

Valuation Report Considering the Market Value of 100 Percent Equity Interest in Shenzhen Zhuotou Micro-lending Co., Ltd.

Client : Shenzhen Excellence Property Management Co., Ltd.
Report Date : 13 January 2025
Valuation Date : 31 October 2024
Ref. No. : CON101884859 BV



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13 January 2025

The Board of Directors

Shenzhen Excellence Property Management Co., Ltd.

6504A, Tower 1, Excellence Century Center,

No. 3 Fuhua Road, Futian District, Shenzhen, Guangdong Province, PRC

Dear Sirs,

In accordance with the instructions received from Shenzhen Excellence Property Management Co., Ltd. (“**Excellence**” or the “**Company**”), we have undertaken a valuation exercise which requires us to express an independent opinion on the market value of 100 Percent Equity Interest in Shenzhen Zhuotou Micro-lending Co., Ltd. (“**Shenzhen Zhuotou**” or the “**Target Company**”) as at 31 October 2024 (the “**Valuation Date**”). The report which follows is dated 13 January 2025 (the “**Report Date**”).

The purpose of this valuation is for internal reference by the Company and inclusion in its public disclosure.

Our valuation was carried out on a 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*”.

We have conducted our valuation with reference to the International Valuation Standards issued by the International Valuation Standards Council. We planned and performed our valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject assets. We believe that the valuation procedures we employed provide a reasonable basis for our opinion.

The conclusion of value is based on the accepted valuation procedures and practices that rely substantially on our use of numerous assumptions and our consideration of various factors that are relevant to the operation of the Target Company. We have also considered various risks and uncertainties that have potential impact on the Target Company.

We do not intend to express any opinion in matters which require legal or other specialised expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuation of prudent management of the Target Company over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.



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Based on the results of our investigations and analyses outlined in this report, we are of the opinion that the market value of 100 percent equity interest in the Target Company as at the Valuation Date is RMB 286,786,000.

The following pages outline the factors considered, methodology and assumptions employed in formulating our opinions and conclusions. Any opinions are subject to the assumptions and limiting conditions contained therein.

Yours faithfully,

For and on behalf of

Jones Lang LaSalle Corporate Appraisal and Advisory Limited

A handwritten signature in black ink, appearing to read "Simon M.K. Chan", is written over a horizontal line.

Simon M.K. Chan

Executive Director

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INTRODUCTION

In accordance with the instructions received from Shenzhen Excellence Property Management Co., Ltd. (“**Excellence**” or the “**Company**”), we have undertaken a valuation exercise which requires us to express an independent opinion on the market value of 100 Percent Equity Interest in Shenzhen Zhuotou Micro-lending Co., Ltd. (“**Shenzhen Zhuotou**” or the “**Target Company**”) as at 31 October 2024 (the “**Valuation Date**”). The report which follows is dated 13 January 2025 (the “**Report Date**”).

PURPOSE OF VALUATION

The purpose of this valuation is for internal reference by the Company and inclusion in its public disclosure.

BASIS OF OPINION

Our valuation was carried out on a 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*”.

We have conducted our valuation with reference to the International Valuation Standards issued by the International Valuation Standards Council. We planned and performed our valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject assets. We believe that the valuation procedures we employed provide a reasonable basis for our opinion.

BACKGROUND

According to an asset sale and acquisition framework agreement provided by the Company, scheduled to be signed between Excellence Real Estate Group Limited ("**Excellence Real Estate**") and Shenzhen Excellence Property Management Co., Ltd. (a subsidiary of the Hong Kong Stock Exchange listed Excellent Commercial Property Services Group Co., Ltd.), the Company intends to sell its 100% equity interest in the Target Company to Excellence Real Estate.

The Target Company is principally engaged in provision of loan services for small and micro companies and individuals in Shenzhen. Notably, based on information provided by the Company, upon completion of the transaction, the micro-lending business qualification held by the Target Company will be cancelled.

The summary of the financial information of the Target Company for the years ended 31 December 2022, 2023, and 31 October 2024 is set out below.

	31 December 2022	31 December 2023	31 October 2024
	Unaudited	Unaudited	Unaudited
	RMB'000	RMB'000	RMB'000
Revenue	35,731.40	18,867.73	35,491.66
Net profit before taxation	25,511.57	1,914.68	7,729.29
Net profit after taxation	19,130.51	1,436.01	5,796.97

APPROACH AND METHODOLOGY

In arriving the market value of 100 percent equity interest in the Target Company, we have considered three generally accepted approaches, namely market approach, cost approach and income approach.

