRI is a connected person of the Company. CR Trust is held as to 51% by CRI, and is therefore an associate of CRI and a connected person of the Company. As CR Trust holds 40% equity interests in Hubei

Shunrun Investment, Hubei Shunrun Investment is a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As more than one of the applicable percentage ratios in respect of the Acquisition exceed 0.1% but are all less than 5%, the Acquisition is subject to the reporting and announcement requirements only but exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

"Acquisition"	the acquisition of the Target Equity by the Purchaser through the public auction conducted by the Shenzhen Intermediate Court on the JD.com Judicial Auction Platform
"Asset Valuation Report"	the asset valuation report issued by the Independent Valuer on 29 July 2026 in respect of the market value of the Target Equity as at the Valuation Benchmark Date (Guo Tong Lian Ping Bao Zi [2026] No. 61061)
"Board"	the board of Directors of the Company
"Company"	China Resources Land Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the main board of the Stock Exchange (stock code: 1109)
"Completion"	completion of the Acquisition
"connected person"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the price payable by the Purchaser for the Acquisition of RMB1,109,359,048.00
"CRCL"	China Resources Company Limited* (中國華潤有限公司), a company established in the PRC with limited liability, a state-owned enterprise under the supervision of SASAC and an ultimate holding company of the Company
"CRH"	China Resources (Holdings) Company Limited (華潤(集團)有限公司), a company incorporated in Hong Kong with limited liability and the intermediate holding company of the Company
"CRI"	China Resources Inc.* (華潤股份有限公司), a joint stock company established in the PRC with limited liability and an intermediate holding company of CRH

"CR Trust"	China Resources Shenguotou Trust Company Limited* (華潤深國投信託有限公司), 51% of the equity interests in which are held by CRI as at the date of this announcement
"Director(s)"	the directors of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hubei Shunrun Investment"	Shenzhen Hubei Shunrun Investment Company Limited* (深圳市湖貝順潤投資有限公司), a company established in the PRC with limited liability, 60% and 40% of the equity interests in which are held by the Company and CR Trust, respectively
"Independent Valuer"	Shenzhen Guotonglian Land and Real Estate Asset Appraisal Consulting Company Limited* (深圳市國潼聯土地房地產資產評估顧問有限公司)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
"Purchaser"	Run Accelerator Entrepreneurship Services (Shenzhen) Company Limited* (潤加速創業服務(深圳)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
"Shenzhen Intermediate Court"	Shenzhen Intermediate People's Court of Guangdong Province
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Shenzhen Hubei Lexing Real Estate Development Company Limited* (深圳市湖貝樂興房地產開發有限公司), a company established in the PRC with limited liability
"Target Equity"	100% equity interests in the Target Company held by Hubei Shunrun Investment

"Valuation Benchmark Date"	31 May 2026
"%"	per cent.

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

PRC, 30 October 2026

As at the date of this announcement, the executive directors of the Company are Mr. Li Xin, Mr. Zhang Dawei, Mr. Xu Rong, Mr. Hao Zhongming, Mr. Zhao Wei, Mr. Chen Wei and Mr. Zhang Xin; the non-executive directors of the Company are Mr. Huang Ting, Mr. Wei Chenglin and Mr. Wang Yuhang; and the independent non-executive directors of the Company are Mr. Zhong Wei, Mr. Sun Zhe, Mr. Frank Chan Fan, Mr. Leong Kwok-kuen, Lincoln and Ms. Qin Hong.

