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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00299)

**MAJOR TRANSACTION
DEEMED DISPOSAL OF EQUITY INTERESTS
IN BAOXIN INDUSTRIAL**

A letter from the Board is set out on pages 5 to 15 of this circular.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following words and expressions shall have the meanings ascribed to them below:

“Announcements”	the joint announcements of the Company and GSFG dated 24 June 2019 and 26 June 2019 in respect of, among other things, the Capital Injection
“Baixin Holdings”	寶新控股有限公司 (Baixin Holdings Company Limited [#]), an indirect wholly-owned subsidiary of the Company
“Baixin Industrial”	深圳寶新實業集團有限公司 (Shenzhen Baixin Industrial Group Limited [#]), a direct non-wholly owned subsidiary of Baixin Holdings and an indirect non-wholly owned subsidiary of the Company
“Board”	the board of Directors
“Capital Injection”	capital injection by the Investor of a total of RMB1,235,500,000 (equivalent to approximately HK\$1,406,493,200) into Baixin Industrial, of which RMB264,800,000 (equivalent to approximately HK\$301,448,320) will be contributed as additional registered capital in Baixin Industrial and the balance of RMB970,700,000 (equivalent to approximately HK\$1,105,044,880) will be credited to the capital reserve in Baixin Industrial
“Capital Injection Agreement”	the capital injection agreement dated 24 June 2019 entered into by and among Baixin Holdings, the Investor and Baixin Industrial
“Company”	Glory Sun Land Group Limited (formerly known as New Sports Group Limited), a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the main board of the Stock Exchange (Stock Code: 299)
“Completion”	completion of the Capital Injection pursuant to the terms of the Capital Injection Agreement, which took place on 25 June 2019
“connected person”	has the meaning ascribed thereto in the Listing Rules and “connected” shall be construed accordingly

DEFINITIONS

“Directors”	directors of the Company
“Glory Sun Securities”	Glory Sun Securities Limited, a company incorporated in Hong Kong with limited liability and a Shareholder, holding 21,129,048 Shares, representing approximately 0.46% of the total number of Shares in issue, as at the Latest Practicable Date and a subsidiary of GSFG
“Group”	the Company and its subsidiaries
“GSFG”	Glory Sun Financial Group Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the main board of the Stock Exchange (Stock Code: 1282) and a controlling Shareholder
“Hong Kong Bao Xin”	Hong Kong Bao Xin Asset Management Limited, a company incorporated in Hong Kong with limited liability and a controlling Shareholder, holding 1,979,263,913 Shares, representing approximately 43.50% of the total number of Shares in issue, as at the Latest Practicable Date
“Hong Kong Bao Da”	Hong Kong Bao Da Financial Holdings Limited, a company incorporated in Hong Kong with limited liability and a substantial Shareholder, holding 1,144,151,739 Shares, representing approximately 25.14% of the total number of Shares in issue, as at the Latest Practicable Date
“HK Property Valuation Report”	the valuation report of properties held by Baoxin Industrial and its subsidiaries prepared by Valtech Valuation Advisory Limited, an independent property valuer in Hong Kong engaged by the Group, a full text of which is included in Appendix III of this circular
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Part(ies)”	independent third part(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with any of the directors, chief executive or substantial Shareholders of the Company or any of their respective subsidiaries or their respective associates

DEFINITIONS

“Investor”	深圳市科信時代實業投資有限公司 (Shenzhen Ke Xin Shi Dai Industrial Investment Company Limited [#]), an Independent Third Party
“Latest Practicable Date”	10 October 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Yao”	Mr. Yao Jianhui, holder of 1,314,000 Shares, representing approximately 0.03% of the total number of Shares in issue and a controlling shareholder of GSFG
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“PRC”	the People’s Republic of China, excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“PRC Equity Valuation Report”	the equity valuation report of Baoxin Industrial and its subsidiaries prepared by Shenzhen Guozhengxin Assets Appraisal and Land & Real Estate Appraisal Co., Ltd., an independent valuer in PRC as engaged by Baoxin Industrial, the full text of which is included in Appendix IV to this circular
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Transactions” the transactions contemplated under the Capital Injection Agreement

“%” per cent.

For the purpose of this circular, the exchange rate of RMB1.00 = HK\$1.1384 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such a rate or at any other rates.

The English transliteration of the Chinese name(s) in this circular, where indicated with [#], is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).

LETTER FROM THE BOARD



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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00299)

Executive Directors:

Mr. Yao Jianhui (*Chairman*)
Mr. Zhang Xiaodong (*Vice Chairman*)
Ms. Xia Lingjie

Non-executive Director:

Ms. Zhan Yushan

Independent Non-executive Directors:

Ms. He Suying
Dr. Tang Lai Wah
Mr. Wong Chun Bong

Registered Office:

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Grand Cayman, KY1-1111
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Admiralty
Hong Kong

14 October 2019

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION DEEMED DISPOSAL OF EQUITY INTERESTS IN BAOXIN INDUSTRIAL

INTRODUCTION

Reference is made to the Announcements in respect of the Capital Injection.

The purpose of this circular is to provide the Shareholders, among other things, further details of the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection) and such other information as required under the Listing Rules.

LETTER FROM THE BOARD

THE CAPITAL INJECTION AGREEMENT

The principal terms of the Capital Injection Agreement are set out as follows:

- Date:** 24 June 2019
- Parties:**
- (i) Baoxin Holdings (as existing shareholder)
 - (ii) the Investor (as investor)
 - (iii) Baoxin Industrial (as company)

CAPITAL INJECTION

Pursuant to the Capital Injection Agreement, the Investor agreed to contribute a total of RMB1,235,500,000 (equivalent to approximately HK\$1,406,493,200) into Baoxin Industrial, of which RMB264,800,000 (equivalent to approximately HK\$301,448,320) would be contributed as additional registered capital in Baoxin Industrial and the balance of RMB970,700,000 (equivalent to approximately HK\$1,105,044,880) would be credited to the capital reserve in Baoxin Industrial and Baoxin Holdings agreed (i) that the Investor shall make the Capital Injection and (ii) to waive the statutory pre-emptive right to subscribe for the increased capital under relevant PRC laws.

Effect on equity holding structure in Baoxin Industrial

Upon Completion, the total registered capital of Baoxin Industrial has been increased from RMB1,500,000,000 (equivalent to approximately HK\$1,707,600,000) to RMB1,764,800,000 (equivalent to approximately HK\$2,009,048,320). Baoxin Holdings' equity interest in Baoxin Industrial has been decreased from 100% to 85%, and the remaining 15% of equity interest in Baoxin Industrial is held by the Investor. As such, Baoxin Industrial continues to be a subsidiary of the Company.

Basis of determining the amount of the Capital Injection

The amount of Capital Injection was finally agreed between Baoxin Holdings and the Investor after extensive arm's length negotiations and has been determined with reference to (i) the net asset value of Baoxin Industrial, which is estimated to be RMB7,000,737,300 (equivalent to approximately HK\$7,969,639,340) ("**PRC Adjusted NAV**") based on the PRC Equity Valuation Report; and (ii) the respective percentages of equity interest as held by Baoxin Holdings and the Investor on a fully paid-up and enlarged basis. The PRC Adjusted NAV is significantly higher than the original net asset value of Baoxin Industrial as shown in the unaudited local singleton management account of Baoxin Industrial as at 31 May 2019 (approximately RMB730,028,000 (equivalent to approximately HK\$831,063,875)) mainly because of the valuation gain of (i) the real property inventory (i.e. completed property units and land development projects under construction) which represents the difference when compared to the relevant original acquisition cost; (ii) the investment properties which represents the difference when compared to the relevant most latest revalued amount; and (iii) the fixed assets (including the computer equipment and transportation vehicle) which

LETTER FROM THE BOARD

represents the difference when compared to the relevant net book value after deduction of accumulated depreciation as per the respective standing amount in the accounts of Baoxin Industrial and its subsidiaries. The valuation gain of the real property inventory contributed to the greatest part of the valuation gain.

The Directors consider that it is fair and reasonable to include the valuation gain of real estate inventory owned by Baoxin Industrial and its subsidiaries since (i) the property development segment has been the prevailing core business activities of Baoxin Industrial and its underlying assets form the bulk of total assets of Baoxin Industrial as a whole; and (ii) the market value of the real property inventory is clearly a more meaningful figure as compared to the original costs as shown in the unaudited local management account of Baoxin Industrial when the Group assessed how much the Investor should contribute where it subscribed for the equity interest of Baoxin Industrial.

Since Baoxin Industrial was not deconsolidated from the Group upon the Completion, no gain or loss was recorded for the Capital Injection.

Payment term of the Capital Injection

The Investor shall pay the Capital Injection in full in cash by instalments within 60 days from the date of Completion.

The Capital Injection amount has been fully settled on 8 July 2019.

Completion and registration procedures

Within 30 business days from the date of signing the Capital Injection Agreement, the parties to the Capital Injection Agreement shall complete the relevant registration for, among others, the change of the registered capital and shareholders of Baoxin Industrial at the relevant administration bureau for industry and commerce pursuant to the terms of the Capital Injection Agreement. Completion shall take place on the date on which such registration procedures for change are completed.

Completion has taken place on 25 June 2019.

Pursuant to the Capital Injection Agreement, there is no restriction on the subsequent sale or transfer of the Investor's equity interest in Baoxin Industrial except such has been previously communicated with and accepted by Baoxin Holdings.

Management of Baoxin Industrial upon Completion

Upon Completion, the governance structure and model of Baoxin Industrial remain unchanged. Baoxin Holdings continues to have the right to appoint or reappoint Baoxin Industrial's legal representatives, directors and supervisors. In that regard, the Investor is merely a passive investor without participating in the daily operations of Baoxin Industrial.

LETTER FROM THE BOARD

INFORMATION ON THE COMPANY AND THE GROUP

The Company is an investment holding company. The principal activities of its subsidiaries are (i) property development and property investment in the PRC including sales and leasing of properties; (ii) trading of commodities; (iii) development of cultural sports in the PRC including a yacht club, a training centre and a golf course; and (iv) securities investment.

The revenue of the Group is mainly derived from the sale of properties units, rental income from the investment properties, construction services fees, sale of commodities, distributions from securities investment, and operating income generated from cultural sport venues in the PRC. As at the Latest Practicable Date, Baoxin Industrial had planned but not yet commenced to launch a new supply chain business mainly for the supply of building and construction materials to building contractors/sub-contractors for the existing land development projects of its subsidiaries and potentially to other third parties of the PRC in the long run and is not related to other major assets and/or operation of Baoxin Industrial.

Baoxin Holdings is a limited company established in the PRC, the principal activities of which include holding the investment of Baoxin Industrial and trading of commodities. As at the Latest Practicable Date, Baoxin Holdings was an indirect wholly-owned subsidiary of the Company.

INFORMATION ON THE INVESTOR

The Investor is a limited company established in the PRC, the principal activity of which is investment holding. The ultimate beneficial owner of the Investor is Mr. Huang Shaojia (黃紹嘉先生) (“**Mr. Huang**”). To the best of the Directors’ knowledge, other than holding 15% of equity interest of Baoxin Industrial through the Investor, Mr. Huang is also a member of the board of directors of at least one project company, which holds a total of four real estate projects, covering a total land area of approximately 2,000,000 sq.m. and a total construction area of approximately 4,000,000 sq.m. Mr. Huang also owns a total of seven commercial investment properties in Shenzhen, Guangzhou and Chengdu with a total area of over 80,000 sq.m.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, the Investor and Mr. Huang are Independent Third Parties and Mr. Huang does not have other relationship with the Company and its connected persons.

INFORMATION ON BAOXIN INDUSTRIAL

Baoxin Industrial is a limited company established in the PRC, the principal activities of which include holding the investment of the Group’s real estate project companies and trading of commodities. As regards the investment holding of the Group’s real estate project companies, after the construction work has been completed and the relevant licenses and permits are granted, the properties in question will either be offered for open sale in the market or held for leasing for rental income. Baoxin Industrial derives its revenue for the segment mainly from the sale of property units and rental income. The subsidiaries of Baoxin Industrial currently hold a total of nine land development projects in the PRC, comprising one

LETTER FROM THE BOARD

commercial development project in each of Changchun and Shenyang, one residential development project in each of Weinan and Yunfu, one commercial, residential and other commodity residential properties development project in Changsha, one urban revitalisation project in Shenzhen, and three projects in Chaoshan, which focus on commercial, residential and property development. As regards the trading of commodities, Baoxin Industrial solicits vendors and buyers for orders of commodities, provides temporary storage for the goods in transit and arrange product collection by the buyers.

Set out below are the estimated capital requirements, current stage of completion, proportion of sold and unsold units and the expected completion timeline of the nine land development projects held by Baoxin Industrial:

Projects	Estimated Capital Requirements (RMB'000)	Current Stage of Completion	% of Sold Units	% of Unsold Units	Expected Completion Timeline
1. Chaoshan Project	2,100,000	19%	0%	100%	August 2022
2. Chaoyang Project	2,400,000	40%	17%	83%	March 2021
3. Shantou Project	4,900,000	26%	1%	99%	October 2021
4. Yunfu Project	890,000	18%	0%	100%	November 2024
5. Changchun Project	1,700,000	11%	0%	100%	December 2022
6. Weinan Project	1,400,000	26%	0%	100%	June 2022
7. Changsha Project	1,800,000	31%	0%	100%	August 2020
8. Shenzhen Huaqiangbei Project	3,900,000	0%	0%	100%	December 2024
9. Shenyang Project ^(Note)	<u>N/A</u>	N/A	N/A	N/A	N/A
Total	<u>19,090,000</u>				

Note: The estimated external financing requirements of Shenyang Project is undetermined as the renovation works are yet to commence.

Since the build and transfer project located in Chaoyang District of Guangdong Province (“BT Project”) is currently subject to the design plan being approved by the local governmental authority, the Company is unable to provide a meaningful expected completion timeline for such project.

As at the Latest Practicable Date, the equity interest of Baoxin Industrial was held by Baoxin Holdings and the Investor as to 85% and 15%.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION

Most of the existing nine land development projects held by Baoxin Industrial mentioned under the section headed “Letter From the Board — Information on Baoxin Industrial” of this circular are under the relocation or initial construction phase where injection of funding would be heavily needed for financing various project related costs and expenses before the property units can become available for pre-sale. The entering into of the Capital Injection Agreement would allow Baoxin Industrial to fund the existing and future land development projects owned by its respective real estate project companies. The Group would also obtain funding from external financing to cover all relocation and construction expenses for the land development projects held by Baoxin Industrial. In addition to generating cashflow to Baoxin Industrial, the Capital Injection helps to expand the business scope of Baoxin Industrial with new profitable business activities, which will improve the financial position and future prospects of Baoxin Industrial.

Set out below are the estimate of specific financing requirements of the existing land development projects of Baoxin Industrial:

Projects	Estimated External Financing Requirement (RMB'000)
1. Chaoshan Project	1,200,000
2. Chaoyang Project	800,000
3. Shantou Project	1,000,000
4. Yunfu Project	160,000
5. Changchun Project	300,000
6. Weinan Project	400,000
7. Changsha Project	540,000
8. Shenzhen Huaqiangbei Project	3,100,000
9. Shenyang Project ^(Note)	<u>N/A</u>
Total	<u><u>7,500,000</u></u>

Note: The estimated external financing requirements of Shenyang Project is undetermined as the renovation works are yet to commence.

LETTER FROM THE BOARD

For the 16-month period from 1 September 2019 to 31 December 2020, the Group requires a working capital of approximately HK\$3,705,488,000 and HK\$820,471,000 for repayment from borrowings principal and related interests respectively and approximately HK\$351,100,000 for payment of total consideration in relation to the acquisition of subsidiaries.

The Directors (including the independent non-executive Directors) consider that the terms of the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. They also consider that the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection) are on normal commercial terms or better and have been entered into in the usual and ordinary course of business of the Group.

FINANCIAL EFFECT OF THE CAPITAL INJECTION

Immediately upon Completion, the Company's interests in Baoxin Industrial have been reduced from 100% to 85% and Baoxin Industrial remains as a subsidiary of the Company. As at the Latest Practicable Date, Baoxin Industrial was an indirect non-wholly owned subsidiary of the Company. Accordingly, the financial results and financial positions of Baoxin Industrial continues to be consolidated in the consolidated financial statements of the Company. As the effect of the Capital Injection will not result in loss of the Company's control over Baoxin Industrial, the Capital Injection will be accounted for as an equity transaction and will not result in the recognition of any gain or loss in the Company's financial results.

Immediately upon Completion, the consolidated assets and the non-controlling interests of the Company will be increased by the same amount before taking into account the relating expenses as incurred in connection with the Capital Injection.

The unaudited financial information of Baoxin Industrial for each of the two financial years ended 31 December 2017 and 2018 is summarized as follows:

	For the year ended 31 December 2017		For the year ended 31 December 2018	
	<i>(RMB'000)</i>	<i>(HK\$'000)</i>	<i>(RMB'000)</i>	<i>(HK\$'000)</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Profit before taxation	73,686	85,328*	143,702	169,999*
Profit after taxation	65,803	76,200*	87,340	103,323*

LETTER FROM THE BOARD

The table below sets out the segmental results of Baoxin Industrial for each of the two years ended 31 December 2018.

	For the year ended 31 December 2017				For the year ended 31 December 2018			
	Construction	Trading of	Real estate	Total	Construction	Trading of	Real estate	Total
	HK\$'000	commodities	development	HK\$'000	HK\$'000	commodities	development	HK\$'000
Revenue	—	100,318	—	100,318	84,279	547,976	648,528	1,280,783
Cost of sales	—	(100,236)	—	(100,236)	(72,692)	(547,699)	(636,882)	(1,257,273)
Gross profit	—	82	—	82	11,587	277	11,646	23,510
Selling expenses	—	—	—	—	—	—	(10,893)	(10,893)
Administrative expenses	—	(243)	—	(243)	(296)	(2,205)	(31,653)	(34,154)
Segment result	—	(161)	—	(161)	11,291	(1,928)	(30,900)	(21,537)
Net impairment losses on financial and contract assets				—				(4,961)
Gain on bargain purchase				43,348				6,634
Fair value gain on investment properties				7,110				125,146
Other income, gains and losses				47,398				96,935
Finance costs				(65)				(32,218)
Unallocated corporate expenses				(12,303)				—
Profit before taxation				<u>85,328</u>				<u>169,999</u>

The revenue of real estate development segment for the year ended 31 December 2018 derived from the sale of properties and the rental income amounted to approximately HK\$642,290,000 and HK\$6,238,000, respectively. In particular, the revenue generated from the sale of properties was mainly contributed by Hunan Meilian Property Company Limited (“**Hunan Meilian**”), a non wholly-owned subsidiary of the Company, in June 2018. Since Hunan Meilian was acquired by Baoxin Industrial in June 2018, the cost of inventory should be stated at its fair value on acquisition as at 1 June 2018. The narrow difference between the revenue recorded in June 2018 and cost of inventory led to a thin gross margin of merely around 0.8%.

The revenue of the construction segment for the year ended 31 December 2018 was generated from one single BT Project. The BT Project involves the construction of the public square in front of Chaoyang Railway Station and also the access to Chaoyang Railway station and the ancillary facilities situated at Gurao Town, Shantou of the Guangdong Province. The BT Project is one-off in nature. Currently, the construction is partially completed and the remaining outstanding parts have been delayed pending for the finalization of further modifications of the design plan by the governing authority of the Chaoyang District.

LETTER FROM THE BOARD

For the commodities segment, Baoxin Industrial has been mainly engaged in the trading of non-ferrous metal. The significant increase in revenue from approximately HK\$100 million in 2017 to approximately HK\$548 million in 2018 is due to the increase in trading volume. The trade volume has increased from 1,902 tons in 2017 to 9,624 tons in 2018. The number of suppliers for 2017 and 2018 are 6 and 10 respectively, whilst the number of customers for 2017 and 2018 are 5 and 7 respectively. To the best of the knowledge, information and belief of the Directors, the suppliers and customers are independent third parties of Baoxin Industrial.

The increase of profit of Baoxin Industrial for the year ended 31 December 2018 as compared to the previous year was mainly due to the increase of construction services fees, sales of completed property units and gain on revaluation of investment properties by approximately HK\$84,279,000, HK\$648,528,000 and HK\$118,036,000, respectively.

The significant increase of other income, gains and losses in 2018 as compared to 2017 has been mainly due to derecognition of financial guarantee contract liabilities with respect to Hunan Meilian which were released during the year. Set out below is a detailed breakdown of other income, gains and losses for the year ended 31 December 2018:

Description	<i>HK\$'000</i>
Derecognition of financial guarantee contract liabilities	71,366
Interest income from loan receivables	29,268
Interest income from bank balances	1,398
Government subsidies	262
Net exchange loss	(1,181)
Penalty	(903)
Others	<u>(3,276)</u>
Total other income, gains and losses	<u><u>96,935</u></u>

As at 31 December 2018, the unaudited net asset value as shown in the consolidated accounts of Baoxin Industrial and its subsidiaries was approximately RMB2,226,655,000 (approximately HK\$2,536,160,000)*. Such amount is significantly lower than the net asset value of Baoxin Industrial as shown in the PRC Equity Valuation Report mainly because all of the real estate inventory was stated at the original acquisition costs in the consolidated accounts as at 31 December 2018 but calculated on the basis of fair value in the PRC Equity Valuation Report.

* Specific historical exchange rate are adopted for the preparation of the management accounts for the year ended 31 December 2017 and 2018, respectively.

LETTER FROM THE BOARD

USE OF AMOUNT RECEIVED FROM THE CAPITAL INJECTION

Approximately 75% of the Capital Injection amount provided by the Investor will be used by Baoxin Industrial for the repayment of external borrowings in respect of the existing and future land development projects owned and to be owned by Baoxin Industrial's respective real estate project companies. The remaining part of the Capital Injection amount will be used for financing the working capital of the Group for meeting future funding requirements of Baoxin Industrial.

LISTING RULES IMPLICATION

Given the Capital Injection resulted in the dilution of the Group's equity interest in Baoxin Industrial, the entering into of the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection) constitute a deemed disposal of Baoxin Industrial by the Group under Rule 14.29 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection) is more than 25% but less than 75%, the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection) constitute a major transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and circular and Shareholders' approval requirements under the Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholders or any of their respective associates have any material interest in the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection). Thus, no Shareholders are required to abstain from voting in favour of the resolution approving the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection).

As at the Latest Practicable Date, Mr. Yao directly held 1,314,000 Shares, representing approximately 0.03% of the total number of Shares in issue, and indirectly held 1,979,263,913, 1,144,151,739 and 21,129,048 Shares through Hong Kong Bao Xin, Hong Kong Bao Da and Glory Sun Securities, representing approximately 43.50%, 25.14% and 0.46% of the total number of Shares in issue, respectively. As such, Mr. Yao, Hong Kong Bao Xin, Hong Kong Bao Da and Glory Sun Securities are a closely allied group of Shareholders.

Pursuant to Rule 14.44 of the Listing Rules, written approval for the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection) has been obtained from the aforesaid closely allied group of Shareholders, collectively holding an aggregate of 3,145,858,700 Shares, which represent approximately 69.13% of the total number of issued Shares as at the Latest Practicable Date. Accordingly, no extraordinary general meeting of the Company will be convened for the purpose of approving the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection).

LETTER FROM THE BOARD

FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board of
Glory Sun Land Group Limited
Yao Jianhui
Chairman

1. INDEBTEDNESS

As at the close of business on 31 August 2019, being the latest practicable date for the purpose of the statement of indebtedness prior to the printing of this circular, the Group had the following indebtedness:

	Notes	As at 31 August 2019 HK\$'000 (unaudited)
Bank borrowings — secured	1	3,807,813
Loan from a related company	2	39,795
Other borrowings — unsecured	3	892,796
Corporate bonds	4	1,205,000
Note payable	5	443,430
Lease liabilities	6	<u>31,477</u>
		<u><u>6,420,311</u></u>

Notes:

1. Bank borrowings of approximately HK\$2,625,333,000 are secured by a pledge of certain investment properties, properties under development and properties held for sales held by the Group. Approximately HK\$370,662,000 of the aforesaid bank borrowings are also secured by the entire equity capital of a non-wholly owned subsidiary of the Company. Approximately HK\$997,149,000 of the aforesaid bank borrowings has been guaranteed by the controlling shareholder of the Company, and approximately HK\$18,192,000 of which has been guaranteed by a subsidiary of the Company, approximately HK\$341,100,000 of which been guaranteed by a related company of the Company and approximately HK\$568,500,000 of which has been guaranteed by a related company and the controlling shareholder of the Company.

Bank borrowing of approximately HK\$45,480,000 is secured by a charge over a pledged bank deposit of a subsidiary of the Company.

Bank borrowing of approximately HK\$1,137,000,000 is secured by the entire equity capital of a wholly-owned subsidiary of the Company and has been guaranteed by a wholly-owned subsidiary, a related company and the controlling shareholder of the Company.

