THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in STAR CM Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

STAR CM Holdings Limited
星空華文控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6698)

VERY SUBSTANTIAL ACQUISITION AND VERY SUBSTANTIAL DISPOSAL AND NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the Extraordinary General Meeting of STAR CM Holdings Limited to be held at 23M/F, Canxing Building, No. 158 Longqi Road, Shanghai, China on Wednesday, July 29, 2026 at 10:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the Extraordinary General Meeting is also enclosed. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.starcmgroup.com).

Whether or not you are able to attend the Extraordinary General Meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Extraordinary General Meeting (i.e. not later than 10:00 a.m. on July 27, 2026) or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the Extraordinary General Meeting (or any adjournment thereof) if they so wish and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

References to dates and time in this circular are to Hong Kong dates and time. Where the context so permits or requires in this circular, words importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders and vice versa.

July 14, 2026

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In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Acquisition"	Equity Acquisition and transfer of Assumed Debt
"Assigned Debt"	the shareholder's loan in the total sum of approximately RMB266,126,000 provided by Shanghai Binqiao to SH Xingkongshui'an
"Assumed Debt"	the shareholder's loan in the total sum of approximately RMB266,592,000 owing by Shanghai Binqiao to Mengxiang Qiangyin, which will be transferred to and assumed by SH Xingkongshui'an upon Completion pursuant to the Debt Transfer Arrangement
"Binjiang Group"	Shanghai Yangpu Binjiang Investment and Development (Group) Co., Ltd.* (上海楊浦濱江投資開發(集團)有限公司), a limited liability company incorporated in the PRC
"Binqiao Group"	Shanghai Binqiao, SH Xingkongshui'an, SH Shengshi Chuangtuo and SH Binxing
"Board"	the board of Directors
"Company"	STAR CM Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issues shares of which are listed on the Main Board of the Stock Exchange (stock code: 6698)
"Completion"	Completion of the Acquisition and the Disposal in accordance with the terms and conditions of the Restructuring Agreement
"connected person(s)"	has the meaning ascribed thereto in the Listing Rules
"Debt Transfer Arrangement"	the transfer of the Assumed Debt from Mengxiang Qiangyin to SH Xingkongshui'an, together with the set-off against Shanghai Binqiao's loan receivable from SH Xingkongshui'an in the sum of approximately RMB266,126,000 and the cash settlement of the remaining balance of RMB466,000

"Director(s)"	the director(s) of the Company
"Disposal"	Equity Disposal and transfer of Assigned Debt
"EGM" or the "Extraordinary General Meeting"	the extraordinary general meeting of the Company to be convened for the purposes of considering, and if thought fit, approving the Restructuring Agreement and the transactions contemplated thereunder to be convened at 10:00 a.m. on July 29, 2026
"Enlarged Group"	the Group and SH Xingkongshui'an immediately after Completion
"Equity Acquisition"	the acquisition of the entire equity interest in SH Xingkongshui'an by Mengxiang Qiangyin pursuant to the Restructuring Agreement
"Equity Disposal"	the disposal of the Sale Shares pursuant to the Restructuring Agreement
"Group"	the Company and its subsidiaries and consolidated affiliated entities
"Latest Practicable Date"	July 9, 2026, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"Lianke Shenhuo"	Shanghai Lianke Shenhuo Network Technology Co., Ltd.* (上海聯可深活網絡科技有限公司), a limited liability company incorporated in the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mengxiang Qiangyin"	Mengxiang Qiangyin Culture Broadcast (Shanghai) Company Ltd.* (夢響強音文化傳播(上海)有限公司), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
"PRC"	the People's Republic of China
"Project Companies"	SH Xingkongshui'an, SH Shengshi Chuangtuo and SH Binxing
"RMB"	Renminbi, the lawful currency of the PRC

"Restructuring Agreement"	the shareholding restructuring framework agreement dated June 2, 2026 entered into among the Mengxiang Qiangyin, Binjiang Group, Lianke Shenhuo, Binqiao Group and SH Yangshupu in relation to the Acquisition and the Disposal
"Sale Shares"	the 17.59% interest in the registered capital of Shanghai Binqiao held by Mengxiang Qiangyin, which is the subject of the reduction and cancellation pursuant to the Restructuring Agreement
"Sale Share Consideration"	the aggregate consideration of RMB193,460,000 for the reduction and cancellation of the Sale Shares, to be satisfied by way of (i) the transfer of the entire equity interest in SH Xingkongshui'an and (ii) a cash balancing payment, under the Restructuring Agreement
"Shanghai Binqiao"	Shanghai Binqiao Enterprise Management Co., Ltd.* (上海濱橋企業管理有限公司), a limited liability company incorporated in the PRC
"Share Swap Arrangement"	the transaction whereby Mengxiang Qiangyin reduces its entire 17.59% equity interest in Shanghai Binqiao by way of selective capital reduction, and in consideration therefor, Shanghai Binqiao transfers its entire equity interest in SH Xingkongshui'an to Mengxiang Qiangyin and cash balance payment
"Shareholder(s)"	shareholder(s) of the Company
"SH Binxing"	Shanghai Bingxing Construction Development Co., Ltd.* (上海濱星建設發展有限公司), a limited liability company incorporated in the PRC
"SH Shengshi Chuangtuo"	Shanghai Shengshi Chuangtuo Construction Development Co., Ltd.* (上海聲視創拓建設發展有限公司), a limited liability company incorporated in the PRC
"SH Xingkongshui'an"	Shanghai Xingkongshui'an Enterprise Development Co., Ltd.* (上海星空水岸企業發展有限公司), a limited liability company incorporated in the PRC

"SH Yangshupu"	Shanghai Yangshupu Property Management Co., Ltd.* (上海楊樹浦置業有限公司), a limited liability company incorporated in the PRC
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Transactions"	the Share Swap Arrangement and the Debt Transfer Arrangement
"%"	per cent

In this circular, unless the context otherwise requires, the terms "associate(s)", "connected person(s)", "connected transaction(s)", "controlling shareholder(s)", "percentage ratio(s)", "subsidiary(ies)" and "substantial shareholder(s)" shall have the meanings given to such terms in the Listing Rules.

Certain amounts and percentage figures set out in this circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables and the currency conversion or percentage equivalents may not be an arithmetic sum of such figures.

* *The English name is a translation of its Chinese name and is included for identification purposes only*

STAR CM Holdings Limited
星空華文控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6698)

Executive Directors:
Mr. Tian Ming *(Chairman of the Board and Chief Executive Officer)*
Mr. Jin Lei
Mr. Xu Xiangdong
Mr. Lu Wei
Ms. Wang Yan
Ms. Shen Ning

Independent Non-executive Directors:
Mr. Li Liangrong
Mr. Chen Rehao
Mr. Sheng Wenhao

Registered Office:
PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Head office in PRC:
23M/F, Canxing Building
No. 158 Longqi Road
Shanghai
PRC

Principal Place of Business in Hong Kong:
4/F, Jardine House,
1 Connaught Place,
Central, Hong Kong

July 14, 2026

To the Shareholders

Dear Sir/Madam,

VERY SUBSTANTIAL ACQUISITION AND VERY SUBSTANTIAL DISPOSAL AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated June 2, 2026 in respect of the Acquisition and the Disposal pursuant to the Restructuring Agreement.

The purpose of this circular is to provide you with, among other things, (i) further details of the Restructuring Agreement and the transactions contemplated thereunder; (ii) the notice of the Extraordinary General Meeting; and (iii) other information as required to be disclosed under the Listing Rules, for the Shareholders to consider and, if thought fit, pass the resolution(s) to approve the Acquisition and the Disposal.

THE RESTRUCTURING AGREEMENT

Principal terms of the Restructuring Agreement are set out below:

Date

June 2, 2026

Parties

Shareholders of Shanghai Binqiao:

(1) Mengxiang Qiangyin, an indirect wholly-owned subsidiary of the Company,

(2) Binjiang Group, and

(3) Lianke Shenhuo;

Binqiao Group:

(1) Shanghai Binqiao,

(2) SH Xingkongshui'an,

(3) SH Shengshi Chuangtuo, and

(4) SH Binxing;

Property Management Company:

SH Yangshupu

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of Binjiang Group, Lianke Shenhuo, Shanghai Binqiao, SH Xingkongshui'an, SH Shengshi Chuangtuo, SH Binxing and SH Yangshupu and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons under the Listing Rules. As at the Latest Practicable Date, Mengxiang Qiangyin owns approximately 17.59% interest in the registered capital of Shanghai Binqiao and hence Shanghai Binqiao is considered as an associate of the Company. For details of the parties to the Restructuring Agreement, please refer to the paragraph headed "INFORMATION OF THE PARTIES" below.

(1) Share Swap Arrangement

Subject matter

Pursuant to the Restructuring Agreement, Mengxiang Qiangyin will reduce its shareholding in the registered capital of Shanghai Binqiao (the Sale Shares), and in return of the capital reduction, Shanghai Binqiao will transfer its entire equity interest in SH Xingkongshui'an to Mengxiang Qiangyin.

Upon Completion, Mengxiang Qiangyin shall cease to be a shareholder of Shanghai Binqiao and SH Xingkongshui'an shall become a wholly-owned subsidiary of Mengxiang Qiangyin.

Consideration

The Sale Shares Consideration is approximately RMB193,460,000, which shall be satisfied by

(i) the transfer of the entire equity interest in SH Xingkongshui'an, and (ii) cash settlement of valuation difference of approximately RMB237,000 on Completion.

Basis of Consideration

The Sale Shares Consideration was determined after arm's length negotiation among Mengxiang Qiangyin, Binjiang Group and Shanghai Binqiao on normal commercial terms after taking into account the appraised value of 100% equity interest in Shanghai Binqiao as at July 31, 2025 based on the valuation conducted by a PRC independent valuer (the "**Valuer**"), which was approximately RMB1,099,832,000, and applying Mengxiang Qiangyin's 17.59% equity interest in Shanghai Binqiao on a pro-rata basis resulting in approximately RMB193,460,000. The parties further considered the net asset value of Shanghai Binqiao based on its management account as at December 31, 2025 and the capital contribution of approximately RMB193,490,000 made to Shanghai Binqiao by Mengxiang Qiangyin as reference for determining the Sale Share Consideration.

The entire equity interest in SH Xingkongshui'an was valued at approximately RMB193,697,000 which was determined after arm's length negotiation among Mengxiang Qiangyin, Binjiang Group and Shanghai Binqiao on normal commercial terms after taking into account, among other things, (i) the value of SH Xingkongshui'an as at July 31, 2025 based on the valuation conducted by the Valuer, (ii) the registered capital of SH Xingkongshui'an and (iii) the value of property located at land plot of M2-01 at the 85th Street Project in Yangpu District, Shanghai.

The fair values of Shanghai Binqiao and SH Xingkongshui'an were arrived at by the Valuer using asset-based approach. The details of the valuation method adopted in the valuation are summarised as follows:

The Valuation Approach

There are three commonly accepted approaches to appraise the fair value of Shanghai Binqiao and SH Xingkongshui'an, namely the income approach, the market approach and the asset-based approach. In the process of valuing, the Valuer took into account that both Shanghai Binqiao and SH Xingkongshui'an are holding platforms with no actual business operations. The primary value of Shanghai Binqiao lies in its three wholly-owned subsidiaries (including SH Xingkongshui'an), whose core assets are real estate development projects.

The income-based approach was not adopted in the valuation of Shanghai Binqiao and SH Xingkongshui'an because both Shanghai Binqiao and SH Xingkongshui'an have no relevant sales or operational history to reliably estimate future income, and the future operating revenues and risks of SH Xingkongshui'an, SH Shengshi Chuangtuo and SH Binxing were difficult to estimate as of the valuation date. The market approach was also not adopted because it is difficult to identify truly comparable companies or transaction counterparts due to the lack of sufficient publicly available market data and the extreme heterogeneity of real estate development enterprises. The Valuer therefore adopted the asset-based approach in arriving at the appraised value of Shanghai Binqiao and SH Xingkongshui'an.

The Board has also assessed the fairness and reasonableness of the asset-based approach and why other valuation approaches (e.g. income approach and market approach) may not be suitable for valuations of Shanghai Binqiao and SH Xingkongshui'an:

1. Both Shanghai Binqiao and SH Xingkongshui'an are holding platforms with no actual business operations. Shanghai Binqiao's primary value lies in its three wholly-owned subsidiaries, whose core assets are property development projects. SH Xingkongshui'an holds the M2-01 plot development project. For such asset-holding entities, the asset-based approach (which values the underlying assets and deducts liabilities) is the most direct and reliable method to determine enterprise value.

2. The asset-based approach is a commonly accepted valuation approach under internationally recognized valuation standards. The approach involves using the balance sheet as at the valuation date as a basis and reasonably assessing the value of all assets and liabilities within the entity's books. This ensures that the valuation reflects the actual net asset value of the entity.

3. The asset-based approach relies on book values of assets and liabilities, which have been audited and verified. The valuation adjustments are clearly explained, and the differences between book values and appraised values are disclosed and justified. This transparency supports the fairness and reasonableness of the approach.

4. The income approach is considered as not an appropriate approach for valuations of Shanghai Binqiao and SH Xingkongshui'an on the basis that:

   (a) The income approach refers to an appraisal approach that determines the value of the appraisal object by capitalizing or discounting expected future income. Applying the income approach to enterprise valuation emphasizes the overall expected profitability of the enterprise. Both Shanghai Binqiao and SH Xingkongshui'an have no relevant sales or operational history to reliably estimate future income. Since their establishment, they have been in the development phase and have not generated any revenue.

(b) The future operating revenues and risks of the project companies were difficult to estimate as of the valuation date. The income approach relies on forecasting future cash flows, which requires reliable historical data and a predictable operating environment, and neither of which existed for these entities.

(c) Real estate development enterprises operate on a "project-based" model with cyclical development cycles, making their cash flows highly volatile and unpredictable. The income approach is best suited for enterprises with stable business operations and predictable cash flows, which is not the case for these holding companies.

(d) The subject entity is a holding platform with no future business development plans beyond the completion of the existing development projects. Consequently, it is difficult to reliably estimate its future operating income and risks, meaning the prerequisites for applying the income approach are not met.

5. The market approach is considered as not an appropriate approach for valuations of Shanghai Binqiao and SH Xingkongshui'an on the basis that:

(a) The market approach requires identifying truly comparable listed companies or transaction counterparts. Due to the extreme heterogeneity of real estate development enterprises and the project-specific attributes of each development, it is difficult to identify comparable entities. Each real estate project is unique in terms of location, scale, design, and regulatory environment.

(b) Limited information on transaction cases of similar property is available. The valuation professionals could not obtain the various factors influencing transaction prices through normal public channels, nor could they quantify such factors into adjustment coefficients to revise transaction prices.

(c) Even if comparable cases were identified, the adjustments required to account for differences in location, development stage, scale, and regulatory environment would be highly subjective and potentially unreliable, rendering the market approach technically flawed for this valuation approach.

Based on the above factors, the Board has considered that the asset-based approach is fair and reasonable for valuations of Shanghai Binqiao and SH Xingkongshui'an, as compared with other approaches, e.g. income approach and market approach.

Scope of work performed by the Valuer and limitation

The scope of valuation under the valuation reports cover all assets and liabilities of Shanghai Binqiao and SH Xingkongshui'an as of July 31, 2025. The asset types and carrying amounts within the valuation scope of the valuation reports have been audited by Zhonghui Certified Public Accountants (Special General Partnership) (中匯會計師事務所(特殊普通合夥)) ("**Zhonghui**"), which issued a special purpose audit report with a standard unqualified opinion.

The Valuer has not identified any limitations in the appraisal process and no corrective measures have been taken by the Valuer.

Source of information

The Valuer has been provided with extracts of copies of relevant documents and financial information relating to Shanghai Binqiao and SH Xingkongshui'an. The valuation was conducted based on the aforesaid information in forming the opinion of the fair values of Shanghai Binqiao and SH Xingkongshui'an as at July 31, 2025.

Key inputs and assumptions

Under the asset-based approach, the fair value of an enterprise as at the valuation date equals to the appraised value of total assets minus the appraised value of total liabilities. For the purpose of this appraisal, the core assets of the subsidiaries, including land use rights, construction in progress, cash and cash equivalents, receivables, other current assets and liabilities were further appraised. No Adjustments were made to the base value.

The key assumptions to the valuations are summarised as follows:

(i). all assets under appraisal are in the course of transaction;

(ii). assets can be traded publicly in the market;

(iii). the subject entity will continue its operations lawfully under its current asset and resource conditions throughout the foreseeable future operating period, without experiencing material adverse changes to its operational status;

(iv). the assets will continue to be used in their current manner for their intended purposes, and it is assumed that the assets within the scope of valuation are in use and will continue to be used for the current purpose and mode of use without considering asset use conversion or optimal utilization conditions;

(v). following the valuation date, there will be no unforeseeable material adverse changes in the external economic environment, including applicable laws, macroeconomic conditions, financial conditions, and industrial policies, nor will there be any material impact resulting from other unforeseeable or unavoidable factors;

(vi). no consideration has been given to the potential impact on the appraisal conclusions of future mortgages or guarantees that may be placed on the subject entity and its assets, or additional costs that may arise from special transaction arrangements;

(vii). there are no significant changes in the socioeconomic environment of the location where the subject entity is situated, as well as in fiscal and tax policies such as tax burdens and tax rates, and that financial policies such as credit policies, interest rates, and exchange rates remain generally stable; and

(viii). the operations of the subject entity are currently and will continue to be lawful and compliant, and adhere to the relevant provisions of its business license and articles of association.

The valuation conclusion could be adopted within one year from July 31, 2025.

Difference between the book value and appraised value

The appraised value of Shanghai Binqiao as at July 31, 2025 using the asset-based approach was approximately RMB1,099,832,000, representing an increase of approximately RMB684,000 as compared with the book value of Shanghai Binqiao as at July 31, 2025 of approximately RMB1,099,148,000. Details of the increase in value are as follows.

Unit: RMB'000

Item	**Book value**	**Appraised value**	**Increase in value**
	A	B	C=B-A
Current assets:			
Cash and cash equivalents	987	987	0.0
Other receivables	1,401,822	1,401,822	0.0
Sub-total:	1,402,809	1,402,809	0.0
Non-current assets:			
Long-term equity investments	1,100,000	1,100,684	684
Total assets:	2,502,809	2,503,493	684
Current liabilities:			
Other payables	1,403,661	1,403,661	0.0
Total liabilities:	1,403,661	1,403,661	0.0
Owners' equity (net assets)	1,099,148	1,099,832	684

The difference between the book value and the appraised value arises mainly because the book value only records the actual costs incurred at the current stage. The appraised value reflects the nominal appreciated value of the projects by the Project Companies after taking into account capital investment, planning, design, and construction work that has already progressed to its current stage.

The appraised value of SH Xingkongshui'an as at July 31, 2025 using the asset-based approach was approximately RMB193,697,000, representing an increase of approximately RMB642,000 as compared with the book value of SH Xingkongshui'an as at July 31, 2025 of approximately RMB193,056,000. Details of the increase in value are as follows.

Unit: RMB'000

Item	**Book value**	**Appraised value**	**Increase in value**
	A	B	C=B-A
Current assets:			
Cash and cash equivalents	365	365	0.0
Prepayments	2,798	2,798	0.0
Inventories	625,269	625,910	641
Other current assets:	10,624	10,624	0.0
Sub-total:	639,055	639,697	641
Total assets:	639,055	639,697	641
Current liabilities:			
Accounts payables	8,238	8,238	0.0
Other payables	269,012	269,012	0.0
Non-current liabilities due within one year	479	479	0.0
Sub-total:	277,729	277,729	0.0
Non-current liabilities:			
Long-term borrowings	168,271	168,271	0.0
Total liabilities	446,000	446,000	0.0
Owners' equity (net assets)	193,056	193,697	641

The difference between the book value and the appraised value arises mainly because the book value only records the actual costs incurred so far at the current stage. The appraised value reflects the nominal appreciated value of the project by SH Xingkongshui'an after taking into account capital investment, planning, design, and construction work that has already progressed to its current stage.

Identity, qualification and independence of the Valuer

The valuation was carried out by Shanghai Orient Appraisal Co., Ltd. (上海東洲資產評估有限公司), an independent valuer engaged by Binjiang Group, Lianke Shenhuo and Mengxiang Qiangyin. The Valuer holds asset appraisal qualification certificates issued by the Shanghai Municipal Finance Bureau and is a member of the International Valuation Standards Council. It has the professional qualifications to perform the valuations of Shanghai Binqiao and SH Xingkongshui'an.

The Valuer declares that it has provided valuation services in relation to the proposed Disposal and Acquisition, in a manner that is fully independent and impartial.

The Board's assessment

To the best knowledge, information and belief of the Board having made all reasonable enquiries, the Company is not aware of any relationships or interests between the Company, Binqiao Group or any of their respective substantial shareholders, directors or chief executives, or of their respective associates that could reasonably be regarded as relevant to the independence of the Valuer. Apart from normal professional fees payable to the Valuer in connection with the valuation, no arrangement exists whereby the Valuer will receive any fees or benefits from the Company, Binqiao Group or any of their respective substantial shareholders, directors or chief executives, or any of their respective associates, and the Company is not aware of the existence of or change in any circumstances that would affect their independence. The Valuer has confirmed to the Company of their independence. The Board has also reviewed the professional qualifications of the Valuer. Accordingly, the Board considered that the Valuer was eligible to perform the valuation independently and competently.

In addition, the Board has reviewed the valuation reports and independently assessed the bases and assumptions adopted, including discussing with the Valuer on the steps and methodologies applied by the Valuer in relation to the preparation of the valuation reports. The Board has also considered the relevant supporting documents to the valuation reports, such as the special purpose audit report issued by Zhonghui. The Board considered that the appraised results of the Shanghai Binqiao and SH Xingkongshui'an are fair and reasonable for the reasons as follows:

(i) the valuation reports have been prepared in compliance with PRC valuation procedures, standards, laws and regulations by the Valuer who has appropriate qualifications;

(ii) the Valuer had comprehensively reviewed the financial information, operational information and other relevant information of Shanghai Binqiao and SH Xingkongshui'an;

(iii) the reasons for adopting the asset-based approach for the valuation are appropriate considering the operation status of Shanghai Binqiao and SH Xingkongshui'an;

(iv) the methodologies and key assumptions adopted by the Valuer are reasonable and as advised by the Valuer, they are commonly used in valuing similar companies;

(v) the key inputs and calculation process for different kinds of assets and liabilities, as well as the valuation results, are reasonable and consistent with the actual conditions of the relevant assets and liabilities.

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the Sale Shares Consideration is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Board has noted the valuation reference date being July 31, 2025 for assessing Shanghai Binqiao and SH Xingkongshui'an, and also has considered the following factors:

1. The restructuring of Shanghai Binqiao's shareholding structure was formally initiated by its shareholders in mid-2025, and it was formally resolved to proceed with the selective capital reduction at the shareholders' meeting in April 2025 and board meeting in April 2025. The valuation date was set to coincide with the formal commencement of this restructuring process, ensuring that the valuation reflected the financial position of the companies at the time the restructuring was approved by the relevant corporate bodies.

2. As the Restructuring involves state-owned assets, where Binjiang Group is a wholly state-owned enterprise, the valuation report was required to be filed with the Shanghai Yangpu District State-owned Assets Supervision and Administration Commission ("**Yangpu District SASAC**"). The relevant filing was made in February 2026. The valuation reference date, i.e. July 31, 2025, was selected to facilitate this regulatory filing process, which is a critical precondition for the transaction.

3. The valuation process, including data collection, site inspections, and the preparation of comprehensive valuation reports for multiple entities, required substantial lead time. The valuation reference date was a practical reference point that allowed for the completion of all necessary valuation work while still providing a relevant basis for the restructuring negotiations that commenced in mid-2025.

The Board has conducted a thorough assessment and confirms that the valuations of Shanghai Binqiao and SH Xingkongshui'an as at July 31, 2025 remain fair and reasonable. The basis for this assessment is as follows:

1. Since the valuation date, there have been no material adverse changes in the business, financial condition, or operational status of the Group or the subject entities. The Land Use Right Certificate was obtained on February 24, 2023, and the Construction Permit for M2-01 plot (building) was obtained on August 11, 2023. The construction of the M2-01 plot was commenced after the Construction Permit was obtained and has progressed as planned, with the main structural framework completed and major works expected to be completed by the end of 2026. The Group's core business remains stable, and the Company is not aware of any material adverse changes in the financial or trading position of the Group since December 31, 2025.

2. The valuation was conducted using the asset-based approach, which is the appropriate method for holding companies with no active business operations, with the reasons disclosed below. Equity valuation was conducted using the asset-based approach. For property valuation, the residual method and the investment method were applied respectively according to the usage and holding arrangements of the relevant properties. All such methodologies are appropriate for the nature of the underlying assets. The primary value drivers, being the land value, construction costs, and projected sales prices, are stable and not subject to the speculative fluctuations that would affect income-based valuations.

3. The valuation report has been filed with the Yangpu District SASAC in accordance with applicable regulations, and the restructuring has received preliminary approval from the Shanghai Yangpu District Planning and Natural Resources Bureau. These regulatory endorsements provide independent validation of the valuation's reasonableness.

4. The consideration for the share swap (RMB193.46 million) is derived from the equity valuation of Shanghai Binqiao (RMB1,099.83 million) applied on a pro-rata basis, and is matched against the equity valuation of SH Xingkongshui'an (RMB193.70 million). The transaction is a share swap with minimal cash outflow, meaning the valuation serves as a reference tool rather than a sole pricing mechanism.

Based on the above factors, the Board has considered that the valuations of Shanghai Binqiao and SH Xingkongshui'an as at July 31, 2025 under the Restructuring Agreement remains fair and reasonable.

Property Valuation

According to the property valuation report, the appraised value of the M2-01 plot as at April 30, 2026, is approximately RMB722.39 million. Reference is made to the property valuation report as set out in Appendix VIII to this circular.

For due diligence purpose, the Board reviewed the qualifications of the Valuer and noted the personnel who conducted an on-site inspection is with 10 years of property valuation experience. The Board has also obtained the independence confirmation from the Valuer, and is not aware of any circumstances that would affect the Valuer's independence.

Furthermore, the Board reviewed the property valuation report and discussed with the Valuer its scope of work, the methodologies and key inputs and assumptions adopted in the property valuation report. After discussion with the Valuer, it is noted that (i) for property valuations, the residual method was adopted to saleable portions and the investment method was adopted to self-hold portions, and such methodologies are appropriate for the nature of the properties held by the Project Companies; and (ii) the key inputs and assumptions are commonly used in other valuations of similar properties, which are reasonable and consistent with market data, and the Board is not aware of any unusual assumptions adopted in the property valuation report.

The Board has assessed the fairness and reasonableness of the Sale Share Consideration of RMB193.46 million in light of the appraised amount of the M2-01 plot of RMB722.39 million and has considered the following factors:

1. The Sale Share Consideration is determined by the equity valuations of Shanghai Binqiao and SH Xingkongshui'an, not the property valuation. This is the appropriate basis for a share swap transaction because the consideration reflects the value of the corporate entities being exchanged, not just the physical properties they hold.

2. The consideration is based on a valuation report that has been filed with the Yangpu District SASAC, and the consideration results in minimal cash outflow for the Company.

3. The property valuation of RMB722.39 million for the M2-01 plot serves a different purpose from the equity valuation, as it assesses the fair value of the physical assets on a standalone basis without deducting corporate-level liabilities such as bank borrowings of approximately RMB194.97 million, amounts due to the immediate holding company of approximately RMB266.59 million, and other payables of approximately RMB65.94 million, whereas the equity valuation of RMB193.70 million deducts these liabilities to arrive at a lower but more relevant equity value for the holding company.

4. The equity valuation assesses the total shareholder's equity of SH Xingkongshui'an on a going concern premises, deducting all corporate level liabilities (including bank borrowings, amounts due to related parties, and other payables) to arrive at an equity value of RMB193.70 million, whereas the property valuation assesses the physical M2 01 plot on a market premise without deducting such liabilities, resulting in a higher value of RMB722.39 million, and thus, this difference is entirely expected and does not undermine the fairness of the consideration.

Having conducted a thorough review and assessment, and considered the basis above, the Board is of the view that the Sale Share Consideration is fair and reasonable in view of the appraised amount of the M2-01 plot of RMB722.39 million.

Conditions Precedent

Completion of the Restructuring Agreement is conditional upon the fulfilment of the following conditions precedent:

(a) the Company has obtained the approval of its Shareholders for the Restructuring Agreement and the transactions contemplated thereunder, as required under the Listing Rules; and

(b) the parties have obtained all necessary internal approvals (including board and shareholder approvals) required under their respective constitutional documents.

None of the above conditions precedent is waivable. As at the Latest Practicable Date, none of the conditions have been fulfilled. The Company does not have any intention to waive any of the conditions.

Completion

Upon satisfaction of the conditions, the parties will proceed with the following steps to complete the Restructuring:

(i) signing of the standard version capital reduction agreement and/or equity transfer agreement or other application materials as required by the competent market supervision administration for the registration of the capital reduction and the payment of the capital reduction consideration;

(ii) completion of the statutory procedures for the selective capital reduction of Shanghai Binqiao, followed by the submission of registration applications to the competent market supervision administration of Shanghai Binqiao; and

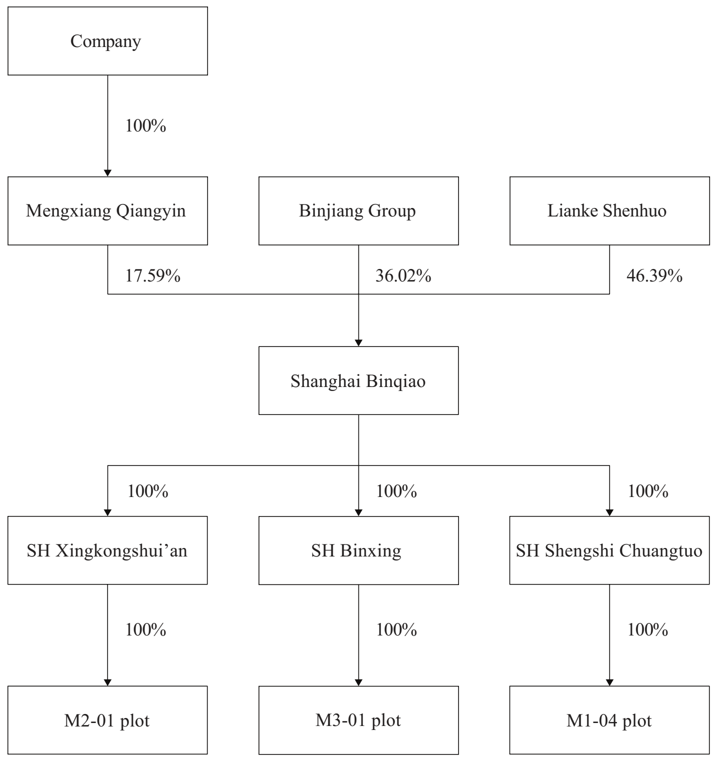
(iii) upon completion of the capital reduction registration, submission of registration applications to the competent market supervision administrations of SH Xingkongshui'an for the transfer of 100% equity interests in SH Xingkongshui'an to Mengxiang Qiangyin.

Upon completion of the above registration procedures with Shanghai Yangpu District Market Supervision and Administration Bureau（上海楊浦區市場監督管理局）, the responsible government authority, the Company will no longer own any equity interest in Shanghai Binqiao, while SH Xingkongshui'an will become an indirect wholly-owned subsidiary of the Company and its financial results, assets and liabilities will be consolidated into the financial statements of the Group.

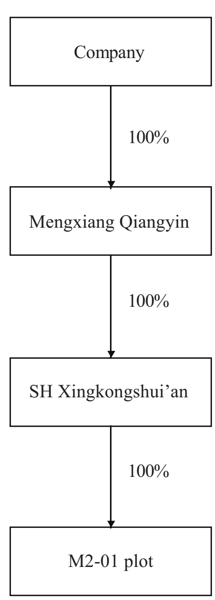
The government registration procedures are expected to be completed within approximately 2 to 3 months from the fulfilment of the conditions. It is expected the Completion will take place within 4 months from the date of the Restructuring Agreement. Having made reasonable enquiries with the responsible government authority, and to the best knowledge, information and belief of the Board , there are no legal impediments to register with or obtain clearance from the government authority.

Shareholding Structures Immediately Prior to and Following the Completion of the Share Swap Arrangement

The following diagram sets out the simplified shareholding structures of the Company, the shareholders of Shanghai Binqiao and Binqiao Group as at the Latest Practicable Date:



The following diagram sets out the simplified shareholding structures of the Company and SH Xingkongshui'an immediately upon the Completion:



(2) Debt Transfer Arrangement

Background

For purpose of development of the 85th Street Project, in about September 2022, each shareholder, namely, Binjiang Group, Lianke Shenhuo and Mengxiang Qiangyin, has provided shareholder loans on pro rata basis of each shareholder's equity interest in Shanghai Binqiao to finance the project companies in acquisition of the land plots and construction of the properties, and Shanghai Binqiao in turn provided corresponding loans on to the respective project companies, namely SH Shengshi Chuangtuo for the M1-04 plot, SH Binxing for the M3-01 plot, and SH Xingkongshui'an for the M2-01 plot. As at the date of the Restructuring Agreement, the shareholder's loan owing by Shanghai Binqiao to Mengxiang Qiangyin (the Assumed Debt) amounted to approximately RMB266,592,000 in aggregate (comprising principal of RMB264,254,333 and accrued interest of RMB2,337,807), and the corresponding loan receivable by Shanghai Binqiao from SH Xingkongshui'an amounted to approximately RMB266,126,000 (comprising principal of RMB263,910,387 and accrued interest of RMB2,215,858). The difference between the loan receivable balance of approximately RMB266,126,000 and the Assumed Debt of RMB266,592,000 arises because the loan receivable amount is derived from unaudited management accounts used for the Restructuring Agreement negotiation, which is set out at note 18 (Interests in associates) to the financial statement in the 2025 annual report of the Company. This difference of approximately RMB466,000 will be settled in cash as part of the Debt Transfer Arrangement.

The loans to Shanghai Binqiao are divided into two parts: (i) for acquiring the land plots and construction of the properties, which are interest-free loans are without fixed terms of repayment. On 29 January 2024, the Company, along with the immediate holding company and other shareholders of the Target Company, agreed that the interest-free loans shall have a term of five years and will mature on 27 July 2027, and (ii) for working capital purpose, which are interest-bearing at 6% per annum and repayable in three years from the date of drawdown of the respective loans. The loans provided from the Shanghai Binqiao to the project companies are on the same terms of the loans provided by its shareholders. Binjiang Group and Lianke Shenhuo are third parties independent of the Company and its connected persons. The loans are not secured by any assets of the Group, and no guarantee has been given by the Company or any of its subsidiaries in respect of these loans. The loan to Shanghai Binqiao by the Group has been disclosed in the 2025 annual report of the Company published on April 28, 2026.

The arrangement

As part of the restructuring, upon completion of the registration procedure for capital reduction of Shanghai Binqiao, the shareholder's loan to Shanghai Binqiao from Mengxiang Qiangyin in the total sum of approximately RMB266,592,000 (the Assumed Debt) will be transferred to and assumed by SH Xingkongshui'an.

As the consideration of the debt assumption:

(i) Shanghai Binqiao's loan receivable from SH Xingkongshui'an in the total sum of approximately RMB266,126,000 will be set off against the Assumed Debt; and

(ii) the remaining balance of approximately RMB466,000 will be settled in cash within 20 business days upon the debt replacement is completed.

Mengxiang Qiangyin, Shanghai Binqiao and SH Xingkongshui'an will enter into a separate agreement for the Debt Transfer Agreement.

The set-off arrangement reflects the funding structure, under which each shareholder's loans were designated for its respective land plot. Following the selective capital reduction, as Mengxiang Qiangyin exits Shanghai Binqiao and takes direct ownership of SH Xingkongshui'an, the set-off eliminates the intermediate on-lending structure. Maintaining the loans separately after the restructuring would be inefficient, as it would create circular payment obligations between parties that are no longer in a parent-subsidiary relationship. The amounts being set off are substantially equal (RMB266.6 million versus RMB266.1 million), with only a small cash balance of RMB466,000 to be settled. The Debt Transfer Arrangement reflects the commercial bargain among the shareholders and eliminates intercompany indebtedness that would no longer serve any meaningful purpose following the restructuring, and further the amounts being set off are substantially equal (a difference of only approximately RMB466,000, which will be settled in cash). The Directors are of the view that the Debt Transfer Arrangement is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

FINANCIAL INFORMATION OF SHANGHAI BINQIAO AND SH XINGKONGSHUI'AN

Set out below is the unaudited consolidated financial information of Shanghai Binqiao for the two years ended December 31, 2024 and 2025:

	For the year ended December 31,	
	2024	**2025**
	(RMB '000)	***(RMB '000)***
Loss before taxation	998	**1,154**
Loss after taxation	998	**1,154**
Net asset value	1,096,027	**1,094,873**

As at December 31, 2024 and 2025, the unaudited consolidated total assets of Shanghai Binqiao amounted to approximately RMB3,567,820,000 and RMB4,176,121,000, respectively.

Mengxiang Qiangyin currently holds a 17.59% equity interest in Shanghai Binqiao, which is accounted for as an associate under the equity method. Upon completion of the selective capital reduction, the Group's remaining interest in Shanghai Binqiao will be 0% – i.e., loss of significant influence. The accounting treatment is as follows:

1. The entire carrying amount of the investment should be derecognised;

2. Gain on disposal = Consideration received – Carrying value of disposed equity interest + Fair value of any retained interest (which is nil in this case).

For further details, please refer to notes 2 and 5 of the Unaudited Pro Forma Financial Information of the Group as set out in Appendix V of this circular.

Set out below is the audited financial information of SH Xingkongshui'an for the two years ended December 31, 2024 and 2025:

	For the year ended December 31,	
	2024	**2025**
	(RMB '000)	***(RMB '000)***
Loss before taxation	69	**117**
Loss after taxation	69	**117**
Net asset value	193,162	**193,045**

Upon completion of the Restructuring, the Group will wholly own SH Xingkongshui'an. The transaction is accounted for as an asset acquisition. Accordingly, the total purchase consideration is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values at the acquisition date. No goodwill is recognised. Transaction costs (professional fees, intermediary fees) are expensed into the acquisition cost, not capitalised.

For further details, please refer to notes 2 and 5 of the Unaudited Pro Forma Financial Information of the Group as set out in Appendix V of this circular.

As at December 31, 2024 and 2025, the audited consolidated total assets of SH Xingkongshui'an amounted to approximately RMB616,589,000 and RMB721,045,000 respectively.

Each of M1-04 plot, M3-01 plot and M2-01 plot is mortgaged to the bank under a fixed asset loan agreement. No guarantees are required in connection with the Restructuring, and Shanghai Binqiao will be released from its shareholder commitment to the bank upon Completion. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Directors are not aware of any ongoing litigation or claim against Shanghai Binqiao, SH Xingkongshui'an or the M2-01 plot.

The consideration for the Disposal exceeds the net book value of the disposed equity interests, with the consideration of RMB193.46 million exceeding the net book value of RMB189.75 million by RMB3.71 million, which represents a gain on disposal of associates and will be recognised under "Other income and gains" in the consolidated statement of profit or loss. For further details, please refer to Note 2 of the Unaudited Pro Forma Financial Information of the Group as set out in Appendix V of this circular.

The expected gain on the Disposal is approximately RMB3.71 million, calculated as the difference between the consideration of RMB193.46 million and the carrying value of the disposed equity interest of approximately RMB189.75 million as at December 31, 2025. The Group holds a 17.59% equity interest in Shanghai Binqiao through an indirectly wholly-owned subsidiary, with a carrying value of approximately RMB189.75 million (comprising the original investment cost, cumulative share of loss). The total consideration for this selective capital reduction amounts to RMB193.46 million. Upon completion of the capital reduction, the Group's remaining interest in Shanghai Binqiao is 0%. The difference between the consideration and the carrying value in the sum of approximately RMB3.71 million is recognised under "Other Income and Gains" in the consolidated statement of profit or loss as a gain on disposal of an associate. The carrying value of the disposed equity interest of approximately RMB189.75 million as at 31 December 2025 was calculated as 17.59% of the unaudited net assets of Shanghai Binqiao of approximately RMB1,078.74 million, which was extracted from the audited financial statements of Shanghai Binqiao for the year ended 31 December 2025. Following the review engagement conducted by Crowe (HK) CPA Limited in connection with the preparation of this circular, certain minor accounting adjustments were made in accordance with the Group's accounting policies, primarily relating to the reclassification of certain borrowing costs from expenses to capitalisation. As a result, the final reviewed net assets of Shanghai Binqiao as at 31 December 2025 amounted to approximately RMB1,094.87 million, as set out in Appendix II to this circular. The carrying value of RMB189.75 million used for calculating the gain on disposal is based on the original unaudited net assets figure, which was the basis upon which the investment was recorded in the Group's books as at 31 December 2025. For further details, please refer to Note 2 of the Unaudited Pro Forma Financial Information of the Group as set out in Appendix V of this circular.

The financial impact of the Restructuring on the Company's earnings, total assets, and total liabilities is summarised below. The calculations are based on the unaudited pro forma financial information set out in Appendix V of the circular:

	Group *(RMB '000)*	Enlarged Group *(RMB '000)*	Change *(RMB'000)*
Loss for the year	(118,792)	(115,801)	**+2,991**
Total Assets	2,701,936	2,967,258	**+265,322**
Total Liabilities	185,170	447,501	**+262,331**
Net Assets	2,516,766	2,519,757	**+2,991**

The accounting treatments of the Disposal and the Acquisition have been reviewed by the Company's reporting accountants, Crowe (HK) CPA Limited, as part of their assurance engagement on the unaudited pro forma financial information. As set out in the Unaudited Pro Forma Financial Information of the Group in Appendix V of this circular, it is in their opinion that (a) the unaudited pro forma financial information has been properly compiled by the Directors on the basis stated; (b) such basis is consistent with the accounting policies of the Group; and (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

INFORMATION OF THE COMPANY AND GROUP

The Company is an investment holding company incorporated in the Cayman Islands and the Group is principally engaged in variety program intellectual property production, operation and licensing, music IP operation and licensing, drama series and film IP operation and licensing and other IP-related business.

Mengxiang Qiangyin

Mengxiang Qiangyin is a limited liability company incorporated in the PRC and is principally engaged in the operation and licensing of music IP and artist management. It is an indirect wholly-owned subsidiary of the Company.

INFORMATION OF THE PARTIES

Binjiang Group

Binjiang Group is a limited liability company incorporated in the PRC and is principally engaged in industrial investment. It is wholly owned by Shanghai Yangpu District State-owned Assets Supervision and Administration Commission* (上海市楊浦區國有資產監督管理委員會).

Lianke Shenhuo

Lianke Shenhuo is a limited liability company incorporated in the PRC and is principally engaged in network technology support and information system integration services. It is wholly owned by Link Life HongKong Limited, a limited liability incorporated in Hong Kong and its ultimate beneficial owner is Agora, Inc. with its shares listed on Nasdaq (trading symbol: API).

To the best of the directors' knowledge, information and belief having made all reasonable enquiry, there is, and in the past twelve months, there has been, no material loan arrangement between (a) Binjiang Group and Lianke Shenhuo, any of their directors and legal representatives and any ultimate beneficial owner(s) of them who can exert influence on the transaction; and (b) the Company, any connected person at the Company's level, and/or any connected person at the subsidiary level (to the extent that such subsidiary/subsidiaries is/are involved in the transaction).

Shanghai Binqiao and the Project Companies

Shanghai Binqiao is a limited liability company incorporated in the PRC. It is principally engaged in enterprise management and consulting services. Before the completion of Restructuring, Shanghai Binqiao is owned as to 46.39% by Lianke Shenhuo, 36.02% by Binjiang Group and 17.59% by Mengxiang Qiangyin, respectively.

Before the completion of Restructuring, Shanghai Binqiao owns the entire equity interest in three Project Companies, namely SH Xingkongshui'an, SH Shengshi Chuangtuo and SH Binxing. Each of SH Xingkongshui'an, SH Shengshi Chuangtuo and SH Binxing respectively owns the land plots M2-01, M1-04 and M3-01 within the 85th Street Project in Yangpu District, Shanghai, the PRC.

SH Yangshupu

SH Yangshupu is a limited liability company incorporated in the PRC, which is wholly owned by Binjiang Group. Its principal activities include real estate development, real estate brokerage, and housing construction engineering.

REASONS FOR AND BENEFITS OF THE ACQUISITION AND DISPOSAL

Background of the Project

The 85th Street Project (the "**Project**") is one of the major undertakings of the Yangpu District Government, strategically located at Daqiao subdistrict in the core southern section of the Yangpu Riverside. The Project is positioned as a heritage renewal zone and riverside central cluster, focusing on technological innovation, cultural creativity and the digital economy. It is also proposed to redevelop the old factory building into modern buildings with supporting facilities along the Huangpu River.

In early 2022, Lianke Shenhuo (a subsidiary of Agora, Inc.), Binjiang Group (a state-owned enterprise) and Mengxiang Qiangyin (an indirect wholly-owned subsidiary of the Company) agreed to cooperate and participate in part of the Project. In mid-2022, they jointly established Shanghai Binqiao as a platform company to hold and manage the project companies for the development and construction of the properties on the land plots.

Latest development status of M1-04 plot and M3-01 plot

Construction of the Project commenced in 2023. The M1-04 plot (held by SH Shengshi Chuangtuo) is being developed into a technology innovation hub focusing on digital economy and technology-related businesses. The M3-01 plot (held by SH Binxing) is being developed into an urban development hub. Both plots are still progressing with the construction timeline.

M2-01 plot (SH Xingkongshui'an)

The M2-01 plot, developed by SH Xingkongshui'an, is located on the south side of Yangshupu Road, adjacent to Yangpu Bridge, in the core area of the southern section of Yangpu Riverside, falling within the first facade scope of the Huangpu River. It is strategically positioned adjacent to the regional headquarters of leading and well-known technology enterprises, which supplies digital technological backbone for modern creative industries and fuels cultural creativity via technological infrastructure and industry clustering, aligning with its original purpose as a heritage renewal zone. The main structural framework of the M2-01 plot development has been completed. This includes the full erection of all major structural components such as columns, beams, and floor slabs. The building has reached its full designed height, and the primary structure is now firmly in place, with remaining work focused on interior finishing and other non-structural elements. The major construction works are expected to be completed by end of this year.

The total construction area of the plot is approximately 31,356.72 sq.m., comprising above-ground construction area of approximately 21,733.72 sq.m. and underground construction area of approximately 9,623.00 sq.m.. The building includes the office spaces of approximately 17,272.11 sq.m., and ancillary spaces totaling approximately 451.09 sq.m. (including property management spaces) and non-motor vehicle ramp areas. The plot provides 159 underground car parking spaces and 350 underground non-motor vehicle spaces, with no above-ground parking.

About 60% of office spaces will be self-hold office area (i.e. not for sale), and the remaining 40% will be saleable office spaces. Pursuant to the land grant agreement, the grantee is required to self-retain 60% of the office spaces and the remaining 40% as saleable office spaces for a minimum of 20 years. Accordingly, any future leasing or sales activity is subject to obtaining property ownership certificates, which includes planning verification, construction quality completion filing, special inspections and property right registration. The arrangement is subject to final approvals by the government authorities. Apart from using part of the self-hold office area as the Company's own regional headquarters, the remaining office area will be leased to enterprises in the culture and media sectors. The Company targets to seek potential tenants from upstream and downstream industry partners within the culture and media ecosystem, as well as companies in the fields of AI technology applications, digital technology and advertising media. The Company plans to procure such partners through its existing industry networks, leveraging the Group's established relationships with content creators, distributors and industry associations, as well as through targeted marketing and direct outreach to potential strategic partners. The government permits a certain portion of the building to be designated as saleable office space, subject to final approvals from the relevant authorities. Currently, the Company has no intention of selling the office space. If such a sale were to take place, it would target upstream and downstream industry partners, subject to both government consents and the Company's intent. The Company expects that having such industry partners located within the same development will create synergies, facilitate collaboration and enhance the overall value of the property.

As at the Latest Practicable Date, the Company has not entered into any legally binding agreements with any potential purchasers or tenants in respect of the M2-01 plot, and there can be no assurance that any such agreements will be entered into in the future.

Alignment with the Group's core business

The Company's core business is the production, operation and licensing of variety show IP, music IP, and film and drama series IP, as well as artist management. The use of the M2-01 plot as an office for the Company's regional headquarters and as a hub for culture and media-related businesses.

Leasing or selling office units to upstream and downstream industry partners (such as music production companies, artist management agencies, content creation studios, and streaming platforms) will create a culture and media ecosystem within the same building. By co-locating upstream and downstream partners within the same building, the Group can foster a complete industry ecosystem, enabling faster project turnaround, shared resources, and cross-promotion, which reduces transaction costs and creates efficiencies that would not be possible if partners were geographically dispersed. Physical proximity allows for spontaneous interactions, regular face-to-face meetings, and easier coordination among partners, and the Group can organise regular networking events, showcase sessions, and collaborative workshops within the building, encouraging partners to explore new business opportunities together, leading to joint ventures, co-productions, and innovative content formats that benefit all parties. A building occupied by a concentrated cluster of industry players becomes more attractive to potential tenants and purchasers, commanding higher rental and sale prices, as the presence of complementary businesses increases the desirability of the remaining units, and the building's reputation as a culture and media centre will appreciate over time, leading to long-term value appreciation. By surrounding itself with industry partners, the Group gains privileged access to talent, content, and distribution channels, allowing it to identify emerging trends earlier, co-develop new IPs, and secure preferential terms from partners who value their physical presence within the Company's headquarters, which directly supports and enhances the Company's core business of variety show production, music IP operation, and artist management.

The current and future usage plans (leasing to culture and media partners) are fully aligned with this original intent. The alignment is demonstrated as follows: the Company will use part of the property as its own regional headquarters for cultural and entertainment IP on the plot; remaining office space will be leased to culture and media enterprises and AI technology, digital technology and advertising media related companies. Collectively, these usages create an active, self-sustaining culture and media ecosystem on the M2-01 plot, which directly fulfills the original intended use. As at the Latest Practicable Date, although the Group is permitted, subject to final government approvals, to sell a portion of the office spaces (currently estimated at approximately 40%), it has no present intention to exercise such right. The Group intends to retain the self-held portion for use as its regional headquarters and for leasing to industry partners.

The Company does not intend to shift its core business focus away from media and entertainment. Rather, the M2-01 plot serves as a physical base to support and expand the Company's existing operations. The Group's core business continues to focus on four major areas in 2026: variety program IP production, operation and licensing; music IP operation and licensing; film and drama series IP operation and licensing; and other IP-related businesses. These include:

1. Variety programs currently in production or planned

   (i) An AI music variety show launched in 2025, for which the Group has been commissioned as the producer. Production has currently reached the fourth episode, with recording ongoing. The show is scheduled to be broadcast in the second half of 2026.

   (ii) A gala event live stream is scheduled for August.

   (iii) A hip-hop program commissioned by an internet platform has commenced production and is currently in the pre-recording preparation stage.

   (iv) The Group has begun negotiations with a client regarding a new season of a small-scale racing outdoor program, which is expected to launch in the second half of the year. A new season of a large-scale dance program is planned for production by the end of the year, for which the Group will provide directing and post-production support services.

2. Music IP operation and licensing: The current music library of 9,948 IPs remains stable, with a slight increase expected by the end of the year. Licensing clients remain stable.

3. Film and drama series IP operation and licensing: During 2026, the Group plans to continue licensing its existing library of over 700 film titles globally, while expanding short-form content offerings including short dramas, comic series, and interactive film-games. These new formats are expected to be launched to the market in the second half of the year in collaboration with partners.

4. Other IP-related businesses: The Group currently manages 65 artists, and it is not expected there will be any significant change in this year.

The Restructuring and its benefits

Binjiang Group is undergoing the restructuring, which is being implemented by way of a selective capital reduction of Shanghai Binqiao for legal, regulatory and tax reasons. Under PRC Company Law, a selective capital reduction is the most direct and compliant method to allow two shareholders, i.e. Lianke Shenhuo and Mengxiang Qiangyin, to exit Shanghai Binqiao while enabling the remaining shareholder, i.e. Binjiang Group, to retain it as a wholly-owned subsidiary. The Company, through its subsidiary Mengxiang Qiangyin, will exit Shanghai Binqiao in exchange for SH Xingkongshui'an (M2-01 plot). Furthermore, the selective capital reduction with in-kind distribution (transferring the project company equity as consideration) is more tax-efficient than a cash-based sale and purchase. The restructuring has also received the preliminary approval from Shanghai Yangpu District Planning and Natural Resources Bureau on October 9, 2025.

The Acquisition represents an opportunity for the Group to acquire direct ownership of a property development project in Yangpu District, Shanghai, which has been structurally completed. The Directors consider that the Acquisition will allow the Group to have direct control over the development and operation of the M2-01 plot, which is intended for cultural and media-related industries, aligning with the Group's core business. The Disposal proceeds offset the consideration for the Acquisition, with the remaining balance to be financed by the Group's internal cash resources, which is not expected to have a material adverse effect on the Group's working capital.

The Directors (including the independent non-executive Directors) are of the view that the Restructuring is fair and reasonable and in the interests of the Company and its Shareholders as a whole for the following reasons:

(i) the consideration for the Acquisition was determined based on independent valuations of Shanghai Binqiao and SH Xingkongshui'an, which have been filed with the State-owned Assets Supervision and Administration Commission of Yangpu District;

(ii) the Company exits Shanghai Binqiao (a minority investment) and acquires direct ownership of SH Xingkongshui'an (a wholly-owned subsidiary), giving the Group direct control over a prime property asset;

(iii) the M2-01 plot is intended for culture and media-related industries, directly aligning with the Group's core business of variety show production, music IP operation and artist management;

(iv) the cash outflow required from the Group is minimal (only a nominal balancing payment of approximately RMB237,000 plus transaction costs), as the consideration is substantially settled by the transfer of SH Xingkongshui'an;

(v) the restructuring allows the Group to establish a physical headquarters and culture and media hub in a prime location in Shanghai, adjacent to leading technology enterprises;

(vi) the ability to lease or sell office units to upstream and downstream partners will create a culture and media ecosystem, fostering collaboration and enhancing property value; and

(vii) the restructuring has received the preliminary approval from the Shanghai Yangpu District Planning and Natural Resources Bureau on October 9, 2025, confirming its compliance with local regulatory requirements.

Following the Restructuring, the Company will also hold the M2-01 plot, part of which will be used as its office and the remainder to be leased or sold to culture and media industry partners. The Company does not intend to shift its core business focus away from media and entertainment.

It is also considered that the proceeds arising from the Disposal will be off-set the consideration for the Acquisition, and the remaining balance of the consideration will be financed by internal cash resources of the Group and is not expected to have material adverse effect of the working capital of the Group.

Save for the Disposal contemplated under the Restructuring Agreement, the Company does not have any plan or intention, nor has it entered into any agreement, arrangement, understanding or negotiation, in relation to the acquisition of new businesses or the downsizing or disposal of its existing businesses within the next 12 months following the completion of the Restructuring.

The Directors are of the view that the terms of the Restructuring Agreement are fair and reasonable and the Acquisition and the Disposal are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Share Swap Arrangement and Debt Transfer Arrangement are inter-conditional and form part of a single restructuring under the Restructuring Agreement, which involves the Acquisition and the Disposal. Accordingly, pursuant to Rule 14.24 of the Listing Rules, they will be classified by reference to the larger of the Acquisition and the Disposal and be subject to the reporting, announcement and/or Shareholders' approval requirements applicable to that classification.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of each of the Acquisition and the Disposal exceeds 100% and 75% respectively, the Acquisition constitutes a very substantial acquisition and the Disposal constitutes a very substantial disposal for the Company under the Listing Rules and are therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

EXTRAORDINARY GENERAL MEETING

An Extraordinary General Meeting will be convened and held at 23M/F, Canxing Building, No. 158 Longqi Road, Shanghai, China on Wednesday, July 29, 2026 at 10:00 for the Shareholders to consider, and, if thought fit, approve, among other things, the Restructuring Agreement and the transactions contemplated thereunder. The notice of the Extraordinary General Meeting is set out on pages EGM-1 to EGM-3 of this circular.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of the Restructuring Agreement, no Shareholder has a material interest in the Restructuring Agreement and the transactions contemplated thereunder. As such, no Shareholder will be required to abstain from voting on the resolution(s) to be proposed at the Extraordinary General Meeting to approve the Restructuring Agreement and the transactions contemplated thereunder.

FORM OF PROXY

A form of proxy is enclosed for use at the Extraordinary General Meeting. Such form of proxy is also published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.starcmgroup.com). Whether or not you intend to attend the Extraordinary General Meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time fixed for holding the Extraordinary General Meeting (i.e. not later than 10:00 a.m. on Monday, July 27, 2026) or any adjournment thereof. Completion and delivery of the form of proxy shall not preclude Shareholders from attending and voting in person at the Extraordinary General Meeting (or any adjournment thereof) if they so wish and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules and article 13.5 of the Articles of Association, any resolution put to the vote of the meeting shall be decided on a poll save that the chairman may, in good faith, allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands. Accordingly, each of the resolutions set out in the Notice of Extraordinary General Meeting will be taken by way of poll.

On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative, shall have one vote for every fully paid credited as fully paid Share of which he/she is the holder. A Shareholder entitled to more than one vote is under no obligation to cast all his votes in the same way.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will not be closed to ascertain shareholders' eligibility to attend and vote at the EGM. However, in order to qualify for attending and voting at the Extraordinary General Meeting or the adjournment thereof, all transfers accompanied by the relevant share certificates must be lodged for registration with the Hong Kong share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, July 28, 2026 (record date).

RECOMMENDATIONS

The Directors consider that the terms of the Restructuring Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the Extraordinary General Meeting to approve the Restructuring Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional informatic set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
STAR CM Holdings Limited
Mr. Tian Ming
Chairman, Executive Director and Chief Executive Officer

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three years ended December 31, 2023, 2024 and 2025 are disclosed in the following documents which have been published on the website of the Stock Exchange at https://www.hkexnews.hk, and the website of the Company at http://www.starcmgroup.com:

Annual report of the Company for the year ended December 31, 2023:

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042904527.pdf

Annual report of the Company for the year ended December 31, 2024:

https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0429/2025042900655.pdf

Annual report of the Company for the year ended December 31, 2025:

https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0428/2026042803181.pdf

2. STATEMENT OF INDEBTEDNESS

As at the close of business on May 31, 2026, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the indebtedness of the Enlarged Group was as follows:

Items	*Notes*	*RMB'000 (Unaudited)*
Bank borrowings		
– Secured	*(a)*	298,483
Lease liabilities		
– Unsecured and unguaranteed		1,274
Provisions	*(b)*	1,590
Total		301,347

Notes:

(a) As at May 31, 2026, the bank borrowings bear interest at a rate of 2.15% per annum and was secured by leasehold land with net carrying amount value of approximately RMB444,301,000.

(b) As at May 31, 2026, a subsidiary of the Enlarged Group was defendant in a lawsuit. One entity claimed that the subsidiary of the Enlarged Group should reimburse expenses incurred for and revenue sharing from the music copyright protection activities amounting to approximately RMB1,590,000. The court hearing took place in January 2026, but no judgment has been reached, and the legal proceeding is still ongoing. The directors of the Company, based on the advice from the Group's legal counsel, believe that the subsidiary has reasonable grounds for defence against the allegation, accordingly, have provided approximately RMB1,590,000 arising from the litigation based on their best estimation as at May 31, 2026.

Save as disclosed above, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of the business, as at the close of business on May 31, 2026, the Enlarged Group had no debt securities issued and outstanding, and authorised or otherwise created but unissued, and term loans, any other outstanding loan capital, any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or similar indebtedness, debentures, mortgages, charges, loans, acceptance credits, hire purchase commitments, guarantees or other contingent liabilities or indebtedness.

3. WORKING CAPITAL STATEMENT

Taking into account the financial resources available to the Group, including the internally generated funds and the presently available banking facilities, and the impact of the very substantial disposal and the very substantial acquisition, the Directors, after due and careful consideration, are of the opinion that the Enlarged Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any circumstances or events that may give rise to a material adverse change in the financial or trading position of the Group since December 31, 2025, being the date to which the latest audited consolidated financial statements of the Group were made up.

5. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Set out below are the management discussion and analysis of the Group for the years ended December 31, 2023, 2024 and 2025. For the purpose of this circular, the financial information in respect of the Group is derived from the audited consolidated financial statements of the Group for the years ended December 31, 2023, 2024 and 2025.

For the year ended December 31, 2023

BUSINESS OVERVIEW

Business Analysis by Business Line

(i) Variety Program IP Production, Operation and Licensing

For the year ended December 31, 2023, our Group successfully produced and broadcasted a total of five variety programs. The table below sets forth the details of the programs:

No	Program	Format	Release time	Completion time	Primary broadcasting platform	Cooperation model
1	Remember Me	Outdoor/Cultural variety program	2023/3/3	2023/3/10	Douyin	Commissioned production model
2	Great Dance Crew 2023	Dance variety program	2023/4/8	2023/6/10	Youku	Commissioned production model
3	Sing! China 2023[1]	Music variety program	2023/7/28	2023/8/18	Zhejiang Satellite TV	Revenue sharing model
4	Street Dance of China 2023	Dance variety program	2023/11/4	2024/1/20	Youku	Commissioned production model
5	Asia Super Young 2023	Talent variety program	2023/11/25	2024/3/9	Television Broadcasts Limited	Revenue sharing model

Note 1: Sing! China 2023 was suspended after four episodes were broadcasted during the reporting period.

The revenue, gross profit and gross profit margin of our variety programs were affected by multiple factors, including but not limited to (i) the cooperation model we adopted for programs, (ii) our negotiations with investing media platforms, (iii) overall economic environment, and (iv) shifts in audience preferences. As a result, our financial performance fluctuated from year to year due to the inherent risk in the business model of our variety program IP production, operation and licensing.

(ii) Music IP Operation and Licensing

As at December 31, 2023, our Group had a music library of 9,361 IPs, consisting of 3,765 live music recordings we produced during the creation of our music variety programs, 3,495 songs we produced for our managed artists, and 2,101 lyrics and music compositions licensed and acquired.

(iii) Film and Drama Series IP Operation and Licensing

As at December 31, 2023, our Group owned and operated a large library consisting of 757 Chinese film IPs and one drama series "Reading Class (閱讀課)" produced by our Group. Our Group generally licenses our films to domestic and overseas TV networks and online video platforms for reruns in exchange for a fixed licensing fee during a specified term. The licensing fee is usually determined on factors including the number of films licenced and the length of the licensing period.

(iv) Other IP-related Business

Our Group's other IP-related business primarily includes (i) artist management; (ii) concert organization and production; (iii) art education and training; (iv) mobile apps; (v) consumer products; and (vi) themed attractions. As at December 31, 2023, we had a total number of 107 managed artists.

FINANCIAL REVIEW

Overview

For the year ended December 31, 2023, we recorded a revenue of RMB426.6 million and a gross loss of RMB59.4 million. Our net loss amounted to RMB1,634.2 million in 2023 as compared with a net profit of RMB84.6 million in 2022. Our adjusted net loss in 2023 was RMB1,634.2 million as compared with an adjusted net profit of RMB120.8 million in 2022. The turnaround from net profit to net loss was mainly because (i) we expect a significant decline in music copyright licensing, offline activities and other businesses of our Group in the future and an impairment of goodwill of approximately RMB1,191.6 million was recorded for the year ended December 31, 2023; (ii) some of our variety programs incurred losses or experienced delays; and (iii) program copyrights of our drama series were impaired due to aging.

Revenue by Business Segment

During the years ended December 31, 2023 and 2022, we generated our revenues primarily from (i) variety program IP production, operation and licensing, (ii) music IP operation and licensing, (iii) film and drama series IP operation and licensing, and (iv) other IP-related business. Revenue from variety program IP production, operation and licensing business was the largest component of our total revenues in 2023 and 2022, accounting for approximately 37.8% and 80.4%, respectively. The table below sets forth a breakdown of our revenues by business segments for the years ended December 31, 2023 and 2022:

	For the year ended December 31,	
	2023	2022
	(RMB in millions)	
Variety program IP production, operation and licensing	**161.4**	702.4
Music IP operation and licensing	**30.6**	63.6
Film and drama series IP operation and licensing	**151.7**	58.7
Other IP-related business	**82.9**	48.7
Total	**426.6**	873.4

Cost of Sales

The following table sets forth our cost of sales by business segment for the years ended December 31, 2023 and 2022:

	For the year ended December 31,	
	2023	2022
	(RMB in millions)	
Variety program IP production, operation and licensing	**275.1**	538.0
Music IP operation and licensing	**29.1**	16.4
Film and drama series IP operation and licensing	**107.6**	10.3
Other IP-related business	**74.2**	27.6
Total	**486.0**	592.3

Gross (Loss)/Profit and Gross (Loss)/Profit Margin

The following table sets forth our gross (loss)/profit and gross (loss)/profit margin by each business segment for the years ended December 31, 2023 and 2022:

	For the year ended December 31,			
	2023		2022	
	Gross (Loss)/ Profit	**Gross (Loss)/ Profit Margin**	Gross Profit	Gross Profit Margin
		(%)		*(%)*
	(RMB in millions except in percentage)			
Variety program IP production, operation and licensing	**(113.7)**	**(70.4)%**	164.4	23.4%
Music IP operation and licensing	**1.5**	**4.9%**	47.2	74.2%
Film and drama series IP operation and licensing	**44.1**	**29.1%**	48.4	82.5%
Other IP-related business	**8.7**	**10.5%**	21.1	43.3%
Total	**(59.4)**	**(13.9)%**	281.1	32.2%

As a result of the following, our gross profit decreased from RMB281.1 million in 2022 to a gross loss of RMB59.4 million in 2023.

Other Income and Gains

Our other income and gains decreased by 8.0% from RMB27.5 million in 2022 to RMB25.3 million in 2023, primarily due to a decrease in government subsidies that our Group received in 2023 compared to 2022, which was partially offset by an increase in interest income.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 13.4% from RMB25.3 million in 2022 to RMB21.9 million in 2023, primarily due to a decrease in staff costs resulting from the reduction in the number of our sales staff.

Administrative Expenses

Our administrative expenses decreased by 17.9% from RMB146.7 million in 2022 to RMB120.5 million in 2023, primarily because (i) we incurred no listing expenses in 2023; and (ii) we recorded a decrease in research and development expenses. The reductions were partially offset by an increase in professional service fees and expenses required for our Group's operations subsequent to the Listing.

Impairment of Goodwill

Our Group recorded impairment loss on goodwill of RMB1,191.6 million in 2023 as compared with no impairment loss on goodwill in 2022 due to an expected significant decline in music copyright licensing, offline activities and other businesses of our Group in the future.

Impairment Losses on Financial Assets

We recorded impairment losses on financial assets of RMB167.7 million in 2023 (2022: RMB24.6 million), primarily due to the significant increase in credit risk for certain customers based on our assessment during the reporting period.

Changes in Fair Value of Financial Assets at Fair Value Through Profit or Loss

We recorded a loss in changes in fair value of financial assets at fair value through profit or loss of RMB12.1 million in 2023 while recording a gain in changes in fair value of financial assets at fair value through profit or loss of RMB3.9 million in 2022, primarily due to the fluctuations in the stock prices of listed companies in which we invested.

Other Expenses

Our other expenses increased by 171.4% from RMB1.4 million in 2022 to RMB3.8 million in 2023, primarily due to an increase in our foreign exchange losses.

Finance Costs

Our finance costs was relatively stable at RMB2.9 million and RMB2.6 million in 2022 and 2023, respectively.

Share of Profits and Losses of Joint Ventures and Associates

Our share of losses of joint ventures increased from RMB0.9 million in 2022 to RMB41.1 million in 2023, primarily because of an increase in loss in connection with the investment in Mengxiang Qi'an following the completion of a construction in progress of Mengxiang Qi'an which started to recognize depreciation in 2023. Our share of losses from associates was relatively stable at RMB6.2 million in 2022 and RMB6.0 million in 2023.

Income Tax Expenses

Our income tax expenses increased by 65.7% from RMB19.8 million in 2022 to RMB32.8 million in 2023, primarily due to the derecognition of deferred tax assets arising from losses incurred during the reporting period.

(Loss)/Profit for the Years

As a result of above, we recorded a net loss of RMB1,634.2 million in 2023 as compared with a net profit of RMB84.6 million in 2022 and adjusted net loss (non-IFRS measure) of RMB1,634.2 million in 2023 as compared with a adjusted net profit (non-IFRS measure) of RMB120.8 million in 2022.

Non-IFRS Measure

To supplement our consolidated financial statements which are presented under IFRS, we also use adjusted net (loss)/profit (non-IFRS measure) and adjusted net (loss)/profit margin (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that such non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impact of certain items. We believe that such measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net (loss)/profit (non-IFRS measure) and adjusted net (loss)/profit margin (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

The following table sets forth our adjusted net (loss)/profit for the years ended December 31, 2023 and 2022, respectively.

	For the year ended December 31,	
	2023	2022
	(RMB in millions)	
(Loss)/profit for the year	**(1,634.2)**	84.6
Adjusted for:		
Listing expenses	**–**	36.2
Adjusted net (loss)/profit[(a)] (non-IFRS measure)	**(1,634.2)**	120.8
Adjusted net (loss)/profit margin[(b)] (non-IFRS measure)	**(383.1)%**	13.8%

Notes:

(a) Adjusted net (loss)/profit (non-IFRS measure) is defined as (loss)/profit for the year adjusted for listing expenses. Listing expenses mainly include professional fees paid to legal advisers and reporting accountants for their services rendered in relation to the Listing and Global Offering.

(b) Adjusted net (loss)/profit margin (non-IFRS measure) is defined as adjusted net (loss)/profit (non-IFRS measure) divided by revenue.

FINANCIAL POSITION

Property, Plant and Equipment

Our property, plant and equipment amounted to RMB197.5 million as of December 31, 2023, representing an increase of RMB25.1 million or 14.6% from RMB172.4 million as at December 31, 2022. The increase was primarily due to the increased investments in the construction of our "Songjiang Star Variety Program, Film and Drama Series Production Base" (松江星空綜藝影視製作基地).

Goodwill

Our goodwill amounted to RMB301.3 million as of December 31, 2023, representing a decrease of RMB1,187.0 million or 79.8% from RMB1,488.3 million as at December 31, 2022, which was primarily due to an impairment of goodwill of the Mengxiang Qiangyin Culture Broadcast (Shanghai) Company Ltd. (夢響強音文化傳播(上海)有限公司) ("**MXQY**") cash-generating unit (the "**MXQY unit**") based on an expected significant decline in music copyright licensing, offline activities and other businesses of our Group in the future.

The carrying amounts of goodwill allocated to each of the cash-generating units are as follows:

	For the year ended December 31,	
	2023	2022
	(RMB in millions)	
MXQY unit	**24.0**	1,215.6
Fortune Star Media Limited unit	**277.3**	272.7
At end of year	**301.3**	1,488.3

Significant Investments

Our investments in associates remained stable at RMB617.9 million and RMB612.9 million as at December 31, 2022 and 2023, respectively. Our investments in joint ventures decreased from RMB402.0 million as at December 31, 2022 to RMB361.0 million as at December 31, 2023, primarily because of an increase in loss in connection with the investment in Mengxiang Qi'an.

Save as disclosed in 2023 annual report, we did not make or hold any significant investments (including any investment in an investee company with a value of 5.0 percent or more of our Company's total assets) during 2023.

Amount Due from Related Parties

Amount due from related parties remained stable at RMB488.0 million and RMB453.6 million as at December 31, 2023 and 2022, respectively.

Other Intangible Assets

Our other intangible assets decreased by RMB22.7 million or 14.0% to RMB139.3 million as at December 31, 2023 from RMB162.0 million as at December 31, 2022, primarily due to re-licensing of the old songs of our Group's music library and regular amortization of our intangible assets.

Financial Assets at Fair Value Through Profit or Loss

Our financial assets at fair value through profit or loss amounted to RMB55.3 million as at December 31, 2023, representing an increase of RMB28.6 million or 107.1% from RMB26.7 million as at December 31, 2022, which was primarily due to an increase in investment in stocks of listed companies.

Deferred Tax Assets

Our deferred tax assets decreased by RMB28.7 million or 47.7% to RMB31.5 million as at December 31, 2023 from RMB60.2 million as at December 31, 2022, primarily due to the derecognition of deferred tax assets arising from losses incurred during the reporting period.

Restricted Cash

Our restricted cash amounted to RMB69.5 million as at December 31, 2023, representing an increase of RMB7.2 million or 11.6% from RMB62.3 million as at December 31, 2022, as a result of an increase in restricted deposits that had been pledged for litigation.

Program Copyrights

Our program copyrights amounted to RMB0.2 million as at December 31, 2023, representing a decrease of RMB109.9 million or 99.8% from RMB110.1 million as at December 31, 2022, primarily because program copyrights of our drama series were impaired due to aging.

Trade and Bills Receivables

Our trade and bills receivables amounted to RMB220.8 million as at December 31, 2023, representing a decrease of RMB405.2 million or 64.7% from RMB626.0 million as at December 31, 2022, which was in line with the decrease in our revenue.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets amounted to RMB280.0 million as at December 31, 2023, representing an increase of RMB163.1 million or 139.5% from RMB116.9 million as at December 31, 2022, which was primarily due to our purchase of short-term notes, which had been redeemed in 2024.

Trade Payables

Our trade payables amounted to RMB177.4 million as at December 31, 2023, representing a decrease of RMB75.9 million or 30.0% from RMB253.3 million as at December 31, 2022, which was in line with the decrease in our cost of sales.

Other Payables and Accruals

Our other payables and accruals amounted to RMB117.4 million as at December 31, 2023, representing a decrease of RMB88.4 million or 43.0% from RMB205.8 million as at December 31, 2022, primarily due to recognition of revenue in 2023 from a multi-year film IP licensing contract that we entered into with a leading short video platform in China in 2020.

Lease Liabilities

Our lease liabilities amounted to RMB12.0 million as at December 31, 2023, representing a decrease of RMB3.6 million or 23.1% from RMB15.6 million as at December 31, 2022, which was primarily due to reduction in rents.

Liquidity and Capital Resources

As at December 31, 2023, we funded our cash requirements primarily from cash flows mainly through equity financing and the retained earnings of our Company. We had cash and cash equivalents of RMB353.9 million and RMB587.6 million as at December 31, 2023 and 2022, respectively.

Our principal uses of cash have been for our business operations and expansion plans which require a significant amount of capital, including costs for variety program production, costs for music IPs production, and other working capital requirements. In the foreseeable future, our Company believes that our liquidity requirements will be satisfied by a combination of cash flow generated from our operating activities, the net proceeds received from our Company's global offering in 2022, and other funds raised from capital markets from time to time.

The following table sets forth a summary of our cash flows for the years indicated, respectively:

	For the year ended December 31,	
	2023	2022
	(RMB in millions)	
(Loss)/profit before tax	**(1,601.4)**	104.4
Adjustments	**1,557.9**	65.6
Change in working capital	**113.3**	169.9
Income tax paid	**(9.1)**	(19.1)
Interest received	**6.9**	5.4
Net cash flows from operating activities	**67.6**	326.2
Net cash flows used in investing activities	**(304.9)**	(602.3)
Net cash flows from financing activities	**1.7**	310.8
Net (decrease)/increase in cash and cash equivalents	**(235.6)**	34.7
Cash and cash equivalents at the beginning of the year	**587.6**	547.2
Effect of foreign exchange rate changes, net	**1.9**	5.7
Cash and cash equivalents at the end of the year	**353.9**	587.6

Gearing Ratio

As at December 31, 2023, our gearing ratio was 0.4% (2022: 0.3%).

Material Acquisitions and Disposals

Save as disclosed in 2023 annual report, we did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during 2023.

Pledge of Assets

As at December 31, 2023, pledged time deposit amounting to RMB69.5 million were pledged for purchase of leasehold land and litigation.

Contingent Liabilities

As at December 31, 2023, except for the lawsuits as stated above, our Group had no other significant contingent liabilities.

Foreign Exchange Exposure

Our Group's businesses are principally conducted in RMB. We have transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. As at December 31, 2023, major non-RMB assets are cash and cash equivalents which denominated in HK$ or US$. Fluctuation of the exchange rate of RMB against HK$ or US$ could affect our Group's results of operations.

For the year ended December 31, 2024

BUSINESS OVERVIEW

Business Analysis by Business Line

(i) Variety Program IP Production, Operation and Licensing

As always, the programs produced by our Group have earned the trust of major broadcasting platforms and popularity among audience for the high quality production contents.

In 2024, we completed the broadcast of the variety program “Asia Super Young” (亞洲超星團). Our Group has been actively exploring strategic cooperation opportunities with other broadcasting platforms. In addition to some small-scale projects, commercial performances and music concerts, we participated in the directing and post-production services of variety shows on several platforms, such as “Lightup@edc China” (閃亮星電音) on YouKu platform, and “Tourism Sing” (鮮活唱游團) and “Super Novae Games”(超新星運動會) on Tencent platform in 2024.

In 2024, our Group shifted its focus to the directorial team and post-production aspects of variety shows, rather than managing the entire production process. As a result, the scale of our Group’s revenue and gross profit was relatively lower.

The revenue, gross profit and gross profit margin of our variety programs are affected by multiple factors, including but not limited to (i) the cooperation model we adopted for the programs; (ii) our negotiations with investing media platforms; (iii) the overall economic environment; and (iv) shift in audience preferences. As a result, due to the inherent risks in the business model of our variety program IP production, operation and licensing, our financial performance fluctuated from year to year.

(ii) Music IP Operation and Licensing

As at December 31, 2024, our Group’s music library contained 9,733 IPs, consisting of 3,765 live music recordings produced during the creation of our music variety programs, 3,694 songs produced for our managed artists, and 2,274 lyrics and music compositions licensed and acquired.

(iii) Film and Drama Series IP Operation and Licensing

As at December 31, 2024, our Group owned and operated a large library consisting of 757 Chinese film IPs and one drama series “Reading Class” (閱讀課) produced by our Group. Our Group generally licenses our films to domestic and overseas TV networks and online video platforms for rebroadcasting in exchange for a fixed licensing fee during a specified timeframe. The licensing fee is usually determined based on certain factors, including the number of films licensed and the length of the licensing period.

(iv) Other IP-related Business

Our Group’s other IP-related business primarily includes (i) artist management; (ii) concert organization and production; (iii) art education and training; (iv) mobile apps; (v) consumer products; and (vi) themed attractions. As at December 31, 2024, we had a total number of 75 managed artists.

FINANCIAL REVIEW

Overview

For the year ended December 31, 2024, we recorded revenue of RMB163.1 million and gross profit of RMB40.0 million. Our net loss amounted to RMB230.0 million in 2024 as compared with a net loss of RMB1,634.2 million in 2023. The reduction in net loss in 2024 was primarily attributable to a decrease in impairment loss on goodwill from RMB1,191.6 million recognized to RMB48.5 million recognized by our Group in 2024. Nevertheless, our Group still recorded a net loss for the year ended December 31, 2024, primarily due to the following reasons:

(i) the programs produced by our Group in 2024 were of relatively small-scaled and generated relatively low gross profit;

(ii) the joint ventures in which our Group invested still operated at a loss; and

(iii) an impairment of goodwill of approximately RMB 48.5 million recognised for the year ended December 31, 2024, following an expected decline in film broadcasting rights licensing of our Group in the future.

Revenue by Business Line

During the years ended December 31, 2024 and 2023, we generated our revenues primarily from (i) variety program IP production, operation and licensing; (ii) music IP operation and licensing; (iii) film and drama series IP operation and licensing; and (iv) other IP-related business. The table below sets forth a breakdown of our revenue by business segment for the years ended December 31, 2024 and 2023:

	For the year ended December 31,	
	2024	2023
	(RMB in millions)	
Variety program IP production, operation and licensing	**33.9**	161.4
Music IP operation and licensing	**14.0**	30.6
Film and drama series IP operation and licensing	**60.6**	151.7
Other IP-related business	**54.6**	82.9
Total	**163.1**	426.6

Cost of Sales

The following table sets forth our cost of sales by business segment for the years ended December 31, 2024 and 2023:

	For the year ended December 31,	
	2024	2023
	(RMB in millions)	
Variety program IP production, operation and licensing	**56.9**	275.1
Music IP operation and licensing	**4.9**	29.1
Film and drama series IP operation and licensing	**20.2**	107.6
Other IP-related business	**41.1**	74.2
Total	**123.1**	486.0

Gross (Loss)/Profit and Gross (Loss)/Profit Margin

The following table sets forth our gross (loss)/profit and gross (loss)/profit margin by each business segment for the years ended December 31, 2024 and 2023:

	For the year ended December 31,			
	2024		2023	
	Gross (Loss)/ Profit	**Gross (Loss)/ Profit Margin** *(%)*	Gross (Loss)/ Profit	Gross (Loss)/ Profit Margin *(%)*
	(RMB in millions except in percentage)			
Variety program IP production, operation and licensing	**(23.0)**	**(67.8)**	(113.7)	(70.4)
Music IP operation and licensing	**9.1**	**65.0**	1.5	4.9
Film and drama series IP operation and licensing	**40.4**	**66.7**	44.1	29.1
Other IP-related business	**13.5**	**24.7**	8.7	10.5
Total	**40.0**	**24.5**	(59.4)	(13.9)

As a result of the foregoing, we recorded a gross profit of RMB40.0 million in 2024, compared to a gross loss of RMB59.4 million in 2023.

Other Incomes and Gains

Our other incomes and gains remained relatively stable at RMB25.3 million and RMB24.4 million in 2023 and 2024, respectively.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 21.0% from RMB21.9 million in 2023 to RMB17.3 million in 2024, primarily due to a decrease in staff costs resulting from the reduction in the number of our sales staff.

Administrative Expenses

Our administrative expenses decreased by 25.0% from RMB120.5 million in 2023 to RMB90.4 million in 2024, primarily due to (i) a decrease in staff costs resulting from the reduction in the number of our administrative and R&D staff; and (ii) a decrease in professional services fees and expenses. The reduction was partially offset by an increase in amortization of office leasehold improvements.

Impairment Loss on Goodwill

We recorded an impairment loss on goodwill of RMB48.5 million in 2024 (2023: RMB1,191.6 million), primarily due to an expected decline in film broadcasting rights licensing of our Group in the future.

Impairment Loss on Trade and Other Receivables

We recorded an impairment loss on trade and other receivables of RMB50.2 million in 2024 (2023: RMB167.7 million), primarily due to the comparably larger extent of increase in credit risk for certain customers based on our assessment in 2023.

Impairment Loss on Loans to a Joint Venture and an Associate

We recorded an impairment loss on loans to a joint venture and an associate of RMB10.7 million in 2024 (2023: Nil), primarily due to an expected credit risk for loans to a joint venture and an associate based on our assessment.

Impairment Loss on Property, Plant and Equipment and Right-of-use Assets

We recorded an impairment loss on property, plant and equipment and right-of-use assets of RMB21.0 million in 2024 (2023: Nil). The impairment loss was primarily due to the recoverable amount of the cash-generating unit engaged in the business of variety program IP production, operation and licensing being lower than its carrying amount, as the unit is operating at a loss.

Decrease in Fair Value of Financial Assets at Fair Value Through Profit or Loss

We recorded a loss in changes in fair value of financial assets at fair value through profit or loss of RMB2.8 million in 2024, compared to a loss in changes in fair value of financial assets at fair value through profit or loss of RMB12.1 million in 2023, primarily due to fluctuations in the stock prices of listed companies in which we invested.

Other Expenses

Our other expenses increased by 360.5% from RMB3.8 million in 2023 to RMB17.5 million in 2024, primarily due to an increase in litigation compensation losses.

Finance Costs

Our finance costs decreased by 84.6% from RMB2.6 million in 2023 to RMB0.4 million in 2024. In 2023, we fully recognized revenue from advance payments under a long-term film IP licensing contract. Upon the full recognition of revenue, we no longer recorded finance costs arising from the advance payments.

Share of Losses of Joint Ventures and Associates

Our share of losses of joint ventures decreased by 29.4% from RMB41.1 million in 2023 to RMB29.0 million in 2024, primarily because of a decrease in loss in connection with the investment in Mengxiang Qi'an following the completion of construction of Mengxiang Qi'an. Our share of losses from associates increased by 25.0% from RMB6.0 million in 2023 to RMB7.5 million in 2024, primarily due to an increase in losses of our associates.

Income Tax Credit/(Expenses)

We recorded income tax credit of RMB1.1 million in 2024, as compared to income tax expenses of RMB32.9 million in 2023, primarily due to the derecognition of deferred tax assets arising from losses incurred in 2023.

Loss for the Years

As a result of above, we recorded a net loss of RMB230.0 million in 2024 as compared with a net loss of RMB1,634.2 million in 2023.

FINANCIAL POSITION

Property, Plant and Equipment

Our property, plant and equipment decreased by RMB18.5 million or 9.4% to RMB179.0 million as at December 31, 2024 from RMB197.5 million as at December 31, 2023, primarily due to the impairment losses recognized during the reporting period.

Goodwill

Our goodwill decreased by RMB44.7 million or 14.8% to RMB256.6 million as at December 31, 2024 from RMB301.3 million as at December 31, 2023, primarily due to an impairment of goodwill of approximately RMB48.5 million recognized during the reporting period following an expected decline in film broadcasting rights licensing of our Group in the future.

The carrying amounts of goodwill allocated to each of the cash-generating units are as follows:

	For the year ended December 31,	
	2024	2023
	(RMB in millions)	
MXQY unit	**24.0**	24.0
FSML unit	**232.6**	277.3
At end of year	**256.6**	301.3

Interests in Associates

Our interests in associates remained stable at RMB878.1 million and RMB865.5 million as at December 31, 2023 and 2024, respectively.

The following table sets forth our interests in associates as at December 31, 2024 and 2023:

	As at December 31,	
	2024	2023
	(RMB in millions)	
Cost of investments plus share of post-acquisition profits or loss and other comprehensive income, net of dividend received	**605.4**	612.9
Loans to an associate*	**260.1**	265.2
Total	**865.5**	878.1

* The loans to an associate were advanced to Shanghai Binqiao Enterprise Management Co., Ltd. (上海濱橋企業管理有限公司) ("**Shanghai Binqiao**"). The loans are unsecured of which RMB250,811,000 is interest-free and without fixed terms of repayment; and the remaining balances bear interest at the rate of 6% per annum and repayable in three years from the date of drawdown of the respective loans. In the opinion of the Directors, the loans are not expected to be settled within the next twelve months from the end of the reporting period.

Interests in Joint Ventures

Our interests in joint venture decreased by RMB31.9 million or 5.9% to RMB507.8 million as at December 31, 2024 from RMB539.7 million as at December 31, 2023, primarily due to the share of losses of our joint ventures recorded in 2024.

The following table sets forth our interests in joint ventures as at December 31, 2024 and 2023:

	As at December 31,	
	2024	2023
	(RMB in millions)	
Cost of investments plus share of post-acquisition profits or loss and other comprehensive income, net of dividend received	**383.7**	361.0
Loan to a joint venture*	**124.1**	178.7
Total	**507.8**	539.7

* The loan to a joint venture was advanced to Mengxiang Qi'an. The loan is unsecured, interest-free and without fixed terms of repayment. In the opinion of the Directors, the loan is not expected to be settled within the next twelve months from the end of the reporting period.

Significant Investments

Save as disclosed in 2024 annual report, we did not make or hold any significant investments (including any investment in an investee company with a value of 5.0 percent or more of our Company's total assets) during 2024.

Amount Due from Related Parties

Our Group recorded amounts due from related parties of RMB112.5 million as at December 31, 2024 (December 31, 2023: RMB44.0 million).

Other Intangible Assets

Our other intangible assets decreased by RMB8.0 million or 5.7% to RMB131.3 million as at December 31, 2024 from RMB139.3 million as at December 31, 2023, primarily due to regular amortization of our film IP licensing.

Financial Assets at Fair Value Through Profit or Loss

Our financial assets at fair value through profit or loss amounted to RMB52.5 million as at December 31, 2024, representing a decrease of RMB2.8 million or 5.1% from RMB55.3 million as at December 31, 2023, which was primarily due to the fluctuations in the stock prices of listed companies in which we invested.

Restricted Cash

Our restricted cash remained relatively stable at RMB69.5 million and RMB68.5 million as at December 31, 2023 and 2024, respectively.

Program Copyrights

Our program copyrights remained relatively stable at RMB0.2 million and RMB0.2 million as at December 31, 2023 and 2024, respectively.

Trade Receivables

Our trade receivables amounted to RMB99.0 million as at December 31, 2024, representing a decrease of RMB121.8 million or 55.2% from RMB220.8 million as at December 31, 2023, which was in line with the decrease in our revenue and attributable to an increase of impairment of trade receivables.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets amounted to RMB74.4 million as at December 31, 2024, representing a decrease of RMB205.6 million or 73.4% from RMB280.0 million as at December 31, 2023, which was primarily due to the maturity of the short-term notes that we purchased in 2023.

Trade Payables

Our trade payables amounted to RMB117.1 million as at December 31, 2024, representing a decrease of RMB60.3 million or 34.0% from RMB177.4 million as at December 31, 2023, which is in line with the decrease in our cost of sales.

Other Payables and Accruals

Our other payables and accruals amounted to RMB46.5 million as at December 31, 2024, representing a decrease of RMB43.0 million or 48.0% from RMB89.5 million as at December 31, 2023, primarily due to settlement of certain other payables.

Contract Liabilities

Our contract liabilities amounted to RMB16.0 million as at December 31, 2024, representing an increase of RMB4.3 million or 36.8% from RMB11.7 million as at December 31, 2023, which was primarily due to an increase in contract liabilities pending recognition.

Provisions

Our provisions amounted to RMB35.4 million as at December 31, 2024, representing an increase of RMB19.2 million or 118.5% from RMB16.2 million as at December 31, 2023, which was primarily attributable to additional provisions recorded for expected litigation costs.

Lease Liabilities

Our lease liabilities amounted to RMB6.9 million as at December 31, 2024, representing a decrease of RMB5.1 million or 42.5% from RMB12.0 million as at December 31, 2023, which was primarily due to settlement of lease liabilities.

Liquidity and Capital Resources

As at December 31, 2024, we funded our cash requirements primarily from cash flows mainly through equity financing and the retained earnings of our Company. We had cash and cash equivalents of RMB425.3 million and RMB353.9 million as at December 31, 2024 and 2023, respectively. Meanwhile, our Group had no borrowings as at December 31, 2024 and 2023, respectively.

Our principal uses of cash have been for our business operations and expansion plans which require a significant amount of capital, including costs for variety program production, costs for music IPs production, and other working capital requirements. In the foreseeable future, our Company believes that our liquidity requirements will be satisfied by a combination of cash flow generated from our operating activities and other funds raised from capital markets from time to time.

Gearing Ratio

As at December 31, 2024, our gearing ratio was 0.26% (2023: 0.42%).

Material Acquisitions and Disposals

Save as disclosed in 2024 annual report, we did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during 2024.

Pledge of Assets

As at December 31, 2024, restricted deposits amounting to RMB68.5 million were pledged for purchase of leasehold land and provisions for litigation.

Contingent Liabilities

As at December 31, 2024, except for the lawsuits set out in Note 33 to the financial statements, our Group had no other significant contingent liabilities.

Foreign Exchange Exposure

Our Group's businesses are principally conducted in RMB. We have transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. As at December 31, 2024, major non-RMB assets are cash and cash equivalents which denominated in HK$ or US$. Fluctuation of the exchange rate of RMB against HK$ or US$ could affect our Group's results of operations. Our Group does not intend to hedge its exposure to foreign exchange fluctuations. We will constantly monitor the economic situation and our Group's foreign exchange risk profile and will consider appropriate hedging measures in the future should the need arise.

For the year ended December 31, 2025

BUSINESS OVERVIEW

Business Analysis by Business Line

(i) Variety Program IP Production, Operation and Licensing

As always, the programs produced by our Group have earned the trust of major broadcasting platforms and popularity among audience for the high quality production contents.

For the year ended December 31, 2025, our Group participated in the directing and post-production service of several variety programs, namely, "Singing for the Central Axis of Beijing" (最美中軸線) on Beijing Radio & Television Station, "Sing! Asia"(亞洲新聲) on iQIYI platform, "The Top Racer" (風馳賽車手) on Youku platform and "Let's Go! Singing Tour Crew" (出發吧唱遊團) on Tencent platform. In addition, we participated in the directing services for an AI music variety show, which is scheduled to air in 2026. Our Group has been actively exploring strategic cooperation opportunities with other broadcasting platforms.

The revenue, gross profit and gross profit margin of our variety programs are affected by multiple factors, including but not limited to (i) the cooperation model we adopted for the programs; (ii) our negotiations with investing media platforms; (iii) the overall economic environment; and (iv) shift in audience preferences. As a result, due to the inherent risks in the business model of our variety program intellectual property ("**IP**") production, operation and licensing, our financial performance may fluctuate from year to year.

(ii) Music IP Operation and Licensing

As at December 31, 2025, our Group's music library contained 9,948 IPs, consisting of 3,765 live music recordings produced during the creation of our music variety programs, 3,859 songs produced for our managed artists, and 2,324 lyrics and music compositions.

(iii) Film and Drama Series IP Operation and Licensing

Our Group has leveraged our extensive film library, experienced in-house professional teams and long-term cooperative relationships with media platforms to actively expand into the fields of film licensing and drama series production.

As at December 31, 2025, our Group owned and operated a large library consisting of 757 Chinese film IPs and one drama series "Reading Class" (閱讀課) produced by our Group.

Our Group generally licenses our films to domestic and overseas TV networks and online video platforms for rebroadcasting in exchange for a fixed licensing fee during a specified timeframe. The licensing fee is usually determined based on certain factors, including the number of films licensed and the length of the licensing period.

(iv) Other IP-related Business

Our Group's other IP-related business primarily includes (i) artist management; (ii) concert organization and production; (iii) art education and training; (iv) mobile apps; (v) consumer products; and (vi) themed attractions. As at December 31, 2025, we had a total number of 65 managed artists.

FINANCIAL REVIEW

Overview

For the year ended December 31, 2025, we recorded revenue of RMB168.3 million, a slightly increase from RMB163.1 million in 2024. This was primarily due to an increase in revenue from license renewals of the old songs in our Group's music library, which offset a decline in other IP-related business. Our gross profit increased to RMB88.1 million in 2025 from RMB40.0 million in 2024, with the gross profit margin improving to 52.3% in 2025 from 24.5% in 2024. This improvement was largely attributable to a strategic shift in our variety program business towards higher-margin directing and post-production services.

Our net loss amounted to RMB118.8 million in 2025 as compared to the net loss of RMB230.0 million in 2024. The reduction in net loss in 2025 was primarily attributable to (a) an increase in our gross profit margin from 24.5% in 2024 to 52.3% in 2025, through enhanced cost control measures and improved operational efficiency; (b) a significant decrease in impairment loss on goodwill from RMB48.5 million in 2024 to RMB3.0 million in 2025, following a large impairment recognized by our Group in the prior year; and (c) a decrease in administration expenses from RMB90.4 million in 2024 to RMB49.6 million in 2025, driven by cost control measures and a reduction in staff numbers. Nevertheless, our Group still recorded a net loss in 2025, primarily due to impairment charges on properties held by certain associates of the Group which led to a significant change in the carrying value of these investments.

Revenue by Business Line

During the years ended December 31, 2025 and 2024, we generated our revenues primarily from (i) variety program IP production, operation and licensing; (ii) music IP operation and licensing; (iii) film and drama series IP operation and licensing; and (iv) other IP-related business. The table below sets forth a breakdown of our revenue by business segment for the years ended December 31, 2025 and 2024:

	For the year ended December 31,	
	2025	2024
	(RMB in millions)	
Variety program IP production, operation and licensing	**39.1**	33.9
Music IP operation and licensing	**31.5**	14.0
Film and drama series IP operation and licensing	**62.2**	60.6
Other IP-related business	**35.5**	54.6
Total	**168.3**	163.1

Cost of Sales

The following table sets forth our cost of sales by business segment for the years ended December 31, 2025 and 2024:

	For the year ended December 31,	
	2025	2024
	(RMB in millions)	
Variety program IP production, operation and licensing	**14.4**	56.9
Music IP operation and licensing	**12.8**	4.9
Film and drama series IP operation and licensing	**21.8**	20.2
Other IP-related business	**31.2**	41.1
Total	**80.2**	123.1

Gross (Loss)/Profit and Gross (Loss)/Profit Margin

The following table sets forth our gross (loss)/profit and gross (loss)/profit margin by each business segment for the years ended December 31, 2025 and 2024:

	For the year ended December 31,			
	2025		2024	
	Gross (Loss)/ Profit	**Gross (Loss)/ Profit Margin** *(%)*	Gross (Loss)/ Profit	Gross (Loss)/ Profit Margin *(%)*
	(RMB in millions except in percentage)			
Variety program IP production, operation and licensing	**24.7**	**63.2**	(23.0)	(67.8)
Music IP operation and licensing	**18.7**	**59.4**	9.1	65.0
Film and drama series IP operation and licensing	**40.4**	**65.0**	40.4	66.7
Other IP-related business	**4.3**	**12.1**	13.5	24.7
Total	**88.1**	**52.3**	40.0	24.5

As a result of the foregoing, our gross profit increased by 120.3% from RMB40.0 million in 2024 to RMB88.1 million in 2025.

Other Incomes and Gains

Our other incomes and gains decreased by 28.3% from RMB24.4 million in 2024 to RMB17.5 million in 2025, which was primarily due to a decrease in interest income.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 13.9% from RMB17.3 million in 2024 to RMB14.9 million in 2025, primarily due to a decrease in staff costs resulting from the reduction in the number of our sales staff.

Administrative Expenses

Our administrative expenses decreased by 45.1% from RMB90.4 million in 2024 to RMB49.6 million in 2025, primarily due to (i) a decrease in staff costs resulting from the reduction in the number of our administrative and R&D staff; (ii) a decrease in depreciation expenses for the year as impairment losses on right-of-use assets and property, plant and equipment were recognized in the prior year; and (iii) a decrease in professional services fees and expenses.

Impairment Loss on Goodwill

We recorded an impairment loss on goodwill of RMB3.0 million in 2025 (2024: RMB48.5 million), primarily due to the recognition of goodwill impairment in the prior year following an expected decline in future revenue from our film broadcasting rights licensing, with only a minor adjustment recorded in 2025.

Impairment Loss on Trade and Other Receivables

We recorded an impairment loss on trade and other receivables of RMB14.0 million in 2025 (2024: RMB50.2 million), primarily due to a significant increase in credit risk for certain customers assessed in the prior year did not persist.

Impairment Loss (reversed)/Recognised on Loans to a Joint Venture and an Associate

We recorded a reversal of impairment loss on loans to a joint venture and an associate of RMB1.8 million in 2025 as compared to an impairment loss of RMB10.7 million in 2024, which was primarily due to some related balances of loans were recovered.

Impairment Loss on Property, Plant and Equipment and Right-of-use Assets

We recorded no impairment loss on property, plant and equipment and right-of-use assets in 2025 as compared to an impairment loss of RMB21.0 million in 2024. The impairment loss in the prior year was primarily due to the recoverable amount of the cash-generating unit engaged in the business of variety program IP production, operation and licensing being lower than its carrying amount, as the unit was operating at a loss in prior year, while no such impairment loss was required in 2025.

Increase/(Decrease) in Fair Value of Financial Assets at Fair Value Through Profit or Loss

We recorded a gain in changes in fair value of financial assets at fair value through profit or loss of RMB9.8 million in 2025, compared to a loss in changes in fair value of financial assets at fair value through profit or loss of RMB2.8 million in 2024, primarily due to fluctuations in the stock prices of listed companies in which we invested.

Other Expenses

Our other expenses decreased significantly by 65.1% from RMB17.5 million in 2024 to RMB6.1 million in 2025. The decrease was primarily due to a reduction in litigation compensation expenses, partially offset by an increase in exchange losses resulting from fluctuations in foreign exchange rates.

Finance Costs

Our finance costs decreased from RMB0.4 million in 2024 to RMB0.2 million in 2025.

Share of Losses of a Joint Venture and Associates

Our share of losses of a joint venture decreased by 43.8% from RMB29.0 million in 2024 to RMB16.3 million in 2025, primarily because of a decrease in loss in connection with the investment in Mengxiang Qi'an. Our share of losses from associates significantly increased by 1,280.0% from RMB7.5 million in 2024 to RMB103.5 million in 2025, which was primarily attributable to impairment provisions recognized against properties held by our associates, Shaanxi Star Shuolan Real Estate Co., Ltd. (陝西星空碩藍置業有限公司) ("**Shaanxi Shuolan**") and Shaanxi Star Yuanlv Real Estate Co., Ltd. (陝西星空原綠置業有限公司) ("**Shaanxi Yuanlv**"), resulting in a material reduction in the carrying value of these investments.

Income Tax Credit/(Expenses)

We recorded income tax expenses of RMB28.4 million in 2025 as compared to income tax credit of RMB1.1 million in 2024, primarily due to (i) an increase in income tax arising from the disposal of certain stocks by a subsidiary, and (ii) a supplementary provision for income tax resulting from the reassessment of the film IP licensing business of Fortune Star Media Limited ("**FSML**") under the foreign source income exemption (FSIE) regime.

Loss for the Years

As a result of above, we recorded reduction of a net loss from RMB230.0 million in 2024 to RMB118.8 million in 2025.

FINANCIAL POSITION

Property, Plant and Equipment

Our property, plant and equipment remained relatively stable at RMB179.0 million as at December 31, 2024 and RMB179.5 million as at December 31, 2025.

Goodwill

Our goodwill decreased by RMB8.2 million or 3.2% from RMB256.6 million as at December 31, 2024 to RMB248.4 million as at December 31, 2025, primarily due to (i) the impact of foreign exchange translation on the goodwill of FSML, and (ii) an impairment loss resulting from a slight decline in the expected future earnings of MXQY.

The carrying amounts of goodwill allocated to each of the cash-generating units are as follows:

	For the year ended December 31,	
	2025	2024
	(RMB in millions)	
MXQY unit	**21.0**	24.0
FSML unit	**227.4**	232.6
At end of year	**248.4**	256.6

Interests in Associates

Our interests in associates remained stable at RMB865.5 million and RMB876.2 million as at December 31, 2024 and 2025, respectively. During the reporting period, our Group made an investment of RMB115 million in a newly established associate. Reference is made to the announcement of the Company dated 13 November 2025 in relation to the formation of joint venture company. This increase was offset by impairment provisions recognised against properties held by our associates, Shaanxi Shuolan and Shaanxi Yuanlv, which resulted in a material reduction in the carrying value of these investments.

The following table sets forth our interests in associates as at December 31, 2025 and 2024:

	As at December 31,	
	2025	2024
	(RMB in millions)	
Cost of investments plus share of post-acquisition profits or loss and other comprehensive income, net of dividend received	**615.6**	605.4
Loans to an associate*	**260.6**	260.1
Total	**876.2**	865.5

* The loans to an associate were advanced to Shanghai Binqiao Enterprise Management Co., Ltd. (上海濱橋企業管理有限公司) ("**Shanghai Binqiao**"). The loans are unsecured of which RMB250,811,000 is interest-free and without fixed terms of repayment; and the remaining balances bear interest at the rate of 6% per annum and repayable in three years from the date of drawdown of the respective loans. In the opinion of the Directors, the loans are not expected to be settled within the next twelve months from the end of the reporting period.

Interests in a Joint Venture

Our interests in a joint venture remained stable at RMB507.8 million and RMB493.0 million as at December 31, 2024 and 2025.

The following table sets forth our interests in joint ventures as at December 31, 2025 and 2024:

	As at December 31,	
	2025	2024
	(RMB in millions)	
Cost of investments plus share of post-acquisition profits or loss and other comprehensive income, net of dividend received	**367.5**	383.7
Loan to a joint venture*	**125.5**	124.1
Total	**493.0**	507.8

* The loan to a joint venture was advanced to Mengxiang Qi'an. The loan is unsecured, interest-free and without fixed terms of repayment. In the opinion of the Directors, the loan is not expected to be settled within the next twelve months from the end of the reporting period.

Significant Investments

Save as disclosed in this circular, we did not make or hold any significant investments (including any investment in an investee company with a value of 5.0 percent or more of our Company's total assets) during 2025.

Amount Due from Related Parties

Our Group recorded amounts due from related parties of RMB0.5 million as at December 31, 2025 (December 31, 2024: RMB112.5 million).

Other Intangible Assets

Our other intangible assets decreased by RMB23.5 million or 17.9% from RMB131.3 million as at December 31, 2024 to RMB107.8 million as at December 31, 2025, primarily due to (i) regular amortization of film IP licensing, and (ii) the transfer of intangible assets resulting from the licence renewals of our legacy music library in 2025.

Financial Assets at Fair Value Through Profit or Loss

Our financial assets at fair value through profit or loss amounted to RMB22.9 million as at December 31, 2025, representing a decrease of RMB29.6 million or 56.4% from RMB52.5 million as at December 31, 2024, which was primarily due to (i) the disposal of listed shares, and (ii) fluctuations in the stock prices of the remaining shares held.

Restricted Cash

Our restricted cash decreased by RMB53.9 million or 78.7% from RMB68.5 million as at December 31, 2024 to RMB14.6 million as at December 31, 2025, primarily due to the release of restricted cash following the conclusion of certain litigation cases.

Inventories

In 2025, the inventories of our Group amounted to RMB53.5 million, compared with RMB0.02 million in 2024. The increase in 2025 was primarily due to our Group's acquisition of scripts which require adaptation before they can be sold.

Trade and Bill Receivables

Our trade and bill receivables amounted to RMB69.7 million as at December 31, 2025, representing a decrease of RMB29.3 million or 29.6% from RMB99.0 million as at December 31, 2024, which was due to the collection of trade receivables from prior years.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets amounted to RMB84.7 million as at December 31, 2025, representing an increase of RMB10.3 million or 13.8% from RMB74.4 million as at December 31, 2024, which was primarily due to an increase in prepayments for concert collaboration.

Trade Payables

Our trade payables amounted to RMB73.9 million as at December 31, 2025, representing a decrease of RMB43.2 million or 36.9% from RMB117.1 million as at December 31, 2024, which was primarily due to the settlement of program-related payables from prior years in 2025.

Other Payables and Accruals

Our other payables and accruals amounted to RMB38.8 million as at December 31, 2025, representing a decrease of RMB7.7 million or 16.6% from RMB46.5 million as at December 31, 2024, primarily due to settlement of certain other payables.

Contract Liabilities

Our contract liabilities amounted to RMB12.7 million as at December 31, 2025, representing an decrease of RMB3.3 million or 20.6% from RMB16.0 million as at December 31, 2024, which was primarily due to a decrease in contract liabilities received in advance.

Provisions

Our provisions amounted to RMB5.3 million as at December 31, 2025, representing a significant decrease of RMB30.1 million or 85.0% from RMB35.4 million as at December 31, 2024. This decrease was primarily attributable to payment of provisions following the conclusion of litigation proceedings in 2024.

Lease Liabilities

Our lease liabilities amounted to RMB3.1 million as at December 31, 2025, representing a decrease of RMB3.8 million or 55.1% from RMB6.9 million as at December 31, 2024, which was primarily due to shorter lease terms and a reduction in leased area.

Liquidity and Capital Resources

As at December 31, 2025, we funded our cash requirements primarily from cash flows mainly through equity financing and the retained earnings of our Company. We had cash and cash equivalents of RMB427.4 million and RMB425.3 million as at December 31, 2025 and 2024, respectively. Meanwhile, our Group had no borrowings as at December 31, 2025 and 2024, respectively.

Our principal uses of cash have been for our business operations and expansion plans which require a significant amount of capital, including costs for variety program production, costs for music IPs production, and other working capital requirements. In the foreseeable future, our Company believes that our liquidity requirements will be satisfied by a combination of cash flow generated from our operating activities and other funds raised from capital markets from time to time.

Gearing Ratio

As at December 31, 2025, our gearing ratio was 0.12% (2024: 0.26%). The gearing ratio is calculated as total debts (consisting of interest-bearing bank loans, lease liabilities, and amounts due to related parties) divided by total equity. Our Group had no bank loans as at December 31, 2025 and 2024. The ratio is presented as a key measure of our Group's financial leverage. In comparison to industry peers who often utilize debt to fund content production, the Group's current position with no borrowings reflects a conservative financial management strategy.

Material Acquisitions and Disposals

On November 13, 2025, Shanghai Jiuwu Yisheng Culture & Media Co., Ltd.* (上海久吾一生文化傳媒有限公司) ("**Shanghai Jiuwu Yisheng**"), our indirect wholly-owned subsidiary, entered into a joint venture agreement with Beijing Unbounded Sound Field Culture Media Co., Ltd.* (北京無界音場文化傳媒有限公司) (the "**Joint Venture Partner**"), to establish an AI music business in the PRC. The registered capital of the joint venture company is RMB1 million. After the registered capital of the Joint Venture Agreement has been fully paid up, Shanghai Jiuwu Yisheng will contribute further investment amount of RMB114,680,000, and the Joint Venture Partner will contribute further investment amount of RMB243,700,000 upon satisfaction of certain conditions as set out in the joint venture agreement. The joint venture company is owned by Shanghai Jiuwu Yisheng and the Joint Venture Partner as to 32% and 68% respectively. For further details, please refer to the announcement of the Company dated November 13, 2025.

Save as disclosed above, we did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during 2025.

Pledge of Assets

As at December 31, 2025, pledged time deposit amounting to RMB14.6 million were pledged for litigation.

Contingent Liabilities

As at December 31, 2025, except for the lawsuits set out in note 33 to the financial statements as set out in the 2025 annual report, our Group had no other significant contingent liabilities.

Foreign Exchange Exposure

Our Group's businesses are principally conducted in RMB. We have transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. As at December 31, 2025, major non-RMB assets are cash and cash equivalents which denominated in HK$ or US$. Fluctuation of the exchange rate of RMB against HK$ or US$ could affect our Group's results of operations. Our Group does not intend to hedge its exposure to foreign exchange fluctuations. We will constantly monitor the economic situation and our Group's foreign exchange risk profile and will consider appropriate hedging measures in the future should the need arise.

6. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Group is principally engaged in variety program intellectual property production, operation and licensing, music IP operation and licensing, drama series and film IP operation and licensing and other IP-related business.

The Group's core business remains the production, operation and licensing of variety program IP, music IP, and film and drama series IP. Following the completion of the Restructuring, the Enlarged Group will also hold the M2-01 plot in Yangpu District, Shanghai, which will serve as the Company's regional headquarters and a hub for culture and media-related businesses. This strategic property asset is expected to directly support and enhance the Group's core business operations.

Variety programs currently in production or planned: For the year ending 31 December 2026, the Group expects to see continued growth in its variety program business. The following programs are currently in production or planned: (i) An AI music variety show launched in 2025, for which the Group has been commissioned as the producer. Production has currently reached the fourth episode, with recording ongoing. The show is scheduled to be broadcast in the second half of 2026; (ii) a gala event live stream is scheduled for June; (iii) a hip-hop program commissioned by an internet platform has commenced production and is currently in the pre-recording preparation stage; and (iv) the Group has begun negotiations with a client regarding a new season of a small-scale racing outdoor program, which is expected to launch in the second half of the year. A new season of a large-scale dance program is planned for production by the end of the year, for which the Group will provide directing and post-production support services. The Group continues to benefit from the strategic shift towards higher-margin directing and post-production services, which improved gross profit margins in 2025.

Music IP Operation and Licensing: As at 31 December 2025, the Group's music library contained 9,948 IPs. The music library is expected to remain stable, with a slight increase expected by the end of 2026. Licensing clients remain stable, and the Group continues to benefit from license renewals of its legacy music library, which contributed to revenue growth in 2025.

Film and Drama Series IP Operation and Licensing: During 2026, the Group plans to continue licensing its existing library of over 700 film titles globally. The Group is also expanding into short-form content offerings, including short dramas, comic series, and interactive film-games. These new formats are expected to be launched to the market in the second half of 2026 in collaboration with partners.

Other IP-Related Businesses: The Group currently manages 65 artists, with no significant change expected in the current year. The Group continues to explore opportunities in concert organization, art education and training, and themed attractions.

Property Operations (M2-01 Plot): Upon completion of the Restructuring, the Enlarged Group will own the M2-01 plot, which is located in the core area of the southern section of Yangpu Riverside, Shanghai. The main structural framework has been completed, and major construction works are expected to be completed by the end of 2026. After the construction is completed, part of the property will become the regional headquarters of the Group, and also the remaining part will be leased to upstream and downstream industry partners.

Financially, the Group recorded a net loss of RMB118.8 million for the year ended 31 December 2025, which represented a significant improvement from the net loss of RMB230.0 million in 2024. Revenue remained stable at RMB168.3 million, with gross profit more than doubling to RMB88.1 million. The improvement was driven by enhanced cost control measures, improved operational efficiency, and the absence of significant goodwill impairments that were recognized in 2024.

Looking ahead to the year ending December 31, 2026, the Board expects the Enlarged Group to continue its operational improvements, supported by the stable core business performance and improved profitability from variety programs. The Group's existing variety programs, music licensing, and film licensing businesses are expected to remain stable, with new programs and content formats contributing to growth, and the strategic shift towards higher-margin directing and post-production services is expected to continue contributing to gross profit margins. The Group also continues to implement cost control measures across administrative and selling expenses. The Board is of the view that the Enlarged Group's financial position and prospects are supported by its stable core business, improved operational efficiency, and the strategic addition of the M2-01 plot property asset.

Set out below are the financial information Shanghai Binqiao which comprises the unaudited statements of financial positions of Shanghai Binqiao as at December 31, 2023, 2024 and 2025 and the unaudited statements of profit or loss and other comprehensive income, the unaudited statements of changes in equity and unaudited statements of cash flows of Shanghai Binqiao for each of the three years ended 31 December 2023, 2024 and 2025 (the "**Relevant Periods**") and certain explanatory notes, (collectively referred to as the "**Unaudited Financial Information of Shanghai Binqiao**").

The Unaudited Financial Information of Shanghai Binqiao has been prepared by the Directors on the basis set out in Note 2 to the Unaudited Financial Information of Shanghai Binqiao and in accordance with Rule 14.68(2)(a)(i)(A) of the Listing Rules. The Unaudited Financial Information of Shanghai Binqiao has been prepared by the directors of the Company solely for the purpose of inclusion in this circular in connection with the Disposal.

The unaudited financial information set out herein has been reviewed by Crowe (HK) CPA Limited, the auditor of the Companies in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 ''Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal'' issued by the Hong Kong Institute of Certified Public Accountants. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the auditor to obtain assurance that the auditor would become aware of all significant matters that might be identified in an audit. Accordingly, the auditor does not express an audit opinion. The auditor has issued an unmodified review report.

UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended 31 December 2023, 2024 and 2025

	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
	(unaudited)	*(unaudited)*	*(unaudited)*
Other income and gains	17	15	88
Administrative expenses	(2,094)	(1,013)	(1,101)
Finance costs	(318)	–	(141)
Loss before taxation	(2,395)	(998)	(1,154)
Income tax expense	–	–	–
Loss and total comprehensive loss for the year	**(2,395)**	**(998)**	**(1,154)**

UNAUDITED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023, 2024 and 2025

	2023 *RMB'000* *(unaudited)*	2024 *RMB'000* *(unaudited)*	2025 *RMB'000* *(unaudited)*
NON-CURRENT ASSETS			
Property, plant and equipment	50	28	21
Total non-current assets	**50**	**28**	**21**
CURRENT ASSETS			
Inventories	2,868,188	3,491,959	4,093,140
Prepayments	966	7,101	476
Other receivables	13,506	39,769	80,588
Cash and cash equivalents	4,248	28,963	1,896
Total current assets	**2,886,908**	**3,567,792**	**4,176,100**
CURRENT LIABILITIES			
Other payables	98,365	226,847	345,318
Amounts due to shareholders	1,247,416	1,307,795	1,286,162
Bank borrowings	–	–	120
Total current liabilities	**1,345,781**	**1,534,642**	**1,631,600**
NET CURRENT ASSETS	**1,541,127**	**2,033,150**	**2,544,500**
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,541,177**	**2,033,178**	**2,544,521**
NON-CURRENT LIABILITIES			
Bank borrowings	178,925	671,046	1,183,056
Amounts due to shareholders	265,227	266,105	266,592
Total non-current liabilities	**444,152**	**937,151**	**1,449,648**
NET ASSETS	**1,097,025**	**1,096,027**	**1,094,873**
Equity			
Share capital	1,100,000	1,100,000	1,100,000
Accumulated losses	(2,975)	(3,973)	(5,127)
TOTAL EQUITY	**1,097,025**	**1,096,027**	**1,094,873**

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2023, 2024 and 2025

	Share capital	**Accumulated losses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
	(unaudited)	*(unaudited)*	*(unaudited)*
As at 1 January 2023	**1,100,000**	**(580)**	**1,099,420**
Loss and total comprehensive loss for the year	–	(2,395)	(2,395)
As at 31 December 2023 and 1 January 2024	**1,100,000**	**(2,975)**	**1,097,025**
Loss and total comprehensive loss for the year	–	(998)	(998)
As at 31 December 2024 and 1 January 2025	**1,100,000**	**(3,973)**	**1,096,027**
Loss and total comprehensive loss for the year	–	(1,154)	(1,154)
As at 31 December 2025	**1,100,000**	**(5,127)**	**1,094,873**

UNAUDITED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2023, 2024 and 2025

	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
	(unaudited)	*(unaudited)*	*(unaudited)*
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax	(2,395)	(998)	(1,154)
Adjustment for			
Bank interest income	(17)	(8)	(85)
Depreciation of property, plant and equipment	20	–	23
Operating cash flows before movements in working capital	(2,392)	(1,006)	(1,216)
Increase in inventories	(288,332)	(443,728)	(494,806)
(Increase)/decrease in prepayments and other receivables	(13,497)	32,398	34,193
Decrease in other payables and accruals	(40,602)	(104,535)	(65,620)
Cash used in operations	(344,823)	(516,871)	(527,449)
Interest received	17	8	85
Income tax paid	–	–	–
Net cash flows used in operating activities	**(344,806)**	**(516,863)**	**(527,364)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(13)	–	(18)
Net cash flows used in investing activities	**(13)**	**–**	**(18)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from new bank loans	308,704	492,122	512,129
Repayment of borrowings	(50,958)	–	–
Interest paid	(688)	(10,665)	–
Advance from shareholders	91,035	216,150	13,186
Repayment to shareholders	–	(156,029)	(25,000)
Net cash flows generated from financing activities	**348,093**	**541,578**	**500,315**
Net increase/(decrease) in cash and cash equivalents	**3,274**	**24,715**	**(27,067)**
Cash and cash equivalents at beginning of the year	974	4,248	28,963
Cash and cash equivalents at end of year	**4,248**	**28,963**	**1,896**
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balance	**4,248**	**28,963**	**1,896**

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. CORPORATE INFORMATION:

Shanghai Binqiao is a limited liability company established in the PRC. Shanghai Binqiao is principally engaged in real estate development in the PRC.

Shanghai Binqiao is an associate of the Group.

2. BASIS OF PREPARATION OF THE UNAUDITED FINANCIAL INFORMATION:

The Unaudited Financial Information of Shanghai Binqiao for each of the three years ended December 31, 2023, 2024 and 2025 ("the Relevant Periods") has been prepared in accordance with paragraph 14.68(2)(a)(i) of the Listing Rules, and is solely for the purposes of inclusion in the circular issued by the Company in connection with the Disposal.

The Unaudited Financial Information has been prepared by the Directors in accordance with the same accounting policies as those adopted by the Group in the preparation of the consolidated financial statements of the Group for the Relevant Periods, which conform with IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB").

The Unaudited Financial Information has been prepared under the historical cost basis.

The Unaudited Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in International Accounting Standard ("IAS") 1 "Presentation of Financial Statements" nor a set of complete condensed interim financial report as defined in IAS 34 "Interim Financial Reporting" issued by the IASB and that it should be read in conjunction with the relevant published annual reports for the year ended 31 December 2025 dated 27 March 2026 of the Company.

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the Company's independent reporting accountants, Crowe (HK) CPA Limited, Certified Public Accountants, Hong Kong.

July 14, 2026

國富浩華（香港）會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF SHANGHAI XINGKONGSHUI'AN ENTERPRISE DEVELOPMENT CO., LTD

The Board of Directors
Star CM Holdings Limited

Introduction

We report on the historical financial information of Shanghai Xingkongshui'an Enterprise Development Co., Ltd (the "Target Company") set out on pages III-5 to III-26, which comprises the statements of financial position of the Target Company as at December 31, 2023, 2024 and 2025, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows, of the Target Company for each of the three years ended December 31, 2023, 2024 and 2025 (the "Relevant Periods") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages III-5 to III-26 forms an integral part of this report, which has been prepared for inclusion in the circular of Star CM Holdings Limited (the "Company") dated July 14, 2026 (the "Circular") in connection with the proposed acquisition of the Target Company by the Company (the "Acquisition").

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation out in note 3 to the Historical Financial Information, and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Target Company's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 3 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Target Company's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Target Company as at 31 December 2023, 2024 and 2025 and of the financial performance and cash flows of the Target Company for the Relevant Periods in accordance with the basis of preparation and presentation set out in note 3 to the Historical Financial Information.

REPORT ON OTHER MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE.

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page III-4 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividend was declared or paid by the Target Company in respect of the Relevant Periods.

Preparation or audit financial statements

The financial statements of the Target Company were audited by Baker Tilly China Certified Public Accountants (Special General Partnership) for the year ended December 31, 2023 and by Zhonghui Certified Public Accountants (Special General Partnership) for the years ended December 31, 2024 and 2025 respectively in accordance with China Standards on Auditing issued by China Institute of Certified Public Accountants (the "CICPA").

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 14 July 2026

Chan Wai Dune, Charles
Practising Certificate Number P00712

HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Company for the Relevant Periods, on which the Historical Financial Information is based, were prepared by the directors of the Target Company in accordance with the accounting policies that conform with IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") and were audited by Crowe (HK) CPA Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three years ended 31 December 2023, 2024 and 2025

	Note	2023 RMB'000	2024 RMB'000	2025 RMB'000
Revenue	5	–	–	–
Other income	6	4	2	–
Other expenses		(1)	(2)	(1)
Administrative expenses		(262)	(69)	(116)
Finance costs	7	–	–	–
Loss before tax	8	(259)	(69)	(117)
Income tax expense	9	–	–	–
Loss for the year		(259)	(69)	(117)
Other comprehensive loss for the year		–	–	–
Total comprehensive loss for the year		(259)	(69)	(117)

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2023, 2024 and 2025

	Note	2023 RMB'000	2024 RMB'000	2025 RMB'000
CURRENT ASSETS				
Inventories	13	505,187	609,061	707,376
Prepayments and other receivables	14	3,140	7,135	13,514
Cash and cash equivalents	15	1,171	393	155
		509,498	616,589	721,045
CURRENT LIABILITIES				
Other payables	16	18,498	36,725	65,937
Amounts due to a related party	17	500	500	500
Bank borrowings	18	–	–	120
		18,998	37,225	66,557
NET CURRENT ASSETS		490,500	579,364	654,488
TOTAL ASSETS LESS CURRENT LIABILITIES		490,500	579,364	654,488
NON-CURRENT LIABILITIES				
Bank borrowings	18	32,042	120,097	194,851
Amounts due to immediate holding company	17	265,227	266,105	266,592
		297,269	386,202	461,443
NET ASSETS		193,231	193,162	193,045
CAPITAL AND RESERVES				
Share capital	19	193,490	193,490	193,490
Accumulated losses		(259)	(328)	(445)
TOTAL EQUITY		193,231	193,162	193,045

STATEMENTS OF CHANGES IN EQUITY

	Paid-up capital	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	193,490	–*	193,490
Loss and total comprehensive loss for the year	–	(259)	(259)
As at 31 December 2023 and 1 January 2024	193,490	(259)	193,231
Loss and total comprehensive loss for the year	–	(69)	(69)
As at 31 December 2024 and 1 January 2025	193,490	(328)	193,162
Loss and total comprehensive loss for the year	–	(117)	(117)
As at 31 December 2025	193,490	(445)	193,045

* *The amounts are less than RMB1,000.*

STATEMENTS OF CASH FLOWS
For the three years ended 31 December 2023, 2024 and 2025

	Note	2023 RMB'000	2024 RMB'000	2025 RMB'000
Cash Flows from Operating Activities				
Loss before income tax		(259)	(69)	(117)
Adjustments for:				
Bank interest income		(4)	(2)	–
Operating cash flows before movements in working capital		(263)	(71)	(117)
Increase in inventories		(59,568)	(101,359)	(94,020)
Increase in prepayments and other receivables		(3,140)	(3,995)	(6,379)
Increase in other payables		18,498	16,529	25,464
Net Cash Used in Operating Activities		(44,473)	(88,896)	(75,052)
Cash Flows from Investing Activities				
Interest received		4	2	–
Net Cash Generated from Financing Activities		4	2	–
Cash Flows from Financing Activities				
Advance from a related party		500	–	–
Advance from immediate holding company		19,942	61	–
Repayment to immediate holding company		(7,019)	–	(60)
Proceeds from new bank borrowings		32,042	88,055	74,874
Net Cash Generated from Financing Activities		45,465	88,116	74,814
Net Increase/(Decrease) in Cash and Cash Equivalents		996	(778)	(238)
Cash and Cash Equivalents at the Beginning of the Year		175	1,171	393
Cash and Cash Equivalents at the end of the Year		1,171	393	155
Analysis of Cash and Cash Equivalents				
Cash and bank balances		1,171	393	155

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Shanghai Xingkongshui'an Enterprise Development Co., Ltd (the "Target Company") is a limited liability company incorporated in the People's Republic of China (the "PRC"). The address of its registered office and principal place of business is Room 655, Building 1, No. 1616 Changyang Road, Yangpu District, Shanghai, PRC.

The Target Company is principally engaged in real estate development. During the Relevant Periods, the Target Company has not commenced any business.

These Historical Financial Information are presented in Renminbi ("RMB"), and all values are rounded to the nearest thousand (RMB'000), expect when otherwise indicated.

2. NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS IN ISSUED BUT NOT YET EFFECTIVE

The Target Company has not applied the following new and amendments to IFRS Accounting Standards, as issued by the International Accounting Standards Board (the "IASB") that have been issued but are not yet effective, in these Historical Financial Information. The Company intends to apply these new and amendments to IFRS, if applicable, when they become effective.

At the date of approving the Historical financial information the following is a list of new and amendments to accounting standards, as issued by the International Accounting Standards Board (the "IASB"), which are not mandatorily effective for the Relevant Periods:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[1]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[1]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]
IFRS 18 and consequential Amendments to other IFRS Accounting Standards	Presentation and Disclosure in Financial Statements[2]
IFRS 19 and subsequent amendments	Subsidiaries without Public Accountability: Disclosures[2]
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor And its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2026

2 Effective for annual periods beginning on or after 1 January 2027

3 Effective for annual periods beginning on or after a date to be determined

The Target Company is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements except for the following:

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively. Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management defined performance measures in a single note in the financial statements. The Group does not plan to early adopt IFRS 18. It is expected to affect the structure and presentation of the consolidated statement of profit or loss and other comprehensive income.

3. MATERIAL ACCOUNTING POLICIES

3.1 Basis of preparation and presentation of Historical Financial Information

The statements of financial position of the Target Company as at December 31, 2023, 2024 and 2025, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of the Target Company for the Relevant Periods and material accounting policies and other explanatory information (together the "Historical Financial Information") presents the financial track record of the Target Company for the Relevant Periods and is prepared for the purposes of inclusion in a circular of Star CM Holdings Limited (the "Company") to its shareholders in connection with the acquisition of the Target Company, using the accounting policies which are materially consistent with those of the Company as applied in the Company's consolidated financial statements for the year ended December 31, 2025, except for those IFRS Accounting Standards as issued by the IASB that are effective for the financial years beginning on or after January 1, 2025 and applicable to the Historical Financial Information.

The Historical Financial Information was prepared by the directors of the Target Company, based on the Underlying Financial Statements of the Target Company for the Relevant Periods. In preparing the Historical Financial Information, no adjustments have been made to the Underlying Financial Statements by the directors of the Target Company.

The financial information contained in this circular does not constitute the Target Company's statutory financial statements for those financial years.

The statutory financial statements of the Target Company were audited by Baker Tilly China Certified Public Accountants (Special General Partnership) for the year ended 31 December 2023 and by Zhonghui Certified Public Accountants (Special General Partnership) for the years ended 31 December 2024 and 2025 respectively in accordance with China Standards on Auditing issued by China Institute of Certified Public Accountants (the "CICPA"). The auditor's reports were unmodified.

The Historical Financial Information has been prepared based on the accounting policies set out below which conform with IFRS Accounting Standards as issued by the IASB.

3.2 Statement of compliance

The Historical Financial Information has been prepared in accordance with IFRS as issued by the IASB, which collective term includes all individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the IASB. The Historical Financial Information also complies with the disclosure requirements of the Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The IASB has issued a number of new and revised IFRSs during the Relevant Periods. For the purpose of the preparation of the Historical Financial Information, the Target Company has consistently adopted all those new and revised IFRSs that are relevant to its operations and are effective during the Relevant Periods.

The preparation of the Historical Financial Information in accordance with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying the Target Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in note 4.

The Historical Financial Information has been prepared on a going concern basis and on the historical cost convention, unless otherwise stated in the accounting policies which follow and incorporate the material accounting policies set out below.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Inventories include leasehold lands held for sale and properties under development which are intended to be sold upon completion of development are classified as current assets.

The carrying amount of leasehold lands is measured at cost less any accumulated deprecation and impairment losses. The residual values are determined as the estimated disposal value of the leasehold land.

Properties under development which are intended to be sold upon completion of development are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right of use assets, properties under development are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of related development expenditure incurred. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. Cost necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Borrowings

Borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 3(ab)). Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity service and amortised over the period of the facility to which it relates.

These borrowings are classified as current liabilities unless the Group has the right, at the end of the reporting period, to defer settlement of the liability for at least twelve months after the reporting period. Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current.

Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

Other income

Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Employee benefits

Contributions made to the government retirement benefit fund under defined contribution retirement plans are charged to the statement of profit or loss as incurred.

The employees of the Target Company which operate in Chinese Mainland are required to participate in central pension schemes operated by the local municipal government and the central government, respectively. These subsidiaries are required to contribute a certain percentage of payroll costs to the central pension schemes. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension schemes.

Contributions to those scheme is based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the schemes. The assets of these schemes are held separately from those of the Target Company in independently administered funds.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e., removed from the Company's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a"pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for its financial assets stated at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate (or credit-adjusted effective interest rate). The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs *(i) Significant increase in credit risk*

In assessing whether the credit risk has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Company considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Company considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Irrespective of the above, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the debtors;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case, interest income is calculated based on amortised cost of the financial asset.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

The Company's financial liabilities include trade payables, other payables and accruals and lease liabilities.

Subsequent measurement – Financial liabilities at amortised cost

After initial recognition, trade and other payables are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provision

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Related parties

A party is considered to be related to the Target Company if:

(a) the party is a person or a close member of that person's family and that person:

  (i) has control or joint control over the Target Company;

  (ii) has significant influence over the Target Company; or

  (iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company; or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Target Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to others);

(ii) one entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of a group of which the other entity is a member);

(iii) the entity and the Target Company are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a company of which it is a part, provides key management personnel services to the Target Company or to the parent of the Target Company.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and assumptions concerning the future and judgements are made by the management of the Target Company in the preparation of the Historical Financial Information. They affect the application of the Target Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

5. REVENUE

The Target Company did not have derive any revenue during the Relevant Periods.

6. OTHER INCOME

	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Bank interest income	4	2	–
	4	2	–

7. FINANCE COSTS

	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank borrowings	–	–	–
	–	–	–

Included in inventories are interest capitalised during the year of approximately RMB196,000, RMB1,717,000 and RMB3,835,000 as at 31 December 2023, 2024 and 2025 respectively, at the capitalisation rate of 0.76%, 1.01% and 1.49% as at 31 December 2023, 2024 and 2025 per annum.

8. LOSS BEFORE INCOME TAX

Loss from income tax has been arrived at after charging:

	2023 *RMB'000*	2024 *RMB'000*	2025 *RMB'000*
Auditor's remuneration	8	11	11

Staff costs and five higher paid individuals

No staff costs were incurred during the Relevant Periods.

During the Relevant Periods, no remuneration were paid by the Target Company to any of these highest paid non-director individuals as an inducement to join or upon joining the Target Company, or as a compensation for loss of office. There was no arrangement under which any of these highest paid non-director individuals waived or has agreed to waive any emoluments during the Relevant Periods.

9. INCOME TAX EXPENSE

	2023 *RMB'000*	2024 *RMB'000*	2025 *RMB'000*
PRC Enterprise Income Tax ("EIT")			
Current tax	–	–	–
	–	–	–

The provision for current income tax in Mainland China is based on a statutory tax rate of 25% of the assessable profits as determined in accordance with the PRC Corporate Income Tax Law.

No provision for the EIT was made for the Relevant Periods since the Target Company had no assessable profits for the Relevant Periods.

The tax charge for the Relevant Periods can be reconciled to the loss before income tax per statements of profit or loss as follows:

	2023 *RMB'000*	2024 *RMB'000*	2025 *RMB'000*
Loss before tax	(259)	(69)	(117)
Tax at the tax rate of 25%	(65)	(17)	(29)
Income not subject to tax	(77)	(1)	–
Tax losses not recognised	142	18	29
Tax charge	–	–	–

10. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

Directors' emoluments

No directors' emoluments of the Target Company undertaking was paid or payable during the Relevant Periods.

During the Relevant Periods, no emoluments were paid by the Target Company to any of these directors as an inducement to join or upon joining the Target Company, or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

11. DIVIDENDS

No dividend has been declared and paid by the companies now comprising the Target Company during the Relevant Periods.

12. LOSS PER SHARE

No loss per share information is presented as its inclusion, for the purpose of the Historical Financial Information, is not considered meaningful for the Relevant Periods.

13. INVENTORIES

	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Properties under development	505,187	609,061	707,376

14. PREPAYMENTS AND OTHER RECEIVABLES

	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments	679	75	428
Input VAT recoverable	2,461	7,060	13,086
	3,140	7,135	13,514

15. CASH AND CASH EQUIVALENTS

	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Bank balances	1,171	393	155
Cash and cash equivalents	1,171	393	155

As at 31 December 2023, 2024 and 2025, bank balances of the Target Company were denominated in RMB. RMB is not freely convertible into other currencies and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

16. OTHER PAYABLES

	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Other payables	18,498	36,726	65,937

17. AMOUNTS DUE TO A RELATED PARTY /IMMEDIATE HOLDING COMPANY

	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to a related party	500	500	500
Amounts due to a immediate holding company			
– interest-free loans	250,811	250,811	250,811
– interest-bearing loans	14,416	15,294	15,781
	265,227	266,105	266,592

The amounts due to a related party are unsecured, interest-free and repayable on demand as at December 31, 2023, 2024 and 2025 respectively.

The above amounts due to immediate holding company (comprising principal and accrued interest in aggregate) represented loans advanced for acquiring parcels of land and construction of properties. In the opinion of the directors of the Company, the loans are considered part of net investments. The interest-free loans are without fixed terms of repayment. On 29 January 2024, the Company, along with the immediate holding company and other shareholders of the Target Company, agreed that the interest-free loans shall have a term of five years and will mature on 27 July 2027. The interest-bearing loans bear interest at a rate of 6% per annum, and are repayable in three years from the date of drawdown of the respective loans. In the opinion of the directors, all the loans are not expected to be settled within the next twelve months from the end of the reporting period.

18. BANK BORROWINGS

	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within one year or on demand	32,042	88,055	74,874
More than one year, but not exceeding two years	–	32,042	88,055
More than two years, but not exceeding five years	–	–	32,042
More than five years	–	–	–
	32,042	120,097	194,971
Less: Amounts due within one year shown under current liabilities	–	–	(120)
Amounts due after one year shown non-current liabilities	32,042	120,097	194,851
Secured	32,042	120,097	194,851
Unsecured	–	–	–
	32,042	120,097	194,851

The exposure of the Company's loans is as follows:

	2023	2024	2025
Analysed as:			
Variable-rate other borrowing	32,042	120,097	194,971

The amounts due are based on the scheduled repayment dates as stipulated in the respective loan agreements.

All of the bank loans, including amounts repayable on demand, are carried at amortised cost.

Of the total bank borrowings as at 31 December 2023, 2024 and 2025, approximately RMB32,042,000, RMB120,097,000 and RMB194,971,000 respectively were secured by the Target Company's leasehold land with total carrying amount of approximately RMB444,301,000, RMB444,301,000 and RMB444,301,000 respectively.

The Target Company regularly monitors its compliance with these covenants and has made payments according to the schedule of the term loans and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Target Company continues to meet these requirements.

Further details of the Target Company's management of liquidity risk are set out in Note 20. As at December 31, 2025, none of the covenants relating to drawn down facilities had been breached.

19. SHARE CAPITAL AND CAPITAL MANAGEMENT

Share capital

	Equivalent to *RMB'000*
At 1 January 2023, 31 December 2023, 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	193,490

Capital management

The Target Company manages its capital to ensure that entities in the Target Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Target Company's overall strategy remains unchanged from prior periods.

The capital structure of the Target Company consists of net debt, which mainly includes amounts due to related parties and borrowings, net of cash and cash equivalents, and equity attributable to owners of the Target Company, comprising issued share capital and reserves.

The directors of the Target Company review the capital structure on a periodical basis. As part of this review, the directors of the Target Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Target Company, the Target Company will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debts or the repayment of existing debts.

20. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2023 *RMB'000*	**2024** *RMB'000*	**2025** *RMB'000*
Financial assets at amortised cost			
Cash and cash equivalents	1,171	393	155
Financial liabilities at amortised cost			
Other payables	18,498	36,726	65,937
Amounts due to a related party	500	500	500
Amounts due to immediate holding company	265,227	266,105	266,592
Bank borrowings	32,042	120,097	194,971
	316,267	423,428	528,000

(b) Financial risk management objectives and policies

The Target Company's major financial instruments include prepayments and other receivables, cash and cash equivalents, other payables, amounts due to a related party, amounts due to immediate holding company and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Target Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises from monetary assets and liabilities denominated in foreign currencies.

The Target Company operates in the PRC and its business transactions, assets and liabilities are conducted and denominated in RMB. The Directors consider that foreign exchange risk of the Target Company is insignificant and therefore no sensitivity analysis is presented thereon.

Interest rate risk

The Company is exposed to fair value interest rate risk in relation to amounts due from related parties. The Company is also exposed to cash flow interest rate risk in relation to the bank balances due to the fluctuation of the prevailing market interest rates for both years.

The Company currently does not have any interest rate hedging policy in relation to fair value and cash flow interest rate risks. The Directors monitor the Company's exposure on ongoing basis and will consider hedging interest rate risk should the need arise. The Company's cash flow interest rate risk is mainly sensitive to the fluctuation of interest rate arising from the Group's bank balances.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for bank balances at the end of the reporting period. The analysis is prepared assuming the amounts outstanding at the end of the reporting period were outstanding for the whole year. A 10 basis points for restricted bank deposits, pledged bank deposits and bank balances increase or decrease are used during the year for the Company when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates of restricted bank deposits, pledged bank deposits and bank balances had been 10 basis points higher/lower and all other variables were held constant, the post-tax loss for the year ended 31 December 2023, 2024 and 2025 would have decreased/increased by approximately RMB1,000, RMB1,000 and RMB1,000 respectively.

Credit risk

Bank balances

The credit risks on bank balances are limited because the counterparties are reputable banks with high credit ratings assigned by international credit-rating agencies in the PRC.

The Company assessed 12m ECL for bank balances by reference to information relating to average loss rate of the respective credit rating grades published by external credit rating agencies.

Based on the average loss rates, the ECL on bank balances is considered insignificant.

Liquidity risk and interest rate risk tables

The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets and projected cash flows from operations.

The maturity profile of the Group's financial liabilities and lease liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

	Weighted interest	Less than 1 Year	1 To 5 years	Over 5 years	Total	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2023						
Other payables	–	18,498	–	–	18,498	18,498
Amount due to a related party	–	500	–	–	500	500
Amount due to immediate holding company	–	265,227	–	–	265,227	265,227
Bank borrowings	2.85%-2.95%	896	4,467	35,595	40,958	32,042
		285,121	4,467	35,595	325,183	316,267

	Weighted interest	1 Year	To 5 years	Over 5 years	Total	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2024						
Other payables	–	36,726	–	–	36,726	36,726
Amount due to a related party	–	500	–	–	500	500
Amount due to immediate holding company	–	266,105	–	–	266,105	266,105
Bank borrowings	2.60%-2.95%	2,897	16,350	127,731	146,978	120,097
		306,228	16,350	127,731	450,309	423,428

	Weighted interest	1 Year	To 5 years	Over 5 years	Total	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2025						
Other payables	–	65,937	–	–	65,937	65,937
Amount due to a related party	–	500	–	–	500	500
Amount due to immediate holding company	–	266,592	–	–	266,592	266,592
Bank borrowings	2.15%-2.95%	4,321	32,670	196,745	233,736	194,971
		337,350	32,670	196,745	566,765	528,000

The amounts included above for variable-rate borrowings are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of each reporting period.

Fair value estimations

The carrying amounts and fair values of the Target Company's current financial assets and financial liabilities reasonably approximate to fair values due to short-term maturities. Non-current financial liabilities approximate their fair value as the interest rates approximately equal to market interest rates.

21. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Target Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Target Company's statement of cash flows as cash flows from financing activities.

	Amounts due to Immediate holding company	Amounts due to a related party	Bank borrowings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	250,986	–	–	250,986
Financing cash flows:				
Advance				
Advance from a related party	–	500	–	500
Advance from immediate holding company	19,942	–	–	19,942
Repayment to immediate holding company	(7,019)	–	–	(7,019)
Proceeds from new bank borrowings	–	–	32,042	32,042
Interest paid	–	–	–	–
Non-cash transactions:				
Capitalisation of interest	1,318	–	–	1,318
At 31 December 2023 and 1 January 2024	265,227	500	32,042	297,769
Financing cash flows:				
Advance from immediate holding company	61	–	–	61
Proceeds from new bank borrowings	–	–	88,055	88,055
Interest paid	–	–	–	–
Non-cash transactions:				
Capitalisation of interest	817	–	–	817
At 31 December 2024 and 1 January 2025	266,105	500	120,097	386,702
Financing cash flows:				
Repayment to immediate holding company	(60)	–	–	(60)
Proceeds from new bank borrowings	–	–	74,874	74,874
Interest paid	–	–	–	–
Non-cash transactions:				
Capitalisation of interest	547	–	–	547
At 31 December 2025	266,592	500	194,971	462,063

22. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitment

As at 31 December 2023, 2024 and 2025, the Target Company had outstanding capital commitments as follows:

	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Leasehold land and property under development	262,062	155,615	56,668

23. PLEDGE OF ASSETS

Except for the leasehold land as disclosed in note 13, the Target Company did not have any other pledge of assets as at 31 December 2023, 2024 and 2025.

24. RELATED PARTY DISCLOSURES

Except for balance as disclosed in notes 17, the Target Company did not have any other related party transaction as at 31 December 2023, 2024 and 2025.

(a) Compensation of key management personnel

No fees or other emoluments were paid or are payable to the directors of the Target Company, which are regarded as the key management of the Target Company during the Relevant Periods.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company in respect of any period subsequent to 31 December 2025 and up to the date of this circular. No dividend or distribution has been declared or made by the Target Company in respect of any period subsequent to 31 December 2025.

*Set out below is the management discussion and analysis of SH Xingkongshui'an for the three financial years ended December 31, 2023, 2024 and 2025 (collectively the "**Relevant Period**") based on the financial information of SH Xingkongshui'an as set out in Appendix III to this circular.*

BUSINESS REVIEW

SH Xingkongshui'an is a project company principally engaged in the development of the M2-01 plot under the Project, including the construction of office spaces, ancillary spaces, non-motor vehicle ramp areas and parking spaces.

Since its incorporation, SH Xingkongshui'an has been in the development phase of the M2-01 plot, and as at the Latest Practicable Date, the development had not yet been completed. Consequently, the company has not generated any revenue during the Relevant Period.

Following completion of the acquisition, SH Xingkongshui'an will become an indirect wholly-owned subsidiary of the Company and the financial results of SH Xingkongshui'an will be consolidated in the financial results of the Group.

FINANCIAL REVIEW

Revenue

SH Xingkongshui'an recorded no revenue in the Relevant Period as it has been engaged in the development of M2-01 plot, which has not yet been completed as at the Latest Practicable Date.

Other Income

Other income represents bank interest income and was RMB4,000, RMB2,000 and nil during the Relevant Period.

The decrease in bank interest income from RMB4,000 in 2023 to RMB2,000 in 2024, and to nil in 2025, is primarily attributable to the significant reduction in cash and cash equivalents as funds were deployed into the development of properties.

Other Expenses

Other expenses, amounting to approximately RMB1,000, RMB2,000 and RMB1,000 for the years ended 31 December 2023, 2024 and 2025 respectively, primarily represent bank charges and sundry operating costs.

Administrative Expenses

Administrative expenses, which mainly comprise professional fees (including auditor's remuneration) and other administrative overheads.

For the year ended December 31, 2023, the administrative expenses amounted to RMB262,000.

For the year ended December 31, 2024, the administrative expenses decreased to RMB69,000 from RMB262,000 in 2023, which was primarily due to the absence of one-off incorporation and professional fees incurred in the initial year of operations.

For the year ended December 31, 2025, the administrative expenses increased to RMB116,000 from RMB69,000 in 2024, which was mainly due to professional fees incurred in connection with the restructuring and the proposed acquisition.

Finance Costs

No finance costs were recorded in the statements of profit or loss during the Relevant Period, as interest on bank borrowings was fully capitalised into inventories (properties under development). The amounts capitalised were RMB196,000, RMB1,717,000 and RMB3,835,000 for the years ended 31 December 2023, 2024 and 2025, respectively, at annual capitalisation rates of 0.76%, 1.01% and 1.49%.

Income Tax Expense

No provision for PRC Enterprise Income Tax ("EIT") was made during the Relevant Period, as SH Xingkongshui'an did not generate any assessable profits. The company has accumulated tax losses as at 31 December 2025, for which no deferred tax assets have been recognised due to the uncertainty of future taxable profits.

Net Loss for the Year

SH Xingkongshui'an recorded net losses of RMB259,000, RMB69,000 and RMB117,000 for the years ended 31 December 2023, 2024 and 2025, respectively. The net loss is attributable to the absence of revenue during the development phase, offset by bank interest income and capitalisation of borrowing costs.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

SH Xingkongshui'an has historically financed its operations and property development activities primarily through advances from its immediate holding company, Shanghai Binqiao, and bank borrowings. As part of the Restructuring Agreement, the amounts due to Shanghai Binqiao are subject to the Debt Transfer Arrangement and will be set off against the Assumed Debt, with the remaining balance to be settled in cash.

Cash and Cash Equivalents

As at 31 December 2023, 2024 and 2025, SH Xingkongshui’an had cash and cash equivalents of approximately RMB1,171,000, RMB393,000 and RMB155,000, respectively. The decrease in cash balances reflects the funding of property development activities.

Inventories

Inventories, which comprise properties under development, increased from RMB505.19 million as at 31 December 2023 to RMB609.06 million as at 31 December 2024, and further to RMB707.38 million as at 31 December 2025. This consistent growth reflects the ongoing construction expenditure on the M2-01 plot.

Borrowings

As at 31 December 2023, 2024 and 2025, SH Xingkongshui’an had bank borrowings of approximately RMB32.04 million RMB120.10 million and RMB194.97 million. All bank borrowings are secured by the company’s leasehold land, and the increase in borrowings is in line with the progression of the development project.

Amounts Due to Related Party/Immediate Holding Company

As at 31 December 2023, 2024 and 2025, SH Xingkongshui’an had amounts due to related party/immediately holding company of approximately RMB265.53 million, RMB266.61 million and RMB267.09 million, respectively. These amounts comprised (i) amounts due to a related party of RMB0.50 million, which remained unchanged throughout the Relevant Period; and (ii) amounts due to its immediate holding company of approximately RMB265.23 million, RMB266.11 million and RMB266.59 million as at 31 December 2023, 2024 and 2025, respectively.

All amounts due to related parties are unsecured, interest-free and repayable on demand. The slight fluctuations in the outstanding balances during the Relevant Period reflect the timing of advances from and repayments to the immediate holding company.

Gearing Ratio

The gearing ratio of SH Xingkongshui’an, calculated as total interest-bearing liabilities (comprising bank borrowings) divided by total equity, was 16.6%, 62.2% and 101.0% as at 31 December 2023, 2024 and 2025, respectively.

The substantial increase in the gearing ratio from 16.6% in 2023 to 101.0% in 2025 reflects the significant drawdown of bank borrowings to fund the ongoing construction and development activities on the M2-01 plot, while total equity remained relatively stable at approximately RMB193 million during the Relevant Period.

OPERATING CASH FLOWS

Net cash used in operating activities was RMB44.47 million, RMB88.90 million and RMB75.05 million for the years ended 31 December 2023, 2024 and 2025, respectively. The cash outflows were primarily attributable to the increase in properties under development (inventories) and were partly offset by increases in trade payables.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the Relevant Period, SH Xingkongshui'an did not conduct any material acquisitions or disposals of subsidiaries, associates or joint ventures.

SIGNIFICANT INVESTMENTS

During the Relevant Period, SH Xingkongshui'an did not hold any significant investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Other than the continued development of the M2-01 plot as disclosed in this circular, SH Xingkongshui'an does not have any specific plans for material investments or capital assets.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As at 31 December 2023, 2024 and 2025, SH Xingkongshui'an did not have any significant contingent liabilities. The company's bank borrowings are secured by a charge over its leasehold land with a carrying amount of approximately RMB444.30 million. No other assets were pledged during the Relevant Period.

FOREIGN EXCHANGE EXPOSURE

SH Xingkongshui'an operates solely in the PRC, and all of its transactions, assets and liabilities are denominated in Renminbi. Consequently, the company is not exposed to significant foreign exchange risk and has not entered into any derivative contracts to hedge such exposure.

EMPLOYEES AND REMUNERATION

As at 31 December 2023, 2024 and 2025, SH Xingkongshui'an did not have any employees. Accordingly, no remuneration, including directors' emoluments, was incurred during the Relevant Period. The company's operations were managed by personnel from its holding company.

STAR CM HOLDINGS LIMITED
UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is an unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows (the "**Unaudited Pro Form Financial Information**") of STAR CM Holdings Limited and its subsidiaries (the "**Group**") including its subsidiary, SH Xingkongshui'an (the "**Target Company**") (the Group together with the Target Company are collectively referred to as the "**Enlarged Group**") upon completion of (i) the disposal of the Group's equity interest in Shanghai Binqiao (an associate of the Group); and (ii) the acquisition of 100% of the issued share capital of the Target Company (collectively, the "**Proposed Transactions**"), as if the Proposed Transactions had been completed on (i) 31 December 2025 in respect of the unaudited pro forma consolidated statement of financial position of the Enlarged Group; and (ii) 1 January 2025 in respect of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Enlarged Group.

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company (the "**Directors**") in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the actual financial position, financial results and cash flows of the Enlarged Group that would be attained had the Proposed Transactions been completed on the respective dates indicated herein. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Enlarged Group's future financial position, financial results and cash flows after the completion of the Proposed Transactions.

The Unaudited Pro Forma Financial Information is prepared based on (i) the audited consolidated statement of financial position of the Group as at 31 December 2025 and the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows for the year ended 31 December 2025 as extracted from the published annual report of the Group for year ended 31 December 2025; and (ii) after giving effect to the unaudited pro forma adjustments as described in the accompanying notes. A narrative description of the pro forma adjustments of the Proposed Transactions that are directly attributable to the transaction and factually supportable, is summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with financial information of the Group as set out in the published annual report of the Group for the year ended December, 31 2025, and other financial information included elsewhere in this circular. The Unaudited Pro Forma Financial Information of the Enlarged Group does not take into account any trading or other transactions subsequent to the dates of the respective financial statements of the companies comprising the Enlarged Group.

* *For identification purposes only*

A. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	The Group for the year ended 31 December 2025	Pro forma adjustments	The Remaining Group for the year ended 31 December 2025	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	The Enlarged Group for the year ended 31 December 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*	*(Note 5)*	
Revenue	168,276		168,276				168,276
Cost of sales	(80,151)		(80,151)				(80,151)
Gross profit	88,125		88,125				88,125
Other income and gains	17,534	3,711	21,245				21,245
Changes in fair value of financial assets at fair value through profit or loss	9,779		9,779				9,779
Selling and distribution expenses	(14,944)		(14,944)				(14,944)
Administrative expenses	(49,620)		(49,620)			(720)	(50,340)
Other expenses	(6,146)		(6,146)				(6,146)
Impairment of goodwill	(3,008)		(3,008)				(3,008)
Impairment losses on trade and other receivables	(14,022)		(14,022)				(14,022)
Impairment loss reversed on loans to a joint venture and an associate	1,838		1,838				1,838
Finance costs	(178)		(178)				(178)
Share of losses of:							
A joint venture	(16,282)		(16,282)				(16,282)
Associates	(103,515)		(103,515)				(103,515)
Loss before tax	(90,439)		(86,728)				(87,448)
Income tax expenses	(28,353)		(28,353)				(28,353)
Loss for the year	(118,792)		(115,081)				(115,801)
Loss attributable to:							
Owners of the parent	(118,153)		(114,442)				(115,162)
Non-controlling interests	(639)		(639)				(639)
Other comprehensive loss							
Exchange differences on translation of foreign operations	(10,840)		(10,840)				(10,840)
Other comprehensive loss for the year, net of tax	(10,840)		(10,840)				(10,840)
Total comprehensive loss for the year	(129,632)		(125,921)				(126,641)
Total comprehensive loss attributable to:							
Owners of the parent	(128,993)		(125,282)				(126,002)
Non-controlling interests	(639)		(639)				(639)

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	The Group for the year ended 31 December 2025	Pro forma adjustments	The Remaining Group for the year ended 31 December 2025	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	The Enlarged Group for the year ended 31 December 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*	*(Note 5)*	
Non-current assets							
Property, plant and equipment	179,484		179,484	424,426			603,910
Other intangible assets	107,762		107,762				107,762
Right-of-use assets	91,509		91,509				91,509
Goodwill	248,414		248,414				248,414
Investments in joint ventures	492,960		492,960				492,960
Investments in associates	876,159	(450,322)	425,837				425,837
Financial assets at fair value through profit or loss	22,907		22,907				22,907
Restricted cash	14,609		14,609				14,609
Deferred tax assets	31,847		31,847				31,847
Total non-current assets	2,065,651		1,615,329				2,039,755
Current assets							
Inventories	53,463		53,463	282,950	652		337,065
Program copyrights	605		605				605
Trade and notes receivables	69,678		69,678				69,678
Prepayments, other receivables and other assets	84,654	454,034	538,688	13,514	(459,587)		92,615
Due from related parties	500		500		(500)		–
Cash and cash equivalents	427,385		427,385	155			427,540
Total current assets	636,285		1,090,319	721,045			927,503
Total assets	**2,701,936**		**2,705,648**				**2,967,258**
Current liabilities							
Trade payables	73,863		73,863	65,307			139,170
Other payables and accruals	32,012	1	32,013	267,722	(266,390)	720	34,065
Contract liabilities	6,961		6,961				6,961
Provisions	5,281		5,281				5,281
Tax payable	47,822		47,822				47,822
Lease liabilities	2,590		2,590				2,590
Bank borrowings	–		–		120		120
Total current liabilities	168,529		168,530				236,009
Net current assets	467,756		921,789				691,494
Total assets less current liabilities	2,533,407		2,537,118				2,731,249

	The Group for the year ended 31 December 2025	Pro forma adjustments	The Remaining Group for the year ended 31 December 2025	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	The Enlarged Group for the year ended 31 December 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*	*(Note 5)*	
Non-current liabilities							
Lease liabilities	479		479				479
Deferred tax liabilities	3,627		3,627				3,627
Other payables and accruals	6,784		6,784				6,784
Contract liabilities	5,751		5,751				5,751
Bank borrowings				194,851			194,851
Total non-current liabilities	16,641		16,641	194,851			211,492
Total liabilities	**185,170**		**185,171**				**447,501**
Equity							
Equity attributable to owners of the parent							
Share capital	3		3	193,490	(193,490)		3
Reserves	2,527,253	3,711	2,530,964	(445)	445	(720)	2,530,244
Equity attributable to owners of the Company	2,527,256		2,530,967				2,530,247
Non-controlling interests	(10,490)		(10,490)				(10,490)
Total equity	2,516,766		2,520,477				2,519,757
Total liabilities and equity	2,701,936		2,705,648				2,967,258

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group for the year ended 31 December 2025	Pro forma adjustments	The Remaining Group for the year ended 31 December 2025	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	The Enlarged Group for the year ended 31 December 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*	*(Note 5)*	
Cash flows from operating activities							
Loss before tax	(90,439)	3,711	(86,728)			(720)	(87,448)
Bank interest income	(10,400)		(10,400)				(10,400)
Interest income from loans to related parties	(1,584)		(1,584)				(1,584)
Financing costs	178		178				178
Depreciation of property, plant and equipment	1,227		1,227				1,227
Depreciation of right-of-use assets	3,079		3,079				3,079
Amortisation of other intangible assets	27,301		27,301				27,301
Share of loss of a joint venture	16,282		16,282				16,282
Share of loss of associates	103,515		103,515				103,515
Gain on disposal of an associate		(3,711)	(3,711)				(3,711)
Gain on lease termination	(1,565)		(1,565)				(1,565)
Loss on derecognition of a subsidiary	180		180				180
Impairment loss (reversed) on trade receivables	(4,560)		(4,560)				(4,560)
Write-off of trade receivables as uncollectible	(4,946)		(4,946)				(4,946)
Impairment losses recognised on other receivables	18,582		18,582				18,582
Write-off of other receivables as uncollectible	(4,717)		(4,717)				(4,717)
Impairment loss on goodwill	3,008		3,008				3,008
Impairment loss reversed on loans to a joint venture and on associate	(1,838)		(1,838)				(1,838)
Increase in fair value of financial assets at fair value through profit or loss	(9,779)		(9,779)				(9,779)
	43,524		43,524				42,804

	The Group for the year ended 31 December 2025	Pro forma adjustments	The Remaining Group for the year ended 31 December 2025	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	The Enlarged Group for the year ended 31 December 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*	*(Note 5)*	
Decrease in trade receivables	38,785		38,785				38,785
Increase in prepayments, other receivables and other assets	(24,504)		(24,504)				(24,504)
Increase in inventories	(53,442)		(53,442)				(53,442)
Increase in program copyright	(403)		(403)				(403)
Decrease in trade payables	(43,254)		(43,254)				(43,254)
Decrease in other payables and accruals	(5,724)		(5,724)			720	(5,004)
Decrease in contract liabilities	(3,328)		(3,328)				(3,328)
Decrease in provisions	(30,142)		(30,142)				(30,142)
Decrease in restricted deposits	53,940		53,940				53,940
Cash used in operations	(24,548)		(24,548)				(24,548)
Interest received	10,400		10,400				10,400
Income tax paid	(4,206)		(4,206)				(4,206)
Net cash used in operating activities	(18,354)		(18,354)				(18,354)
Cash flows from investing activities							
Purchase of property, plant and equipment	(1,704)		(1,704)				(1,704)
Addition to other intangible assets	(6,335)		(6,335)				(6,335)
Capital injection into an associate	(115,000)		(115,000)				(115,000)
Repayment from loans to a related party	32,590		32,590				32,590
Repayment of loans from a joint venture	81,246		81,246				81,246
Cash inflow from disposal of associates	394		394				394

	The Group for the year ended 31 December 2025 RMB'000 (Note 1)	Pro forma adjustments RMB'000 (Note 2)	The Remaining Group for the year ended 31 December 2025 RMB'000	Pro forma adjustments RMB'000 (Note 3)	Pro forma adjustments RMB'000 (Note 4)	Pro forma adjustments RMB'000 (Note 5)	The Enlarged Group for the year ended 31 December 2025 RMB'000
Proceeds from items of financial assets at fair value through profit or loss	39,336		39,336				39,336
Cash paid for acquisition of a subsidiary (net of cash acquired)				155			155
Net cash flow generated from investing activities	30,527		30,527	155			30,682
Cash flows from financing activities							
Dividends paid to non-controlling shareholders	(2,514)		(2,514)				(2,514)
Repayment of lease liabilities	(4,218)		(4,218)				(4,218)
Interest paid on lease liabilities	(178)		(178)				(178)
Net cash flow used in financing activities	(6,910)		(6,910)				(6,910)
Net increase in cash and cash equivalents	5,263		5,263	155			5,418
Cash and cash equivalents at beginning of year	425,251		425,251				425,251
Effect of foreign exchange rate changes, net	(3,129)		(3,129)				(3,129)
Cash and cash equivalents at end of year	427,385		427,385	155			427,540

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

1. The amounts are extracted from the audited consolidated statement of financial position of STAR CM Holdings Limited and its subsidiaries (the "**Group**") as at 31 December 2025 and the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2025 as extracted from the published annual report of the Group for the year ended 31 December 2025.

2. Pursuant to the Restructuring Agreement dated June 2, 2026 entered into among the Mengxiang Qiangyin, Binjiang Group, Lianke Shenhuo, Binqiao Group and SH Yangshupu, Mengxiang Qiangyin will reduce its shareholding in the registered capital of Shanghai Binqiao (the Sale Shares), and in return of the capital reduction, Shanghai Binqiao will transfer its entire equity interest in SH Xingkongshui'an to Mengxiang Qiangyin.

The gain on disposal is approximately RMB3,710,000, calculated as the difference between the consideration of RMB193,460,000 and the carrying value of the disposed equity interest of approximately RMB189,750,000 (comprising the original investment cost, cumulative share of loss) as at December 31, 2025.

The aggregate consideration of RMB193,460,000 for the reduction and cancellation of the Sale Shares, to be satisfied by way of (i) the transfer of the entire equity interest in SH Xingkongshui'an and (ii) a cash balancing payment, under the Restructuring Agreement.

The breakdown of the investment derecognised is as follows:

	RMB'000
Consideration	193,460
Net assets disposed of	(189,750)
Gain on disposal	3,710

The capital reduction consideration was RMB193,460,000. The difference of RMB237,000 between the appraised fair value of SH Xingkongshui'an of RMB193,697,000, appraised by Shanghai Dongzhou Assets Appraisal Co., Ltd. with a valuation reference date of 31 July 2025, and filed with Yangpu District State-owned Assets Supervision and Administration Commission and the capital reduction consideration receivable of RMB193,460,000 is accounted for as an equity contribution.

4. SH Xingkongshui'an held a land M2-01 plot located in Shanghai. About 60% of office spaces will be self-hold office area (i.e. not for sale), and the remaining 40% will be saleable office spaces. The arrangement is subject to final approvals by the government authorities. The allocation of the self-hold and saleable office is as follows:

	RMB'000
Inventories	707,376
Less: property, plant and equipment	(424,426)
Self-hold office	282,950

5. The acquisition of SH Xingkongshui'an as a wholly-owned subsidiary of the Group is accounted for as an asset acquisition. The total consideration for the acquisition is RMB193,697,000. The allocation of the purchase price is as follows:

	RMB'000
Cash consideration	193,697
Less: Estimated professional fees and other transaction costs	(720)
Net cash consideration	192,977

6. Intercompany balances between the Group and Xingkongshui'an, and between Xingkongshui'an and Shanghai Binqiao, have been eliminated on consolidation pursuant to the Debt Settlement Agreement (the "**Debt Agreement**").

The breakdown of intercompany balances is as follows:

	RMB'000
Prepayments of Xingkongshui'an	428
Other current assets of Xingkongshui'an	13,086
Subtotal	13,514
Less: Intercompany elimination	(13,048)
Net intercompany receivable from Shanghai Binqiao after elimination	466

Pursuant to the Restructuring Agreement, Mengxiang Qiangyin will acquire the entire equity interest in SH Xingkongshui'an. The shareholder's loan in the total sum of approximately RMB266,592,000 owing by Shanghai Binqiao to Mengxiang Qiangyin (the "**Assumed Debt**"), which will be transferred to and assumed by SH Xingkongshui'an upon completion pursuant to the debt transfer arrangement (the "**Debt Transfer Arrangement**").

Pursuant to the Debt Transfer Arrangement, the transfer of the Assumed Debt from Mengxiang Qiangyin to SH Xingkongshui'an, together with the set-off against Shanghai Binqiao's loan receivable from SH Xingkongshui'an in the sum of approximately RMB266,126,000 and the cash settlement of the remaining balance of RMB466,000.

In addition, the intercompany payable of RMB500,000 from Xingkongshui'an to Mengxiang Qiangyin was eliminated upon consolidation.

7. No other adjustments have been made to the Unaudited Pro Forma Financial Information to reflect the effect of any trading or other transactions of the Group and the Target Company entered into subsequent to December 31, 2025.

The following is the text of a report received from the reporting accountants, Crowe (HK) CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Board of Directors
STAR CM Holdings Limited
23M/F, Canxing Building
No. 158 Longqi Road
Shanghai, PRC

Dear Sirs

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of STAR CM Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") and Shanghai Xingkongshui'an Enterprise Development Co., Ltd. (the "**Target Company**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2025, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2025 and related notes as set out on pages V-1 to V-10 of Appendix V to the circular issued by the Company dated 14 July, 2026 (the "**Circular**") in connection with the proposed disposal of Shanghai Binqiao Enterprise Management Co., Ltd ("**Shanghai Binqiao**") ("**the Proposed Disposal**") and acquisition of the Target Company (the "**Target Company**") (the "**Proposed Acquisition**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in pages V-1 to V-2 of Appendix V to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Proposed Disposal and Proposed Acquisition on the Group's financial position as at 31 December 2025 and on the Group's financial performance and cash flows for the year ended 31 December 2025 as if the Proposed Disposal and Proposed Acquisition had taken place at 31 December 2025 and 1 January 2025 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's audited consolidated financial statements for the year ended 31 December 2025, on which an independent auditor's report has been published, and the information about the Target Company's financial position, financial performance and cash flows has been extracted by the Directors from the Target Company's financial statements for each of the years ended 31 December 2023, 2024 and 2025 on which an accountants' report has been published in Appendix III to the Circular.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of the unaudited pro forma financial information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 14 July, 2026

Chan Wai Dune, Charles
Practising Certificate Number P00712

This asset appraisal report is prepared in accordance with the PRC Asset Appraisal Standards

TOTAL SHAREHOLDERS' EQUITY VALUE OF SHANGHAI BINQIAO ENTERPRISE MANAGEMENT CO., LTD. (上海濱橋企業管理有限公司) IN RELATION TO THE PROPOSED CAPITAL REDUCTION BY CERTAIN SHAREHOLDERS OF SHANGHAI BINQIAO ENTERPRISE MANAGEMENT CO., LTD.

Asset Appraisal Report

Dong Zhou Ping Bao Zi [2025] No. 2054

(Appraisal Report, Appraisal Explanations and Detailed Schedules)
Volume 1 of 1

Shanghai Orient Appraisal Co., Ltd.
(上海東洲資產評估有限公司)

January 20, 2026

DISCLAIMER

I. The Asset Appraisal Report is prepared in accordance with the Basic Rules for Asset Appraisal issued by the Ministry of Finance and the Asset Appraisal Practice Standards and the Code of Professional Ethics issued by the China Appraisal Society.

II. The client or other users of the Asset Appraisal Report shall use the Asset Appraisal Report in accordance with the provisions of laws and administrative regulations and the scope of use specified in the Asset Appraisal Report. If the client or other users of the Asset Appraisal Report use the Asset Appraisal Report in violation of the foregoing provisions, the asset appraisal institution and the asset appraiser shall not be liable.

III. The Asset Appraisal Report is only intended to be used by the client, other users of the Asset Appraisal Report as agreed in the asset appraisal engagement contract and users of the Asset Appraisal Report as stipulated by laws and administrative regulations. Save for the foregoing, no other institution or individual shall be deemed as users of the Asset Appraisal Report.

IV. Users of the Asset Appraisal Report shall correctly understand and use the appraisal conclusions. The appraisal conclusions are not equivalent to and shall not be deemed as a guarantee for the realizable price of the appraisal object.

V. Users of the Asset Appraisal Report shall pay attention to the assumptions underlying the appraisal conclusions, the explanations to special matters and the restrictions on use of the Asset Appraisal Report.

VI. The asset appraisal institution and its asset appraisal professionals shall abide by laws, administrative regulations and the asset appraisal standards, adhere to the principles of independence, objectivity and impartiality, and bear the liability for the Asset Appraisal Report they have issued in accordance with the laws.

VII. We have no existing or expected relationship of interests with the appraisal object set out in the Asset Appraisal Report, nor with the relevant parties, and hold no prejudice against the relevant parties.

VIII. The list of assets and liabilities involved in the appraisal object shall be declared by the client and the subject entity and confirmed by signature, seal or other means permitted by law. According to the Asset Appraisal Law of the People's Republic of China: "Clients shall be accountable for the authenticity, integrity and legality of the proof of ownership, financial and accounting information as well as any other materials they provide."

IX. We have conducted on-site investigations on the appraisal object and the assets involved, given due consideration to their legal ownership status, and verified the relevant information regarding the legal ownership of such assets. We have truthfully disclosed matters identified that may have a material impact on the appraisal conclusions and have requested the client and other relevant parties to perfect the titles to meet the requirements for issuing the Appraisal Report. However, we only express our opinions on the value of the appraisal object and the assets involved, and we are not entitled to give any form of guarantee on their legal ownership. This Report shall not to be used as any form of ownership certificate.

X. Our inspection of physical assets such as equipment, buildings and structures is limited to their apparent quality, usage status and maintenance conditions in accordance with common practice, and does not involve their covered, concealed and difficult-to-observe interior parts. We do not have the capacity nor have we been commissioned to carry out professional technical test and appraisal of the quality of the interior of these assets. Our appraisal is based on information provided by the client and other relevant parties, if the quality of the interior of the appraisal object is defective, the appraisal conclusions of this Asset Appraisal Report may be affected to varying degrees.

ASSET APPRAISAL REPORT

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TOTAL SHAREHOLDERS' EQUITY VALUE OF SHANGHAI BINQIAO ENTERPRISE MANAGEMENT CO., LTD. (上海濱橋企業管理有限公司) IN RELATION TO THE PROPOSED CAPITAL REDUCTION BY CERTAIN SHAREHOLDERS OF SHANGHAI BINQIAO ENTERPRISE MANAGEMENT CO., LTD.

Asset Appraisal Report

Dong Zhou Ping Bao Zi 2025 No. 2054

Summary

Special Notice: This Asset Appraisal Report serves as a value reference solely for the economic activity described herein. The following is extracted from the text of the Report. For details of the appraisal engagement and to properly interpret the appraisal conclusions, readers shall refer to the full text of the Report.

Entrusted by the client, pursuant to laws, administrative regulations and asset valuation standards, and adhering to the principles of independence, objectivity and impartiality, Shanghai Orient Appraisal Co., Ltd. (上海東洲資產評估有限公司) has conducted an appraisal on the appraisal objects underlying the economic activity by adopting appropriate appraisal approaches and following necessary appraisal procedures. The summary of the asset appraisal report is as follows:

Client: Shanghai Yangpu Binjiang Investment Development (Group) Co., Ltd. (上海楊浦濱江投資開發(集團)有限公司), Shanghai Lianke Shenhuo Network Technology Co., Ltd. (上海聯可深活網絡科技有限公司), Mengxiang Qiangyin Culture Broadcast (Shanghai) Co., Ltd. (夢響強音文化傳播(上海)有限公司)

Subject entity: Shanghai Binqiao Enterprise Management Co., Ltd.

Appraisal purpose: Capital reduction by shareholders

Economic activity: Pursuant to the resolution of the 1st extraordinary shareholders' meeting of Shanghai Binqiao Enterprise Management Co., Ltd. in 2025 and the resolution of the 13th meeting of the first session of the Board of Directors of Shanghai Binqiao Enterprise Management Co., Ltd., certain shareholders of Shanghai Binqiao Enterprise Management Co., Ltd. intend to reduce their shareholdings.

Appraisal objects: Total shareholders' equity value of the subject entity.

Scope of appraisal: The scope of appraisal covers all assets and all liabilities of the subject entity, including current assets, non-current assets and liabilities, among others. The total book value of all assets declared by the subject entity is RMB2,502,808,952.70, the total book value of the liabilities is RMB1,403,661,036.43, and the owners' equity is RMB1,099,147,916.27.

Type of value: Market value

Valuation base date: July 31, 2025

Appraisal approaches: The asset-based approach is adopted, and the conclusion of this Appraisal Report is based on the appraisal results under the asset-based approach. The subject entity is merely a holding platform and has no actual business operations. The main asset of its subsidiary is inventory-development cost. For this appraisal, the core assets of the its subsidiary have been appraised by hypothetical development method, income approach and cost method.

Appraisal conclusions: After the appraisal, the total shareholders' equity value of the subject entity is RMB1,099,831,671.96, in words: Renminbi One Billion and Ninety-nine Million Eight Hundred and Thirty-one Thousand Six Hundred and Seventy-one Yuan and Ninety-six Cents.

Validity period of the appraisal conclusions: the validity period shall be one year from the valuation base date, i.e. effective from the valuation base date July 31, 2025 to July 30, 2026.

Where the appraisal project involves state-owned assets and is required to complete the filing or approval procedures with the competent state-owned assets administration authority in accordance with the relevant regulations, this Appraisal Report shall be filed with the state-owned assets supervision and administration authority before it can be officially used. Meanwhile, the appraisal conclusions apply only to the economic activities specified in this Report.

Special matters:

1. As of the issuance date of this Appraisal Report, the state-owned construction land use rights of the three entities in which the subject entity has long-term equity investment have been mortgaged. The mortgage details are as follows:

Mortagager	Ownership Certificate No.	Location	Type	Mortgagee	Mortgaged Area (m^2)	Mortgage Period	Loan Amount as of the valuation base date (RMB Ten Thousand)
Shanghai Binxing Construction Development Co., Ltd.	Hu (2023) Yang Zi. Real Estate Certificate No. 002321	Plot 3/8, Block 85, Daqiao Subdistrict	Land use right	Industrial and Commercial Bank of China Limited Shanghai Yangpu Sub-branch	10,928.30	From June 30, 2023 to June 18, 2038	31,675.84
Shanghai Binxing Construction Development Co., Ltd.	Hu (2023) Yang Zi. Real Estate Certificate No. 002324	Plot 1/912, Block 85, Daqiao Subdistrict	Land use right	Industrial and Commercial Bank of China Limited Shanghai Yangpu Sub-branch	4,516.70	From June 30, 2023 to June 18, 2038	

Mortagager	Ownership Certificate No.	Location	Type	Mortgagee	Mortgaged Area (m²)	Mortgage Period	Loan Amount as of the valuation base date (RMB Ten Thousand)
Shanghai Shengshi Chuangtuo Construction Development Co., Ltd.	Hu (2023) Yang Zi. Real Estate Certificate No. 002323	Plot 3/6, Block 85, Daqiao Subdistrict	Land use right	Shanghai Pudong Development Bank Co., Ltd. Yangpu Sub-branch	20,830.30	From November 15, 2023 to November 13, 2043	46,373.38
Shanghai Xingkongshui'an Enterprise Development Co., Ltd.	Hu (2023) Yang Zi. Real Estate Certificate No. 002322	Plot 3/7, Block 85, Daqiao Subdistrict	Land use right	Bank of Communications Co., Ltd. Shanghai Yangpu Sub-branch	6,172.60	From June 13, 2023 to June 12, 2038	16,827.08

This appraisal has not taken into account the impact of the above mortgage and guarantee matters on the valuation. Users of this Report are reminded to pay due attention thereto.

2. Equity pledge

Shanghai Yangpu Binjiang Investment Development (Group) Co., Ltd., Shanghai Lianke Shenhuo Network Technology Co., Ltd. and Mengxiang Qiangyin Culture Broadcast (Shanghai) Co., Ltd. signed the Cooperation Agreement on the Customized Project of Block 85 (the "Cooperation Agreement") on March 18, 2022. It stipulated that the three parties would form a consortium to bid for the state-owned land use rights of the plots M1-04, M2-01, and M3-01 for N090603 unit, (Block 85 of Dinghai Community, Yangpu District) in the Daqiao Subdistrict. And through the platform company Shanghai Binqiao Enterprise Management Co., Ltd. jointly established by the three parties, three wholly-owned subsidiaries were set up for each plot area: Shanghai Binxing Construction Development Co., Ltd. (Plot M3-01), Shanghai Shengshi Chuangtuo Construction Development Co., Ltd. (Plot M1-04), Shanghai Xingkongshui'an Enterprise Development Co., Ltd. (Plot M2-01) to cooperate in the development of real estate projects related to each project plot (the "Target Projects").

Shanghai Shengshi Chuangtuo Construction Development Co., Ltd., as the specific development and implementation entity for Plot M1-04, has signed the Shanghai Municipal State-owned Land Use Right Transfer Contract (the "Transfer Contract") with the Shanghai Yangpu District Planning and Natural Resources Bureau, with the contract number being "Hu Yang State-owned Land Use Right Transfer Contract Supplement (2022) No. 22". According to the Transfer Contract and the transfer plan, the target projects involve a preserved historical building (the "old building"). According to the terms of the Cooperation Agreement, Shanghai Yangpu Binjiang Investment

Development (Group) Co., Ltd. intends to purchase, either by itself or through a third party, the part of the old buildings owned by Shanghai Shengshi Chuangtuo Construction Development Co., Ltd. within the red line area of Plot M1-04 ("the Target Plant") from Shanghai Shengshi Chuangtuo Construction Development Co., Ltd., and sign the Purchase Agreement for the Old Plant of the West Plant of Shanghai Power Station Auxiliary Machinery Factory (the "Old Plant Purchase Agreement").

Since Shanghai Shengshi Chuangtuo Construction Development Co., Ltd. is essentially directly managed by Shanghai Lianke Shenhuo Network Technology Co., Ltd., in order to ensure that Shanghai Shengshi Chuangtuo Construction Development Co., Ltd. fulfills the obligations under the Old Plant Purchase Agreement and the related transaction documents for the target plant, including but not limited to signing the sale contract with the buyer to deliver the target plant as agreed, Shanghai Lianke Shenhuo Network Technology Co., Ltd. provides a pledge guarantee to Shanghai Yangpu Binjiang Investment Development (Group) Co., Ltd. by using its 4.99% equity in Shanghai Binqiao Enterprise Management Co., Ltd. (with an equivalent value of RMB54,890,000).

This appraisal has not taken into account the impact of the above equity pledge matters on the valuation. Users of this Report are reminded to pay due attention thereto.

3. According to the provisions of the Purchase Agreement for the Old Plant of the West Plant of Shanghai Power Station Auxiliary Machinery Factory" (the "Purchase Agreement"), Shanghai Yangpu Binjiang Investment Development (Group) Co., Ltd. intends to acquire the relevant parts of the M1 old plant located within the red line of Plot M1-04, which is owned by Shanghai Shengshi Chuangtuo Construction Development Co., Ltd. The purchase agreement clearly stipulates that the acquisition price for this transaction is determined based on the sum of the actual comprehensive development costs and financing costs of the subject entity.

   Based on the above agreement, during the assessment of the long-term equity investment of the subject entity, Shanghai Shengshi Chuangtuo Construction Development Co., Ltd., the value of the M1 old plant was not calculated using conventional assessment methods such as the hypothetical development method or the income approach. Instead, it strictly followed the terms of the purchase agreement, based on the book value of the subject entity as of the valuation base date, and considering its reasonable financing costs to determine the assessed value. Furthermore, as of the valuation base date, the land cost financing cost had been paid by Shanghai Yangpu Binjiang Investment Development (Group) Co., Ltd. Therefore, the financing cost of the land was not taken into account in this assessment.

   The rationality of this appraisal result is highly dependent on the stipulations in the purchase agreement regarding the method for determining the price. If the terms of this agreement are changed or are deemed invalid, the current appraisal result will no longer be applicable. A new appraisal method suitable for the situation needs to be selected to calculate the value. Users of the report are reminded to pay attention to this.

4. According to Article 23 of the State-owned Construction Land Use Contract provided by Shanghai Shengshi Chuangtuo Construction Development Co., Ltd., the transferee shall own 60% of the office property area for no less than 20 years from the date of passing the comprehensive project planning and land acceptance inspection; the transferee shall own 100% of the commercial property in its entirety for the term of transfer.

   Based on the Economic and Technical Indicators provided by the enterprise, the parking spaces and the office properties with 60% of self-owned area and subject to the self-owned requirement of no less than 20 years are currently planned to be self-owned. Accordingly, this appraisal is conducted on the basis that all such parts are treated as self-owned. Users of this Report are reminded to pay due attention thereto.

   Area breakdown of M3-01 and the underground space is as follows:

Type of Property under Development	Gross floor area	Of Which: Above-ground Area	Under-ground Area	Of Which: Saleable (Transferable) Area	Mandatory self-owned area	Non-saleable Area
Office	36,258.27	36,258.27	0.00	14,309.67	21,948.60	
Commercial	4,176.44	4,176.44	0.00		4,176.44	
Parking space	22,596.00		22,596.00		22,596.00	
Supporting facilities	606.74	606.74	0.00			606.74
Total	**63,637.45**	**41,041.45**	**22,596.00**	**14,309.67**	**48,721.04**	**606.74**

   New construction on M1-04:

Type of Property under Development	Gross floor area	Of Which: Above-ground Area	Under-ground Area	Of Which: Saleable (Transferable) Area	Mandatory self-owned area	Non-saleable Area
Office	45,221.78	45,221.78	0.00	17,580.91	27,640.86	
Commercial	1,253.97	1,253.97	0.00		1,253.97	
Parking space	19,212.62		19,212.62		19,212.62	
Supporting facilities	1,063.25	1,063.25	0.00			1,063.25
Total	**66,751.62**	**47,539.00**	**19,212.62**	**17,580.91**	**48,107.46**	**1,063.25**

M2:

Type of Property under Development	Gross floor area	Of Which: Above-ground Area	Under-ground Area	Of Which: Saleable (Transferable) Area	Mandatory self-owned area	Non-saleable Area
Office	17,688.20	17,688.20	0.00	6,860.38	10,827.82	
Commercial	2,064.12	2,064.12	0.00	2,064.12		
Parking space	9,450.00	9,450.00	9,450.00			
Supporting facilities	455.73	455.73	0.00	455.73		
Total	**29,658.05**	**20,208.05**	**9,450.00**	**6,860.38**	**22,341.94**	**455.73**

If any of the above data is changed, the appraised value shall be adjusted accordingly.

The special matters above may have impacts on the appraisal conclusions, and report users are reminded to pay due attention thereto when conducting this economic activity. In addition, users of the Appraisal Report shall also pay attention to the appraisal assumptions stated in the text of the Appraisal Report and impact of subsequent significant matters on the appraisal conclusions, and shall use this Appraisal Report properly.

TOTAL SHAREHOLDERS' EQUITY VALUE OF SHANGHAI BINQIAO ENTERPRISE MANAGEMENT CO., LTD. (上海濱橋企業管理有限公司) IN RELATION TO THE PROPOSED CAPITAL REDUCTION BY CERTAIN SHAREHOLDERS OF SHANGHAI BINQIAO ENTERPRISE MANAGEMENT CO., LTD.

Asset Appraisal Report

Dong Zhou Ping Bao Zi 2025 No. 2054

Text

Shanghai Yangpu Binjiang Investment Development (Group) Co., Ltd. (上海楊浦濱江投資開發(集團)有限公司), Shanghai Lianke Shenhuo Network Technology Co., Ltd. (上海聯可深活網絡科技有限公司), Mengxiang Qiangyin Culture Broadcast (Shanghai) Co., Ltd. (夢響強音文化傳播(上海)有限公司):

Entrusted by your company, Shanghai Orient Appraisal Co., Ltd. (上海東洲資產評估有限公司) has, in accordance with laws, administrative regulations and asset appraisal standards, adhering to the principles of independence, objectivity and impartiality and by adopting the asset-based approach and following necessary appraisal procedures, appraised the market value, as at July 31, 2025, of the total shareholders' equity of Shanghai Binqiao Enterprise Management Co., Ltd. involved in the proposed capital reduction by certain shareholders of Shanghai Binqiao Enterprise Management Co., Ltd. The details of the asset appraisal are hereby presented as follows:

I. Client, Subject Entity and Other Asset Appraisal Report Users

(I) Overview of client No. 1

Company name: Shanghai Yangpu Binjiang Investment Development (Group) Co., Ltd. ("client No. 1")

Unified social credit code: 91310110787840205A

Legal representative: Guan Yuanfa

Date of establishment: April 17, 2006

Business duration: April 17, 2006 to no fixed term

Registered capital: RMB6,900,000,000

Company type: Limited liability company (wholly state-owned)

Registered address: Rooms 311-313, No. 28 Ningguo Road, Yangpu District, Shanghai

Business scope: industrial investment; business information consultation; asset management; technology development, technical consultation, technical services and technology transfer in the fields of intelligent technology, Internet of Things technology, network technology, computer technology and digital technology; data processing; financial consultation; startup incubator management; e-commerce (excluding financial business); exhibition services; advertising design, production, agency and publication; property management; building materials processing and sales; landscaping; domestic trade (excluding items subject to special approval). The items subject to approval according to law may only be operated upon approval by the competent authorities.

(II) Overview of client No. 2

Company name: Shanghai Lianke Shenhuo Network Technology Co., Ltd. ("client No. 2")

Unified social credit code: 91310000MA7JU2AE4U

Legal representative: Song Jia

Date of establishment: March 2, 2022

Business duration: March 2, 2022 to no fixed term

Registered capital: RMB1,600,000,000

Company type: Limited liability company (wholly owned by legal person from Hong Kong, Macao or Taiwan)

Registered address: 16F, No. 127 Guotong Road, Yangpu District, Shanghai (centralized registration address)

Business scope: general items: network technology services; information system integration services; wholesale and retail of computer software, hardware and auxiliary equipment; sales of communication equipment; sales of electronic products. (The enterprise may independently carry out business activities with business license in accordance with the law, except for the items subject to approval according to law).

(III) Overview of client No. 3

Company name: Mengxiang Qiangyin Culture Broadcast (Shanghai) Co., Ltd. ("client No. 3")

Unified social credit code: 91310104057695683D

Legal representative: Shen Ning

Date of establishment: December 6, 2012

Business duration: December 6, 2012 to December 5, 2042

Registered capital: RMB30,000,000

Company type: Limited liability company (sole proprietorship enterprise invested or controlled by natural person through legal entity)

Registered address: Room B1-22, Basement Level 1, Building 1, No. 158 Longqi Road, Xuhui District, Shanghai

Business scope: Licensed items: radio and TV program production and operation; commercial performances; performance brokerage. (The items subject to approval according to law may only be operated upon approval by the competent authorities, and the specific business items shall be subject to the approval documents or licensed certificates issued by the competent authorities.) General items: TV drama distribution; marketing planning; exhibition and display services; advertising design, production and agency; advertising publishing (excluding radio stations, TV stations and newspaper publishers); public relations services; translation services; computer graphic design and production; corporate image design; market information consultation and survey (excluding social survey, social research, public opinion poll and opinion polling); e-commerce (excluding value-added telecommunications and financial business); technology development, technical consultation, technical services and technology transfer in the professional fields of computer software, electronic information, automation equipment and digital publishing; cultural and artistic exchange planning; production and integration of digital works; database management of digital works; sales of electronic products, communication equipment, furniture, household articles, daily necessities, bags, artworks, stationery and clothing; intellectual property agency. (The enterprise may independently carry out business activities with business license in accordance with the law, except for the items subject to approval according to law).

(IV) Overview of the subject entity

Company name: Shanghai Binqiao Enterprise Management Co., Ltd. (the "subject entity" or "Binqiao Company")

Unified social credit code: 91310110MABRRQKB74

Legal representative: Han Yafang

Date of establishment: July 21, 2022

Business duration: July 21, 2022 to no fixed term

Registered capital: RMB1,100,000,000

Company Type: Limited Liability Company (foreign-invested enterprise and domestic shareholding joint venture)

Registered address: Room 705, Building 1, No. 1616 Changyang Road, Yangpu District, Shanghai

Business scope: General items: enterprise management; enterprise management consultation; information consultation services (excluding licensed information consultation services); human resource services (excluding vocational intermediary services and labor dispatch services); property management; parking lot services; urban landscaping management; technical services, technical development, technical consultation, technical exchange, technology transfer and technology promotion; data processing services; market entity registration agency; financial consultation; conference and exhibition services; real estate consultation; marketing planning. (The enterprise may independently carry out business activities with business license in accordance with the law, except for the items subject to approval according to law).

1. Company History and Shareholder Structure

The Company's shareholding structure has remained unchanged since its establishment to the benchmark date, and is set out below:

No.	**Name of Shareholder**	**Shareholding Ratio**	**Subscribed Capital Contribution (RMB Ten Thousand)**	**Paid-in Capital Contribution (RMB Ten Thousand)**
1	Shanghai Lianke Shenhuo Network Technology Co., Ltd.	46.39%	51,029.00	51,029.00
2	Shanghai Yangpu Binjiang Investment Development (Group) Co., Ltd.	36.02%	39,622.00	39,622.00
3	Mengxiang Qiangyin Culture Broadcast (Shanghai) Co., Ltd.	17.59%	19,349.00	19,349.00
Total		**100.00%**	**110,000.00**	**110,000.00**

2. Company Overview

Shanghai Yangpu Binjiang Investment Development (Group) Co., Ltd., Shanghai Lianke Shenhuo Network Technology Co., Ltd. and Mengxiang Qiangyin Culture Broadcast (Shanghai) Co., Ltd. signed the Cooperation Agreement on the Customized Project of Block 85 (the "Cooperation Agreement") on March 18, 2022. It stipulated that the three parties would form a consortium to bid for the state-owned land use rights of the plots M1-04, M2-01, and M3-01 for N090603 unit, (Block 85 of Dinghai Community, Yangpu District) in the Daqiao Subdistrict. And through the platform company Shanghai Binqiao Enterprise Management Co., Ltd. jointly established by the three parties, three wholly-owned subsidiaries were set up for each plot area: Shanghai Binxing Construction Development Co., Ltd. (Plot M3-01), Shanghai Shengshi Chuangtuo Construction Development Co., Ltd. (Plot M1-04), Shanghai Xingkongshui'an Enterprise Development Co., Ltd. (Plot M2-01) to cooperate in the development of real estate projects related to each project plot.

Therefore, since its establishment, Binqiao Company has had no substantive business operations; it merely serves as a holding platform for various project companies.

The development projects of the three wholly-owned subsidiaries are as follows:

(1) The current main assets of Shanghai Binxing Construction Development Co., Ltd. are inventories – development costs, with a book value of RMB1,288,525,852.13, belonging to the "Yangpu Binjiang Innovation and Intelligence Center M3-01 and underground space" development project. Details are shown in the following table:

No.	**Name, Spec. and Model**	**Book Amount (RMB)**
1	Land acquisition and resettlement compensation	995,254,968.42
2	Preliminary engineering costs	19,372,406.47
3	Construction & installation costs	211,824,550.98
4	Infrastructure costs	1,490,936.46
5	Development overhead costs	46,853,911.70
6	Capitalized interest	13,729,078.10
	Total:	**1,288,525,852.13**

The assets corresponding to the inventory development costs included in this assessment are the "Yangpu Binjiang Innovation and Intelligence Center M3-01 and Underground Space" development project located in Block 3/8, the 85th Street, Daqiao Subdistrict, which is owned by Shanghai Binxing Construction Development Co., Ltd. This development project is located at Block 3/8, the 85th Street, Daqiao Subdistrict, Yangpu District. The project mainly consists of office space, commercial facilities and underground parking spaces. The total site area is 15,445.00 square meters, the gross floor area is 63,637.45 square meters, the floor area with usable capacity is 40,434.71 square meters. Among them, the total floor area of the office building is 36,258.27 square meters, the total floor area of the commercial area is 4,176.44 square meters, the total floor area of the underground parking spaces is 22,596.00 square meters, and the supporting facilities and municipal facilities are 606.74 square meters.

The details are as follows:

Unit: square meter

Type of Property under Development	Gross floor area	Of Which: Above-ground Area	Under-ground Area	Of Which: Saleable (Transferable) Area	Mandatory self-owned area	Non-saleable Area
Office	36,258.27	36,258.27	0.00	14,309.67	21,948.60	
Commercial	4,176.44	4,176.44	0.00		4,176.44	
Parking space	22,596.00		22,596.00		22,596.00	
Supporting facilities	606.74	606.74	0.00			606.74
Total	**63,637.45**	**41,041.45**	**22,596.00**	**14,309.67**	**48,721.04**	**606.74**

Boundaries: east to Guangde Road, west to planned Sanxing Road, south to planned Anpu Road, and north to planned Yangpu Road.

The land details are as follows:

Real estate title certificate information 1:

Item	**Yangpu Binjiang Innovation and Intelligence Center M3-01 and underground space project**
Owner	Shanghai Binxing Construction Development Co., Ltd.
Property Certificate No.	Hu (2023) Yangzi Real Estate Right No. 002321
Location	Plot 3/8, Block 85, Daqiao Subdistrict
Ownership	State-owned construction land use rights
Nature of ownership	Transfer
Land Use	Commerce & office
Area	10928.30 m^2
Term of Use	From September 19, 2022 to September 18, 2072

Real estate title certificate information 2:

Item	**Yangpu Binjiang Innovation and Intelligence Center M3-01 and underground space project**
Owner	Shanghai Binxing Construction Development Co., Ltd.
Property Certificate No.	Hu (2023) Yangzi Real Estate Right No. 002324
Location	Plot 1/912, Block 85, Daqiao Subdistrict
Ownership	State-owned construction land use rights
Nature of ownership	Transfer
Land Use	Streets and alleys (underground parking garages and equipment rooms)
Area	4516.70 m^2
Term of Use	From September 19, 2022 to September 18, 2072

Remarks: According to Article 23 of the land transfer contracts, namely the Shanghai Yangpu State-Owned Construction Land Use Contract Supplement (2022) No. 20 (Version 3.0), the Shanghai Yangpu State-Owned Construction Land Use Contract Supplement (2022) No. 11 (Version 2.0) and the Shanghai Yangpu State-Owned Construction Land Use Contract (2022) No. 7 (Version 1.0), the transferee shall hold for its own use 60% of the office floor area for not less than 20 years following the comprehensive planning and land completion inspection. In addition, the transferee shall hold 100% of the commercial floor area for the entire transfer term.

As of the valuation base date, for buildings M3-2#/3#/4#, except for the first floor, the floor screed has been completed; for building M3-1#, the floor screed for F/5 to F/8 has been completed. The waterproofing for the water equipment rooms (both above ground and underground) has been fully completed (except for the strong electricity room); the angle steel guards for the drainage ditches and collection pits have been 80% completed; the installation of fire door frames has been 80% completed; the work content of the power distribution room has been 85% completed; the installation of the bridge frames has been 97% completed; the wiring threading has been 97% completed; the lightning protection and grounding have been 100% completed; the distribution box customization has been 80% completed; the collection well system, pressure pipes of the water supply system have been 97% completed; the HIDPE pipes of the rainwater and drainage system have been 95% completed; the ordinary exhaust system of the underground garage has been 97% completed; the wartime ventilation system for the civil defense has been 97% completed; the seismic support system has been 95% completed.

(2) The current main assets of Shanghai Shengshi Chuangtuo Construction Development Co., Ltd. are inventories – development costs, with a book value of RMB1,679,152,956.30, belonging to the "Yangpu Binjiang Innovation and Intelligence Center M1-04 and Old Plant" development project. Details are shown in the following table:

Book value of new construction on M1-04:

No.	**Name, Spec. and Model**	**Book Amount (RMB)**
1	Land acquisition and resettlement compensation	1,143,946,968.72
2	Preliminary engineering costs	19,950,818.55
3	Construction & installation costs	239,436,040.97
4	Infrastructure costs	6,091,124.27
5	Development overhead costs	43,781,764.14
6	Capitalized interest	18,656,902.25
	Total:	**1,471,863,618.90**

Book value of old plant on M1:

No.	**Name, Spec. and Model**	**Book Amount (RMB)**
1	Land acquisition and resettlement compensation	137,837,539.47
2	Preliminary engineering costs	3,642,093.59
3	Construction & installation costs	64,949,825.95
4	Infrastructure costs	453,098.88
5	Development overhead costs	406,779.51
6	Capitalized interest	0.00
	Total:	**207,289,337.40**

The assets corresponding to the inventory development costs included in this assessment are the "Yangpu Binjiang Innovation and Intelligence Center M1-04 and Old Plant" development project located in Plot 3/6, Block 85, Daqiao Subdistrict, which is owned by Shanghai Shengshi Chuangtuo Construction Development Co., Ltd.

Introduction of new construction on M1-04:

This development project is located at Plot 3/6, Block 85, Daqiao Subdistrict, Yangpu District. The project mainly consists of office space, commercial facilities and underground parking spaces. The total site area is 15,000.30 square meters, the gross floor area is 66,751.62 square meters, the above-grade floor area is 46,475.75 square meters. Among them, the total floor area of the office building is 45,221.78 square meters, the total floor area of the commercial area is 1,253.97 square meters, the total floor area of the underground parking spaces is 19,212.62 square meters, and the supporting facilities and municipal facilities are 1,063.25 square meters.

The details are as follows:

Unit: square meter

Type of Property under Development	Gross floor area	Of Which: Above-ground Area	Under-ground Area	Of Which: Saleable (Transferable) Area	Mandatory self-owned area	Non-saleable Area
Office	45,221.78	45,221.78	0.00	17,580.91	27,640.86	
Commercial	1,253.97	1,253.97	0.00		1,253.97	
Parking space	19,212.62		19,212.62		19,212.62	
Supporting facilities	1,063.25	1,063.25	0.00			1,063.25
Total	**66,751.62**	**47,539.00**	**19,212.62**	**17,580.91**	**48,107.46**	**1,063.25**

Boundaries: east to Guangde Road, west to planned Sanxing Road, south to planned Anpu Road, and north to planned Yangpu Road.

Introduction of old plant on M1:

This development project is located at Plot 3/6, Block 85, Daqiao Subdistrict, Yangpu District. The project mainly consists of the old plant (preserved historical building). The total site area is 5,830.00 square meters, the gross floor area is 7,500.00 square meters, the above-grade floor area is 5,600.00 square meters, the below-grade floor area is 1,900.00 square meters. Among them, the total commercial building area is 45,221.78 square meters, and the total above-ground construction area is 7,500.00 square meters.

The land details are as follows:

Item	Yangpu Binjiang Innovation and Intelligence Center M1-04 and Old Plant
Owner	Shanghai Shengshi Chuangtuo Construction Development Co., Ltd.
Property Certificate No.	Hu (2023) Yangzi Real Estate Right No. 002323
Location	Plot 3/6, Block 85, Daqiao Subdistrict
Ownership	State-owned construction land use rights
Nature of ownership	Transfer
Land Use	Commerce & office
Area	20830.30 m^2
Term of Use	From September 19, 2022 to September 18, 2072

Remarks: According to Article 23 of the land transfer contracts, namely the Shanghai Yangpu State-Owned Construction Land Use Contract Supplement (2022) No. 22 (Version 5.0), the Shanghai Yangpu State-Owned Construction Land Use Contract Supplement (2022) No. 11 (Version 2.0) and the Shanghai Yangpu State-Owned Construction Land Use Contract (2022) No. 7 (Version 1.0), the transferee shall hold for its own use 60% of the office floor area for not less than twenty (20) years following the comprehensive planning and land completion inspection. In addition, the transferee shall hold 100% of the commercial floor area for the entire transfer term.

As of the valuation base date, the progress of the project is as follows:

1. New construction on M1-04:

   As of the valuation base date, the above-ground structure from the 1st to the 13th floor: The outdoor stainless steel cable trays have been fully completed; the exposed wiring for the incoming electrical boxes has been fully completed; the wiring for lighting and sockets has been completed; the water supply pipes and valves have been completed, and the rainwater pipes have been installed; the seismic supports have been installed; The basement: The power and lighting cable trays have been completed by 90%; the water supply pipes and valves have been completed by 80%; the pressure drainage valves have been completed by 90%; the exhaust ducts and air valve outlets have been fully installed; the fans have been installed by 80%; the top floor slab of the second phase basement has been fully completed. The partition wall has been demolished by 80%. The bottom plate of the partition wall area has been poured and compacted to 50%. The base coat and topcoat of the interior wall and ceiling on the first floor of the second phase have been completed by 50%. The base layer of the office area on the main building and the podium has been fully completed. The indoor waterproof coating has been fully finished. The waterproofing for the second phase project has also been fully completed. The protective layer has been fully completed. The earthwork backfilling has been completed by 50%. The fire door frames on the 5th and 6th floors, as well as those on the ground and underground floors, have been installed. The fire curtains in the atriums of the 10th and 12th floors have also been installed.

2. Old plant on M1:

Civil Engineering: Interior waterproofing completed; exterior wall painting completed; roof waterproofing completed, roof insulation and protective layer pouring completed; channel plate top coating completed, fireproof coating completed, exterior wall internal insulation completed by 80%, railing installation completed by 30%, and wall and ceiling decoration of the ventilation room and fire protection room completed by 60%.

3. Installation project:

Fire Protection: The connection of water bubble pipes in the large space is 95% completed, the piping for fire hydrants in the large space is 95% completed, the end water test device at the end of the pump room and the connection of the high-position water bubble are completed, the installation and connection of the terminal boxes for the newly built fire protection electrical system are completed, and the wiring of the water bubble and pipe exploration in the large space is completed.

Electrical: The electrical box has been installed.

HVAC: The fan coil units (12 units) have been installed, the combined fresh air units (4 units) have been installed, the suspended fresh air units (1 unit) have been installed, the exhaust fans (3 units) have been installed, the wall-mounted fans (7 units) have been installed, and the air conditioning main units (2 units) have arrived at the site for installation, with 70% of the work completed. The 3-pair split air conditioners (2 sets) have arrived at the site. The indoor air supply and return water pipes have been installed by 95%, the ductwork has been installed by 85%, and the duct insulation installation has been 35% completed.

ELV (Extra Low Voltage): The detailed design of the building automation system and the implementation of the piping system, the installation of facial recognition cameras, ordinary cameras, and alarm equipment have been completed.

Curtain wall engineering:

The embedded parts for the curtain wall have been installed, and the post-installed embedded parts for the curtain wall have also been completed. The glass curtain wall of axes 2 to 8 on the east and west facades, on the first floor, has been installed; on the inner side of the north facade, the large-span glass curtain wall on the north side of Anpu Road has been installed. The slatted windows 1 and 2 on the east and west facades have been installed; the north facade vertical grille perforated aluminum panels have been installed; the top metal curtain wall of the east and west lanes has been installed; the aluminum panel roof has been installed; the perforated aluminum panel ceiling has been installed by 90%; the electric window opener has been installed; the anodized aluminum ceiling has been completed; the metal curtain wall has been completed; the insulated aluminum alloy door and window unit has been completed; the aluminum panel canopy has been installed by 80%.

(3) The current main assets of Shanghai Xingkongshui'an Enterprise Development Co., Ltd. are inventories – development costs, with a book value of RMB625,268,540.68, belonging to the "Yangpu Binjiang Innovation and Intelligence Center M2" development project. Details are shown in the following table:

No.	Name, Spec. and Model	Book Amount (RMB)
1	Land acquisition and resettlement compensation	486,022,623.39
2	Preliminary engineering costs	16,652,119.57
3	Construction & installation costs	98,858,282.91
4	Infrastructure costs	1,521,171.35
5	Development overhead costs	15,738,378.85
6	Capitalized interest	6,475,964.61
	Total:	**625,268,540.68**

The assets corresponding to the inventory development costs included in this assessment are the "Yangpu Binjiang Innovation and Intelligence Center M2" development project located in Plot 3/7, Block 85, Daqiao Subdistrict, which is owned by Shanghai Star Shuian Enterprise Development Co., Ltd. This development project is located at Plot 3/7, Block 85, Daqiao Subdistrict, Yangpu District. The project mainly consists of office space, commercial facilities and underground parking spaces. The total site area is 6,172.60 square meters, the gross floor area is 29,658.05 square meters, the above-grade floor area is 19,752.32 square meters. Among them, the total floor area of the office building is 17,688.20 square meters, the total floor area of the commercial area is 2,064.12 square meters, the total floor area of the underground parking spaces is 9,450.00 square meters, and the supporting facilities and municipal facilities are 455.73 square meters.

The details are as follows:

Unit: square meter

Type of Property under Development	Gross floor area	Of Which: Above-ground Area	Under-ground Area	Of Which: Saleable (Transferable) Area	Mandatory self-owned area	Non-saleable Area
Office	17,688.20	17,688.20		6,860.38	10,827.82	
Commercial	2,064.12	2,064.12			2,064.12	
Parking space	9,450.00		9,450.00		9,450.00	
Supporting facilities	455.73	455.73				455.73
Total	**29,658.05**	**20,208.05**	**9,450.00**	**6,860.38**	**22,341.94**	**455.73**

Boundaries: east to Guangde Road, west to planned Sanxing Road, south to planned Anpu Road, and north to planned Yangpu Road.

The land details are as follows:

Item	**Yangpu Binjiang Innovation and Intelligence Center M2**
Owner	Shanghai Xingkongshui'an Enterprise Development Co., Ltd.
Property Certificate No.	Hu (2023) Yangzi Real Estate Right No. 002322
Location	Plot 3/7, Block 85, Daqiao Subdistrict
Ownership	State-owned construction land use rights
Nature of ownership	Transfer
Land Use	Commerce & office
Area	6,172.60 m^2
Term of Use	From September 19, 2022 to September 18, 2072

Remarks: According to Article 23 of the land transfer contracts, namely the Shanghai Yangpu State-Owned Construction Land Use Contract Supplement (2022) No. 21 (Version 4.0), the Shanghai Yangpu State-Owned Construction Land Use Contract Supplement (2022) No. 11 (Version 2.0) and the Shanghai Yangpu State-Owned Construction Land Use Contract (2022) No. 7 (Version 1.0), the transferee shall hold for its own use 60% of the office floor area for not less than twenty (20) years following the comprehensive planning and land completion inspection. In addition, the transferee shall hold 100% of the commercial floor area for the entire transfer term.

As of the valuation base date, for Unit 1, the floor screed for F/2 to F/5 has been completed; for Unit 2, the floor screed for F/3 to F/5 has been completed. The wet equipment rooms and washrooms have been completed under ground, and 80% completed above ground. The floor tiles in the wet equipment rooms have been completed, the edge protection with angle steel for drainage channels and collection pits has been fully completed, and the floor screed in the basement has been 70% completed (the vehicle ramp floor has not been done). The installation of fire-rated door frames is 80% completed. The work in the electrical distribution rooms is 90% completed (brackets are lagging). For the electrical works, cable tray installation is 95% completed; wire pulling is 90% completed; lightning protection and grounding is 98% completed. For the collection pit system and municipal water system, pressurized pipe installation is 95% completed. For the stormwater drainage system, HDPE pipe installation is 85% completed. For the basement general exhaust system, installation is 90% completed. For the civil defense wartime ventilation system, installation is 95% completed. Seismic bracket installation is 95% completed.

3. Equity investments

As of the base date, there were a total of 3 enterprises involved in equity investment. The details are as follows:

Name of the investee	Company type	Registered office	Registered capital	Shareholding Ratio (%)	Proportion of votes (%)
Shanghai Binxing Construction Development Co., Ltd.	Limited liability company (wholly owned by a legal person, invested or controlled by Non-natural persons)	Shanghai	39,622.00	100.00	100.00
Shanghai Shengshi Chuangtuo Construction Development Co., Ltd.	Limited liability company (wholly owned by a legal person, invested or controlled by Non-natural persons)	Shanghai	51,029.00	100.00	100.00
Shanghai Xingkongshui'an Enterprise Development Co., Ltd.	Limited liability company (wholly owned by a legal person, invested or controlled by Non-natural persons)	Shanghai	19,349.00	100.00	100.00

4. Asset, liability and financial position of the Company

(1) As of the valuation base date, the parent company had total assets of RMB2,502.8089 million, total liabilities of RMB1,403.6610 million, and owners' equity of RMB1,099.1479 million. The asset, liability and financial position of the Company for the two preceding years and as of the valuation base date are set out in the following table:

Asset, Liability and Financial Position of the Parent Company

Unit: RMB0'000

Item	**December 31, 2023**	**December 31, 2024**	**July 31, 2025**
Total assets	261,117.96	249,960.22	250,280.90
Liabilities	151,144.62	140,036.22	140,366.10
Owners' equity	109,973.33	109,924.00	109,914.79

Item	**2023**	**2024**	**January to July 2025**
Operating revenue	0.00	0.00	0.00
Operating profit	-23.38	-49.33	-9.21
Net profit	-23.38	-49.33	-9.21

(2) Consolidated financial statements – assets, liabilities and financial position:

Consolidated Assets, Liabilities and Financial Position

Unit: RMB0'000

Item	**December 31, 2023**	**December 31, 2024**	**July 31, 2025**
Total assets	282,811.96	333,248.06	364,931.53
Liabilities	173,735.66	224,757.92	256,862.88
Owners' equity	109,076.29	108,490.14	108,068.65

Item	**2023**	**2024**	**January to July 2025**
Operating revenue	0.00	0.00	0.00
Operating profit	-865.68	-586.15	-416.30
Net profit	-865.68	-586.15	-416.30

The above data are extracted from the special purpose audit report prepared by Zhonghui Certified Public Accountants (Special General Partnership).

The Company applies the Accounting Standards for Business Enterprises. The VAT rates are 5%, 6%, 9%, and 13%. The urban maintenance and construction tax, educational surcharge, and local educational surcharge are 7%, 3%, and 2% of turnover tax, respectively. The corporate income tax rate is 25%.

(V) Relationship between the client and the subject entity

Client A is a shareholder holding 36.02% of the equity in Shanghai Binqiao Enterprise Management Co., Ltd., the subject entity. Client B is a shareholder holding 46.39% of the equity in Shanghai Binqiao Enterprise Management Co., Ltd., the subject entity. Client C is a shareholder holding 17.59% of the equity in Shanghai Binqiao Enterprise Management Co., Ltd., the subject entity.

(VI) Other users of the appraisal report

As stipulated in the Assets Appraisal Engagement Contract, the users of the appraisal report are the client, relevant management and regulatory authorities, other users of the appraisal report as agreed in the engagement contract, and those specified by national laws and administrative regulations. No other third party is entitled to be a legitimate user of the appraisal report merely by having access to it.

II. Appraisal Purpose

According to the resolution of the 2025 First Extraordinary Shareholders' Meeting of Shanghai Binqiao Enterprise Management Co., Ltd. and the resolution of the 13th meeting of the First Session of the Board of Directors of Shanghai Binqiao Enterprise Management Co., Ltd., certain shareholders of Shanghai Binqiao Enterprise Management Co., Ltd. intend to reduce their shareholdings. The purpose of this appraisal is to reflect the market value of the entire shareholders' equity of Shanghai Binqiao Enterprise Management Co., Ltd. as of the valuation base date, and to provide a value reference for this economic transaction.

This economic transaction has been approved by the Shareholders' Meeting of Shanghai Binqiao Enterprise Management Co., Ltd.

III. Appraisal Object and Appraisal Scope

(I) Appraisal object

The appraisal object is the value of the entire shareholders' equity of the subject entity. The appraisal object is consistent with the proposed economic transaction.

(II) Appraisal scope

The appraisal covers all assets and all liabilities of the subject entity, including current assets, non-current assets, and liabilities. The total carrying amount of all assets of the parent company declared by the subject entity is RMB2,502,808,952.70, the total carrying amount of the liabilities is RMB1,403,661,036.43, and the owners' equity is RMB1,099,147,916.27; the total carrying amount of all assets on a consolidated basis is RMB3,649,315,304.53, the total carrying amount of the liabilities is RMB2,568,628,775.92, the owners' equity is RMB1,080,686,528.61, and the owners' equity attributable to owners of the parent company is RMB1,080,686,528.61. The scope of entrustment for appraisal is consistent with the appraisal scope involved in the proposed economic transaction.

The asset types and carrying amounts within the appraisal scope of the appraisal report have been audited by Zhonghui Certified Public Accountants (Special General Partnership), which issued a special purpose audit report with a standard unqualified opinion. The report reference number is Zhonghui Shen Zi 2025 No. 11773.

(III) Principal information on the entrusted assets within the appraisal scope

The entrusted assets within this appraisal scope are primarily current assets and non-current assets. The non-current assets mainly include long-term equity investments. The details are as follows:

1. Current assets

Current assets mainly consist of monetary funds, other receivables, and other current assets.

2. Long-term equity investments

There are a total of 3 long-term equity investments, as listed below:

Name of the investee	Company type	Registered office	Registered capital (RMB0'000)	Cost of investment (RMB0'000)	Shareholding Ratio (%)	Proportion of votes (%)
Shanghai Binxing Construction Development Co., Ltd.	Limited liability company (wholly owned by a legal person, invested or controlled by Non-natural persons)	Shanghai	39,622.00	39,622.00	100.00	100.00
Shanghai Shengshi Chuangtuo Construction Development Co., Ltd.	Limited liability company (wholly owned by a legal person, invested or controlled by Non-natural persons)	Shanghai	51,029.00	51,029.00	100.00	100.00
Shanghai Xingkongshui'an Enterprise Development Co., Ltd.	Limited liability company (wholly owned by a legal person, invested or controlled by Non-natural persons)	Shanghai	19,349.00	19,349.00	100.00	100.00

(IV) Other intangible assets declared by the subject entity

The subject entity did not declare any other intangible assets.

(V) Types and amounts of off-balance-sheet assets declared by the subject entity

The subject entity did not declare any other off-balance-sheet assets.

(VI) Asset types, amounts, and carrying amounts involving conclusions from reports issued by other institutions

The appraisal report does not involve any conclusions from reports issued by other institutions.

IV. Type of Value and Its Definition

Given that the purpose of this appraisal is a capital reduction by a shareholder, and that the asset appraisal engagement being performed has no special restrictions or requirements regarding market conditions or the use of the appraisal object, the type of value for the appraisal object is determined to be market value based on factors such as the appraisal purpose, market conditions, and the condition of the appraisal object itself.

Market value refers to the estimated amount for which the appraisal object could be exchanged in an arm's length transaction on the valuation base date between a willing buyer and a willing seller, each acting prudently and without any compulsion.

"Arm's length transaction" refers to a transaction between parties who have no particular or special relationship, i.e., a transaction assumed to be between parties who are unrelated and acting independently.

V. Valuation Base Date

The valuation base date for this appraisal is July 31, 2025.

The valuation base date was determined through consultation between the appraiser and the client after comprehensively considering the needs for implementing the economic transaction, the convenience of provision of information at the end of an accounting period, and changes in interest rates and exchange rates around the valuation base date.

VI. Appraisal Basis

The appraisal bases followed in this appraisal are as follows:

(I) Economic transaction basis

1. The resolution of the 2025 First Extraordinary Shareholders' Meeting of Shanghai Binqiao Enterprise Management Co., Ltd.;

2. The resolution of the 13th Meeting of the First Session of the Board of Directors of Shanghai Binqiao Enterprise Management Co., Ltd.

(II) Basis for laws and regulations

1. The Assets Appraisal Law of the People's Republic of China (adopted at the 21st Meeting of the Standing Committee of the 12th National People's Congress on July 2, 2016);

2. The Company Law of the People's Republic of China (revised at the 7th Meeting of the Standing Committee of the 14th National People's Congress on December 29, 2023);

3. The Measures for Financial Supervision and Administration of Assets Valuation Industry (Issued as Ministry of Finance Order No. 86, amended by Ministry of Finance Order No. 97);

4. The Land Administration Law of the People's Republic of China (amended at the 12th Meeting of the Standing Committee of the 13th National People's Congress on August 26, 2019);

5. The Urban Real Estate Administration Law of the People's Republic of China (amended at the 12th Meeting of the Standing Committee of the 13th National People's Congress on August 26, 2019);

6. The Law of the People's Republic of China on State-owned Assets of Enterprises (adopted at the 5th Meeting of the Standing Committee of the 11th National People's Congress on October 28, 2008);

7. The Interim Measures for the Supervision and Administration of State-owned Assets of Enterprises (Order No. 378 of the State Council, revised by Order No. 709 of the State Council);

8. The Administrative Measures for State-Owned Assets Assessment (revised by Order No. 91 of the State Council, revised by Order No. 732 of the State Council in 2020);

9. The Circular on Printing and Distributing the Detailed Rules for the Implementation of the Administrative Measures for State-owned Assets Assessment (Guo Zi Ban Fa [1992] No. 36);

10. The Interim Measures for the Administration of Assessment of State-owned Assets of Enterprises (Order No. 12 of State-owned Assets Supervision and Administration Commission of the State Council);

11. The Circular of Issues on Strengthening the Administration of Assessment of State-owned Assets of Enterprises (Guo Zi Wei Chan Quan [2006] No. 274);

12. The Circular on Relevant Matters Concerning the Audit of State-owned Asset Valuation Report of Enterprises (Guo Zi Chan Quan [2009] No. 941);

13. The Guidelines for the Filing of State-owned Assets Valuation Projects of Enterprises (Guo Zi Fa Chan Quan [2013] No. 64);

14. Shanghai Municipal Enterprise State-Owned Assets Appraisal Report Review Manual (Hu Guo Zi Wei Ping Gu [2018] No. 353);

15. The Interim Measures of Shanghai on the Administration of Assessment of State-owned Assets of Enterprises (Hu Guo Zi Wei Ping Gu [2019] No. 366);

16. Shanghai Municipal Enterprise State-Owned Assets Appraisal and Filing Operation Manual (Hu Guo Zi Wei Ping Gu [2020] No. 100);

17. The Enterprise Income Tax Law of the People's Republic of China (the second amendment at the 7th Meeting of the Standing Committee of the 13th National People's Congress on December 29, 2018);

18. The Decision of the State Council on Repealing the Interim Regulations of the People's Republic of China on Business Tax and Amending the Interim Regulations of the People's Republic of China on Value Added Tax (Order No. 691 of the State Council);

19. The Rules on the Implementation of the Provisional Regulations on Value-added Tax of the People's Republic of China (Order No. 50 of the Ministry of Finance and the State Administration of Taxation; revised according to Order No. 65 of the Ministry of Finance and the State Administration of Taxation in 2011);

20. The Circular on Carrying out Pilot Operation of Change from Business Tax to Value-added Tax (Cai Shui (2016) No. 36);

21. The Circular of the Ministry of Finance and the State Administration of Taxation on Adjusting the VAT Rate (Cai Shui [2018] No. 32);

22. The Announcement on Policies Concerning Deepening Value Added Tax Reform issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs (Announcement No. 39 of 2019 the Ministry of Finance, the State Taxation Administration, and the General Administration of Customs);

23. The Civil Code of the People's Republic of China (adopted at the 3rd Meeting of the 13th National People's Congress on May 28, 2020);

24. Other laws and regulations relevant to the appraisal.

(III) Appraisal standards and bases

1. Basic Standards for Asset Valuation (Cai Zi [2017] No. 43);

2. The Code of Professional Ethics for Asset Valuation (CAS [2017] No. 30);

3. The Practice Guidelines for Asset Valuation-Assets Appraisal Engagement Contract (CAS [2017] No. 33);

4. The Practice Guidelines for Asset Valuation-Using Expert Work and Related Reports (CAS [2017] No. 35);

5. The Practice Guidelines for Asset Valuation-Real Estate (CAS [2017] No. 38);

6. The Practice Guidelines for Asset Valuation-Asset Valuation Report (CAS [2018] No. 35);

7. The Practice Guidelines for Asset Valuation-Asset Valuation Procedures (CAS [2018] No. 36);

8. The Practice Guidelines for Asset Valuation-Asset Valuation Archives (CAS [2018] No. 37);

9. The Practice Guidelines for Asset Valuation-Enterprise Value (CAS [2018] No. 38);

10. The Practice Guidelines for Asset Valuation-Asset Valuation Approach (CAS [2019] No. 35);

11. The Guidelines for the Asset Valuation Report of State-owned Assets of Enterprises (CAS [2017] No. 42);

12. The Guidelines for Business Quality Control of Asset Appraisal Institutions (CAS [2017] No. 46);

13. The Guiding Opinions on Value Types of Assets Valuation (CAS [2017] No. 47);

14. The Guiding Opinions on Legal Ownership of Assets Valuation Objects (CAS [2017] No. 48).

(IV) Assets basis of ownership

1. Enterprise Property Rights Registration Form;

2. Property Ownership Certificate, Building Ownership Certificate, and Immovable Property Right Certificate;

3. Land Use Right Transfer Contract;

4. Major asset purchase contracts or accounting vouchers;

5. Fixed asset register, accounting ledgers, etc.;

6. Proof of ownership for outbound investment (investment contract or agreement);

7. Other documents evidencing ownership of assets.

(V) Appraisal pricing basis

1. The latest loan prime rate (LPR) authorized for publication by the National Interbank Funding Center;

2. The effective deposit and loan benchmark interest rate table of the People's Bank of China as at the valuation base date;

3. Online real estate transaction cases;

4. Land transaction results published on the Shanghai Land Market website;

5. China urban land price dynamic monitoring website;

6. Historical annual financial statements and audit reports of the subject entity;

7. Site inspection records of the appraiser and other relevant appraisal information collected.

(VI) Other references

1. The accounting statements, ledgers and vouchers, and the appraisal declaration forms as at the valuation base date provided by the subject entity and its management;

2. Common Methods and Parameter Handbook for Appraisal (Machinery Industry Press, 2011 edition);

3. Technical statistical data of Shanghai Orient Appraisal Co., Ltd.;

4. Other relevant references.

VII. Appraisal Approaches

(I) Overview of appraisal approaches

Pursuant to the Basic Standards for Asset Valuation and the Practice Guidelines for Asset Valuation – Asset Valuation Approach, the appraisal approaches to determine asset value include the three basic approaches of market approach, income approach, and cost approach and their derivatives.

Pursuant to the Practice Guidelines for Asset Valuation – Enterprise Value, the three basic approaches that may be applied in performing an enterprise valuation engagement are the income approach, the market approach, and the asset-based approach:

The income approach refers to an appraisal approach that determines the value of the appraisal object by capitalizing or discounting expected future income. Applying the income approach to enterprise valuation emphasizes the overall expected profitability of the enterprise.

The market approach refers to an appraisal approach that determines the value of the appraisal object by comparing it with comparable listed companies or comparable transaction cases. Applying the market approach to enterprise valuation has the characteristics that valuation data are directly selected from the market and the valuation results are highly persuasive.

The asset-based approach refers to an appraisal approach that determines the value of the appraisal object by using the balance sheet of the subject entity as at the valuation base date as a basis and reasonably assessing the value of all assets and liabilities within the entity's books and identifiable off-balance-sheet assets and liabilities. Applying the asset-based approach to enterprise valuation may involve situations where not every asset and liability can be fully identified and individually valued.

(II) Selection of appraisal approach

Pursuant to the Practice Guidelines for Asset Valuation – Enterprise Value, "in performing an enterprise valuation engagement, the applicability of the three basic approaches of the income approach, market approach, and asset-based approach shall be analyzed, and the appraisal approach shall be selected, based on factors such as the appraisal purpose, appraisal object, type of value, and material collection." "Where it is appropriate to apply different appraisal approaches to enterprise valuation, the asset appraisal professional shall apply two or more appraisal approaches."

The basic concept of the asset-based approach is to rebuild or replace the appraised assets under current conditions, and a potential investor, when deciding to invest in a particular asset, would not pay a price higher than the current cost to acquire or construct that asset. This appraisal project satisfies the conditions required for applying the asset-based approach, namely, that the appraised assets are in continued use or are assumed to be in continued use, and that usable historical operating data are available. Applying the asset-based approach can meet the requirements of the type of value for this appraisal.

The subject entity is a holding platform with no relevant sales operations and no future business development plans. Consequently, as of the valuation base date, it is difficult to reliably estimate its future operating income and risks; thus, the prerequisites for applying the income approach are not met. Furthermore, the major assets of its subsidiaries consist of inventories under development costs. Its core business covers the sales and self-owned operation of office properties, commercial premises and parking spaces. For assets related to the aforesaid core business, in combination with the project planning and design scheme as well as project budget, the hypothetical development method is adopted to value the salable portion, and the income approach is applied to value the self-owned portion. Meanwhile, the land and building separate valuation method is adopted to determine the total appraised value of the project. Among others, the value of land use right is measured by the market approach; incurred costs such as preliminary project fees, construction and installation costs, and capitalized interest are revalued at market value by the replacement cost method. The appraised value of the real estate project is finally obtained by aggregating the appraised land value and the revalued amount of each cost item. Given that the asset structure of the subject entity is dominated by development inventories, and the value of core assets has been fully and reasonably reflected through dedicated valuation methods, the income approach is no longer adopted for the overall enterprise valuation in this appraisal.

The subject entity is a holding platform with no relevant sales operations. It is difficult for the valuation professionals to identify comparable listed companies in the open market. Furthermore, due to the currently limited level of marketization and information transparency in China, sufficient transaction cases of similar property rights are unavailable. It is challenging to obtain various factors influencing transaction prices through normal public channels, or to quantify such factors into adjustment coefficients to revise transaction prices. Accordingly, the adoption of the market comparison approach is technically flawed, and the basic conditions for applying the market approach are not met.

Based on the above analysis, the asset-based approach is confirmed as the valuation method for this appraisal.

(III) Introduction to the asset-based approach

The asset-based approach specifically refers to a valuation method whereby the total appraised value of all constituent assets of an enterprise is aggregated, minus the appraised value of its liabilities, to derive the total equity value of the enterprise's shareholders.

The valuation methods adopted for major categories of assets and liabilities are set forth as follows:

1. Monetary funds

Monetary funds consist of bank deposits, with the verified amount taken as the appraised value in this appraisal.

2. Receivables

Receivables primarily refer to other receivables. On the basis of verifying the authenticity and accuracy of receivables, the appraised value is determined at the estimated recoverable amount of each item after deducting the assessed risk loss.

3. Inventories

In accordance with the Practice Guidelines for Asset Valuation – Real Estate, the applicability of the three basic asset appraisal methods (the market approach, income approach and cost approach), as well as derivative methods including the hypothetical development method and benchmark land price correction method, shall be analyzed based on the appraisal purpose, appraisal object, type of value and material collection, followed by selection of appropriate valuation methods.

M1-04 new construction:

Inventories included in the scope of this appraisal represent development costs (M1-04) pertaining to ongoing real estate development projects, covering salable and self-owned properties. For such ongoing development projects, the value of the salable portion and self-owned portion shall generally be valued by adopting the methodologies of the hypothetical development method and income approach respectively, in combination with the project planning and design scheme as well as project budget. In addition, the land and building separate valuation method may also be applied to such assets to determine the total project value. The value of land use right is determined by the market approach; other incurred costs including preliminary engineering fees, construction and installation costs and capitalized interest are revalued at market value by the replacement cost method. The appraised value of the real estate project is finally obtained by summing up the assessed land value and the revalued amount of relevant costs. The aforesaid method essentially follows the logic of the cost approach (direct calculation method).

Upon comprehensive analysis, the values of the salable part and self-owned part derived by adopting the methodologies of the hypothetical development method and the income method are taken as the appraisal conclusion.

M1 old plant:

Regarding the M1 old plant, pursuant to the Purchase Agreement for the Old Plant of the West Plant of Shanghai Power Station Auxiliary Machinery Factory, it is stipulated that Shanghai Yangpu Binjiang Investment Development (Group) Co., Ltd. shall purchase the portion of the old buildings owned by Shanghai Shengshi Chuangtuo Construction Development Co., Ltd. located within the red line of Plot M1-04. The acquisition price is determined based on the actual comprehensive development cost + financing costs. Accordingly, the value of the M1 old factory building in this valuation is calculated based on its book value plus financing costs.

2) Introduction to valuation methods:

① Hypothetical development method (for salable part):

The hypothetical development method, also known as the residual method, anticipated development method or development method, is a valuation approach that forecasts the value of the appraisal subject upon completion of development, as well as the necessary subsequent development and construction expenditures and entitled profit. The value of the appraisal subject is then calculated by deducting the necessary subsequent development and construction expenditures and entitled profit from the post-development value.

Essentially consistent with the income approach, the hypothetical development method determines real estate value guided by the future income of the property, specifically the residual amount after deducting subsequent development and construction expenditures and entitled profit from the post-development value. As a scientific and practical valuation approach, it is widely applied in the appraisal practice of real estate development projects.

Basic formula of the hypothetical development method:

Value of real estate to be developed = Post-development real estate value – Subsequent development costs – Administrative expenses – Sales expenses – Investment interest – Sales taxes and fees – Development profit – Taxes and fees for acquiring the undeveloped real estate

Real estate development features a long development cycle, and the actual occurrence time of development costs, administrative expenses, sales expenses, sales taxes and fees, and post-development real estate value varies greatly, especially for large-scale real estate development projects. Therefore, the time value of capital must be taken into account when applying the hypothetical development method. There are two ways to reflect the time value of capital: Discounting approach: the hypothetical development method under this approach is referred to as the discounted cash flow method (dynamic method); Interest calculation approach: the hypothetical development method under this approach is referred to as the conventional method (static method).

The static hypothetical development method is adopted for this appraisal.

② Income approach (for self-owned part):

Income approach: By investigating the market rent and occupancy rate of comparable properties of the same type in the same region, a reasonable objective rent level and occupancy rate is adjusted and determined in light of the current status of the valuation subject. Annual objective net income of the valuation subject is derived after deducting regular management fees, maintenance fees, insurance premiums, taxes, and rent payable to real estate authorities. A reasonable discount rate is selected, and the income value of the valuation subject is calculated via applicable formula.

Calculation formula: $P = \sum_{i-1}^{n} \frac{Fi}{(1+r)^i}$

Where: P — Appraised value (present discounted value); r — Selected discount rate; n — Income duration;

Fi — Expected annual income in the future income period

Rental income is calculated as: Contractual rent stipulated in actual lease agreements or objective rent outside the lease term × (1 – vacancy rate and rent loss rate).

Annual operating expenses include management fees, maintenance fees, insurance premiums, property tax, and additional taxes and surcharges, etc.

③ Cost method (the land and building separate valuation method):

Appraised value = Appraised value of land use rights + Appraised value of preliminary engineering fees, construction and installation costs, and indirect development expenses – Tax and surcharge differentials – Land value- appreciation tax differentials – Income tax differentials

A. Valuation of land use rights: Given the abundance of comparable land transaction cases in the vicinity of the project in recent years and the presence of an active open market, the market approach was adopted for this appraisal.

The market approach is based on the principle of substitution. It involves comparing the subject land with similar properties that possess substitutive characteristics and have been traded on the market recently, near the valuation base date. By evaluating and aligning factors such as transaction conditions, transaction dates, regional factors, and individual characteristics against the subject land use rights, adjustments are applied to the comparable cases to determine the fair value of the subject land use rights.

Formula for the price of land use right via market approach:

Appraised land value = Comparable parcel price × Transaction condition correction coefficient × Transaction date correction coefficient × Regional factor correction coefficient × Individual factor correction coefficient.

Namely, $V = VB \times A \times B \times D \times E$

Where: V: Price of the parcel to be appraised;
VB: Price of comparable parcel;
A: Condition index of the parcel to be appraised/Condition index of comparable parcel = Normal condition index/Condition index of comparable parcel
B: Land price index of appraisal date for the parcel to be appraised/Land price index of transaction date for comparable parcel
D: Regional factor condition index of the parcel to be appraised/Regional factor condition index of comparable parcel
E: Individual factor condition index of the parcel to be appraised/Individual factor condition index of comparable parcel

When adjusting coefficients for comparable cases, impacts from transaction conditions, market conditions, regional factors and individual factors shall be considered respectively.

a. Transaction condition correction shall take into account the objectivity and rationality of transaction prices, and corresponding corrections shall be made for all factors that may cause the transaction prices of comparable instances to deviate from the normal market price.

At present, land use rights in China are mainly obtained through public market bidding, auction and listing. Actual transaction cases shall generally be selected; if such cases are insufficient, publicly listed cases near the benchmark date without actual transaction may be adopted. However, the listed prices are generally lower than the final transaction prices and require due correction.

With regard to transaction condition factors, correction calculation shall be performed after analyzing the actual situation and determining the scoring coefficient, and the specific formula is as follows:

$$\text{Comparable instance transaction price} \times \frac{100}{\text{Transaction condition scoring index}} = \text{Normal transaction price}$$

b. In terms of the market conditions of land use rights, as the transaction date of comparable instances is often not the benchmark date, changes may occur in the land market during the period. Market condition changes caused by adjustments such as national macro-control policies, local government land approval and planning, bank interest rates and economic environment shall generally be corrected with reference to the corresponding state-owned land use right monitoring index or relevant market index of the parcel's location, and the specific correction formula is as follows:

$$\text{Comparable instance transaction price} \times \frac{\text{Transaction date market index}}{\text{Benchmark date market index}} = \text{Comparable price of comparable case as of the benchmark date}$$

c. Regional factors

Agglomeration degree: For commercial and office land, agglomeration degree includes the location of the land parcel, its specific orientation on the street, distance to landmark buildings or business districts, pedestrian flow, etc. For commercial real estate, being closer to urban business districts, located in the core area of the community and having sound pedestrian flow will increase its land value; on the contrary, poor pedestrian flow will lead to lower its market value.

Traffic conditions: The traffic conditions of the land parcel mainly focus on accessible roads, availability of surrounding public transport, parking convenience for private vehicles, and accessibility to transportation hubs such as railway stations, wharves and airports. Land parcels adjacent to urban main traffic arteries, served by multiple bus lines or rail transit, with adequate parking spaces and close proximity to transportation hubs enjoy higher land use value.

Municipal supporting facilities: These mainly include municipal facilities such as water supply, drainage, electrical, HVAC pipeline connection and communication cable laying in surrounding plots, as well as public supporting facilities including primary and secondary schools, hospitals, financial services, cultural and sports venues. Sound municipal supporting facilities improve the use comfort of the land parcel and its attached real estate, resulting in higher market value.

Environmental and landscape conditions: These mainly include whether there is noise, garbage or light pollution around the land parcel, environmental sanitation, overhead high-voltage power lines and garbage houses around above-ground buildings, as well as the utilization status of adjacent land parcels and natural landscape conditions. In urban areas, noise, heavy industry and chemical pollution will reduce the quality of life and affect daily work and living. Improper use of other land in the surrounding area will damage the micro-environment and lead to lower land transaction prices.

Planning restrictions: As land in China is state-owned, enterprises and individuals only hold land use rights for a certain number of years. When following the principle of highest and best use, relevant planning restrictions issued by competent authorities shall be observed, including regional economic policies, land planning and urban planning restrictions.

d. Individual factors

Land parcel area: Mainly investigate the land area, including construction land area and requisitioned land area. Since only construction land is practically usable, a higher land utilization rate represents better intrinsic value. Moreover, land use rights are of relatively great value. Land use rights of overly large parcels feature a high total price, which is not conducive to market transaction and circulation and results in a lower unit price; an overly small parcel will adversely affect normal production and operation and restrict layout planning, thus requiring reverse correction.

Land shape: The outline shape of the land parcel also affects the land price level. In general, regular rectangular or polygonal sites have high usability with neat layout, facilitating planning and making full use of above-ground area; irregular shapes such as strip and triangular parcels tend to reduce use value.

Floor area ratio: It is necessary to consider the impact of above-ground buildings on land price. Different planned floor area ratios exert significant influence on land utilization value. An excessively high floor area ratio reduces living quality yet increases actual usable space, leading to a lower floor price but a higher corresponding land price. The impact of floor area ratio in various regions shall be comprehensively determined according to local socio-economic development and land utilization level, and shall generally be corrected by referring to the local benchmark land price floor area ratio correction system.

Development maturity: In addition to off-site community supporting and public service facilities, land parcel value is also affected by on-site conditions such as land leveling, hardened pavement and pipeline laying within the red line. Newly granted land is generally in raw land status, requiring demolition of existing buildings, preliminary site leveling, and completion of five connections and one leveling or seven connections and one leveling.

In summary: Valuation price of the subject = Comparable instance transaction price × Transaction condition correction coefficient × Transaction date correction coefficient × Regional factor correction coefficient × Individual factor correction coefficient

$$= \text{Comparable instance transaction price} \times \frac{100}{\text{Transaction condition scoring index}}$$

$$\times \frac{\text{Benchmark date market index}}{\text{Transaction date market index}} \times \frac{100}{\text{Regional factor scoring index}} \times \frac{100}{\text{Individual factor scoring index}}$$

B. The book value of preliminary engineering fees, construction and installation project funds and indirect development expenses incurred by the project represent reasonable costs as of the benchmark date. Therefore, the appraised values of preliminary engineering fees, construction and installation project funds and indirect development expenses shall be determined based on book value plus reasonable development interest and development profit.

Appraised value = Book value of preliminary engineering fees, construction and installation project funds, indirect development expenses + Reasonable capitalized interest + Development profit.

4. Other current assets

Other current assets mainly consist of deductible input VAT of the enterprise. The appraised value is determined based on the verified book value in this appraisal.

5. Long-term equity investments

For long-term equity investments in wholly-owned and controlling subsidiaries, where an enterprise-wide valuation is practicable in accordance with relevant professional standards, the appraised value of each investment is determined by performing an overall valuation of the investee using appropriate methods, and then multiplying the result by the respective shareholding percentage.

6. Liabilities

Liabilities mainly consist of current liabilities and non-current liabilities. On the basis of inventory verification, the appraised value of each liability is determined according to the actual obligor and liability amount to be borne by the subject entity upon the implementation of the economic behavior corresponding to the appraisal purpose.

VIII. Implementation Process and Overview of Appraisal Procedures

In accordance with the China Asset Appraisal Standards as well as relevant national principles and provisions on asset appraisal, we have performed the appraisal procedures for this project. The overall appraisal process is divided into the following four stages:

(I) Appraisal preparation stage

1. After accepting the entrustment of this project, we communicated and reached consensus with the client on the appraisal purpose, valuation base date, scope of appraisal objects and other relevant matters, signed the business engagement contract, and formulated the asset appraisal plan for the project.

2. We coordinated with the enterprise in asset inventory, guided and assisted the enterprise in declaring assets within the appraisal scope, and prepared various documents and materials required for the asset appraisal.

(II) On-site appraisal stage

In accordance with the overall schedule of the project, the on-site appraisal and investigation was conducted from August 27 to August 28, 2025. After selecting the applicable valuation methods for this appraisal, the main on-site appraisal procedures carried out are as follows:

1. Verification and confirmation of assets declared by the enterprise within the appraisal scope and relevant supporting materials:

(1) Listened to introductions by personnel of the client and the subject entity on the overall operation of the enterprise as well as the historical and current status of assets included in the appraisal scope, and understood the enterprise's internal systems, operating conditions and asset utilization status;

(2) Verified the contents of the asset appraisal declaration schedule provided by the enterprise, checked against relevant financial records of the enterprise, and coordinated with the enterprise to make adjustments and supplements for any identified discrepancies;

(3) Conducted on-site inspection and random spot inventory of physical assets in accordance with the asset appraisal declaration schedule;

(4) Reviewed and collected ownership documents of assets within the appraisal scope, examined the title information provided by the subject entity, and verified the ownership status of relevant assets. Compiled statistics on defective assets, and requested the subject entity to verify and confirm the ownership of such assets as well as the existence of any ownership disputes;

(5) For equipment, buildings and land use rights, understood the management system and actual implementation, as well as relevant maintenance, reconstruction and expansion conditions; reviewed and collected relevant technical documents, contracts, final accounts, completion acceptance documents, land planning documents and other supporting materials. For general-purpose equipment, conducted market research and referenced relevant pricing data and other informational materials. Conducted market research by collecting market data, real estate transaction cases, local construction cost information and other relevant data for buildings, real estate and land use rights;

(6) For liabilities within the appraisal scope, mainly verified the actual debt obligations to be borne by the subject entity.

2. We reviewed the historical and current operating performance of the subject entity, as well as the current state of its industry, to assess its likely future trends. Details are as follows:

(1) We reviewed the legal aspects of the subject entity's ongoing operations, primarily including its articles of association, investment and capital contribution agreements, business premises, and operational capabilities;

(2) We reviewed the accounting policies implemented by the subject entity, including its depreciation policy for fixed assets, methods of recording inventory costs and accounting for inventory issuances, the tax rates applied and its tax compliance status, as well as its debt, borrowings, and debt costs over the past few years;

(3) We reviewed the business type, operating model, and historical operating performance of the subject entity;

(4) We obtained the recent audited financial statements, including balance sheets, income statements, and cash flow statements.

(III) Valuation conclusion summary stage

We analyzed, summarized, and organized the valuation data collected during the on-site assessment to establish a basis for the valuation and estimation. Based on the selected valuation methods, we adopted appropriate calculation formulas and reasonable valuation parameters to produce preliminary valuation results. After confirming that there were no duplicate or omitted valuations within the scope of the assets being valued, we compiled these results into preliminary valuation conclusions and conducted an analysis of the reasonableness of the conclusions.

(IV) Report preparation and submission stage

Based on the work described above, we prepared a preliminary asset appraisal report, discussed its contents with the client, and revised and refined the report after fully considering the feedback received. After completing the internal review procedures, we submitted the formal asset appraisal report to the client.

IX. Appraisal Assumptions

In this appraisal project, the appraiser adhered to the following appraisal assumptions and limitations:

(I) Basic assumptions

1. Transaction assumption

The transaction assumption assumes that all assets under appraisal are in the course of transaction. The asset appraiser carries out the valuation on the basis of simulated market conditions such as the transaction conditions of the assets under appraisal. The transaction assumption is one of the most fundamental pre-requisites on which the asset appraisal can be conducted.

2. Open market assumption

The open market assumption is an assumption regarding the market conditions into which the assets are intended to enter and the impacts on the assets under such market conditions. Open market refers to fully developed and mature market conditions, which means a competitive market with willing buyers and sellers, where buyers and sellers are on equal footing and have opportunity and time to access adequate market information, and where transactions between buyers and sellers are conducted under voluntary, rational, non-compulsory or unrestricted conditions. The basis of open market assumption is that the assets can be traded openly in the market.

3. Enterprise going concern assumption

The enterprise going concern assumption assumes that the subject entity will continue its operations lawfully under its current asset and resource conditions throughout the foreseeable future operating period, without experiencing material adverse changes to its operational status.

4. Assumption about the use of an asset for an existing purpose

Assumption about the use of an asset for an existing purpose means that it is assumed that the assets will continue to be used in their current manner for their intended purposes. First, it is assumed that the assets within the scope of valuation are in use. Then it is assumed that the assets will continue to be used for the current purpose and mode of use without considering asset use conversion or optimal utilization conditions.

(II) General assumptions

1. For this appraisal project, it is assumed that, following the valuation base date, there will be no unforeseeable material adverse changes in the external economic environment, including applicable laws, macroeconomic conditions, financial conditions, and industrial policies, nor will there be any material impact resulting from other unforeseeable or unavoidable factors.

2. For this appraisal project, no consideration has been given to the potential impact on the appraisal conclusions of future mortgages or guarantees that may be placed on the subject entity and its assets, or additional costs that may arise from special transaction arrangements.

3. It is assumed that there are no significant changes in the socioeconomic environment of the location where the subject entity is situated, as well as in fiscal and tax policies such as tax burdens and tax rates, and that financial policies such as credit policies, interest rates, and exchange rates remain generally stable.

4. It is assumed that the operations of the subject entity are currently and will continue to be lawful and compliant, and adhere to the relevant provisions of its business license and articles of association.

X. Appraisal Conclusion

In accordance with relevant national regulations on asset valuation, and guided by the principles of independence, impartiality, and objectivity, we performed the necessary valuation procedures. Based on the valuation purpose, assumptions, and limitations described in this report, we reached a conclusion regarding the market value of the total equity of the subject entity as of the valuation base date.

(I) Relevant appraisal results

1. Valuation under the asset-based approach

We adopted the asset-based approach to evaluate the total equity value of the company. The subject entity is a holding platform with no relevant sales operations. The core assets of its subsidiaries consist of inventories-development costs. For assets related to the aforesaid core business, in combination with the project planning and design scheme as well as project budget, the hypothetical development method is adopted to value the salable portion, and the income approach is applied to value the self-owned portion. Meanwhile, the land and building separate valuation method is adopted to determine the total appraised value of the project. Among others, the value of land use right is measured by the market approach; incurred costs such as preliminary project fees, construction and installation costs, and capitalized interest are revalued at market value by the replacement cost method. The appraised value of the real estate project is finally obtained by aggregating the appraised land value and the revalued amount of each cost item. For this appraisal project, we used the results obtained from the hypothetical development approach and the income approach as the final appraised value.

The appraisal results for the subject entity as of the valuation base date are as follows:

As of the valuation base date, the book value of the subject entity's equity was RMB1,099,147,900 and the appraised value was RMB1,099,831,700, representing a valuation increase of RMB683,800, and a valuation increase rate of 0.06%. Specifically, the book value of total assets was RMB2,502,808,900, while the appraised value was RMB2,503,492,700, representing a valuation increase of RMB683,800 and a valuation increase rate of 0.03%. The book value of total liabilities was RMB1,403,661,000, and the appraised value was RMB1,403,661,000, with no changes in value.

(II) Comparison of appraisal results with book value, changes, and explanation of reasons

The appraisal conclusions reached using the asset-based approach are as follows, with the main factors contributing to increases and decreases in value analyzed below:

Summary Table of Valuation Results Using the Asset-Based Approach

Valuation base date: July 31, 2025 Unit: RMB0'000

Item	Book value A	Appraised value B	Increase C=B-A	Increase rate (%) D=C/A×100%
Current assets	140,280.90	140,280.90	0.00	0.00
Non-current assets	109,999.99	110,068.37	68.38	0.06
Long-term equity investments	110,000.00	110,068.38	68.38	0.06
Total assets	250,280.89	250,349.27	68.38	0.03
Current liabilities	140,366.10	140,366.10	0.00	0.00
Total liabilities	140,366.10	140,366.10	0.00	0.00
Owners' equity (net assets)	109,914.79	109,983.17	68.38	0.06

1) Long-term equity investments

The book value of long-term equity investments was RMB1,100,000,000, while the appraised value was RMB1,100,683,800, representing a valuation increase of RMB683,800. The primary reason is as follows: the long-term equity investment is recorded at cost on the enterprise's book value. After performing a comprehensive "look-through" valuation of the investee entity as a whole, a valuation surplus was recognized. This is because the investee's book value consists primarily of development costs, and the increase in value is attributable to the recognition of profits from real estate development, resulting in an increase in the value of the properties under appraisal, leading to an appreciation in the total equity value of the long-term equity investment.

(III) Additional considerations regarding the appraisal conclusions

Given that the subject entity is a non-publicly traded company, the appraisal object is the value of the shareholders' equity. In the application of the asset-based approach, we did not take into account the effects of control and liquidity, and the final valuation conclusion did not reflect these factors.

(IV) Validity period of the appraisal conclusions

In accordance with current valuation standards, the conclusions presented in this asset appraisal report are valid only if there are no material changes to the appraisal assumptions set forth herein, and generally only when the date of the economic transaction does not fall more than one year after the valuation base date. Accordingly, the conclusions in this asset appraisal report are valid from the valuation base date of July 31, 2025, through July 30, 2026.

The findings of this asset appraisal report may not be used to engage in economic activities after the expiration of the validity period specified above.

(V) Additional notes on the appraisal conclusions

During the validity period of the appraisal conclusion following the valuation base date, if there are changes in the quantity of assets involved in the valuation or in the asset pricing standards, the client may handle it in accordance with the following principles:

1. When the quantity of assets changes, the asset value should be adjusted accordingly in accordance with the original valuation method;

2. When there is a change in asset pricing standards that has a significant impact on the results of the asset appraisal, the client shall promptly engage a qualified asset appraisal firm to re-determine the appraised value;

3. The client should give full consideration to any changes in the quantity or pricing standards of the assets that occur after the valuation base date when engaging in economic activities.

XI. Special Notes

Users of this asset appraisal report should be aware of the following special considerations that may affect the appraisal conclusions and give them due consideration when making decisions or engaging in economic activities based on this report:

(I) Incomplete or defective materials (such as ownership information):

The documentation regarding the ownership of the assets under appraisal is generally complete, and the appraiser has not identified any apparent defects in title. The client and the subject entity have also explicitly stated that there are no defects in title.

(II) Explanation of other key information not provided by the client:

None.

(III) Uncertainties such as pending matters and legal disputes existing as of the valuation base date:

The appraiser is not aware of any uncertainties, such as pending matters or legal disputes, existing with the enterprise as of the valuation base date. The client and the subject entity have also explicitly stated that there are no pending matters, legal disputes, or other uncertainties.

(IV) Key information regarding the work of experts and related reports:

1. Use of expert reports:

In the course of conducting this valuation engagement, we obtained the following expert reports through lawful means and made prudent use of the relevant information contained therein:

(1) Special audit report issued by Zhonghui Certified Public Accountants LLP (Zhong Hui Shen Zi [2025] No. 11773);

The types and carrying amounts of the assets included in this asset appraisal report have been audited by Zhonghui Certified Public Accountants LLP, which issued a special audit report with a standard unqualified opinion, report number: Zhong Hui Shen Zi [2025] No. 11773. The opinion in this audit report is as follows: "We have audited the financial statements of Shanghai Binqiao Enterprise Management Co., Ltd.(the "Binqiao Enterprise Management Company"), which comprise the balance sheets as of December 31, 2023, December 31, 2024, and July 31, 2025; the statements of income, cash flows, and changes in equity for the years ended December 31, 2023, and December 31, 2024, and for the seven-month period ended July 31, 2025; and the notes to the financial statements. In our opinion, the accompanying financial statements have been prepared in all material respects in accordance with the Enterprise Accounting Standards and present fairly the financial position of Binqiao Enterprise Management Company as of December 31, 2023, December 31, 2024, and July 31, 2025, as well as its results of operations and cash flows for the years ended December 31, 2023, and December 31, 2024, and for the seven-month period ended July 31, 2025." Valuation professionals analyzed and assessed the financial statements based on the requirements for their use under the valuation methods employed. However, it is not the responsibility of valuation professionals to express a professional opinion on whether the relevant financial statements fairly present the entity's financial position, results of operations, and cash flows as of the valuation base date.

In accordance with the relevant provisions of prevailing valuation standards, we assume liability only for the improper citation of any relevant professional reports utilized in this valuation.

(V) Significant subsequent events:

The client and the subject entity have explicitly stated that there are no significant subsequent events between the valuation base date and the date of issuance of this asset appraisal report.

(VI) Limitations in the appraisal process, corrective measures taken by the appraisal firm, and an explanation of the impact on the appraisal conclusions:

None.

(VII) Nature and amount of the guarantees, leases and contingent liabilities or assets and their relationship with the appraisal object

1. As of the date of this appraisal report, the state-owned construction land use rights held by the three long-term equity investees of the subject entity have been pledged as collateral. The details of the pledge are as follows:

<table>
<tr><th>Pledger</th><th>Certificate number</th><th>Location</th><th>Type</th><th>Pledgee</th><th>Area covered by the pledge (m^2)</th><th>Period of pledge</th><th>Loan amount as of the valuation base date (RMB0'000)</th></tr>
<tr><td>Shanghai Binxing Construction Development Co., Ltd.</td><td>Hu (2023) Yang Zi. Real Estate Certificate No. 002321</td><td>Plot 3/8, Block 85, Daqiao Subdistrict</td><td>Land use rights</td><td>Industrial and Commercial Bank of China Limited Shanghai Yangpu Sub-branch</td><td>10,928.30</td><td>From June 30, 2023 to June 18, 2038</td><td rowspan="2">31,675.84</td></tr>
<tr><td>Shanghai Binxing Construction Development Co., Ltd.</td><td>Hu (2023) Yang Zi. Real Estate Certificate No. 002324</td><td>Plot 1/912, Block 85, Daqiao Subdistrict</td><td>Land use rights</td><td>Industrial and Commercial Bank of China Limited Shanghai Yangpu Sub-branch</td><td>4,516.70</td><td>From June 30, 2023 to June 18, 2038</td></tr>
<tr><td>Shanghai Shengshi Chuangtuo Construction Development Co., Ltd.</td><td>Hu (2023) Yang Zi. Real Estate Certificate No. 002323</td><td>Plot 3/6, Block 85, Daqiao Subdistrict</td><td>Land use rights</td><td>Shanghai Pudong Development Bank Co., Ltd. Yangpu Sub-branch</td><td>20,830.30</td><td>From November 15, 2023 to November 13, 2043</td><td>46,373.38</td></tr>
<tr><td>Shanghai Xingkongshui'an Enterprise Development Co., Ltd.</td><td>Hu (2023) Yang Zi. Real Estate Certificate No. 002322</td><td>Plot 3/7, Block 85, Daqiao Subdistrict</td><td>Land use rights</td><td>Bank of Communications Co., Ltd. Shanghai Yangpu Sub-branch</td><td>6,172.60</td><td>From June 13, 2023 to June 12, 2038</td><td>16,827.08</td></tr>
</table>

This appraisal has not taken into account the impact of the above mortgage and guarantee matters on the valuation. Users of this Report are reminded to pay due attention thereto.

2. Equity pledge

Shanghai Yangpu Binjiang Investment Development Co., Ltd., Shanghai Lianke Shenhuo Network Technology Co., Ltd. and Mengxiang Qiangyin Culture Broadcast (Shanghai) Company Ltd. signed the Cooperation Agreement on the Customized Project of Block 85 (the "Cooperation Agreement") on March 18, 2022. It stipulated that the three parties would form a consortium to bid for the state-owned land use rights of the plots M1-04, M2-01, and M3-01 for N090603 unit (Block 85 of Dinghai Community, Yangpu District) in the Daqiao Subdistrict. And through the platform company Shanghai Binqiao Enterprise Management Co., Ltd. jointly established by the three parties, three wholly-owned subsidiaries were set up for each plot area: Shanghai Binxing Construction Development Co., Ltd. (Plot M3-01), Shanghai Shengshi Chuangtuo Construction Development Co., Ltd. (Plot M1-04), Shanghai Xingkongshui'an Enterprise Development Co., Ltd. (Plot M2-01) to cooperate in the development of real estate projects related to each project plot (the "Target Projects").

Shanghai Shengshi Chuangtuo Construction Development Co., Ltd., as the specific development and implementation entity for Plot M1-04, has signed the Shanghai Municipal State-owned Land Use Right Transfer Contract (the "Transfer Contract") with the Shanghai Yangpu District Planning and Natural Resources Bureau, with the contract number being "Hu Yang State-owned Land Use Right Transfer Contract Supplement (2022) No. 22". According to the Transfer Contract and the transfer plan, the Target Projects involve a preserved historical building (the "Old Building"). According to the terms of the Cooperation Agreement, Shanghai Yangpu Binjiang Investment Development Co., Ltd. intends to purchase, either by itself or through a third party, the part of the Old Building owned by Shanghai Shengshi Chuangtuo Construction Development Co., Ltd. within the red line area of Plot M1-04 ("the Target Plant") from Shanghai Shengshi Chuangtuo Construction Development Co., Ltd., and sign the Purchase Agreement for the Old Plant of the West Plant of Shanghai Power Station Auxiliary Machinery Factory (the "Old Plant Purchase Agreement").

Since Shanghai Shengshi Chuangtuo Construction Development Co., Ltd. is essentially directly managed by Shanghai Lianke Shenhuo Network Technology Co., Ltd., in order to ensure that Shanghai Shengshi Chuangtuo Construction Development Co., Ltd. fulfills the obligations under the Old Plant Purchase Agreement and the related transaction documents for the Target Plant, including but not limited to signing the sale contract with the buyer to deliver the Target Plant as agreed, Shanghai Lianke Shenhuo Network Technology Co., Ltd. provides a pledge guarantee to Shanghai Yangpu Binjiang Investment Development Co., Ltd. by using its 4.99% equity in Shanghai Binqiao Enterprise Management Co., Ltd. (with an equivalent value of RMB54,890,000).

This appraisal has not taken into account the impact of the above equity pledge matters on the valuation. Users of this Report are reminded to pay due attention thereto.

(VIII) Deficiencies in the economic transactions underlying this asset valuation that could have a material impact on the appraisal conclusions:

None.

(IX) Other matters requiring clarification:

1. In this asset appraisal report, any discrepancies between the total amounts and the sum of the individual figures in tables or text where amounts are expressed in RMB ten thousand are due to rounding.

2. In conducting the valuation of the assets within the scope of appraisal, we did not take into account the income tax implications of the valuation gains on certain assets.

3. This asset appraisal report is intended solely to serve the appraisal purpose specified in the client's contract and does not constitute investment advice or a recommendation to other market investors regarding the subject property.

4. According to the provisions of the Purchase Agreement for the Old Plant of the West Plant of Shanghai Power Station Auxiliary Machinery Factory (the "Purchase Agreement"), Shanghai Yangpu Binjiang Investment Development (Group) Co., Ltd. intends to acquire the relevant parts of the M1 old plant located within the red line of Plot M1-04, which is owned by Shanghai Shengshi Chuangtuo Construction Development Co., Ltd. The Purchase Agreement clearly stipulates that the acquisition price for this transaction is determined based on the sum of the actual comprehensive development costs and financing costs of the subject entity. Based on the above agreement, during the appraisal of the long-term equity investment of the subject entity, Shanghai Shengshi Chuangtuo Construction Development Co., Ltd., the value of the M1 old plant was not calculated using conventional appraisal methods such as the hypothetical development method or the income approach. Instead, it strictly followed the terms of the Purchase Agreement, based on the book value of the subject entity as of the valuation base date, and considering its reasonable financing costs to determine the appraised value. Furthermore, as of the valuation base date, the land cost financing cost had been paid by Shanghai Yangpu Binjiang Investment Development (Group) Co., Ltd. Therefore, the financing cost of the land was not taken into account in this appraisal. The rationality of this appraisal result is highly dependent on the stipulations in the Purchase Agreement regarding the method for determining the price. If the terms of this agreement are changed or are deemed invalid, the current appraisal result will no longer be applicable. A new appraisal method suitable for the situation needs to be selected to calculate the value. Users of the report are reminded to pay attention to this.

5. According to Article 23 of the State-owned Construction Land Use Contract provided by the enterprise, the transferee shall own 60% of the office property area for no less than 20 years from the date of passing the comprehensive project planning and land acceptance inspection; the transferee shall own 100% of the commercial property in its entirety for the term of transfer.

Based on the Economic and Technical Indicators provided by the enterprise, the parking spaces and the office properties with 60% of self-owned area and subject to the self-owned requirement of no less than 20 years are currently planned to be self-owned. Accordingly, this appraisal is conducted on the basis that all such parts are treated as self-owned. Users of this report are reminded to pay due attention thereto.

Area breakdown of M3-01 and the underground space:

Types of Property under Development	Gross floor area	Of which: Above-ground Area	Underground Area	Of Which: Saleable (Transferable) Area	Mandatory self-owned area	Non-saleable Area
Total	**63,637.45**	**41,041.45**	**22,596.00**	**14,309.67**	**48,721.04**	**606.74**
Office	36,258.27	36,258.27	0.00	14,309.67	21,948.60	
Commercial	4,176.44	4,176.44	0.00		4,176.44	
Parking space	22,596.00		22,596.00		22,596.00	
Supporting facilities	606.74	606.74	0.00			606.74

Area breakdown of new construction on M1-04:

Types of Property under Development	Gross floor area	Of which: Above-ground Area	Underground Area	Of Which: Saleable (Transferable) Area	Mandatory self-owned area	Non-saleable Area
Office	45,221.78	45,221.78	0.00	17,580.91	27,640.86	
Commercial	1,253.97	1,253.97	0.00		1,253.97	
Parking space	19,212.62		19,212.62		19,212.62	
Supporting facilities	1,063.25	1,063.25	0.00			1,063.25
Total	**66,751.62**	**47,539.00**	**19,212.62**	**17,580.91**	**48,107.46**	**1,063.25**

Area breakdown of M2:

Types of Property under Development	Gross floor area	Of which: Above-ground Area	Underground Area	Of Which: Saleable (Transferable) Area	Mandatory self-owned area	Non-saleable Area
Total	**29,658.05**	**20,208.05**	**9,450.00**	**6,860.38**	**22,341.94**	**455.73**
Office	17,688.20	17,688.20	0.00	6,860.38	10,827.82	
Commercial	2,064.12	2,064.12	0.00		2,064.12	
Parking space	9,450.00		9,450.00		9,450.00	
Supporting facilities	455.73	455.73	0.00			455.73

If any of the above data is changed, the appraised value will be adjusted accordingly.

Users of this asset appraisal report should give due consideration to the impact of the aforementioned special matters on the appraisal conclusions when using this report.

XII. Restrictions on the Use of the Appraisal Report

(I) This asset appraisal report is intended solely for the appraisal purposes and economic activities specified in this report.

(II) The appraisal firm and the appraiser shall not be held liable if the client or any other user of this asset appraisal report fails to use it in accordance with the provisions of laws and administrative regulations and the scope of use specified in this asset appraisal report.

(III) Except for the client, other users of the asset appraisal report specified in the asset appraisal engagement agreement, and users of the asset appraisal report as prescribed by laws and administrative regulations, no other entity or individual may be a user of this report.

(IV) Users of the asset appraisal report shall properly understand and use the appraisal conclusions. The appraisal conclusions are not equivalent to the realizable value of the appraisal object, and should not be construed as a guarantee of the appraisal object's realizable value.

(V) If this appraisal project involves state-owned assets and is subject to filing and approval procedures with the state-owned assets management authorities in accordance with relevant regulations, this asset appraisal report may only be formally used after it has been filed with the state-owned assets supervision and administration authorities, and the appraisal conclusions apply solely to the economic activities described in this report.

(VI) This asset appraisal report includes several appendices and detailed appraisal schedules. All appendices and detailed appraisal schedules constitute an integral part of this report and are valid only when used in conjunction with the main body of this report. The appraisal firm and the appraiser assume no obligation or liability whatsoever for any use of this report beyond its intended scope, such as its disclosure to parties other than the intended users of the appraisal report or to parties other than intended users who have obtained the report through other means. We will not provide further consultation regarding this report, nor will we provide testimony or appear in court or at hearings in other legal proceedings. We reserve the right to seek compensation from parties other than the intended users of the appraisal report for any losses incurred as a result.

(VII) The appraisal firm reserves the right to interpret the contents of this asset appraisal report. Unless otherwise expressly provided by national laws and regulations, no other entity or department has the authority to interpret it. Any reproduction, citation, or disclosure of all or part of this asset appraisal report in public media must be reviewed by the appraisal firm and approved by the appraisal firm and the signing appraiser with written consent, unless otherwise provided by laws and regulations or agreed upon by the relevant parties.

XIII. Appraisal Report Date

The asset appraisal report date is the date on which the appraisal conclusion was reached. The asset appraisal report date for this report is January 20, 2026.

Appraisal firm	**Shanghai Orient Appraisal Co., Ltd.**	
Legal representative	**Xu Feng**	
Signing appraiser	Zhang Jingjing	Liu Haojie
Appraisal report date	January 20, 2026	

Asset Appraisal Report
(Report Appendix)

Project Name **Asset Appraisal Report on the Value of the Total Equity Interests of Shanghai Binqiao Enterprise Management Co., Ltd. in Connection with the Proposed Capital Reduction by Certain Shareholders of Shanghai Binqiao Enterprise Management Co., Ltd.**

Report No. Dong Zhou Ping Bao Zi [2025] No. 2054

SN	Appendix Name
1.	Documents related to economic activities corresponding to the purpose of the appraisal
2.	Business Licenses of the Client and the Subject Entity
3.	Enterprise Property Rights Registration Form of the Client and the Subject Entity
4.	Special Audit Report for the Subject Entity
5.	Property Ownership Certificates and Other Proofs of Ownership of the Subject Entity
6.	Letters of Commitment from the Client and Relevant Parties
7.	Asset Appraisal Engagement Agreement
8.	Business License of Shanghai Orient Appraisal Co., Ltd.
9.	Certificate of Filing for Securities Services of Shanghai Orient Appraisal Co., Ltd.
10.	Asset Appraisal Qualification Certificate of Shanghai Orient Appraisal Co., Ltd.
11.	Documents certifying the qualifications of the asset appraisal firm and the asset appraiser responsible for this appraisal engagement
12.	Letters of Commitment from the Appraisal Firm and Appraiser
13.	Summary or Detailed Statement of Asset Appraisal

This asset appraisal report is prepared in accordance with the Chinese Valuation Standards.

TOTAL SHAREHOLDERS' EQUITY VALUE OF SHANGHAI STAR SHUIAN ENTERPRISE DEVELOPMENT CO., LTD. (上海星空水岸企業發展有限公司) IN RELATION TO THE PROPOSED CAPITAL REDUCTION BY CERTAIN SHAREHOLDERS OF SHANGHAI BINQIAO ENTERPRISE MANAGEMENT CO., LTD. (上海濱橋企業管理有限公司)
Asset Appraisal Report

Dong Zhou Ping Bao Zi [2025] No. 3229

(Appraisal Report, Appraisal Explanations and Detailed Schedules)
Volume 1 of 1

Shanghai Orient Appraisal Co., Ltd.
(上海東洲資產評估有限公司)

January 20, 2026

DISCLAIMER

I. The Asset Appraisal Report is prepared in accordance with the Basic Rules for Asset Appraisal issued by the Ministry of Finance and the Asset Appraisal Practice Standards and the Code of Professional Ethics issued by the China Appraisal Society.

II. The client or other users of the Asset Appraisal Report shall use the Asset Appraisal Report in accordance with the provisions of laws and administrative regulations and the scope of use specified in the Asset Appraisal Report. If the client or other users of the Asset Appraisal Report use the Asset Appraisal Report in violation of the foregoing provisions, the asset appraisal institution and the asset appraiser professionals shall not be liable.

III. The Asset Appraisal Report is only intended to be used by the client, other users of the Asset Appraisal Report as agreed in the asset appraisal engagement contract and users of the Asset Appraisal Report as stipulated by laws and administrative regulations. Save for the foregoing, no other institution or individual shall be deemed as users of the Asset Appraisal Report.

IV. Users of the Asset Appraisal Report shall correctly understand and use the appraisal conclusions. The appraisal conclusions are not equivalent to and shall not be deemed as a guarantee for the realizable price of the appraisal object.

V. Users of the Asset Appraisal Report shall pay attention to the assumptions underlying the appraisal conclusions, the explanations to special matters and the restrictions on use of the Asset Appraisal Report.

VI. The asset appraisal institution and its asset appraisal professionals shall abide by laws, administrative regulations and the asset appraisal standards, adhere to the principles of independence, objectivity and impartiality, and bear the liability for the Asset Appraisal Report they have issued in accordance with the laws.

VII. We have no existing or expected relationship of interests with the appraisal object set out in the Asset Appraisal Report, nor with the relevant parties, and hold no prejudice against the relevant parties.

VIII. The list of assets and liabilities involved in the appraisal object shall be declared by the client and the subject entity and confirmed by signature, seal or other means permitted by law. According to the Asset Appraisal Law of the People's Republic of China: "Clients shall be accountable for the authenticity, integrity and legality of the proof of ownership, financial and accounting information as well as any other materials they provide."

IX. We have conducted on-site investigations on the appraisal object and the assets involved, given due consideration to their legal ownership status, and verified the relevant information regarding the legal ownership of such assets. We have truthfully disclosed matters identified that may have a material impact on the appraisal conclusions and have requested the client and other relevant parties to perfect the titles to meet the requirements for issuing the Appraisal Report. However, we only express our opinions on the value of the appraisal object and the assets involved, and we are not entitled to give any form of guarantee on their legal ownership. This Report shall not be used as any form of ownership certificate.

X. Our inspection of physical assets such as buildings and structures is limited to their apparent quality, usage status and maintenance conditions in accordance with common practice, and does not involve their covered, concealed and difficult-to-observe interior parts. We do not have the capacity nor have we been commissioned to carry out professional technical test and appraisal of the quality of the interior of these assets. Our appraisal is based on information provided by the client and other relevant parties, if the quality of the interior of the appraisal object is defective, the appraisal conclusions of this Asset Appraisal Report may be affected to varying degrees.

ASSET APPRAISAL REPORT

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TOTAL SHAREHOLDERS' EQUITY VALUE OF SHANGHAI Xingkongshui'an ENTERPRISE DEVELOPMENT CO., LTD. (上海星空水岸企業發展有限公司) IN RELATION TO THE PROPOSED CAPITAL REDUCTION BY CERTAIN SHAREHOLDERS OF SHANGHAI BINQIAO ENTERPRISE MANAGEMENT CO., LTD. (上海濱橋企業管理有限公司)

Asset Appraisal Report

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Summary

Special Notice: This Asset Appraisal Report serves as a value reference solely for the economic activity described herein. The following is extracted from the text of the Report. For details of the appraisal engagement and to properly interpret the appraisal conclusions, readers shall refer to the full text of the Report.

Entrusted by the client, pursuant to laws, administrative regulations and asset valuation standards, and adhering to the principles of independence, objectivity and impartiality, Shanghai Orient Appraisal Co., Ltd. (上海東洲資產評估有限公司) has conducted an appraisal on the appraisal objects underlying the economic activity by adopting appropriate appraisal approaches and following necessary appraisal procedures. The summary of the asset appraisal report is as follows:

Client: Shanghai Yangpu Binjiang Investment and Development (Group) Co., Ltd. (上海楊浦濱江投資開發(集團)有限公司), Shanghai Lianke Shenhuo Network Technology Co., Ltd. (上海聯可深活網絡科技有限公司), Mengxiang Qiangyin Culture Broadcast (Shanghai) Company Ltd. (夢響強音文化傳播(上海)有限公司)

Subject entity: Shanghai Xingkongshui'an Enterprise Development Co., Ltd. (上海星空水岸企業發展有限公司)

Appraisal purpose: Capital reduction by shareholders

Economic activity: Pursuant to the resolution of the 1st extraordinary shareholders' meeting of Shanghai Binqiao Enterprise Management Co., Ltd. in 2025 and the resolution of the 13th meeting of the first session of the Board of Directors of Shanghai Binqiao Enterprise Management Co., Ltd., Mengxiang Qiangyin Culture Broadcast (Shanghai) Co., Ltd., a shareholder of Shanghai Binqiao Enterprise Management Co., Ltd., plans to reduce its capital, and Shanghai Binqiao Enterprise Management Co., Ltd. plans to pay the equity it holds in Shanghai Xingkongshui'an Enterprise Development Co., Ltd. to the shareholder planning to reduce its capital.

Appraisal objects: Total shareholders' equity value of the subject entity.

Appraisal scope: The scope of appraisal covers all assets and all liabilities of the subject entity, including current assets, non-current assets and liabilities, among others. The total book value of all assets declared by the subject entity is RMB639,055,179.09, the total book value of the liabilities is RMB445,999,686.64, and the owners' equity is RMB193,055,492.45.

Type of value: Market value

Valuation base date: July 31, 2025

Appraisal approaches: The asset-based approach is adopted, and the conclusion of this Appraisal Report is based on the appraisal results under the asset-based approach. The main asset of the subject entity is inventory-development cost. For this appraisal, the core assets of the subject entity have been appraised by hypothetical development method, income approach and cost method.

Appraisal conclusions: After the appraisal, the total shareholders' equity value of the subject entity is RMB193,696,951.77, in words: Renminbi One Hundred and Ninety-three Million Six Hundred and Ninety-six Thousand Nine Hundred and Fifty-one Yuan and Seventy-seven Cents only.

Validity period of the appraisal conclusions: the validity period shall be one year from the valuation base date, i.e. effective from the valuation base date July 31, 2025 to July 30, 2026.

Where the appraisal project involves state-owned assets and is required to complete the filing or approval procedures with the competent state-owned assets administration authority in accordance with the relevant regulations, this Appraisal Report shall be filed with the state-owned assets supervision and administration authority before it can be officially used. Meanwhile, the appraisal conclusions apply only to the economic activities specified in this Report.

Special matters:

1. As of the issuance date of this Appraisal Report, the state-owned construction land use right of the subject entity has been mortgaged. The mortgage details are as follows:

Name	Ownership Certificate No.	Location	Type	Mortgagee	Mortgaged Area m^2	Mortgage Period (i.e., