

24 January 2025

The Board of Directors
Solartech International Holdings Limited
Unit 16, 12th Floor, Concordia Plaza
1 Science Museum Road
Tsim Sha Tsui
Kowloon
Hong Kong

Dear Sirs,

Re : Valuation of 100% equity interest of 東莞華藝銅業有限公司

In accordance with your instruction, we have conducted a valuation of the market value of 100% equity interest of 東莞華藝銅業有限公司 (Dongguan Hua Yi Brass Products Co., Ltd., the “**Business Enterprise**”). It is our understanding that the Business Enterprise is an investment holding company holding an industrial complex (the “**Investment Property**”) located in Dongguan City, Guangdong Province, the People’s Republic of China (the “**PRC**”). We confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Business Enterprise as at 31 December 2024 (the “**Valuation Date**”).

This report states the purpose of valuation and basis of value, sources of information, identifies the business valued, describes the methodology of our valuation, investigation and analysis, assumptions and limiting conditions, and presents our opinion of value.

1.0 PURPOSE OF VALUATION

This report is being prepared solely for the use of the directors and management (together, the “**Management**”) of Solartech International Holdings Limited (the “**Company**”) for internal reference and incorporation into the circular of the Company in connection with proposed disposal of the Business Enterprise. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited. As advised, the Company intends to dispose 100% equity interest of the Business Enterprise.

Peak Vision Appraisals Limited (“**Peak Vision Appraisals**”) acknowledges that this report may be used by the Management as one of the sources of information for the proposed disposal of the Business Enterprise and may also be made available to the auditors of the Company for auditing reference only. The proposed disposal, if materialised, and the corresponding transaction price would be the result of negotiations between the transacting parties. The Management should be solely responsible for determining the consideration of the proposed disposal, in which Peak Vision Appraisals is not involved in the negotiation and has no comment on the agreed consideration. Peak Vision Appraisals assumes no responsibility whatsoever to any person other than 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 on their own risk.

2.0 BASIS OF VALUE

Our valuation has been prepared in accordance with the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors (the “**HKIS**”), the RICS Valuation – Global Standards (Effective from 31 January 2022) published by the Royal Institution of Chartered Surveyors (the “**RICS**”) and the International Valuation Standards (Effective 31 January 2022) published by the International Valuation Standards Council, where applicable.

Our valuation of the 100% equity interest of the Business Enterprise is based on the going concern premise and conducted on market value basis. **Market Value** 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”.

3.0 SOURCES OF INFORMATION

In the course of our valuation, we have performed site visit of the Investment Property and company visit of the Business Enterprise on 12 November 2024 and had discussion with the Company on the status and development of the Business Enterprise. We have also relied on the following major documents and information in the valuation analysis. Some of the information and materials are furnished by the Management. Other information is extracted from public sources such as government sources, etc.

The major documents and information include the following:

- Copies of certificate(s) or license(s) and other relevant information of the Business Enterprise as provided by the Management;
 - Historical financial information such as income statements and balance sheets of the Business Enterprise as provided by the Management;
 - Operational information of the Business Enterprise as discussed with the Management;
- and

- Industry and economic data.

We consider that we have obtained adequate information from the sources described above to provide a reliable opinion of the market value.

4.0 LIMITATIONS AND RELIANCE ON INFORMATION

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 more extensive examination might disclose.

This report is based upon business, financial and other information provided by the Management. We have made reference to or reviewed the above information and data and assumed such information and data are true and accurate without independent verification except as expressly described herein. We have made reasonable enquiries and exercised our judgment on the reasonable use of such information and found no reason to doubt the accuracy or reliability of the information.

Preparation of this report does not imply that Peak Vision Appraisals has audited in any way the financial or other information of the Business Enterprise. It is understood that the financial information provided is prepared in accordance with generally accepted accounting principles and has been prepared in a manner which truly and accurately reflects the financial performances and positions of the Business Enterprise as at the respective financial statement dates.

5.0 BUSINESS REGISTRATION DETAILS

東莞華藝銅業有限公司 (the Business Enterprise) is a limited liability company incorporated in the PRC on 28 December 1995. The following table summarizes the business registration details of the Business Enterprise, according to National Enterprise Credit Information Publicity System (國家企業信用信息公示系統).

Unified social credit code	:	914419006179936982
Name	:	東莞華藝銅業有限公司 (Dongguan Hua Yi Brass Products Co., Ltd., the Business Enterprise)
Incorporation type	:	Limited liability company (Hong Kong, Macau or Taiwan legal person sole proprietorship) (有限責任公司(港澳台法人獨資))
Registered address	:	Room 102, No. 691 Huanchang North Road, Changping Town, Dongguan City, Guangdong Province, the PRC (中華人民共和國廣東省東莞市常平鎮環常北路691號102室)

Incorporation date	: 28 December 1995
Confined business scope	: General business activities: manufacture and sale of metal wires/ropes and their products; manufacture and sale of mechanical and electrical equipment; wholesale and retail of hardware products; manufacture of hardware products; rolling processing of non-ferrous metals; non-metallic mineral products manufacturing; sale of non-metallic minerals and products; manufacture of petroleum products (excluding hazardous chemicals); sale of petroleum products (excluding hazardous chemicals); housing leasing; non-residential real estate leasing; import and export of goods; import and export of technology; production of chemical products (excluding licensed chemical products); sale of chemical products (excluding licensed chemical products); domestic trade agency; sale of building decoration materials; sale of building materials; manufacture of lightweight building materials; sale of lightweight building materials; manufacture of new building materials (excluding hazardous chemicals); oil and gas technical services. (Except for activities that require approval according to law, business activities can be carried out independently with the business license and in accordance with the law)

Table 1: Business Registration Details of the Business Enterprise

Source: National Enterprise Credit Information Publicity System

6.0 BUSINESS OVERVIEW

The Business Enterprise is an investment holding company holding the Investment Property. As confirmed by the Management, the Business Enterprise does not have other business activities apart from holding the Investment Property. Details of the Investment Property are shown as follows:

General Description

The Investment Property is an industrial complex erected upon Land Lot No. 1924130100056 located at Songbaitang Village, Changping Town, Dongguan City, Guangdong Province, the PRC, known as Huayi Shangshang Industrial Park, with a registered site area of approximately 102,050.00 sq. m. It is located at the end of Beichong Nan 1st Street at the section between Beichong East Road and Changheng Road within Changping Town, Dongguan City.

