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16 January 2026

To the Independent Board Committee

Minmetals Land Limited
18th Floor, China Minmetals Tower,
79 Chatham Road South, Tsimshatsui,
Kowloon, Hong Kong

Dear Sir or Madam,

(1) PROPOSAL FOR THE PRIVATISATION OF MINMETALS LAND LIMITED BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 99 OF THE COMPANIES ACT; AND (2) PROPOSED WITHDRAWAL OF LISTING

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Proposal and the Scheme. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee, as set out in the announcement of the Company dated 14 November 2025. Details of the Proposal and the Scheme are set out in the "Letter from the Board" contained in the Scheme Document dated 16 January 2026, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Scheme Document unless the context requires otherwise.

The Proposal

Pursuant to the Announcement, the Offeror and the Company jointly announced that on 23 October 2025, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders regarding the proposed privatisation of the Company by way of a scheme of arrangement under Section 99 of the Companies Act. The Shares held by the Offeror as at the Record Date will not form part of the Scheme Shares and will not be cancelled.

香港中環永和街21號

The Proposal will be implemented by way of the Scheme. Under the Scheme, the Scheme Shares will be cancelled in exchange for the payment of the Cancellation Price of HK$1.000 in cash for each Scheme Share.

The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

If, after the Announcement Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror shall reduce the Cancellation Price by the amount or value of such dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in the Announcement, the Scheme Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced.

Conditions of the Proposal and the Scheme

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Shareholders, subject to fulfilment or waiver (as applicable) of the conditions set out in the paragraph headed "4. Conditions to the Proposal and the Scheme" in the "Explanatory Statement" of the Scheme Document.

All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (being 30 September 2026 or such later date the Offeror may determine, subject to the consent of the Court and/or the Executive (as applicable)), failing which the Proposal and the Scheme will lapse. The Company has no right to waive any of the Conditions.

If approved, the Scheme will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the SGM.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, which comprises all non-executive Directors (excluding Mr. Huang Guoping who is considered being not independent to be a member of the Independent Board Committee as elaborated below), namely, Ms. He Xiaoli, Ms. Law Fan Chiu Fun, Fanny, Professor Wang Xiuli and Mr. Su Terry Lumin, has been established to make recommendation to the Disinterested Scheme Shareholders as to: (i) whether the Proposal and the Scheme are, or are not, fair and reasonable so far as the Disinterested Scheme Shareholders are concerned; and (ii) whether the Disinterested Scheme Shareholders should vote in favour of the Scheme at the Court Meeting and the SGM.

Mr. Huang Guoping, a non-executive Director, is also a director of Minmetals Development (a non-wholly-owned subsidiary of CMCL), and is therefore considered being not independent to be a member of the Independent Board Committee and has declared his interest to the Board accordingly.

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser with respect to the Proposal and the Scheme, our role is to advise the Independent Board Committee as to (i) whether the Proposal and the Scheme are, or are not, fair and reasonable so far as the Disinterested Scheme Shareholders are concerned; and (ii) whether the Disinterested Scheme Shareholders should vote in favour of the Scheme at the Court Meeting and the SGM.

We (i) are not associated or connected, financially or otherwise, with the Company or the Offeror, their respective controlling shareholders or any parties acting, or presumed to be acting, in concert with any of them; and (ii) have not acted as the financial adviser or independent financial adviser in relation to any transaction of the Company or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them in the last two years prior to the date of the Scheme Document.

Pursuant to Rule 13.84 of the Listing Rules and Rule 2 of the Takeovers Code, and given that (i) remuneration for our engagement to opine on the Proposal and the Scheme is at market level and not conditional upon the outcome of the Proposal and the Scheme; (ii) no arrangement exists whereby we shall receive any fees or benefits from the Company (other than our said remuneration) or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them; and (iii) our engagement is on normal commercial terms and approved by the Independent Board Committee, we are independent of the Company or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them and can act as the Independent Financial Adviser to the Independent Board Committee with respect to the Proposal and the Scheme.

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others (i) the Announcement; (ii) the annual report of the Company for the year ended 31 December 2024 (the "**2024 Annual Report**"); (iii) the interim report of the Company for the six months ended 30 June 2025 (the "**2025 Interim Report**"); and (iv) other information as set out in the Scheme Document.

We have relied on the statements, information, opinions and representations contained or referred to in the Scheme Document and/or provided to us by the Company, the Directors and the management of the Company (collectively the "**Management**"). We have assumed that all statements, information, opinions and representations contained in or referred to in the Scheme Document and/or provided to us are true, accurate and complete in all material aspects at the time they were made and continued to be so as at the Latest Practicable Date. The Company will notify the Scheme Shareholders of any material changes to information contained or referred to in the Scheme Document as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. The Scheme Shareholders will also be informed as soon as practicable when there are any material changes to the information contained or referred to herein as well as changes to our opinion, if any, after the Latest Practicable Date, and up to the date of the SGM.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion are untrue, inaccurate or misleading, nor are we aware of any material fact the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Company contained or referred to in the Scheme Document, and information relating to the Company provided to us by the Company and the Management have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

We have not considered the taxation implications on the Scheme Shareholders arising from acceptance or non-acceptance of the Proposal and the Scheme, if any, and therefore we will not accept responsibility for any tax effect or liability that may potentially be incurred by the Scheme Shareholders as a result of the Proposal and the Scheme. In particular, the Scheme Shareholders who are subject to Hong Kong or overseas taxation on dealings in securities are urged to seek their own professional adviser on tax matters.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our advice for the Proposal and the Scheme, we have considered the following principal factors and reasons:

1. Background and financial information of the Company

1.1 Background of the Group

The Company is a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange with the stock code 230. The Group is principally engaged in the business of real estate development, property management, specialised construction and property investment. Currently, the Group's real estate development business covers the Pan Bohai Rim, Yangtze River Delta, Central China Region, Chengdu-Chongqing Region and Pearl River Delta (including Hong Kong).

As at 30 June 2025, the construction floor area and land bank of the Group amounted to approximately 18.0 million sq.m. and 5.3 million sq.m. respectively. About 38.1% of its land bank was in the Pan Bohai Rim, with the remaining about equally distributed among the Central China Region, Chengdu-Chongqing Region and Pearl River Delta (including Hong Kong). In terms of classification by type of tiered city, distribution was quite even where 30.5% were in first tier, 34.3% were in second tier and 35.2% were in third tier.

The Group owned two major investment properties in Hong Kong, being the China Minmetals Tower in Tsimshatsui area and LKF29 in Central area. Their occupancy rates as at 30 June 2025 were approximately 80.3% and 75.6% respectively.

1.2 Historical financial performance of the Group

Set out below is a table summarising certain key financial information of the Group for its financial years ended 31 December ("**FY**") 2023 and 2024 ("**FY2023**" and "**FY2024**") and for the six months ended 30 June ("**1H**") 2024 and 2025 ("**1H FY2024**" and "**1H FY2025**"), as extracted from the 2024 Annual Report and the 2025 Interim Report.

Selected items of consolidated statement of profit or loss

HK$ million	**1H FY2025** (unaudited)	**1H FY2024** (unaudited)	**FY2024** (audited)	**FY2023** (audited)
Revenue	**1,976.0**	**5,023.2**	**9,883.0**	**12,630.7**
• *Real estate development*	*1,743.2*	*4,808.0*	*9,832.3*	*12,307.6*
• *Property management*	*210.4*	*189.0*	—	—
• *Property investment*	*21.8*	*25.9*	*50.0*	*51.2*
• *Specialised construction*	*0.6*	*0.3*	*0.7*	*271.9*
Cost of sales	(1,752.3)	(4,648.0)	(9,277.7)	(10,458.2)
Gross profit	**223.7**	**375.2**	**605.3**	**2,172.5**
Other and finance income	144.0	144.5	303.4	288.3
Fair value changes on investment properties	(97.7)	(87.5)	(187.0)	(2.3)
Selling and marketing expenses	(129.5)	(253.8)	(535.1)	(416.2)
Administrative and other expenses	(230.8)	(279.4)	(487.5)	(588.7)
Allowance for impairment of inventories	(30.9)	(278.6)	(1,741.1)	(503.0)

HK$ million	**1H FY2025** (unaudited)	**1H FY2024** (unaudited)	**FY2024** (audited)	**FY2023** (audited)
Impairment loss recognised under the expected credit loss model, net	(79.5)	(249.5)	(366.2)	(173.7)
Finance costs	(291.1)	(297.4)	(534.7)	(477.4)
Share of results of associates and joint ventures	(18.3)	(86.3)	(763.7)	(176.0)
(Loss)/profit before tax	**(510.1)**	**(1,012.8)**	**(3,706.6)**	**123.5**
Income tax expense	(69.6)	(37.1)	(41.8)	(649.2)
Loss for the period/year	**(579.7)**	**(1,049.9)**	**(3,748.4)**	**(525.7)**
Loss attributable to the equity holders	**(585.3)**	**(1,044.5)**	**(3,520.7)**	**(1,015.5)**

1H FY2025 vs 1H FY2024

Over 80% of the Group's revenue in both 1H FY2025 and 1H FY2024 was derived from real estate development activities. The Group's total revenue dropped by over 60% from HK$5,023 million in 1H FY2024 to HK$1,976 million in 1H FY2025, mainly due to the decrease in property development revenue during the period as discussed below. In 1H FY2025, the Group's revenue derived from real estate development business was HK$1,743 million, representing a decrease of 63.7% from HK$4,808 million in 1H FY2024, mainly due to the decrease in the scale of real estate projects recognised as fewer properties were delivered during the period. The gross profit margin of the real estate development business recovered slightly to 10.3% for 1H FY2025, increased by 3.4 percentage points as compared to that for 1H FY2024, mainly due to higher proportion of sales recognised from real estate development projects with higher margin being recognised during the period.

