17 September 2026

To: the TC Independent Board Committee and the Independent Shareholders of
China Changbaishan International Holdings Limited

Dear Sir or Madam,

THE UNCONDITIONAL MANDATORY CASH OFFER BY DL SECURITIES (HK) LIMITED FOR AND ON BEHALF OF GROUND GROUP (HONG KONG) CO., LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN CHINA CHANGBAISHAN INTERNATIONAL HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the TC Independent Board Committee and the Independent Shareholders in respect of the Offer, details of which are set out in the composite offer and response document jointly issued by the Offeror and the Company dated 17 September 2026 (the "**Composite Document**") to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

References are made to (i) the Joint Announcement jointly published by the Offeror and the Company dated 15 July 2026 in relation to, among other things, the Restructuring Framework Agreement and the Offer; (ii) the Circular dated 25 August 2026 in relation to (a) the Restructuring Framework Agreement and the transactions contemplated thereunder; (b) the Specific Mandate; (c) the Scheme; (d) the Subscription; and (e) the Special Deal; (iii) the poll results announcement of the Company dated 9 September 2026 in relation to the SGM; and (iv) the announcement jointly published by the Offeror and the Company dated 11 September 2026 in relation to the Completion.

As stated in the Joint Announcement, the making of the Offer was conditional upon Completion of the conditions precedent of the Proposed Restructuring, including but not limited to the passing of the necessary resolutions by the Shareholders or the Independent Shareholders (as the case may be) at the SGM for the Scheme, the Restructuring Framework Agreement, the Subscription Agreement and the transactions contemplated thereunder. As at the Scheme Effective Date, all the conditions precedent of the Scheme have been fulfilled. As at the Restructuring Effective Date, all conditions precedent of the Proposed Restructuring have been fulfilled.

As disclosed in the announcement jointly published by the Offeror and the Company dated 11 September 2026 in relation to the Completion, Completion took place on 11 September 2026. Immediately after Completion and taking into account (i) the entitlement of an aggregate of 2,691,468,186 Scheme Shares, which are held by the Scheme Company on trust for the benefit of Ground Group HK and Ka Yik; and (ii) the 368,767,181 Shares already owned by the Concert Party Group, the aggregate shareholding interest of the Concert Party Group increased from 108,767,181 Shares, representing approximately 30.20% of the issued Shares as at the date of the Joint Announcement to 3,060,235,367 Shares, representing approximately 57.07% of the Enlarged Issued Share Capital. Accordingly, the Concert Party Group would trigger an obligation to make a mandatory general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Concert Party Group) under Rule 26.1 of the Takeovers Code. DL Securities is, on behalf of the Offeror and in compliance with the Takeovers Code, making the Offer on the terms set out in this Composite Document.

The TC Independent Board Committee comprising all non-executive Directors who have no direct or indirect interest in the Offer and the Special Deal, namely Mr. Chiu Sin Nang, Kenny, Mr. Tsang Hung Kei, Mr. Wang Xiaochu and Ms. Wang Meirong, has been established in compliance with Rule 2.8 of the Takeovers Code to, among others, advise the Independent Shareholders whether the Offer is fair and reasonable and as to the acceptance of the Offer, taking into account recommendations of the Independent Financial Adviser, with its letter included in the Composite Document.

In this connection, we, Jun Hui International, have been appointed, with the approval of the TC Independent Board Committee, to advise the TC Independent Board Committee and the Independent Shareholders in respect of the Offer in accordance with Rule 2.1 of the Takeovers Code.

As at the Latest Practicable Date, we were not in the same group as the financial or other professional adviser (including a stockbroker) to the Offeror, the Concert Party Group or the Company. We have acted as the Independent Finance Adviser to the independent board committee of the Company and the Independent Shareholders in relation to the Restructuring Framework Agreement and the transactions contemplated thereunder, the Specific Mandate, the Subscription and the Scheme, and the Special Deal (with the Company's circular dated 25 August 2026). As our fee for such engagement was fixed and not contingent on the outcome or successful completion of the Restructuring Framework Agreement and the transactions contemplated thereunder, the Specific Mandate, the Subscription, the Scheme and the Special Deal, we consider that the aforesaid engagement does not affect our independence to act as the Independent Financial Adviser in respect of the Offer. Other than that, we did not have any connection, financial or otherwise, with either the Offeror, the Concert Party Group or the Company, or the controlling shareholder(s) of either of them, of a kind reasonably likely to create, or to create the perception of, a conflict of interest or reasonably likely to affect the objectivity of our advice, within two years prior to the commencement of the Offer Period and up to and including the Latest Practicable Date. We were not associated with the Offeror, the Concert Party Group or the Company, their respective controlling shareholder(s), or any party acting, or presumed to be acting, in concert with any of them, or any company controlled by any of them. Apart from normal professional fees payable to us for this appointment, no arrangement exists whereby we will receive any fees or benefits from any party abovementioned. Accordingly, we consider that we are independent pursuant to Rule 2.6 of the Takeovers Code and are considered eligible to give independent advice in respect of the Offer.

BASIS OF OUR OPINION

In formulating our opinion and recommendation to the TC Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the information, opinions and representations contained or referred to in the Composite Document (or otherwise provided to us by the Directors and the management of the Group (the "**Management**") and the Offeror (where applicable)), and have assumed that all information, opinions and representations contained or referred to in the Composite Document (or otherwise provided to us by the Directors, the Management and the sole director of the Offeror (where applicable)) were true, accurate and complete in all respects at the time when they were made and up to the date throughout the Offer Period and should there be any material changes thereto or of our opinion, the Shareholders would be notified as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all statements of belief, opinions and intention made by the Directors and the Offeror (where applicable) in the Composite Document (or otherwise provided to us by the Directors, the Management and the Offeror (where applicable)) are reasonably made after due and careful enquiry. We have no reason to doubt that any relevant information has been withheld or omitted, nor are we aware of any fact or circumstance which would render the information, opinions and representations provided or made to us untrue, inaccurate or misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained or referred to in the Composite Document (or otherwise provided to us by the Directors and the Management) (other than information relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions and representations expressed in the Composite Document (or otherwise provided to us by the Directors and the Management) (other than those expressed by the sole director the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document the omission of which would make any statement in the Composite Document misleading.

The sole director of the Offeror accept full responsibility for the accuracy of the information contained or referred to in the Composite Document (other than that relating to the Group and their respective associates and parties acting in concert with them) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions and representations expressed in the Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document the omission of which would make any statement in the Composite Document misleading.

We consider that we have reviewed sufficient information to enable us to reach an informed view, which include, among other things, the announcements of the Company in relation to the Offer, the Composite Document, annual reports of the Company for the years ended 31 March 2024, 2025 and 2026 ("**Annual Report 2023/24**", "**Annual Report 2024/25**" and "**Annual Report 2025/26**", respectively) and the historical trading price and the trading liquidity of the Shares. We have not, however, for the purpose of this exercise, conducted any independent detailed verification or audit into the businesses, affairs or future prospects of the Group, the Offeror, or their respective subsidiaries or associates (if applicable).

We have not considered the taxation and regulatory implications on the Shareholders arising from acceptance or non-acceptance of the Offer since these depend on their individual circumstances, if any, and therefore we will not accept responsibility for any tax effect or liability that may potentially be incurred by the Shareholders as a result of the Offer. In particular, Shareholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on dealings in securities should consider their own tax positions and, if any doubt, should consult their own professional advisers.

Please be advised that our role as the Independent Financial Adviser and the services we provide are subject to the requirements of the Takeovers Code. Our opinion may only be relied upon by, and our responsibilities are strictly limited to, parties to the extent and as required under the Takeovers Code. We shall not be held accountable for decisions made by parties not entitled to rely on our opinion.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the TC Independent Board Committee and the Independent Shareholders in respect of the Offer, we have considered the following principal factors and reasons:

I. Background and financial information of the Group

(i) Background information of the Group

Referring to the Letter from the Board, the Company is an investment holding company. The Group is principally engaged in property development and management, including planning designing, budgeting, licensing, contract tendering and contract administration, property investment and cultivation and sales of ginseng assets in the PRC. Referring to Annual Report 2025/26, the Group's property investment segment is treated and presented as a discontinued operation for the year ended 31 March 2026 upon the disposal of Baishan Ground Real Estate Development Company Limited and Baishan Ground Business Management Company Limited. It is disclosed that despite the Group's presentation of the property investment business segment as a discontinued operation in accordance with HKFRS5 for accounting purpose, the Group's management considers the property investment segment remains to be one of the operating segments of the Group and the Group is actively seeking for potential properties to hold for rental income or capital appreciation, subject to the investment return, synergy and exit potentials of any opportunities. The Company confirmed that the above statements relating to its property investment segment remain true and accurate, whilst no relevant legally binding agreement was entered by the Group, as at the Latest Practicable Date.