2. The balances are unsecured, not guaranteed, and interest bearing and will become mature in 2020 to 2021.
3. The balances are unsecured, not guaranteed, interest bearing and will become mature in 2019 to 2024, among which amount of approximately HK\$78,189,000 is repayable on demand.
4. The balances are unsecured, interest bearing and will become mature in April, May, June and July 2020. They are guaranteed by a subsidiary of the Company.
5. The balances are secured by a charge over a pledged bank deposit of a subsidiary of the Company, guaranteed by a subsidiary of the Company and repayable in September 2019 and August 2020.
6. The lease liabilities have been measured at the present value of the remaining lease payments using a discount rate ranged from 5.00% to 7.44%.

Contingent liabilities or guarantees

As at 31 August 2019, the Group gave certain guarantees to some banks in respect of banking facilities granted to an associated party of the former equity holder of a subsidiary of the Company. Under the guarantees, the Group and the associated party shall be jointly and severally liable for all or any of the borrowings of each of them from the banks upon failure of the guaranteed entity to make payment when due. The maximum liability of the Group as at 31 August 2019 under guarantees was RMB300,000,000 (equivalent to approximately HK\$341,100,000), representing the amount of bank loans drawn under the guarantees as at that date.

Save as aforesaid or as otherwise disclosed herein, as at the close of business on 31 August 2019, the Group had no other: (i) debt securities issued and outstanding, and authorised or otherwise created but unissued or term loans; (ii) bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments or other borrowings; (iii) mortgages and charges; and (iv) contingent liabilities or guarantees.

2. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in property development and property investment in the PRC, trading of commodities, development of cultural sports in the PRC and securities investment. The Capital Injection has increased sources of funding to facilitate the development of the Group's existing and potential projects, and prepare for other future opportunities that may arise. During the current financial year, the Directors expect that with cash and available credit facilities, the Group's financial position will remain stable and the Group's revenue of the current year will not be materially affected after the Capital Injection. The Group will closely monitor the market situations and trends and will continue to strengthen its established market position. The Group will seek cooperation and development opportunities with an aim of maximizing the investment returns for its Shareholders.

3. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that after taking into account the financial resources available to the Group including the internally generated funds and available bank facilities, the effect of the Capital Injection and the Completion, the Group will have sufficient working capital for at least the next twelve months from the date of this circular.

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.

2. DISCLOSURE OF INTERESTS

(a) Interest of Directors and chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) 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 and short positions which he/she was deemed or taken to have under such provisions of the SFO), or which were required to be entered in the register pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies adopted by the Company (the “**Model Code**”) were as follows:

Long positions in the Shares and underlying Shares

Name of Director	Capacity in which interests are held	Number of Shares/ underlying Shares	Total interests as to % of the issued share capital of the Company as at the Latest Practicable Date
Mr. Yao ^(Note)	Corporate Interest	3,144,544,700	69.10
	Beneficial Owner	1,314,000	0.03
Zhang Xiaodong	Beneficial Owner	675,000	0.01

*Note: As at the Latest Practicable Date, Mr. Yao, through Tinmark Development Limited (“**Tinmark**”), a company wholly-owned by him, held approximately 39.42% of the total number of issued shares in GSFG, and GSFG is an indirect holding company of each of Hong Kong Bao Xin, Hong Kong Bao Da and Glory Sun Securities. Therefore, Mr. Yao has been deemed to be interested in the 1,979,263,913 Shares, 1,144,151,739 Shares and 21,129,048 Shares held by Hong Kong Bao Da, Hong Kong Bao Xin and Glory Sun Securities, respectively.*

Long positions in the debentures of the Company

Name of Director	Capacity in which interests are held	Amount of debentures
Xia Lingjie	Beneficial Owner	HK\$2,000,000

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) 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 and short positions which he/she was deemed or taken to have under such provisions of the SFO), or which were required to be entered in the register pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders

So far as is known to the Directors or the chief executive of the Company, as at the Latest Practicable Date, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group:

Long positions in the Shares and underlying Shares

Name of Shareholder	Note	Capacity in which interests are held	Number of Shares/ underlying Shares	Total interests as to % of the issued share capital of the Company as at the Latest Practicable Date
Tinmark	1	Corporate Interest	3,144,544,700	69.10
GSFG	1	Corporate Interest	3,144,544,700	69.10
Great Sphere Developments Limited	1	Corporate Interest	3,144,544,700	69.10
Bao Xin International Asset Management Limited	1	Corporate Interest	1,979,263,913	43.50

Name of Shareholder	Note	Capacity in which interests are held	Number of Shares/ underlying Shares	Total interests as to % of the issued share capital of the Company as at the Latest Practicable Date
Hong Kong Bao Xin	1	Beneficial Owner	1,979,263,913	43.50
Bao Da Financial International Limited	1	Corporate Interest	1,144,151,739	25.14
Hong Kong Bao Da	1	Beneficial Owner	1,144,151,739	25.14
Lin Xiaokun	2	Corporate Interest	277,600,000	6.10
Hongkun Limited	2	Beneficial Owner	277,600,000	6.10

Notes:

1. *As at the Latest Practicable Date, Tinmark held approximately 39.42% of the total number of issued shares in GSFG, and each of GSFG and Great Sphere Developments Limited was an indirect holding company of each of Hong Kong Bao Xin, Hong Kong Bao Da and Glory Sun Securities in light of the following:*
 - (a) *Hong Kong Bao Xin was a direct wholly owned subsidiary of Bao Xin International Asset Management Limited, which was in turn a direct wholly owned subsidiary of Great Sphere Developments Limited and an indirectly wholly owned subsidiary of GSFG;*
 - (b) *Hong Kong Bao Da was a direct wholly owned subsidiary of Bao Da Financial International Limited, which was in turn a direct wholly owned subsidiary of Great Sphere Developments Limited and an indirectly wholly owned subsidiary of GSFG; and*
 - (c) *Glory Sun Securities was a direct wholly owned subsidiary of Proficient Power Limited, which was owned by Glory Sun Financial Holdings Limited (i) directly as to 42.86%, and (ii) indirectly through Golden Affluent Limited as to 57.14%. Glory Sun Financial Holdings Limited was a direct wholly owned subsidiary of Great Sphere Developments Limited and an indirectly wholly owned subsidiary of GSFG.*

Based on the above, (i) Tinmark, GSFG and Great Sphere Developments Limited were deemed to be interested in 3,144,544,700 Shares held by Hong Kong Bao Da, Hong Kong Bao Xin and Glory Sun Securities; (ii) Bao Xin International Asset Management Limited was deemed to be interested in 1,979,263,913 Shares held by Hong Kong Bao Xin; and (iii) Bao Da Financial International Limited was deemed to be interested in 1,144,151,739 Shares held by Hong Kong Bao Da.

2. *As at the Latest Practicable Date, Hongkun Limited was a company wholly owned by Mr. Lin Xiaokun, and Mr. Lin Xiaokun has been deemed to be interested in 277,600,000 Shares held by Hongkun Limited.*

Save as disclosed above, so far as is known to the Directors or chief executive of the Company, as at the Latest Practicable Date, no person (other than a Director or chief executive of the Company) had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or was, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group.

Mr. Yao is an executive director, the chairman and chief executive officer of GSFG. Save as disclosed in this paragraph, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest in the Shares and underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

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

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

(a) Interests in assets

As at the Latest Practicable Date, none of the Directors or proposed Directors had any direct or indirect interest in any assets which have been, since 31 December 2018 (the date up to which the latest published audited consolidated financial statements of the Company was made), acquired or disposed of by, or leased to any member of the Group, or which were proposed to be acquired or disposed of by, or leased to any member of the Group.

(b) Interests in contracts

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

5. EXPERTS

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

Valtech Valuation Advisory Limited

Hong Kong Property valuer

Shenzhen Guozhengxin Assets Appraisal and
Land & Real Estate Appraisal Co., Ltd.

PRC valuer

The above experts have given and have not withdrawn their written consent to the issue of this circular with the inclusion herein of their report and/or references to their name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, the above experts did not have any interest, either directly or indirectly, in any assets which have been, since 31 December 2018 (being the date up to which the latest published audited consolidated financial statements of the Group were made), 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.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any other member of the Group was engaged in any litigation or claims of material importance and no litigation or claims of material importance was known to the Directors to be pending or threatened against the Company or any other member of the Group.

8. MATERIAL CONTRACTS

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

- (a) the supplemental agreement dated 13 November 2017 entered into between 深圳博騰投資有限公司 (Shenzhen Boteng Investment Company Limited[#]) as vendor and Baoxin Industrial as purchaser in respect of the acquisition of the entire equity interest of 深圳博瑞企業管理有限公司 (Shenzhen Borui Enterprise Management Company Limited[#]) for a consideration of RMB950,000,000;
- (b) the subscription agreement dated 4 December 2017 entered into between the Company as issuer and Tengyue Limited as subscriber in respect of the subscription of 340,521,351 shares at HK\$0.55 per subscription share;
- (c) the placing agreement dated 10 January 2018 entered into between the Company as issuer and CCB International Capital Limited as placing agent in respect of the placing of 1,634,502,485 Shares at the placing price of HK\$0.5 each;

- (d) the subscription agreement dated 10 January 2018 entered into between the Company as issuer and Tengyue Limited as subscriber in respect of the subscription of 408,625,621 Shares at the subscription price of HK\$0.5 per Share;
- (e) the equity acquisition agreement dated 7 March 2018 entered into between 寶能城市發展建設集團有限公司 (Baoneng City Development and Construction Company Limited[#]) (“**Baoneng City Development**”) as vendor and Baoxin Industrial as purchaser in respect of the acquisition of 60% equity interest in 渭南市寶能置業有限公司 (Weinan Baoneng Property Company Limited[#]) (“**Weinan Company**”) from Baoneng City Development for a consideration of RMB1 and an obligation to make capital contribution of RMB180,000,000 by Baoxin Industrial to Weinan Company;
- (f) the investment agreement dated 26 April 2018 entered into among Baoxin Industrial as investor, 深圳市錦汕實業有限公司 (Shenzhen Jinshan Industrial Company Limited[#]) and Mr. Xie Bin as existing shareholders, and 湖南美聯置業有限公司 (Hunan Meilian Property Company Limited[#]) (“**Hunan Meilian**”) as the target company in respect of the contribution of RMB83,265,036 as additional capital and RMB116,734,964 as capital reserve of Hunan Meilian for the acquisition of 51% equity interest in Hunan Meilian;
- (g) the sale and purchase agreement dated 31 October 2018 entered into by, among others, Wisdom Element Limited as vendor and New Sports Investment Holding Limited as purchaser in respect of the acquisition of 80,000,000 shares in Micron Technology Development Limited at the consideration of HK\$180,000,000;
- (h) the settlement agreement dated 7 December 2018 entered into by, among other parties, the Company, Baoxin Holdings, Xu Rong, Zhou Xu, and Century Edge International Limited in respect of, among others things, (i) the payment of the settlement sum of RMB110,000,000 by Xu Rong, Zhou Xu, and Century Edge International Limited to the Company in relation to the adjustment amount for the consideration for the acquisition of the entire issue share capital in Kingworld Holdings Limited (“**Kingworld**”); and (ii) the endeavour of Xu Rong, Zhou Xu, and Century Edge International Limited to introduce an interested third party to purchase the entire issued share capital of Kingworld;
- (i) the subscription agreement dated 18 June 2019 entered into between the Company as issuer and Hongkun Limited as subscriber in relation to the subscription of 277,600,000 Shares at the subscription price of HK\$0.45 per Share;
- (j) the subscription agreement dated 18 June 2019 entered into between the Company as issuer and Smart Omen Limited as subscriber in relation to the subscription of 101,400,000 Shares at the subscription price of HK\$0.45 per Share;
- (k) the Capital Injection Agreement; and

- (l) the sale and purchase agreement dated 19 September 2019 entered into between Baoxin Industrial and 寶能地產股份有限公司 (Baoneng Real Estate Company Limited#) in relation to the the acquisition of the entire equity interest in 深圳寶能恒創實業有限公司 (Shenzhen Baoneng Hengchuang Industrial Limited#) at the consideration of RMB300,000,000.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at (i) Unit 2602, 26/F., Lippo Centre, Tower 1, No. 89 Queensway, Admiralty, Hong Kong from 9:30 a.m. to 12:30 p.m. and from 1:30 p.m. to 5:30 p.m. and (ii) on the website of the Company at www.hk0299.com, from the date of this circular up to and including 28 October 2019:

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts referred to in the paragraph headed “8. Material Contracts” in this appendix;
- (c) the HK Property Valuation Report;
- (d) the PRC Equity Valuation Report;
- (e) the written consents referred to in the paragraph headed “5. Experts” in this appendix;
- (f) the annual report of the Company for each of financial years ended 31 December 2017 and 31 December 2018; and
- (g) this circular.

10. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Fong Ching Kong. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of each of the Association of Chartered Certified Accountants, the Hong Kong Institute of Chartered Secretaries, the Institute of Chartered Secretaries and Administrators, and the Taxation Institute of Hong Kong.
- (b) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and the principal place of business in Hong Kong is at Unit 2602, 26/F, Lippo Centre, Tower 1, No. 89 Queensway, Admiralty, Hong Kong.
- (c) The Hong Kong branch share registrar of the Company is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (d) The English texts of this circular shall prevail over the Chinese texts.

The following is the text of a valuation report, prepared for the purpose of incorporation in this document received from Valtech Valuation Advisory Limited, an independent valuer, in connection with its valuation as at 31 August 2019 of the Properties of the Company.



Valtech Valuation Advisory Limited

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14 October 2019

**The Board of Directors
Glory Sun Land Group Limited**

Unit 2602, 26/F,
Tower 1, Lippo Centre,
89 Queensway, Admiralty,
Hong Kong

Dear Sirs/Madams,

1. INSTRUCTIONS

In accordance with the instructions of Glory Sun Land Group Limited (the “Company”) to value the property interest (the “Properties”) held by Shenzhen Baoxin Industrial Group Limited (“Baoxin Industrial”), an indirect non-wholly owned subsidiary of the Company, located in the People’s Republic of China (the “PRC”), we confirm that we have made relevant enquiries and obtained such further information as we consider necessary for providing the market values of the Properties as at 31 August 2019 (the “Valuation Date”).

This letter, which forms part of our valuation report, explains the basis and methodology of valuation, clarifying assumptions and limiting conditions of this valuation.

2. BASIS OF VALUATION

The valuation is our opinion of the market value (“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 wherein 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 and without set-off for any associated taxes or potential taxes.

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

3. VALUATION METHODOLOGY

For completed properties or land which under preliminary development stage, direct comparison method is adopted based on the principle of substitution, where comparison is made based on prices realized on actual sales and/or asking prices of comparable properties. Comparable properties of similar size, scale, nature, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

For properties under development, we have valued them on the basis that they will be developed and completed in accordance with the latest development proposals provided by the Company. We have assumed that all consents, approvals and licenses from relevant government authorities for the development proposals have been or will be obtained without onerous conditions or delays. We have also assumed that the design and construction of the developments are in compliance with the local planning and other relevant regulations and have been or will be approved by the relevant authorities. In arriving at our valuations, we have adopted the direct comparison method by making reference to comparable sales evidence as available in the property market and have also taken into account the expended construction costs as well as the costs that will be expended to complete the developments.

VALUATION CONSIDERATIONS

In valuing the Properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities published by The Stock Exchange of Hong Kong Limited, HKIS Valuation Standard 2017, and the International Valuation Standards 2017.

4. VALUATION ASSUMPTIONS

In our valuation, unless otherwise stated, we have assumed that:

- i. all necessary statutory approvals for the Properties or the subject building of which the Properties forms part of its use have been obtained;
- ii. transferable land use rights in respect of the Properties for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid;
- iii. the owner of the Properties has enforceable title to the Properties and has free and uninterrupted right to use, occupy or assign the Properties for the whole of the respective unexpired terms as granted;

- iv. no deleterious or hazardous materials or techniques have been used in the construction of the Properties; and
- v. the Properties is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and that good title can be shown.

5. TITLE INVESTIGATION

We have been shown copies of various documents relating to the Properties. However, we have not examined the original documents to verify the existing titles to the Properties or any amendment which does not appear on the copies handed to us. We have relied considerably on the information given by the Company's PRC legal advisers, Guangdong Fazong Law Firm (廣東法宗律師事務所), concerning the validity of the titles to the Properties.

6. LIMITING CONDITIONS

We have conducted on-site inspections to the Properties on 12 February 2019, 29 May 2019 and 3 July 2019 by Mr. Fan Chuanpeng (范傳鵬先生), on 20 February 2019 by Mr Lai Jianbao (賴建寶先生) and on 21 February 2019 by Mr Yi Zhijian (易志堅先生). All inspectors have over 5 years of experience in property valuation in the PRC.

We have not carried out detailed on-site measurement to verify the correctness of the areas in respect of the Properties but have assumed that the areas shown on the documents handed to us are correct. All dimensions, measurements and areas are approximate.

We have not carried out any site investigation to determine the suitability of the ground conditions or the services for any property development erected or to be erected thereon. Nor did we undertake archaeological, ecological or environmental surveys for the Properties. Our valuation is prepared on the assumptions that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Should it be discovered that contamination, subsidence or other latent defects exists in the Properties or on adjoining or neighboring land or that the Properties had been or are being put to contaminated use, we reserve right to revise our opinion of value.

We have relied to a very considerable extent on the information provided by the Company and have accepted advices given to us on such matters, in particular, but not limited to tenure, planning approvals, statutory notices, easements, particulars of occupancy, size and floor areas and all other relevant matters in the identification of the Properties.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also been advised by the Company that no material fact has been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

We do not accept a liability for any interpretation which we have placed on such information which is more properly the sphere of the legal advisers of the Company, nor have we verified the correctness of any information supplied to us concerning the Properties.

7. REMARKS

We have valued the property interest in Renminbi (RMB).

We enclose herewith the “summary of values” and the “valuation particulars”.

Yours faithfully,
For and on behalf of
Valtech Valuation Advisory Limited
Peggy Y. Y. Lai
MHKIS, MRICS, RPS(GP), BSc
Director

Ms. Peggy Y.Y. Lai is a Registered Professional Surveyor (GP) with over 18 years' experience in valuation of properties in HKSAR, Macau SAR, United Kingdom, Canada, the PRC and the Asia Pacific Region. Ms. Lai is a Professional Member of The Royal Institution of Chartered Surveyors, a Member of The Hong Kong Institute of Surveyors as well as a Member of China Institute of Real Estate Appraisers and Agents in the PRC.

Encl.

SUMMARY OF VALUES

No.	Property	Market Value as at 31 August 2019 RMB
1.	Two parcels of land east to Fengshun Street, west to library of Jilin University, south to Jiefang Avenue and north to Mudan Garden, Zhaoyang District, Changchun City, Jilin Province, the PRC	640,000,000
2.	A parcel of land located at cross southeast of Shuangwang Avenue and Weiqing Road, Weinan City, Shann'xi Province, the PRC	374,000,000
3.	A proposed development located at Lot No.131, Foshan (Yunfu) Industrial Transfer Park, Duyang Town, Yun'an District, Yunfu City, Guangdong Province, the PRC	398,000,000
4.	Portion of a composite development located at the southeast corner of Chaohui Road and Jiayu Road, Yuhua District, Changsha, Hunan Province, the PRC	1,377,900,000
5.	A proposed development known as Chao Shang Centre located at southwest side of the junction of Zhongshan East Road and Hengshan Road, Economic Park of Zhugang Xincheng Headquarter, Shantou City, Guangdong Province, the PRC	1,390,000,000
6.	A proposed development known as Bao Neng City Garden located at Chengnan Jie Dao Dong Nei Ju Wei, and the north-east side of Xinhua Dong Lu, Chaoyang District, Shantou City, Guangdong Province, the PRC	1,730,000,000
7.	Three parcels of adjacent land known as Lots F01-11, F02-08 & F02-10 located in Xinjin Area of East Coast New Town, Longhu District, Shantou City, Guangdong Province, the PRC	2,694,000,000
8.	Unit 16A, Block J, Building No.4, Bao Neng Cheng Garden, Liuxian Avenue, Nanshan District, Shenzhen, the PRC	5,380,000
9.	A commercial building located at No.34, Shenxin East Road, Tiexi District, Shenyang City, Liaoning Province, the PRC	364,900,000
		Total
		<u><u>8,974,180,000</u></u>

VALUATION PARTICULARS

No.	Property	Description and tenure	Particulars of occupancy	Market Value as at 31 August 2019 RMB
1.	Two parcels of land east to Fengshun Street, west to library of Jilin University, south to Jiefang Avenue and north to Mudan Garden, Zhaoyang District, Changchun City, Jilin Province, the PRC	<p>The property comprises two continual land parcels with a total site area of 12,003.00 sq.m.</p> <p>The planned total accountable gross floor area of the property is approximately 152,810 sq.m. The development is expected to be completed in 2022.</p> <p>The land use rights of the property are held for a term expiring on 27 December 2057 for financial and commercial uses.</p>	The property is under the preliminary stage of development.	640,000,000 (Renminbi Six Hundred and Forty Million)

Notes:

- i. According to a land use right grant contract, the land use right with a site area of about 12,003.00 sq.m. has been granted to Changchun City Baoxin Property Development Company Limited (“Changchun Baoxin”) (長春市寶新房地產開發有限公司), a company indirectly owned by the Company as to 70.42%, for a term expiring on 27 December 2057 for financial and commercial uses.
- ii. Pursuant to 5 State-owned land use right certificates, the site is granted to Changchun Baoxin, details are as below:

Reference	Site Area (sqm)	Permitted Usage
Ji (2019) Changchun Real Estate No.0616743	1,088.00 (basement)	Other Commercial Service
Ji (2019) Changchun Real Estate No.0616653	1,088.00 (basement)	Other Commercial Service
Ji (2019) Changchun Real Estate No.0616549	1,088.00 (basement)	Other Commercial Service
Ji (2019) Changchun Real Estate No.0616536	1,088.00 (basement)	Other Commercial Service
Ji (2019) Changchun Real Estate No.0616528	10,915.00	Commercial and Financial

- iii. Phase I of the property is under preliminary development and has been grant with construction work planning permit and construction work commencement permit in November 2018.

- iv. Based on current development plan provided by the Company, the gross development value of the property upon completion is estimated to be approximately RMB2,600,000,000. The outstanding development cost as at the Valuation Date is approximately RMB1,200,000,000.
- v. We have been provided with a legal opinion by the Company's PRC legal adviser, Guangdong Fazong Law Firm, regarding the legal title of the property, which contains, inter alia, the followings:
 - i) the property is legally held by Changchun Baoxin;
 - ii) The construction of the property is legal and complied with all planning and construction regulation; and
 - iii) The land parcel (state-owned land use right certificate No. 0616528 is subject to a mortgage in favour of Changchun Branch of China Everbright Bank for the amount of RMB300,000,000.

VALUATION PARTICULARS

No.	Property	Description and tenure	Particulars of occupancy	Market Value as at 31 August 2019 RMB
2.	A parcel of land located at cross southeast of Shuangwang Avenue and Weiqing Road, Weinan City, Shann'xi Province, the PRC	<p>The property comprises one parcel of land with a total site area of 86,790.98 sq.m.</p> <p>Pursuant to the construction work planning permit, the planned total gross floor area of the property is approximately 260,000 sq.m. The development is expected to be completed in 2022.</p> <p>The land use rights of the property are held for a term expiring on 19 April 2088 for residential use.</p>	The property is under the preliminary stage of development.	374,000,000 (Renminbi Three Hundred and Seventy Four Million)

Notes:

- i. According to a Stated-owned land use right certificate No.0001344, the land use right with a site area of about 86,790.98 sq.m. has been granted to Weinan Baoneng Property Company Limited (“Weinan Baoneng”) (渭南市寶能置業有限公司), a company indirectly owned by the Company as to 60%, for a term expiring on 19 April 2088 for residential use.
- ii. Pursuant to construction work planning permit, the property is permitted to be developed into various high-rise residential buildings with a planned gross floor area of approximately 260,000 sq.m.
- iii. Pursuant to a construction work commencement permit, the construction of Phase I with total planned gross floor area of approximately 194,704.2 sq.m. was approved to be commenced.
- iv. Based on current development plan provided by the Company, the gross development value of the property upon completion is estimated to be approximately RMB1,570,000,000. The outstanding development cost as at the Valuation Date is approximately RMB1,100,000,000.
- v. We have been provided with a legal opinion by the Company's PRC legal adviser, Guangdong Fazong Law Firm, regarding the legal title of the property, which contains, inter alia, the followings:
 - i) the property is legally held by Weinan Baoneng;
 - ii) The construction of the property is legal and complied with all planning and construction regulation; and
 - iii) The property is subject to a mortgage in favour of Bohai International Trust Company Limited for the amount of RMB400 million.