Revenue from property investment business amounted to approximately HK$22 million in 1H FY2025, representing a decrease of 15.7% from HK$26 million in 1H FY2024. The gross profit margin of property investment business was 62.8%, decreased by 8.7 percentage points as compared to that for 1H FY2024. Decrease in revenue and margin was mainly due to the rising vacancy rates and an overall drop in rental level for newly signed leases.

Revenue from property management increased by about 11.3% in 1H FY2025 following an expansion in operating scale for this business segment.

Gross profit margin improved from 7.5% in 1H FY2024 to 11.3% in 1H FY2025 mainly underpinned by the improved margin of real estate development activities. In aggregate, other and finance income had remained at same level in 1H FY2024 and 1H FY2025. As market rental levels of renewed and newly signed leases were still under pressure, the Group further recognised fair value losses of about HK$98 million for its investment properties in FY2025.

In line with lower real estate development business, sales and marketing expenses correspondingly decreased in 1H FY2025 compared to 1H FY2024. The Group's continued cost control measures and operational efficiency improvement resulted in lower administrative and other expenses in 1H FY2025.

While market remained weak, various measures were introduced to improve demand and stabilise the real estate development market during 1H FY2025. Consequently, the Group recorded a smaller impairment provision on its inventories of about HK$31 million compared to HK$279 million in 1H FY2024. Similarly, smaller impairment provision of about HK$80 million was made on other receivables associated with several joint ventures and associates during 1H FY2025 compared with HK$249 million in 1H FY2024.

Finance costs remained relatively stable at HK$291 million and HK$297 million in 1H FY2025 and 1H FY2024 respectively.

The Group's aggregate proportionate share of loss (net) of associates and joint ventures reduced to about HK$18 million in 1H FY2025 compared to about HK$86 million in 1H FY2024 as the associates made lower provisions for their inventory impairment as the market appeared more stabilised.

Owing to the aforesaid lower amounts of impairment provisions, fair value loss on investment properties and share of loss of associates and joint ventures, while the Group's revenue and gross profit decreased during 1H FY2025, the Group's loss for 1H FY2025 narrowed by approximately 44.8% to HK$580 million compared to HK$1,050 million in 1H FY2024.

FY2024 vs FY2023

Over 90% of the Group's revenue in FY2023 and FY2024 was derived from real estate development activities. Its revenue decreased by 21.8% in FY2024 compared to FY2023 as the scale of real estate projects recognised decreased. Gross profit margin of real estate development business dropped from 17.5% in FY2023 to 6.5% as the Group adjusted selling prices to promote sales in response to weak market conditions. There was only nominal revenue from specialised construction in FY2024 compared to FY2023 as most projects had been previously completed and there were no new projects. Revenue from property investment business had meanwhile maintained stable. Finance income and other income derived from consulting fees had remained at similar level in FY2023 and FY2024.

Due to weak demand for office and retail space in Hong Kong which resulted in downward pressure on rental rates, the Group recognised fair value losses of HK$187 million for its investment properties in FY2024. Selling and marketing expenses rose in FY2024 by over 28% despite lower revenue due to sales commission and marketing expenses related to the Montego Bay project in Hong Kong. As a result of stringent measures to reduce non-core and non-essential operating expenses, the Group managed to reduce its administrative and other expenses in FY2024 compared to FY2023.

Reflecting a sluggish real estate market which caused price declines to certain of the Group's projects, it made significant impairment provision on its inventories of about HK$1,741 million in FY2024, compared with about HK$503 million in FY2023. The weak market was expected to also affect other receivables associated with several joint ventures and associates, and the Group made relevant impairment provision of about HK$366 million in FY2024, compared with about HK$174 million in FY2023.

Finance costs had increased by 12.2% in FY2024 due to declining interest capitalisation rate following completion of some of the Group's projects. As the Group's associates and joint ventures similarly made provision for impairment of inventories due to market condition, the Group's proportionate share of loss also increased from HK$176 million in FY2023 to HK$764 million in FY2024.

As a result of lower revenue and gross profit, affected by the aforesaid impairments and fair value losses as well as share of losses, the Group's net loss increased more than six-fold from HK$526 million in FY2023 to HK$3,748 million in FY2024.

Overall, we observed that operationally, the Group's revenue had experienced sharp decline since FY2023 as real estate development property sales plummeted because of weak market conditions. Gross profit margins were also affected due to sale price cuts. The Group's profitability was further aggravated by recognition of various impairment losses on its inventories and receivables, as well as fair value loss on its investment properties. This in turn has had negative impact of the Company's dividend distribution to Shareholders and its net asset value or net equity value as further discussed below.

Selected items of consolidated statement of financial position

HK$ million	As at		
	30 June 2025 (unaudited)	**31 December 2024** (audited)	**31 December 2023** (audited)
Non-current assets			
Property, plant and equipment	1,131.6	696.8	677.5
Investment properties	2,501.4	2,661.1	2,806.3
Interests in associates and joint ventures	1,455.2	1,454.5	2,362.8
Others	623.7	588.1	645.8
Total non-current assets	**5,711.9**	**5,400.5**	**6,492.4**
Current assets			
Inventories	23,646.3	24,699.2	33,601.8
Prepayments, trade and other receivables	7,168.2	7,166.4	8,821.5
Cash & cash equivalents	1,983.2	2,821.9	3,410.7
Others	862.3	942.9	1,248.7
Total current assets	**33,660.0**	**35,630.4**	**47,082.7**
Current liabilities			
Borrowings	(14,614.3)	(16,294.6)	(15,223.1)
Trade and other payables	(6,491.8)	(7,546.5)	(9,114.9)
Contract liabilities	(1,474.3)	(1,647.6)	(5,706.8)
Others	(546.4)	(533.3)	(652.5)
Total current liabilities	**(23,126.8)**	**(26,022.0)**	**(30,697.3)**
Non-current liabilities			
Borrowings	(6,694.8)	(5,388.6)	(8,093.5)
Others	(580.8)	(363.3)	(436.7)
Total non-current liabilities	**(7,275.6)**	**(5,751.9)**	**(8,530.2)**
Total equity	**8,969.4**	**9,256.9**	**14,347.6**
Non-controlling interests	(7,769.9)	(7,648.1)	(9,060.6)
Equity attributable to equity holders of the Company	**1,199.5**	**1,608.8**	**5,287.0**

Non-current assets

The Group's non-current assets comprised principally (i) investment properties in Hong Kong and PRC; (ii) property, plant and equipment ("**PPE**") which leasehold land and building for self-use purposes; and (iii) interests in associates which were investments that the Group can exercise significant influence by minority representation in the board of directors of such investees, and interests in joint ventures which were investments that the Group can exercise joint control through its voting rights.

Investment properties had declined from HK$2,806.3 million as at 31 December 2023 to HK$2,501.4 million as at 30 June 2025 as the Group had recognised fair value losses on investment properties over this period reflecting market conditions. PPE had increased from HK$677.5 million as at 31 December 2023 to HK$1,131.6 million as at 30 June 2025 as the Group had made additions to PPE and transfers from inventory to PPE of over HK$450 million.

The Group's interests in associates and joint ventures declined from HK$2,362.8 million as at 31 December 2023 to HK$1,454.5 million as at 31 December 2024 due to negative impact of the share of losses (net) of such associates and joint ventures. Such interests in associates and joint ventures had stabilised between 31 December 2024 and 30 June 2025.