As advised by the Group, phase I-A (the “**Ancillary Structures**”) of the Investment Property comprises 1 block of 1-storey ancillary workshop and 2 blocks of 1 to 2-storey ancillary warehouses, having a total gross floor area of approximately 3,446.34 sq. m. completed in about 2005, erected on a site with a site area of approximately 3,286.34 sq. m.

Phase I-B of the Investment Property comprises 5 blocks of 6-storey factory buildings and 1 block of 1-storey with 1-level basement equipment room with a total gross floor area of approximately 71,306.06 sq. m. (including basement area of 288 sq. m.) completed in about 2022, erected on a site with a site area of approximately 40,000.00 sq. m.

The remaining portion (the “**Remaining Site**”) of the Investment Property is a vacant site with a site area of approximately 58,763.66 sq. m. pending development.

The land use rights of the Investment Property have been granted for a term expiring on 17 March 2055 for industrial use.

As advised by the Management, as at the Valuation Date, the portion of the ancillary workshop of the Ancillary Structures of the Investment Property was subject to a tenancy from 17 December 2019 to 31 December 2024 at a monthly rental of RMB24,570. The remaining portion of the Ancillary Structures of the Investment Property was vacant.

Phase I-B of the Investment Property was subject to a tenancy for a term of 12 years from 1 August 2024 to 31 July 2036 (with rent free period from 1 August 2024 to 28 February 2025).

6.1 Historical Financial Performances and Positions of the Business Enterprise

Based on financial information provided by the Management, revenue (rental income) of the Business Enterprise for the 6 months ended 31 December 2024 was approximately RMB5,399,000 (equivalent to approximately HK\$5,860,000). The Business Enterprise recorded net loss of approximately RMB2,947,000 (equivalent to approximately HK\$3,198,000) during the corresponding period.

	6 months ended 31 December 2024 RMB'000
Revenue	5,399
Operating income/(expenses)	<u>(990)</u>
Operating profit/(loss)	4,409
Interest income/(expenses)	(4,053)
One-off income/(expenses)	(4,405)
Taxation	<u>1,102</u>
Net loss	<u><u>(2,947)</u></u>

* *Figures above are subject to rounding*

Table 2: Historical financial performances of the Business Enterprise

Source: Management

As at the Valuation Date, the Business Enterprise had a net liability position of approximately RMB92,685,000.

7.0 INVESTIGATION AND ANALYSIS

Our investigation included discussion with the Management in relation to the property investment industry in the PRC, and the development, operations and other relevant information of the Business Enterprise. In addition, we have made relevant inquiries and obtained such further information including financial and business information, and statistical figures from other sources as we consider necessary for the purpose of this valuation. As part of our analysis, we have made reference to the financial information and other pertinent data concerning the Business Enterprise provided by the Management.

The valuation of the Business Enterprise requires consideration of all pertinent factors, which affect the operations of the business and its ability to generate future investment returns. The factors considered in this valuation include the following:

- Nature and operations of the Business Enterprise;
- Historical information of the Business Enterprise;
- Financial performances and positions of the Business Enterprise;
- Regulations and rules of the property investment industry in the PRC;
- Economic and industry data affecting the property investment and other dependent industries;
- Market-derived investment return(s) of similar business; and
- Industry and economic data.

8.0 GENERAL VALUATION APPROACHES AND METHODS

There are three generally accepted approaches to obtain the market value of the business subject, namely the Market Approach, the Asset Approach and the Income Approach. Under each approach, a number of methods are available which can be used to assess the value of a business subject. Each method uses a specific procedure to determine the business value.

Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the specific characteristics of the subject of the valuation. It is also common practice to employ a number of valuation methods under each approach. Therefore, no single business valuation approach or method is definitive.

8.1 Market Approach

The Market Approach values a business entity by comparison of the prices at which other similar business nature companies or interests changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to pay for an equally desirable alternative. By adopting this approach, we will first look for an indication of value from the prices of other similar companies or equity interest in companies that were sold recently.

The right transactions employed in analyzing for indications of value need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

The derived multiples (most commonly used are: price to earnings, price to sales and price to book multiple) based on the analysis of those transactions are then applied to the fundamental financial variables of the subject business entity to arrive an indication of value.

8.2 Asset Approach

The Asset Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals the value of its invested capital (equity and debt capital). In other words, the value of the business entity is represented by the fund that has been made available to purchase the business assets needed.

This fund comes from investors who buy stocks of the business entity (equity) and investors who lend fund to the business entity (debt). After collecting the total amounts of fund from equity and debt, and converted into various types of assets of the business entity for its operation, the sum of such assets equals the value of the business entity.

From a valuation perspective, we will restate the values of all types of assets of a business entity from book values, i.e. historical cost minus depreciation to appropriate standards of value. After the restatement, we can identify the indicated value of the business entity, or, by applying the accounting principle “assets minus liabilities”, to arrive at the value of the equity interest of the business entity.

8.3 Income Approach

The Income Approach focuses on the economic benefits generated by the income producing capability of a business entity. The underlying theory of this approach is that the value of a business entity can be measured by the present worth of the economic benefits to be received over the life of the business entity.

