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Financial Instrument Valuation

FOR
**HAO TIAN INTERNATIONAL
CONSTRUCTION
INVESTMENT GROUP LIMITED**

PREPARED BY
BonVision International Appraisals Limited

DATE : 31 OCTOBER 2025
CASE REF : 0325/IT/BVFI1345(d)

Hao Tian International Construction Investment Group Limited

Rooms 2510–2518, 25/F.,

Shui On Centre,

6-8 Harbour Road,

Wanchai, Hong Kong

Dear Sir/Madam,

Re: Valuation of Consideration Notes Issued by Hao Tian International Construction Investment Group Limited

In accordance with the instructions from Hao Tian International Construction Investment Group Limited (hereinafter referred to as the “**Company**”), we have carried out a valuation of the market value of the consideration notes (hereinafter referred to as the “**Consideration Notes**”) issued by the Company with outstanding principal amount of HKD850,000,000 in relation to the acquisition of Alcott Global Limited (hereinafter referred to as the “**Target Company**”). We are pleased to report that we have made relevant enquiries and obtained other information which we considered relevant for the purpose of providing you with our opinion of the market value of the Consideration Notes as at 31 August 2025 (hereinafter referred to as the “**Date of Valuation**”).

This report states the purpose of valuation, scope of work, economic overview, terms and conditions of the Consideration Notes, basis and methodology of valuation, assumptions and sources of information, limiting conditions, and presents our opinion of value.

1. PURPOSE OF VALUATION

This report is prepared solely for the use of the directors and management of the Company. In addition, BonVision International Appraisals Limited (hereinafter referred to as “**BVIA**”) acknowledges that this report may be made available to the Company for public documentation purpose only.

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

2. SCOPE OF WORK

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

In preparing this report, we have had discussions with the Management in relation to the terms and conditions of the Consideration Notes (hereinafter referred to as the “Terms and Conditions”) and other relevant information concerning the Consideration Notes. As part of our analysis, we have reviewed such financial information and other pertinent data concerning the Consideration Notes provided to us by the Management and have considered such information and data as accurate and reasonable.

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.

3. ECONOMIC OVERVIEW

Cambodia’s economy has exhibited strong growth, primarily fueled by its export-oriented sectors. The garment and footwear industry, tourism, and construction have been key drivers, contributing significantly to the nation’s Gross Domestic Product (GDP). This overview examines critical elements of Cambodia’s economy, including GDP growth trends and inflation levels as measured by the Consumer Price Index (CPI).

3.1 Gross Domestic Product of Cambodia

Capitalizing on cost-competitive strategies and favourable trade agreements, Cambodia has emerged as a prominent global exporter, achieving robust economic expansion over the past decade. According to the World Bank, Cambodia’s GDP grew at an average annual rate of 8.2% from 2014 to 2024. However, economic resilience was tested during the COVID-19 pandemic and amid geopolitical challenges, resulting in a moderated average GDP growth rate of approximately 6.0% over the past five years. Figure 1 illustrates Cambodia’s annual GDP and growth rates from 2014 to 2024. Despite a sharp decline in 2020 due to the pandemic, the economy has shown signs of gradual recovery, approaching pre-pandemic growth levels. The International Monetary Fund projects a stable GDP growth rate of around 5% for 2025.

3.2 Inflation in Cambodia Growth Rate

The CPI serves as Cambodia's primary indicator of price stability. Between 2014 and 2023, inflation fluctuated between 1.2% and 5.3%, peaking at 5.3% in 2022 due to geopolitical tensions and supply chain disruptions. However, a significant decline in the CPI was observed in 2024, driven by effective policy measures to stabilize import prices. Figure 2 depicts Cambodia's annual CPI variations from 2014 to 2023.

3.3 Structural Reform and Strike to Sustainable Growth

The elevated inflation in 2022, triggered by pandemic-related supply chain issues and a slow-moving global market, underscored Cambodia's dependence on international trade. Recent declines in inflation reflect policymakers' efforts to bolster domestic production and reduce reliance on imports, mitigating external pressures. Investments in technology, infrastructure, and local manufacturing are strengthening economic resilience. Committed to achieving middle-income status, the Cambodian government is prioritizing human capital development, economic diversification, and digital transformation. By promoting sustainable agriculture and green economy initiatives, Cambodia is working toward sustainable and inclusive growth.

4. TERMS AND CONDITIONS OF THE CONSIDERATION NOTES

On 4 September 2020, the Company, the buyer (an indirect wholly-owned subsidiary of the Company) and the seller entered into the sale and purchase agreement, pursuant to which the buyer has conditionally agreed to acquire and the seller has conditionally agreed to sell 100 ordinary shares in the Target Company (hereinafter referred to as the "**Sale Shares**") at the total consideration of HKD1,125,000,000 of which HKD850,000,000 shall be satisfied by the issue of the Consideration Notes by the Company to the seller (or its nominee) in the aggregate principal amount of HKD850,000,000.

