

VALUATION REPORT

**Valuation Services in relation to
the Market Value of a Resettlement Housing Development Project located
on the North side of Xiao Beng Bu H1 Road and the East side of Yong An
Street Huaishang District, Bengbu City, Anhui Province, the PRC**

Prepared for:

Qingdao Holdings International Limited

Valuation Date:

31 October 2024



Suite 403, 93-103 Wing Lok Street,
Sheung Wan, Hong Kong

WEB: www.mpval.com

18 December 2024

The Board of Directors
Qingdao Holdings International Limited
Unit No. 8, 26th Floor,
Tower 1 Admiralty Centre,
18 Harcourt Road, Admiralty,
Hong Kong

Dear Sirs/Madams,

INSTRUCTIONS

In accordance with the instructions of Qingdao Holdings International Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) for us to carry out the valuation of the property interests located on the North side of Xiao Beng Bu H1 Road and the East side of Yong An Street Huaishang District, Bengbu City, Anhui Province, the People’s Republic of China (the “**PRC**”) held by Bengbu City Huai Yi Construction and Development Limited (the “**Target Company**”). We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Value of the property as at 31 October 2024 (the “**Valuation Date**”).

VALUATION STANDARDS

In valuing the property, we have complied with all the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the HKIS Valuation Standards (2020 Edition) published by the Hong Kong Institute of Surveyors and the International Valuation Standards published and revised from time to time by the International Valuation Standards Council.

BASIS OF VALUATION

Our valuation is carried out on a Market Value basis, which is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION ASSUMPTIONS

Our valuation of the property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value or costs of sale and purchase or offset for any associated taxes.

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

In the course of our valuation of the property, we have relied on the advice given by the Group and its legal advisor, Yingke Law Firm, regarding the title to the property. Unless otherwise stated in the respective legal opinion, we have assumed that transferable land use rights in respect of the property for a specific term at nominal annual land use fees have been granted and that any premium has already been fully settled. In addition, we have assumed that the grantee has an enforceable title to the property and has free and uninterrupted rights to use or to assign the property for the whole of the unexpired term as granted.

Moreover, we have assumed that the design and construction of the properties are/will be in compliance with the local planning regulations and requirements and had been/would have been duly examined and approved by the relevant authorities.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed. Moreover, it is assumed that all required licences, consents or other legislative or administrative authority from any local, provincial or national government or private entity or organisation either have been or can be obtained or renewed for any use which the report covers.

It is also assumed that all applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined and considered in the valuation report. In addition, it is assumed that the utilisation of the land and improvements are within the boundaries of the properties described and that no encroachment or trespass exists, unless noted in the report.

We have further assumed that the properties were not transferred or involved in any contentious or non-contentious dispute as at the valuation date. We have also assumed that there was not any material change of the properties in between dates of our inspection and the valuation date.

VALUATION METHODOLOGY

In valuing the property interests, which was/were under construction as at the valuation date, we have assumed that it/they will be developed and completed in accordance with the latest development proposals provided to us by the Group. We have assumed that approvals for the proposals have been obtained. In arriving at our opinion of values, we have adopted the comparison approach by making reference to land comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the development. We have relied on the accrued construction cost and professional fee information provided by the Group according to the different stages of construction of the properties as at the valuation date, and we did not find any material inconsistency from those of other similar developments.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the property in the PRC. Where possible, we have examined the original documents to verify the existing title to the property in the PRC and any material encumbrance that might be attached to the property or any tenancy amendment. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

However, we have not searched the original documents to verify ownership or to ascertain any amendment. Due to the current registration system of the PRC under which the registration information is not accessible to the public, no investigation has been made for the title of the property interests in the PRC and the material encumbrances that might be attached. In the course of our valuation, we have relied considerably on the legal opinion given by the Company's PRC legal adviser – Yingke Law Firm, concerning the validity of title of the property in the PRC.

SITE INVESTIGATION

We have inspected the exteriors and, where possible, the interior of the property. The site inspection was carried out on 19 September 2024 by Ken Feng (Director of Masterpiece Valuation Advisory Limited) through live stream. However, we have not carried out an investigation on-site to determine the suitability of ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. We have further assumed that there is no significant pollution or contamination in the locality which may affect any future developments.

Moreover, no structural surveys have been undertaken, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the property is free of rot, infestation or any other structural defects. No tests were carried out on any of the utility services.

SOURCE OF INFORMATION

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Company or the legal or other professional advisers on such matters as statutory notices, planning approvals, zoning, easements, tenures, completion date of buildings, development proposal, identification of properties, particulars of occupation, site areas, floor areas, matters relating to tenure, tenancies and all other relevant matters.