* *For identification purpose only*

I. VALUATION METHODS

According to the purpose of valuation of this project, the scope of the valuation involves all assets and liabilities of the enterprise. In accordance with the relevant standards for asset valuation such as the Basic Standards for Asset Valuation and the Practice Standards for Asset Valuation — Enterprise Value, the basic valuation methods that can be selected for asset valuation include the market approach, the income approach, and the asset-based approach. The valuation methods selected for this valuation are: the asset-based approach and the market approach. The reasons for selecting the valuation methods are as follows:

The asset-based approach is a valuation method based on the balance sheet that reasonably values all on-balance-sheet and off-balance-sheet assets and liabilities of an enterprise to determine the value of the valued objects. The on-balance-sheet and off-balance-sheet assets and liabilities of Hubei Lexing on the Valuation Benchmark Date can be identified, and the valuers can collect from external sources the information required for the asset-based approach and can conduct a comprehensive inventory and valuation of the assets and liabilities of Hubei Lexing. Therefore, the asset-based approach is applicable to this valuation.

The income approach is based on the expected utility theory of economics, that is, to investors, the value of an enterprise lies in the income it is expected to generate in the future. In this valuation, based on the enterprise's historical operating data, the appraised entity has incurred losses in the past three years, and the management has not provided profit forecast data for future years. The valuers cannot reasonably estimate the enterprise's future profitability level. Therefore, the income approach is not applicable to this valuation.

In enterprise value valuation, the market approach uses comparables in the real market to evaluate the current fair market value of the valued objects, which has the characteristics of a direct valuation perspective and approach, an intuitive valuation process, valuation data being directly drawn from the market, and highly persuasive valuation results. Applying the market approach places the valued objects in a complete, realistic operating process and market environment. Its valuation basis requires the existence of property rights trading and securities trading markets. Therefore, applying the market approach to value entire assets must meet the following preconditions:

1. The property rights trading market and securities trading market are mature and active, and relevant transaction data are public and complete;

2. An appropriate number of comparable cases can be found that are similar to the valued objects in terms of the nature of the transacted objects, disposal method, market conditions, etc.;

3. The valued objects and the comparables can be decomposed into factor differences in terms of asset valuation elements and technical aspects, and these differences can be quantified.

Considering that the transaction case comparison method, due to limitations in data and information collection, cannot fully take into account the impact of differences between the valued objects and transaction cases on the value of equity interests; on the other hand, there are a certain number of listed companies in the securities market similar to the appraised enterprise, with active trading, public transaction and financial data, and sufficient information, the listed company comparison method therefore has been adopted in this market approach valuation.

Taking into account the applicable preconditions of the valuation methods and to meet the valuation purpose, the valuation result of the asset-based approach has been selected as the final valuation conclusion in this valuation.

II. VALUATION ASSUMPTIONS

Due to changes in the operating environment in which the enterprise operates and the various constantly changing factors affecting the value of assets, certain assumptions must be established to enable asset valuers to make value judgments on assets and to fully support the valuation conclusions we have reached. This valuation has been based on the following premises and assumptions:

(I) Basic Assumptions

1. Transaction assumption: This assumes that all assets to be valued are already in the process of transaction, and the valuer estimates the value by simulating the market based on the transaction conditions of the assets to be valued. The transaction assumption is one of the most basic prerequisite assumptions for conducting asset valuation.

2. Public market assumption: This assumes that assets traded in the market, or assets intended to be traded in the market, are traded between parties with equal status, and each of the parties has the opportunity and time to obtain sufficient market information, so as to make rational judgments regarding the function, use, and transaction price of the assets. The public market assumption is based on the premise that assets can be publicly bought and sold in the market.

3. Going concern assumption: This assumes that Hubei Lexing's business operations are lawful and that, based on existing assets and resource conditions, no unforeseen factors will arise in the foreseeable future that would make it unable to operate; rather, it will continue to operate lawfully.

(II) Special Assumptions

1. This valuation has been based on the basic assumption of the specific valuation purpose stated in this Asset Valuation Report.

2. No material change assumption: This assumes that there will be no material changes in the relevant laws and regulations currently in effect in the country or in the national macroeconomic situation, and that the external economic environment, such as interest rates, exchange rates, tax bases and tax rates, and policy-based levies, will not undergo unforeseeable material changes.

3. No adverse impact assumption: This assumes that no other force majeure factors or unforeseeable factors will cause material adverse impact on the valued objects and the assets involved.

4. Consistent direction assumption: This assumes that, on the basis of existing management methods and management level, the entity corresponding to the property rights will maintain consistency in business scope and mode with the current direction, and that changes in operating capacity in the future possibly caused by adjustments to management, business strategy, etc. will not be considered.

5. Consistent policy assumption: This assumes that the accounting policies to be adopted in the future by the entity corresponding to the property rights will be basically consistent in material respects with the accounting policies adopted in preparing this report.

6. Data authenticity assumption: The materials required for valuation provided by the client and relevant parties are true, lawful, complete, and valid.

7. The valuation scope is based only on the valuation declaration forms provided by Hubei Lexing, and possible contingent assets and contingent liabilities outside the list provided by Hubei Lexing are not considered.

8. In the valuation calculation, relocation compensation, which is treated as part of the comprehensive costs related to land acquisition for the project, is uniformly allocated to each land parcel according to the land area proportion method, that is, the relocation compensation cost allocated to a single parcel = total relocation compensation cost of the project × (land area of the parcel ÷ total development and construction land area of the project).

When matters inconsistent with the foregoing assumptions occur, this valuation result will generally become invalid.

III. KEY INPUTS AND CALCULATION PROCESS OF THE VALUATION

(I) Asset-Based Approach

The asset-based approach in enterprise value valuation refers to a valuation method that, based on the balance sheet of the appraised entity on the Valuation Benchmark Date, values the identifiable on-balance-sheet and off-balance-sheet assets and liabilities to determine the value of the valued objects.

The specific valuation methods for each type of asset and liability are as follows:

1. Specific valuation method for current assets

The current assets of the appraised entity include monetary funds, accounts receivable, other receivables, prepayments, and inventory.

2. Valuation method for non-current assets

The non-current assets included in the valuation scope include long-term receivables, fixed assets — electronic equipment assets and right-of-use assets.

(1) Valuation method for long-term receivables

These are mainly entrusted loans to sales customers. The details ledger is checked against the general ledger, statements, and the balances in the valuation schedule to verify consistency. Based on the valuation schedule, accounting records such as the amount of the receivable, time of occurrence, and business content are reviewed, and the aging is analyzed. Confirmations are sent for amounts that are relatively large or abnormal, and alternative procedures are performed for amounts without confirmation replies (obtaining relevant vouchers for amounts recovered after the period or relevant vouchers at the time the business occurred), verifying that the amounts in the accounts, statements, and documents are consistent. On the basis of verifying the above receivables without error, and with the aid of historical data and information learned from on-site investigation, the valuers specifically analyze the amount owed, the time and reason for the debt, the recovery status of the amount, and the debtor's funds, credit, and current operating and management conditions, and estimate the risk loss using the individual identification and aging analysis methods: where there is sufficient reason to believe that all amounts can be recovered, the risk loss is assessed as 0; where there is conclusive evidence that the amount cannot be recovered or the aging is excessively long after debt collection measures have been taken, the risk loss is assessed as 100%; for amounts that are expected not to be fully recovered but for which there is no conclusive evidence proving that they cannot be recovered or cannot be fully recovered, on the basis of analyzing the business content item by item, and with reference to the enterprise's method for calculating bad debt provisions, a certain proportion of risk loss is determined separately by aging analysis, and the

appraised value is determined by deducting the risk loss from the book balance. The bad debt provisions made by the enterprise are assessed as zero.

(2) Fixed Assets — Electronic Equipment Assets

For the purpose of this valuation, on the principle of continued use and based on market prices, and taking into account the characteristics of the equipment included in the valuation scope and the information collected, the replacement cost approach was primarily adopted for the valuation.

For those appraised using the replacement cost approach:

Appraised value = Replacement Cost × Composite Depreciation Rate

A. Replacement Cost

For electronic equipment, the tax-exclusive purchase price was determined through market inquiries, on the basis of which the replacement cost was determined. For old equipment for which no current market price can be found and no substitute equipment has emerged, and for self-manufactured equipment and non-standard equipment, the classified price coefficient adjustment method was adopted to calculate the price change coefficient of equipment of the same period and same type, and the book value was adjusted to obtain the current market price of the equipment.

B. Composite Depreciation Rate of Electronic Equipment

The age-life method was adopted to determine the Composite Depreciation Rate of electronic equipment.

Composite Depreciation Rate = (1 − Years in Use ÷ Economic Useful Life) × 100.00%

or Composite Depreciation Rate = Remaining Useful Life ÷ (Years in Use + Remaining Useful Life) × 100.00%

C. Determination of Appraised Value

Appraised value = Replacement Cost × Composite Depreciation Rate

For certain over-aged electronic equipment, their second-hand market prices were directly adopted for the valuation.

(3) Right-of-use Assets

Right-of-use assets refer to the present value of rentals during the remaining lease term of the appraised entity as at the Valuation Benchmark Date. The asset valuation professionals conducted sample checks on the original transaction vouchers, lease contracts and payment receipts, and verified the calculation process of the right-of-use assets and the accuracy and authenticity of the book value. In this valuation, the right-of-use assets after verification and calculation were recognised as the appraised value.

3. Valuation Method for Liabilities

The liabilities declared by the company comprise current liabilities and non-current liabilities. Current liabilities include accounts payable, contract liabilities, employee compensation payable, taxes payable, other payables and interest payable. Non-current liabilities comprise long-term borrowings, lease liabilities and deferred tax liabilities. Based on the schedules of each item provided by the company, after verifying each liability, the appraised value was determined by ascertaining whether each debt was actually borne by the company as at the Valuation Benchmark Date and whether the creditors existed.

4. Asset and Liability Valuation Results

Based on the above valuation, the following valuation conclusions are drawn:

Summary Table of Asset Valuation Results

Appraised Entity: Shenzhen Hubei Lexing Real Estate Development Company Limited* (深圳市湖貝樂興房地產開發有限公司)	Amount unit: RMB'0,000

Item		Book value (A)	Appraised value (B)	Amount of depreciation or appreciation (C=B-A)	Appreciation rate % (D=C/A×100%)
Current Asset	1	1,139,042.81	1,163,918.91	24,876.10	2.18
Non-current Asset	2	2,623.13	2,632.02	8.89	0.34
Of which: Debt investments	3	—	—	—	—
Other debt investments	4	—	—	—	—
Long-term receivables	5	1,541.31	1,541.31	—	—
Long-term equity investments	6	—	—	—	—
Investments in other equity instruments	7	—	—	—	—
Other non-current financial assets	8	—	—	—	—
Investment properties	9	—	—	—	—
Fixed assets	10	7.57	16.46	8.89	117.44
Construction in progress	11	—	—	—	—
Productive biological assets	12	—	—	—	—
Oil and gas assets	13	—	—	—	—
Right-of-use assets	14	1,074.25	1,074.25	—	—
Intangible assets	15	—	—	—	—
Development expenditure	16	—	—	—	—
Goodwill	17	—	—	—	—
Long-term deferred expenses	18	—	—	—	—
Deferred tax assets	19	—	—	—	—
Other non-current assets	20	—	—	—	—
Total Asset	21	1,141,665.94	1,166,550.93	24,884.99	2.18
Current Liability	22	674,398.12	681,054.25	6,656.13	0.99
Non-current Liability	23	287,396.85	287,396.85	—	—
Total Liability	24	961,794.97	968,451.10	6,656.13	0.69
Net Assets (owners' equity)	25	179,870.97	198,099.83	18,228.86	10.13

(II) Market Approach

The market approach commonly comprises two specific methods, namely the listed company comparison method and the transaction case comparison method. The listed company comparison method refers to a specific method of determining the valued objects by obtaining and analyzing the operating and financial data of comparable listed companies, calculating appropriate value ratios, and, on the basis of comparative analysis with the appraised enterprise. The transaction case comparison method refers to a specific method of determining the valued objects by obtaining and analyzing information on the sale, acquisition and merger cases of comparable enterprises, calculating appropriate value ratios, and, on the basis of comparative analysis with the appraised enterprise.

The appraised entity is principally engaged in the real estate industry. As at the Valuation Benchmark Date, there were a total of 94 listed companies in this industry listed on the Shanghai and Shenzhen Stock Exchanges, among which 4 listed companies with factors such as business structure, operating model, enterprise scale, asset allocation and utilisation, stage of operation, growth potential, operating risk and financial risk similar to those of the appraised entity could be selected as comparable cases. Accordingly, the listed company comparison method was selected as the valuation method for this valuation.

Selection principles for listed companies: According to the requirements of the standards, the market approach valuation should select listed companies or transaction cases that are comparable to the appraised entity. The selection principles for comparable listed companies determined in this valuation are as follows:

(1) having a listing and trading history of not less than 24 months.

(2) the products produced or services provided by the company are the same or similar, and are all affected by the same economic factors.

(3) the operating scale or capacity of the company is comparable, and the operating risks faced are similar.

(4) the operating performance of the company is similar, and its profitability is comparable to a certain extent.

After selecting comparable listed companies, using publicly disclosed operating and financial data, and through adjustments for differences arising from the different accounting policies adopted by the comparable companies and the appraised entity and for special items, the data are adjusted to mutually comparable basic financial and operating data and statements.

1. Select and calculate the value ratios of comparable listed companies

Appropriate value ratios are determined according to the actual situations of the appraised entity and comparable listed companies, and the value ratios of comparable listed companies are calculated separately based on the adjusted basic financial and operating data and statements which are suitable for the purpose of comparison.

2. The value ratios of comparable listed companies will be compared, modified and adjusted by reference to those of the appraised entity in terms of the following factors:

(1) Adjustments for operating conditions, which include profitability, solvency and potential growth, etc.

(2) Adjustments for other factors.

3. Calculation of the result of comparison

Based on the revised value ratios of comparable listed companies, the average value ratio will be derived by averaging according to the average weight. The comparison result will be obtained based on the book value of operating net assets as at the benchmark date of the appraised entity.

4. Adjustments for non-operating assets

On the basis of the comparison result, the market approach valuation result is obtained by aggregating the same with the valuation result of the non-operating assets of the appraised entity.

5. Market approach model

Following the valuation under the market approach, and taking into account the current operating conditions of the appraised entity and the fact that its real estate project is still under development, the use of income-based value ratios is subject to certain limitations. As the principal assets of companies in the real estate development industry are inventories, the use of the price-to-book ratio (PB) can more objectively reflect the enterprise value of the appraised entity. Accordingly, the price-to-book ratio (PB) is adopted as the value ratio for the valuation of the valued object. The basic formula is as follows:

$$P = \sum_{i=1}^{n} (PB_i \times A_i \times B_i \times C_i \times Q_i) \times B + H$$

Where:

P — Total equity value of the shareholders of the appraised entity;

PB_i — Value ratio of the i-th comparable target company;

A_i — Profitability adjustment coefficient of the i-th comparable target company;

B_i — Risk control capability adjustment coefficient of the i-th comparable target company;

C_i — Growth capability adjustment coefficient of the i-th comparable target company;

Q_i — Other factors adjustment coefficient of the i-th comparable target company;

B — Net book assets of the appraised entity as at the benchmark date;

H — Net value of non-operating assets.

6. Valuation result under the market approach

Upon valuation, as at the Valuation Benchmark Date, the appraised value of the total equity of the shareholders of Shenzhen Hubei Lexing Real Estate Development Company Limited* (深圳市湖貝樂興房地產開發有限公司), using the market approach was RMB1,546.8904 million (in words: RMB One Billion Five Hundred Forty-Six Million Eight Hundred Ninety Thousand Four Hundred).

IV. FINAL VALUATION RESULT ADOPTED AND THE REASONS THEREFOR

It can be seen from the above results that the valuation result under the asset-based approach is RMB434.1079 million higher than that under the market approach, representing a difference of 28.06%.

The market approach is based on the price-to-book ratio (PB) of comparable listed companies, which reflects the market's overall pricing expectation for the net assets of real estate development enterprises in the same industry on a going-concern basis, and implies the market's judgement on inventory realisation, future development returns and industry prosperity; whereas the asset-based approach is based on the aggregation of the current value of each individual asset and liability as at the Valuation Benchmark Date, and is able to identify and quantify, on an item-by-item basis, the development costs, current accounts and contingencies of the enterprise.

In view of: (1) the appraised entity is the exclusive implementation entity of a specific urban renewal (old town redevelopment) project, whose asset structure is dominated by inventories under construction/to be developed, and which differs considerably from comparable listed companies in terms of project stage, land ownership status and share pledge encumbrances, such that the comparability under the market approach is limited; (2) the purpose of this valuation is to provide a value reference for judicial disposal by the People's Court, which requires the current identifiable value of the subject assets to be taken as the starting point; and (3) the asset-based approach is able to verify and appraise each individual asset and liability (including inventories, current accounts and contingent liabilities) on an item-by-item basis, and its result is more consistent with the purpose of disposal. Accordingly, this report adopts the result under the asset-based approach as the final valuation conclusion, and the result under the market approach serves only as a reasonableness check.

V. VALUATION CONCLUSION

After a full and comprehensive analysis based on the actual circumstances, this valuation report adopts the valuation result under the asset-based approach as the valuation conclusion. The specific valuation conclusion is as follows:

The book value of total assets was RMB11,416.6594 million, and the appraised value was RMB11,665.5093 million, representing an appreciation of RMB248.8499 million over the book value and an appreciation rate of 2.18%; the book value of total liabilities was RMB9,617.9497 million, and the appraised value was RMB9,684.5110 million, representing an appreciation of RMB66.5613 million over the book value and an appreciation rate of 0.69%; the book value of total net assets was RMB1,798.7097

million, and the appraised value was RMB1,980.9983 million, representing an appreciation of RMB182.2886 million over the book value and an appreciation rate of 10.13%.

VI. ANALYSIS OF VALUATION APPRECIATION AND DEPRECIATION

Compared with the book value, there was an appreciation of RMB182.2886 million, with an appreciation rate of 10.13%. Upon analysis, the main reasons for the valuation appreciation were as follows:

1. As at the Valuation Benchmark Date, the book value of inventories was RMB10,697,884,937.52, and the appraised value was RMB10,946,645,866.01, representing an appreciation of RMB248,760,928.49 and an appreciation rate of 2.33%. The main reason for the appreciation is that: the appraised value of inventories — development costs increased. Land parcel A9 is a commercial and residential land parcel, and the planned conditions did not clearly specify the properties to be handed back. In this valuation, the value of the saleable properties was measured according to the planned conditions, resulting in an appreciation of inventories.

2. The original value of equipment assets decreased by RMB77,301.70, with an impairment rate of 5.11%. The main reason for the impairment in the original value of electronic equipment is that, due to technological advancement, the purchase prices of electronic equipment have been continuously declining, resulting in a decrease in the appraised original value. The net value of equipment assets appreciated by RMB88,914.57, with an appreciation rate of 117.47%. The main reason for the appreciation in the net value of electronic equipment is that the economic useful lives of equipment adopted in the valuation are longer than the depreciation lives used by the enterprise.

3. The book value of taxes payable was RMB-187,410,101.07, and the appraised value was RMB-120,848,805.99, representing an appreciation of RMB66,561,295.08 and an appreciation rate of 35.52%. The reason for the appreciation is that the output taxes and input taxes of land parcel A1 and A9 have already been taken into account in inventories, and are assessed as zero in this valuation.