Based on this valuation principle, the Income Approach estimates the future economic benefits and discounts these benefits to its present value using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

9.0 VALUATION ANALYSIS

9.1 Valuation Approaches

In the process of valuing the business subject, we have considered the nature of the Business Enterprise, specialty of its operations and the industry it is participating. Having considered the three general valuation approaches, we consider the Asset Approach would be appropriate and reasonable in the valuation of the market value of the Business Enterprise.

In this valuation, the Income Approach is not suitable because (i) value of an investment holding company is more closely tied to the value of its underlying investment rather than its income generating capabilities. As such, the asset approach which sums the market value of its investment can provide a more accurate valuation; and (ii) income of an investment holding company is volatile, and preparing long-term forecasts for an investment holding company involves a high level of uncertainty in earnings estimates and underlying assumptions.

The market approach is not suitable as there are insufficient relevant comparable transactions or comparable companies with identical investment portfolio to form a reliable basis for our opinion of value.

9.2 Investment Property

We have performed a separate valuation for the Investment Property as at the Valuation Date. For details of the valuation of the Investment Property, please refer to our separate valuation report entitled “*Property interest of an industrial complex erected upon Land Lot No. 1924130100056 located at Songbaitang Village, Changping Town, Dongguan City, Guangdong Province, the People’s Republic of China*” dated 24 January 2025. The valuation methodology, assumptions and the valuation result are summarized below:

9.2.1 Valuation Methodology

In valuing the phase 1-A of the Investment Property (the Ancillary Structures), we have attributed no commercial value to the property as proper title certificates for the property have not been obtained as at the Valuation Date.

In valuing the phase 1-B of the Investment Property, we have adopted the Investment Method by taking into account the current rent passing and the reversionary income potential of the phase 1-B of the Investment Property, or, wherever appropriate, the Direct Comparison Method assuming the property is capable of being sold in its existing state and by making reference to comparable sales evidence as available in the relevant market.

In valuing the remaining portion of the Investment Property, we have adopted the Direct Comparison Method assuming sale of the remaining portion of the Investment Property in its existing state by making reference to comparable sales transactions as available in the relevant market subject to suitable adjustments between the remaining portion of the Investment Property and the comparable properties. Given that comparable sales transactions and information about such sales are generally available, we have therefore adopted Direct Comparison Method which is in line with the market practice.

9.2.2 Valuation Assumptions

Our valuation has been made on the assumption that the owner sells the Investment Property on the open market in its existing state without the benefit of deferred terms contracts, leasebacks, joint ventures, management agreements or any similar arrangements which could serve to affect the value of the Investment Property. No forced sale situation in any manner is assumed in our valuation. In addition, we have been advised by the Management that the Investment Property is not subject to any option or right of pre-emption which would concern or affect the sale of the Investment Property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Investment Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Investment Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have been provided by the Management with extract copies of documents in relation to the title to the Investment Property located in the PRC. We have not examined the original documents to verify the ownership and to ascertain the existence of any amendments which do not appear on the copies handed to us. In the course of our valuation, we have relied on the advice given by the Management and the legal opinion prepared by Beijing Antong (DongGuan) Law Firm, the Company's legal adviser on the PRC law (the "PRC Legal Adviser"), regarding the title to the Investment Property.

9.2.3 Valuation Result

Based on the foregoing, we are of the opinion that the market value of the Investment Property in its existing state as at the Valuation Date was in the sum of **RMB272,300,000 (RENMINBI TWO HUNDRED AND SEVENTY TWO MILLION THREE HUNDRED THOUSAND ONLY)**.

9.3 Other Identified Assets and Liabilities

Other identified assets and liabilities of the Business Enterprise are described as follows:

- Cash and cash equivalents are highly liquid in the market and are subject to insignificant risk of changes in value and thus we have adopted the net book value in our valuation analysis;
- Prepayment, VAT and other receivables are short-term in nature and are expected to be realized in a short period of time. As such, we consider the discounting effect would be immaterial and thus adopted the net book value of these items in our valuation analysis;
- Borrowing refers to interest bearing bank loan of the Business Enterprise. Given that the loan is interest bearing, we consider the discounting effect would be immaterial and thus adopted the net book value of these amounts in our valuation analysis;
- Inter-company current accounts are repayment on demand and without fixed repayment terms. As confirmed by the Management, the inter-company current accounts will be waived by the respective inter-companies prior to the completion of the disposal, and given that the inter-company current accounts will be waived, we have excluded the inter-company current accounts in the adjusted net asset value of the Business Enterprise; and
- Accrual, tax payables, other payables, rental deposit and accrued rental, retention payables and deferred taxation are short-term in nature and are expected to be settled in a short period of time or without fixed term of repayment. As such, we consider the discounting effect would be immaterial and thus adopted the net book value of these items in our valuation analysis.

9.4 Valuation

Based on the investigation and analysis stated above and on the valuation method employed and key assumptions stated below, we are of the opinion that the market value of 100% equity interest of the Business Enterprise as at the Valuation Date was in the sum of **RMB72,955,000 (RENMINBI SEVENTY TWO MILLION NINE HUNDRED AND FIFTY FIVE THOUSAND ONLY)**. A detailed breakdown of the assets and liabilities of the Business Enterprise is presented as follows:

	Book Value <i>(RMB'000)</i>	Market Value <i>(RMB'000)</i>
Investment Property	272,513	272,300
Cash and cash equivalents	78	78
Prepayment, VAT and other receivables	9,806	9,806
Borrowing	(103,000)	(103,000)
Inter-company current accounts	(165,853)	–
Accrual, tax payables, other payables, rental deposit and accrued rental, retention payables and deferred taxation	<u>(106,229)</u>	<u>(106,229)</u>
100% equity interest of the Business Enterprise	<u>(92,685)</u>	<u>72,955</u>

* *Figures above are subject to rounding*

10.0 SPECIAL ASSUMPTION

In the course of our valuation, given that all inter-company current accounts will be waived prior to the completion of the disposal, we have assumed that the inter-company current accounts were RMBNil as at the Valuation Date.