In relation to the Group's ginseng business, as disclosed in Annual Report 2025/26, the Group purchased over 700,000 pieces of ginsengs aged 15 years that are naturally grown under forest land ("**Linxia Ginseng**") in Ji'an City, Jilin Province in December 2025. Ji'an City located with close proximity to Changbaishan is one of the most ginseng abundant districts within Jilin Province. It is disclosed that, among others, products relating to Linxia Ginseng being consumer goods, are primarily targeted at individuals aged 45 and above who have health and wellness needs and prioritise health and wellness. Further details about the Group's ginseng business can be referred to Annual Report 2025/26.

(ii) Financial information of the Group

The following table summarises the results of operation and financial positions of the Group for the years ended 31 March 2024, 2025 and 2026:

	For the year ended 31 March			
	2024 *RMB'000* *(audited)*	**2025 (before restated)** *(Note 1)* *RMB'000* *(audited)*	**2025 (restated)** *(Note 1)* *RMB'000* *(audited)*	**2026** *RMB'000* *(audited)*
Revenue *(Note 2)*				
– Sale of properties	69,936	130,720	130,720	30,241
– Rental income	13,239	13,236	–	–
– Property management service income	32,897	28,520	28,520	22,445
– Project management service income	–	13,865	13,865	–
Total	116,072	186,341	173,105	52,686
(Loss)/Profit for the year from continuing operations	(193,330)	(852,906)	(712,034)	128,314
Loss for the year from discontinued operation	–	–	(140,872)	(6,065)
(Loss)/Profit for the year	(193,330)	(852,906)	(852,906)	122,249

	As at 31 March		
	2024 *RMB'000* *(audited)*	**2025** *RMB'000* *(audited)*	**2026** *RMB'000* *(audited)*
Total assets	2,268,515	1,252,364	417,970
Total liabilities	2,039,641	1,875,665	907,463
Total (deficit)/equity	228,874	(623,301)	(489,493)
Net current (liabilities)/assets	108,016	(942,524)	(481,510)

Notes:

1) For completeness purpose and to avoid any confusion of disclosures in Annual Report 2024/25, Annual Report 2025/26 and this letter, both financial figures of the Group for the year ended 31 March 2025 before restated (as disclosed in Annual Report 2024/25) and after restated (as disclosed in Annual Report 2025/26) are provided. As referred to Annual Report 2025/26 and confirmed by the Company, following the disposal of the property project in Baishan City that holds the sole investment properties in the Group, the property investment business in the year ended 31 March 2026 was classified as discontinued operation under HKFRS 5 "Non-current assets held for sale and discontinued operations" whereby the operating results of the property investment business are presented as loss for the year from discontinued operation. In accordance with HKFRS 5, comparative figures presented have also been restated to conform to presentation of the year ended 31 March 2026.

2) No revenue was generated in relation to the Group's ginseng business during the years ended 31 March 2024, 2025 and 2026.

Source: Annual Report 2023/24, Annual Report 2024/25 and Annual Report 2025/26 published by the Company on the website of the Stock Exchange

Financial results for the year ended 31 March 2024 compared with the year ended 31 March 2025 (Note: to avoid any confusion of disclosures with Annual Report 2024/25, the Group's financial figures before restated for the year ended 31 March 2025 are used under this headline for illustration purpose)

Revenue of the Group increased by approximately 60.5% from approximately RMB116.1 million for the year ended 31 March 2024 to approximately RMB186.3 million for the year ended 31 March 2025, which was mainly due to the increase in sale of properties by approximately 86.9% resulted from the fact that the Group's property project of Guangze China House – Phase IIA was completed and delivered during the year ended 31 March 2025 whereas there was no newly completed property project delivered during the year ended 31 March 2024. During the year ended 31 March 2025, the Group's results of operations further deteriorated and recorded net loss of approximately RMB852.9 million, compared to the net loss of approximately RMB193.3 million for the year ended 31 March 2024, which was mainly the combined effect of: (i) the decreased other income and gains from approximately RMB8.9 million for the year ended 31 March 2024 to approximately RMB0.4 million for the year ended 31 March 2025 mainly as the matter of (a) an exchange gain of approximately RMB4.3 million, (b) gain on modification of convertible bonds of approximately RMB1.8 million (of which the Company advised that the bondholder was Ka Yik and the modification was related to an extension of maturity date of the convertible bonds) and (c) gain on recognition of lease receivables of approximately RMB2.3 million recognised during the year ended 31 March 2024 (as the matter of an accounting gain recognised for the transfer of certain car park units from properties under development and completed properties held for sale to lease receivables upon completion, as advised by the Company), whereas there were no such items in the year ended 31 March 2025; (ii) the increased finance costs from approximately RMB23.1 million for the year ended 31 March 2024 to approximately RMB51.4 million for the year ended 31 March 2025 which was mainly due to less interest capitalised into properties under development during the year ended 31 March 2025 (as the matter of completion or suspension of relevant property projects and the related interest was subsequently not qualified for capitalisation under the Group's accounting policy, as advised by the Company); (iii) the increased other expenses from approximately RMB86.9 million for the year ended 31 March 2024 to approximately RMB692.1 million for the year ended 31 March 2025 which was mainly due to the write-down of properties under development and impairment loss on assets associated with disposal group classified as held for sale in respect of the Group's cultural tourism property project in Fusong County, Baishan City, Jilin Province (the "**Fusong Property Project**") of approximately RMB637.9 million (compared to that of approximately RMB84.3 million during the year ended 31 March 2024) and RMB47.1 million (whereas it was nil during the year ended 31 March 2024), respectively; and (iv) the change in fair value of investment properties which had a further decrease in the fair value of approximately RMB170.9 million during the year ended 31 March 2025 (compared to that of approximately RMB64.2 million for the year ended 31 March 2024) mainly as the matter of the continual deterioration of the market rent for shopping mall units in Baishan City, Jilin Province, as disclosed in Annual Report 2024/25.

Financial results for the year ended 31 March 2025 (restated) compared with the year ended 31 March 2026 (Note: to avoid any confusion of disclosures with Annual Report 2025/26, restated financial figures of the Group for the year ended 31 March 2025 are used under this headline for illustration purpose)

Revenue of the Group decreased by approximately 69.6% from approximately RMB173.1 million (restated) for the year ended 31 March 2025 to approximately RMB52.7 million for the year ended 31 March 2026, which was mainly due to the decrease in sale of properties by approximately 76.9% resulted from the fact that no new properties project was completed and delivered during the year ended 31 March 2026. During the year ended 31 March 2026, the Group recorded net profit of approximately RMB122.2 million, compared to the net loss of approximately RMB852.9 million (restated) for the year ended 31 March 2025, which was mainly the combined effect of: (i) the gross profit of approximately RMB3.3 million recorded for the year ended 31 March 2026, compared to the gross loss of approximately RMB2.7 million (restated) for the year ended 31 March 2025; (ii) the increased other income and gains from approximately RMB0.4 million (restated) for the year ended 31 March 2025 to approximately RMB168.1 million for the year ended 31 March 2026 which was mainly due to one-off gains arising from the disposals of certain property projects; and (iii) the significant decrease in other expenses from approximately RMB692.1 million (restated) for the year ended 31 March 2025 to approximately RMB11.0 million for the year ended 31 March 2026 which was mainly due to the write-down of properties under development and impairment loss on assets associated with disposal group classified as held for sale in respect of the Fusong Property Project of approximately RMB637.9 million and RMB47.1 million respectively for the year ended 31 March 2025, whilst there were no such write-downs and impairment during the year ended 31 March 2026, as disclosed in Annual Report 2025/26.