VALUATION PARTICULARS

No.	Property	Description and tenure	Particulars of occupancy	Market Value as at 31 August 2019 RMB
3.	A proposed development located at Lot No.131, Foshan (Yunfu) Industrial Transfer Park, Duyang Town, Yun'an District, Yunfu City, Guangdong Province, the PRC	<p>The property comprises one parcel of land with a total site area of 139,325.92 sq.m.</p> <p>The planned accountable gross floor area of the property is approximately 171,371.00 sq.m. Currently Phase I with planned gross floor area of approximately 45,336.31 sq.m. is under construction. The development is expected to be completed in 2023.</p> <p>The land use rights of the property are held for a term expiring on 5 March 2084 for residential use.</p>	The property is under preliminary stage of development.	398,000,000 (Renminbi Three Hundred and Ninety Eight Million)

Notes:

i. According to a Stated-owned land use right certificate — Yue (2017) Yun Fu Yun An Real Estate No.004422, the land use right with a site area of about 139,325.92 sq.m. has been granted to Yunfu Baoneng Property Limited (“Yunfu Baoneng”) (雲浮寶能置業有限公司), an indirect wholly owned subsidiary of the Company, for a term expiring on 5 March 2084 for residential use.

ii. Pursuant to the land grant contract No.445301–2014–00010, the development restriction of the property is listed as below:

Plot Ratio:	2
Maximum Gross Floor Area:	278,651.84 sq.m.
Building Height:	≤ 100 meters
Site Coverage:	≤ 35%

iii. The property is under development. Construction work planning permit and construction work commencement permit have been respectively granted in July 2018 and November 2018 for Phase I of the property with planned gross floor area of approximately 45,336.31 sq.m. which will be developed into around 21 blocks of low-rise residential building with commercial podium and car parking space.

iv. Based on current development plan provided by the Company, the gross development value of the property upon completion is estimated to be approximately RMB1,342,000,000. The outstanding development cost as at the Valuation Date is approximately RMB687,000,000.

v. We have been provided with a legal opinion by the Company’s PRC legal adviser, Guangdong Fazong Law Firm, regarding the legal title of the property, which contains, inter alia, the followings:

- i) the property is legally held by Yunfu Baoneng;
- ii) the construction work planning permit and construction work commencement permit is valid and enforceable;
- iii) According to the land grant contract, the construction shall be completed by 2017. The penalty payment (“Penalty Payment”) of 1% of the land transaction price per delayed day could be applied. As the delay was mainly caused from the inefficient provision of infrastructure and administrative region reallocation from the government, the land bureau was verbally agreed that Yunfu Baoneng was not liable for the Penalty Payment. Yunfu Baoneng has applied for the postpone of completion date to December 2020 and waiting for the written approval from the land bureau.

There is no any legal impediment would affect the enforcement of the land grant contract.

- iv) The State-owned land use right certificate is subject to a mortgage in favour of AVTC Trust Company Limited (中航信托股份有限公司) for the amount of RMB300,000,000 for a term from 31 January 2018 to 31 January 2021.

VALUATION PARTICULARS

No.	Property	Description and tenure	Particulars of occupancy	Market Value as at 31 August 2019 RMB
4.	Portion of a composite development located at the southeast corner of Chaohui Road and Jiayu Road, Yuhua District, Changsha, Hunan Province, the PRC	<p>The property comprises unsold portion of Phase I-IV of a composite development and vacant sites of Phase V & VI with a total site area of 110,740.65 sq.m.</p> <p>The property comprises unsold portion of Phases I-IV and vacant site of Phases V & VI.</p> <p>The total gross floor area of unsold portion of Phases I-IV is 52,523.14 sq.m., which held for sale or investment and the planned gross floor area of Phase V is 161,564.83 sq.m. Other portion (portion of phase IV and phase VI) is still vacant and pending for development. The whole development is expected to be completed in 2023.</p> <p>The land use rights of the property are held for a term expiring on 28 April 2053 for composite use.</p>	<p>Portion of the development (Phase I-IV) is completed and ready for sale while the remaining vacant site is under preliminary development or pending for further development.</p>	<p>1,377,900,000 (Renminbi One Billion Three Hundred Seventy Seven Million and Nine Hundred Thousand)</p>

Notes:

- i. According to three Stated-owned land use right certificate, three parcels of land with a site area of about 190,449.27 sq.m. has been granted to Hunan Meilian Property Company Limited (“Hunan Meilian”) (湖南美聯置業有限公司), a company indirectly owned by the Company as to 51%, for a term expiring on 28 April 2053 for composite use.

Reference No.	Portion	Site Area
Chang Guo Yong (2011) No. 095654	Phase IV	87,449.62
Chang Guo Yong (2011) No. 095653	Phase V	93,543.34
Chang Guo Yong (2013) No. 075461	Phase VI	9,456.31

Major portion of Phase IV is completed except for a vacant site with site area of approximately 7,741 sq.m. and currently no any development plan has been applied. Other vacant site with a total site area of 102,999.65 sq.m. is planned to be developed as Phases V and VI.

- ii. According to a real estate title certificate No. 00422749, Unit 105 and 106 of Block 2, Phase I have been granted to Hunan Meilian for commercial use.

According to two real estate title certificate Nos.00675494 and 00675495, Unit 104 of Block 13 and 108 of Block 14, Phase II have been granted to Hunan Meilian for commercial use.

According to 127 real estate title certificate Nos. 710239132, 710239140–710239142, 711187224–711187232, 711187234–711187243, 711187255–711187273, 711187285–711187303, 711187315–711187333, 711187361, 711187926–711187935, 711187937, 711187943, 711187944, 711188003, 711194543, 711195452, 711195454–711195458, 711195469, 711195476–711195483, 711195613, 711195623, 711195625, 711195627, 711195628, 711195638, 711195645–711195648, 713136640, 713136642, 713149544–713149547, 127 units of Block 1, Block 5, Block 6, Block 7, Block 8, Block 12 of Phase III has been granted to Hunan Meilian for commercial and residential uses respectively.

According to 250 real estate title certificate Nos. 20180388762, 20180388781–20180388839, 20180388848–20180388862, 20180388867, 20180388868, 20180388870–20180388882, 20180388986, 20180389019, 20180389020, 20180389051, 20180389061, 20180389119, 20180389121, 20180389122, 20180389124, 20180389182, 20180389314–20180389317, 20180389320–20180389383, 20180389391, 20180389451, 20180389453, 20180389454, 20180389459–20180389466, 20180389468–20180389531, 20180389634, 20180389635, 20180393588, 20180393589, 20180393753, 20180393754, 250 units of Block 4, Block 9, Block 10, Block 11, Block 12, Block 13 of Phase IV has been granted to Hunan Meilian for commercial and residential uses respectively.

- iii. Phase V is under preliminary development stage. Construction work planning permit issued November 2018 and construction work commencement permit has been granted with planned gross floor area of approximately 161,564.83 sq.m. which will be developed into various residential buildings. Phase VI is still vacant and no any development progress is incurred.
- iv. Based on current development plan provided by the Company, the gross development value of phase V upon completion is estimated to be approximately RMB1,880,000,000. The outstanding development cost as at the Valuation Date is approximately RMB750,000,000.
- v. We have been provided with a legal opinion by the Company’s PRC legal adviser, Guangdong Fazong Law Firm, regarding the legal title of the property, which contains, inter alia, the followings:
- the property is legally held by Hunan Meilian;
 - the unsold portion of completed portion can be freely transferred, leased, mortgage or disposal in the market;
 - the construction of Phase V is legal and complied with all planning and construction regulation; and
 - Some of the unsold portions are subject to a mortgage in favour of Guangdong Jiedong Rural Commercial Bank Company Limited (廣東揭東農村商業銀行股份有限公司) for the amount ranging from RMB13,000,000 to RMB66,000,000.

VALUATION PARTICULARS

No.	Property	Description and tenure	Particulars of occupancy	Market Value as at 31 August 2019 RMB
5.	A proposed development known as Chao Shang Centre located at southwest side of the junction of Zhongshan East Road and Hengshan Road, Economic Park of Zhugang Xincheng Headquarter, Shantou City, Guangdong Province, the PRC	<p>Chao Shang Centre (the “Development”) is a proposed development comprises office, apartment, club house, retail and other facilities erected on a site with site area of approximately 40,410.00 sq.m.</p> <p>The planned accountable gross floor area of the property is 222,112.02 sq.m. and is expected to be completed in December 2020.</p> <p>The land use rights of the property are held for commercial and financial uses for a term of 40 years expiring on 28 January 2057.</p>	Upon our inspection, the property is under construction.	1,390,000,000 (Renminbi One Billion Three Hundred and Ninety Million)

Notes:

- i. According to a State-owned Construction Land Use Rights Grant Contract (the “Chaoshang Centre Land Contract”) entered into between 汕頭市國土資源局 (translated as “Shantou City Land Resources Bureau”) and Chaoshang Group (Shantou) Investment Company Limited (“Chaoshang Group (Shantou)”), a company indirectly owned by the Company as to 56.80%, dated 30 December 2016, the land use rights of a land parcel (known as Lot A-03-01) with a site area of approximately 40,410 sq.m. were contracted to be granted to Chaoshang Group (Shantou) at a consideration of RMB580,000,000 for commercial and financial uses for a term of 40 years commencing from the date of the delivering of the land. The Chaoshang Centre Land Contract contains, inter alia, the following salient conditions:
 - Plot Ratio: ≤ 5.5
 - Permitted Gross Floor Area: Approximately 222,255 sq.m.
 - Height Restriction: Not more than 150 meters
- ii. Pursuant to a State-owned Land Use Right Certificate, the land use right of the property with a site area of 40,410.00 sq.m. has been granted to Chaoshang Group (Shantou) for a term expiring on 28 January 2057 for financial and commercial uses.
- iii. Pursuant to a construction work commencement permit, the construction of the property mainly include two blocks of office with retail podium, two blocks of service apartment, one exhibition center and basement have been approved.
- iv. Based on current development plan provided by the Company, the gross development value of the property upon completion is estimated to be approximately RMB2,792,000,000. The outstanding development cost as at the Valuation Date is approximately RMB1,269,000,000.
- v. We have been provided with a legal opinion by the Company’s PRC legal adviser, Guangdong Fazong Law Firm, regarding the legal title of the property, which contains, inter alia, the followings:
 - i) the property is legally held by Chaoshang Group (Shantou);
 - ii) the construction is legal and complied with all planning and construction regulation; and
 - iii) the property is free from any mortgage or any other third parties’ encumbrance.

VALUATION PARTICULARS

No.	Property	Description and tenure	Particulars of occupancy	Market Value as at 31 August 2019 RMB
6.	A proposed development known as Bao Neng City Garden located at Chengnan Jie Dao Dong Nei Ju Wei, and the north-east side of Xinhua Dong Lu, Chaoyang District, Shantou City, Guangdong Province, the PRC	<p>Bao Neng City Garden (the “Development”) is a proposed development comprised of residential, apartment, hotel, clubhouse, kindergarten and other facilities.</p> <p>Phase I & II with a planned gross floor area of 265,163 sq.m. mainly comprising high-rise residential buildings, retail units is under construction while others are still pending for future development. The total planned accountable gross floor area upon full completion is approximately 321,533.00 sq.m. The development is expected to be completed in March 2021.</p> <p>Portions of Phase I with a gross floor area of approximately 22,800.00 sq.m. is completed and delivered and therefore is excluded in the valuation.</p> <p>The land use rights of the real property are held for science education use for a term of 50 years, for residential use for a term of 70 years and for commercial and financial uses for a term of 40 years commencing from 26 December 2014.</p>	Upon our inspection, the property is under construction.	1,730,000,000 (Renminbi One Billion Seven Hundred and Thirty Million)

Notes:

- i. According to a State-owned Construction Land Use Rights Grant Contract (the “Chaoyang Project Land Contract”) entered into between 汕頭市潮陽區國土資源局 (translated as “Shantou City Chaoyang District Land Resources Bureau”) and Shantou Chaoshang Chengzhen Comprehensive Management Company Limited (“Chaoshang Chengzhen”), a company indirectly owned by the Company as to 54.67%, dated 26 December 2014, the land use rights of a land parcel (known as Lot G2014-8-1) with an aggregate site area of approximately 94,020.8 sq.m. (of which the granted site area is approximately 71,702.4 sq.m.) were contracted to be granted to Chaoshang Chengzhen at a consideration of RMB333,800,000 for science education use for a term of 50 years, for residential use for a term of 70 years and for commercial and financial uses for a term of 40 years commencing from the date of delivery of the land. The Chaoyang Project Land Contract contains, inter alia, the following salient condition.

Plot Ratio: ≤ 4.5
 Permitted Gross Floor Area: Approximately 322,241.05 sq.m.
 Height Restriction: Not more than 100 meters

- ii. According to a Real Estate Title Certificate, known as Yue (2017) Chaoyang Qu Bu Dong Chan Quan No. 0003181, dated 25 July 2017 issued by the State-own Land Resources Bureau of Shantou City, the land use rights of the real property with a site area of approximately 167.90 sq.m. have been granted to Chaoshang Chengzhen with a term expiring on 25 December 2064 for Science and Education uses.
- iii. According to three Real Estate Title Certificates, known as Yue (2017) Chaoyang Qu Bu Dong Chan Quan No. 0003178, 0003180, 0003183, dated 25 July 2017 issued by the State-own Land Resources Bureau of Shantou City, the land use rights of the real property with a total site area of approximately 21,644.50 sq.m. have been granted to Chaoshang Chengzhen with a term expiring on 25 December 2084 for township residential uses.
- iv. According to a Real Estate Title Certificate, known as Yue (2017) Chaoyang Qu Bu Dong Chan Quan No. 0003179, dated 25 July 2017 issued by the State-own Land Resources Bureau of Shantou City, the land use rights of the real property with a site area of approximately 49,890 sq.m. have been granted to Chaoshang Chengzhen with a term expiring on 25 December 2084 for township residential use and expiring on 25 December 2054 for commercial and financial uses.
- v. Pursuant to two construction work commencement permit dated December 2017 and April 2018, construction of Phase I and Phase II of the property with total planned gross floor area of 265,163 sq.m have been approved.
- vi. Five set of pre-sold permits have been granted to residential units of Block No.2, No.3, No.6, No.8 and retail units of Block No.2 & 3 with total gross floor area of approximately 88,499.28 sq.m.

Based on current development plan provided by the Company, the gross development value of the property upon completion is estimated to be approximately RMB4,106,000,000. The outstanding development cost as at the Valuation Date is approximately RMB1,393,000,000.

- vii. We have been provided with a legal opinion by the Company’s PRC legal adviser, Guangdong Fazong Law Firm, regarding the legal title of the property, which contains, inter alia, the followings:
- i) the property is legally held by Chaoshang Chengzhen;
 - ii) the construction work commencement permit and pre-sold permit is valid and enforceable;
 - iii) the property with pre-sold permit can be freely transferred, disposed or leased in the open market; and
 - iv) Real Estate Title Certificates known as Yue (2017) Chaoyang Qu Bu Dong Chan Quan Nos. 0003183, 0003180, 0003178, 0003181 and 0003179 are subject to a mortgage dated January 2018 in favour of Great Wall West China Bank Company Limited Chengdu Branch (長城華西銀行股份有限公司成都分行) for the amount of RMB335,000,000. Up to the Valuation Date, the remaining discharging amount is RMB326,000,000.

VALUATION PARTICULARS

No.	Property	Description and tenure	Particulars of occupancy	Market Value as at 31 August 2019 RMB
7.	Three parcels of adjacent land known as Lots F01-11, F02-08 & F02-10 located in Xinjin Area of East Coast New Town, Longhu District, Shantou City, Guangdong Province, the PRC	<p>The property comprises 3 parcels of commercial adjacent land with a total site area of approximately 167,299.50 sq.m. (1,800,795 sq.ft.).</p> <p>As advised by the Company, the property will be developed into a composited development, including a convention centre, a hotel, various high- and low-rise offices and apartments, commercial facilities and car parking spaces. The whole development will be developed by phases and is scheduled to be completed by end of 2021.</p> <p>The property has a maximum permitted gross floor area of approximately 682,282.50 sq.m. (7,344,021 sq.ft.).</p> <p>The land use rights of the property were granted for a term of 40 years expiring on 17 January 2057 for commercial use.</p>	The property is under a preliminary stage of development.	2,694,000,000 (Renminbi Two Billion Six Hundred and Ninety Four Million)

Notes:

- i. Pursuant to a Stated-owned Land Use Right Grant Contract — No. 440501–2016–000017 dated 30 December 2016, the land use rights of the property with a total site area of approximately 167,299.50 sq.m. were granted to Shantou Taisheng Technology Limited (“Taisheng Technology”) (汕頭市泰盛科技有限公司), an indirect wholly owned subsidiary of the Company, for a term of 40 years for commercial use.
- ii. Pursuant to three Real Estate Title Certificates dated 2 March 2017, the land use rights of the property with a site area of approximately 167,299.50 sq.m. were granted to Taisheng Technology for a term commencing on 18 January 2017 and expiring on 17 January 2057 for commercial use. Details of such certificates are listed as follows:

Certificate No. — Yue (2017)	Lot No.	Approx. Site Area (sq.m.)	Plot Ratio
Shantou Shi Bu Dong Chan Quan			
No. 0004853	F02–10	50,897.90	≤3.5
No. 0004865	F02–08	39,474.80	≤4.0
No. 0004866	F01–11	<u>76,926.80</u>	≤4.5
Total:		<u>167,299.50</u>	

- iii. Pursuant to a Construction Land Planning Permit — 2017 Shan Hua Gui Jian Di Zi No.001 and its attachments dated 13 January 2017, the plan for construction with a total gross floor area of approximately 682,212.45 sq.m. has been approved. Details of such plan is as follows:

	Lot F02–10	Lot F02–08	Lot F01–11	Total
Total Site Area (sq.m.)	—	—	—	192,613.80
Road Area (sq.m.)	—	—	—	25,314.30
Usable Site Area (sq.m.)	50,897.90	39,474.80	76,926.80	167,299.50
Plot Ratio	≤3.5	≤4.0	≤4.5	
Accountable Gross				
Floor Area (sq.m.)	≤178,142.70	≤157,899.20	≤346,170.60	≤682,282.50
Site Coverage	≤50%	≤50%	≤50%	
Green Ratio	≥20%	≥20%	≥20%	
Car Park Ratio	≥20%	≥20%	≥20%	
Building Height	≤155m	≤155m	≤155m	

- iv. Based on current development plan provided by the Company, the gross development value of the property upon completion is estimated to be approximately RMB7,000,000,000. The outstanding development cost as at the Valuation Date is approximately RMB2,900,000,000.
- v. We have been provided with a legal opinion by the Company’s PRC legal adviser, Guangdong Fazong Law Firm, regarding the legal title of the property, which contains, inter alia, the followings:
- i. the property is legally held by Taisheng Technology;
- ii. The construction of the property is legal and complied with all planning and construction regulation; and
- iii. Land Lot Nos. F02-10 and F02-08 are subject to a mortgage dated 3 June 2019 in favour of Xiamen International Trust Company Limited (廈門國際信託有限公司) for the amount of RMB1,512,176,895.

VALUATION PARTICULARS

No.	Property	Description and tenure	Particulars of occupancy	Market Value as at 31 August 2019 RMB
8.	Unit 16A, Block J, Building No.4, Bao Neng Cheng Garden, Liuxian Avenue, Nanshan District, Shenzhen, the PRC	<p>The property comprises a residential unit of a composite development which was completed in about 2017.</p> <p>The total gross floor area of the property is approximately 87.3 sq.m.</p> <p>The land use rights of the property are held for a term expiring on 22 October 2082 for residential use.</p>	The property is vacant.	5,380,000 (Renminbi Five Million Three Hundred and Eighty Thousand)

Notes:

- i. According to a Real Estate Title Certificate — Yue (2018) Shen Zhen Real Estate Title No.0150758, the property with a total gross floor area of approximately 87.3 sq.m. is held by Shenzhen Baoxin Industrial Company Limited (“Baoxin Industrial”) (深圳寶新實業集團有限公司), an indirect wholly owned subsidiary of the Company, for residential use and the land use rights are granted for residential uses for a term expiring on 22 October 2082.
- ii. We have been provided with a legal opinion by the Company’s PRC legal adviser, Guangdong Fazong Law Firm, regarding the legal title of the property, which contains, inter alia, the followings:
 - i) the property is legally held by Baoxin Industrial;
 - ii) Baoxin Industrial is entitled to transfer, lease, mortgage or dispose of the property freely in the market; and
 - iii) the property is free from any mortgage or third parties’ encumbrance.

VALUATION PARTICULARS

No.	Property	Description and tenure	Particulars of occupancy	Market Value as at 31 August 2019 RMB
9.	A commercial building located at No.34, Shenxin East Road, Tiexi District, Shenyang City, Liaoning Province, the PRC	<p>The property comprises a six-storey commercial building erected on a site with site area of approximately 10,918.61 sq.m.</p> <p>The property has a total gross floor area of approximately 37,839.00 sq.m.</p> <p>The land use right of the property has been granted for a term of 40 years commencing from 9 August 2012 for commercial use.</p>	<p>Portion of the property with total gross floor area of approximately 15,000 sq.m. is leased to various tenants at a total monthly rental of RMB4,340,000.00 with various terms for the latest expiring on 2023 for retail, office and hotel uses respectively while the remaining portion is vacant.</p>	<p>364,900,000 (Renminbi Three Hundred Sixty Four Million and Nine Hundred Thousand)</p>

Notes:

- i. Pursuant to Real Estate Title Certificate, the ownerships of the property with a total gross floor area of approximately 37,839.00 sq.m. were vested in Shenyang Baoxin Commercial Limited (the “Shenyang Baoxin”) (瀋陽寶新商業有限公司), an indirect wholly owned subsidiary of the Company, for commercial use.
- ii. Pursuant to State-owned Land Use Right Grant Contract, the property with a site area of 10,918.61 sq.m. has been granted to Rich Wealth Investment Holdings Limited (富盈投資(控股)有限公司) for a term of 40 years and commenced not later than 9 August 2012 for commercial use.
- iii. We have been provided with a legal opinion by the Company’s PRC legal adviser, Guangdong Fazong Law Firm, regarding the legal title of the property, which contains, inter alia, the followings:
 - i) the property is legally held by Shenyang Baoxin;
 - ii) Shenyang Baoxin is entitled to transfer, lease, mortgage or dispose of the property freely in the market; and
 - iii) the property is free from any mortgage or third parties’ encumbrance.

The following is the English translation of the equity valuation report prepared for the purpose of incorporation in this circular received from Shenzhen Guozhengxin Assets Appraisal and Land & Real Estate Appraisal Co., Ltd. (深圳市國正信資產評估土地房地產估價有限公司), an independent valuer, in connection with its valuation as at 22 June 2019 of Baoxin Industrial.

**Asset Appraisal Report on
Shareholders' Total Equity Value Project of
Shenzhen Baoxin Industrial Group Limited
Involved in Proposed Introduction of Strategic Investment
by Shenzhen Baoxin Industrial Group Limited**

SGZXZPZ No. [2019] A042
(Volume 1 of 1)

Appraisal report date: 22 June 2019

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STATEMENT

- I. This appraisal report is prepared by appraisers according to Assets Appraisal Basic Standards issued by the Ministry of Finance and Practicing Standards and Code of Ethics for Asset Appraisal issued by China Appraisal Society.
- II. The client or the user of this appraisal report shall apply it in accordance with the provisions of laws and its scope of use; in case the client or the user of this appraisal report violates the aforesaid rules, this asset appraisal agency, asset appraiser and other asset appraisal professionals will not bear responsibilities.
- III. This appraisal report can be used only by the client, other appraisal report users agreed in the appraisal commission contract and users stipulated by the state laws and regulations; any other agencies or individuals shall not become a user of the appraisal report due to the acquisition of it.
- IV. This asset appraisal agency, asset appraiser and other asset appraisal professionals suggest the appraisal report user shall correctly understand the appraisal result, which is not equal to the achievable price of the evaluation object, and shall not be regarded as the guarantee of such achievable price.
- V. This asset appraisal agency, asset appraiser and other asset appraisal professionals comply with the principle of independence, objectivity and fairness, and provisions of relevant laws, regulations and asset appraisal standards, and are legally liable for the appraisal report.
- VI. The asset appraisal users are reminded of paying attention to special notes to appraisal report, appraisal assumptions and prerequisites of appraisal conclusions and use limitation of the appraisal report.