11.0 VALUATION ASSUMPTIONS

- For the Business Enterprise to continue as a going concern, the Business Enterprise will successfully carry out all necessary activities for the development of its business;
- Market trends and conditions where the Business Enterprise operates will not deviate significantly from the economic forecasts in general;
- The financial information of the Business Enterprise has been prepared in a manner which truly and accurately reflects the financial performances and positions of the Business Enterprise as at the respective financial statement dates;

- There will be no material changes in the business strategy of the Business Enterprise and its operating structure;
- Interest rates and exchange rates in the localities for the operations of the Business Enterprise will not differ materially from those presently prevailing;
- All relevant approvals, business certificates, licenses or other legislative or administrative authority from any local, provincial or national government, or private entity or organization required to operate in the localities where the Business Enterprise operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and
- There will be no major changes in the political, legal, technological, economic or financial conditions and taxation laws in the localities in which the Business Enterprise operates or intends to operate, which would adversely affect the revenues and profits attributable to the Business Enterprise.

12.0 LIMITING CONDITIONS

Our conclusion of the market value is 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. This valuation reflects facts and conditions existing as at the Valuation Date. Unless otherwise stated, 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 is 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, however, no guarantee is made nor liability assumed for the accuracies.

We have relied to a considerable extent on the information provided by the Management 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 have 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 responsibility for the operational and financial information that has not been provided to us is accepted.

Certain facts, information, statistics and data relating to the economic and industry overview that are presented in this report are derived from publicly available official government sources as well as industry reports prepared by external independent market researchers. We are of the view that the sources of this information are appropriate sources for such information and have exercised reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The

information has not been independently verified by us, and thus no representation is given as to its accuracy or correctness, and accordingly, it should not be unduly relied on.

We have not investigated the titles to or any legal liabilities against the Business Enterprise and the Investment Property and have assumed no responsibility for the titles to or any legal liabilities against the Business Enterprise and the Investment Property. In forming our opinion, we have assumed that matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed.

To the extent that there are legal issues relating to financial instruments, assets, properties, or business interests or issues relating to compliance with applicable laws, regulations, and policies, Peak Vision Appraisals assumes no responsibility and offers no legal opinion or interpretation on any issue.

In accordance with our standard practices, we must state that this report is for the exclusive use of the party to whom it is addressed and for the specific purpose stated above. Furthermore, the report and conclusion of value are not intended by the author, and should not be construed by the reader, to be investment advice in any manner whatsoever. The conclusion of value represents the consideration based on information furnished by the Management / engagement parties and other sources. No responsibility is accepted to any third party for the whole or any part of its contents.

Actual transactions involving the subject assets / business might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the business, and the knowledge and motivation of the buyers and sellers at that time.

13.0 REMARKS

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

The Management has reviewed and confirmed the factual content and has agreed to the assumptions and limiting conditions of this report.

We hereby confirm that we have no material connection or involvement with the Investment Property, the Business Enterprise, the Company and its subsidiaries, associates, affiliates, or the value reported herein and that we are in a position to provide an objective and unbiased valuation.

For the subject valuation, Peak Vision Appraisals does not yet adopt a rotation policy, and instead, our valuation will be periodically reviewed by another member of the HKIS and / or the RICS, where applicable.

In accordance with the RICS Valuation – Global Standards (Effective from 31 January 2022), we are also required to draw your attention to the possibility that this valuation may be investigated by the RICS for compliance with such standards.

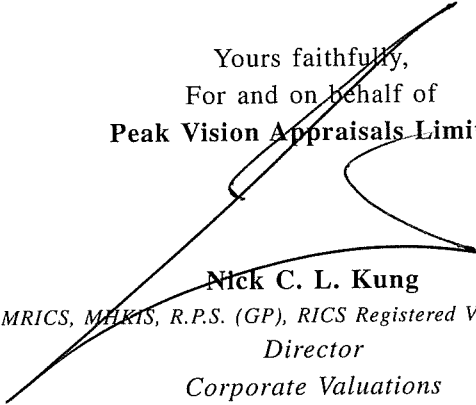
The proportion of total fees payable by the Company during the preceding year relative to the total fee income of Peak Vision Appraisals is minimal.

14.0 OPINION OF VALUE

Based on the investigation and analysis stated above and on the valuation method employed and key assumptions appended above, we are of the opinion that the market value of 100% equity interest of the Business Enterprise as at the Valuation Date was in the sum of **RMB72,955,000 (RENMINBI SEVENTY TWO MILLION NINE HUNDRED AND FIFTY FIVE THOUSAND ONLY)***.

* In the course of our valuation, given that all inter-company current accounts will be waived prior to the completion of the disposal, we have assumed that the inter-company current accounts were RMBNil as at the Valuation Date.

Yours faithfully,
For and on behalf of
Peak Vision Appraisals Limited



Nick C. L. Kung
MRICS, MHKIS, R.P.S. (GP), RICS Registered Valuer, MCIREA
Director
Corporate Valuations

Note:

Mr. Nick C. L. Kung is a member of the Royal Institution of Chartered Surveyors (the RICS) and member of the Hong Kong Institute of Surveyors (the HKIS), RICS Registered Valuer, Registered Professional Surveyor (General Practice) and Registered Business Valuer of the Hong Kong Business Valuation Forum (HKBVF) and has more than 20 years of experience in the valuation of business assets and business entities in Hong Kong and overseas.

APPENDIX I INDUSTRY OVERVIEW

According to the article released by 917 找房, since the end of September, when the directive to “promote the stabilization of the real estate market” was announced, a series of optimized policies have been implemented, resulting in positive trends in the real estate market. From the market transaction situation in November, both new and second-hand homes continued to see transaction volumes break through the levels established in October.