Current assets

The Group's current assets comprised principally (i) its inventories of properties under development and properties held for sale in the PRC and in Hong Kong; (ii) prepayments, trade and other receivables; and (iii) cash and cash equivalents.

Value of inventories decreased substantially from HK$33,601.8 million as at 31 December 2023 to HK$24,699.2 million as at 31 December 2024 due mainly to recognition of impairment allowance of these inventories during FY2024. Subsequent to that, value of inventories had stabilised as at 30 June 2025 compared to 31 December 2024. Prepayments, trade and other receivables decreased from 31 December 2023 to 30 June 2025 following lower real estate development activities. Cash and cash equivalents was lower at HK$1,983.2 million as at 30 June 2025 compared with HK$3,410.7 million as at 31 December 2023 as there was net repayment of the Group's borrowings.

Current liabilities

The Group's current liabilities comprised principally (i) short-term borrowings; (ii) trade and other payables; and (iii) contract liabilities which mainly represented pre-sale proceeds received by the Group that would subsequently be recognised as revenue when presold properties are completed and delivered to buyers.

While the Group's total borrowings had decreased to HK$21,683.2 million as at 31 December 2024 from HK$23,316.6 million as at 31 December 2023, its short term borrowings increased. This was due to the reclassification of the non-current portion of certain borrowings to current liabilities following non-compliance with financial covenants on certain of the Group's loans.

Trade and other payables had declined between 31 December 2023 and 30 June 2025 in line with the Group's lower real estate development activities. Contract liabilities decreased from HK$5,706.8 million as at 31 December 2023 to HK$1,647.6 million as at 31 December 2024 as the Group had recognised revenue exceeding the receipt from new contracted sales during FY2024. Contract liabilities further declined moderately as at 30 June 2025 as new contracted sales remained low.

Non-current liabilities

The Group's non-current liabilities consisted principally of non-current borrowings. Non-current borrowings had decreased from the level as at 31 December 2023 to 31 December 2024 due to the reason explained above as well as the Group's net repayment of its loans. Non-current borrowings increased as at 30 June 2025 as the Group had refinanced certain of its short-term loans with longer dated bonds and loans.

Total equity and equity attributable to equity holders of the Company

Due to the substantial losses attributable to equity holders of the Company in FY2024 and 1H FY2025, the Group's total equity had decreased by approximately 37.5% from HK$14,347.6 million as at 31 December 2023 to HK$8,969.4 million as at 30 June 2025.

As some of the Group's real estate development projects were not wholly-owned, there were significant amount of non-controlling interests. Such amount varied depending on each project's profitability and their individual value as assessed as at each year-end/period-end dates. After taking into account non-controlling interests, equity attributable to equity holders of the Company had also declined, and at a greater rate of approximately 77.3%, from HK$5,287.0 million as at 31 December 2023 to HK$1,199.5 million as at 30 June 2025.

Overall, the Group's financial position had experienced substantial deterioration in the past years as its real estate assets continued to decrease in value. We also note from the 2025 Interim Report that the Group was in the process of obtaining waivers from banks for non-compliance with the financial covenants of certain facility agreements, which also caused cross default on other bank borrowings. Such non-compliance with the financial covenants and cross defaults give the banks the unconditional right to demand repayment at any time. While we understand from the Management that as at the Latest Practicable Date, the Company had not received any relevant loan repayment notice for the aforesaid, continuation of this situation may strain the Group's future financing ability. From this perspective and as further discussed in the paragraph headed "1.4 Outlook of the Group and the property market" below, the Proposal represents an opportunity for the Disinterested Scheme Shareholders who may wish to exit their investment in the Company in light of its recent unsatisfactory financial performance and uncertain financial position.

Calculation of the Adjusted NAV

Reference is made to (i) the valuation of property interests held by the Group and its associated companies as at 31 October 2025 conducted by Cushman & Wakefield Limited, the independent property valuer appointed by the Group, details of which are set out in Appendix II to the Scheme Document; and (ii) the paragraph headed "4. Property interests and adjusted net asset value" set out in Appendix I to the Scheme Document. For illustration purpose, set out below is the calculation of the Adjusted NAV of the Group, which is calculated based on the unaudited net asset value of the Group attributable to the equity holders of the Company as at 30 June 2025, adjusted with reference to the valuation of properties interests held by the Group and its associated companies as set out in Appendix II to the Scheme Document.

	HK$
Unaudited net asset value of the Group attributable to the equity holders of the Company as at 30 June 2025	1,199,472,000
Total number of issued Shares	3,346,908,037
Net asset value attributable to the equity holders of the Company per Share	0.358
Adjustments:	
Estimated deferred tax on revaluation deficit attributable to the Group	61,314,631
Revaluation deficit arising from the valuation of the property interests of the Group as at 31 October 2025	(245,258,523)
Adjusted NAV	1,015,528,107
Adjusted NAV per Share	0.303

1.3 Historical dividends of the Company

We note that the Company has not declared any dividends since its financial year ended 31 December 2021 (i.e. the financial year ended 31 December 2021 is the last financial year in respect of which dividends were declared and paid).

Based on the Group's recent unsatisfactory financial performance and uncertain financial position as elaborated above, it remains highly uncertain if, and when, the Company may resume declaring dividends.

1.4 Outlook of the Group and the property market

The Group is principally engaged in the business of real estate development in the PRC (including Hong Kong). As discussed in the 2024 Annual Report and the 2025 Interim Report, the Management believes that the real estate market is under pressure and has entered its most difficult stage after four years of continuous correction, with liquidity still bleak and sales sluggish. The impact from a lack of restored market confidence by the first half of 2025 is evident by the fact that for the six months ended 30 June 2025, the Group's consolidated revenue declined by 60.7% compared to the prior period.

On this basis, we have conducted independent research on property development markets in both the PRC and in Hong Kong. For our research on the PRC market, we have reviewed two independent reports: the "*Chinese Real Estate Market Outlook*" (the "**Savills PRC Report**") published by Savills Research ("**Savills**"), as well as the "*2025 China Real Estate Market Outlook*" (the "**CBRE PRC Report**") published by CBRE Research ("**CBRE**") (collectively, the "**PRC Market Reports**"). Savills Research, a division of Savills plc, is a leading global real estate services provider known for its extensive research and advisory capabilities. CBRE Research, a division of CBRE Group, Inc., is also a globally recognised real estate services and investment firm with comprehensive research capabilities and a strong presence in institutional markets.

The PRC Market Reports indicate that the PRC property market is undergoing structural transformation away from speculative growth. As a result of sustained economic uncertainty, weak consumer confidence, and surging household debt exceeding 60% of the gross domestic product ("**GDP**"), the downturn in the sector has continued into its fourth consecutive year; and, despite government interventions introduced in late 2024, a broad market recovery is not anticipated within 2025.

Government policy uplift

In late 2024, the PRC government intensified rollout packages aimed at stabilising the market and diffusing risk. These included, amongst others, a shift to a "moderately loose" monetary stance with lending rate cuts, lowered minimum down payments for property buyers, and relaxed purchase restrictions. According to the Savills PRC Report, these measures are not intended as a sector-wide bailout. Instead, they aim to prevent further economic slowdown and restore confidence through structural reforms that improve affordability and sustainability. This involves, among others, easing purchase restrictions, lowering interest rates, and reducing down-payment requirements to stimulate demand.

For developers, other measures such as the Urban Real Estate Financing Coordination mechanism (widely referred to as the "whitelist" program) provide financing support to eligible projects and are expected to benefit developers seeking to destock excess inventory or improve liquidity, particularly those with weak balance sheets. For homebuyers, urban renewal programs have been expanded to over 300 cities alongside home voucher schemes and trade-in programs designed to absorb unsold units and boost short-term liquidity for potential homebuyers. Local authorities have also begun purchasing completed units for conversion into affordable rental housing, which improves developers' liquidity and enhances housing affordability. Furthermore, the removal of land price caps has potentially increased developers' profit margins, leading to more luxury launches and higher first-hand prices in key cities. At least within first-tier cities (such as Beijing, Shanghai and Shenzhen) and second-tier cities (such as Nanjing and Chengdu), these interventions have had a modest positive effect to help arrest price declines, at least for new homes.

As a result of this strengthened policy stimulus, the PRC Market Reports believe signs of stabilisation are emerging. Savills notes the narrowing of housing price declines and increased activity in first-tier cities, while CBRE anticipates that full-year GDP growth may reach 4.7% in 2025 on the back of a moderately loose monetary approach. Nonetheless, even with these policies, Savills anticipates it will likely take until 2027 at the earliest for a meaningful decline in supply volumes. Therefore, a broad recovery is expected to take time to fully restore market confidence and fundamentals, especially given that high inventory levels still need time to digest.

