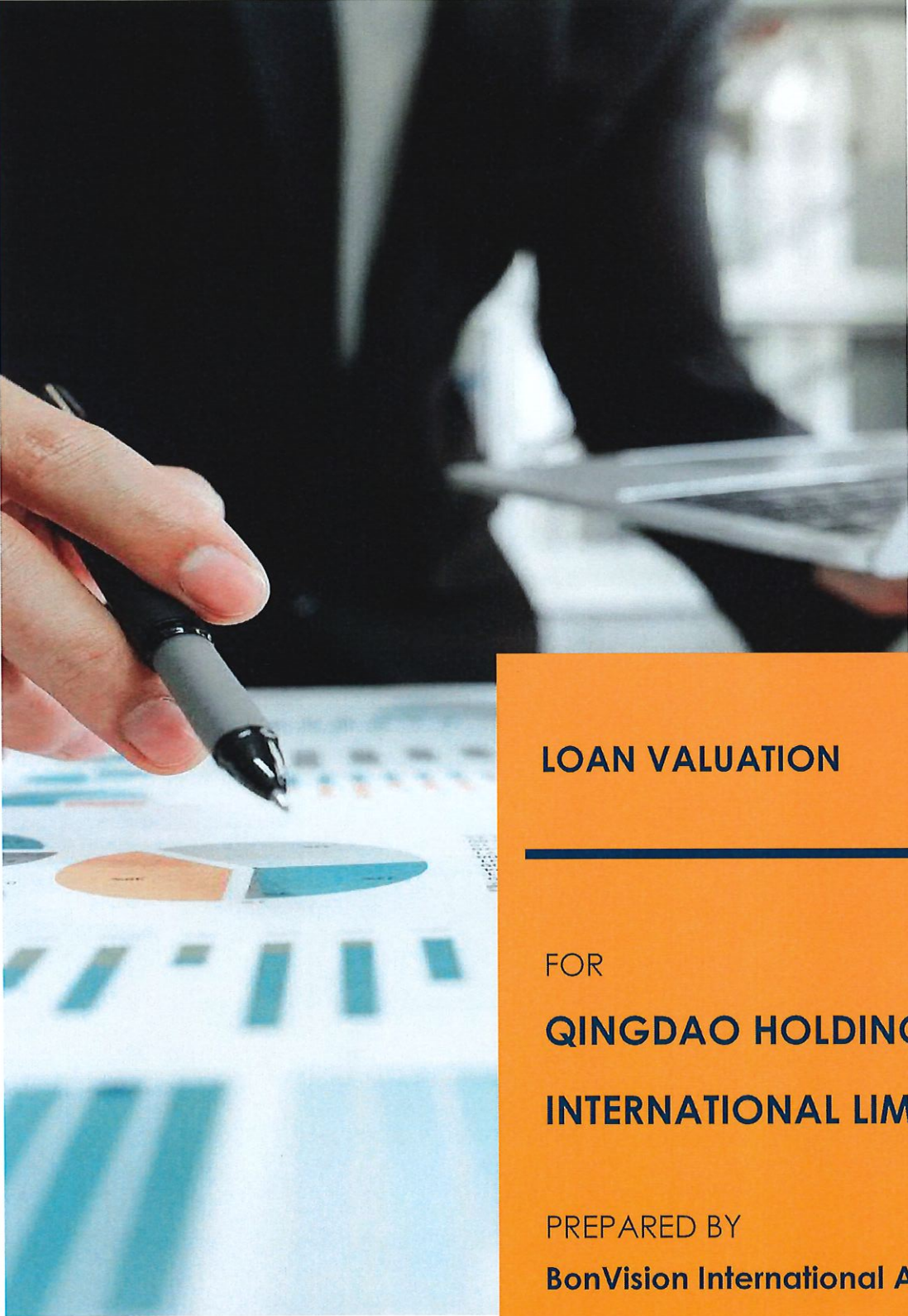




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LOAN VALUATION

FOR

QINGDAO HOLDINGS

INTERNATIONAL LIMITED

PREPARED BY

BonVision International Appraisals Limited

DATE : 29 FEBRUARY 2024

CASE REF : 0923/IT/FIRE1027(a)