Market Approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparative. Assets for which there is an established secondary market may be valued by this approach.

Benefits of using this approach include its simplicity, clarity, speed and the need for few or no assumptions. It also introduces objectivity in application as publicly available inputs are used.

However, one has to be wary of the hidden assumptions in those inputs as there are inherent assumptions on the value of those comparable assets. It is also difficult to find comparable assets. Furthermore, this approach relies exclusively on the efficient market hypothesis.

Cost Approach considers the cost to reproduce or replace in new condition of the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation or obsolescence present, whether arising from physical, functional or economic causes. The cost approach generally furnishes the most reliable indication of value for assets without a known secondary market.

Despite the simplicity and transparency of this approach, it does not directly incorporate information about the economic benefits contributed by the subject assets.

Income Approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the project than an

amount equal to the present worth of anticipated future benefits (income) from the same or a substantially similar project with a similar risk profile.

This approach allows for the prospective valuation of future profits and there are numerous empirical and theoretical justifications for the present value of expected future cash flows. However, this approach relies on numerous assumptions over a long-time horizon and the result may be very sensitive to certain inputs. It also presents a single scenario only.

Selection of Valuation Approach and Methodology

To select the most appropriate approach, we have considered the purpose of the valuation engagement and the resulting basis of value as well as the availability and reliability of information provided to us to perform an analysis. We have also considered the relative advantages and disadvantages of each approach to the nature and circumstances of the Target Company.

According to the management of the Company, the Target Company will lose its micro-lending business qualification after the transaction, which means no new micro-lending business will be conducted, although existing loans will continue to be repaid. Therefore, it is not appropriate to use the market approach and the income approach to evaluate the Target Company, as the premises of these two approaches are the sustainability of the business. Hence, we adopt the cost approach to evaluate the Target Company.

Under the cost approach, the summation method is typically adopted for a valuation subject when its value is primarily a factor of the values of the valuation subject's holding assets and liabilities. Under the summation method, each identifiable asset and liability of the Target Company is being valued using the appropriate valuation approaches, and our opinion of value of the Target Company is derived by adding component assets and deducting component liabilities. Details about the methodology on the individual assets and liabilities are presented in the following table.

Assets	Valuation Approach & Methodology
Cash and cash equivalents, Interest receivable, other receivables, and fixed assets	We adopt the book value in the management account as at the Valuation Date.
Loans and receivables	We adopt the book value in the management account as at the Valuation Date. We understood that the Target Company had made provisions for credit impairments, following the "金融企业准备金计提管理办法" issued by the Ministry of Finance, PRC.
Deferred Tax Assets	Deferred tax assets largely arose from impairment provisions. Once the transaction is completed, the Target Company will lose its micro-lending business qualification. According to Chinese tax regulations, when a micro-lending company loses its micro-lending qualification, the provision for loan impairment losses will no longer be tax deductible. Simultaneously, there is uncertainty regarding the Target Company's ability to sustainably generate taxable income in the future. Hence, there is significant uncertainty whether the deferred tax assets on book can realize their value, and as a result, the market value of deferred tax assets is considered not material.
Liabilities	Valuation Approach & Methodology
Accounts payable, employee benefits payable, taxes payable, and other payables	We adopt the book value in the management account as at the Valuation Date.

Additional Consideration

Discount for Lack of Marketability (DLOM)

The concept of marketability deals with the liquidity of an ownership interest that is how quickly and easily it can be converted to cash the owner chooses to sell. The lack of marketability discount reflects the fact that there is no ready market for shares in privately held companies which are typically not readily marketable compared to similar interest in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company. In this Valuation, we have adopted a DLOM of 11.4% with reference to the 2023 edition of the Stout Restricted Stock Study.

VALUATION RESULT

Based on the analysis stated above and, on the method employed, we are of the opinion that the valuation result of the equity interest of the Target Company as at Valuation Date is as follows:

Account	Book Value (RMB)	Market Value (RMB)
Current Assets	638,751,760	638,751,760
Cash and cash equivalents	46,380,303	46,380,303
Interest receivable	9,253,832	9,253,832
Other receivables	8,800	8,800
Loans and receivables	583,108,825	583,108,825
Non-Current Assets	14,101,764	2,318
Fixed assets	2,318	2,318
Deferred Tax Assets	14,099,445	0
Current Liabilities	315,068,058	315,068,058
Accounts payable	2,286,353	2,286,353
Employee benefits payable	110,234	110,234
Taxes payable	14,003,185	14,003,185
Other payables	298,668,287	298,668,287
Non-Current Liabilities	0	0
100% Equity	337,785,465	323,686,019
Less: DLOM		11.4%
100% Equity (After DLOM, Rounded)		286,786,000



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It is important to highlight that, according to an asset sale and acquisition framework agreement provided by the Company, the distribution rights pertaining to the undistributed profits of the Target Company, amounting to RMB 27,817,748 as at the Valuation Date, will belong to Excellence Real Estate. Since this matter arises post the Valuation Date, it has not been separately accounted for in our valuation process.

VALUATION COMMENTS

The valuation of the market value of equity interest in the Target Company requires consideration of all relevant factors affecting the operation of the business related to the Target Company and its ability to generate future investment returns. The factors considered in the valuation included, but were not limited to, the following:

- The nature of the business;
- The financial condition of the business and the economic outlook in general; and,
- The financial and business risk of the enterprise including the continuity of income and the projected future results.

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. In particular, details about the assumptions can be found under the heading “Assumptions” in this Report. Further, while the assumptions and consideration of such matters are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company and Jones Lang LaSalle Corporate Appraisal and Advisory Limited.



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OPINION OF VALUE

Based on the results of our investigations and analyses outlined in this report, we are of the opinion that the market value of 100 percent equity interest in the Target Company as at the Valuation Date is reasonably stated as follows:

Shenzhen Zhuotou Micro-lending Co., Ltd.	Market Value (RMB)
100 percent equity interest	286,786,000

LIMITING CONDITIONS

This report and opinion of value are subject to our Limiting Conditions as attached.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited

A handwritten signature in black ink, appearing to read "Simon M.K. Chan", written over a horizontal line.

Simon M.K. Chan
Executive Director

Note: Mr. Simon M.K. Chan is a fellow (FCPA) of the Hong Kong Institute of Certified Public Accountants (HKICPA) and CPA Australia. He is also fellow of the Royal Institution of Chartered Surveyors (FRICS). He is an International Certified Valuation Specialist (ICVS) and a Chartered Valuer and Appraiser (Singapore). He oversees the business valuation services of JLL and has over 20 years of accounting, auditing, corporate advisory and valuation experiences. He has provided a wide range of valuation services to numerous listed and listing companies of different industries in the PRC, Hong Kong, Singapore and the United States.

LIMITING CONDITIONS

1. In the preparation of our reports, we relied on the accuracy, completeness and reasonableness of the financial information, forecast, assumptions and other data provided to us by the Company/engagement parties and/or its representatives. We did not carry out any work in the nature of an audit and neither are we required to express an audit or viability opinion. We take no responsibility for the accuracy of such information. Our reports were used as part of the Company's/engagement parties' analysis in reaching their conclusion of value and due to the above reasons, the ultimate responsibility of the derived value of the subject property rests solely with the Company/engagement parties.
2. We have explained as part of our service engagement procedure that it is the director's responsibility to ensure proper books of accounts are maintained, and the financial information and forecast give a true and fair view and have been prepared in accordance with the relevant standards and companies ordinance.
3. Public information and industry and statistical information have been obtained from sources we deem to be reputable; however we make no representation as to the accuracy or completeness of such information, and have accepted the information without any verification.
4. The management and the Board of the Company/engagement parties have reviewed and agreed on the report and confirmed that the basis, assumptions, calculations and results are appropriate and reasonable.
5. Jones Lang LaSalle Corporate Appraisal and Advisory Limited shall not be required to give testimony or attendance in court or to any government agency by reason of this exercise, with reference to the project described herein. Should there be any kind of subsequent services required, the corresponding expenses and time costs will be reimbursed from you. Such kind of additional work may incur without prior notification to you.
6. No opinion is intended to be expressed for matters which require legal or other specialised expertise, which is out of valuers' capacity.
7. The use of and/or the validity of the report is subject to the terms of engagement letter/proposal and the full settlement of the fees and all the expenses.
8. Our conclusions assume continuation of prudent and effective management policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the assets valued.
9. We assume that there are no hidden or unexpected conditions associated with the subject matter under review that might adversely affect the reported review result. Further, we assume no responsibility for changes in market conditions, government policy or other conditions after the Valuation/Reference Date. We cannot provide assurance on the achievability of the results forecasted by the Company/engagement parties (if any) because events and circumstances frequently do not occur as expected; difference between actual and expected results may be material; and achievement of the forecasted results (if any) is dependent on actions, plans and assumptions of management.

10. This report has been prepared solely for internal use purpose. The report should not be otherwise referred to, in whole or in part, or quoted in any document, circular or statement in any manner, or distributed in whole or in part or copied to any third party without our prior written consent. Even with our prior written consent for such, we are not liable to any third party except for our client for this report. Our client should remind of any third party who will receive this report and the client will need to undertake any consequences resulted from the use of this report by the third party. We shall not under any circumstances whatsoever be liable to any third party.
11. This report is confidential to the client and the calculation of values expressed herein is valid only for the purpose stated in the engagement letter/or proposal as of the Valuation / Reference Date. In accordance with our standard practice, we must state that this report and exercise is for the use only by the party to whom it is addressed to and no responsibility is accepted with respect to any third party for the whole or any part of its contents.
12. Where a distinct and definite representation has been made to us by party/parties interested in the assets valued, we are entitled to rely on that representation without further investigation into the veracity of the representation.
13. You agree to indemnify and hold us and our personnel harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorney's fees, to which we may become subjects in connection with this engagement. Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the fee paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.
14. We are not environmental, structural or engineering consultants or auditors, and we take no responsibility for any related actual or potential liabilities exist, and the effect on the value of the asset is encouraged to obtain a professional assessment. We do not conduct or provide such kind of assessments and have not considered the potential impact to the subject property.
15. This exercise is premised in part on the historical financial information and future forecast (if any) provided by the management of the Company/engagement parties and/or its representatives. We have assumed the accuracy and reasonableness of the information provided and relied to a considerable extent on such information in our calculation of value. Since projections relate to the future, there will usually be differences between projections and actual results and in some cases, those variances may be material. Accordingly, to the extent any of the above mentioned information requires adjustments, the resulting value may differ significantly.
16. This report and the conclusion of values arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. Furthermore, the report and conclusion of values are not intended by the author, and should not be construed by the reader, to be investment advice or as financing or transaction reference in any manner whatsoever. The conclusion of values represents the consideration based on the information furnished by the Company/engagement parties and other sources. 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.



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17. The management or staff of the Company/engagement parties and/or its representatives have confirmed to us that the transaction or themselves or the parties involved in the pertained assets or transaction are independent to our firm and Jones Lang LaSalle Corporate Appraisal and Advisory Limited in this valuation or calculation exercise. Should there be any conflict of interest or potential independence issue that may affect our independency in our work, the Company/engagement parties and/or its representatives should inform us immediately and we may need to discontinue our work and we may charge our fee to the extent of our work performed or our manpower withheld or engaged.

VALUERS' PROFESSIONAL DECLARATION

The following valuers certify, to the best of their knowledge and belief, that:

- Information has been obtained from sources that are believed to be reliable. All facts which have a bearing on the value concluded have been considered by the valuers and no important facts have been intentionally disregarded.
- The reported analyses, opinions, and conclusions are subject to the assumptions as stated in the report and based on the valuers' personal, unbiased professional analyses, opinions, and conclusions. The valuation exercise is also bounded by the limiting conditions.
- The reported analyses, opinions, and conclusions are independent and objective.
- The valuers have no present or prospective interest in the asset that is the subject of this report, and have no personal interest or bias with respect to the parties involved.
- The valuers' compensation is not contingent upon the quantum of the value assessed, the attainment of a stipulated result, the occurrence of a subsequent event, or the reporting of a predetermined value or direction in value that favours the cause of the client.
- The analyses, opinions, and conclusions were developed, and this report has been prepared, in accordance with the International Valuation Standards published by the International Valuation Standards Council.
- The under mentioned persons provided professional assistance in the compilation of this report.

Simon M.K. Chan
Executive Director

Hunter Z.W. He
Senior Director

Scott C.Y. Zheng
Manager

Note: Mr. Hunter Z.W. He has more than 15 years of extensive experience in valuation, having provided a diverse array of valuation services to listed and listing companies across various industries in the PRC and Hong Kong. Mr. Scott C.Y. Zheng has more than 7 years of experience in valuation and holds a master's degree from the University of Warwick.