The followings are the terms and conditions of the Consideration Notes:

Principal Amount : HKD850,000,000
Issue Date : 15 January 2021
Maturity Date : the date falling the third anniversary of the date of issue of the Consideration Notes (hereinafter referred to as the “**Initial Maturity Date**”), subject to the extension at the option by the Company. The Company shall at its sole discretion extend the Initial Maturity Date on which the Consideration Notes are outstanding for a further term of one year (hereinafter referred to as the “**Extended Maturity Date**”) if there is any outstanding amount under the Consideration Notes on the last day of the Initial Maturity Date. If there is any outstanding amount under the Consideration Notes on the last day of the Extended Maturity Date, The Company shall at its sole discretion further extend the Extended Maturity Date for another term of one year (hereinafter referred to as the “**Further Extended Maturity Date**”) and such Further Extended Maturity Date is, at the Company’s option, extendable for such successive term(s) of one year until there is no outstanding amount under the Consideration Notes.

As advised by Management, the maturity date of the Consideration Note would be extended to 15 January 2029.

Interest : The Company shall pay interest on the outstanding principal amount of the Consideration Notes, at five percent (5%) per annum, from and including the first date of the relevant the financial year of the CESIZ (Cambodia) Co., Ltd. (hereinafter referred to as the “**Project Company**”) (i.e. 1 January to 31 December) (hereinafter referred to as the “**Financial Year**”) up to (and including) the last date of the relevant Financial Year, payable in arrears on the last business day in each Financial Year, conditional upon the satisfaction of the following conditions in that Financial Year:

(a) the buyer having received audited financial statement of the Project Company for the previous Financial Year prepared in accordance with the Project Company’s accounting policies and HKFRS (hereinafter referred to as the “**Account**”); and

- (b) the return on net assets of the Project Company, calculated by dividing net profit after tax of the Project Company in the Account over net assets of the Project Company in the Account, for the previous Financial Year achieved 20% or more.

For the avoidance of doubt, the Consideration Notes shall bear zero interest if any of the conditions (a) and/or (b) as set out above is not satisfied.

Early Redemption

- : The Company shall have the right (but not the obligation) to redeem all or any part of any Consideration Notes on any business day prior to the relevant notes maturity date at early redemption price and in accordance with other terms and conditions set forth in the notes instrument. The right of early redemption of the Company may be exercised by the Company giving no less than fifteen (15) business days' prior notice to the noteholder in writing.

Capped Redemption Price : The Capped Redemption Price shall be an amount calculated in accordance with the following formula:

$$X = A - B - C$$

Where:

“X” means the Capped Redemption Price payable on the relevant Notes maturity date;

“A” means the Dividends declared by the Project Company and received by the Target Company on or before the relevant Notes maturity date plus proceeds arising out of (i) Company’s disposal of its shareholdings in the Buyer or the Target Company on or before the relevant Notes maturity date (if any); and/or (ii) the Target Company’s disposal of the CESIZ shares on or before the relevant Notes maturity date (if any);

“B” means aggregated sum of principal amount of the Consideration Note(s) together with all interest and all other amounts accrued that have been redeemed as of the relevant Notes maturity date (if any); and

“C” means costs, being the sum of (a) any accrued but unpaid inception costs of the Consideration Notes; and (b) any outstanding accrued on-going legal, advisory and other operating expenses in respect of the Consideration Notes.

If the Capped Redemption Price is less than HKD50,000,000 on the relevant Notes maturity date, The Company shall not be required to redeem any Consideration Note on the relevant Notes maturity date.

5. BASIS OF VALUATION

Our valuation is conducted on a market value basis. According to the International Valuation Standards established by the International Valuation Standards Council in 2024, 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”.

6. VALUATION METHODOLOGY

The market value of the Consideration Notes is the market value of the liability component minus that of the call component of the Consideration Notes. We first obtained the market value of the liability component of the Consideration Notes by discounting the estimated contractual cash flows over the remaining contractual term of the Consideration Notes at the interest rate that was appropriate to the riskiness of the Consideration Notes. The Consideration Notes contain liability component, with the coupon payment of 5% dependent on the future financial performance of the Project Company and the principal amount of HKD850 million. Discounting the estimated contractual cash flows according to the terms to arrive at its market value is a common methodology for the financial liability’s valuation, which has considered the contractual cashflow’s features. The financial projections in the cash flow forecast are based on the situation that the property development project will not progress further in the foreseeable future. Thus, it is assumed that no interest payment is needed to be made on the Consideration Notes. Based on the principal terms and conditions of the Consideration Notes, the Capped Redemption Price (X) payable on the relevant Notes Maturity Date is calculated using the formula $X = A - B - C$. Component A specifically captures the aggregate dividends declared by the Project Company or the proceed received from the Company’s disposal of its shareholding in Victory Bright Limited or the Target Company, and/or the proceeds from the Target Company’s disposal of the shares of the Project Company. While the unavailability of dividends would indeed eliminate the dividend portion of component A, it does not render the entire Capped Redemption Price (and thus the fair value of the Consideration Notes) zero. The terms expressly include proceeds from any disposal of the shares of Target Company as part of component A. The potential transaction currently under discussion would qualify as such a disposal event, thereby triggering the inclusion of those proceeds in the calculation of component A. As the Capped Redemption Price, which was based on the proposed disposal consideration, was higher than the principal amount of the Consideration Notes, the amount which would be repaid by the Company is the principal amount of Consideration Notes of HKD850,000,000.