**APPRAISAL REPORT SUMMARY ON SHAREHOLDERS'
TOTAL EQUITY VALUE PROJECT OF SHENZHEN BAOXIN
INDUSTRIAL GROUP LIMITED INVOLVED IN PROPOSED
INTRODUCTION OF STRATEGIC INVESTMENT BY
SHENZHEN BAOXIN INDUSTRIAL GROUP LIMITED**

SGZXZPZ NO. [2019] A042

Shenzhen Baoxin Industrial Group Limited:

Shenzhen Guozhengxin Assets Appraisal and Land & Real Estate Appraisal Co., Ltd. has accepted the commission of your company. In accordance with relevant laws and regulations and asset appraisal standards, following necessary appraisal procedures, we have made fair reflection of market value of shareholders' total equity value of Shenzhen Baoxin Industrial Group Limited concerning the proposed introduction of strategic investment by your company on 31 May 2019 by adopting the asset-based approach. The asset appraisal is reported as follows:

- I. Appraisal purpose: For the proposed introduction of strategic investment of Shenzhen Baoxin Industrial Group Limited, the market value of shareholders' total equity value of Shenzhen Baoxin Industrial Group Limited concerned on the base date of assets evaluation needs to be evaluated, to provide value reference to this economic behaviour.
- II. Appraisal target: Shareholders' total equity value of Shenzhen Baoxin Industrial Group Limited on the base date of assets evaluation.
- III. Appraisal scope: All the assets and relevant liabilities of Shenzhen Baoxin Industrial Group Limited
- IV. Value type: Market value.
- V. Base date of assets evaluation: 31 May 2019.
- VI. Appraisal method: Asset-based approach.
- VII. Appraisal conclusion

By adopting the asset-based approach, the shareholders' total equity value of Shenzhen Baoxin Industrial Group Limited is evaluated as RMB7,000,737,300, and the evaluated appreciation is RMB6,270,709,300, with the appreciation rate of 858.97%.

ASSETS APPRAISAL RESULT SUMMARY SHEET
BASE DATE OF ASSETS EVALUATION: 31 MAY 2019

Sheet 1

Appraised unit (or property right owner): Shenzhen Baoxin Industrial Group Co., Ltd.

Monetary unit: RMB'0,000

Item	Book value A	Appraisal value B	Increment or decrement C=B-A	Increment rate % D=C/A×100%
1 Current assets	53,883.09	54,140.34	257.25	0.48
2 Non-current assets	235,758.98	862,572.66	626,813.68	265.87
3 Including: Financial assets available for sale	—	—	—	—
4 Held-to-maturity investment	—	—	—	—
5 Long-term receivables	—	—	—	—
6 Long-term equity investment	235,758.98	862,572.66	626,813.68	265.87
7 Investment real estate	—	—	—	—
8 Fixed assets	—	—	—	—
9 Project under construction	—	—	—	—
10 Engineering materials	—	—	—	—
11 Liquidation of fixed assets	—	—	—	—
12 Productive biological asset	—	—	—	—
13 Oil and gas assets	—	—	—	—
14 Intangible assets	—	—	—	—
15 Development expenditure (capitalised)	—	—	—	—
16 Goodwill	—	—	—	—
17 Long-term expense to be amortized	—	—	—	—
18 Deferred income tax assets	—	—	—	—
19 Other non-current assets	—	—	—	—
20 Total assets	289,642.07	916,713.00	627,070.93	216.50
21 Current liabilities	216,639.27	216,639.27	—	—
22 Non-current liabilities	—	—	—	—
23 Total liabilities	216,639.27	216,639.27	—	—
24 Net assets (owner's equity)	73,002.80	700,073.73	627,070.93	858.97

We hereby stress that this appraisal shall be only used as value reference for the client to the introduction of strategic investment.

This report and its conclusion shall be only used for the purpose of appraisal set in this report other than other purposes.

According to relevant provisions of the state, the validity period of this appraisal report is one year, from the base date of assets evaluation, 31 May 2019 to 30 May 2020.

VIII. Cautions

1. The wholly-owned subsidiary, Shenzhen Jitong Industrial Company Limited of Shenzhen Baoxin Industrial Group Limited has not obtained a real estate ownership certificate for the project plot. The project planning follows the Urban Renewal Rules on Junjia B210-0024 Plot, Unit 5, Shangbu Area issued by the Urban Planning & Design Institute of Shenzhen. The report users are prompted to pay attention to it.
2. According to Letter of Notice on Confirmation of Relevant Requirement of Implementation Subject and Implementation Phase of Urban Renewal Unit Project of Junjia B210-0024 Plot, Unit 5, Shangbu Area, Futian District by Futian Urban Renewal Bureau (SFGXH [2018] No. 69), the wholly-owned subsidiary, Shenzhen Jitong Industrial Company Limited of Shenzhen Baoxin Industrial Group Limited is designated as the implementation subject of Urban Renewal Unit Project of Junjia B120-0024 Plot, Unit 5, Shangbu Area, Futian District.
3. The reason for the inconsistency of the obligee recorded in the driving license of some vehicles included in the appraisal scope of Shantou Chaoshang Chengzhen Comprehensive Management Company Limited, the long-term equity investment unit, included in the appraisal scope by Shenzhen Baoxin Industrial Group Limited and the name of appraised unit is that the driving license has not been altered due to asset transfer for group restructuring.
4. This appraisal report does not consider the possible rights or obligations beyond the appraisal scope entrusted by the client and appraised unit, such as the contingent income, contingent assets (off-the-book) and contingent liabilities.

The above content is extracted from the body of the asset appraisal report. For more details of this appraisal project and reasonable understanding of appraisal conclusions, the report user shall carefully read the whole appraisal report, upon approval from the owner of the appraisal report, and pay attention to Article XI “Special Notes” herein, as well as appraisal assumptions and prerequisites for appraisal conclusions.

**APPRAISAL REPORT ON SHAREHOLDERS' TOTAL EQUITY VALUE
PROJECT OF SHENZHEN BAOXIN INDUSTRIAL GROUP LIMITED
INVOLVED IN PROPOSED INTRODUCTION OF STRATEGIC
INVESTMENT BY SHENZHEN BAOXIN INDUSTRIAL GROUP LIMITED**

SGZXZPZ NO. [2019] A042

Shenzhen Baoxin Industrial Group Limited:

Shenzhen GuoZhengxin Assets Appraisal and Land & Real Estate Appraisal Co., Ltd. has accepted the commission of your company. In accordance with relevant laws and regulations and asset appraisal standards, following necessary appraisal procedures, we have made fair reflection of market value of shareholders' total equity value of Shenzhen Baoxin Industrial Group Limited involved in the proposed introduction of strategic investment by your company on 31 May 2019 by adopting the asset-based approach. The asset appraisal is reported as follows:

I. DESCRIPTION OF THE CLIENT, APPRAISED UNIT AND OTHER APPRAISAL REPORT USERS AGREED IN THE ASSET APPRAISAL COMMISSION CONTRACT

Both the client and appraised unit for the asset appraisal have been Shenzhen Baoxin Industrial Group Limited.

(I) DESCRIPTION OF THE CLIENT AND APPRAISED UNIT

1. Basic Information

Registration

Corporate name:	Shenzhen Baoxin Industrial Group Limited
Corporate type:	limited liability company (sole proprietorship of legal person invested or held by natural person)
Unified social credit code:	91440300MA5EDKE54K
Corporate domicile:	8A, 8/F, Building 827, Taoyuan Comprehensive Building, North Bao'An Road, Sungang Street, Luohu District, Shenzhen
Legal representative:	Xia Lingjie
Registered capital:	RMB1.5 billion
Established on:	9 March 2017
Business term:	long term

Business scope: conference planning, cultural activities planning; exhibition and show planning; property leasing, property management; technical development, sales of computer software and information system software; design and technical development of integrated circuits. Sales and e-commerce of cultural products and sports products; domestic trade; purchase and sales of non-ferrous metal; design and management of supply chain channel, design of logistics plan. (If a preliminary administrative license is concerned with the above business operation, such license shall be obtained before any operation is conducted).

2. Development history

- (1) Shenzhen Baoxin Industrial Group Limited, formerly named Shenzhen Baoxin Industrial Company Limited (深圳寶新實業有限公司), was established with approval from Shenzhen Market Supervision and Administration Bureau, Guangdong on 9 March 2017. The registered capital of the company at the time of establishment was RMB200 million, with Shenzhen Baoxin Sport Industry Limited as its shareholder.
- (2) On 7 May 2018, Shenzhen Baoxin Sport Industry Limited increased investment in Shenzhen Baoxin Industrial Company Limited, with the amount of contribution increasing from RMB200 million to RMB744.864849 million.
- (3) On 21 June 2018, Shenzhen Baoxin Sport Industry Limited increased investment in Shenzhen Baoxin Industrial Company Limited, with the amount of contribution increasing from RMB744.864849 million to RMB1.5 billion.
- (4) On 21 June 2018, Shenzhen Baoxin Industrial Company Limited changed its name to Shenzhen Baoxin Industrial Group Limited.
- (5) On 27 November 2018, the investor Shenzhen Baoxin Sport Industry Limited changed its name to Baoxin Holdings Company Limited.

3. As of the base date of assets evaluation, the contribution and shareholding ratio of shareholders of the appraised unit are shown in the following table:

Monetary unit: RMB'0,000

Shareholder name	Contribution method	Subscription amount	Paid-in amount
Baoxin Holdings Company Limited	Currency	150,000.00	74,500.00
Total		150,000.00	74,500.00

4. Asset, financial and operation status on the base date

The financial overview of Shenzhen Baoxin Industrial Group Limited in early stage and on the base date of assets evaluation is as follows:

Balance sheet

Monetary unit: RMB

Item	As at 31 December 2017	As at 31 December 2018	As at 31 May 2019
Current assets:			
Bank and cash	95,600.06	48,140,244.09	33,304,725.59
Accounts receivable	—	27,760,000.00	833,333.34
Advance payment	698.69	5,997.23	37,647.74
Other receivables	5,000.00	64,698,290.00	495,132,564.54
Inventory	—	10,573,900.03	5,284,496.25
Other current assets	—	4,251,829.60	4,238,122.60
Total current assets	101,298.75	155,430,260.95	538,830,890.06
Non-current assets			
Long-term equity investment	950,000,000.00	1,360,000,001.00	2,357,589,812.26
Total non-current assets	950,000,000.00	1,360,000,001.00	2,357,589,812.26
Total assets	950,101,298.75	1,515,430,261.95	2,896,420,702.32
Current liabilities:			
Short-term borrowing	—	20,000,000.00	16,000,000.00
Accounts payable	750,000,000.00	—	—
Advances received	0.01	200,000.00	—
Tax payable	38,403.84	1,901,507.83	32,426.37
Payroll payable	—	252,242.78	82,000.00
Other payables	165,000.00	757,656,891.82	2,150,278,242.38
Total current liabilities	750,203,403.85	780,010,642.43	2,166,392,668.75
Total non-current liabilities	—	—	—
Total liabilities	750,203,403.85	780,010,642.43	2,166,392,668.75
Net assets	199,897,894.90	735,419,619.52	730,028,033.57

Income statement*Monetary unit: RMB*

Item	For the year ended 31 December 2017	For the year ended 31 December 2018	For the five months ended 31 May 2019
I. Turnover revenue	86,376,109.93	550,207,394.54	55,750,166.93
Less: Cost of operation	86,302,205.63	520,484,942.38	53,241,841.75
Tax and surcharges	61,722.35	12,240,113.78	601,144.64
Selling expenses	—	—	—
Administrative expenses	145,084.68	1,080,645.25	1,167,898.08
R&D expenses	—	—	—
Financial expenses	-30,797.63	25,744,817.46	3,720,478.79
Asset impairment loss	—	—	—
Credit impairment loss	—	—	—
Add: Other incomes	—	—	—
Investment income (Loss is indicated with “-”)	—	—	—
Including: investment income from joint ventures and associated enterprises	—	—	—
Net exposure hedging income (Loss is indicated with “-”)	—	—	—
Income from fair value changes (Loss is indicated with “-”)	—	—	—
Income from assets disposal (Loss is indicated with “-”)	—	—	—
II. Operating profit (Loss is indicated with “-”)	-102,105.10	-9,343,124.33	-2,981,196.33
Add: Non-operating income	—	—	—
Less: Non-operating expenditure	—	0.05	200.00
III. Total profits (Total loss is indicated with “-”)	-102,105.10	-9,343,124.38	-2,981,396.33
Less: income tax expense	—	—	—
IV. Net profit (Net loss is indicated with “-”)	-102,105.10	-9,343,124.38	-2,981,396.33

5. Main accounting policies implemented by the corporate***(1) Accounting system implemented by the corporate***

The corporate carries out Accounting Standards for Business Enterprises and related supplementary provisions.

(2) Accounting period

The accounting year begins on 1 January and ends on 31 December of the Gregorian calendar.

(3) Recording currency

The recording currency is RMB.

(4) Accounting basis and accounting measurement attributes

Accounting is based on the accrual system and pricing is based on historical costs.

(5) Accounting of income tax

The corporate income tax is calculated by the tax payable method.

(II) CLIENT AND OTHER APPRAISAL REPORT USERS AGREED IN THE ASSET APPRAISAL COMMISSION CONTRACT

The users of this appraisal report are the client, appraised unit and relevant supervision and administration authorities.

Unless otherwise stipulated by the national laws and regulations, any agencies or individuals without confirmation from the appraisal agency and client shall not become an appraisal report user due to acquisition of it.

(III) RELATION BETWEEN THE CLIENT AND APPRAISED UNIT

The client of this appraisal is the appraised unit.

II. APPRAISAL PURPOSE

Shenzhen Baoxin Industrial Group Limited proposes to introduce strategic investment which requires evaluation of market value of shareholders' total equity value of Shenzhen Baoxin Industrial Group Limited involved on the base date of assets evaluation. This appraisal aims to provide value reference for such economic behaviour.

III. APPRAISAL TARGET AND APPRAISAL SCOPE

(I) APPRAISAL TARGET

The appraisal target is the shareholders' total equity value of Shenzhen Baoxin Industrial Group Limited.

(II) APPRAISAL SCOPE

The appraisal involves all the assets and liabilities of Shenzhen Baoxin Industrial Group Limited on the base date of assets evaluation, including total asset book value of RMB2,896,420,700, liability book value of RMB2,166,392,700, and net asset book value of RMB730,028,000. The book values of various kinds of assets and liabilities are shown in the following table:

Summary Sheet of Assets Appraisal Declaration

Monetary unit: RMB('0,000)

Item	Book value
Current assets	53,883.09
Non-current assets	235,758.98
Long-term equity investment	235,758.98
Total assets	289,642.07
Current liabilities	216,639.27
Total liabilities	216,639.27
Net assets	73,002.80

The asset appraisal scope is subject to the appraisal declaration form provided by the appraised unit. The client has committed that the appraisal target and appraisal scope are consistent with the economic behaviour, without repetition and omission.

IV. VALUE TYPE AND DEFINITION

1. VALUE TYPE AND SELECTION

The asset appraisal value type includes the market value and other value types such as the investment value, value in use, liquidation value, and residual value. Upon sufficient communication with the client, based on relevant conditions like the appraisal purpose, actual conditions of the appraisal target, collected data, the appraisers have selected appropriate value types, and finally reached a consensus with the client on the value type. The market value has been finally selected as the value type of appraisal conclusion of this appraisal report.

2. DEFINITION OF MARKET VALUE

The market value in this appraisal report refers to the estimated value of the appraised target in fair transactions on the base date of assets evaluation on the condition that the buyer and seller act rationally and voluntarily.

3. BASIS FOR SELECTION OF VALUE TYPE

From the perspective of the appraisal purpose, as Shenzhen Baoxin Industrial Group Limited proposes to introduce strategic investment, the market value of shareholders' total equity value of Shenzhen Baoxin Industrial Group Limited involved on the base date of assets evaluation needs to be evaluated, to provide value reference for such economic behaviour. The market value based evaluation is relatively objective and fair. From the perspective of the selection of value type and relativeness of evaluation assumption, the evaluation assumption of this appraisal is set based on simulation of a completely open and competitive market, namely, the purpose of setting evaluation assumption is to exclude the influence of non-market factor and abnormal factor on evaluation conclusion. From the perspective of the convention of value type selection, if there is no special limitation or requirement on market conditions and appraisal target use, the market value shall be selected as the value type of evaluation conclusion.

V. BASE DATE OF ASSETS EVALUATION

- (I) THE BASE DATE OF ASSETS EVALUATION FOR THIS PROJECT IS 31 MAY 2019. THIS BASE DATE OF ASSETS EVALUATION IS THE SAME AS THAT OF ASSETS EVALUATION SPECIFIED IN THE ASSETS EVALUATION COMMISSION CONTRACT FOR THIS APPRAISAL.
- (II) MAJOR FACTORS CONSIDERED FOR DETERMINING THE BASE DATE OF ASSETS EVALUATION
1. The base date of assets evaluation approaches the date of site investigation by the appraiser as much as possible so that the appraiser can better know the status of assets included by the appraisal target on the base date of assets evaluation and truly reflect the current value of appraisal target on the base date of assets evaluation.
 2. The base date of assets evaluation approaches the planned date of implementation of economic behaviour corresponding to the appraisal purpose as much as possible so that the appraisal conclusion efficiently serves the appraisal purpose.
 3. The base date of assets evaluation is preferentially the accounting report date which approaches the planned date of implementation of economic behaviour corresponding to the appraisal purpose so that the appraiser can comprehensively understand the overall situation of the assets related to the appraisal target, which can facilitate systematic site investigation, appraisal data collection and other tasks by the appraisers.
 4. As the base date of assets evaluation is an end date of a monthly period, the relevant information and financial data are comprehensive with high comparability, which is conducive to the realization of evaluation purpose.

VI. APPRAISAL BASIS**(I) ECONOMIC BEHAVIOUR BASIS**

1. Asset appraisal commission contract

(II) BASIS OF LAWS AND REGULATIONS

1. Asset Evaluation Law of the People's Republic of China;
2. Company Law of the People's Republic of China;
3. Land Management Law of the People's Republic of China;
4. Law of the People's Republic of China on the Administration of Urban Real Estate;
5. PRC Standard GB/T50291-2015 Standard for Real Estate Appraisal;
6. Accounting Standards for Enterprises No.4-Fixed Assets
7. Accounting Standards for Enterprises No.15-Construction Contract;
8. Finance and Taxation [2016] No. 36 Notice on Advancing the Pilot Project for Replacing Business Tax with Value Added Tax in an All-round Way;
9. Other laws and regulations related to asset appraisal.

(III) BASIS OF APPRAISAL CRITERIA

1. Asset Evaluation Standard-Basic Standard (CZ [2017] No.43);
2. Professional Ethics Guidelines for Asset (ZPX [2017] No.30);
3. Practicing Standards for Asset Appraisal-Asset Appraisal Procedure (ZPX [2018] No.36);
4. Practicing Standards for Asset Appraisal-Asset Appraisal Report (ZPX [2018] No.35);
5. Practicing Standards for Asset Appraisal-Asset Appraisal Commission Contract (ZPX [2017] No.33);
6. Practicing Standards for Asset Appraisal-Asset Appraisal Files (ZPX [2018] No.37);
7. Practicing Standards for Asset Appraisal-Real Estate (ZPX [2017] No.38);

8. Appraisal Guidelines for the Purpose of Financial Reporting (ZPX [2017] No.45);
9. Guidelines for Business Quality Control of Asset Appraisal Institutions (ZPX [2017] No.46);
10. Guidance on Value Type of Asset Appraisal (ZPX [2017] No.47);
11. Guidance on Legal Ownership of Asset Appraisal Objects (ZPX [2017] No.48);
12. Guidance on Investment Real Estate Appraisal (ZPX [2017] No.53);
13. Regulations for Urban Land Evaluation (GB/T18508–2014);
14. Regulations for Classification and Gradation of Urban Land (GB/T18507–2014);
15. Code for Real Estate Appraisal (GB/T50291–2015);
16. Practicing Standards for Asset Appraisal-Enterprise Value (ZPX [2018] No.38).

(IV) ASSET OWNERSHIP BASIS

1. Asset appraisal declaration form provided by the client and appraised unit;
2. Copies of business license of the client and appraised unit;
3. Articles of Association, Auditing Report, etc.;
4. Other ownership documents.

(V) APPRAISAL PRICING BASIS

1. Financial data including the original accounting statement, data on financial accounting operation, Asset Appraisal Declaration Statement, relevant agreement, contract and invoices provided by the appraised unit;
2. List of assets and other data provided by the appraised unit;
3. Market data, industrial economic and macro economic data collected by the appraiser;
4. Relevant data obtained from site survey and investigation by the appraiser;
5. Other reference data.

VII. APPRAISAL METHOD

(I) INTRODUCTION OF APPRAISAL METHOD

The basic appraisal methods stipulated in the Asset Evaluation Standard-Basic Standard and relevant appraisal standards include the market-based method, income-based method, and asset-based method. According to the conditions of the appraisal target, value type and data collection, the applicability of the three basic methods for asset appraisal is analysed to select one or more basic methods.

The income-based method refers to the determination of the value of appraisal target by capitalizing or discounting expected earnings. Specifically, it includes the dividend discount method and cash flow discount method. The income-based method shall meet two prerequisites: the appraised asset is a single or overall asset of which the expected future earnings can be measured by currency and, the risk borne by the asset owner can be measured by currency.

The asset-based method refers to the determination of the value of appraised target based on reasonable evaluation of all the asset value and liabilities of the enterprise.

The market-based method refers to the determination of the value of appraised target by comparing the appraised target with the equity assets including reference enterprise, enterprise that has trading cases on the market, shareholders' equity and securities. The two common methods of the market-based method are the reference enterprise comparison method and merger and acquisition case comparison method.

(II) SELECTION OF APPRAISAL METHOD

In accordance with the provisions of asset appraisal standard, the corporate value evaluation can adopt the income method, market method and asset-based method (cost method). Income method is the quantification and present value of the anticipated profitable capacity of the overall asset of an enterprise, which stresses the overall anticipated profitable capacity of the enterprise. Market method is the current fair value market to evaluate the appraisal target by the reference in the real market, which has the characteristics that the appraisal data directly draws from the market and the appraisal result is strongly persuasive. Asset-based method refers to the thinking to determine the value of appraisal target on the basis of reasonable evaluation of all the asset value and liability. The two common methods of the market method-based are the reference enterprise comparison method and merger and acquisition case comparison method.

During market investigation, the appraiser found that there are few equity trading case which has similar purpose to this appraisal, and it is hard to obtain sufficient case samples, so the market-based method is not applicable to this appraisal. The future income and future free cash flow of the appraised unit cannot be accurately predicted, therefore the income-based method is also not adopted. Based on the characteristics of the appraisal purpose and appraisal target of this appraisal project, and taking the influence of relevant factors into account, the asset-based method is adopted to appraise the shareholders' total equity value of Shenzhen Baoxin Industrial Group Limited on the base date of assets evaluation.

Therefore, the asset-based method is selected for this appraisal.

(III) DESCRIPTION OF THE SPECIFIC APPRAISAL METHOD

The asset-based method refers to the appraisal of all the single asset and liability in the balance sheet from the perspective of cost, namely, taking the investment amount required by the establishment of an enterprise or independent profitable entity. This is same to the appraisal target on the base date of assets evaluation as the basis to evaluate the fair value of shareholders' total equity, which reflects the value of an enterprise from the perspective of enterprise construction.

1. Current assets***(1) Monetary fund***

Cash appraisal: the corporate staff, under the cooperation of the cashier, supervised the counting of cash, checked the cash journal between base date and stocktaking date, added up the debit and credit amounts for this period respectively, reversed the actual cash amount on the base date, verified that the results of the inventory were consistent with the book balance of the cash inventory evaluation statement, the general ledger on the base date, the cash journal, and then determined the appraisal value.

Appraisal of bank deposits: the appraiser firstly checked whether the general ledger is consistent with the journal; verified whether all the account balance is consistent with the subsidiary account balance listed in the bank inventory evaluation statement, re-examined the bank balance adjustment sheet prepared by the enterprise, and reviewed the bank confirmation request, taking the book value as the appraisal value.

(2) Accounts receivable and other receivables

For the appraisal of accounts receivable and other receivables, the appraiser firstly checked the statement and subsidiary accounts, general ledger, statement balance, verified the accounting record like account balance, occurrence time, business content and analysed the account ageing as per the appraisal statement. For payment with a large amount or abnormal amount, confirmation was made; for fund without a reply letter, replacement procedures including collecting bookkeeping voucher, business contract, recovering funds after acquisition were conducted, receivables for related units were checked mutually to verify the truth, completeness of receivables. The amount of receivables was verified to be consistent with the amount in the statement.

After confirmation, the receivables and other receivable appraisal value were determined according to their book value.

(3) Advance payment

The appraiser firstly checked the statement, accounting statement, general ledger and statement balance, and carried out confirmation, verified the truth, ageing, business content and amount of transactions. The amount of receivables was verified to be consistent with the amount in the statement. The appraiser learnt the causes of accounts, after account analysis, the appraisal value was confirmed for those true ones.

After confirmation, the appraisal value of advance payment was determined based on the book value.

(4) Inventory

For inventory appraisal, the inventory was made by stock counting and on-site survey; relevant inventory was real estate. According to the structure features of the client's inventory value, the market comparison approach was selected to determine its appraisal value.

For the real estate that the house and land were combined, after analysis of the obtained materials and investigation of adjacent similar real estate, the appraiser believed that the transaction of similar real estate in the adjacent area of the appraisal target or in the same supply and demand circle was active, and it was possible to get sufficient transaction cases. Therefore, the market-based method was adopted.

Based on the condition of the current real estate market, according to the selection principle for comparison cases like consistent purpose, normal trading, similar regional characteristics and individual conditions, three comparative trading cases that were similar to the appraisal target were selected. Then, based on the site survey of the appraiser, three market comparison approach values were obtained after correction of trading condition, adjustment of market condition and adjustment of real estate condition. Finally, the arithmetic mean was taken as the appraisal unit price of appraisal target.