Regional polarisation

The divergence in market performance between higher-tier and lower-tier cities reflects growing regional polarisation in the PRC's property markets, with future growth expected to concentrate in higher-tier cities supported by stronger fundamentals and greater resources.

According to the Savills PRC Report, developers are expected to concentrate on first-tier cities stemming from a combination of accumulated wealth, stronger long-term economic prospects, and narrowing price declines. Likewise, CBRE projects that investment volume will return to growth mode in first-tier cities, driven by more attractive asset prices and lower interest rates as investors rigorously flock to quality assets in counter-cyclical asset classes. On the back of increased inflows into resilient assets, particularly core office buildings in first-tier cities, property prices are expected to broadly stabilise in 2025 as investor sentiment bottoms out amid rising vacancy rates and subdued rental demand. In 2026 and 2027, growth in nationwide office demand is anticipated to gradually accelerate, while new office supply is expected to slow over the same period. Market headwinds in office and retail leasing will continue to bear significant downward pressure before the effects from policy uplifts take root. Conversely, lower-tier cities face prolonged weak demand and lingering oversupply in both residential and commercial markets. Most national recovery, therefore, however moderate, will be primarily led by higher-tier cities.

We noted that the Group's landbank has been relatively equally distributed among first-tier, second-tier and third-tier cities where as at 30 June 2025, the percentage distributions were 30.5%, 34.3% and 35.2% respectively.

Hong Kong office and residential markets

The Group maintains a property investment portfolio, primarily comprising two commercial assets in Hong Kong. The Group had also derived approximately 2.2%, 38.3% and 8.0% of its FY2023, FY2024 and 1H FY2025 revenue from Hong Kong respectively and has retained exposure to the Hong Kong residential market. We have therefore reviewed two additional independent research reports: the "*Hong Kong Figures — Office Q3 2025*" (the "**CBRE HK Report**") published by CBRE, as well as the "*Hong Kong, Office, Retail & Residential Markets — Q3 2025 Review & Outlook*" (the "**Cushman HK Report**") published by Cushman & Wakefield Research ("**Cushman**") (collectively, the "**HK Market Reports**"). Cushman & Wakefield Research is a division of Cushman & Wakefield, Inc., a leading global real estate services firm that delivers value to real estate occupiers and owners worldwide through its integrated suite of services, including property, facilities and project management, leasing, capital markets, and valuation.

Cushman indicates that Hong Kong's residential market has broadly stabilised following a prolonged correction. Prices are widely believed to have bottomed out, with a modest recovery of +1% to +2% year-on-year forecast for 2025. Sales momentum has strengthened, evidenced by a 63% year-on-year increase in sales and purchase agreements in third quarter of 2025, reaching 16,700 units. According to the Cushman HK Report, the underlying drivers of this stabilisation are structural rather than speculative. Alongside renewed buyer sentiment, government initiatives to enhance housing supply and mortgage flexibility have also contributed to liquidity in the primary market.

Commercially, the Group's investment property portfolio in Hong Kong mainly comprises two office buildings, being the China Minmetals Tower in Tsimshatsui and LKF29 in Central. Both properties have faced headwinds where, as discussed in the 2024 Annual Report, occupancy rates had declined. Occupancy rate of LKF29 fell to 75.3% (from 91.8%) and China Minmetals Tower to 86.9% (from 91.9%) year-on-year, contributing also to fair value losses.

The HK Market Reports both noted tentative stabilisation in core office submarkets, supported by improving market sentiment and renewed downstream office demand from finance-related and professional services firms in the wake of a recovering IPO market. Cushman notes that Prime Central rents recorded a modest gain of +0.6% quarter-on-quarter in third quarter of 2025, marking the first positive movement since late 2021, although full-year forecasts still anticipate a decline of 1% to 3%. Leasing momentum strengthened significantly, with net absorption reaching 401,000 sq.ft. during the quarter — the highest level since 2019. CBRE similarly reports a 25% quarter-on-quarter increase in gross leasing volume to 1.3 million sq.ft., alongside citywide net absorption at its highest level since 2018. For the first time in a decade, all major submarkets recorded positive absorption, driven by robust financial market activity, and further relocations to Hong Kong by Mainland Chinese firms under a stronger macro backdrop.

Despite these short-term improvements, both HK Market Reports caution that the structural challenges within Hong Kong persist. Overall vacancy remained elevated at 17.1% at quarter-end, while rents declined by 3.4% year-to-date, with decentralised districts such as Hong Kong East and Kowloon East experiencing the sharpest rental pressure. Supply-side risk remains particularly relevant as approximately 2.0 million sq.ft. of new office space is scheduled to come on stream in fourth quarter of 2025 with a pre-commitment rate of only 18%, and an aggregate of 5.9 million sq.ft. of new office supply will enter the market between 2025 and 2029, concentrated around Greater Tsimshatsui (including Tsimshatsui, Tsimshatsui East, Hung Hom and Kowloon Station) and Greater Central (including Admiralty, Central and Sheung Wan). Therefore, both Cushman and CBRE expect overall office rent to drop between 4% and 6% in 2025, with a further 5% decrease in 2026, amid the heavy new supply pipeline as the market absorbs excess space.

Section conclusion

Overall, both Savills and CBRE maintain a cautious outlook for the PRC property market, citing structural challenges and weak consumer confidence. For Hong Kong property market, Cushman observes signs of stabilisation in the residential market, while both Cushman and CBRE hold a more cautious view on the office sector given elevated vacancy and significant upcoming supply.

Having considered the above independent research and recent financial performance of the Group as discussed in the paragraph headed "1.2 Historical financial performance of the Group" above, the Proposal represents an opportunity for the Disinterested Scheme Shareholders who wish to exit their investment in the Company, which business and financial performance had been adversely affected by market downturns in the PRC and Hong Kong, and which outlook remains uncertain and challenging.

2. Background information of the Offeror

2.1 The Offeror and its controlling shareholder

The Offeror is a company incorporated in the British Virgin Islands with limited liability. As at the Latest Practicable Date, the entire issued share capital of the Offeror is wholly owned by Minmetals HK.

Minmetals HK is in turn owned as to approximately 39.04%, 38.95% and 22.01% by CMCL, Album Enterprises Limited and Top Create Resources Limited respectively. Album Enterprises Limited and Top Create Resources Limited are wholly owned by CMN, which in turn is wholly owned by CMCL. CMCL is (i) directly and indirectly owned as to 88.39% by China Minmetals; (ii) directly owned as to 9.50% by Hunan Mineral Resources Group Co., Ltd.* (湖南省礦產資源集團有限責任公司) (wholly owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Hunan Province and the People's Government of Hunan Province); and (iii) directly owned as to 2.11% by Guoxin Development Investment Management Co., Ltd.* (國新發展投資管理有限公司) (wholly owned by the State Council of the PRC).

As at the Latest Practicable Date, the Offeror does not carry on any business other than investment activities and matters in connection with the Company, the Proposal and the Scheme. China Minmetals, being the ultimate controlling shareholder of the Offeror, is a state-owned enterprise established in the PRC and owned as to 94.11% and 5.89% by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC and National Social Security Fund of the PRC respectively.

2.2 The Offeror's intention in relation to the Company

As disclosed in the paragraph headed "Intentions of the Offeror and the Company" in the "Letter from the Board" of the Scheme Document, it is the intention of the Offeror that the Group will continue to carry on its current business, and the Offeror will continue to consider how to develop the Company in a manner which best enhances value.

We note that the Proposal is made by the existing controlling Shareholder who stated that it will continue to operate the Group's businesses as it is. Based on our discussion with the Management, there is no indication from the controlling Shareholder of any intended significant activities that may fundamentally improve the Group's ongoing operations or outlook, or may positively impact the Group's valuation as a business.

3. Rationale of the Proposal

We have considered the rationale of the Proposal from the perspectives of the Scheme Shareholders and the Company as follow.

3.1 From perspective of the Scheme Shareholders

Opportunities to realise investment in the Company at premium to prevailing market price

The Cancellation Price represents a substantial premium over recent market trading prices of the Shares as analysed in the paragraph headed "4.2 Analysis of historical Share price performance" below. Per our analysis on historical price trend, it is noted that the Share price has not reached the level of the Cancellation Price during the entire Review Period (as defined below), and that it represents a substantial premium of approximately 100.4% over the average closing prices of the Shares during the Review Period of approximately HK$0.499 per Share. Subsequent to the publication of the Announcement and up to the Latest Practicable Date, the closing prices of the Shares had remained at levels below the Cancellation Price.