In the new home sector, as the positive effects continue, the transaction area in November reached a new high for the year. According to data published by China Real Estate Information Corporation (“CRIC”), the overall transaction volume in 30 key cities in November was 15.34 million square meters, a slight increase of 3% month-on-month and a 20% year-on-year growth, with a 59% increase compared to the average monthly value in the third quarter. The cumulative year-on-year decline in the first eleven months narrowed to 26%.

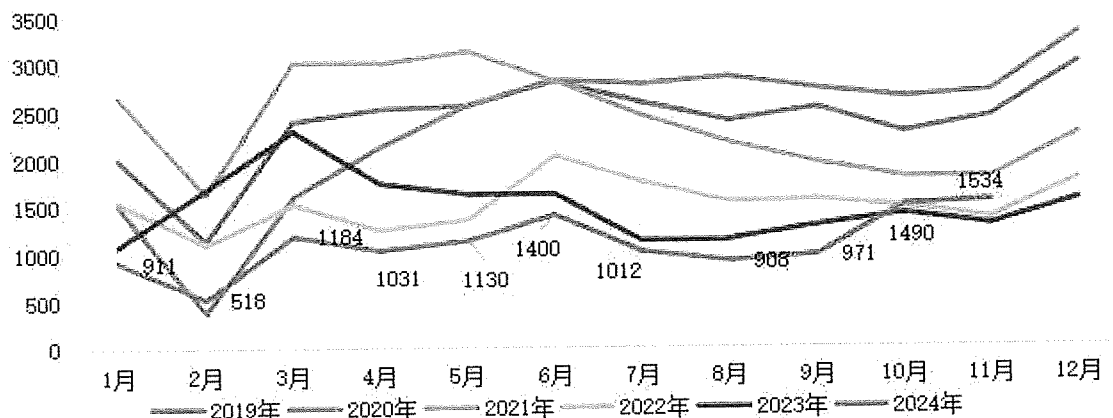


Figure 1: Comparison of Monthly Commercial Housing Sales In 30 Major Cities In China For The Past Six Years

Source: CRIC 中國房地產決策諮詢系統

Among these, first-tier cities directly benefited from the new policies, with continued growth in transactions in Shanghai and Shenzhen, both showing month-on-month increases. However, Beijing and Guangzhou exhibited slight weakness, with month-on-month declines. According to CRIC, the four first-tier cities saw a month-on-month growth of 9% and a year-on-year increase of 62%, with a 76% increase compared to the average in the third quarter, while the cumulative year-on-year decline was 14%. Notably, Shenzhen experienced a significant increase, with a month-on-month growth of up to 65%, and year-on-year growth doubling.

The CRIC pointed out that the month-on-month growth rates in Shanghai and Shenzhen in November showed a slowing trend compared to October, indicating a diminishing effect of the new policies. As the existing potential buyers continue to be released, the growth in transactions also shows signs of weakening.

层级	城市	11月	环比	同比	前三季度 日均	前11月	累计 同比	层级	城市	11月	环比	同比	前三季度 日均	前11月	累计 同比
一线	北京	50	-6%	19%	37%	416	-26%	二 三 线	济南	43	-6%	49%	40%	401	-33%
	上海	87	29%	46%	70%	629	-24%		长沙	38	-28%	1%	47%	338	-10%
	广州	86	-24%	45%	45%	694	-9%		合肥	35	35%	38%	127%	219	-46%
	深圳	89	65%	181%	192%	392	17%		昆明	32	-26%	35%	15%	299	-15%
	合计	312	0%	62%	75%	2162	-14%		长春	32	28%	-29%	17%	303	-30%
二 三 线	武汉	155	32%	-4%	65%	1186	-22%		南宁	30	-22%	-7%	24%	263	-26%
	成都	83	-9%	64%	72%	617	-37%		厦门	29	-14%	56%	207%	153	-15%
	西安	76	19%	-28%	34%	695	-17%		宁波	26	-25%	70%	108%	215	-23%
	杭州	73	3%	-18%	69%	621	-36%		珠海	25	64%	3%	70%	170	-24%
	天津	70	-30%	1%	24%	733	-21%		徐州	21	-1%	65%	82%	143	-25%
	青岛	68	29%	24%	5%	718	-27%		常州	18	-8%	13%	41%	157	-26%
	郑州	60	32%	64%	145%	356	-32%		无锡	18	6%	4%	36%	163	-32%
	南京	58	56%	40%	78%	345	-33%		福州	13	-14%	61%	48%	101	-18%
	苏州	57	23%	37%	104%	367	-31%		嘉兴	12	0%	185%	83%	75	-22%
	佛山	53	-33%	29%	40%	477	-19%		合计	1225	2%	12%	57%	9950	-23%
重庆	62	-13%	62%	78%	485	-16%	总计	1534	3%	20%	59%	12069	-24%		
惠州	45	14%	-19%	46%	353	-37%									

Table 3: Commercial Housing Transaction Area In 30 Major Cities in China in November 2024

Source: CRIC 中國房地產決策諮詢系統

Additionally, transactions in second- and third-tier cities continued to fluctuate at low levels, with cumulative year-on-year declines significantly higher than in first-tier cities. Cities such as Nanjing, Suzhou, Hefei, Qingdao, and Zhengzhou showed a rebound in transactions in November due to the central government's new policies, which boosted market confidence and led to the release of suitable properties. However, cities like Wuhan, Tianjin, Chongqing, Changsha, Kunming, Ningbo, Fuzhou, Xiamen, Jinan, Changzhou, Xuzhou, and Foshan experienced continued month-on-month declines, although year-on-year comparisons have turned positive, showing better performance than the same period last year. Overall, the market shows initial signs of stabilizing after the downturn. In some cities, such as Nanning, the downward trend has continued, with overall transactions remaining at low levels.

In the second-hand home market, performance continued to warm up. According to CRIC, the estimated transaction area for second-hand homes in 18 key cities in November was 11.99 million square meters, a month-on-month increase of 16% and a year-on-year increase of 33%. For the first eleven months, the cumulative transaction area is estimated to be 100.2 million square meters, a year-on-year increase of 5%.

层级	城市	2024年11月	环比	同比	前11月	累计同比
一线	北京	167	10%	47%	1379	7%
	上海	204	11%	76%	1604	18%
	广州	106	10%	12%	913	-4%
	深圳	70	18%	122%	455	62%
	合计	547	11%	54%	4351	12%
二线	成都	256	36%	37%	1936	0%
	杭州	101	14%	23%	777	22%
	青岛	62	-2%	47%	605	13%
	苏州	52	11%	-13%	571	-10%
	大连	25	6%	1%	274	34%
	厦门	24	24%	36%	165	-6%
	合计	520	21%	26%	4348	5%
	三四线	佛山	60	16%	-3%	582
东莞		29	14%	26%	248	-15%
扬州		25	33%	6%	272	-11%
汉中		6	-10%	-17%	72	-13%
渭南		4	28%	27%	35	19%
资阳		3	-6%	-6%	43	-5%
舟山		3	47%	-58%	52	-29%
宝鸡		1	-18%	-7%	16	-33%
合计	132	17%	0%	1321	-13%	
总计		1197	16%	33%	10020	6%

Table 4: Second-hand Housing Transaction Volume In 18 Major Cities In China In November 2024

Source: CRIC 中國房地產決策諮詢系統

From a month-on-month perspective, under the stimulus of a series of policies, all but four cities (Qingdao, Hanzhong, Ziyang, and Baoji) continued to see growth in second-hand home transactions. Year-on-year, key cities generally saw more increases than decreases, with transaction volumes in core cities like Beijing, Shanghai, and Shenzhen significantly higher than in the same period last year. Particularly in Shenzhen, transactions doubled year-on-year, while Beijing and Shanghai saw increases of around 50%. However, cities like Suzhou, Hanzhong, and Zhoushan still performed significantly weaker than in the same period last year.

In fact, considering the absorption cycle, the current supply-demand relationship in the market has improved, with the number of second-hand homes listed for sale continuing to decline and the absorption cycle shortening. A recent report from Linping Residential Big Data Research Institute indicated that the absorption cycle for second-hand homes in key cities in November was 17.2 months, a month-on-month decrease of 12% and a year-on-year decrease of 33.3%. As of November, the absorption cycle has shortened for six consecutive months, showing a significant decline from the nearly 27-month high at the beginning of the year.

Additionally, it is noteworthy that the confidence of homeowners in raising prices has also increased. According to Linping Residential Big Data Research Institute, in November, the proportion of price-increased listings among the 14 key cities was 12.4%, up 2.9 percentage points from the previous month and up 6.6 percentage points year-on-year. The proportion of price-increased listings in these cities continues to rise, reaching a new high in nearly 18 months.

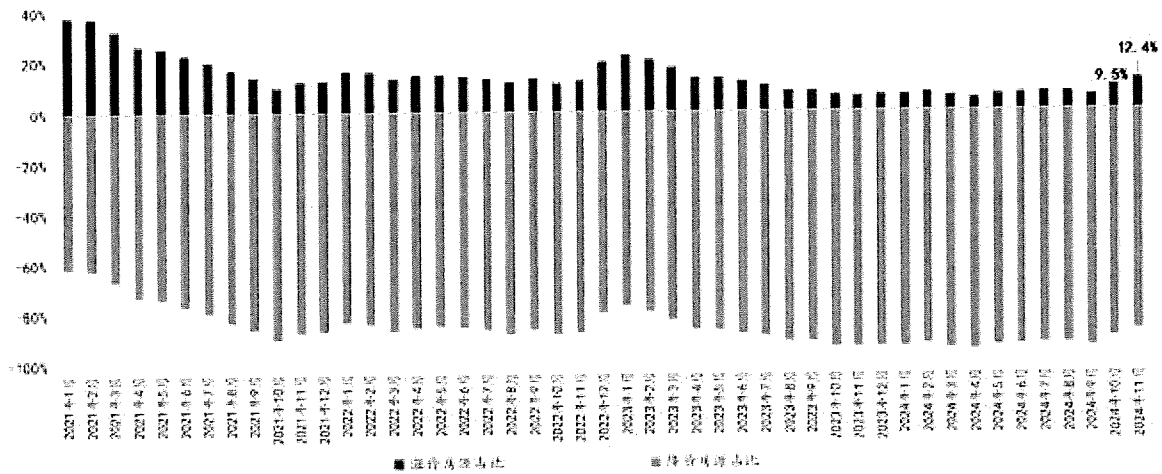


Figure 2: Price Increase/Decrease Volume And Price Adjustment Housing Supply In Major Cities

Source: CRIC 中國房地產決策諮詢系統

In this regard, Linping Residential Big Data Research Institute pointed out that the continuous rise in the proportion of price-increased listings is an important signal of market confidence recovery. With the stimulation of favorable policies and increased market transaction activity, homeowners' expectations for future housing prices have improved.

Looking ahead, CRIC believes that December coincides with the performance sprint season for real estate companies, and supply is expected to continue to rise. It is not ruled out that some real estate companies may conduct year-end promotions to boost performance. Considering this impact, overall transactions are expected to see a month-on-month increase, with a slight tailwind. In the second-hand home market, the market remains in a high-level oscillation, but the market share may continue to narrow. As new homes accelerate in price to increase volume and improve usable area, some first-time buyers and upgrading buyers are beginning to "flow back" to the new home market.

According to an article released by JiWu, in the first half of 2024, the transaction volume of second-hand homes in Dongguan was approximately 11,801 units, with an average transaction price of about RMB18,000 per square meter. Compared to the same period last year, the number of transactions decreased by approximately 29.17%. This data reflects the overall market trend; although there has been a reduction compared to last year's peak period, the transaction volume exceeding 10,000 units still indicates a fundamental stability in the market.

From the perspective of price trends, the average price of second-hand homes for the entire year of 2023 was around RMB22,000 per square meter, while the average price in the first half of 2024 dropped to about RMB18,000 per square meter, indicating an overall decline in market prices. Monthly data further shows a decrease from RMB19,700 per square meter in January to RMB17,600 per square meter in June. The sustained downward pressure on prices reflects market adjustments.

In terms of regional transaction volumes, the main urban areas such as Nancheng, Dongcheng, and Guancheng performed notably well, while areas close to Shenzhen, such as Zhangmutou, Tangxia, and Fenggang, also experienced increased transaction volumes due to favorable policies and price adjustments. On the other hand, some areas like the Shuixiangpian area and the Eastern Industrial Park area saw relatively low transaction volumes, which are related to the absorption speed of the new housing market and price competition.

Regarding average transaction prices, the Songshan Lake area had the highest average price, but it also experienced a year-on-year decline of about 14%. This change is associated with the increased supply in the new housing market in Songshan Lake area, indicating a shift in the relationship between the first-hand and second-hand housing markets.

The second-hand housing market in Dongguan in the first half of 2024 exhibited a characteristic of “price for volume”, making second-hand homes the preferred choice for many first-time buyers and those upgrading their housing. Although the market has undergone adjustments, it still shows a certain degree of resilience and vitality. In the future, the second-hand housing market will continue to be influenced by economic fundamentals and market confidence, allowing buyers to enjoy a clearer and healthier market environment.

APPENDIX II ECONOMIC OVERVIEW

China Economic Overview

According to the research conducted by Hong Kong Trade Development Council (“**HKTDC**”), China’s GDP grew by 4.8% in first three quarters of 2024. In first three quarters of 2024, added-value industrial output rose 5.8%, fixed-assets investment increased 3.4%, and retail sales climbed 3.3%. Meanwhile, in September 2024, the consumer price index rose 0.4% year-on-year. In first three quarters of 2024, exports and imports in US-dollar terms increased 4.3% and 2.2% respectively, resulting in a trade surplus of US\$689.5 billion in the period. The Manufacturing Purchasing Managers’ Index rose from 49.1 in August to 49.8 in September.

According to the World Bank, China is the second-largest economy in the world, behind the United States and ahead of Germany in 2023. According to United Nations Conference on Trade and Development (“**UNCTAD**”) World Investment Report 2024, China was the world’s second-largest recipient of foreign direct investment (“**FDI**”) inflows (US\$163 billion) in 2023, second only to the US (US\$311 billion). According to the 2023 Statistical Bulletin of China’s Outward Foreign Direct Investment, China was the world’s third-largest source of outward FDI flows (US\$177 billion), behind only the US (US\$404 billion) and Japan (US\$184 billion). According to the World Trade Organisation (“**WTO**”), China was the world’s largest exporter of merchandise trade in 2023, reaching US\$3,380 billion. According to the WTO, China was the world’s fifth- largest exporter of commercial services in 2023, reaching US\$380 billion. According to China’s official statistics, Shanghai’s container throughput has ranked first in the world since 2010. According to the Hong Kong Securities and Futures Commission, citing information from the Global Federation of Stock Exchanges and Bloomberg, the market

capitalisation of the Shanghai Stock Exchange at the end of December 2023 was the largest in Asia and the fourth-largest in the world.

In January 2024, The National Business Work Conference stated that the national commercial system had been urged to expedite the construction of a new development pattern. This includes co-ordinating the expansion of domestic demand and deepening supply-side structural reform, as well as co-ordinating new urbanization and comprehensive rural revitalization.

In December 2023, the National Development and Reform Commission released a three-year action plan to deepen Guangdong-Hong Kong-Macao co-operation, foster a market-oriented and world-class business environment governed by a sound legal framework, and enhance market integration and international competitiveness in the Greater Bay Area.

Eight major initiatives designed to bolster co-operation among the Belt and Road Initiative (“BRI”) nations have been announced by Xi Jinping, the President of China. These are set to include the establishment of a new trans-Eurasia logistics corridor and the introduction of a series of e-commerce co-operation pilot zones. These new commitments formed part of the President’s opening address at the third Belt and Road Forum for International Co-operation, which concluded in Beijing in October 2023.

The Government Work Report 2023 stated that the government will increase the efficiency of utilising resources through a proactive fiscal policy; help enterprises overcome the difficult period, stabilise employment, ensure the provision of basic needs, stimulate consumption and expand demand, and prioritise employment to create 12 million urban jobs.

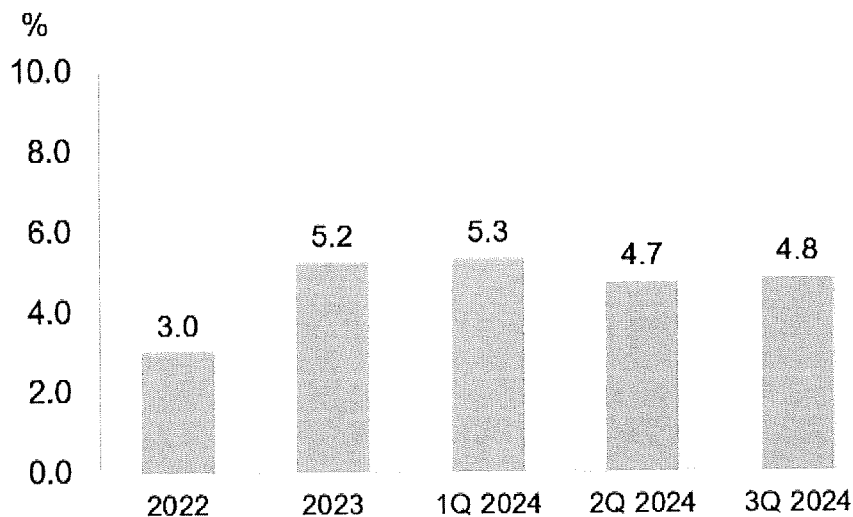


Figure 3: Real GDP growth (Year-on-year % change)

Source: HKTDC

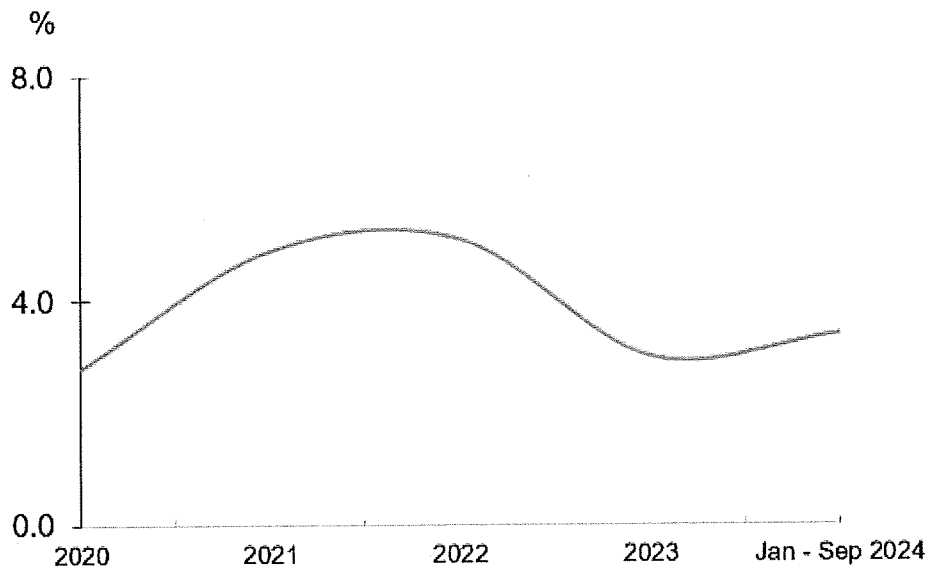


Figure 4: China fixed assets investment growth, 2020 – Jan-Sep 2024

Source: HKTDC

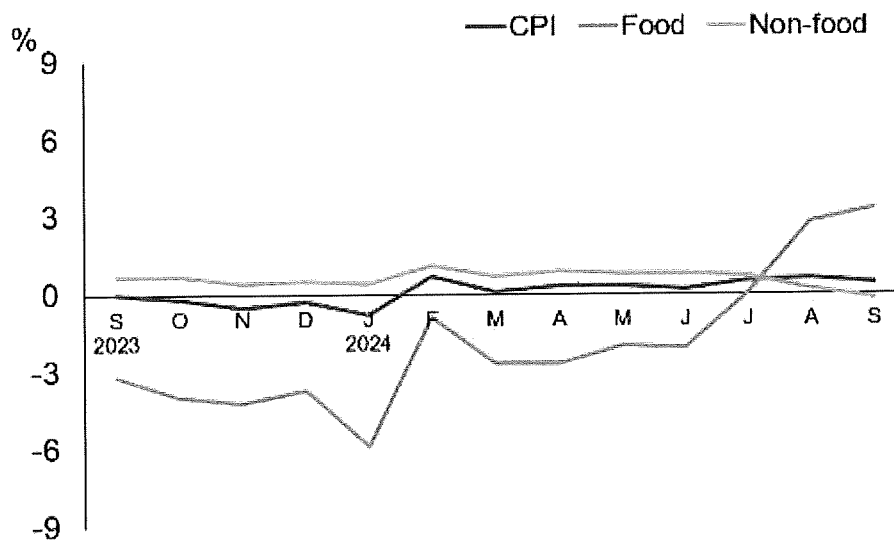


Figure 5: China's change in CPI, 2023 – Jan-Sep 2024

Source: HKTDC

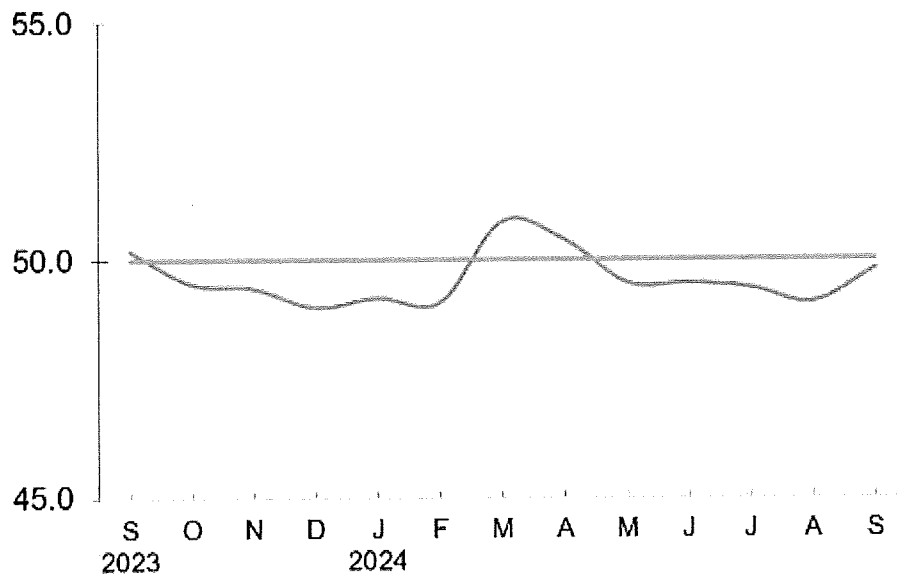


Figure 6: China's manufacturing PMI, 2023 – Jan-Sep 2024

Source: HKTDC