Market comparison approach value = Price of comparative trading case × Correction factor of trading condition × Adjustment factor of market condition × Adjustment factor of real estate condition

Appraisal unit price of appraisal target = (Market comparison approach value 1 + Market comparison approach value 2 + Market comparison approach value 3)/3

Appraisal value of appraisal target = Appraisal unit price of appraisal target × Construction area

For the value of inventories at the construction stage, the valuer adopted the hypothetical development method to assess. The hypothetical issue method is a method for estimating the reasonable price or value of the subject after the deduction of subsequent costs of development, professional and related fees, unpaid taxes, and profits to gain. See the formula:

$$V = A - B - C$$

Where,

V — Market value of the valuation subject

A — Appraised value of the real estate after completion development

B — Subsequent costs, professional fees and related fees, unpaid taxes, etc.

C — Reasonable commercial profits to gain by developers

2. Non-current assets

Non-current assets are long-term equity investment.

(1) *Long-term equity investment*

Based on the collected data, combined with the asset, profitable situation of the invested unit, and its influence on the value of the appraised target, the overall evaluation of shareholders' total equity was performed. The asset-based method was adopted.

3. Liability

The liability appraisal value was confirmed according to the liability item and amount actually borne by the equity owner after the realization of appraisal purpose. For the item in the liability that was not actually borne, it was calculated as zero. The liability in this declaration and appraisal was current liability, including the short-term loans, payroll payable, tax payable and other payables.

On the basis of verification of all the liabilities, the appraisal value was determined according to the liability item and amount actually borne by the appraised enterprise after realization of appraisal purpose.

VIII. IMPLEMENTATION PROCESS AND CONDITION OF APPRAISAL PROCEDURE

In accordance with the relevant laws and regulations and provisions of asset appraisal standard, adhering to the principle of independence, objectivity and justice, according to the matters stipulated in the asset appraisal commission contract with the client, the appraiser from Shenzhen Guozhengxin Assets Appraisal and Land & Real Estate Appraisal Co., Ltd. has conducted research on enterprise operation and management, and performed proper appraisal procedures to relevant assets. The process of assets appraisal is as follows:

1. APPRAISAL PREPARATION PHASE

The appraiser discussed with the client, made clear basic matters of appraisal business, comprehensively analysed and commented on their own professional competence, independence and business risks, entered into the asset appraisal commission contract; determined the project charge, organized the appraisal project group, prepared an asset appraisal plan; assisted the appraised unit in filling in the asset appraisal declaration form, and prepared the necessary materials for appraisal.

2. ON-SITE APPRAISAL PHASE OF DUE DILIGENCE

Based on the specific circumstance of this appraisal business, according to the asset appraisal standard and other relevant provisions, the appraiser conducted necessary verification on the assets concerning the appraisal target through methods like consultation, discussion, check, supervision check, investigation and re-examination, carried out due diligence to the operation and management of the appraised unit, accessed appraisal materials from every possible ways, checked the appraisal scope, understood the status quo of the appraisal target and paid attention to the legal ownership of it.

3. APPRAISAL SUMMARY PHASE

The professional appraisers from the project group made necessary analysis, induction and arrangement to form the basis and work files for evaluation and estimation; based on relevant conditions including the appraisal target, value type, collection of appraisal materials, the appraisers selected the proper appraisal method, formula and parameter for analysis, calculation and judgement to obtain the preliminary measurement result and appraisal instruction of each kind of speciality and asset.

After confirming that the preliminary measurement result and appraisal instruction of each kind of speciality and asset submitted by project group members are correct, and that there is no repetition or omission, the summary analysis of asset appraisal was made, and the preliminary appraisal report was prepared.

4. SUBMISSION OF APPRAISAL REPORT

According to laws, administrative rules, asset appraisal standard and internal quality control system of asset appraisal institution, this corporate carried out internal review on the preliminary asset appraisal report and made appraisal conclusion; conducted requisite communication with the client or the corresponding parties permitted by the client concerning the asset appraisal report; submitted the formal asset appraisal report to the client as per the appraisal commission contract.

IX. APPRAISAL ASSUMPTION

(I) GENERAL ASSUMPTION:

1. Trading assumption: assumed that all the assets to be appraised have been in the transaction process, the appraisers evaluate them according to the stimulative market including transaction conditions of those assets.
2. Open-market assumption: it is an assumption of the market condition that the asset is proposed to enter into and the influence on the asset under such a market condition. Open market refers to sufficiently developed and complete market conditions, and a competitive market with voluntary buyers and sellers. In such a market, the buyers and sellers are equal and both have chances and time to access enough market information. The transactions between the buyer and seller are carried out under the voluntary, rational, non-compulsory or unrestricted conditions.
3. Continuous use assumption: it is an assumption of the market condition that the asset is proposed to enter into and the asset status under such a market condition. Firstly, the appraised asset is under the use status; secondly, the asset that is assumed under the use status will be used continuously. Under the assumption of continuous use, the use scope of its appraisal result is restricted as the asset use transfer or best use condition is not considered.
4. Sustainable enterprise operation assumption: it is an appraisal assumption made by taking the overall assets of the enterprise as the appraisal target. Namely, the enterprise, as the operation entity, under the external environment where it exists, will be operated sustainably as per the operation goal. The enterprise operator is responsible and is capable of taking the responsibility; the enterprise operates legally and can acquire appropriate profits to maintain its sustainable operation capacity.

(II) SPECIAL ASSUMPTION:

1. As for the appraisal target and the legal description or legal matters of the asset it involves (including its ownership or burden limitation), the appraiser made a general investigation. Except as disclosed in the appraisal report, it is assumed that the appraisal target and the ownership it involves are complete and can be traded in the market; meanwhile, no lien or easement are concerned, without invasions or other burdensome restriction.
2. As for the information and data provided by the client and relevant parties as the basis of value appraisal conclusion is assumed, the appraiser assumed it's credible with necessary value appraisal procedure and verification undergone. However, the client and relevant parties shall be liable for the truthfulness, legality, completeness of those information and data, and the appraiser makes no guarantee.
3. The documents authorized by relevant local, national governmental organizations, use license, permission letter or other legal or administrative authorization documents required by the asset use method that the value appraisal is based on are assumed to have acquired or can at any time acquire updating.
4. It is assumed that the management (or future management) of Shenzhen Baoxin Industrial Group Limited has responsibly performed the duty of asset owner and diligently and efficiently managed relevant assets.
5. Except as indicated in the appraisal report, the current legal system of tax revenue will not go through major changes; the tax rate will maintain the same and all the applicable laws and regulations have been complied.
6. The current national laws, regulations and policies, national macro economic situation have no major changes. The political, economic and social environment of the regions that the parties concerned in this transaction locate have no major changes, nor major adverse influence caused by other unpredictable and force majeure factors.

As per the requirement of asset appraisal, the appraisers considered that the above assumptions were established on the base date of assets evaluation, and the corresponding appraisal conclusions were deduced based on these assumptions. On condition that those assumption conditions will undergo great changes due to the future economic environment, the appraiser will not bear the responsibility for deducing different appraisal results due to the changes to assumptions.

X. APPRAISAL CONCLUSION

Upon appraisal by the asset-based method, the book value, appraisal value and its difference compared to book value by member and by percentage are shown in the following table:

Asset Appraisal Result Summary

Monetary unit: RMB('0,000)

Item	Book value	Appraisal value	Difference compared to book value	Percentage of difference
Current assets	53,883.09	54,140.34	257.25	0.48
Non-current assets	235,758.98	862,572.66	626,813.68	265.87
Including: long-term equity investment	235,758.98	862,572.66	626,813.68	265.87
Total assets	289,642.07	916,713.00	627,070.93	216.50
Current liabilities	216,639.27	216,639.27	—	—
Total liabilities	216,639.27	216,639.27	—	—
Net assets	73,002.80	700,073.73	627,070.93	858.97

Notes: The details of appraisal conclusions are shown in the Asset Appraisal Statement.

The appraisal conclusion difference is due to the appraisal increment of long-term equity investment. The inventory in the long-term invested unit was mainly real estate. The book value of inventory reflected the development and construction cost of real estate, while the appraisal value was the market fair value. The continuous and fast rise of the real estate market price resulted in inventory increment.

XI. SPECIAL NOTES

- (I) The “appraisal value” in this report means the fair value opinion raised for the purpose specified in this report on the premise that we maintain the current usage of the appraised assets unchanged and keep operation and based on the conditions and external economic environment on the base date of assets evaluation, without being responsible for other purposes.
- (II) The appraisal conclusion in the report reflects the fair value of the appraisal target determined according to the principle of the open market for the purpose of this appraisal, without considering the relevant cost and taxation should be borne during the property right registration or ownership change process of such asset, nor making any tax adjustment for the increment of asset appraisal. The appraisal conclusion shall not be regarded as the guarantee of the achievable price of the appraisal target.
- (III) This appraisal conclusion does not consider the premium or discount due to factors such as holding rights and minority equity, nor the influence on the value of appraisal target by the entrusted appraised equity’s mobility.
- (IV) Within the validity period from the base date of assets evaluation to 30 May 2020, if the asset amount and pricing standard change, adjustment shall be made accordingly, and the appraisal conclusion shall not be used directly.
- (V) Circumstances including incompleteness or defectiveness of major materials involving ownership:
1. The reason for the inconsistency of the obligee recorded in the driving license of some vehicles included in the appraisal scope of Shantou Chaoshang Chengzhen Comprehensive Management Company Limited, the long-term equity investment unit, included in appraisal scope by Shenzhen Baoxin Industrial Group Limited and the name of appraised unit is that the driving license has not been altered due to asset transfer for group restructuring.
- For the above matters, the corporate has issued a statement that the ownership belongs to Shantou Chaoshang Chengzhen Comprehensive Management Company Limited, so there is no property right disputes. The appraisal was conducted on the premise that the ownership of property right was clear without disputes.
2. Shenzhen Jitong Industrial Company Limited is included in the long-term equity investment unit of Shenzhen Baoxin Industrial Group Limited and it has not obtained a real estate ownership certificate. In this evaluation, the valuer based on the Letter of Notice on Confirmation of Relevant Requirement of Implementation Subject and Implementation Phase of Urban Renewal Unit Project of Junjia B210–0024 Plot, Unit 5, Shangbu Area, Futian District by Futian Urban Renewal Bureau, which has been brought to the attention of the report user.

(VI) Other key materials that the client has not provided:

The client has provided all the key materials available.

(VII) Major subsequent matters

There was no major subsequent matter relating to this report.

(VIII) Influence on appraisal value by the auditing disclosure matters:

The assets and liabilities incorporated in the appraisal scope have not been audited.

(IX) Circumstances that the appraisal procedure was limited;

1. During this appraisal, the appraiser did not perform technical detection on the buildings' technical parameters and performance on the base date of assets evaluation, but made judgment through site investigation assuming that relevant technical data and running records provided by the appraised unit were true and valid.
2. During this appraisal, the appraiser did not perform technical detection on the buildings' (structures') concealed works and internal structures (parts that were invisible to naked eyes), but made the appraisal conclusion of buildings and structures through site investigation assuming that relevant engineering data provided by the appraised unit was true and valid.

(X) Description of major events:

From the base date of assets evaluation to the issuance date of the appraisal report, the client committed that there were no major events that influenced the appraisal prerequisite and conclusion which required adjustment to the appraisal conclusion.

(XI) Legal, economic and other pending matters on the base date of assets evaluation:

The client committed that the assets within the appraisal scope had no legal, economic and other pending matters. This appraisal didn't consider the influence on the appraisal value by legal, economic and other pending matters.

(XII) Relation between the nature, amount of guarantees, leases and contingent liabilities (contingent assets) and other matters and the appraisal target:

This appraisal result, on the premise of assuming that the client owned the legal right of the entrusted appraised assets, reflected their complete market value, without considering the influence on the appraisal result by other rights such as mortgage, guarantee of the appraisal target existed on the base date.

(XIII) Circumstance that the appraisal materials were incomplete:

There is no circumstance that the appraisal materials were incomplete in this appraisal.

(XIV) Circumstance that the report conclusion issued by other agencies is introduced

The wholly-owned subsidiary, Shenzhen Jitong Industrial Company Limited which was incorporated in the appraisal scope by Shenzhen Baoxin Industrial Group Limited has not obtained a real estate ownership certificate. In this appraisal, the project planning follows the Urban Renewal Rules on Junjia B210-0024 Plot, Unit 5, Shangbu Area issued by the Urban Planning & Design Institute of Shenzhen. The report users are prompted to pay attention to it.

(XV) Other matters to be disclosed:

1. The book value of the assets and liabilities incorporated in this appraisal scope was declared by the client.
2. The inventory value incorporated in this appraisal scope included its corresponding land value. The report users are prompted to pay attention to it.

(XVI) Among the economic behaviour corresponded by this assets appraisal, defective circumstances that might have a significant impact on the appraisal conclusion:

1. The area of ancestral land, right status, planning indicator involved in the inventory of long-term equity investment company and investment real estate project within the appraisal scope are subject to the planning indicator and planning license provided by the client. We assumed that the anticipated aspects including real estate being developed as per planning were realized as scheduled. If the indicator changes, the appraisal result shall be adjusted accordingly.
2. The inventory of long-term equity investment company and investment real estate project incorporated in the appraisal scope was appraised and evaluated based on the visual progress on the base date of assets evaluation according to the ratio between the actual investment as of the base date of evaluation and the total planned investment in the project as listed in the project cost schedule provided by the client. The engineering visual progress matched with the payment progress.
3. The book value of inventory of long-term equity investment company and investment real estate project incorporated in the appraisal scope was declared by the client as well as owners of property right.
4. The value of inventory of long-term equity investment company and of investment real estate incorporated in the appraisal scope included the corresponding land value. The report users are prompted to pay attention to it.

The appraisal report user shall pay great attention to the impact on the appraisal conclusion by the special matters.

XII. USE LIMITATION OF THE APPRAISAL REPORT

1. This appraisal report shall only be used for the appraisal purpose and usage specified herein;
2. This appraisal report shall only be used by the appraisal report user specified herein;
3. Except as otherwise agreed by laws, regulations and relevant parties, if all or part of the appraisal report is copied, quoted or disclosed in the public media, relevant contents shall be reviewed by the appraisal agency;
4. The appraisal conclusion disclosed in this appraisal report is only applicable to the corresponding economic behaviour of this project. The appraisal conclusion shall be valid for one year from the base date of assets evaluation, that is, from 31 May 2019 to 30 May 2020. Where the appraisal purpose is achieved within the validity period, the appraisal conclusion shall be used as the reference for the value (combined with the adjustment of subsequent events on the base date of assets evaluation). Assets need to be re-appraised after one year;

XIII. APPRAISAL REPORT DATE

The appraisal report date is 22 June 2019.

The appraisal report date is the date when the appraisal conclusion is made.

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Asset appraisal agency: Shenzhen Guozhengxin Assets Appraisal and Land & Real Estate Appraisal Co., Ltd.

Asset appraiser: Zhang Yanhong

Asset appraiser: Mou Dunhai

22 June 2019

ANNEX TO APPRAISAL REPORT

1. Asset Appraisal Results Comprehensive Table

Summary of Appraisal Results for Assets

Valuation date : 31 May 2019

Table 1

Valuation unit (or Owners):

Shenzhen Baoxin Industrial Group Limited

Monetary unit: RMB'0,000

Items	Book value A	Appraisal value B	Increment or decrement C=B-A	Increment rate % D=C/A×100%
1 Current assets	53,883.09	54,140.34	257.25	0.48
2 Non-current assets	235,758.98	862,572.66	626,813.68	265.87
3 Of which: Available-for-sale financial assets	—	—	—	—
4 Held-to-maturity investments	—	—	—	—
5 Long-term trade receivables	—	—	—	—
6 Interest in subsidiaries	235,758.98	862,572.66	626,813.68	265.87
7 Investment properties	—	—	—	—
8 Fixed assets	—	—	—	—
9 Construction in progress	—	—	—	—
10 Construction material	—	—	—	—
11 Fixed assets under disposal	—	—	—	—
12 Productive biological assets	—	—	—	—
13 Oil and gas assets	—	—	—	—
14 Intangible assets	—	—	—	—
15 Development expenditure (capitalised)	—	—	—	—
16 Goodwill	—	—	—	—
17 Long-term amortised expenses	—	—	—	—
18 Deferred tax assets	—	—	—	—
19 Other non-current assets	—	—	—	—
20 Total assets	289,642.07	916,713.00	627,070.93	216.50
21 Current liabilities	216,639.27	216,639.27	—	—
22 Non-current liabilities	—	—	—	—
23 Total Liabilities	216,639.27	216,639.27	—	—
24 Net assets (equity interest)	73,002.80	700,073.73	627,070.93	858.97

Valuer: Shenzhen Guozhengxin Assets Appraisal and Land & Real Estate Appraisal Co., Ltd.

Legal representative: Tian Shouyu

Project Leader: Mou Dunhai

Signing of assets valuers: Mou Dunhai/
Zhang Yanhong

Breakdown of Appraisal Results for Assets

Valuation date : 31 May 2019

Table 2

Valuation unit (or Owners):

Shenzhen Baoxin Industrial Group Limited

Monetary unit: RMB

No.	Account name	Book value	Appraisal value	Increment or decrement	Increment rate %
1	I. Total current assets	538,830,890.06	541,403,393.81	2,572,503.75	0.48
2	Bank and Cash balances	33,304,725.59	33,304,725.59	—	—
3	Financial assets at fair value through profit or loss	—	—	—	—
4	Notes receivable	—	—	—	—
5	Trade receivables	833,333.34	833,333.34	—	—
6	Prepayments	37,647.74	37,647.74	—	—
7	Interest receivable	—	—	—	—
8	Dividend receivable	—	—	—	—
9	Other receivables	495,132,564.54	495,132,564.54	—	—
10	Inventories	5,284,496.25	7,857,000.00	2,572,503.75	48.68
11	Non-current assets due within one year	—	—	—	—
12	Other current assets	4,238,122.60	4,238,122.60	—	—
13	II. Total non-current assets	2,357,589,812.26	8,625,726,645.29	6,268,136,833.03	265.87
14	Available-for-sale financial assets	—	—	—	—
15	Held-to-maturity investments	—	—	—	—
16	Long-term trade receivables	—	—	—	—
17	Interest in subsidiaries	2,357,589,812.26	8,625,726,645.29	6,268,136,833.03	265.87
18	Investment properties	—	—	—	—
19	Fixed assets	—	—	—	—
20	Construction in progress	—	—	—	—
21	Construction material	—	—	—	—
22	Fixed assets under disposal	—	—	—	—
23	Productive biological assets	—	—	—	—
24	Oil and gas assets	—	—	—	—
25	Intangible assets	—	—	—	—
26	Development expenditure (capitalised)	—	—	—	—
27	Goodwill	—	—	—	—
28	Long-term amortised expenses	—	—	—	—
29	Deferred tax assets	—	—	—	—
30	Other non-current assets	—	—	—	—
31	III. Total assets	2,896,420,702.32	9,167,130,039.10	6,270,709,336.78	216.50
32	IV. Total current liabilities	2,166,392,668.75	2,166,392,668.75	—	—

No.	Account name	Book value	Appraisal value	Increment or decrement	Increment rate %
33	Short-term borrowings	16,000,000.00	16,000,000.00	—	—
34	Financial liabilities at fair value through profit or loss	—	—	—	—
35	Notes payable	—	—	—	—
36	Trade payables	—	—	—	—
37	Receipts in advance	—	—	—	—
38	Wages and salaries payables	82,000.00	82,000.00	—	—
39	Taxes payable	32,426.37	32,426.37	—	—
40	Interest payables	—	—	—	—
41	Dividend payables	—	—	—	—
42	Other payables	2,150,278,242.38	2,150,278,242.38	—	—
43	Non-current liabilities due within one year	—	—	—	—
44	Other current liabilities	—	—	—	—
45	V. Total non-current liabilities	—	—	—	—
46	Long term borrowings	—	—	—	—
47	Bonds payable	—	—	—	—
48	Long-term trade payables	—	—	—	—
49	Payables for specific projects	—	—	—	—
50	Provisions	—	—	—	—
51	Deferred tax liabilities	—	—	—	—
52	Other non-current liabilities	—	—	—	—
53	VI.Total liabilities	2,166,392,668.75	2,166,392,668.75	—	—
54	VII.Net assets (owner's equity)	730,028,033.57	7,000,737,370.35	6,270,709,336.78	858.97

Valuer: Shenzhen Guozhengxin Assets Appraisal and Land & Real Estate Appraisal Co., Ltd.

Summary of Appraisal Details for Current Assets

Valuation date : 31 May 2019

Table 3

Valuation unit (or Owners):

Shenzhen Baoxin Industrial Group Limited

Monetary unit: RMB

No.	Account name	Book value	Appraisal Amount	Increment or decrement	Increment rate %
3-1	Bank and cash balances	33,304,725.59	33,304,725.59	—	—
3-2	Financial assets at fair value through profit or loss	—	—	—	—
3-3	Notes receivable	—	—	—	—
3-4	Trade receivable	833,333.34	833,333.34	—	—
3-5	Prepayments	37,647.74	37,647.74	—	—
3-6	Interest receivable	—	—	—	—
3-7	Dividend receivable	—	—	—	—
3-8	Other receivables	495,132,564.54	495,132,564.54	—	—
3-9	Inventories	5,284,496.25	7,857,000.00	2,572,503.75	48.68
3-10	Non-current assets due within one year	—	—	—	—
3-11	Other current assets	4,238,122.60	4,238,122.60	—	—
3	Total current assets	538,830,890.06	541,403,393.81	2,572,503.75	0.48

Preparer: Xiongliu

Valuers: Mou Dunhai/Jiangtao

Date: 31 May 2019

Appraisal Details for Bank and Cash Balances

Valuation date : 31 May 2019

Table 3-1

Valuation unit (or Owners):

Shenzhen Baoxin Industrial Group Limited

Monetary unit: RMB

No.	Account name	Book value	Appraisal Amount	Increment or decrement	Increment rate %	Book value
3-1-1	Cash in hand	5,000.00	5,000.00	—	—	
3-1-2	Cash at bank	33,299,725.59	33,299,725.59	—	—	
3-1-3	Bank and cash balances in other currency	—	—	—	—	
	Total	33,304,725.59	33,304,725.59	—	—	

Preparer: Xiongliu

Valuers: Mou Dunhai/Jiangtao

Date : 31 May 2019

Bank and Cash Balances — Appraisal Details for Cash in Hand

Valuation date : 31 May 2019

Table 3-1-1

Valuation unit (or Owners):

Shenzhen Baoxin Industrial Group Limited

Monetary unit: RMB

No.	Custodian	CCY	Book value	Appraisal value	Increment or decrement	Increment rate %	Book value
1	Finance department	RMB	5,000.00	5,000.00	—	—	
	Total		5,000.00	5,000.00	—	—	

Preparer: Xiongliu
Date: 31 May 2019

Valuers: Mou Dunhai/Jiangtao

Bank and cash balances — Appraisal Details for Bank Balances

Valuation date : 31 May 2019

Table 3-1-2

Valuation unit (or Owners):

Shenzhen Baoxin Industrial Group Limited

Monetary unit: RMB

No.	Name of Bank	Account Number	CCY	Book value	Appraisal value	Increment or decrement	Increment rate %	Remarks
1	[001] China CITIC Bank City Plaza Flag Branch	8110301012000191541	RMB	32,878,357.75	32,878,357.75	—	—	
2	ICBC Shenzhen Huaqiang Branch	4000022119200737917	RMB	31,100.04	31,100.04	—	—	
3	[003] Huaxia Bank	10868000000227472	RMB	382,721.56	382,721.56	—	—	
4	[004] CITIC Securities Co. Ltd.	30100199268	RMB	200.00	200.00	—	—	
5	Industrial Bank Shenzhen Meilin Branch	338240100100000105	RMB	6,946.04	6,946.04	—	—	
6	Guangdong Jieyang Rural Commercial Bank Company Limited	80020000013072799	RMB	400.20	400.20	—	—	
Total				33,299,725.59	33,299,725.59	—	—	

Preparer: Xiongliu
Date: 31 May 2019

Valuers: Mou Dunhai/Jiangtao

Appraisal Details for Trade Receivables

Valuation Date: 31 May 2019

Table 3—4

Valuation unit (or Owners):

Shenzhen Baoxin Industrial Group Limited

Monetary unit: RMB

No.	Name of Debtor (Settlement Party)	Transaction Nature	Transaction Date	Aging	Book value	Appraisal value	Increment or decrement	Increment rate %	Remarks
1	Shenzhen Bangkai New Energy Company Limited (深圳邦凱新能源股份有限 公司)	Project management fee	2019.5.31	< 1 yr.	250,000.00	250,000.00	—	—	
2	Heshan Shiyi Electronics Technology Limited (鶴山市世逸電子科技 有限公司)	Project management fee	2019.5.31	< 1 yr.	166,666.67	166,666.67	—	—	
3	Laihua Taisheng Limited (萊華泰盛有限公司)	Project management fee	2019.5.31	< 1 yr.	250,000.00	250,000.00	—	—	
4	Laihua Taifeng Limited (萊華泰豐有限公司)	Project management fee	2019.5.31	< 1 yr.	166,666.67	166,666.67	—	—	
	Total				833,333.34	833,333.34	—	—	
	Less: provision for doubtful debts								
	Less: bad debt loss				—	—	—	—	
	Total				833,333.34	833,333.34	—	—	