Given the challenging operating environment, the Group's recent underperformed financial results and uncertain financial position as elaborated in the paragraphs headed "1.2 Historical financial performance of the Group" and "1.4 Outlook of the Group and the property market" above, future performance of the Share price may be uncertain and we concur that the Proposal offers Scheme Shareholders a reasonable opportunity to sell their Shares at a premium to prevailing market price. We believe that the current market trading prices of Shares are underpinned by the existence of the Proposal and the absence or lapse of the Proposal may cause price of Shares to retreat to levels before the Announcement as we are not aware of any material positive development or change to the Group's business and prospects since then.

Opportunities to exit given the low trading liquidity of the Shares

The Company pointed out that the trading liquidity of the Shares has been low, making it difficult for Scheme Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares. The Proposal provides a clear and definitive exit opportunity for Scheme Shareholders without having to suffer from any illiquidity discount.

Per our analysis on the trading liquidity of the Shares as discussed in the paragraph headed "5. Historical trading liquidity of the Shares" below, we note that the trading activities in Shares were generally illiquid over the Review Period and the Scheme Shareholders may experience difficulty in disposing of their Shares, and any sale of a significant number of Shares on the market may result in downward pressure on the market price of Shares.

In this respect, we concur that the Proposal represents an opportunity for the Scheme Shareholders to realise their investments in the Company with the certainty of return. We noticed a substantial increase in trading liquidity for a couple of days before and after the Announcement. We believe such relatively high volume was similarly triggered by presence of the Proposal and may not be sustainable in the absence of the Proposal.

3.2 From the perspective of the Company

Flexibility in formulating long term strategies and avoid the costs associated with maintaining a listing platform

The Management believed that as the Shares have long experienced low trading volumes and persistent undervaluation, these have limited the Company's ability to raise capital from the capital market and to support its business operation and development. Given the challenging and complex external environment, the Company's listing status no longer provides adequate offshore funding support. In fact, we note that the Company has not conducted any equity capital fund raising since 2009.

We concur that, given one of the primary objectives of a listed platform is public equity fund raising, with such ability curtailed, the costs associated with maintaining the listing status of the Company may no longer be justifiable. Upon completion of the Proposal, the Company can expect to substantially reduce the administrative costs and management resources required to maintain its listing status and compliance with regulatory requirements, shortening decision-making progress and enhancing operational efficiency.

In addition, we note that the Company intends to adjust and optimise its strategies to maintain its core competitiveness amidst the challenging operating environment, which may negatively impact the Company's short- and medium-term financial performance. As a private company without having to manage short term public investor expectations, the Company will have more flexibility in implementing these long-term strategies.

3.3 Section summary

In summary, the Proposal (i) on one hand provides the opportunity for the Scheme Shareholders to realise their investment in the Company at premium to prevailing market price with certainty, amidst low trading liquidity of the Shares; and (ii) on the other hand, completion of the Proposal will allow the Company to avoid further costs in maintaining a listing status which has lost its primary function as a fund-raising platform, as well as more flexibility in implementing its long-term strategies.

4. The Cancellation Price

4.1 Cancellation Price comparison

The Cancellation Price of HK$1.000 per Scheme Share in cash represents:

in relation to the Latest Practicable Date:

- a premium of approximately 3.09% over the closing price of HK$0.970 per Share as quoted on the Stock Exchange on the Last Practicable Date;

in relation to the Undisturbed Day:

- a premium of approximately 185.71% over the closing price of HK$0.350 per Share as quote on the Stock Exchange on the Undisturbed Day;
- a premium of approximately 190.70% over the average closing price of approximately HK$0.344 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Undisturbed Day;
- a premium of approximately 184.90% over the average closing price of approximately HK$0.351 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Undisturbed Day;
- a premium of approximately 177.01% over the average closing price of approximately HK$0.361 per Share based on the daily closing prices as quoted on the Stock Exchange for the 20 trading days up to and including the Undisturbed Day;
- a premium of approximately 172.60% over the average closing price of approximately HK$0.367 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Undisturbed Day;
- a premium of approximately 154.67% over the average closing price of approximately HK$0.393 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Undisturbed Day;
- a premium of approximately 149.24% over the average closing price of approximately HK$0.401 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Undisturbed Day;

in relation to the Last Trading Day:

- a premium of approximately 104.08% over the closing price of HK$0.490 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 166.67% over the average closing price of approximately HK$0.375 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- a premium of approximately 175.86% over the average closing price of approximately HK$0.363 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 172.11% over the average closing price of approximately HK$0.368 per Share based on the daily closing prices as quoted on the Stock Exchange for the 20 trading days up to and including the Last Trading Day;
- a premium of approximately 170.03% over the average closing price of approximately HK$0.370 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 154.18% over the average closing price of approximately HK$0.393 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 148.72% over the average closing price of approximately HK$0.402 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;

in relation to the consolidated net asset value attributable to equity shareholders of the Company per Share:

- a premium of approximately 108.03% over the audited consolidated net asset value attributable to equity shareholders of the Company per Share of approximately HK$0.481 as at 31 December 2024;
- a premium of approximately 179.03% over the unaudited consolidated net asset value attributable to equity shareholders of the Company per Share of approximately HK$0.358 as at 30 June 2025; and

- a premium of approximately 229.57% over the adjusted net asset value attributable to the equity holders of the Company of approximately HK$0.303 per Share, calculated based on the unaudited consolidated net asset value attributable to the equity holders of the Company as at 30 June 2025 and adjusted with reference to the valuation of properties interests held by the Group and its associated companies as set out in Appendix II to the Scheme Document.

According to the paragraph headed "Terms of the Proposal" in the "Letter from the Board" of the Scheme Document, the Cancellation Price will not be increased, and the Offeror does not reserve the right to do so.

4.2 Analysis of historical Share price performance

In assessing the fairness and reasonableness of the Proposal and the Cancellation Price, we have considered the historical movement of the price of the Shares, as well as the comparison between price of the Shares and the Cancellation Price.

Set out below is a chart illustrating the historical closing prices of the Shares as quoted on the Stock Exchange during the period commencing from 30 September 2024 (i.e. 12 months prior to the Last Trading Day) to the Last Trading Day ("**Pre-Announcement Period**"), and subsequently up to and including the Latest Practicable Date ("**Post-Announcement Period**") (collectively, the "**Review Period**"). We consider a period commencing one year prior to the Last Trading Day to the Latest Practicable Date is adequate and representative to illustrate the recent price movements of the Shares which reflect (i) market and investors' reaction towards the latest developments of the Group, including its financial performance and position, outlook and prospects; and (ii) prevailing market sentiment. We are of the view that this allows us to conduct a meaningful comparison between these closing prices of the Shares and the Cancellation Price.

Source: The Stock Exchange website (www.hkex.com.hk)

During the Review Period, the highest and lowest closing prices of the Shares were HK$0.980 per Share recorded on 23 December 2025 and HK$0.285 per Share recorded on 23, 24, 27 and 28 January and 4 February 2025 respectively. The average daily closing price per Share over the Review Period was approximately HK$0.499 per Share. The Cancellation Price, being HK$1.000 per Scheme Share, represents a substantial premium of approximately 100.4% over such average of closing prices.

As illustrated in the graph above, the Cancellation Price is higher than the closing prices of the Shares throughout the entire Review Period. During this period, the Cancellation Price represents premiums ranging from approximately 2.0% (over the highest closing price of HK$0.980 per Share) to approximately 250.9% (over the lowest closing price of HK$0.285 per Share).

Pre-Announcement Period

At the beginning of the Review Period (i.e. 30 September 2024), the closing price of the Share was HK$0.370 per Share. The Share closing price increased sharply to HK$0.690 per Share on 2 October 2024. However, this did not sustain for long as the Share closing price then dropped to HK$0.405 per Share on 9 October 2024. From 10 October 2024 to end of January 2025, the closing prices of the Shares were in general on a downward trend and reached its lowest of HK$0.285 per Share on 23 January 2025. During the aforementioned period, apart from the periodic property sales update published by the Company for the (i) nine months ended 30 September 2024 on 28 October 2024; and (ii) year ended 31 December 2024 on 20 January 2025, neither the Management nor we are aware of any specific reason leading to this downward trend. The Share closing price then hovered at this low end, trading between HK$0.285 per Share and HK$0.290 per Share until 5 February 2025. Thereafter, the closing prices of the Shares were on an increasing trend and reached HK$0.470 per Share on 6 March 2025. Between 7 March 2025 and 26 September 2025, the closing prices of the Shares traded between HK$0.335 per Share and HK$0.460 per Share. During the aforementioned period, the Company published its annual results announcement for FY2024 on 27 March 2025 and interim results announcement for 1H FY2025 on 21 August 2025. The Share price closed at HK$0.490 per Share on the Last Trading Day.

