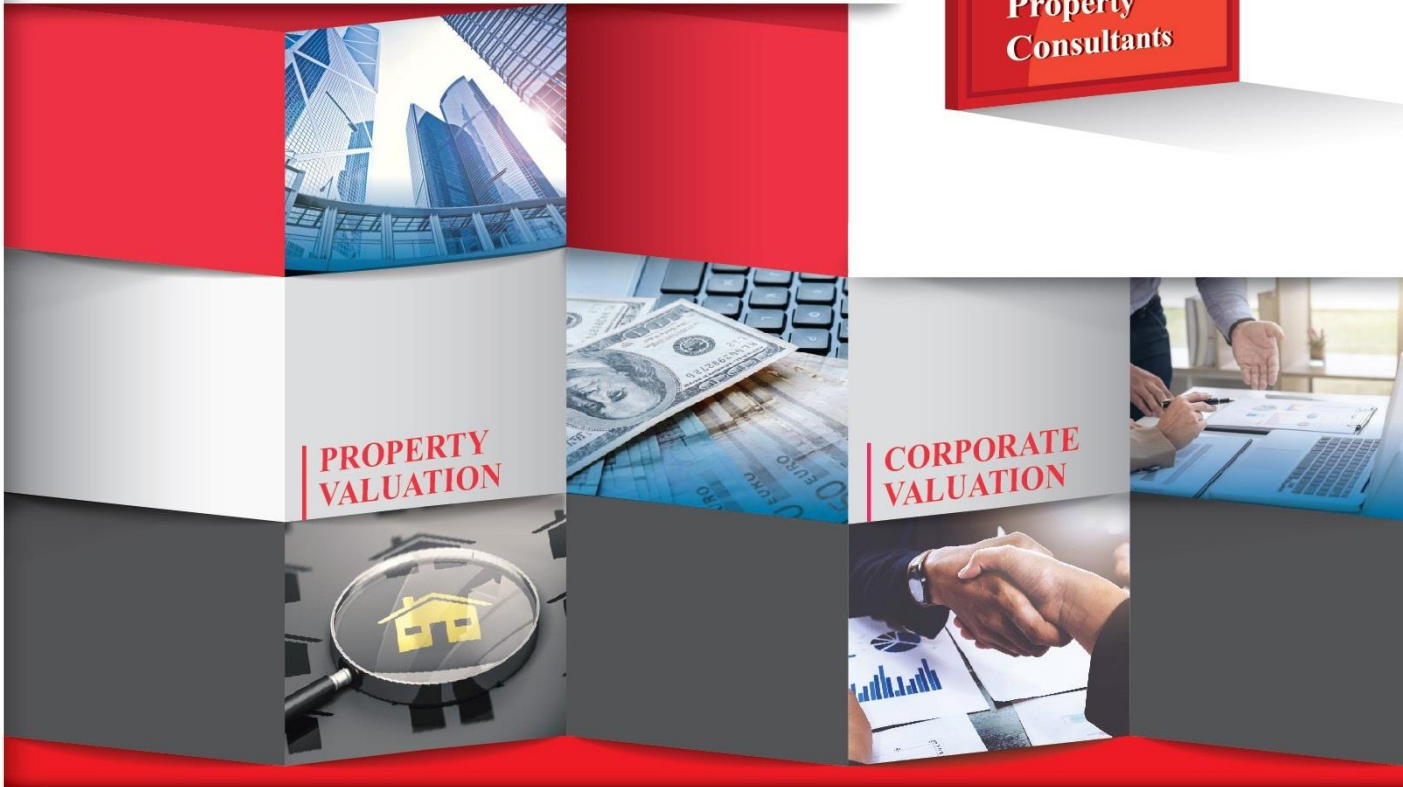




B.I. Appraisals Limited
保柏國際評估有限公司
Registered Professional Surveyors, Valuers & Property Consultants

Date : 25 February 2022
Report Ref : BI/WS/RT/101565/R

**Professional
Surveyors,
Valuers &
Property
Consultants**



PROPERTY VALUATION

For

TFG INTERNATIONAL GROUP LIMITED



Our Ref: BI/WS/RT/101565/R

25 February 2022

Private and Confidential

TFG International Group Limited

Room 1301 - 1302
Laws Commercial Plaza
788 Cheung Sha Wan Road
Kowloon
Hong Kong

For the Attention of the Directors

Dear Sirs / Madams,

Re: Portfolio of properties held by Ceneric Properties Limited and/or its subsidiaries in Zhongshan City, Guangdong Province, The People's Republic of China ("PRC")

In accordance with the instructions from TFG International Group Limited (hereinafter referred to as the "Company") for us to value the properties held by Ceneric Properties Limited, which is a wholly-owned subsidiary of the Company, and its subsidiaries (hereinafter together with the Company referred to as the "Group") in Zhongshan City, Guangdong Province, the PRC, details of which are more particularly listed in the Summary of Values attached herewith (hereinafter referred to as the "Properties"), we confirm that we have inspected the Properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of each of the Properties as at 31 December 2021 (hereinafter referred to as the "Date of Valuation").