Preparer: Xiongliu

Date: 31 May 2019

Valuers: Mou Dunhai/Jiangtao

Appraisal Details for Prepayments

Valuation Date: 31 May 2019

Table 3-5

Valuation unit (or Owners):

Shenzhen Baoxin Industrial Group Limited

Monetary unit: RMB

No.	Name of Payee (Settlement Party)	Transaction Nature	Transaction Date	Aging	Book value	Appraisal value	Increment or decrement	Increment rate %	Remarks
1	Zhongchu Development Company Limited Shanghai Wusong Branch Company (中儲發展股份有 限公司上海吳淞分公司)	Prepaid warehouse rental	2019.2.28	< 1 yr.	5,997.23	5,997.23	—	—	
2	Shanghai Zhongchu Logistics Delivery Limited (上海中 儲物流配送有限公司)	Prepaid warehouse rental	2019.2.28	< 1 yr.	5,000.00	5,000.00	—	—	
3	Shenzhen Gaojieya Environmental Protection Technology Limited (深圳 高潔雅環保科技有限公司)	Prepaid air purifier rental	2019.3.31	< 1 yr.	11,650.51	11,650.51	—	—	
4	Guangzhou Yuechu Logistics Company Limited (廣州市 粵儲物流股份有限公司)	Prepaid warehouse rental	2019.4.30	< 1 yr.	5,000.00	5,000.00	—	—	
5	Foshan Nanchu Warehouse Management Limited (佛山市南儲倉儲管理 有限公司)	Prepaid warehouse rental	2019.4.30	< 1 yr.	5,000.00	5,000.00	—	—	
6	Shanghai Chengping Logistics Limited (上海誠聘物流有限公司)	Prepaid warehouse rental	2018.4.30	1—2 yr.	5,000.00	5,000.00	—	—	
Total					37,647.74	37,647.74	—	—	
Less: provision for doubtful prepayment					—	—	—	—	
Total					37,647.74	37,647.74	—	—	

Preparer: Xiongliu

Date: 31 May 2019

Valuers: Mou Dunhai/Jiangtao

Appraisal Details for Other Prepayments

Valuation Date: 31 May 2019

Table 3-8

Valuation unit (or Owners):

Shenzhen Baoxin Industrial Group Limited

Monetary unit: RMB

No.	Name of Debtor (Settlement Party)	Transaction Nature	Transaction Date	Aging	Book value	Appraisal value	Increment or decrement	Increment rate %	Remarks
1	Shanggang Logistics Metal Warehouse (Shanghai) Limited (上海物流金屬倉儲(上海)有限公司)	Prepaid warehouse rental deposit	2017.11.30	1—2 yr.	5,000.00	5,000.00	—	—	
2	Shenzhen Jitong Industrial Company Limited	Intercompany balance	2019.4.30	< 1 yr.	190,071,000.00	190,071,000.00	—	—	
3	Hu Guo Zheng	Advance	2019.2.28	< 1 yr.	20,150.00	20,150.00	—	—	
4	Shenzhen Baoxin Logistics Limited (深圳寶新物流有限公司)	Intercompany balance	2019.3.31	< 1 yr.	800,000.00	800,000.00	—	—	
5	Shenzhen Baoxin Supply Chain Limited (深圳寶新供應鏈有限公司)	Intercompany balance	2019.4.30	< 1 yr.	840.00	840.00	—	—	
6	Weinan Baoneng Property Company Limited (渭南市寶能置業有限公司)	Intercompany balance	2019.5.31	< 1 yr.	99,540,000.00	99,540,000.00	—	—	
7	Hunan Meilian Property Company Limited (湖南美聯置業有限公司)	Intercompany balance	2019.5.31	< 1 yr.	93,681,149.80	93,681,149.80	—	—	
8	Shaotou Taisheng Technology Limited (汕頭市泰盛科技有限公司)	Intercompany balance	2019.5.31	< 1 yr.	94,000,000.00	94,000,000.00	—	—	
9	Shenzhen Dapeng International Education Limited (深圳大鵬國際教育有限公司)	Intercompany balance	2018.9.30	< 1 yr.	6,000,000.00	6,000,000.00	—	—	
10	Shenzhen MGM Trading Limited (深圳米高梅貿易有限公司)	Intercompany balance	2019.1.31	< 1 yr.	11,002,805.18	11,002,805.18	—	—	
11	Society Security for Individuals	Social Security	2019.5.31	< 1 yr.	7,362.36	7,362.36	—	—	
12	Provident Fund for Individuals	Provident Fund	2019.5.31	< 1 yr.	4,257.20	4,257.20	—	—	
Total					495,132,564.54	495,132,564.54	—	—	
Less: provision for other doubtful prepayments									
●Less: bad debt loss					—	—	—	—	
Total					495,132,564.54	495,132,564.54	—	—	

Preparer: Xiongliu
Date: 31 May 2019

Valuers: Mou Dunhai/Jiangtao

Appraisal Details for Inventories

Valuation Date: 31 May 2019

Table 3-9

Valuation unit (or Owners):

Shenzhen Baoxin Industrial Group Limited

Monetary unit: RMB

No.	Account name	Book value	Appraisal value	Increment or decrement	Increment rate %
3-9-1	Material procurement (in-transit)	—	—	—	—
3-9-2	Raw material	—	—	—	—
3-9-3	Inventory in-transit	—	—	—	—
3-9-4	Consigned processing materials	—	—	—	—
3-9-5	Finished goods (Stock)	5,284,496.25	7,857,000.00	2,572,503.75	48.68
3-9-6	Work-in-progress (Semi-Finished Goods)	—	—	—	—
3-9-7	Release products	—	—	—	—
3-9-8	Revolving Materials	—	—	—	—
	Total	5,284,496.25	7,857,000.00	2,572,503.75	48.68
	Less: provision for impairment loss of inventories	—	—	—	—
	Total	5,284,496.25	7,857,000.00	2,572,503.75	48.68

Preparer: Xiongliu

Date: 31 May 2019

Valuers: Mou Dunhai/Jiangtao

Appraisal Details for Inventories — Finished goods
(Inventories, products development, agricultural products)

Valuation Date: 31 May 2019

Table 3–9–5

Valuation unit (or Owners):

Shenzhen Baoxin Industrial Group Limited

Monetary unit: RMB

No.	Name	Model	Measurement		Book Value			Actual Quantity	Appraisal value			Increment or decrement			Remarks
			unit	Quantity	CCY	RMB	Amount		CCY	RMB	Exchange rate	Amount	decrement	rate %	
1	Unit 16A, Block J, Tower 4, Baoneng City Garden						5,284,496.25	87.3		90,000.00		7,857,000.00		48.68	
	Total						5,284,496.25					7,857,000.00	2,572,503.75	48.68	

Preparer: Xiongliu

Date: 31 May 2019

Valuers: Mou Dunhai/Jiangtao

Appraisal Details for Other Current Assets

Valuation Date: 31 May 2019

Table 3–11

Valuation unit (or Owners):

Shenzhen Baoxin Industrial Group Limited

Monetary unit: RMB

No.	Transaction Nature	Transaction Date	Settlement content	Book value	Appraisal value	Increment or decrement	Increment rate %	Remarks
1	Land appreciation tax	2018.10.31	< 1 yr.	4,238,122.60	4,238,122.60	—	—	
	Total			4,238,122.60	4,238,122.60	—	—	

Preparer: Xiongliu

Date: 31 May 2019

Valuers: Mou Dunhai/Jiangtao

Appraisal Details for Non-current Assets

Valuation Date: 31 May 2019

Table 4

Valuation unit (or Owners):

Shenzhen Baoxin Industrial Group Limited

Monetary unit: RMB

No.	Account name	Book value	Appraisal value	Increment or decrement	Increment rate %
4-1	Available-for-sale financial assets	—	—	—	—
4-2	Held-to-maturity investments	—	—	—	—
4-3	Long-term trade receivables	—	—	—	—
4-4	Interest in subsidiaries	2,357,589,812.26	8,625,726,645.29	6,268,136,833.03	265.87
4-5	Investment properties	—	—	—	—
4-6	Fixed assets	—	—	—	—
4-7	Construction in progress	—	—	—	—
4-8	Construction material	—	—	—	—
4-9	Fixed assets under disposal	—	—	—	—
4-10	Productive biological assets	—	—	—	—
4-11	Oil and gas assets	—	—	—	—
4-12	Intangible assets	—	—	—	—
4-13	Development expenditure (capitalised)	—	—	—	—
4-14	Goodwill	—	—	—	—
4-15	Long-term amortised expenses	—	—	—	—
4-16	Deferred tax assets	—	—	—	—
4-17	Other non-current assets	—	—	—	—
	Total	2,357,589,812.26	8,625,726,645.29	6,268,136,833.03	265.87

Preparer: Xiongliu

Valuers: Mou Dunhai/Jiangtao

Date: 31 May 2019

Appraisal Details for Interest in subsidiaries

Valuation Date: 31 May 2019

Table 4—4

Valuation unit (or Owners):

Shenzhen Baoxin Industrial Group Limited

Monetary unit: RMB

No.	Name of Invested entity	Investment date	Investment ratio %	Book value	Appraisal value	Increment or decrement	Increment rate %	Note
1	Shenzhen Borui Enterprise Management Company Limited	2017.12.31	100	950,000,000.00	1,233,085,199.92	283,085,199.92	29.80	1
2	Weinan Baoneng Property Company Limited	2018.9.30	60	180,000,001.00	177,888,091.39	-2,111,909.61	-1.17	2
3	Hunan Meilian Property Company Limited	2018.6.30	51	200,000,000.00	440,979,045.98	240,979,045.98	120.49	3
4	Yunfu Baoneng Property Limited	2018.6.30	100	30,000,000.00	9,365,044.52	-20,634,955.48	-68.78	4
5	Shenzhen Jitong Industrial Company Limited	2019.1.31	100	700,000,000.00	2,995,112,121.09	2,295,112,121.09	327.87	5
6	Changchun City Baoxin Property Development Company Limited	2019.5.31	70.42	297,589,810.38	731,241,004.96	433,651,194.58	145.72	6
7	Baoxin Technology (Hong Kong) Limited	2019.5.31	100	0.88	3,038,056,137.43	3,038,056,136.55	345,233,651,880.68	7
Total				2,357,589,812.26	8,625,726,645.29	6,268,136,833.03	265.87	
Less: provision for impairment loss of investment in subsidiaries				—	—	—	—	
Total				2,357,589,812.26	8,625,726,645.29	6,268,136,833.03	265.87	

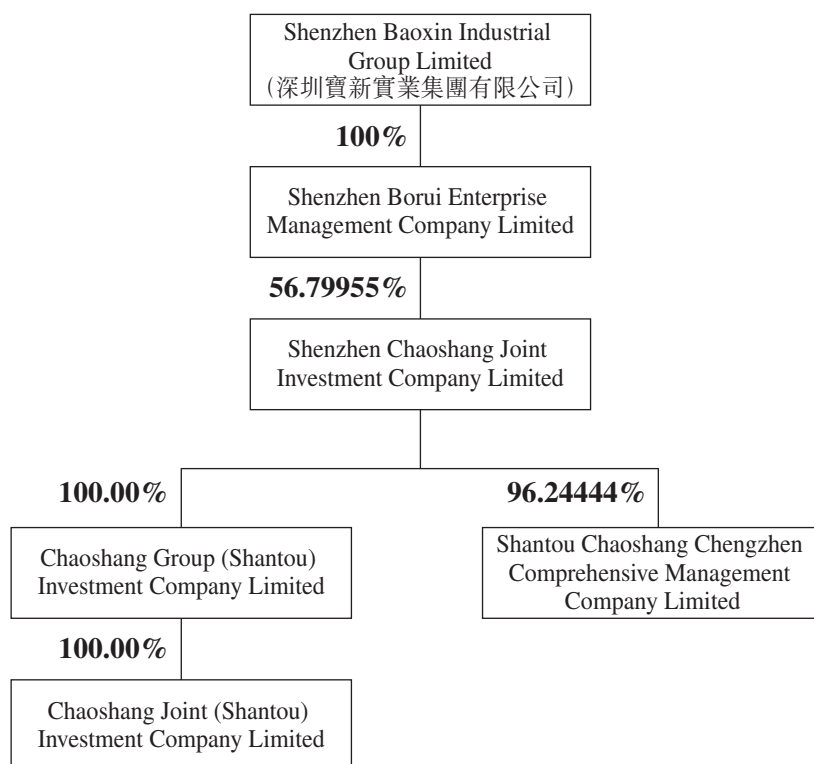
Preparer: Xiongliu

Valuers: Mou Dunhai/Jiangtao

Date: 31 May 2019

Note 1:

Shenzhen Borui Enterprise Management Company Limited is the long-term equity investor of Shenzhen Chaoshang Joint Investment Company Limited, with 56.79955% shareholding. Shenzhen Chaoshang Joint Investment Company Limited is the long-term equity investor of Chaoshang Group (Shantou) Investment Company Limited and Shantou Chaoshang Chengzhen Comprehensive Management Company Limited, with 100% shareholding and 96.24444% shareholding, respectively. Chaoshang Group (Shantou) Investment Company Limited is the long-term equity investor of Chaoshang Joint (Shantou) Investment Company Limited, with 100% shareholding. The following chart sets out the shareholding structure:



The valuation of Shenzhen Borui Enterprise Management Company Limited is set out in the following table:

Expressed in RMB Yuan

No.		Item	Book value	Appraised value	Increased/decreased value	Appreciation rate (%)
1	I.	Total current assets	606,744,550.73	606,744,550.73	—	—
2		Monetary funds	5,552,886.43	5,552,886.43	—	—
3		Prepayments	404,699.09	404,699.09	—	—
4		Other receivables	600,786,965.21	600,786,965.21	—	—
5	II.	Total non-current assets	355,049,081.76	855,319,666.39 ^①	500,311,784.63	140.91
6		Long-term equity investment	354,997,212.00	855,360,866.39	500,322,454.39	140.94
7		Fixed assets	51,869.76	41,200.00	-10,669.76	-20.57
8	III.	Total assets	961,793,632.49	1,462,105,417.12	500,311,784.63	52.02
9	IV.	Total current liabilities	229,020,217.20	229,020,217.20	—	—
10		Employee salaries payable	23,460.78	23,460.78	—	—
11		Taxes payable	216,700.43	216,700.43	—	—
12		Other payables	228,780,055.99	228,780,055.99	—	—
13	V.	Total non-current liabilities	—	—	—	—
14	VI.	Total liabilities	229,020,217.20	229,020,217.20	—	—
15	VII.	Net assets (owner's equity)	732,773,415.29	1,233,085,199.92	500,311,784.63	68.28

Shenzhen Borui Enterprise Management Company Limited is the long-term equity investor of Shenzhen Chaoshang Joint Investment Company Limited. The value of the long-term equity investment increased due to an increase in the appraised value of Shenzhen Chaoshang Joint Investment Company Limited.

The fixed assets of Shenzhen Borui Enterprise Management Company Limited are electronic equipment, the valuation of which impaired since its market value is lower than historical purchase cost due to technological progress and equipment updating.

Based on the above, the valuation result for the 100% shareholder's interests in Shenzhen Borui Enterprise Management Company Limited held by Shenzhen Baoxin Industrial Group Limited is as follows:

Investee	Percentage of shareholding	Investment cost RMB'0,000	Appraised value RMB'0,000	Increased/decreased RMB'0,000	Appreciation rate (%)
Shenzhen Borui Enterprise Management Company Limited	100%	95,000.00	123,308.52	28,308.52	29.80

①Shenzhen Borui Enterprise Management Company Limited is the long-term equity investor of Shenzhen Chaoshang Joint Investment Company Limited, with 56.79955% shareholding. The valuation of Shenzhen Chaoshang Joint Investment Company Limited is set out in the following table:

Expressed in RMB Yuan

No.	Item	Book value	Appraised value	Increased/decreased value	Appreciation rate (%)
1	I. Total current assets	26,050,038.15	26,050,038.15	—	—
2	Monetary funds	40,038.15	40,038.15	—	—
3	Other receivables	26,010,000.00	26,010,000.00	—	—
4	II. Total non-current assets	1,177,466,560.00	2,065,812,455.13	888,345,895.13	75.45
5	Long-term equity investment	1,177,466,560.00	2,065,812,455.13 ^②	888,345,895.13	75.45
6	III. Total assets	1,203,516,598.15	2,091,862,493.28	888,345,895.13	73.81
7	IV. Total current liabilities	586,006,080.00	586,006,080.00	—	—
8	Taxes payable	-480.00	-480.00	—	—
11	Other payables	586,006,560.00	586,006,560.00	—	—
14	V. Total non-current liabilities	—	—	—	—
22	VI. Total liabilities	586,006,080.00	586,006,080.00	—	—
23	VII. Net assets (owner's equity)	617,510,518.15	1,505,856,413.28	888,345,895.13	143.86

Shenzhen Chaoshang Joint Investment Company Limited is the long-term equity investor of Chaoshang Group (Shantou) Investment Company Limited and Shantou Chaoshang Chengzhen Comprehensive Management Company Limited. The value of the long-term equity investment increased due to an increase in the appraised value of the investee.

Based on the above, the valuation result for the 56.79955% shareholder's interests in Shenzhen Chaoshang Joint Investment Company Limited held by Shenzhen Borui Enterprise Management Company Limited is as follows:

Investee	Percentage of shareholding	Investment cost RMB'0,000	Appraised value RMB'0,000	Increased/decreased RMB'0,000	Appreciation rate (%)
Shenzhen Chaoshang Joint Investment Company Limited	56.79955%	35,499.72	85,531.97	50,032.25	140.94

②Shenzhen Chaoshang Joint Investment Company Limited is the long-term equity investor of Chaoshang Group (Shantou) Investment Company Limited with 100% shareholding and Shantou Chaoshang Chengzhen Comprehensive Management Company Limited with 96.24444% shareholding. The valuation result is as follows:

A. Shantou Chaoshang Chengzhen Comprehensive Management Company Limited

Expressed in RMB Yuan

No.	Item	Book value	Appraised value	Increased/decreased value	Appreciation rate (%)
1	I. Total current assets	1,718,495,113.35	2,024,245,104.01	305,749,990.66	17.79
2	Monetary funds	184,527,775.32	184,527,775.32	—	—
3	Accounts receivable	85,128,634.96	85,128,634.96	—	—
4	Prepayments	23,215,961.50	23,215,961.50	—	—
5	Other receivables	154,691,455.71	154,691,455.71	—	—
6	Inventories	1,214,786,309.34	1,520,536,300.00	305,749,990.66	25.17
7	Other current assets	56,144,976.52	56,144,976.52	—	—
8	II. Total non-current assets	367,029,561.88	429,621,701.90	62,592,140.02	17.05
9	Investment real estate	354,901,481.35	416,674,900.00	61,773,418.65	17.41
10	Fixed assets	644,278.63	1,463,000.00	818,721.37	127.08
11	Intangible assets	67,348.50	67,348.50	—	—
12	Deferred income tax assets	11,416,453.40	11,416,453.40	—	—
13	III. Total assets	2,085,524,675.23	2,453,866,805.91	368,342,130.68	17.66
14	IV. Total current liabilities	887,643,503.67	887,643,503.67	—	—
15	Accounts payable	84,502,017.34	84,502,017.34	—	—
16	Receipts in advance	511,915,113.00	511,915,113.00	—	—
17	Employee salaries payable	225,923.25	225,923.25	—	—
18	Taxes payable	89,196.91	89,196.91	—	—
19	Other payables	290,911,253.17	290,911,253.17	—	—
20	V. Total non-current liabilities	377,535,399.85	377,535,399.85	—	—
21	Long-term borrowings	328,000,000.00	328,000,000.00	—	—
22	Deferred income tax liabilities	49,535,399.85	49,535,399.85	—	—
23	VI. Total liabilities	1,265,178,903.52	1,265,178,903.52	—	—
24	VII. Net assets (owner's equity)	820,345,771.71	1,188,687,902.39	368,342,130.68	44.90

The fixed assets of Shantou Chaoshang Chengzhen Comprehensive Management Company Limited are office equipment and transportation equipment. Since its economic life is longer than the useful life for depreciation used in accounting, a higher value is determined for the transportation equipment in the valuation.

The inventory and investment property of Shantou Chaoshang Chengzhen Comprehensive Management Company Limited is the property project of Bao Neng City Garden (寶能城市花園). The project is located at northeast of Xinhua East Road, Dongnei Neighborhood Committee, Chaoyang District, Shantou, with a land area of 71,702.40 m², a total building area of 470,311.00 m² and a book value of approximately RMB1.57 billion. The project has not completed yet. By adopting the hypothesis development method, the valuer determined its appraised value to be approximately RMB1.937 billion, with a value increase of RMB368 million.

Bao Neng City Garden is located in the Eastern New Town of Chaoyang, which seamlessly connects Xinhua East Road, a main road of Chaoyang, with convenient and quick access to the whole city. The project also enjoys the advantage of the complete infrastructure in the region and its favorable location. It starts from Huanshi East Road in the east in the east, surrounded by various parks and famous schools, like Fengdu Park, Chaoyang No.1 Middle School, Chaoyang Experimental School, and Miancheng Middle School. In the west, it is adjacent to Xinhua East Road and Chaoyang Sports Center. In the south, it faces Yutong International Hotel, Haimen Lotus Peak Scenic Spot, Zhongxin Resort, the new site of Traditional Chinese Medicine Hospital and famous schools, like Chaoyang Enyi School, Chaoyang Huangtusheng Middle School, Chaoyang Dongmingguang Middle School. In the north, it starts from Dongshan Avenue and Xinhua Middle Road, close to the South Gate Downtown of the old city.

Based on the above, the valuation result for the 96.2444% shareholder's interests in Shantou Chaoshang Chengzhen Comprehensive Management Company Limited held by Shenzhen Chaoshang Joint Investment Company Limited is as follows:

Investee	Percentage of shareholding	Investment cost RMB'0,000	Appraised value RMB'0,000	Increased/decreased value RMB'0,000	Appreciation rate (%)
Shantou Chaoshang Chengzhen Comprehensive Management Company Limited	96.2444%	57,746.66	114,404.60	56,657.95	98.11

B. Chaoshang Group (Shantou) Investment Company Limited

Expressed in RMB Yuan

No.		Item	Book value	Appraised value	Increased/ decreased value	Appreciation rate (%)
1	I.	Total current assets	1,615,752,263.64	1,730,223,795.07	114,471,531.43	7.08
2		Monetary funds	5,615,252.45	5,615,252.45	—	—
3		Prepayments	87,084.43	87,084.43	—	—
4		Other receivables	645,743,695.37	645,743,695.37	—	—
5		Inventories	955,682,740.57	1,070,154,272.00	114,471,531.43	11.98
6		Other current assets	8,623,490.82	8,623,490.82	—	—
7	II.	Total non-current assets	531,073,074.44	627,115,998.07	96,042,923.63	18.08
8		Long-term equity investment	100,000,000.00	99,950,975.13 ^③	-49,024.87	-0.05
9		Investment real estate	430,697,936.84	526,539,600.00	95,841,663.16	22.25
10		Fixed assets	149,914.66	400,200.00	250,285.34	166.95
11		Intangible assets	51,213.46	51,213.46	—	—
12		Long-term deferred expenses	174,009.48	174,009.48	—	—
13	III.	Total assets	2,146,825,338.08	2,357,339,793.14	210,514,455.06	9.81
14	IV.	Total current liabilities	1,394,588,120.02	1,394,588,120.02	—	—
15		Short-term borrowings	15,000,000.00	15,000,000.00	—	—
16		Accounts payable	240,845,045.09	240,845,045.09	—	—
17		Employee salaries payable	222,397.41	222,397.41	—	—
18		Taxes payable	55,376.03	55,376.03	—	—
19		Other payables	1,138,465,301.49	1,138,465,301.49	—	—
20	V.	Total non-current liabilities	40,985,232.99	40,985,232.99	—	—
21		Deferred income tax liabilities	40,985,232.99	40,985,232.99	—	—
22	VI.	Total liabilities	1,435,573,353.01	1,435,573,353.01	—	—
23	VII.	Net assets (owner's equity)	711,251,985.07	921,766,440.13	210,514,455.06	29.60

The fixed assets are transportation equipment and electronic equipment owned by Chaoshang Group (Shantou) Investment Company Limited. Since its economic life is longer than the useful life for depreciation used in accounting, a higher value is determined for the transportation equipment in the valuation.

Chaoshang Group (Shantou) Investment Company Limited is the long-term equity investor of Chaoshang Joint (Shantou) Investment Company Limited. Since the appraised value is lower than its investment cost, the value of long-term equity investment decreased.