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

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

LIMITING CONDITION

Wherever the content of this report is extracted and translated from the relevant documents supplied in Chinese context and there are discrepancies in wordings, those parts of the original documents will take prevalent.

CURRENCY

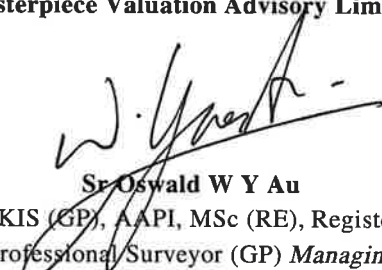
Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (“**RMB**”).

REMARKS

This report and the conclusion of value arrived at herein are for the exclusive use of Qingdao Holdings International Limited or the sole and specific purposes as noted and we accept no responsibility or liability to any party whatsoever in respect of the contents of this report.

Our valuations are summarized below and the valuation certificate is attached.

Yours faithfully,
For and on behalf of
Masterpiece Valuation Advisory Limited



Sr Oswald W Y Au
MHKIS (GP), AAPI, MSc (RE), Registered
Professional Surveyor (GP) *Managing*
Director

Note: Mr. Oswald W Y Au is a member of the Hong Kong Institute of Surveyors (General Practice), an Associate Member of the Australian Property Institute, and a Registered Professional Surveyor (General Practice) registered with the Surveyors Registration Board. He has over 20 years' experience in financial valuation and property valuation in Hong Kong, the PRC, the U.S., and Asia Pacific region.

VALUATION CERTIFICATE

Property Interests held for development by the Company in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2024 RMB														
<p>A Resettlement Housing Development Project located on the North side of Xiao Beng Bu H1 Road and the East side of Yong An Street, Huaishang District, Bengbu City, Anhui Province, the PRC</p> <p>(中國安徽省蚌埠市淮上區永安街東側、小蚌埠H1路北側安置房發展項目)</p>	<p>The property comprises a parcel of land with a site area of approximately 57,818.53 sq.m., and 14 main residential buildings, 2 commercial buildings, a kindergarten, a distribution room and a basement which are currently under construction.</p> <p>As advised by the Company, the development is scheduled to be completed on 30 December 2024 and the total construction cost is estimated to be approximately RMB451,548,000 as at the date of valuation. Upon completion, the development will have a total gross floor area of approximately 170,871.39 sq.m. and the details are set out as follows:</p> <table style="margin-left: 20px; margin-top: 10px;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">125,662.86</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;">4,226.51</td> </tr> <tr> <td>Kindergarten</td> <td style="text-align: right;">3,900.26</td> </tr> <tr> <td>Basement</td> <td style="text-align: right;">36,899.72</td> </tr> <tr> <td>Distribution Room</td> <td style="text-align: right;">182.04</td> </tr> <tr> <td>Total:</td> <td style="text-align: right;">170,871.39</td> </tr> </tbody> </table>	Usage	Gross Floor Area (sq.m.)	Residential	125,662.86	Commercial	4,226.51	Kindergarten	3,900.26	Basement	36,899.72	Distribution Room	182.04	Total:	170,871.39	<p>The property is currently under construction as at the valuation date.</p>	<p>No Commercial Value</p>
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Residential	125,662.86																
Commercial	4,226.51																
Kindergarten	3,900.26																
Basement	36,899.72																
Distribution Room	182.04																
Total:	170,871.39																
	<p>The property is located in Bengbu City, with approximately 5km to Bengbu Station and 50km to Bengbu Tenghu Airport.</p> <p>The property is held with allocated land use rights for residential and ancillary building use with no specific term.</p>																

Notes:

- i. Pursuant to the Decision on Assignment of the Allocated State-owned Land Use Right (國有建設用地劃撥決定書) – No. 2020hb28 dated 16 June 2020 issued by the Bengbu City Bureau of Natural Resources and Planning (蚌埠市自然資源和規劃局), the land use rights of a parcel of land with a site area of approximately 57,818.53 sq.m. has been allocated to Bengbu City Huai Yi Construction and Development Limited (蚌埠市淮翼建設發展有限公司) for residential and ancillary buildings use.

As revealed from the aforesaid Decision on Assignment of the Allocated State-owned Land Use Right, the property is subject to the following material development conditions:

Permitted Gross Floor Area:	127,200 sq.m.
Plot Ratio:	Between 1.00 and 2.20
Site Coverage:	≤25%
Greening Rate:	≥40%

- ii. Pursuant to the Real Estate Certificate – Wan (2020) Beng Bu Shi Bu Dong Chan Quan Di No. 0037926 dated 14 July 2020 with a total site area of approximately 57,818.53 sq.m. has been allocated to Bengbu City Huai Yi Construction and Development Limited for residential use.

- iii. Pursuant to 6 Construction Works Planning Permits in favour of Bengbu City Huai Yi Construction and Development Limited — the development with total gross floor area of approximately 170,871.39 sq.m. have been approved for the construction of residential buildings, commercial buildings, a kindergarten, a distribution room and a basement with details as follows:

No.	Permit No.	Date of Issuance	Respective Construction	Gross Floor Area (sq.m.)
1	340311202000103	9 July 2020	Residential Building #22, Commercial Building #28, Kindergarten #25, and Distribution Room	15,860.38
2	340311202000104	9 July 2020	Residential Building #16, #18 and #21	23,550.60
3	340311202000105	9 July 2020	Residential Building #15, Commercial Building #29 and Southern District Basement	49,065.78
4	340311202000106	9 July 2020	Residential Building #13, #19 and #23	25,737.71
5	340311202000107	9 July 2020	Residential Building #12, #14 and #17	31,411.48
6	340311202000108	9 July 2020	Residential Building #11, #20 and #24	25,245.44

- iv. Pursuant to the Construction Works Commencement Permit — No. 340300202206170201 dated 17 June 2022 in favour of Bengbu City Huai Yi Construction and Development Limited, permission by the relevant local authority has been given to commence the construction work with a total gross floor area of approximately 170,871.39 sq.m. (above ground: 133,971.67 sq.m. and below ground: 36,899.72 sq.m.) for the development of residential buildings, commercial buildings, a kindergarten, distribution room and a basement.

- v. We have been provided with a legal opinion regarding the property by the Company's PRC legal advisers, which contains, inter alia, the following:
- a. Bengbu City Huai Yi Construction and Development Limited has legally obtained the land use right of the property;
 - b. The Construction Works Planning Permit and Construction Works Commencement Permit are valid and the construction works have no legal impediment; and
 - c. The land use right was not pledged.
- vi. A summary of major certificates/licenses is shown as follows:
- | | |
|---|-----|
| a. Real Estate Certificate | Yes |
| b. Building Ownership Certificate | N/A |
| c. Construction Land Planning Permit | Yes |
| d. Construction Works Planning Permit | Yes |
| e. Construction Works Commencement Permit | Yes |
- vii. In valuing the property, we have attributed no commercial value to the property due to non-assignment restriction of the allocated land nature of the property. However, for reference purposes, we are of opinion that the estimated value of the property as at the valuation date would be RMB497,162,000, assuming the property could be freely transferred in the market.
- viii. The selection criteria of the transaction price references of the land comparable references are stated as below:
- a. The usage of the comparable references, which are residential use;
 - b. The transaction dates of the comparable references are within the last 36 months;
 - c. The comparable references are located in Bengbu City; and
 - d. The size of the comparable references exceeds 8,000 sq. m..

Based on the aforesaid criteria, we have, to our best endeavour and knowledge, identified an exhaustive list of five comparable references.

The details of the comparable references are stated below:

Address	Site Area (sq.m.)	Permitted Gross Floor Area (sq.m.)	Accommodation Value/sq.m.	Usage
South side of Xueyuan Road, Longzi Lake District; west side of Lilu Road	95,995.68	191,991.36	1,040.30	Residential
East side of Yujilu, Haocheng Town; north side of the planned road; south side of the agricultural market	14,574.28	26,233.70	498.60	Residential
South side of Guodian Second Road, High-tech Zone; east side of Yumiaolu	22,473.62	40,452.52	984.31	Residential
East side of Beiyang Road, Bengbu Tongling Modern Industrial Park; south side of Jinxiu Road	8,354.20	16,708.40	646.38	Residential
East side of Peitian Avenue, Huaiyuan Economic Development Zone; south side of BE8 Road	25,502.18	51,004.36	613.67	Residential

We have adopted the comparable references by considering time, size and locality and 1% to -15% adjustment has been adopted.

The land sales comparable references are selected as they have characteristics comparable to the property interests. The price range of the comparable from RMB498.60 to RMB1,040.30 per sq.m. on permitted gross floor area. The unit rate adopted in the valuation is consistent with the unit rate of the relevant comparable after considered various adjustments including time, size, location, and any other relevant factors when comparing such sales against the property interests. In the course of our valuation, we have adopted the average unit rate of the comparable of RMB652 per sq.m. on permitted gross floor area.