Post-Announcement Period

Following the publication of the Announcement and resumption of trading at 9:00 a.m. on 24 October 2025, the Share closing price surged to HK$0.940 per Share on 24 October 2025 and reached its highest of HK$0.980 per Share on 23 December 2025. The Share closing price then remained relatively stable and closed at HK$0.970 per Share as at the Latest

Practicable Date. We are of the view that the higher level of the Share closing prices during the Post-Announcement Period may be underpinned by the presence of the Proposal.

Section conclusion

Overall, considering that (i) the Cancellation Price is higher than the closing prices of the Shares during the entire Review Period; and (ii) the Cancellation Price represents a substantial premium of approximately 100.4% over the average of closing prices of the Shares during the Review Period, we are of the view that the Cancellation Price is fair and reasonable from the point of view of the historical trading prices of the Shares.

5. Historical trading liquidity of the Shares

We have conducted a review on the trading liquidity of the Shares, and set out below are the average daily trading volume of the Shares on a monthly basis during the Review Period and the respective percentage of the average daily trading volume compared to the total number of issued Shares and those held by the Disinterested Scheme Shareholders.

Month	**Number of trading days**	**Average daily trading volume** *(number of Shares)*	**Approximate % of average daily trading volume to the total number of issued Shares[(2)]**	**Approximate % of average daily trading volume to the total number of issued Shares held by the Disinterested Scheme Shareholders[(3)]**
September 2024 (on 30 September 2024)	1	2,421,044	0.072%	0.190%
October 2024	21	1,350,814	0.040%	0.106%
November 2024	21	245,276	0.007%	0.019%
December 2024	20	167,000	0.005%	0.013%
January 2025	19	73,665	0.002%	0.006%
February 2025	20	385,204	0.012%	0.030%
March 2025	21	352,029	0.011%	0.028%
April 2025	19	273,053	0.008%	0.021%
May 2025	20	351,279	0.010%	0.028%

Month	Number of trading days	Average daily trading volume *(number of Shares)*	Approximate % of average daily trading volume to the total number of issued Shares[(2)]	Approximate % of average daily trading volume to the total number of issued Shares held by the Disinterested Scheme Shareholders[(3)]
June 2025	21	508,810	0.015%	0.040%
July 2025	22	218,087	0.007%	0.017%
August 2025	21	254,049	0.008%	0.020%
September 2025 (up to and including the Last Trading Day)[(1)]	21	998,109	0.030%	0.078%
October 2025 (from 24 October 2025)[(1)]	5	19,874,710	0.594%	1.558%
November 2025	20	3,319,409	0.099%	0.260%
December 2025	21	1,990,562	0.059%	0.156%
January 2026 (up to and including the Latest Practicable Date)	9	2,287,416	0.068%	0.179%
Review Period				
Mean		1,118,932	0.033%	0.088%
Max		19,874,710	0.594%	1.558%
Min		73,665	0.002%	0.006%

Source: The Stock Exchange website (www.hkex.com.hk)

Notes:

1. The Shares were suspended from trading from 9:00 a.m. on 30 September 2025 to 9:00 a.m. on 24 October 2025.

2. Based on the total number of issued Shares at the respective month-end as disclosed on the Stock Exchange.

3. Based on the total number of issued Shares held by the Disinterested Scheme Shareholders as at the Latest Practicable Date.

As illustrated in the above table, the percentage of average daily trading volume to (i) the total number of issued Shares; and (ii) the total number of issued Shares held by the Disinterested Scheme Shareholders, ranged from approximately 0.002% to approximately 0.594% and approximately 0.006% to approximately 1.558% respectively. The average daily trading volume of the Shares during the Pre-Announcement Period was approximately 444,401 Shares, representing approximately 0.01% of the total number of issued Shares and approximately 0.03% of the total number of issued Shares held by the Disinterested Scheme Shareholders as at the Last Trading Day.

We note that the trading volume of Shares increased after the publication of the Announcement where during the Post-Announcement Period, the average daily trading volume of Shares amounted to approximately 4,148,187 Shares, representing approximately 0.124% of the total number of issued Shares and approximately 0.325% of the total number of issued Shares held by the Disinterested Scheme Shareholders as at the Latest Practicable Date. It can be concluded that, without the Proposal, trading activities in Shares were generally illiquid.

In the absence of the Proposal, Disinterested Scheme Shareholders will only be able to dispose of their Shares on-market to realise their investment in the Company. Considering the thin trading volume of Shares during the Pre-Announcement Period, Disinterested Scheme Shareholders may experience difficulty in disposing of their Shares, and any sale of a significant number of the Shares on the market may result in downward pressure on the market price of Shares. From this perspective, the Proposal represents an exit opportunity for the Disinterested Scheme Shareholders with the certainty of fixed sale price and sale volume.

6. Comparable analysis

Comparable analysis involves determining the relative value of a company by comparing it to other companies in the similar industries and of similar scale.

To assess the fairness and reasonableness of the Cancellation Price, we have performed analysis on the price-to-book ratio (the "**P/B Ratio(s)**"), which is a commonly used valuation yardstick in evaluating asset-heavy industries such as the property sector, of companies which are listed on the Stock Exchange and are engaged in similar business of the Group for comparison purpose (the "**Comparable(s)**"). We have also considered the price-to-earnings ratio (the "**P/E Ratio(s)**"), another common parameter; however, as the Group was loss-making in its latest financial year, the P/E Ratio is not applicable in this case.

We have set the following selection criteria for the purpose of identifying Comparables:

(i) company whose shares are similarly listed on the Main Board of the Stock Exchange;

(ii) company whose total asset value as at its latest published annual report is between HK$20 billion and HK$60 billion (the Group's total assets as at 31 December 2024 and 30 June 2025 amounted to approximately HK$41.0 billion and HK$39.4 billion respectively) and is not in a net liability/deficit position; and

(iii) over 50% of its latest financial year revenue was derived from property development business in the PRC.

Based on the above criteria, we have identified six Comparables, being Beijing North Star Company Ltd, Shanghai Industrial Urban Development Group Ltd, Zensun Enterprises Ltd, Zhong An Group Ltd, Guangdong Land Holdings Ltd and Ganglong China Property Group Ltd. The list is exhaustive based on those selection criteria above. Cognisant that there exists no company which can be of exactly the same business model, scale of operation, trading prospect, target markets, product mix and capital structure as the Company and we have not conducted any in-depth investigation into the business and operations of the Comparables save for the aforesaid selection criteria, we believe that the Comparables selected are appropriate to serve as a benchmark reference for our comparable analysis purpose, which reflects the prevailing market sentiment towards this business sector for companies similarly engaged in the property business, and which are also listed on the same platform (i.e. Main Board of the Stock Exchange).

Our relevant findings are summarised in the following table:

Stock code	Company name	Principal business	Market capitalisation[1] *(HK$ million)*	Total asset value[2] *(HK$ million)*	Net asset value[3] *(HK$ million)*	P/B Ratio[4] *(times)*
588	Beijing North Star Company Ltd	Beijing North Star Company Ltd is principally engaged in property development business and convention and exhibition (including hotels) business in the PRC. The company operates its businesses through three segments. The real estate development segment is mainly engaged in the development and sales of real estate projects. The convention and exhibition (including hotels) and commercial properties segment is mainly engaged in the rental and operation of apartments, office buildings, convention and exhibition and hotels, among others.	2,626.3	54,429.4	18,146.2	0.14

Stock code	Company name	Principal business	Market capitalisation[1] *(HK$ million)*	Total asset value[2] *(HK$ million)*	Net asset value[3] *(HK$ million)*	P/B Ratio[4] *(times)*
		According to Beijing North Star Company Ltd's latest published annual report prior to the Latest Practicable Date, for the year ended 31 December 2024, (i) all of its revenue was derived in the PRC; and (ii) approximately 56.1% of its revenue was derived from the real estate development segment.				
563	Shanghai Industrial Urban Development Group Ltd	Shanghai Industrial Urban Development Group Ltd is primarily engaged in property-related businesses. The company's primary businesses include residential and commercial property development, property investment, as well as hotel operations. The company also engages in property management business. According to Shanghai Industrial Urban Development Group Ltd's latest published annual report prior to the Latest Practicable Date, for the year ended 31 December 2024, (i) all of its revenue was derived in the PRC; and (ii) approximately 97.5% of its revenue was derived from the property development segment.	1,505.8	48,984.8	13,028.4	0.12
185	Zensun Enterprises Ltd	Zensun Enterprises Ltd is principally engaged in the property development business. The company operates its business through six segments. The property development in the PRC segment is engaged in real estate development business. The project management service in the PRC segment is engaged in the provision of initial project management and sales services. The hotel operation in the PRC segment is engaged in hotel operations. The property investment and management in the United States of America (USA) in American Housing REIT, Inc. (AHR) segment is engaged in real estate investment and property management services. The property investment other than AHR segment is engaged in property investments in other regions. The securities trading and investment segment is engaged in securities business.	233.4	44,016.3	1,000.5	0.23