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宏展国际

29 February 2024

The Board of Directors

Qingdao Holdings International Limited

Unit No.8, 26th Floor,
Tower 1, Admiralty Centre,
No.18 Harcourt Road, Admiralty,
Hong Kong

Dear Sirs/Madams,

Re: Valuation of the Fair Value of Loan for Qingdao Holdings International Limited

We refer to recent instructions from Qingdao Holdings International Limited (hereinafter referred to as the “**Company**”) to us to conduct a valuation of the fair value (hereinafter referred to as the “**fair value**”) of the loan (hereinafter referred to as the “**Loan**”) in relation to an entrusted loan arrangement (hereinafter referred to as the “**Entrusted Loan Arrangement**”) between 青島啓峰科技服務有限公司 (hereinafter referred to as the “**Business Enterprise**”) and 惠州市九煜置業有限公司 (hereinafter referred to as the “**Borrower**”). We are pleased to report that we have made relevant enquiries and obtained other information which we considered relevant for the purpose of providing you with our opinion of the fair value of the Loan as at 30 November 2023 (hereinafter referred to as the “**Date of Valuation**”).

This report states the purpose of valuation, scope of work, basis of valuation, background information, valuation methodology, valuation assumptions, limiting conditions, remarks and presents our opinion of values.

1. PURPOSE OF VALUATION

This report is prepared solely for the use of the directors and management of the Company for public documentation reference purpose. This report is not to be used for any purpose other than that mentioned above, including issue to third parties, without our prior approval of use, form, context in which it is released.

BonVision International Appraisals Limited (hereinafter referred to as “**BVIA**”) assumes no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely at their own risk.

2. SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and information provided by the management of the Company and/or its representative(s) (hereinafter referred to as the “**Management**”).

In preparing this report, we have discussions with the Management in relation to the terms and conditions (hereinafter referred to as the “**Terms and Conditions**”) and other relevant information concerning the Entrusted Loan Arrangement of the Borrower. In arriving at our opinion of value, we have relied on the completeness, accuracy and representation of operational, financial and other pertinent data and information of the Entrusted Loan Arrangement and the Borrower as provided by the Management to a considerable extent.

We have no reason to believe that any material facts have been withheld from us. However, we do not warrant that our investigations have revealed all of the matters which an audit or a more extensive examination might disclose. In case of any change in assumptions and projections, our opinion of value may vary materially.

3. BASIS OF VALUATION

We have appraised the Loan Receivable on the basis of fair value. According to Hong Kong Financial Reporting Standard 13 “Fair Value Measurement”, **fair value** is defined as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”.

4. BACKGROUND INFORMATION

The Business Enterprise is an indirect wholly-owned subsidiary of the Company, and the Borrower is an independent third party of the Company, entered into an Entrusted Loan Arrangement. Pursuant to the Entrusted Loan Arrangement, the Borrower was funded by the Business Enterprise in the principal amount of RMB195,100,000. As advised by the Management, the aggregate outstanding principal and interest amount of the Loan as at the Date of Valuation was RMB202,295,667.

Pursuant to the Entrusted Loan Arrangement, the following collaterals were provided as security for the purposes of the loan,

- (i) The land use right of the Land and its construction-in-progress property project on the Land owned by the Borrower;
- (ii) 51% equity interest in 惠州市焱隆置業有限公司, which is the parent company of the Borrower and held by 惠州市美樂置地實業有限公司;
- (iii) 100% equity interest in the Borrower; and
- (iv) Corporate guarantee of 惠州市美樂置地實業有限公司.