Financial positions

As at 31 March 2025, the Group had total assets of approximately RMB1,252.4 million, which significantly reduced by approximately RMB1,016.1 million from the total assets of approximately RMB2,268.5 million as at 31 March 2024. As at 31 March 2024 and 2025, the Group had total liabilities of approximately RMB2,039.6 million and RMB1,875.7 million, respectively. The Group's financial positions deteriorated from the total equity of approximately RMB228.9 million as at 31 March 2024 to the total deficit of approximately RMB623.3 million as at 31 March 2025, as the decrease in its total assets as at 31 March 2025 substantially outweighed the decrease in its total liabilities as at the same date.

Referring to Annual Report 2024/25, certain major items comprising the total assets of the Group as at 31 March 2025 included (i) investment properties of approximately RMB315.3 million compared with the balance of approximately RMB486.2 million as at 31 March 2024, the decrease in balance of investment properties as at 31 March 2025 was mainly due to the decrease in fair value of the self-owned and leased portion of the shopping mall in Baishan City, Jilin Province as a result of the decrease in market rent; (ii) properties under development and completed properties held for sale of approximately RMB335.3 million; (iii) cash and cash equivalents of approximately RMB5.1 million; and (iv) assets associated with disposal group classified as held for sale of approximately RMB504.2 million in relation to the disposal of the entire equity interest in Jilin Province Ground Tourism Development Company Limited and its three subsidiaries (the "**Fusong Disposal**"), whereas the balance was nil as at 31 March 2024. The lower balance of the Group's total assets of approximately RMB1,252.4 million as at 31 March 2025, comparing to the balance of approximately RMB2,268.5 million as at 31 March 2024 was mainly as the result of (i) the write-down on the Group's properties under development in the Fusong Property Project of approximately RMB637.9 million made during the six months ended 30 September 2024; and (ii) decrease of cash and cash equivalents from approximately RMB53.6 million as at 31 March 2024 to approximately RMB5.1 million as at 31 March 2025 primarily resulted from the repayment of borrowings, settlement of construction costs, interests, operating expenditure partially offset by the cash receipt from pre-sale of properties, as advised by the Company.

As at 31 March 2025, certain major items comprising the Group's total liabilities were (i) trade and other payables of approximately RMB435.9 million; (ii) loans from a substantial/controlling shareholder of approximately RMB449.4 million, which were unsecured, interest free and repayable within one year or on demand; (iii) bank and other borrowings of approximately RMB243.1 million, which were payable within one year or on demand; and (iv) liabilities associated with disposal group classified as held for sale of approximately RMB504.2 million in relation to the Fusong Disposal.

As at 31 March 2026, the Group had total assets of approximately RMB418.0 million and total liabilities of approximately RMB907.5 million. The Group's total liabilities remained substantially outweighing its total assets as at the same date. The Group's financial positions remained as total deficit, recording the balance of approximately RMB489.5 million as at 31 March 2026.

Referring to Annual Report 2025/26, certain major items comprising the total assets of the Group as at 31 March 2026 included (i) properties under development (being mainly Guangze Jiuxi Red House – Phase II) and completed properties held for sale (being mainly unsold units of Guangze Jiuxi Red House – Phase I) of approximately RMB261.5 million; (ii) ginseng assets held for sale of approximately RMB101.7 million; and (iii) cash and cash equivalents of approximately RMB4.2 million. The lower balance of the Group's total assets of approximately RMB418.0 million as at 31 March 2026, comparing to the balance of approximately RMB1,252.4 million as at 31 March 2025 was mainly as the result of (i) no balance of investment properties was recorded as at 31 March 2026, comparing to the balance of approximately RMB315.3 million as at 31 March 2025 which were primarily certain shopping mall units in Baishan City, Jilin Province. Such investment properties were reclassified to assets associated with disposal group classified as held for sale in September 2025 and were derecognised upon the completion of the disposal in March 2026; (ii) decreased balance of properties under development and completed properties held for sale from approximately RMB335.3 million as at 31 March 2025 to approximately RMB261.5 million as at 31 March 2026. As disclosed in Annual Report 2025/26, the lower balance of properties under development and completed properties held for sale as at 31 March 2026 was primarily the result led by the remaining residential and commercial units and car parking spaces at projects completed in prior years including those relating to Baishan and Yanji Property Projects were reclassified to assets associated with disposal group classified as held for sale in September 2025 and were derecognised upon the completion of the disposal in March 2026; (iii) no balance of assets associated with disposal group classified as held for sale was recorded as at 31 March 2026 following the disposal of the Fusong Property Project, comparing to the balance of approximately RMB504.2 million as at 31 March 2025, and partially offset by the initial recognition of ginseng assets held for sale of approximately RMB101.7 million as at 31 March 2026 as the Group purchased ginseng assets grown under forest land located in Ji'an City, Jilin Province during the year ended 31 March 2026.

As at 31 March 2026, certain major items comprising the Group's total liabilities were (i) trade and other payables of approximately RMB176.7 million; (ii) loans from a substantial shareholder of approximately RMB369.7 million, which were unsecured, interest free and repayable on demand; and (iii) bank and other borrowings of approximately RMB183.4 million. The lower balance of the Group's total liabilities of approximately RMB907.5 million as at 31 March 2026, comparing to the balance of approximately RMB1,875.7 million as at 31 March 2025 was mainly as the result of (i) decrease in trade and other payable from approximately RMB435.9 million as at 31 March 2025 to approximately RMB176.7 million as at 31 March 2026; and (ii) no balance of liabilities associated with disposal group classified as held for sale was recorded as at 31 March 2026 following the disposal of the Fusong Property Project, comparing to the balance of approximately RMB504.2 million as at 31 March 2025.

(iii) Valuation of the Group's properties and adjusted net liabilities

The valuation of the properties held by the Group (being the unsold portions of Guangze Jiuxi Red House – Phase I and Phase II, collectively as the "**Property**") in existing state as at 31 July 2026 (the "**Valuation Date**") has been assessed by Colliers Appraisal & Advisory Services (Shanghai) Co., Ltd. ("**Colliers**" or the "**Valuer**") pursuant to Rule 11.1(f) of the Takeovers Code. The full text of the valuation report (including the valuation certificates) is set out in Appendix III to the Composite Document (the "**Valuation Report**"). According to the Valuation Report, the total market value of the Property attributable to the Group as at the Valuation Date was RMB303.0 million (the "**Valuation**").

We have reviewed the Valuation Report and discussed with the Valuer the methodology, bases and assumptions adopted in arriving at the Valuation. We note that the Valuer has valued the Property by the direct comparison approach, with reference to recent asking prices of comparable properties located within the same district (Jiutai District, Changchun) with similar conditions, size and tenure, adjusted for factors including condition, amenities, environment, view, age and decoration, management, and, for the retail comparables, established retail area, accessibility, size and road frontage. We further note that pre-sold portions of the Property have been taken into account by the Valuer at their respective transacted amounts. In addition, the Valuer has selected separate sets of comparables for the residential and retail portions of the Property respectively, on the basis that residential and retail properties are subject to different market dynamics, pricing characteristics and value drivers and are separately analysed under the direct comparison approach. Based on our enquiry with the Valuer, we note that this valuation methodology is a commonly used approach for assessing the market value of residential and retail properties held for sale (the same as the Property).

We are provided with the Valuer's underlying workings indicating the adjustments applied to comparable properties, and enquired of the Valuer as to the basis on which such adjustments were determined. We understand that the adjustments reflect the Valuer's assessment of the specific characteristics of each comparable property by reference to the Property, and have reviewed and confirmed the quantified adjustment ranges disclosed by the Valuer to be consistent with the direction of adjustment applied to each comparable as set out in the Valuation Report. We have also enquired about the equal weighting applied by the Valuer to each comparable, and understand this reflects the Valuer's assessment that none of the selected comparables was demonstrably more representative of the Property than the others. We consider this a reasonable basis for weighting.