Stock code	Company name	Principal business	Market capitalisation[1] *(HK$ million)*	Total asset value[2] *(HK$ million)*	Net asset value[3] *(HK$ million)*	P/B Ratio[4] *(times)*
		According to Zensun Enterprises Ltd's latest published annual report prior to the Latest Practicable Date, for the year ended 31 December 2024, approximately 98.9% of its revenue was derived from the property development business in the PRC.				
672	Zhong An Group Ltd	Zhong An Group Ltd is principally engaged in property development business. The company operates primarily through two segments. The residential segment is mainly engaged in the development and sales of residential properties, as well as the provision of property management services, project management services and other services to residential properties in Mainland China and Canada. The commercial segment is mainly engaged in the development and sales of commercial properties, the leasing of investment properties, the operation of hotels, as well as the provision of project management services and other services to commercial properties in Mainland China, Japan and United Kingdom. According to Zhong An Group Ltd's latest published annual report prior to the Latest Practicable Date, for the year ended 31 December 2024, (i) approximately 99.99% of its revenue was derived in the PRC; and (ii) approximately 94.7% of its revenue was derived from the property development segment.	648.1	43,754.4	11,445.5	0.06
124	Guangdong Land Holdings Ltd	Guangdong Land Holdings Ltd principally engaged in the property business. The company operates its business through three segments. The property development segment is engaged in the property development business. The property investment segment is engaged in the property investment, leasing and management operations business. The other segment consists of corporate and other income and expense items.	390.2	40,560.2	3,556.8	0.11

Stock code	Company name	Principal business	Market capitalisation[1] (HK$ million)	Total asset value[2] (HK$ million)	Net asset value[3] (HK$ million)	P/B Ratio[4] (times)
		According to Guangdong Land Holdings Ltd's latest published annual report prior to the Latest Practicable Date, for the year ended 31 December 2024, (i) all of its revenue was derived in the PRC; and (ii) approximately 99.4% of its revenue was derived from the property development segment.				
6968	Ganglong China Property Group Ltd	Ganglong China Property Group Ltd is primarily engaged in development and sale of property. The company's properties include residential and commercial properties, car parks and garage, storage and other types. According to Ganglong China Property Group Ltd's latest published annual report prior to the Latest Practicable Date, for the year ended 31 December 2024, (i) all of its revenue was derived in the PRC; and (ii) all of its revenue was derived from the property development segment.	111.9	25,981.1	3,828.5	0.03
					Minimum	**0.03**
					Maximum	**0.23**
					Mean	**0.11**
					Median	**0.11**
230	**The Company**	**The Company is principally engaged in the business of real estate development, property management, specialised construction and property investment.**	**3,346.9[5]**	**41,030.9**	**1,608.8** **1,015.5[6]**	**2.08** **3.30[6]**

Source: The website of the Stock Exchange (www.hkex.com.hk)

Notes:

(1) Market capitalisation is calculated by multiplying the closing share price on the Main Board of the Stock Exchange by the total number of issued shares as at the Latest Practicable Date.

(2) Total asset value is extracted from the respective latest published annual report prior to the Latest Practicable Date. Where applicable, for illustrative purpose, RMB has been translated into HK$ with exchange rate of RMB1.00:HK$1.1144, being the most recent exchange rate published by the Hong Kong Monetary Authority prior to the Latest Practicable Date.

(3) Net asset value attributable to shareholders is extracted from the respective latest published annual report prior to the Latest Practicable Date. Where applicable, for illustrative purpose, RMB has been translated into HK$ with exchange rate of RMB1.00:HK$1.1144, being the most recent exchange rate published by the Hong Kong Monetary Authority prior to the Latest Practicable Date.

(4) P/B Ratio is calculated by dividing the market capitalisation (as described in Note 1) by the net asset value attributable to shareholders (as described in Note 3).

(5) The implied market capitalisation of the Company is calculated based on the Cancellation Price and 3,346,908,037 issued Shares as at the Latest Practicable Date. The implied P/B Ratio is calculated by dividing the implied market capitalisation by the net assets attributable to shareholders of the Company as at 31 December 2024.

(6) This represents the Adjusted NAV as illustrated in the paragraph headed "1.2 Historical financial performance of the Group" above and in the paragraph headed "4. Property interests and adjusted net asset value" set out in Appendix I to the Scheme Document. This implied P/B Ratio of the Company is calculated based on the implied market capitalisation as described in Note 5 above, divided by the abovementioned Adjusted NAV (the "**Adjusted Implied P/B Ratio**").

As illustrated in table above, the P/B Ratios of the Comparables range from approximately 0.03 times to 0.23 times, with the mean and median being approximately 0.11 times and 0.11 times respectively. When applying the Cancellation Price of HK$1.000 per Scheme Share, the resultant implied P/B Ratio of the Company (the "**Implied P/B Ratio**") was approximately 2.08 times, exceeding those of the Comparables. We note that after taking into account the valuation of the Group's property interests as at 31 October 2025, the Adjusted Implied P/B Ratio is further higher at approximately 3.30 times and is above the range of the Comparables' P/B Ratios.

Having considered that both the Implied P/B Ratio and the Adjusted Implied P/B Ratio are above the range of P/B Ratios traded by the Comparables, we are of the view that the Cancellation Price is fair and reasonable from the perspective of a market comparable analysis.

7. Privatisation precedents

While we consider analysis of privatisation precedents less relevant for the reasons explained below, for illustrative purposes and for the Disinterested Scheme Shareholders' reference only, we have set out our observations from the list of successful privatisation transactions which scheme documents/circulars were issued in 2025 (i.e. the most recent year prior to the despatch of the Scheme Document). The list is exhaustive based on these criteria.

	Date of scheme document/circular	Stock code	Company name	Principal business	Premium/ (discount) represented by the cancellation/offer price over closing share price on the last full trading day as extracted from the respective scheme document/circular
1.	3 January 2025	0592	Bossini International Holdings Limited	Bossini International Holdings Limited is principally engaged in the retailing and distribution of garments bearing the designated brand names including "bossini", "bossini.X" and "bossini.X KIDS" mainly in the PRC, Hong Kong, Macau Special Administrative Region and Singapore.	(12.2%)
2.	22 January 2025	2207	Ronshine Service Holding Co., Ltd	Ronshine Service Holding Co., Ltd is a property management services provider in the PRC, offering diversified property management services for both residential and non-residential properties.	15.4%
3.	27 January 2025	8405	Hang Chi Holdings Limited	Hang Chi Holdings Limited is an established operator of elderly residential care homes in Hong Kong providing comprehensive residential care home services to the elderly resident.	14.8%

	Date of scheme document/circular	Stock code	Company name	Principal business	Premium/ (discount) represented by the cancellation/offer price over closing share price on the last full trading day as extracted from the respective scheme document/circular
4.	5 February 2025	1665	Pentamaster International Limited	Pentamaster International Limited is principally engaged in (i) designing, development and manufacturing of standard and non-standard automated test equipment; (ii) designing, development and installation of integrated factory automation solutions; and (iii) manufacturing and assembling of medical machines and manufacturing of die casting parts.	25.0%
5.	10 February 2025	1992	Fosun Tourism Group	Fosun Tourism Group is one of the leading leisure-focused integrated tourism groups, and its principal activities are (i) Club Med and others, which comprised principally the Club Med resort operation business and other relevant business such as transportation service, resort construction service, and youth play and learning service; (ii) Atlantis Sanya; (iii) Vacation Asset Management Center; and (iv) Foryou Club and Other Services.	95.0%
6.	30 March 2025	2148	Vesync Co., Ltd	Vesync Co., Ltd primarily designs, develops and sells small home appliances under its four core brands.	33.3%