The inventory and investment property is the real estate project of Chaoshang Center Building(潮商中心大廈) owned by Chaoshang Group (Shantou) Investment Company Limited. The project is located at the southwest of the junction of Zhongshan Road and Hengshan Road in Huaqiao Experimental Zone (華僑試驗區), Shantou city, with a land area of 40,410.00m², a total building area of 335,511.57m² and a book value of approximately RMB1.386 billion. The project has not completed yet. By adopting the hypothesis development method, the valuer determined its appraised value to be approximately RMB1.597 billion, with a value increase of approximately RMB210 million.

The project is located at the core of Zhugang New City Headquarter Park(珠港新城總部園區) in Huaqiao Experimental Zone, Shantou City. In Zhugang New City, various well-known enterprises have set their headquarters, including Logan, Union Tact Holdings Limited, Yashili (China) Company Limited(雅士利(中國)有限公司), and Guangdong Taiantang Pharmaceutical Co, Ltd(廣東太安堂藥業股份有限公司). In addition, other brand developers, such as Agile Haiqin Bay and Jindonghai Linghui Bay, have also settled in. In the future, Zhugang New City will be developed into a commercial and residential complex consisting of corporate headquarters, starred hotels, high-rise residences, apartments, and shopping malls, etc.

Based on the above, the valuation result for the 100% shareholder's interests in Chaoshang Group (Shantou) Investment Company Limited held by Shenzhen Chaoshang Joint Investment Company Limited is as follows:

Investee	Percentage of shareholding	Investment cost RMB'0,000	Appraised value RMB'0,000	Increased/ decreased value RMB'0,000	Appreciation rate (%)
Chaoshang Group (Shantou) Investment Company Limited	100%	60,000.00	92,176.64	32,176.64	53.63

③Chaoshang Group (Shantou) Investment Company Limited is the long-term equity investor of Chaoshang Joint (Shantou) Investment Company Limited, with 100% shareholding.

The valuation of Chaoshang Joint (Shantou) Investment Company Limited is set out in the following table:

Expressed in RMB Yuan

No.	Item	Book value	Appraised value	Increased/decreased value	Appreciation rate (%)
1	I. Total current assets	100,200,975.13	100,200,975.13	—	—
2	Monetary funds	210,975.13	210,975.13	—	—
3	Other receivables	99,990,000.00	99,990,000.00	—	—
4	II. Total non-current assets	—	—	—	—
5	III. Total assets	100,200,975.13	100,200,975.13	—	—
6	IV. Total current liabilities	250,000.00	250,000.00	—	—
7	Other payables	250,000.00	250,000.00	—	—
8	V. Total non-current liabilities	—	—	—	—
9	VI. Total liabilities	250,000.00	250,000.00	—	—
10	VII. Net assets (owner's equity)	99,950,975.13	99,950,975.13	—	—

Based on the above, the valuation result for the 100% shareholder's interests in Chaoshang Joint (Shantou) Investment Company Limited held by Chaoshang Group (Shantou) Investment Company Limited is as follows:

The investee	Percentage of shareholding	Investment cost RMB'0,000	Appraised value RMB'0,000	Increased/decreased value RMB'0,000	Appreciation rate (%)
Chaoshang Joint (Shantou) Investment Company Limited	100%	10,000.00	9,995.09	-4.90	-0.05

Therefore, ②the valuation of the long-term equity investment of Shenzhen Chaoshang Joint Investment Company Limited is as follows:

Investee	Percentage of shareholding	Investment cost RMB'0,000	Appraised value RMB'0,000	Increased/decreased value RMB'0,000	Appreciation rate (%)
Chaoshang Group (Shantou) Investment Company Limited	100%	60,000.00	92,176.64	32,176.64	53.63
Shantou Chaoshang Chengzhen Comprehensive Management Company Limited	96.2444%	57,746.66	114,404.60	56,657.95	98.11
In total		117,746.66	206,581.24	88,834.59	75.45

Note 2:

The valuation of Weinan Baoneng Property Company Limited is set out in the following table:

Expressed in RMB Yuan

No.	Item	Book value	Appraised value	Increased/ decreased value	Appreciation rate (%)
1	I. Total current assets	523,934,288.22	523,934,288.22	—	—
2	Monetary funds	350,017.73	350,017.73	—	—
3	Prepayments	227,330.85	227,330.85	—	—
4	Other receivables	222,634,586.26	222,634,586.26	—	—
5	Inventories	299,831,388.59	299,831,388.59	—	—
6	Other current assets	890,964.79	890,964.79	—	—
7	II. Total non-current assets	243,037.74	187,384.03	-55,653.71	-22.90
8	Fixed assets	209,900.27	154,246.56	-55,653.71	-26.51
9	Long-term deferred expenses	33,137.47	33,137.47	—	—
10	III. Total assets	524,177,325.96	524,121,672.25	-55,653.71	-0.01
11	IV. Total current liabilities	227,641,519.94	227,641,519.94	—	—
12	Accounts payable	53,148,448.58	53,148,448.58	—	—
13	Employee salaries payable	446,280.00	446,280.00	—	—
14	Taxes payable	169,315.12	169,315.12	—	—
15	Other payables	173,877,476.24	173,877,476.24	—	—
16	V. Total non-current liabilities	—	—	—	—
17	VI. Total liabilities	227,641,519.94	227,641,519.94	—	—
18	VII. Net assets (owner's equity)	296,535,806.02	296,480,152.31	-55,653.71	-0.02

The fixed assets of Weinan Baoneng Property Company Limited are electronic equipment, the valuation of which impaired since its market value is lower than historical purchase cost due to technological progress and equipment updating.

Weinan Baoneng Huafu (渭南寶能華府) is a development project of Weinan Baoneng Property Company Limited. Since its unfavorable location in a third-tier city, the short period commencing from the land acquisition to the bench date for valuation and inactive land transaction market, the land pricing fluctuation is immaterial. In addition, the project progress of Weinan Baoneng Huafu is relatively slow. In view of the above, the cost method is adopted to evaluate the inventory project of Weinan Baoneng Property Company Limited in this valuation. The appraised value is consistent with the carrying value.

Based on the above, the valuation result for the 60% shareholder's interests in Weinan Baoneng Property Company Limited held by Shenzhen Baoxin Industrial Group Limited is as follows:

Investee	Percentage of shareholding	Investment cost RMB'0,000	Appraised value RMB'0,000	Increase or decrease in value RMB'0,000	Appreciation rate (%)
Weinan Baoneng Property Company Limited	60%	18,000.00	17,788.81	-211.19	-1.17

Note 3:

The valuation of Hunan Meilian Property Company Limited (湖南美聯置業有限公司) is set out in the following table:

Expressed in RMB Yuan

No.	Item	Book value	Appraised value	Increased/decreased value	Appreciation rate (%)
1	I. Total current assets	1,383,827,488.08	1,828,451,751.04	444,624,262.96	32.13
2	Monetary funds	7,740,517.67	7,740,517.67	—	—
3	Accounts receivable	300,000.00	300,000.00	—	—
4	Prepayments	99,755,080.79	99,755,080.79	—	—
5	Other receivables	417,394,760.80	417,394,760.80	—	—
6	Inventories	836,533,319.47	1,281,157,582.43	444,624,262.96	53.15
7	Other current assets	22,103,809.35	22,103,809.35	—	—
8	II. Total non-current assets	292,527,735.66	296,973,496.69	4,445,761.03	1.52
9	Investment real estate	287,314,641.00	287,314,641.00	—	—
10	Fixed assets	3,744,336.60	8,190,097.63	4,445,761.03	118.73
11	Long-term deferred expenses	1,468,758.06	1,468,758.06	—	—
12	III. Total assets	1,676,355,223.74	2,125,425,247.73	449,070,023.99	26.79
13	IV. Total current liabilities	971,051,441.76	971,051,441.76	—	—
14	Short-term borrowings	66,000,000.00	66,000,000.00	—	—
15	Accounts payable	219,656,956.68	219,656,956.68	—	—
16	Receipts in advance	171,810,734.02	171,810,734.02	—	—
17	Other payables	513,583,751.06	513,583,751.06	—	—
19	V. Total non-current liabilities	289,709,009.93	289,709,009.93	—	—
20	Long-term borrowings	188,000,000.00	188,000,000.00	—	—
21	Long-term accounts payable	40,161,956.52	40,161,956.52	—	—
22	Deferred income tax liabilities	61,547,053.41	61,547,053.41	—	—
23	VI. Total liabilities	1,260,760,451.69	1,260,760,451.69	—	—
24	VII. Net assets (owner's equity)	415,594,772.05	864,664,796.04	449,070,023.99	108.05

The fixed assets of Hunan Meilian Property Company Limited are electronic equipments, transportation equipment, and buildings. Since its economic life is longer than the useful life for depreciation used in accounting, a higher value is determined for the transportation equipment in the valuation.

The inventory of Hunan Meilian Property Company Limited is the real estate property in Jinxiang International Star City (錦湘國際星城) and two real estate development projects adjacent to Jinxiang International Star City. The completed property area is 17,866.42 m², the total land area under construction is 103,971.86 m², the total floor area of projects under construction is 243,296.91 m², and the carrying value is approximately RMB837 million. For completed properties, the valuer used the market comparison method to evaluate. For the project under construction, the valuer used the hypothetical development method to evaluate. The appraised value of the project is approximately RMB1.281 billion, with a value increase of approximately RMB445 million. Among the the inventory project of Hunan Meilian Property Company Limited, phases 5 and 6 of Baoneng Mansion (寶能公館) project, still under construction, are upscale residences, which is expected a promising market. In addition, the carrying value of the inventory is the development cost. Therefore, a higher value is determined in the valuation. Meanwhile, based on the current market situation, the investment property project of Hunan Meilian Property Company Limited, which is also included for the valuation in accounting, do not be appraised as an appreciation.

Based on the above, the valuation result for the 51% shareholder's interests in Hunan Meilian Property Company Limited held by Shenzhen Baoxin Industrial Group Limited is as follows:

Investee	Percentage of shareholding	Investment cost RMB'0,000	Appraised value RMB'0,000	Increase or decrease in value RMB'0,000	Appreciation rate (%)
Hunan Meilian Property Company Limited	51%	20,000.00	44,097.90	24,097.90	120.49

Note 4:

The valuation result of Yunfu Baoneng Property Limited (雲浮寶能置業有限公司) is set out in the following table:

Expressed in RMB Yuan

No.	Item	Book value	Appraised value	Increased/ decreased value	Appreciation rate (%)
1	I. Total current assets	292,491,435.84	302,060,806.01	9,569,370.17	3.27
2	Monetary funds	1,057,251.65	1,057,251.65	—	—
3	Accounts receivable	8,895,433.78	8,895,433.78	—	—
4	Prepayments	333,462.00	333,462.00	—	—
5	Other receivables	444,162.58	444,162.58	—	—
6	Inventories	281,761,125.83	291,330,496.00	9,569,370.17	3.40
7	II. Total non-current assets	585,606.85	663,130.00	77,523.15	13.24
8	Fixed assets	585,606.85	663,130.00	77,523.15	13.24
9	III. Total assets	293,077,042.69	302,723,936.01	9,646,893.32	3.29
10	IV. Total current liabilities	293,358,891.49	293,358,891.49	—	—
11	Short-term borrowings	10,000,000.00	10,000,000.00	—	—
12	Accounts payable	1,866,469.59	1,866,469.59	—	—
13	Receipts in advance	157,232.71	157,232.71	—	—
14	Employee salaries payable	652,072.24	652,072.24	—	—
15	Taxes payable	633,666.97	633,666.97	—	—
16	Other payables	280,049,449.98	280,049,449.98	—	—
17	V. Total non-current liabilities	—	—	—	—
18	VI. Total liabilities	293,358,891.49	293,358,891.49	—	—
19	VII. Net assets (owner's equity)	-281,848.80	9,365,044.52	9,646,893.32	-3,422.72

The fixed assets of Yunfu Baoneng Property Limited are electronic equipment and transportation equipment. Since the economic life of equipment is longer than the useful life for depreciation used in accounting, higher value are determined for the equipment in the valuation.

The inventory of Yunfu Baoneng Property Limited is the self-owned Yunfu Yuelanshan (雲浮悅瀾山) real estate project. The project is located in block 131, Foshan (Yunfu) industrial transfer industrial park, Duyang town, Yunan District, Yunfu City, with a total land area of the project is 139,325.92 m², a total building area of 211,244.79 m² and a book value of approximately RMB282 million. In view of the project is under construction, the valuer used hypothesis development method to evaluate. The appraised value is approximately RMB291 million, with a value increase of approximately RMB96 million.

Yunfu Baoneng Yuelanshan Project (雲浮寶能悅瀾山項目) is only 6 kilometers away from Yunfu High Speed Rail Station. It takes 1 hour to Guangzhou and 1.5 hours to Shenzhen by high rail. There is quick access to one-hour-living zone in the Pearl River Delta. As only 2 kilometers from the Shanzhen-Zhanjiang Highway entrance and about 12 kilometers away from the Guangzhou-Wuzhou expressway entrance, it enjoys favorable location and convenient transportation. However, the real estate market in Yunfu develops slowly and the supply exceeds the rigid demand since it is a third-tier city in Guangdong province with small floating population.

Based on the above, the valuation result for the 100% shareholder's interests in Yunfu Baoneng Property Limited held by Shenzhen Baoxin Industrial Group Limited is as follows:

Investee	Percentage of shareholding	Investment cost RMB'0,000	Assessment value RMB'0,000	Increased/decreased value RMB'0,000	Appreciation rate (%)
Yunfu Baoneng Property Limited	100%	3,000.00	936.50	-2,063.50	-68.78

Note 5:

The valuation result of Shenzhen Jitong Industrial Company Limited is set out in the following table:

Expressed in RMB Yuan

No.	Item	Book value	Appraised value	Increased/decreased value	Appreciation rate (%)
1	I. Total current assets	996,441,810.94	3,297,403,913.86	2,300,962,102.92	230.92
2	Monetary funds	32,433,709.27	32,433,709.27	—	—
3	Prepayments	5,000,000.00	5,000,000.00	—	—
4	Other receivables	193,976,520.21	193,976,520.21	—	—
5	Inventories	765,031,581.46	3,065,993,684.38	2,300,962,102.92	300.77
6	III. Total assets	996,441,810.94	3,297,403,913.86	2,300,962,102.92	230.92
7	IV. Total current liabilities	302,291,792.77	302,291,792.77	—	—
8	Employee salaries payable	1,136,859.42	1,136,859.42	—	—
9	Taxes payable	-225,513.08	-225,513.08	—	—
10	Other payables	301,380,446.43	301,380,446.43	—	—
11	V. Total non-current liabilities	—	—	—	—
12	VI. Total liabilities	302,291,792.77	302,291,792.77	—	—
13	VII. Net assets (owner's equity)	694,150,018.17	2,995,112,121.09	2,300,962,102.92	331.48

In accordance with the “Notice of the Futian District Urban Renewal Authority on Confirming the Implementation Subject and Implementation Requirements of the Urban Renewal Unit Project of the Land Lot Junjia B210-0024 in the Unit 5 of the Shangbu District of Futian District” (《福田區城市更新局關於確認福田區上步片區第五單元駿嘉B210-0024地塊城市更新單元項目實施主體及實施階段相關要求的告知函》) (SFGXH〔2018〕No. 69) (深福更新函〔2018〕69號) issued by the Futian District Urban Renewal Bureau of Shenzhen (深圳市福田區城市更新局), Shenzhen Jitong Industrial Company Limited was designated as the implementation subject of the urban renewal unit project of land lot Junjia B120-0024 in the unit 5 of Shangbu District, Futian District. Shenzhen Jitong Industrial Company Limited has not gained the registration certificate for the real estate of the project land lot. The project related regulations refers to the “Regulations for the Urban Renewal of the Land Lot Junjia B210-0024 in the Unit 5 of the Shangbu District” issued by Urban Planning & Design Institute of Shenzhen.

The project is located in Shangbu area of Futian District(福田上步片區), with a total land area of 6,426.50m², a total building area of 99,210.00m² and a carrying value of approximately RMB765 million. The valuer used the hypothetical development method to evaluate. The appraised value is approximately RMB3.066 billion, with a value increase of approximately RMB2.301 billion.

The project is located in the central area of Futian District with favorable location where the real estate price is high. The valuer referred to the current market price to estimate the project and reach the above appraisal conclusion.

Based on the above, the valuation result for the 100% shareholder's interests in Shenzhen Jitong Industrial Company Limited held by Shenzhen Baoxin Industrial Group Limited is as follows:

Investee	Percentage of shareholding	Investment cost RMB'0,000	Assessment value RMB'0,000	Increased/decreased value RMB'0,000	Appreciation rate (%)
Shenzhen Jitong Industrial Company Limited	100%	70,000.00	299,511.21	229,511.21	327.87

Note 6:

The valuation of Changchun City Baoxin Property Development Company Limited (長春市寶新房地產開發有限公司) is set out in the following table:

Expressed in RMB Yuan

No.	Item	Book value	Appraised value	Increased/decreased value	Appreciation rate (%)
1	I. Total current assets	549,779,363.08	1,233,554,180.25	683,774,817.17	124.37
2	Monetary funds	27,377,818.99	27,377,818.99	—	—
3	Other receivables	8,970,014.63	8,970,014.63	—	—
4	Inventories	512,451,902.83	1,196,226,720.00	683,774,817.17	133.43
5	Other current assets	979,626.63	979,626.63	—	—
6	II. Total non-current assets	161,780.26	132,258.44	-29,521.82	-18.25
7	Fixed assets	161,780.26	132,258.44	-29,521.82	-18.25
8	III. Total assets	549,941,143.34	1,233,686,438.69	683,745,295.35	124.33
9	IV. Total current liabilities	195,286,829.26	195,286,829.26	—	—
10	Accounts payable	35,600,851.17	35,600,851.17	—	—
11	Employee salaries payable	443,354.87	443,354.87	—	—
12	Taxes payable	164,417.92	164,417.92	—	—
13	Other payables	159,078,205.30	159,078,205.30	—	—
14	V. Total non-current liabilities	—	—	—	—
15	VI. Total liabilities	195,286,829.26	195,286,829.26	—	—
16	VII. Net assets (owner's equity)	354,654,314.08	1,038,399,609.43	683,745,295.35	192.79

The fixed assets of Changchun City Baoxin Property Development Company Limited are electronic equipment, the valuation of which impaired since its market value is lower than historical purchase cost due to technological progress and equipment updating.

The value of Changchun City Baoxin Property Development Company Limited increased due to the appraised value increase in its inventory. It holds the real estate development project of Changchun Baoneng Center (長春寶能中心), which is located in Chaoyang District of Changchun City, east to Fengshun Street, west to Jilin University Library, south to Jiefang Road, and north to Peony Garden. The total land area is 12,003.00 m², the total building area is 184,649.12 m² and the book value of the project is approximately RMB512 million. The appraised value is approximately RMB1.196 billion, with a value increase of approximately RMB684 million.

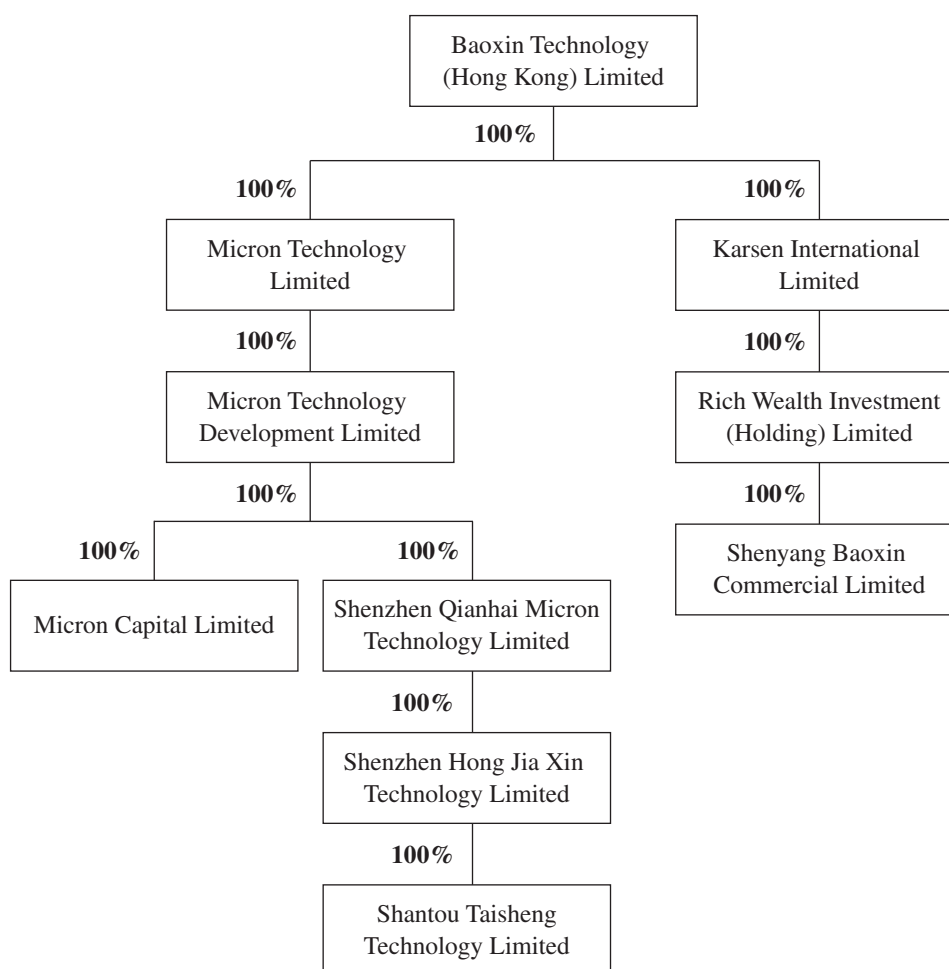
Changchun City Baoneng Center is located in Chaoyang District of Changchun City, east to Fengshun Street, south to Jiefang Road, west to Jilin University Library, and north to Peony Garden. In the core area of Changchun City, it is close to China Resources Land, Changchun Financial Center and the Hyatt Hotels Corporation and adjacent to Metro Line 1 and Metro Line 2, which brings convenient transportation and a excellent environment for business.

Based on the above, the valuation result for the 70.42% shareholder's interests in Changchun City Baoxin Property Development Company Limited held by Shenzhen Baoxin Industrial Group Limited is as follows:

Investee	Percentage of shareholding	Investment cost RMB'0,000	Assessment value RMB'0,000	Increased/ decreased value RMB'0,000	Appreciation rate (%)
Changchun City Baoxin Property Development Company Limited	70.42%	29,758.98	73,124.10	43,365.12	145.72

Note 7:

Baoxin Technology (Hong Kong) Limited is the long-term equity investor of Micron Technology, Inc. and Karsen International Limited respectively, both with 100% shareholding. Micron Technology, Inc. is the long-term equity investor of Micron Technology Development Limited, with 100% shareholding. Micron Technology Development Limited is the long-term equity investor of Shenzhen Qianhai Micron Technology Limited (深圳前海美光科技有限公司) and Micron Capital Limited respectively, both with 100% shareholding. Shenzhen Qianhai Micron Technology Limited is the long-term equity investor of Shenzhen Hong Jia Xin Technology Limited (深圳宏佳新科技有限公司), with 100% shareholding. Shenzhen Hong Jia Xin Technology Limited is the long-term equity investor of Shantou Taisheng Technology Limited (汕頭市泰盛科技有限公司), with 100% shareholding. Karsen International Limited is the long-term equity investor of Rich Wealth Investment (Holding) Limited, with 100% shareholding. Rich Wealth Investment (Holding) Limited is the long-term equity investor of Shenyang Baoxin Commercial Limited (沈陽寶新商業有限公司), with 100% shareholding. The following chart sets out the shareholding structure:



The valuation of Baoxin Technology (Hong Kong) Limited is set out in the following table:

Expressed in RMB Yuan

No.	Item	Book value	Appraised value	Increased/decreased value	Appreciation rate (%)
1	I. Total current assets	0.88	0.88	—	—
2	Other receivables	0.88	0.88	—	—
3	II. Total non-current assets	52,747,806.86	3,090,807,888.94	3,038,060,082.08	5,759.60
4	Long-term equity investment	52,747,806.86	3,090,807,888.94 ^④	3,038,060,082.08	5,759.60
5	III. Total assets	52,747,807.74	3,090,807,889.82	3,038,060,082.08	5,759.59
6	IV. Total current liabilities	52,751,752.39	52,751,752.39	—	—
7	Other payables	52,751,752.39	52,751,752.39	—	—
8	V. Total non-current liabilities	—	—	—	—
9	VI. Total liabilities	52,751,752.39	52,751,752.39	—	—
10	VII. Net assets (owner's equity)	-3,944.65	3,038,056,137.43	3,038,060,082.08	-77,017,227.94

Baoxin Technology (Hong Kong) Limited is the long-term equity investor of Micron Technology Limited and Karsen International Limited, the value of the long-term equity investment increased due to an increase in the appraised value of the investee.

Based on the above, the valuation result for the 100% shareholder's interests in Baoxin Technology (Hong Kong) Limited held by Shenzhen Baoxin Industrial Group Limited is as follows:

Investee	Percentage of shareholding	Investment cost	Appraised value	Increased/decreased value	Appreciation rate (%)
Baoxin Technology (Hong Kong) Limited	100%	0.88	3,038,056,137.43	3,038,056,136.55	345,233,651,880.68

④ Baoxin Technology (Hong Kong) Limited is the long-term equity investor of Micron Technology Limited with 100% shareholding and Karsen International Limited with 100% shareholding, respectively.

A. Micron Technology Limited

The valuation of Micron Technology Limited is set out in the following table:

Expressed in RMB Yuan

No.	Item	Book value	Appraised value	Increased/decreased value	Appreciation rate (%)
1	I. Total current assets	6.86	6.86	—	—
2	Accounts receivable	6.86	6.86	—	—
3	II. Total non-current assets	158,243,400.00	2,980,105,636.33	2,821,862,236.33	1,783.24
4	Long-term equity investment	158,243,400.00	2,980,105,636.33 ^⑤	2,821,862,236.33	1,783.24
5	III. Total assets	158,243,406.86	2,980,105,643.19	2,821,862,236.33	1,783.24
6	IV. Total current liabilities	158,253,406.70	158,253,406.70	—	—
7	Other payables	158,253,406.70	158,253,406.70	—	—
8	V. Total non-current liabilities	—	—	—	—
9	VI. Total liabilities	158,253,406.70	158,253,406.70	—	—
10	VII. Net assets (owner's equity)	-9,999.84	2,821,852,236.49	2,821,862,236.33	-28,219,073.87

Micron Technology Limited is the long-term equity investor of Micron Technology Development Limited, the value of the long-term equity investment increased due to an increase in the appraised value of the investee.

Based on the above, the valuation result for the 100% shareholder's interests in Micron Technology Limited held by Baoxin Technology (Hong Kong) Limited is as follows:

Investee	Percentage of shareholding	Investment cost	Appraised value	Increased/decreased value	Appreciation rate (%)
Micron Technology Limited	100%	6.86	2,821,852,236.49	2,821,852,229.63	41,134,872,152.04%

⑤Micron Technology Limited is the long-term equity investor of Micron Technology Development Limited, with 100% shareholding. The valuation of Micron Technology Development Limited is set out in the following table:

Expressed in RMB Yuan

No.		Item	Book value	Appraised value	Increased/decreased value	Appreciation rate (%)
1	I.	Total current assets	9,901,269.80	9,901,269.80	—	—
2		Monetary funds	687,625.76	687,625.76	—	—
3		Other receivables	9,213,644.04	9,213,644.04	—	—
4	II.	Total non-current assets	103,941,108.23	3,058,500,223.99	2,954,559,115.76	2,842.53
5		Available-for-sale financial assets	15,685,247.53	15,685,247.53	—	—
6		Long-term equity investment	88,255,860.70	3,042,814,976.46 ^⑥	2,954,559,115.76	3,347.72
7	III.	Total assets	113,842,378.03	3,068,401,493.79	2,954,559,115.76	2,595.31
8	IV.	Total current liabilities	88,295,857.46	88,295,857.46	—	—
9		Other payables	88,295,857.46	88,295,857.46	—	—
10	V.	Total non-current liabilities	—	—	—	—
11	VI.	Total liabilities	88,295,857.46	88,295,857.46	—	—
12	VII.	Net assets (owner's equity)	25,546,520.57	2,980,105,636.33	2,954,559,115.76	11,565.41

Micron Technology Development Limited is the long-term equity investor of Mircon Capital Limited and Qianhai Micron Technology Limited (前海美光科技有限公司), the value of the long-term equity investment of increased due to an increase in the appraised value of the investee.

Based on the above, the valuation result for the 100% shareholders' interests in Micron Technology Development Limited held by Micron Technology Limited is as follows:

Investee	Percentage of shareholding	Investment cost RMB'0,000	Appraised value RMB'0,000	Increased/decreased value RMB'0,000	Appreciation rate (%)
Micron Technology Development Limited	100%	15,824.34	298,010.56	282,186.22	1,783.24

⑥Micron Technology Development Limited is the long-term equity investor of Micron Capital Limited with 100% shareholding and Shenzhen Qianhai Micron Technology Limited with 100% shareholding, respectively.

- a. Micron Technology Development Limited is the long-term equity investor of Micron Capital Limited, with 100% shareholding. The valuation result is set out in the following table:

Expressed in RMB Yuan

No.	Item	Book value	Appraised value	Increased/decreased value	Appreciation rate (%)
1	I. Total current assets	327,475.93	327,475.93	—	—
2	Other receivables	327,475.93	327,475.93	—	—
3	II. Total non-current assets	—	—	—	—
4	III. Total assets	327,475.93	327,475.93	—	—
5	IV. Total current liabilities	2,070.35	2,070.35	—	—
6	Other payables	2,070.35	2,070.35	—	—
7	V. Total non-current liabilities	—	—	—	—
8	VI. Total liabilities	2,070.35	2,070.35	—	—
9	VII. Net assets (owner's equity)	325,405.58	325,405.58	—	—

Based on the above, the valuation result for the 100% shareholders' interests in Micron Capital Limited held by Micron Technology Development Limited is as follows:

No.	Item	Book value	Appraised value	Increased/decreased value	Appreciation rate (%)
Micron Capital Co., Ltd.	100%	34.29	32.54	-1.75	-5.09

- b. Micron Technology Development Limited is the long-term equity investor of Shenzhen Qianhai Micron Technology Limited, with 100% shareholding. The valuation result is set out in the following table:

Expressed in RMB Yuan

No.		Item	Book value	Appraised value	Increased/decreased value	Appreciation rate (%)
1	I.	Total current assets	88,007,499.85	88,007,499.85	—	—
2		Monetary funds	7,499.85	7,499.85	—	—
3		Other receivables	88,000,000.00	88,000,000.00	—	—
4	II.	Total non-current assets	779,040,000.00	3,733,972,071.03	2,954,932,071.03	379.30
5		Long-term equity investment	779,040,000.00	3,733,972,071.03 ^⑦	2,954,932,071.03	379.30
6	III.	Total assets	867,047,499.85	3,821,979,570.88	2,954,932,071.03	340.80
7	IV.	Total current liabilities	779,490,000.00	779,490,000.00	—	—
8		Other payables	779,490,000.00	779,490,000.00	—	—
9	V.	Total non-current liabilities	—	—	—	—
10	VI.	Total liabilities	779,490,000.00	779,490,000.00	—	—
11	VII.	Net assets (owner's equity)	87,557,499.85	3,042,489,570.88	2,954,932,071.03	3,374.85

Shenzhen Qianhai Micron Technology Limited is the long-term equity investor of Shenzhen Hong Jia Xin Technology Limited. The value of the long-term equity investment increased due to an increase in the appraised value of the investee.

Based on the above, the valuation result for the 100% shareholder's interests in Shenzhen Qianhai Micron Technology Limited held by Micron Technology Development Limited is as follows:

Investee	Percentage of shareholding	Investment cost RMB'0,000	Appraised value RMB'0,000	Increased/decreased value RMB'0,000	Appreciation rate (%)
Shenzhen Qianhai Micron Technology Limited	100%	8,791.30	304,248.96	295,457.66	3,360.80

Therefore, ⑥the value of the long-term equity investment of Micron Technology Development Limited is as follows:

Long-term equity investment units	Percentage of shareholding	Investment cost RMB'0,000	Appraised value RMB'0,000	Increased/decreased value RMB'0,000	Appreciation rate (%)
Shenzhen Qianhai Micron Technology Limited	100%	8,791.30	304,248.96	295,457.66	3,360.80
Micron Capital Limited	100%	34.29	32.54	-1.75	-5.09
In total		8,825.59	304,281.5	295,455.91	3347.72

⑦Shenzhen Qianhai Micron Technology Limited is the long-term equity investor of Shenzhen Hong Jia Xin Technology Limited, with 100% shareholding. The valuation result is set out in the following table:

Expressed in RMB Yuan

No.	Item	Book value	Appraised value	Increased/decreased value	Appreciation rate (%)
1	I. Total current assets	542,228.08	542,228.08	—	—
2	Monetary funds	92,228.08	92,228.08	—	—
3	Other receivables	450,000.00	450,000.00	—	—
4	II. Total non-current assets	1,081,000,000.00	4,157,999,021.02	3,076,999,021.02	284.64
5	Long-term equity investment	1,081,000,000.00	4,157,999,021.02 ^⑧	3,076,999,021.02	284.64
6	III. Total assets	1,081,542,228.08	4,158,541,249.10	3,076,999,021.02	284.50
7	IV. Total current liabilities	424,569,178.07	424,569,178.07	—	—
8	Other payables	424,569,178.07	424,569,178.07	—	—
9	V. Total non-current liabilities	—	—	—	—
10	VI. Total liabilities	424,569,178.07	424,569,178.07	—	—
11	VII. Net assets (owner's equity)	656,973,050.01	3,733,972,071.03	3,076,999,021.02	468.36

Shenzhen Hong Jia Xin Technology Limited is the long-term equity investor of Shantou Taisheng Technology Limited. The value of the long-term equity investment increased due to an increase in the appraised value of the investee.

Based on the above, the valuation result for the 100% shareholder's interests in Shenzhen Hong Jia Xin Technology Limited held by Shenzhen Qianhai Micron Technology Limited is as follows:

Investee	Investment percentage	Investment cost RMB'0,000	Appraised value RMB'0,000	Increased/ decreased value RMB'0,000	Appreciation rate (%)
Shenzhen Hong Jia Xin Technology Limited	100%	77,904.00	373,397.21	295,493.21	379.30

⑧ Shenzhen Hong Jia Xin Technology Limited is the long-term equity investor of Shantou Taisheng Technology Limited, with 100% shareholding. The valuation result is set out in the following table:

Expressed in RMB Yuan

No.	Item	Book value	Appraised value	Increased/ decreased value	Appreciation rate (%)
1	I. Total current assets	1,061,323,675.39	3,579,306,834.63	2,517,983,159.24	237.25
2	Monetary funds	12,230,178.15	12,230,178.15	—	—
3	Prepayments	6,737,132.32	6,737,132.32	—	—
4	Other receivables	380,302.64	380,302.64	—	—
5	Inventories	1,011,686,072.76	3,529,669,232.00	2,517,983,159.24	248.89
6	Other current assets	30,289,989.52	30,289,989.52	—	—
7	II. Total non-current assets	1,461,052,838.45	1,733,101,549.02	272,048,710.57	18.62
8	Investment real estate	1,460,528,320.29	1,732,633,756.00	272,105,435.71	18.63
9	Fixed assets	484,925.14	428,200.00	—56,725.14	—11.70
10	Intangible assets	39,593.02	39,593.02	—	—
11	III. Total assets	2,522,376,513.84	5,312,408,383.65	2,790,031,869.81	110.61
12	IV. Total current liabilities	1,054,584,187.88	1,054,584,187.88	—	—
13	Short-term borrowings	10,000,000.00	10,000,000.00	—	—
14	Accounts payable	633,111,092.87	633,111,092.87	—	—
15	Employee salaries payable	1,017,300.94	1,017,300.94	—	—
16	Taxes payable	57,487.41	57,487.41	—	—
17	Other payables	410,398,306.66	410,398,306.66	—	—
18	V. Total non-current liabilities	99,825,174.75	99,825,174.75	—	—
19	Deferred income tax liabilities	99,825,174.75	99,825,174.75	—	—
20	VI. Total liabilities	1,154,409,362.63	1,154,409,362.63	—	—
21	VII. Net assets (owner's equity)	1,367,967,151.21	4,157,999,021.02	2,790,031,869.81	203.95

The fixed assets of Shantou Taisheng Technology Limited are electronic equipment and transportation equipment, the valuation of which impaired since its market value is lower than historical purchase cost due to technological progress and equipment updating.

The inventory and investment property of Shantou Taisheng Technology Limited are the property project of Shantou Taisheng Science and Technology Park. The project is located at lots F01-11, Group F, Xinjin District, East Coast New Town, Shantou City. The total land area is 167,299.50 m², the total building area is 1,001,166.96 m², and the carrying value is approximately RMB2.472 billion. By using the hypothetical development method, the estimated determined by the valuer is RMB5.262 billion, with a value increase of RMB2.790 billion.

Within the pilot area of East Coast New Town, the project is located near the coast, at the core area. It not only enjoys the ancillary facility built by the government with significant investments, like traffic, municipal facilities, schools, hospitals, but also adjacent to certain well-known real estate projects.

Based on the above, the valuation result for the 100% shareholder's interests in Shantou Taisheng Technology Limited held by Shenzhen Hong Jia Xin Technology Limited is as follows:

Investee	Investment percentage	Investment cost RMB'0,000	Appraised value RMB'0,000	Increased/ decreased value RMB'0,000	Appreciation rate (%)
Shantou Taisheng Technology Limited	100%	108,100.00	415,799.90	307,699.90	284.64

B. Karsen International Limited

The valuation result for Karsen International Limited is as follows:

Expressed in RMB Yuan

No.	Item	Book value	Appraised value	Increased/ decreased value	Appreciation rate (%)
1	I. Total current assets	338,550.00	338,550.00	—	—
2	Other receivables	338,550.00	338,550.00	—	—
3	II. Total non-current assets	218,888,888.00	493,774,026.97	274,885,138.97	125.58
4	Long-term equity investment	218,888,888.00	493,774,026.97 ^⑨	274,885,138.97	125.58
5	III. Total assets	219,227,438.00	494,112,576.97	274,885,138.97	125.39
6	IV. Total current liabilities	75,156,924.52	75,156,924.52	—	—
7	Interest payable	6,268,036.52	6,268,036.52	—	—
8	Other payables	68,888,888.00	68,888,888.00	—	—
9	V. Total non-current liabilities	150,000,000.00	150,000,000.00	—	—
10	VI. Total liabilities	225,156,924.52	225,156,924.52	—	—
11	VII. Net assets (owner's equity)	—5,929,486.52	268,955,652.45	274,885,138.97	—4,635.90

Karsen International Limited is the long-term equity investor of Rich Wealth Investment (Holding) Limited. The value of the long-term equity investment increased due to an increase in the appraised value of the investee.

Based on the above, the valuation result for the 100% shareholder's interests in Karsen International Limited held by Baoxin Technology (Hong Kong) Limited is as follows:

Investee	Investment percentage	Investment cost RMB'0,000	Appraised value RMB'0,000	Increased/ decreased value RMB'0,000	Appreciation rate (%)
Karsen International Limited	100%	5,274.78	26,895.57	21,620.79	409.89

⑨ Karsen International Limited is the long-term equity investor of Rich Wealth Investment (Holding) Limited, with 100% shareholding. The valuation result for Rich Wealth Investment (Holding) Limited is as follows:

Expressed in RMB Yuan

No.	Item	Book value	Appraised value	Increased/ decreased value	Appreciation rate (%)
1	I. Total current assets	12,068,976.33	12,068,976.33	—	—
2	Other receivables	12,068,976.33	12,068,976.33	—	—
3	II. Total non-current assets	160,001,660.00	481,720,747.51	321,719,087.51	201.07
4	Long-term equity investment	160,001,660.00	481,720,747.51⑩	321,719,087.51	201.07
5	III. Total assets	172,070,636.33	493,789,723.84	321,719,087.51	186.97
6	IV. Total current liabilities	15,696.87	15,696.87	—	—
7	Other payables	15,696.87	15,696.87	—	—
8	V. Total non-current liabilities	—	—	—	—
9	VI. Total liabilities	15,696.87	15,696.87	—	—
10	VII. Net assets (owner's equity)	172,054,939.46	493,774,026.97	321,719,087.51	186.99

Rich Wealth Investment (Holding) Limited is the long-term equity investor of Shenyang Baoxin Commercial Limited. The value of the long-term equity investment increased due to an increase in the appraised value of the investee.

Based on the above, the valuation result for the 100% shareholder's interests in Rich Wealth Investment (Holding) Limited held by Karsen International Limited is as follows:

Investee	Investment percentage	Investment cost RMB'0,000	Appraised value RMB'0,000	Increased/ decreased value RMB'0,000	Appreciation rate (%)
Rich Wealth Investment (Holding) Limited	100%	21,888.89	49,377.40	27,488.51	125.58

⑩ Rich Wealth Investment (Holding) Limited is the long-term equity investor of Shenyang Baoxin Commercial Limited, with 100% shareholdings. The valuation result for Shenyang Baoxin Commercial Limited is as follows:

Expressed in RMB Yuan

No.	Item	Book value	Appraised value	Increased/ decreased value	Appreciation rate (%)
1	I. Total current assets	4,030,527.27	4,030,527.95	0.68	—
2	Monetary funds	2,832,333.26	2,832,333.94	0.68	—
3	Accounts receivable	973,234.97	973,234.97	—	—
4	Prepayments	190,156.13	190,156.13	—	—
5	Other receivables	34,802.91	34,802.91	—	—
6	II. Total non-current assets	155,893,338.25	492,581,760.58	336,688,422.33	215.97
7	Investment real estate	155,347,562.25	491,907,000.00	336,559,437.75	216.65
8	Fixed assets	43,673.99	172,658.57	128,984.58	295.34
9	Long-term deferred expenses	502,102.01	502,102.01	—	—
10	III. Total assets	159,923,865.52	496,612,288.53	336,688,423.01	210.53
11	IV. Total current liabilities	14,891,541.02	14,891,541.02	—	—
12	Receipts in advance	1,156,758.06	1,156,758.06	—	—
13	Employee salaries payable	88,446.64	88,446.64	—	—
14	Taxes payable	133,307.60	133,307.60	—	—
15	Other payables	13,513,028.72	13,513,028.72	—	—
16	V. Total non-current liabilities	—	—	—	—
17	VI. Total liabilities	14,891,541.02	14,891,541.02	—	—
18	VII. Net assets (owner's equity)	145,032,324.50	481,720,747.51	336,688,423.01	232.15

The fixed assets of Shenyang Baoxin Commercial Limited are transportation equipment and electronic equipment. In the valuation, the values increased since its economic life used for evaluation is longer than that used for depreciation for accounting use.

The investment property of Shenyang Baoxin Commercial Limited is Fuyou Commercial Building. Located at No 34, Shenxin East Road, Tiexi District, Shenyang, the property enjoys convenient transportation and complete facility. The total land area is 10,918.61 m², the total building area is 37,839 m², and the book value of the project is approximately RMB155 million. By using the market approach, the value estimated by the valuer is RMB492 million, with a value increase of approximately RMB337 billion.

Based on the above, the valuation result for the 100% shareholder's interests in Shenyang Baoxin Commercial Limited held by Rich Wealth Investment (Holding) Limited is as follows:

Investee	Investment percentage	Investment cost RMB'0,000	Appraised value RMB'0,000	Increased/ decreased value RMB'0,000	Appreciation rate (%)
Shenyang Baoxin Commercial Limited	100%	16,000.17	48,172.07	32,171.91	201.07

Therefore, ④the valuation of the long-term equity investment of Baoxin Technology (Hong Kong) Limited is set out as follows:

Investee	Investment percentage	Investment cost RMB'0,000	Appraised value RMB'0,000	Increased/ decreased value RMB'0,000	Appreciation rate (%)
Micron Technology, Inc.	100%	6.86	2,821,852,236.49	2,821,852,229.63	411,348,721.52
Karsen International Limited	100%	52,747,800	268,955,652.45	216,207,852.45	409.89%
In total		52,747,806.86	3,090,807,888.94	3,038,060,082.08	5,759.60%

Appraisal Details for Current Liabilities

Valuation Date: 31 May 2019

Table 5

Valuation unit (or Owners):

Shenzhen Baoxin Industrial Group Limited

Monetary unit: RMB

No.	Account name	Book value	Appraisal value	Increment or decrement	Increment rate %
5-1	Short-term borrowings	16,000,000.00	16,000,000.00	—	—
5-2	Financial liabilities at fair value through profit or loss	—	—	—	—
5-3	Notes payable	—	—	—	—
5-4	Trade payables	—	—	—	—
5-5	Receipts in advance	—	—	—	—
5-6	Wages and salaries payable	82,000.00	82,000.00	—	—
5-7	Taxes payable	32,426.37	32,426.37	—	—
5-8	Interest payables	—	—	—	—
5-9	Dividend payables	—	—	—	—
5-10	Other payables	2,150,278,242.38	2,150,278,242.38	—	—
5-11	Non-current liabilities due within one year	—	—	—	—
5-12	Other current liabilities	—	—	—	—
	Total current liabilities	2,166,392,668.75	2,166,392,668.75	—	—

Preparer: Xiongliu

Valuers: Mou Dunhai/Jiangtao

Date: 31 May 2019

Appraisal Details for Short-term borrowings

Valuation Date: 31 May 2019

Table 5–1

Valuation unit (or Owners):

Shenzhen Baoxin Industrial Group Limited

Monetary unit: RMB

No.	Bank (or institution) name	Transaction Date	Maturity Date	Monthly interest rate%	CCY	Book Value	Appraisal value	Remarks
1	Industrial Bank Shenzhen Meilin Branch	2019.2.11	2020.1.11	6.09%	RMB	16,000,000.00	16,000,000.00	
	Total					16,000,000.00	16,000,000.00	

Preparer: Xiongliu

Date: 31 May 2019

Valuers: Mou Dunhai/Jiangtao

Appraisal Details for Wages and Salaries Payables

Valuation Date: 31 May 2019

Table 5-6

Valuation unit (or Owners):

Shenzhen Baoxin Industrial Group Limited

Monetary unit: RMB

No.	Transaction Nature	Transaction Date	Book Value	Appraisal value	Remarks
1	Wages and salaries	2019.5.31	82,000.00	82,000.00	
Total			82,000.00	82,000.00	

Preparer: Xiongliu

Date: 31 May 2019

Valuers: Mou Dunhai/Jiangtao

Appraisal Details for Taxes payable

Valuation Date: 31 May 2019

Table 5-7

Valuation unit (or Owners):

Shenzhen Baoxin Industrial Group Limited

Monetary unit: RMB

No.	Taxation Authority	Transaction Date	Type of Tax	Book Value	Appraisal value	Remarks
1	Shenzhen State Taxation Bureau	2019.5.31	Sales VAT	84,837,323.83	84,837,323.83	
2	Shenzhen State Taxation Bureau	2019.5.31	Withholding VAT	-60,885,828.22	-60,885,828.22	
3	Shenzhen State Taxation Bureau	2019.5.31	Unpaid VAT	-23,951,215.61	-23,951,215.61	
4	Shenzhen State Taxation Bureau	2019.5.31	Tax relief	-280.00	-280.00	
5	Shenzhen State Taxation Bureau	2019.5.31	Unpaid VAT	-27,751.38	-27,751.38	
6	Shenzhen State Taxation Bureau	2019.5.31	Individual income tax payable	13,007.93	13,007.93	
7	Shenzhen State Taxation Bureau	2019.5.31	Sales VAT charge back	47,169.82	47,169.82	
Total				32,426.37	32,426.37	

Preparer: Xiongliu
Date: 31 May 2019

Valuers: Mou Dunhai/Jiangtao

Appraisal Details for Other Payables

Valuation Date: 31 May 2019

Table 5-10

Valuation unit (or Owners):

Shenzhen Baoxin Industrial Group Limited

Monetary unit: RMB

No.	Account Name (Settlement Party)	Transaction Date	Transaction Nature	Book Value	Appraisal value	Remarks
1	Baoxin Holdings Company Limited	2019.5.31	Intercompany balance	1,664,496,600.57	1,664,496,600.57	
2	Industrial Bank Shenzhen Meilin Branch	2019.5.31	Interest	29,773.33	29,773.33	
3	Shenzhen Borui Enterprise Management Company Limited	2019.5.31	Intercompany balance	384,060,953.38	384,060,953.38	
4	Tuo Jisi Group Limited (托吉斯集團有限公司)	2018.6.30	Borrowings	63,240,000.00	63,240,000.00	
5	Shenzhen Baoxin Recreation and Sports Company Limited (深圳寶新文體發展有限公司)	2018.10.31	Intercompany balance	23,902.71	23,902.71	
6	Shenzhen Dapeng Yacht Club Company Limited (深圳大鵬遊艇會有限公司)	2018.9.30	Intercompany balance	8,000,000.00	8,000,000.00	
7	Shenzhen Yuejin Sports Company Limited (深圳粵錦體育有限公司)	2018.9.30	Intercompany balance	18,000,000.00	18,000,000.00	
8	Shenzhen Tuo Jisi Industrial Limited (深圳托吉斯實業有限公司)	2019.5.31	Interest	12,427,011.51	12,427,011.51	
9	Baoxin Technology (Hong Kong) Limited	2019.5.31	Intercompany balance	0.88	0.88	
Total				2,150,278,242.38	2,150,278,242.38	

Preparer: Xiongliu

Date: 31 May 2019

Valuers: Mou Dunhai/Jiangtao