Further to the above, we have enquired the qualifications and experience of the persons responsible for the Valuation. We note that Mr. Kin Ming Woo James, Executive Director and Head of China Valuation and Advisory Services at Colliers, is a fellow member of the Royal Institution of Chartered Surveyors ("**RICS**") with 30 years' experience in the valuation of properties of this magnitude and type in China, and that Mr. Chin Pang Tsang, Executive Director and Acting Head of the Valuation and Advisory Services (Hong Kong) at Colliers, is a member of RICS and the Hong Kong Institute of Surveyors, a Registered Professional Surveyor in Hong Kong and a Registered Real Estate Appraiser in the PRC, with over 26 years' relevant experience. The Valuer has confirmed that the Valuation has been prepared in accordance with the HKIS Valuation Standards (2024 Edition) published by The Hong Kong Institute of Surveyors, the RICS Valuation – Global Standards published by RICS, and the requirements set out in Chapter 5 of and Practice Note 12 to the Listing Rules and Rule 11 of the Takeovers Code.

After our enquiry, we understand that the Valuer provided valuation services to the Company for: (i) connected transaction in relation to loan capitalisation involving subscription of shares under specific mandate and application for whitewash waiver in 2024 (with the Company's circular dated 29 June 2024); (ii) very substantial disposal in relation to the disposal of the entire equity interest of the target company involving a property project in Fusong County, Jilin Province (with the Company's circular dated 29 November 2024); (iii) major transaction in relation to the disposal of the entire equity interest of the target companies involving property projects in Baishan City and Yanji City, Jilin Province (with the Company's circular dated 16 September 2025); (iv) the Circular dated 25 August 2026 in relation to the Restructuring Framework Agreement and the transactions contemplated thereunder, the Specific Mandate, the Subscription and the Scheme, and the Special Deal; and (v) valuation on fair value of investment properties held by the Group, if any, for annual preparation of the Group's financial statements. The aforementioned valuation services had been completed. We have been confirmed by the Valuer that it has no other relationship with the Company or the Offeror or the Concert Party Group which may render the Valuer not independent, and we are satisfied that the Valuer is independent of the Company, the Offeror and the Concert Party Group for the purpose of the Valuation. We have also reviewed the Valuer's terms of engagement and are satisfied that the scope of work thereunder is appropriate for the Valuer to arrive at its opinion of value.

Adjusted net liabilities

For the purpose of Rule 11 of the Takeovers Code, we have reviewed the adjusted unaudited consolidated net liabilities attributable to the Shareholders, which is provided by the Company and calculated based on the audited consolidated net liabilities attributable to the Shareholders as at 31 March 2026, adjusted with reference to the Valuation as at 31 July 2026. Details of the adjustment are set out in the table below for illustration purpose.

	RMB'000
Audited consolidated net liabilities attributable to the Shareholders as at 31 March 2026	(489,493)
Adjustment:	
– Revaluation surplus arising from the Valuation *(Note 1)*	41,540
Adjusted unaudited consolidated net liabilities attributable to the Shareholders	(447,953)

	HK$
Adjusted unaudited consolidated net liabilities attributable to the Shareholders per Share *(Note 2)*	(1.41)
Offer Price	0.15
Premium represented by the Offer Price to the adjusted unaudited consolidated net liabilities attributable to the Shareholders per Share	1.56

Notes:

1. represents the revaluation surplus arising from the excess of (a) the market value of the Property in existing state of approximately RMB303.0 million as at 31 July 2026 according to the Valuation Report in Appendix III to the Composite Document, as appraised by the Valuer, over (b) its corresponding book value of approximately RMB261.5 million as at 31 March 2026.

2. based on 360,181,940 Shares in issue prior to the allotment and issue of the Subscription Shares and the Scheme Shares.

The appreciation in value of the Property represented by the Valuation was mainly attributable to the fact that the Property has been stated at cost in the consolidated financial statements of the Group since completion, in accordance with the accounting policy adopted by the Group, whereas the Valuation reflects the current open market value of the Property. We also note that the revaluation surplus of approximately RMB41.5 million is modest relative to the Group's audited net liabilities as at 31 March 2026, and the Group would remain in a substantial net liabilities position after taking the Valuation into account. Accordingly, we do not consider the Valuation to have a material impact on the Group's overall net liabilities position.

(iv) Prospect of the Group

During the years ended 31 March 2024, 2025 and 2026, sale of properties remained as the major revenue stream of the Group which accounted for approximately 60.3%, 70.2% (before restatement of relevant financial figures, or approximately 75.5% after restatement of relevant financial figures for the year ended 31 March 2025) and 57.4% of the Group's revenue, respectively. As disclosed in Annual Report 2025/26, related assets of the Group's property projects located in Jilin Province, the PRC accounted for approximately 99% and 99% of the Group's total assets as at 31 March 2025 and 31 March 2026, respectively. This demonstrates that the Group's property development and management business in the PRC remains its principal business and continues to be the key contributor to the Group's financial performance. However, as disclosed by the Company in Annual Report 2025/26, the Group is exposed to risks associated with the PRC property market, which may include policy change, interest rate change, demand-supply imbalance and the overall economic conditions.

According to National Bureau of Statistics of China, it revealed that the investment in real estate development in China was approximately RMB8,278.8 billion in 2025, indicating a year-on-year decrease of approximately 17.2%. From January to July 2026, the investment in real estate development was approximately RMB4,300.9 billion, which represented a decrease of approximately 19.2% comparing with the corresponding period of last year. The situation of the real estate investment in the Northeastern region of China, being the region where the Group's principal business and properties are located, was even worse recording a decrease of approximately 29.7% from January to July 2026 (with the investment in real estate development amounted to approximately RMB76.0 billion) as compared with the corresponding period of last year. According to an article titled "China's home prices seen falling faster before stabilising in 2027: Reuters poll" released by Reuters on 13 March 2026, it is noted that the property sector in China remains stuck in a prolonged downturn, still facing several structural challenges, including demographic shifts, an uncertain employment environment, low housing affordability and high stocks of unsold homes. The article also indicated the property investment and sales in China are expected to remain weak in 2026, with investment forecast to fall 10.3% and sales down 6.5%. While the property management sector in China is also generally tough. According to an article titled China's real estate funk drags down yet another sector: property service providers" released by Reuters on 3 June 2026, it is revealed that providers of property services in China are struggling to collect management fees from disgruntled homeowners, threatening their revenue and house prices in general, as the consequence after decades of overbuilding, many compounds are partly vacant and distressed property developers owe the service fees for unsold flats. In light of the above, we note the unfavourable condition in the PRC property market are expected to continue in the near term, and the outlook for the Group's principal business remains uncertain.

As disclosed in Annual Report 2025/26, the Group intended to diversify its business into, among others, ginseng business. It is noted that the Group's ginseng business did not generate any revenue during the year ended 31 March 2026. We consider that actual sales are a reliable indicator of business prospect, whereas for the ginseng business, in the absence of actual sales revenue, its prospect shall be viewed with caution.

We note from the independent auditor's report in Annual Report 2025/26 that includes a "Material uncertainty relating to going concern" paragraph, from which the Company's auditor considered, among others, the Group's net current liabilities and net liabilities of approximately RMB481.5 million and RMB489.5 million respectively, of which RMB183.4 million represented other borrowings and RMB51.7 million represented liability component of convertible bonds as at 31 March 2026, while the cash and cash equivalents amounted to approximately RMB4.2 million only as at 31 March 2026, and considered that the Group may take longer time than expected to realise cash from the sales of its properties, and/or have cash from external financing to meet its loan repayment obligations. The Company's auditor expressed that these conditions along with certain matters relating to the Funding Agreement for the purpose of financing the Company's restructuring and the working capital requirements of the Group, the cash flow forecast of which the Directors expect the Group to generate adequate cash flows to maintain its operations and the continuous active measures to control costs and expenses by the Group, indicate the existence of a material uncertainty which casts significant doubt on the Group's ability to continue as a going concern and the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The validity of the going concern basis depends on the assumptions that the Group would be successful in the debt restructuring, further cash inflow from ginseng business and obtaining the future fundings. The Company's auditor issued disclaimer of opinion and expressed that, due to the uncertainty of the Group's ability to maintain adequate future cash flows, it was unable to ascertain whether the assumptions made by the Directors in preparing the consolidated financial statements for the year ended 31 March 2026 on a going concern basis are proper and appropriate. For further details, please refer to the independent auditor's report included in Annual Report 2025/26. We consider the Company's going concern issue and the disclaimer of opinion given by the Company's auditor indicates the financial distress situation faced by the Group.