	Date of scheme document/circular	Stock code	Company name	Principal business	Premium/ (discount) represented by the cancellation/offer price over closing share price on the last full trading day as extracted from the respective scheme document/circular
7.	17 April 2025	1381	Canvest Environmental Protection Group Company Limited	Canvest Environmental Protection Group Company Limited is principally engaged in the operation and management of waste-to-energy plants, provision of environmental hygiene and related services and integrated smart city management services across several regions in the PRC.	11.6%
8.	6 June 2025	2217	Tam Jai International Co., Ltd.	Tam Jai International Co., Ltd. is principally engaged in investment holding, procurement and trading of food and processed food.	75.6%
9.	30 June 2025	1558	Yicheng HEC Changjiang Pharmaceutical Co., Ltd.	Yicheng HEC Changjiang Pharmaceutical Co., Ltd. is a pharmaceutical manufacturing company that focuses on the production, sales and development of pharmaceutical products in the therapeutic areas of anti-infectives, endocrine and metabolism.	72.2%
10.	5 July 2025	9977	Shangdong Fengxiang Co., Ltd.	Shangdong Fengxiang Co., Ltd. is a white-feathered broiler meat exporter and retail enterprise of chicken meat food in the PRC.	33.3%
11.	18 July 2025	2292	Thing On Enterprise Limited	Thing On Enterprise Limited engages in property investment business in Hong Kong with a principal focus on office and retail properties leasing and in the property management business.	30.0%

	Date of scheme document/circular	Stock code	Company name	Principal business	Premium/ (discount) represented by the cancellation/offer price over closing share price on the last full trading day as extracted from the respective scheme document/circular
12.	23 July 2025	226	Lippo Limited	Lippo Limited is principally engaged in investment holding, property investment, property development, food businesses, healthcare services, property management, mineral exploration and extraction, securities investment and treasury investment.	53.0%
13.	28 July 2025	925	Beijing Properties (Holdings) Limited	Beijing Properties (Holdings) Limited is principally engaged in real estate including high-end and modern general warehouse, supply chain development, specialised wholesale market, industrial property, commercial property and primary land development.	250.0%
14.	18 September 2025	3326	Perfect Group International Holdings Limited	Perfect Group International Holdings Limited is principally engaged in (i) designing, manufacturing and sales of high-end fine jewellery; (ii) investment in and the development and sales of properties for the Perfect Group Jewellery Industry Park located in Foshan, Guangdong Province of the PRC; and (iii) sales of electricity generated from the photovoltaic power generation system and provision of energy storage service.	61.3%

	Date of scheme document/circular	Stock code	Company name	Principal business	Premium/(discount) represented by the cancellation/offer price over closing share price on the last full trading day as extracted from the respective scheme document/circular
15.	23 September 2025	6638	OneConnect Financial Technology Co., Ltd.	OneConnect Financial Technology Co., Ltd. is a technology-as-a-service provider for the financial services industry in the PRC which provides integrated technology solutions to financial institutional customers in both the PRC and overseas, including digital banking solutions and digital insurance solutions.	23.1%
16.	13 October 2025	9997	Kangji Medical Holdings Limited	Kangji Medical Holdings Ltd is a company mainly engaged in the design, development, manufacture and sale of a comprehensive suite of minimally invasive surgical instruments and accessories. The company also engages in the provision of investment consultation services.	9.9%
				High end	**250.0%**
				Low end	**(12.2)%**
				Average	**49.5%**
				Median	**31.7%**
		230	**The Company — Cancellation Price**		**104.08%**

Of the 16 successful privatisation transactions for which scheme documents/circulars were issued in 2025, the premium/discount of their cancellation prices over their last full trading day prices had ranged from a discount of 12.2% to a premium of 250.0%, with an average of 49.5% and median of 31.7%. Only one out of the 16 transactions had relevant premium which was higher than the 104.08% on the Last Trading Day above. As a result, the relevant premiums of the Cancellation Price exceed the average and the median of the privatisation precedents.

From our perspective, past privatisation transactions of companies listed on the Stock Exchange are however less of a reference for assessing the fairness and reasonableness of the Cancellation Price considering these companies are from different industries, which therefore have different market fundamentals and prospects compared to those faced by the Group at this moment. In addition, the fact that past privatisation transactions were conducted at periods of different economic, industry, and financial market cycles, and depending on the outlook at that point in time, will result in different considerations for their respective shareholders at that time. There are also variations in terms of scale of operations, financial performance and position, as well as trading prospects, and hence differences in risk premiums afforded by the market. Accordingly, we consider that the analysis in other sections in this letter to be more directly relevant for the Disinterested Scheme Shareholders to make an informed assessment on the fairness and reasonableness of the Cancellation Price.

RECOMMENDATIONS

In summary, in relation to the Proposal and the Scheme, we have considered the below factors and reasons in reaching our conclusion and recommendations.

(a) Our analysis in the paragraph headed "**1.2 Historical financial performance of the Group**" shows that the Group's revenue had experienced sharp decline since FY2023 as real estate development property sales plummeted because of weak market conditions. Gross profit margins were also affected due to sale price cuts and profitability was further aggravated by recognition of various impairment losses on its inventories and receivables, as well as fair value loss on its investment properties. The Group's financial position had experienced substantial deterioration in the past years as its real estate assets continued to decrease in value.

(b) Our observations in the paragraph headed "**1.3 Historical dividends of the Company**" shows that, the Company has not declared any dividends since its financial year ended 31 December 2021. Based on the Group's recent unsatisfactory financial performance and uncertain financial position, it remains highly uncertain if, and when, the Company may resume declaring dividends.

(c) As detailed in the paragraph headed "**1.4 Outlook of the Group and the property market**", both Savills and CBRE maintain a cautious outlook for the PRC property market, citing structural challenges and weak consumer confidence. For Hong Kong property market, Cushman observes signs of stabilisation in the residential market, while both Cushman and CBRE hold a more cautious view on the office sector given elevated vacancy and significant upcoming supply. In this respect, the Proposal represents an opportunity for the Disinterested Scheme Shareholders who wish to exit their investment in the Company, which business and financial performance had been adversely affected by market downturns in the PRC and Hong Kong, and which outlook remains uncertain and challenging.

(d) As detailed in the paragraph headed "**3. Rationale of the Proposal**", the Proposal (i) on one hand provides the opportunity for the Scheme Shareholders to realise their investment in the Company at premium to prevailing market price with certainty, amidst low trading liquidity of the Shares; and (ii) on the other hand, completion of the Proposal will allow the Company to avoid further costs in maintaining a listing status which has lost its primary function as a fund-raising platform, as well as more flexibility in implementing its long-term strategies.

(e) The Cancellation Price is higher than the closing prices of the Shares during the entire Review Period, and that it represents a substantial premium of approximately 100.4% over the average of closing prices of the Shares during the Review Period, as detailed in the paragraph headed "**4.2 Analysis of historical Share price performance**". The Cancellation Price is also at a premium to the consolidated net asset value attributable to equity shareholders of the Company per Share as detailed in the paragraph headed "**4.1 Cancellation Price comparison**".

(f) The trading volume of the Shares had been generally thin during the Review Period as detailed in the paragraph headed "**5. Historical trading liquidity of the Shares**" and the Proposal provides an opportunity for the Disinterested Scheme Shareholders to realise their investment in the Company for cash at the fixed Cancellation Price regardless of the number of Shares they hold without exerting downward pressure on the market price of the Shares.

(g) The comparable analysis based on commonly adopted parameter and selection criteria as detailed in the paragraph headed "**6. Comparable analysis**" shows that both the Implied P/B Ratio and the Adjusted Implied P/B Ratio are above the Comparables' P/B Ratios range.

In light of the above, we consider that, the Proposal and the Scheme offer the Scheme Shareholders an immediate assured opportunity to exit at the fixed Cancellation Price and to monetise and reallocate their investment in the Company to other investments that they may consider more attractive.

Considering the above, we (i) are of the opinion that the Proposal and the Scheme are fair and reasonable so far as the Disinterested Scheme Shareholders are concerned; and (ii) recommend the Independent Board Committee to recommend the Disinterested Scheme Shareholders to vote in favour of the Scheme at the Court Meeting and the SGM.

As different Scheme Shareholders would have different investment criteria, objectives or risk appetite and profiles, we recommend any Disinterested Scheme Shareholders who may require advice in relation to any aspect of the Scheme Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Disinterested Scheme Shareholders are reminded that they should make their decisions to dispose of or retain their investments, having regard to their own circumstances and investment objectives and are reminded to closely monitor the market price and liquidity of the Shares during the offer period, and they may consider selling their Shares in the open market, where possible, if the net proceeds (after deducting all transaction costs) exceed the net amount to be received under the Proposal.

Yours faithfully,
For and on behalf of
Altus Capital Limited

Jeanny Leung	**Chang Sean Pey**
Responsible Officer	*Responsible Officer*

*Ms. Jeanny Leung ("**Ms. Leung**") is a Responsible Officer of Altus Capital licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*

*Mr. Chang Sean Pey ("**Mr. Chang**") is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Chang has over 25 years of experience in banking, corporate finance advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*