For call component, since it is noted that the market interest rate and the Company’s risky rate are significantly higher than the coupon rate and estimated interest rate, the call value was considered to be immaterial to the Consideration Notes as at the Date of Valuation.

7. ASSUMPTIONS AND SOURCES OF INFORMATION

7.1 Financial Forecast of the Project Company

The interest payment of the Consideration Notes was determined based on the financial forecast. As advised by the Management, there were no progress in the property development project as at the Date of Valuation and in the foreseeable future, there were no financial forecast of the Project Company with concrete assumptions available. Therefore, it was expected that there will be no positive net profit, as well as the return on net assets for the Project Company in the forecast period. Hence the Consideration Notes is expected to have no coupon payout as the requirement of return on net assets of the Project Company cannot be achieved.

7.2 Discount Rate

Having considered the financial ratios of the Company, we have used the interest rates of Standard and Poor's "CCC" to "C" rated seasoned corporate bonds issue as published by the Federal Reserve weekly statistical release. The relevant information was quoted from S&P Capital IQ. We have analysed the financial ratios of the Company in arriving at the credit rating to determine the adopted credit spread. In particular, the aggregate metrics by rating category extracted by Moody's is used for the credit analysis. Several financial ratios of the Company are considered, i.e. Debt/EBITDA, EBITA/interest expense, EBITA margin, Operating margin and EBITA/average assets. Based on the analysis, the credit rating the Company is Caa-C, equivalent to "CCC-C" for other rating agencies. We have searched for comparable bonds with similar credit rating and maturity for the calculation of discount rate.

7.3 Risk-free Rate

Since the settlements of the Consideration Notes will be denominated in Hong Kong Dollars (HKD), we have then made reference to the yield rates of Hong Kong Government Bond with matching maturity term, which were quoted from Capital IQ.

7.4 Terms and Conditions

The Terms and Conditions have been considered in the valuation and included but not limited to the face value and maturity date of the Consideration Note and other terms and conditions.

7.5 Key Assumptions and Parameters

Discount Rate Calculation:

31 August 2025

a) Discount Rate (%)	14.596
b) Spot Interest Rate (%)	2.195
c) Other Spread (Median) (%)	11.811
d) Country Risk Premium (%)	0.589

Notes: totals may not sum up due to rounding

Note:

- | | | |
|--------------------------|---|--|
| a) Discount Rate | : | The rate adopted to calculate the present values of the cash flows on the Consideration Note. The equation is Discount Rate = Spot Interest Rate + Other Spread (Median) + Country Risk Premium. |
| b) Spot Interest Rate | : | The rate was determined with reference to the yield rates of Hong Kong Government Bond as at the Date of Valuation as extracted from Capital IQ. |
| c) Other Spread (Median) | : | The spread is premium above the yields with consideration of liquidity on default-free bonds (government bonds) issued necessary to compensate for the risks associated with the Promissory Note. After reviewing industry prospect for growth and vulnerability to technological change or regulatory and financial ratios of the Company, we concluded that the credit ratings of the Consideration Note should be ranged from “CCC” to “C”. We assumed that the Other Spread (Median) would not be changed in a period of time. |
| d) Country Risk Premium | : | The estimated default spread for the issuance country’s rating over a default free government bonds rate was considered. This is a measure of the added country risk premium for that country. |

7.6 Calculation Details

The calculation details in arriving at the liability component value of the Consideration Notes were as follows:

a) Principal Amount (HKD)	850,000,000
b) Discount Rate	14.596
c) Remaining Contractual Term (Years)	3.378
d) Discount Factor	0.6311
e) Liability Component Value (HKD) (a)x(d)	536,470,649

8. 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 at the Date of Valuation. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

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

We have relied on information provided by the Management to a considerable extent in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we 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 responsibilities for the financial information that have not been provided to us are accepted.

We have not investigated the title to or any legal liabilities against the Consideration Notes. We have assumed no responsibility for the title to the Consideration Notes valued.

Save as and except for the purpose stated above, neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear.

In accordance with our standard practice, 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. No responsibility is accepted to any third party for the whole or any parts of its contents. The title of this report does not pass to the Company until all professional fee has been paid in full.

9. REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in Hong Kong Dollars (HKD).

We hereby confirm that we have neither present nor prospective interests in the Consideration Notes, the Company, the Target Company and its subsidiaries or associated companies, or the values reported herein.

10. OPINION OF VALUE

Based on the valuation method employed and the key assumptions appended above, the market value of the Consideration Notes as at the Date of Valuation, in our opinion, was reasonably stated as below:

Market value of the Consideration Notes as at the Date of Valuation

	31 August 2025 <i>HKD</i>
Liability Component	536,470,649
Call Component	<u>0</u>
Market value of the Consideration Notes	<u><u>536,470,649</u></u>

Yours faithfully,
For and on behalf of
BonVision International Appraisals Limited

BonVision International