Having regard to the Group's significant reliance on the property development and management business in the PRC, the weak market conditions in Northeastern region of China where the Group's principal business and properties are located, the continued downturn in the PRC property sector as a whole, the prospect of the ginseng business of the Group shall be viewed with caution in the absence of actual sales revenue and the disclaimer of opinion issued by the Company's auditor as illustrated above, the Group's business prospect is considered to remain cautious and uncertain in the near term.

According to Note 3 to Rule 2 of the Takeovers Code, we would like to draw the attention to the Independent Shareholders that the Company's auditor has issued disclaimer of opinion on the consolidated financial statements of the Group for the year ended 31 March 2026. As stated in the independent auditor's report included in Annual Report 2025/26, the disclaimer of opinion was issued due to, among others, the Company's auditor was unable to obtain sufficient appropriate audit evidence regarding the use of going concern assumption in the preparation of the consolidated financial statements. The Company's auditor expressed that should the going concern assumption be inappropriate, adjustments may have to be made to reclassify non-current assets and liabilities as current assets and liabilities respectively, write-down the value of assets to their recoverable amounts and to provide for further liabilities which may arise. For detailed information of the basis of disclaimer of opinion, please refer to the independent auditor's report in Annual Report 2025/26 and the section headed "2. Financial summary" in Appendix II – Financial information on the Group to the Composite Document.

II. Information of the Offeror and its future intentions regarding the Group

(i) Information of the Offeror

Referring to the Letter from DL Securities and Alpha Financial, Ground Group HK is a company incorporated in Hong Kong with limited liability and is wholly owned by Jilin Ground Group, which is in turn wholly owned by Xin Guangze. Xin Guangze is a company established in the PRC with limited liability and is owned as to approximately 75.00%, 10.00% and 15.00% by each of Jilin Guangxun Investment, Jilin Xinquan and Jilin Xinshun, respectively. Jilin Guangxun Investment is a company established in the PRC with limited liability and is owned as to approximately 96.86% by Mr. Cui and 劉曉丹 (Liu Xiaodan*) through Jilin Zexiao and as to approximately 3.14% by 王彥剛 (Wang Yangang*) and 李志國 (Li Zhiguo*) through Jilin Tianyi. Wang Yangang and Li Zhiguo are Independent Third Parties, each of whom does not have any relationship with Mr. Cui. Jilin Xinquan is a company established in the PRC with limited liability and is owned as to approximately 98.77% by 劉曉丹 (Liu Xiaodan*) and approximately 1.23% by 吳紀雨 (Wu Jiyu*) respectively. Liu Xiaodan is the cousin of Mr. Cui. Wu Jiyu is an Independent Third Party and does not have any relationship with Mr. Cui. Jilin Xinshun is a company established in the PRC with limited liability and is owned as to 80% by Mr. Cong and 20% by 孫國華 (Sun Guohua*) respectively. Mr. Cong is an executive Director and Sun Guohua is an Independent Third Party. Each of Mr. Cong and Sun Guohua does not have any relationship with Mr. Cui. *(* For translation purposes only)*

Ground Group HK is principally engaged in investment holdings. Referring to the Letter from DL Securities and Alpha Financial, based on the available books, records and information of the Company and pending determination and/or adjudication of the Admitted Scheme Claims, the total claim amount owed by the Company to Ground Group HK and Ka Yik is HK$403,720,228.11. Accordingly, Ground Group HK and Ka Yik will be entitled to the aggregate of 2,691,468,186 Scheme Shares upon Completion, representing approximately 50.20% of the issued share capital of the Company as at the Latest Practicable Date, which are held by the Scheme Company on trust for the benefit of Ground Group HK and Ka Yik. The determination and/or adjudication of the Admitted Scheme Claims will be conducted as soon as practicable subsequent to Completion under the terms of the Scheme, and is expected to be completed in November 2026. Further, Ground Group HK has subscribed for 260,000,000 Subscription Shares by way of set-off against amounts owing under the Funding Agreement, representing approximately 4.85% of the issued share capital of the Company as at the Latest Practicable Date.

(ii) Future intentions of the Offeror regarding the Group

The Group is principally engaged in property development and management, including planning designing, budgeting, licensing, contract tendering and contract administration, property investment and cultivation and sales of ginseng assets in the PRC. Referring to the Letter from DL Securities and Alpha Financial, the Offeror has no intention (i) to discontinue the employment of the employees or change the composition of the Board; (ii) to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business; and (iii) to downsize, cease or dispose of any of the existing businesses, operations and assets of the Group. The Offeror also intends to continue the existing principal business of the Group immediately following the completion of the Offer. It is currently intended that, subject to the review by the Offeror from time to time, current directors of the Group's subsidiary who are necessary to participate in the Group's ongoing operations will remain as directors at the relevant Group companies following the completion of the Offer. From the above, it is noted that the Offeror intends to maintain the existing business and management of the Group. We consider this arrangement shall enable the Group to maintain stability of its operations after the completion of the Offer.

Considering the severe liquidity shortage and financial distress situation of the Company, the Offeror intends to provide support in the implementation of the restructuring plan and the continuous business development of the Group. Nevertheless, the Offeror will conduct a detailed review on the existing principal businesses and operations, and the financial position of the Group for the purpose of formulating business plans and strategies for the Group's long-term business development and will explore other business opportunities for the Group, including the diversification into the ginseng and mineral water businesses. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth. Although it is positive that the Offeror intends to support the Group's business development as described above, we note that (i) as previously illustrated under the section headed "Background and financial information of the Group – Prospect of the Group" in this letter, the unfavourable condition in the PRC property market are expected to continue in the near term and the outlook for the Group's principal business being the property related business remains uncertain; and (ii) no revenue was derived from the Group's ginseng and mineral water businesses during the year ended 31 March 2026, their business prospects should be viewed with caution in the absence of actual sales revenue. Thus, we consider that there is no assurance as to whether, or the extent to which, the Offeror will be able to identify suitable opportunities or otherwise assist in improving the Group's business and financial position going forward.

As at the Latest Practicable Date, no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group, nor any business opportunities in relation to the injection of any assets or business into the Group were under consideration or negotiation.

(iii) Public float and maintenance of the listing status of the Company

The Stock Exchange has stated that: (a) if, at the close of the offer, the Stock Exchange believes that: a false market exists or may exist in the trading of the shares; or an orderly market does not exist or may not exist, it will consider exercising its discretion to suspend dealings in the shares; and (b) if, at the close of the offer, the listed issuer has a Significant Public Float Shortfall (as defined in Rule 13.32F of the Listing Rules), then: the Stock Exchange will add a designated marker to the stock name of the listed shares; and the Stock Exchange will cancel the listing of the issuer's shares if the issuer fails to re-comply with Rule 13.32B of the Listing Rules for a continuous period of 18 months from the commencement of the Significant Public Float Shortfall.

Referring to the Letter from DL Securities and Alpha Financial, the Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer. Mr. Cong Peifeng, being the sole director of the Offeror, has undertaken under Rule 14.81(3) of the Listing Rules to the Stock Exchange that if, at the close of the Offer, the Company fails to comply with the requirement of Rule 13.32B, he will take appropriate steps to ensure the Company's compliance with the Rule 13.32B at the earliest possible moment.

III. The Offer Price

As referred to the Letter from DL Securities and Alpha Financial, DL Securities, for and on behalf of the Offeror, is making the Offer to acquire all the remaining 251,414,759 Shares as enlarged by the Scheme Shares and the Subscription Shares immediately after Completion (exclusive of the 368,767,181 issued Shares held by the Concert Party Group and the 4,742,453,691 Scheme Shares issued to the Scheme Company) in compliance with the Takeovers Code, on the terms to be set out in this Composite Document on the following basis:

For each Offer Share...HK$0.15 in cash

The Offer Price of HK$0.15 per Offer Share is equivalent to the Subscription Price per Subscription Share and the Issue Price per Scheme Share (assuming there will be in aggregate of approximately HK$711,368,054 of Admitted Scheme Claims).

The Offeror confirms that the Offer Price is final and will not be increased.