It is our understanding that this valuation document is to be used by the Company for reference purpose relating to the proposed disposal of the shares of Ceneric Properties Limited (hereinafter referred to as the "Proposed Disposal"). We acknowledge that this report may subsequently be incorporated in a circular to be issued in relation to the Proposed Disposal.

This letter, forming part of our valuation report, identifies the properties being valued, explains the basis and methodology of our valuations, and lists out the assumptions and the title investigation we have made in the course of our valuations, as well as the limiting conditions.

BASIS OF VALUATION

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

Our valuations have been carried out in accordance with The HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors and under generally accepted valuation procedures and practices, which are in compliance with Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited published by The Stock Exchange of Hong Kong Limited.

We have valued the Properties on the basis that each of them is considered individually. We have not allowed for any discount for the Properties to be sold to a single party nor taken into account any effect on the values if the Properties are to be offered for sale at the same time as a portfolio.

VALUATION APPROACH AND METHODOLOGY

In valuing the property in Group I, which is held for sale by the Group, we have adopted the direct comparison method assuming the property is capable of being sold in its existing state with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant markets.

In valuing the property in Group II, which is held for investment by the Company, we have adopted the Investment Method by taking into account the current rent(s) passing and the reversionary income potential of such property.

In valuing the properties in Group III, which are held for owner-occupation by the Group, we have adopted the direct comparison method assuming each of these properties is capable of being sold in its existing state with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant markets, or, wherever appropriate, the Investment Method by taking into account the current rent passing and the reversionary income potential of such property.

We have valued the properties in Group IV, which are held for future development by the Group, by the direct comparison method assuming the property is capable of being sold in its existing state with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant markets.

VALUATION ASSUMPTIONS

In valuing the Properties, we have assumed that the Group has valid and enforceable title to the properties which are freely transferable, and has free and uninterrupted right to use the Properties, for the whole of the unexpired lease/land use terms granted subject to payment of annual government rent/land use fees and all requisite land premium/purchase consideration payable has been fully settled.

Our valuations have been made on the assumption that the Group sells the Properties on the open market in their existing states without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the values of such properties. In addition, no account has been taken of any option or right of pre-emption concerning or affecting sales of the Properties and no forced sale situation in any manner is assumed in our valuations.

We have assumed that the Properties have been constructed, occupied and used in full compliance with, and without contravention of all ordinances, except only where otherwise stated. We have further assumed that each of the properties is finished and maintained in reasonable condition commensurate with its age and use and is in its original layout without any unauthorized alterations and all consents, approvals, required licenses, permits, certificates and authorizations have been obtained, except only where otherwise stated, for the use of the Properties upon which our valuations are based.

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

TITLE INVESTIGATION

We have been provided by the Group with copies of title documents. We have not examined the original documents to verify the ownership and to ascertain the existence of any amendments that may not appear on the copies handed to us. All documents have been used for reference only.

Besides, we have been provided by the Group a copy of the legal opinions dated 23 February 2022 prepared by 廣東知產律師事務所 (Guangdong Zhi Chan Law Firm), the Company's legal advisor as to PRC laws (hereinafter referred to as the "PRC Legal Advisor"), regarding the title to and the interest of the Group in the Properties. In the course of our valuations, we have relied on the advice given by the Group and the opinions from the PRC Legal Advisor.

LIMITING CONDITIONS

We have inspected the exterior and, where possible, the interior of the Properties on 20 November 2021. However, no structural survey has been made nor have any tests been carried out on any of the building services provided in the Properties. We are, therefore, not able to report that the Properties are free from rot, infestation or any other structural defects. Yet, in the course of our inspections, we did not note any serious defects.

We have not conducted any on-site measurement to verify the site and floor areas of the Properties but have assumed that the areas shown on the documents furnished to us are correct. Dimensions, measurements and areas included in the valuation report attached are based on information contained in the documents provided to us by the Group and are therefore approximations only.

Moreover, we have not carried out any site investigations to determine or otherwise the suitability of the ground conditions, the presence or otherwise of contamination and the provision of or otherwise suitability for services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred in the event of any future development.

We have relied to a considerable extent on the information provided by the Group and the legal opinion of the PRC Legal Advisor. We have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, completion date of buildings, particulars of occupancy, tenancy details, site and floor areas and all other relevant matters in the identification of the Properties. We have not seen original planning consents and have assumed that the Properties are erected, occupied and used in accordance with such consents.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group and/or obtained from the relevant authorities. We were also advised by the Group that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

Our valuations reflect facts and conditions existing at the Date of Valuation. No responsibility is taken for changes in market conditions and local government policy and no obligation is assumed to revise this report to reflect events or conditions, which occur subsequent to the Date of Valuation.

Neither the whole nor any part of this letter nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear.

Finally and in accordance with our standard practice, we must state that this letter and the attached valuation report are for the use only of the party to whom it is addressed and for the specific purpose stated above. No liability to any third party will be accepted for the whole or any part of its contents.

CURRENCY

Unless otherwise stated, all monetary amounts stated in the valuation report are in Renminbi (RMB).

REMARKS

The outbreak of the Novel Coronavirus (COVID-19), declared by World Health Organization on 11 March 2020, has impacted global financial markets and is expected to bring additional disruption to economic activities around the world. The unknown future impact that COVID-19 might have on the real estate market causes volatility and uncertainty that property value might change significantly and unexpectedly even over short periods of time. Readers are reminded that we do not intend to provide an opinion of value as of any date after the Date of Valuation in this report. We recommend that the valuation of the Properties should be kept under frequent review and the users of this report should seek latest opinion on the real estate market for their decisions.

We hereby confirm that we have neither present nor prospective interests in the Group, the Properties or the values reported herein. We confirm that we are an independent qualified valuer as referred to under Rule 11 of The Codes on Takeovers and Mergers and Share Buy-back published by Securities and Futures Commission.

Our summary of values and valuation report are enclosed herewith for your attention.

Yours faithfully,

For and on behalf of

B.I. APPRAISALS LIMITED



William C. K. Sham MRICS, MHKIS, MCIREA
Registered Professional Surveyor (G.P.)
Registered Business Valuer
China Real Estate Appraiser
Executive Director

Notes:

- (1) *Mr. William C. K. Sham is a qualified valuer on the approved List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by the Hong Kong Institute of Surveyors. Mr. Sham has over 40 years' experience in the valuation of properties in Hong Kong and has over 25 years' experience in the valuation of properties in the PRC and the Asia Pacific region.*
- (2) *Inspections of the Properties were carried out on 20 November 2021 by Wang Yang, who have 14 years' experience in the valuation of properties in the PRC.*

SUMMARY OF VALUES

Property	Market value in existing state as at 31 December 2021 (RMB)	Interest Attributable to the Group (%)	Value attributable to the Group as at 31 December 2021 (RMB)
Group I - Property held for sale by the Group in the PRC			
1. The unsold residential and commercial units, motorcycle parking spaces, carports and bicycle storerooms of Morning Star Plaza (星晨廣場), Gangkou Town, Zhongshan City, Guangdong Province, the PRC	4,190,000	55.00%	2,304,500
Sub-Total:	4,190,000		2,304,500
Group II – Property held for investment by the Group in the PRC			
2. Twenty-three commercial units of Phase II of Morning Star Plaza, No. 1 Qigang Road (岐港路), Zhongshan City, Guangdong Province, the PRC	9,500,000	55.00%	5,225,000
Sub-Total:	9,500,000		5,225,000
Group III – Properties held and occupied by the Group in the PRC			
3. The clubhouse of Phase II of Morning Star Villa, Gangkou Town, Zhongshan City, Guangdong Province, the PRC	No commercial value	55.00%	No commercial value
4. The clubhouse of Phase VI of Morning Star Villa, Gangkou Town, Zhongshan City, Guangdong Province, the PRC	6,000,000	55.00%	3,300,000
Sub-total :	6,000,000		3,300,000

B.I. Appraisals

TFG International Group Limited

25 February 2022

Property	Market value in existing state as at 31 December 2021 (RMB)	Interest Attributable to the Group (%)	Value attributable to the Group as at 31 December 2021 (RMB)
Group IV –Properties held for future development by the Group in the PRC			
5. The remaining portions of seven parcels of land (of Morning Star Villa) with an aggregate area of approximately 151,674.59 sq.m. at Xi Jie She Qu Ju Min Wei Yuan Hui Nan Jiu Pian (西街社區居民委員會南九片), Gangkou Town, Zhongshan City, Guangdong Province, the PRC	382,000,000	55.00%	210,100,000
6. The remaining portion of two parcels of land (of Morning Star Plaza) with an area of approximately 7,343.08 sq.m. at Hou Shan Cun Min Wei Yuan Hui (後山村民委員會), Xi Qu (西區), Gangkou Town, Zhongshan City, Guangdong Province, the PRC	No commercial value	55.00%	No commercial value
	Sub-total :		210,100,000
	GRAND TOTAL :		<u>220,929,500</u>

VALUATION REPORT

Group I – Property held and occupied by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2021																				
1. The unsold residential and commercial units, motorcycle parking spaces, carports and bicycle storerooms of Morning Star Plaza (星晨廣場), Gangkou Town, Zhongshan City, Guangdong Province, the PRC	<p>Morning Star Plaza, completed by phases within the period from 1999 to 2008, is a mixed commercial and residential development being developed by phases on a site located on the northwestern side of Qigang Road in Gangkou Town of Zhongshan City.</p> <p>The property comprises 172 unsold units/items in the subject development, comprises 1 residential unit in Block 2 and 2 shop units on Level 2 together with 43 bicycle rooms (“BCR”), and 126 motor cycle parking spaces (“MCPS”) on basement level.</p> <p>The total gross floor area of the property is approximately 1,164.51 sq.m. (12,535 sq.ft.). Details of gross floor areas by uses are as follow:</p> <table border="1"> <thead> <tr> <th rowspan="2">Phase</th> <th colspan="2">Approximate Gross Floor Area</th> </tr> <tr> <th>(sq.m.)</th> <th>(sq.ft.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>112.86</td> <td>1,215</td> </tr> <tr> <td>Shop</td> <td>96.73</td> <td>1,041</td> </tr> <tr> <td>BCR</td> <td>378.56</td> <td>4,075</td> </tr> <tr> <td>MCPS</td> <td>576.36</td> <td>6,204</td> </tr> <tr> <td>Total</td> <td>1,164.51</td> <td>12,535</td> </tr> </tbody> </table>	Phase	Approximate Gross Floor Area		(sq.m.)	(sq.ft.)	Residential	112.86	1,215	Shop	96.73	1,041	BCR	378.56	4,075	MCPS	576.36	6,204	Total	1,164.51	12,535	The property is currently vacant.	RMB4,190,000 (55% interest attributable to the Group : RMB2,304,500)
Phase	Approximate Gross Floor Area																						
	(sq.m.)	(sq.ft.)																					
Residential	112.86	1,215																					
Shop	96.73	1,041																					
BCR	378.56	4,075																					
MCPS	576.36	6,204																					
Total	1,164.51	12,535																					
	<p>The land use rights of the subject development have been granted for a term due to expire on 27 April 2065 for commercial and residential uses.</p>																						

Notes:

- (1) Pursuant to eleven 商品房產權權屬證明書 (Commodity Housing Property Ownership Certificates) issued by Zhongshan Municipal People’s Government, the ownership of the property, except for BCR 355 with a gross floor area of approximately 15.37 sq.m., having a total gross floor area of 1,164.51 sq.m. is vested in 中山星晨廣場房地產發展有限公司 (Zhongshan Morning Star Plaza Housing and Real Estate Development Limited hereinafter to as “MS Plaza Limited”). The following table summarizes the said Commodity Housing Property Ownership Certificates.

VALUATION REPORT

<i>Premises</i>	<i>Gross Floor Area (sq.m.)</i>	<i>Certificate No.</i>	<i>Date of Certificate</i>
<i>Flat 6-7C, Block 2</i>	<i>112.86</i>	<i>城 99-162 (Cheng 99-162)</i>	<i>4 July 2000</i>
<i>BCR No. 1, 27, 47, 67, 68, 71, 87 to 89, 92 & 93</i>	<i>100.24</i>	<i>城 99-95 (Cheng 99-95)</i>	<i>30 April 2000</i>
<i>BCR Nos. 105, 113, 115 & 127</i>	<i>24.46</i>	<i>城 99-162 (Cheng 99-162)</i>	<i>4 July 2000</i>
<i>BCR Nos. 132, 142, 148 to 149, 160, 168 to 170, 228 to 230, 236 to 242, 244, 249 to 252</i>	<i>210.25</i>	<i>2000-171</i>	<i>26 December 2000</i>
<i>BCR Nos. 285, 290, 301 & 307</i>	<i>38.05</i>	<i>2002-309</i>	<i>6 August 2002</i>
<i>BCR No. 353</i>	<i>5.56</i>	<i>2002-308</i>	<i>6 August 2002</i>
<i>Shops Ka (卡) 6B & 8B, Level 2, Phase II</i>	<i>96.73</i>	<i>2006-1536</i>	<i>10 October 2006</i>
<i>MCPS Nos. 1 to 26, Phase II</i>	<i>103.35</i>	<i>2006-1536</i>	<i>10 October 2006</i>
<i>MCPS Nos. 1 to 100, Phase III</i>	<i>473.01</i>	<i>2007-1172</i>	<i>4 July 2007</i>

(2) *We have been advised by the Company that MS Plaza Limited is a 55% indirectly owned subsidiary of the Company.*

(3) *The opinion of the PRC Legal Advisor is summarized as follows:*

- a) Morning Star Plaza Company is a limited liability company duly formed and validly existing under the laws of the PRC.*
- b) The Real Estate Development Enterprise Qualification of MS Plaza Limited expired on 11 July 2019. MS Plaza Limited has to apply for the extension of the validity of such qualification before carrying out any future development.*
- c) Morning Star Plaza Company is in possession of the proper legal title to the property and is entitled to legally transfer, mortgage, lease or otherwise legally dispose of the property.*
- d) The property is not subject to any mortgage, seizures and legal disputes.*

(4) *The status of title and grant of major approvals, consents or licences in accordance with the information provided by the Company are as follows:*

Commodity Housing Property Ownership Certificate *Obtained*

VALUATION REPORT

Group II – Property held for investment by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2021
2. Twenty-three commercial units of Phase II of Morning Star Plaza, No. 1 Qigang Road (岐港路), Zhongshan City, Guangdong Province, the PRC	<p>Morning Star Plaza is a mixed commercial and residential development being developed by phases on a site located on the northwestern side of Qigang Road in Gangkou Town of Zhongshan City.</p> <p>The property comprises 12 shop units on Level 1 and 11 shop units on Level 2 of Phase II of the subject development which was built in 2008.</p> <p>The total gross floor area of the property is approximately 1,296.56 sq.m. (13,956 sq.ft.). It comprised 667.01 sq.m. (7,179.7 sq.ft.) on Level 1 and 629.55 sq.m (6,776.48 sq.ft.) on Level 2.</p> <p>The land use rights of the property have been granted for a term due to expire on 27 April 2065 for commercial and residential uses.</p>	<p>The 12 shops on Level 1 of the subject property is let under a tenancy for a term from 1 November 2018 to 30 January 2025, with a rent free period from 1 November 2018 to 30 January 2019; The current rent is RMB28,014 which will be increased to RMB29,415 from 1 February 2023, whereas the 11 shops on Level 2 of the subject property is let under a tenancy for a term from 1 June 2020 until 30 August 2030 with a rent free period from 1 June 2020 to 30 August 2020. The current monthly rent is RMB13,850 which will be increased to RMB14,543 from 1 September 2022 and to RMB15,298 from 1 September 2024.</p>	<p>RMB9,500,000</p> <p>(55% interest attributable to the Group : RMB5,225,000)</p>

Notes:

- 1) Pursuant to 商品房產權權屬證明書 (Commodity Housing Property Ownership Certificate) No. 2007-1172 dated 4 July 2007 issued by Zhongshan Municipal People's Government, the ownership of property with a total gross floor area of 1,296.56 sq.m. is vested in 中山星晨廣場房地產發展有限公司 (Zhongshan Morning Star Plaza Housing and Real Estate Development Limited hereinafter to as "MS Plaza Limited").
- 2) We have been advised by the Company that MS Plaza Limited is a 55% indirectly owned subsidiary of the Company.

VALUATION REPORT

- 3) *The opinion of the PRC Legal Advisor is summarized as follows:*
- a) *Morning Star Plaza Company is a limited liability company duly formed and validly existing under the laws of the PRC.*
 - b) *MS Plaza Limited is in possession of the proper legal title to the property and is entitled to legally transfer, mortgage, lease or otherwise legally dispose of the property.*
 - c) *The property is not subject to any mortgage, seizure or litigation.*
 - d) *Morning Star Plaza Company is not involved in or any litigation.*
- 4) *The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the opinion of the PRC Legal Advisor:*
- | | |
|---|-----------------|
| <i>Commodity Housing Property Ownership Certificate</i> | <i>Obtained</i> |
|---|-----------------|

VALUATION REPORT

Group III– Properties held and occupied by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2021
3. The clubhouse of Phase II of Morning Star Villa, Gangkou Town, Zhongshan City, Guangdong Province, the PRC	<p>The subject building, completed in about 1996, is a block of 2-storey mixed clubhouse and commercial building with recreational facilities on basement erected on a site having a site area of approximately 5,000.00 sq.m. (53,820 sq.ft.).</p> <p>The total gross floor area of the subject building is approximately 7,668.00 sq.m. (82,538 sq.ft.) of which approximately 1,730.00 sq.m.(18,622 sq.ft.) are shops that had been sold out. The property comprises the unsold portion of the subject building.</p> <p>The total gross floor area of the property is approximately 5,938.00 sq.m. (63,917 sq.ft.).</p> <p>The land use rights of the property have been granted for a term due to expire on 31 August 2062 for commercial and residential uses.</p>	<p>Portions of the property with a total leased area of approximately 553 sq.m. (including 40 sq.m. on roof top) and leased under various tenancies yielding a total monthly rental of RMB19,955 for terms of two years with the latest due to expire on 19 May 2023.</p> <p>The remaining portions of the property are either vacant or occupied by the Group.</p>	<p>No commercial value (See Note 4 below)</p> <p>(55% interest attributable to the Group : No commercial value)</p>

Notes:

- (1) Pursuant to the 商品房產權權屬證明書 (Commodity Housing Property Ownership Certificate) Registration No. 2003-605 dated 1 July 2003 issued by Zhongshan Municipal People's Government, the ownership of the subject building with a total gross floor area of 7,668 sq.m. is vested in 中山星晨花園房地產發展有限公司 (Zhongshan Morning Star Villa Housing and Real Estate Development Limited hereinafter referred to as "MS Villa Limited").
- (2) We have been advised by the Company that MS Villa Limited is a 55% indirectly owned subsidiary of the Company.
- (3) The opinion of the PRC Legal Advisor is summarized as follows:
 - a) MS Villa Limited is a limited liability company (sole proprietorships of foreign legal entity) duly formed and validly existing under the laws of the PRC.
 - b) Ownership certificate of the property could not be obtained due to the existence of unauthorized additional and alteration works.

VALUATION REPORT

- c) *There are two possible obstacles to the transfer of the property to a third party. Firstly, as portions of the property are currently subject to tenancies, the existing tenants have the right to claim that the lease contracts continue to be effective for the buyer in accordance with Article 725 of the Civil Code of the People's Republic of China (中華人民共和國民法典), whereas Article 726 of the Civil Code advocates the right of first refusal of the tenants. The second obstacle is that buyers may face the risk of not being able to obtain a real estate ownership certificate.*
- (4) *In the course of our valuation, we have taken into consideration the advice given by the Group and the aforesaid legal opinion and have ascribed no commercial value to the property. However, for reference purposes, we are of the opinion that the market value of the property as at the Date of Valuation would be RMB41,000,000 assuming MS Villa Limited had obtained the transferable legal title to the property.*
- (5) *The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the opinion of the PRC Legal Advisor:*

Real Estate Ownership Certificate

Not obtained

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2021
4. The clubhouse of Phase VI of Morning Star Villa, Gangkou Town, Zhongshan City, Guangdong Province, the PRC	<p>The subject building is a block of clubhouse erected on a site having a site area of approximately 944.30 sq.m. (10,164 sq.ft.).</p> <p>The property, completed in about 2000, comprises a 1-storey clubhouse building.</p> <p>The total gross floor area of the property is approximately 944.30 sq.m. (10,164 sq.ft.).</p> <p>The land use rights of the property have been granted for a term from 15 November 1997 to 15 November 2067 for commercial and residential uses.</p>	The property is currently vacant.	<p>6,000,000</p> <p>(55% interest attributable to the Group : 3,300,000)</p>

Notes:

- (1) Pursuant to 不動產權證 (Real Estate Ownership Certificate) 粵(2019) 中山市不動產權第 0062525 號 (Yue (2019) Zhong Shan Bu Dong Chan Quan No. 0062525) registered in Zhongshan Municipal State-owned Land Resources Bureau on 7 March 2019, the ownership of the property is vested in 中山星晨花園房地產發展有限公司 (Zhongshan Morning Star Villa Housing and Real Estate Development Limited hereinafter referred to as "MS Villa Limited") and its land use rights are for 城鎮住宅用地/商業服務 (urban residential/commercial service) uses for a term from 16 November 1997 to 15 November 2067.
- (2) We have been advised by the Company that MS Villa Limited is a 55% indirectly owned subsidiary of the Company.
- (3) The opinion of the PRC Legal Advisor is summarized as follows:
 - (a) MS Villa Limited is a limited liability company duly formed and validly existing under the laws of the PRC.
 - (b) MS Villa Limited is in possession of the proper legal title to the property and is entitled to legally transfer, mortgage, lease or otherwise legally dispose of the property.
 - (c) The property is not subject to any mortgage, seizure, lease and can be sold freely.
- (4) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the opinion of the PRC Legal Advisor:

Real Estate Ownership Certificate	Obtained
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VALUATION REPORT

Group IV – Properties held for future development by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2021
5. The remaining portions of 7 parcels of land (of Morning Star Villa) at Xi Jie She Qu Ju Min Wei Yuan Hui Nan Jiu Pian (西街社區居民委員會南九片), Gangkou Town, Zhongshan City, Guangdong Province, the PRC	<p>The property comprises the remaining portions of the 7 parcels of land, which form parts of the development known as Morning Star Villa. The subject development is located at Xi Jie She Qu Ju Min Wei Yuan Hui Nan Jiu Pian (西街社區居民委員會南九片), Gangkou Town, Zhongshan City, Guangdong Province, the PRC.</p> <p>The total land area of the property, as advised, is approximately 151,674.59 sq.m. (1,632,625 sq.ft.), of which the total developable site area is approximately 128,982.41 sq.m. (1,388,367 sq.ft.) and the remaining 22,692.18 sq.m. (244,259 sq.ft.) are for road construction and landscaping.</p> <p>The property was originally permitted to be developed into a residential development with a maximum plot ratio of 1.5. Subsequently in 2020, approval for increasing the plot ratio for land of residential use to 2.5 (subject to payment of additional land premium) of the property was granted. Hence, the property is capable of being developed into a residential complex with total gross floor areas ranging from 190,700.24 sq.m. (2,052,697 sq.ft.) to 315,247.11 sq.m. (3,393,320 sq.ft.). (See Notes (3) to (5) below)</p> <p>The land use rights of the property have been granted for various terms with the latest to be expired on 20th September 2070 for commercial and residential uses.</p>	The property is currently a vacant site, pending for detail planning of the proposed development.	RMB382,000,000 (55% interest attributable to the Group : RMB210,100,000)

VALUATION REPORT

Notes:

- (1) Pursuant to seven Certificates of State-owned Land Use issued by Zhongshan Municipal State-owned Land Resources Bureau, the land use rights of portions of the subject development with a total site area of 133,815.69 sq.m., among which the property forms a portion, have been granted to 中山星晨花園房地產發展有限公司 (Zhongshan Morning Star Villa Housing and Real Estate Development Limited hereinafter referred to as "MS Villa Limited") for commercial and residential uses. Details of the said certificates are summarized as follows:

Certificate No.	Date of Issuance	Approximate Site Area (sq.m.)	Expiry of the Term
中府國用(2002)第 110763 號 (Zhong Fu Guo Yong (2002) No. 110763)	14 June 2002	32,755.50	7 June 2064
中府國用(2002)第 110764 號 (Zhong Fu Guo Yong (2002) No. 110764)	14 June 2002	32,221.30	7 April 2064
中府國用(2002)第 110765 號 (Zhong Fu Guo Yong (2002) No. 110765)	14 June 2002	30,172.90	29 June 2066
中府國用(2002)第 110766 號 (Zhong Fu Guo Yong (2002) No. 110766)	14 June 2002	2,804.00	20 September 2070
中府國用(2002)第 110767 號 (Zhong Fu Guo Yong (2002) No. 110767)	14 June 2002	32,205.00	29 June 2066
中府國用(2002)第 110768 號 (Zhong Fu Guo Yong (2002) No. 110768)	14 June 2002	33,247.50	7 May 2064
中府國用(2002)第 110938 號 (Zhong Fu Guo Yong (2002) No. 110938)	6 September 2002	26,709.40	8 June 2064

- (2) We have been advised by the Company that MS Villa Limited is a 55% indirectly owned subsidiary of the Company.

- (3) Pursuant to the approval letter (中府函〔2020〕140號) issued by Zhongshan Municipal Government on 20 June 2020, approval on the 《中山市港口鎮星晨花園片區控制性詳細規劃(2020)》(hereinafter referred to as the "2020 Planning Control") relating to the development potential of the property was granted. Details of the 2020 Planning Control are summarized as below:

(a) The total site area : 133,815.69 sq.m., of which 124,546.87 sq.m. are classified as "Class II Residential Land", 1657.50 sq.m. as "Land for Transport Terminus", 2,778.07 sq.m. as "Land for Service Facilities" and 4,833.28 sq.m. as "Agricultural and Forestry Land".

(b) Plot Ratio : 2.5 for "Class II Residential Land", 1.0 for "Land for Transport Terminus" and 0.8 for "Land for Service Facilities"

- (4) We have been advised by the Company that the increase in plot ratio for residential use from 1.5 to 2.5 as stated in the 2020 Planning Control will require payment of additional land premium of an amount to be determined by relevant authorities upon application, and that the Company has no intention to file such application. Therefore, as instructed by the Company, we have valued the property based on the maximum plot ratio of 1.5 for the residential land in the property.

VALUATION REPORT

- (5) *The opinion of the PRC Legal Advisor is summarized as follows:*
- a) *MS Villa Limited is a limited liability company duly formed and validly existing under the laws of the PRC.*
 - b) *The Real Estate Development Enterprise Qualification of MS Villa Limited is valid until 31 August 2023.*
 - c) *MS Villa Limited is in possession of the proper legal title to the property and is entitled to legally transfer, develop, mortgage, lease or otherwise legally dispose of the property.*
 - d) *The planning indicators of the property according to the “Zhongshan City Construction Project Site Selection Opinion” dated 13 July 1998 issued by Zhongshan Municipal Planning Bureau included a plot ratio of 1.5, a building density of 30%, a building height of 24 metres and the green area ratio of 30%. However, according to the “Implementation of the Controlled Detail Planning for the Morning Star Villa area of Gangkou Town, Zhongshan City (2020)” published by the People’s Government of Gangkou Town of Zhongshan City, the property is classified as “Class II Residential Land” with a plot ratio of 2.5, a green area ratio of not less than 30%, and a building height of not less than 60 metres and not more than 100 metres. Yet, if MS Villa Limited wish to develop the property in accordance with the latest plot ratio of 2.5, it is required to make reference to the current assessed land price and to take part in a plot ratio bidding. If the bidding is successful, MS Villa Limited shall pay the additional land grant premium and shall sign a supplementary agreement to the Contract of Grant of State-owned Construction Land Use Rights with the Natural Resources Bureau.*
 - e) *As portions of the two land parcels under Certificate Nos. Zhong Fu Guo Yong (2002) No. 110938 and Zhong Fu Guo Yong (2002) No. 110767 have been developed and sold to third-party owners, consent from these third-party owners may be required when application for construction works commencement will be made.*
 - f) *As the land use rights of the property were obtained in 2002 and the said land parcels have been vacant since 2002, the property is considered as idle land. MS Villa Limited should sign a supplementary agreement with the land administrative authority and pay a land idle fee based on 20% of the assessed land price before restarting the development.*
 - g) *Four supplementary agreements relating to the land parcels under Certificate Nos. Zhong Fu Guo Yong (2002) No. 110763, Zhong Fu Guo Yong (2002) No. 110765, Zhong Fu Guo Yong (2002) No. 110766 and Zhong Fu Guo Yong (2002) No. 110768 were signed on 27 October 2021. The commencement date for the construction works has been changed to 18 March 2022 and the construction period for a term of 2 years.*
 - h) *Apart from the issued mentioned in Note 5d to 5f above, the property is not subject to such other encumbrances as mortgage, seizure or any litigation disputes.*
- (6) *In the course of our valuation, we have taken into consideration the advice given by the Group and the aforesaid legal opinion and prepared our valuation on the following assumptions:*
- a) *The total site area of the property is approximately 151,674.59 sq.m., of which 124,546.87 sq.m. or thereabouts are for residential use, 4,435.54 sq.m. or thereabouts are for ancillary facilities uses and the remaining 22,692.18 sq.m. or thereabouts are for road and landscaping uses.*
 - b) *The plot ratios for residential, transport terminus and service facilities uses are 1.5, 1.0 and 0.8 respectively.*
 - c) *The total developable gross floor area is approximately 190,700.24 sq.m., of which 186,820.31 sq.m. or thereabouts are for residential use and 3,879.93 sq.m. or thereabouts are for ancillary facilities use.*

VALUATION REPORT

- (7) *The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the opinion of the PRC Legal Advisor:*

<i>Contract for Grant of Stated Owned Land Use Rights</i>	<i>Signed</i>
<i>Supplementary Agreement (4 land parcels only)</i>	<i>Signed</i>
<i>Certificate of State-owned Land Use</i>	<i>Obtained</i>

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2021
5. The remaining portions of two parcels of land (of Morning Star Plaza) at Hou Shan Cun Min Wei Yuan Hui (後山村民委員會), Xi Qu (西區), Gangkou Town, Zhongshan City, Guangdong Province, the PRC	<p>The property comprises a parcel of land the remaining portion of another parcel land, which form part of the development known as Morning Star Plaza. The subject development is located at Hou Shan Cun Min Wei Yuan Hui (後山村民委員會), Xi Qu (西區), Gangkou Town, Zhongshan City, Guangdong Province, the PRC.</p> <p>The total site area of the subject land parcels is approximately 60,268.84 sq. m. (648,734 sq.ft.) and the total site area of the property, as advised, is approximately 7,343.08 sq. m. (79,041 sq.ft.).</p> <p>The land use rights of the property have been granted for a term due to expire on 27 April 2065 for commercial and residential uses.</p>	The property is currently a vacant site.	No commercial value (55% interest attributable to the Group: No commercial value)

Notes:

- 1) Pursuant to the Certificate of State-owned Land Use 中府國用(2002)第 203132 號(Zhong Fu Guo Yong (2002) No. 203132) (hereinafter referred to as Land A) dated 29 March 2002 issued by Zhongshan Municipal State owned Land Resources Bureau, the land use rights of a parcel of land with a site area of 58,783.64 sq. m., among which the property forms a portion, have been granted to 中山星晨廣場房地產發展有限公司(Zhongshan Morning Star Plaza Housing and Real Estate Development Limited, hereinafter to as "MS Plaza Limited") for a term due to expire on 27 April 2065 for commercial and residential use.
- 2) Pursuant to the Certificate of State-owned Land Use 中府國用(2002)第 203133 號 (Zhong Fu Guo Yong (2002) No. 203133) (hereinafter referred to as Land B) dated 29 March 2002 issued by Zhongshan Municipal State-owned Land Resources Bureau, the land use rights of a parcel of land with a site area of 1,485.20 sq.m., which forms part of the property, have been granted to MS Plaza Limited for a term due to expire on 27 April 2065 for the use of road.
- 3) We have been advised by the Company that MS Plaza Limited is a 55% indirectly owned subsidiary of the Company.
- 4) We have been further advised the Company that the plot ratio of the subject land parcels has been achieved in the previous development and the property shall not be developed unless and until obtaining the development approval from the relevant authority, which will be subject to extra land premium to be settled.

VALUATION REPORT

- 5) *The opinion of the PRC Legal Advisor is summarized as follows:*
- a) *MS Plaza Limited is a limited liability company duly formed and validly existing under the laws of the PRC.*
 - b) *The Real Estate Development Enterprise Qualification of MS Plaza Limited expired on 11 July 2019. MS Plaza Limited has to apply for the extension of the validity of such qualification before carrying out any future development.*
 - c) *MS Plaza Limited is in possession of the proper legal title to the property and is entitled to legally transfer, mortgage, lease or otherwise legally dispose of the property.*
 - d) *The property is not subject to any mortgage, seizures and legal disputes.*
 - e) *The remaining portion of Land A cannot be developed as the plot ratio of Land A has been fully utilized.*
 - f) *Land B is permitted for the use of road and is currently the municipal road at the peripheral of the subject community. MS Plaza Limited is not able to develop Land B.*
 - g) *The property is not subject to any mortgage or seizure.*
 - h) *MS Plaza Limited is not involved in any litigation.*
- 6) *In the course of our valuation, we have taken into consideration the legal opinion that the property does not have any development potential as mentioned in Notes 5(e) and 5(f) above and have ascribed no commercial value to the property.*
- 7) *The status of the title and grant of major approvals and licences in accordance with the information provided by the Group and the opinion of the PRC Legal Advisor:*
- | | |
|--|-----------------|
| <i>Certificate of State-owned Land Use</i> | <i>Obtained</i> |
|--|-----------------|



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