5. VALUATION METHODOLOGY

As advised by the Management, the Loan was deemed as defaulted as the Borrower failed to repay the principal and interest of the Loan. The Management considered taking the collateral of the Loan from Borrower for repayment. Hence the recoverable value of the loan is the recoverable value from the sale of property collateral.

6. VALUATION ASSUMPTIONS

	Base	Optimistic	Pessimistic
Market Value of Collaterals (RMB) ¹	203,500,000	203,500,000	203,500,000
Illiquidity Discount on Sale ²	23.75%	18.75%	28.75%
Recoverable Value of Collateral (RMB)	155,168,750	165,343,750	144,993,750
Scenario Probability ³	60%	20%	20%
Fair Value of the Loan (RMB)			155,168,750 ⁴
Fair Value of the Loan (RMB) (Rounded)			155,000,000

Notes:

1. Per the loan agreement, other than land and construction in progress, there shall be 2 companies as Collaterals (惠州市焱隆置業有限公司&惠州市九煜置業有限公司). For 惠州市焱隆置業有限公司, it has no material assets and liabilities. For 惠州市九煜置業有限公司, the major assets are the land and construction in progress which already pledged, and the company has a negative net asset value. Hence the recovery rate was mainly based on the market value of collaterals and did not include the value of the equity interests in the 2 companies, which is highly likely to have no commercial value.
2. Discount on sale was based on the average of the foreclosure discount of commercial and residential properties in Huizhou for the period from January 2023 to September 2023 with reference to 中指數據 CREIS – 2023 年三季度全國法拍市場監測報告. The selected period for the illiquidity discount data was the latest available data to the Date of Valuation which have reflected the latest market condition. The illiquidity discount was adjusted upward and downwards for 5% for pessimistic case and optimistic case respectively. The adjustment has further considered the change in property market illiquidity under different economic conditions, it was expected that the property market will not have a significant volatility in short term, the range of 10% for the illiquidity discount was able to cover different economic scenarios.

3. Scenario Probability: The expected probabilities of scenarios under different recovery rates as advised by the Management with consideration on the property market in Huizhou area, the Management advise that the base case would likely be occurred.
4. The fair value of the Loan was the sum of recoverable value of collateral under each scenario times the respective scenario probability. The fair value of the Loan was equal to the recoverable value of collateral under base scenario.

7. LIMITING CONDITIONS

The valuation reflects facts and conditions existing at the Date of Valuation. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

To the best of our knowledge, all data set forth in this report are assumed to be reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied on information provided by the Management to a considerable extent in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

We have not investigated the title to or any legal liabilities of the Loan and have assumed no responsibility for the title to the Loan appraised.

Our conclusion of the fair value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We assume no responsibility whatsoever to any person other than the directors and the Management in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report, they do so entirely at their own risk.

No change to any item in any part of this report shall be made by anyone except BVIA. We have no responsibility for any such unauthorized change. Neither all nor any part of this report shall be disseminated to the public without the written consent and approval of BVIA through any means of communication or referenced in any publications, including but not limited to advertising, public relations, news or sales media.

This report may not be reproduced, in whole or in part, and utilized by any third parties for any purpose, without the written consent and approval of BVIA.

The working papers and models for this valuation are being kept in our files and would be available for further references. We would be available to support our valuation if required. The title of this report shall not pass to the Company until all professional fee has been paid in full.

8. REMARKS

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

We hereby confirm that we have neither present nor prospective interests in the Loan, the Entrusted Loan Arrangement, the Company, the Business Enterprise, the Borrower, their associated companies or the value reported herein.

9. OPINION OF VALUES

Based on the investigation stated above and the valuation method employed, in our opinion, the fair value of the Loan as at the Date of Valuation, was reasonably stated as **RMB155,000,000 (RENMINBI ONE HUNDRED AND FIFTY FIVE MILLION ONLY)**.

Yours faithfully,
For and on behalf of

BonVision International

BonVision International Appraisals Limited