(i) The Offer Price comparison

As set out in the Letter from DL Securities and Alpha Financial, the Offer Price of HK$0.15 per Offer Share represents:

(i) a discount of approximately 72.73% to the closing price of HK$0.55 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 79.17% to the closing price of HK$0.72 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 80.21% to the average closing price of HK$0.758 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;

(iv) a discount of approximately 80.89% to the average closing price of HK$0.785 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day;

(v) a premium of approximately HK$1.69 over the Group's audited consolidated net liabilities per Share of approximately HK$1.54 as at 31 March 2026, based on the audited consolidated net liabilities attributable to the Shareholders of approximately RMB489.5 million (equivalent to approximately HK$554.6 million) as at 31 March 2026 and 360,181,940 Shares in issue, prior to the allotment and issue of the Subscription Shares and the Scheme Shares; and

(vi) a premium of approximately HK$1.56 over the Group's adjusted unaudited consolidated net liabilities per Share of approximately HK$1.41 as at 31 March 2026, based on the adjusted unaudited consolidated net liabilities attributable to the Shareholders of approximately RMB448.0 million (after taking into account the revaluation surplus arising from the Valuation) (equivalent to approximately HK$507.5 million) as at 31 March 2026 and 360,181,940 Shares in issue, prior to the allotment and issue of the Subscription Shares and the Scheme Shares.

(ii) Historical trading price of the Shares

In order to assess the fairness and reasonableness of the Offer Price, we have reviewed the daily closing price of the Shares as quoted on the Stock Exchange during the period commencing from 16 July 2025, being the twelve-month period immediately preceding the date of the Joint Announcement (i.e. 15 July 2026) and up to and including the Latest Practicable Date (the "**Review Period**").

We consider that the Review Period which covers a one-year period prior to the date of the Joint Announcement and up to and including the Latest Practicable Date represents a reasonable and sufficient period to provide a general overview of the recent price performance of the Shares. Set out below is the chart of the closing prices of the Shares during the Review Period:

Source: the website of the Stock Exchange

We have reviewed the Company's notable corporate events during the Review Period, including but not limited to:

(i) 30 June 2025, the Company announced financial results for the year ended 31 March 2025, where a net loss attributable to owners of at least RMB840.0 million for the year ended 31 March 2025, a significant increase from the RMB193.3 million loss recorded for the year ended 31 March 2024, which were primarily driven by write-down and impairment related to the Fusong Property Project;

(ii) 4 July 2025, the Company proposed to further change its English and Chinese names to better reflect the direction of the future business plans and development of the Company;

(iii) 28 July 2025, the Company announced to divest certain property projects under tradename "Guangze", which constituted a major transaction under the Listing Rules;

(iv) 18 September 2025, the Company announced to divest certain property projects in Dunhua City, which constituted a discloseable transaction under the Listing Rules;

(v) 30 September 2025, divestment related to the Fusong Property Project was completed, which constituted a very substantial disposal transaction under the Listing Rules;

(vi) 21 November 2025, profit alert was announced where a significant reduction by not less than 90% of net loss attributable to the owners of the Company for the six months ended 30 September 2025, which were primarily driven by the completion of divestment related to the Fusong Property Project;

(vii) 12 January 2026, Ground Group HK, the Company, and Ka Yun entered into the Funding Agreement to facilitate the preparation and implementation of the Restructuring;

(viii) 24 February 2026, the Company has received a court order to convene a Scheme Meeting in early June 2026 for Scheme Creditors to consider the Proposed Restructuring;

(ix) 31 March 2026, the major disposal related to certain property projects under tradename "Guangze" was completed;

(x) 8 June 2026, the Company announced that at the Scheme Meeting was held and the Scheme was approved by the requisite statutory majorities of creditors;

(xi) 22 June 2026, positive profit alert was announced where a profit of not less than approximately RMB110.0 million is expected to record for the year ended 31 March 2026 mainly due to the one-off gain arising from the disposal of project companies and purchase of ginseng assets; and

(xii) 15 July 2026, Ground Group HK and the Company entered into the Restructuring Framework Agreement, pursuant to which the Company will implement the Proposed Restructuring, which involves, among others, (i) the Subscription; and (ii) the Scheme.

As advised by the Management, other than the events mentioned above, the Management is not aware of any events that might lead to the fluctuation trend in the closing prices of the Shares during the Review Period.

During the initial phase of the Review Period, spanning from July 2025 through March 2026, the Shares traded within a relatively stable band ranging from approximately HK$0.60 to HK$0.85. The period commenced under immediate downward pressure following the profit warning announcement dated 13 June 2025 and the subsequent release of the annual result for the year ended 31 March 2025. Thereafter, the closing price of the Shares consolidated and stabilized at around HK$0.75 level. This might indicate that the market had digested the insolvent position of the Company, pricing in both the Group's strategic efforts to prevent winding-up proceedings through disposal of loss-making and heavily indebted property projects, and the speculative value tied to the potential successful completion of the Proposed Restructuring.

During April and May 2026, the Shares experienced a sharp downturn to a low of HK$0.42 per Share, which might reflect market reactions related to the uncertainties surrounding the restructuring ahead of the court-convened Scheme Meeting in early June 2026, notwithstanding that the Company had successfully decoupled from its distressed real estate liabilities following the disposal of property projects under the tradename "Guangze". Following the announcement made on 8 June 2026 confirming that the Scheme had been approved by the requisite statutory majorities of creditors, the Shares recovered and subsequently reached the highest closing price during Review Period at HK$0.92 per Share on 24 June 2026 after the publication of a positive profit alert announcement. In July 2026, the Shares stabilized at around the HK$0.72 level before the publication of the Joint Announcement, demonstrating the market might have adopted a cautious approach regarding the restructuring updates, pending the actual implementation and execution of the Proposed Restructuring.

Following the publication of the Joint Announcement on 15 July 2026, the Shares experienced a sharp downward correction, the closing price of the Shares fell significantly from the pre-announcement level of HK$0.72 per Share to HK$0.45 per Share on 17 July 2026 and stabilized at around HK$0.55 level as at the Latest Practicable Date. This reflected immediate market re-pricing to align with the substantial discount of the transaction terms and structural changes under the Proposed Restructuring.

During the Review Period, the closing prices of the Shares traded within a range between the lowest closing price at HK$0.42 per Share in mid-May 2026 to the highest closing price at HK$0.92 per Share in late June 2026 with an average closing price of approximately HK$0.69 per Share. The Offer Price of HK$0.15 per Offer Share represents discounts of approximately 83.70%, 64.29% and 78.26% over the highest, lowest and the average closing prices respectively during the Review Period. Furthermore, the Offer Price represents a discount of approximately 79.17% over the closing price of HK$0.72 as at the Last Trading Day and a discount of approximately 72.73% over the closing price of HK$0.55 as at the Latest Practicable Date. Although the closing prices of the Shares had been staying above the Offer Price during the entire Review Period, the gap between the two had narrowed following the publication of the Joint Announcement, and such downward adjustment after the Joint Announcement demonstrates that the market has begun factoring in the impact of the terms of the Proposed Restructuring.

Consequently, Independent Shareholders should note that the historical closing prices and the market re-pricing following the publication of the Joint Announcement set out above are not an indicator of the future performance of the Shares, and that the trading price of the Shares may continue to fluctuate above or below the closing price recorded as at the Latest Practicable Date in response to further developments in relation to the Proposed Restructuring. The Independent Shareholders who wish to accept the Share Offer or otherwise realize their investments in the Group are reminded that they should carefully and closely monitor the trading price and liquidity of the Shares throughout the Offer Period.

(iii) Historical trading liquidity of the Shares

Set out below is the average daily trading volume of the Shares per relevant month/period, and the respective percentage of the average daily trading volume of the Shares to the total number of issued Shares and the Shares held by public Shareholders as at the end of relevant month/period, in the Review Period:

Year/Month	Total trading volume of the Shares	Number of trading days	Average daily trading volume of the Shares *(Note 1)*	Percentage of average daily trading volume of total issued Shares as at the end of relevant month/period *(Note 2)*	Percentage of average daily trading volume of the Shares held by public Shareholders as at the end of relevant month/period *(Note 3)*
2025					
July (from 16 July)	1,599,725	12	133,310	0.0370%	0.0530%
August	4,820,015	21	229,525	0.0637%	0.0913%
September	1,286,250	22	58,466	0.0162%	0.0233%
October	3,414,800	20	170,740	0.0474%	0.0679%
November	414,900	20	20,745	0.0058%	0.0083%
December	797,298	21	37,967	0.0105%	0.0151%
2026					
January	818,380	21	38,970	0.0108%	0.0155%
February	314,650	17	18,509	0.0051%	0.0074%
March	522,120	22	23,733	0.0066%	0.0094%
April	223,700	19	11,774	0.0033%	0.0047%
May	3,176,500	19	167,184	0.0464%	0.0665%
June	5,425,760	21	258,370	0.0717%	0.1028%
July	4,458,850	26	171,494	0.0476%	0.0682%
August	588,530	21	28,025	0.0078%	0.0111%
September (to Latest Practicable Date)	188,500	10	18,850	0.0052%	0.0075%
		Maximum	258,370	0.0717%	0.1028%
		Minimum	11,774	0.0033%	0.0047%
		Average	92,511	0.0257%	0.0368%

Source: the website of the Stock Exchange

Note:

1. *Average daily trading volume of the Shares is calculated by dividing the total trading volume for the month/period by the number of trading days in the respective month/period.*

2. *The calculation is based on the average daily trading volume of the Shares divided by the total number of the Shares in issue at the end of month/period.*

3. *Based on 251,414,759 Shares held by public Shareholders as at the end of relevant month/period.*

As illustrated above, the average daily trading volume of the Shares per relevant month/period during the Review Period ranged from a low of approximately 11,774 Shares in April 2026 to a high of approximately 258,370 Shares in June 2026, representing a thin and negligible percentage of the total number of issued Shares as at the end of the relevant month/period, ranging from approximately 0.0033% to approximately 0.0717%. Furthermore, the average daily trading volume of the Shares also represented a low percentage of the Shares held by public Shareholders throughout the Review Period, ranging from approximately 0.0047% to 0.1028%, with an average of approximately 0.0368%, which further reflects the thin trading liquidity of the Shares. There were 59 trading days where no trading of the Shares was recorded out of 292 trading days during the Review Period, representing approximately 20% of the total number of trading days.

The highest daily trading volume was recorded on 17 July 2026, with approximately 2.86 million Shares traded, representing approximately 0.7940% of the total number of issued Shares, which occurred following the publication of the Joint Announcement. This may represent a brief, event-driven liquidity surge directly triggered by market reactions to the material inside information contained in the Joint Announcement, which is highly unlikely to be sustainable under ordinary open market conditions. Independent Shareholders should remain mindful that once the market has digested the Joint Announcement, the trading volume of the Shares will likely revert to its historically thin and illiquid baseline.

Given the persistently low trading liquidity, the Independent Shareholders (especially those with relatively sizeable shareholdings) should note that, having considered the overall thin historical trading volume of the Shares during the Review Period, they may find it difficult to dispose of a large volume of the Shares in the open market at a stable price level within a short period of time without exerting downward pressure on the Shares price. Therefore, Independent Shareholders are advised to carefully and closely monitor the trading price and the trading liquidity of the Shares during the Offer Period, take into account the potential downward pressure on the Share price when attempting to execute bulk sales in the open market, and consider the Offer as a certain exit alternative to realise their investments in the Shares.

(iv) Market comparable analysis

In assessing the fairness and reasonableness of Offer Price, we have conducted a comparative analysis of the Offer Price against the prevailing market valuation of industry peers. This was based on the trading multiples of the companies listed on the Stock Exchange which are primarily engaged in business activities similar to those of the Group ("**Market Comparables**").

We have considered three most commonly adopted benchmarks for equity analysis: the price-to-sales ratio ("**P/S ratio**"), the price-to-earnings ratio ("**P/E ratio**"), and the price-to-book ratio ("**P/B ratio**"). Given that the Group recorded net liabilities of approximately RMB489.5 million for the year ended 31 March 2026, the P/B ratio analysis is not applicable. Given that the Group incurred net losses for the years ended 31 March 2024 and 2025, and its profit of approximately RMB122.2 million for the year ended 31 March 2026 was mainly driven by a non-recurring, one-off gain of approximately RMB168.1 million from disposing of project companies and purchasing ginseng assets, the P/E ratio analysis is also not considered applicable. Consequently, we have utilized the P/S ratio as the primary metrics for our analysis of the Market Comparables.

Taking into account the principal business nature and the severe financial distress situation of the Company, we have identified the Market Comparables based on the following criteria: (i) companies which are principally engaged in property development and management in the PRC, with such activities accounting for over 70% of total revenue in the latest financial year; (ii) companies whose shares are listed and traded on the Main Board of the Stock Exchange; (iii) companies with a market capitalization of not more than HK$1,000 million as at the Last Trading Day; (iv) companies recording a net liability position as that of the Company during the latest financial year, which is regarded as exhibiting a distressed financial profile similar to that of the Company; (v) companies whose shares were not under trading suspension as at the Last Trading Day. On this basis, we have identified an exhaustive list of 15 Market Comparables that met the aforementioned criteria, details of which are set out in the table below:

#	Company name (stock code)	Principal business	Market capitalisation as at the Last Trading Day *(Note 1)* *(HK$ million)*	Total revenue for the latest financial year *(HK$ million)*	Percentage of revenue generated from property development and management *%*	P/S Ratio *(Note 2)* *(times)*	Net liabilities recorded for the latest financial year *(HK$ million)*
1	JY Grandmark Holdings Limited (2231)	Principally engaged in property development and sales, hotel operations, property management and commercial property investment in the PRC.	24.69	615.03	94%	0.040	(734.96)
2	Sunshine 100 China Holdings Ltd (2608)	Principally engaged in property and land development, property investment, property management and hotel operation, and light-asset operation in the PRC.	25.51	1,920.15	93%	0.013	(9,548.13)
3	Zhenro Properties Group Limited (6158)	Principally engaged in property development and property leasing in the PRC.	48.05	10,771.54	99%	0.004	(25,025.52)
4	Redsun Properties Group Limited (1996)	Principally engaged in property development and management services, commercial property investment and operations and hotel operations in the PRC.	66.78	4,747.46	94%	0.014	(5,010.15)
5	Ronshine China Holdings Limited (3301)	Principally engaged in property development in the PRC.	89.22	7,818.34	94%	0.011	(7,419.67)
6	Times China Holdings Limited (1233)	Principally engaged in the property development, urban redevelopment business and property leasing in the PRC.	89.77	3,685.47	82%	0.024	(8,614.53)
7	Central China Real Estate Limited (832)	Principally engaged in property development, property leasing and hotel operations in the PRC.	130.68	12,998.66	91%	0.010	(9,420.81)
8	Zhuguang Holdings Group Company Limited (1176)	Principally engaged in property development, property investment, project management, and other property development related services in the PRC.	132.76	1,529.78	90%	0.087	(4,699.31)
9	Overseas Chinese Town (Asia) Holdings Limited (3366)	Principally engaged in comprehensive development, equity investment and fund management.	160.90	443.08	88%	0.363	(2,160.41)
10	Huijing Holdings Company Limited (9968)	Principally engaged in property development and investment in the PRC.	183.89	330.32	90%	0.557	(2,256.62)
11	China Aoyuan Group Limited (3883)	Principally engaged in property development and property investments in the PRC.	192.81	10,181.22	90%	0.019	(50,209.58)

#	Company name (stock code)	Principal business	Market capitalisation as at the Last Trading Day *(Note 1)* *(HK$ million)*	Total revenue for the latest financial year *(HK$ million)*	Percentage of revenue generated from property development and management *%*	P/S Ratio *(Note 2)* *(times)*	Net liabilities recorded for the latest financial year *(HK$ million)*
12	China SCE Group Holdings Limited (1966)	Principally engaged in property development, property investment, property management, project management and land development in the PRC.	206.93	40,825.51	98%	0.005	(5,619.96)
13	Redco Properties Group Limited (1622)	Principally engaged in property development, property management services, property investment, project management services and healthcare services in the PRC.	607.33	2,638.46	96%	0.230	(6,160.06)
14	Sino-Ocean Group Holding Limited (3377)	The Group is mainly engaged in development of residential property, investment property development and operation, property services and whole-industrial chain construction services, with its scope of businesses also covering senior living service, internet data center, logistics real estate, real estate financing, etc. The Group is one of the leading property developers with developments in key economic regions in the PRC.	607.92	16,321.18	75%	0.037	(739.91)
15	Shimao Group Holdings Limited (813)	The Group is principally engaged in the development and investment of residential and commercial properties, property management, commercial properties operation and hotel operation in the PRC.	687.05	31,259.55	87%	0.022	(183.59)
					Maximum	**0.557**	
					Minimum	**0.004**	
					Median	**0.022**	
					Average	**0.096**	

#	Company name (stock code)	Principal business	Market capitalisation as at the Last Trading Day *(Note 1)* *(HK$ million)*	Total revenue for the latest financial year *(HK$ million)*	Percentage of revenue generated from property development and management *%*	P/S Ratio *(Note 2)* *(times)*	Net liabilities recorded for the latest financial year *(HK$ million)*
	The Company	Principally engaged in property development and management, including planning design, budgeting, licensing, contract tendering and contract administration, property investment and cultivation and sales of ginseng assets in the PRC.	54.03	57.95	100%	0.932 *(Note 3)*	(538.45)

Source: the website of the Stock Exchange

Notes:

1. The market capitalization of the Market Comparables is computed by multiplying their respective closing share price and the total number of issued shares as at the Last Trading Day as published on the website of the Stock Exchange.

2. For each of the Market Comparables, the P/S ratio is computed by dividing their respective market capitalization as at the Last Trading Day by the total revenue based on their respective latest published annual results for the year ended 31 December 2025 with an exchange rate of RMB1=HK$1.1 (for illustrative purposes).

3. For the implied P/S ratio of the Company, it is computed based on: (a) the Offer Price of HK$0.15 per Offer Share; (b) 360,181,940 Shares in issue as at the Last Trading Day; and (c) the Group's revenue of approximately RMB52.686 million for the year ended 31 March 2026 with an exchange rate of RMB1=HK$1.1 (for illustrative purpose).

4. Figures are subject to rounding

5. For each of JY Grandmark Holdings Limited, Sunshine 100 China Holdings Ltd, Redsun Properties Group Limited, Central China Real Estate Limited and Shimao Group Holdings Limited we acknowledge that they engaged in hotel operations, which is a business segment different from that of the Company. Nevertheless, given that the revenue derived from their respective hotel operations accounted for less than 10% of their total revenue in the latest financial year, we consider that such operational discrepancies do not compromise the fundamental relevance and representativeness of these Market Comparables.

As illustrated in the above table, the P/S ratios of the Market Comparables ranged from approximately 0.004 times to approximately 0.557 times, with an average of approximately 0.096 times and a median of approximately 0.022 times, as of the Last Trading Day. The implied P/S ratio of the Company of 0.932 times is above the range of the P/S ratios of the Market Comparables, which indicates that, notwithstanding the substantial discount to the recent trading price of the Shares, that the Offer Price does not undervalue the Company relative to how the market currently values comparable distressed PRC property developers.

Based on the foregoing analysis, including (i) the market re-pricing of the Shares following the publication of the Joint Announcement as set out in the section headed "Historical trading price of the Shares" above; (ii) the overall thin historical trading volume of the Shares during the Review Period as set out in the section headed "Historical trading liquidity of the Shares" above; and (iii) the Market Comparable analysis as set out above, we are of the view that the Offer Price of HK$0.15 per Offer Share is fair and reasonable so far as the Independent Shareholders are concerned. The Independent Shareholders (especially those with relatively sizeable shareholdings) should note that they may find it difficult to dispose of a large volume of the Shares in the open market at a stable price level within a short period of time without exerting downward pressure on the Shares price, therefore they are advised to carefully and closely monitor the trading price and the trading liquidity of the Shares during the Offer Period. For those who wish to realize their investments in the Company but are concerned about the lack of secondary market depth, the Offer provides a certain exit alternative to liquidate their entire shareholding positions at the Offer Price of HK$0.15 per Share without incurring transaction slippage or causing a localized collapse in the market price.

OPINION AND RECOMMENDATION

In formulation of our opinion and recommendation, we have taken into account the factors and reasons discussed above in this letter, in particular, the following principal considerations:

(i) as discussed under the section headed "Background and financial information of the Group – Prospect of the Group" above, having regard to the Group's significant reliance on the property development and management business in the PRC, the weak market conditions in Northeastern region of China where the Group's principal business and properties are located, and the continued downturn in the PRC property sector as a whole, the prospect of the ginseng business of the Group shall be viewed with caution in the absence of actual sales revenue and the disclaimer of opinion issued by the Company's auditor with respect to the financial statements of the Group for the year ended 31 March 2026, the Group's business prospect is considered to remain cautious and uncertain in the near term;

(ii) despite the closing prices of the Shares had been staying above the Offer Price during the entire Review Period, the downward adjustment after the Joint Announcement demonstrates that the market has begun factoring in the impact of the terms of the Proposed Restructuring. Consequently, Independent Shareholders should note that the historical trading price levels observed prior to the Joint Announcement may not serve as a reliable baseline to project the future trading performance of the Shares, which may continue to fluctuate based on the progress of the actual implementation and execution of the Proposed Restructuring as discussed in the section headed "Historical trading price of the Shares" above;

(iii) having considered the persistently low trading liquidity of the Shares, particularly the 59 trading days where no trading of the Shares was recorded out of 292 trading days during the Review Period as discussed in the section headed "Historical trading liquidity of the Shares" above, the Independent Shareholders (especially those with relatively sizeable shareholdings) should note that, they may encounter substantial difficulties when attempting to dispose of a large volume of the Shares in the open market at a stable price level within a short period of time without exerting severe downward pressure on the Shares price. Accordingly, the Offer provides a certain exit alternative for Independent Shareholders to realise their investments in the Shares;

(iv) as evaluated under the section headed "Market comparable analysis" of this letter, the Company's implied P/S ratio exceeds the range of the P/S ratios of the Market Comparables, which indicates that, notwithstanding the substantial discount to the recent trading price of the Shares, the Offer Price does not undervalue the Company relative to how the market currently values comparable distressed PRC property developers; and

(v) the Offer Price of HK$0.15 per Offer Share represents a substantial premium of approximately HK$1.69 over the Group's audited consolidated net liabilities per Share of approximately HK$1.54 as at 31 March 2026.

Balancing the abovementioned principal reasons, we consider that the Offer (including the Offer Price) is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the TC Independent Board Committee to recommend the Independent Shareholders to accept the Offer.

Independent Shareholders who wish to realise part or all of their investments in the Shares should closely monitor the market price and liquidity of the Shares during the Offer Period. Should the net proceeds (after deducting all transaction and brokerage costs) from the sale of such Shares in the open market exceed the net amount receivable under the Offer, Independent Shareholders should consider selling their Shares in the market instead of accepting the Offer.

The Independent Shareholders should also note that (i) there is no assurance that the market price of the Shares will be sustained at a level above the Offer Price during or after the Offer Period; and (ii) given the thin historical trading volume of the Shares during the Review Period, the Independent Shareholders may not be able to liquidate their holdings at a price higher than the Offer Price in the open market.

Independent Shareholders who decide to retain part or all of their investments in the Shares should carefully monitor the financial and operational performance of the Group, and remain mindful of the potential difficulties they may encounter when attempting to dispose of their Shares after the Offer Period given the thin historical trading liquidity.

Independent Shareholders are reminded that their investments in the Shares are subject to their individual circumstances and investment objectives. Independent Shareholders are advised to read the Composite Document carefully before taking any actions in respect of the Offer.

Yours faithfully,
For and on behalf of
JUN HUI INTERNATIONAL FINANCE LIMITED

Tina Tian
Managing Director

Karol Hui
Executive Director

Note: Ms. Tina Tian and Ms. Karol Hui are licensed persons and responsible officers of Jun Hui International Finance Limited registered with the SFC to carry out Type 6 (advising on corporate finance) regulated activity under the SFO with over 18 years and 15 years of experience in corporate finance industry respectively.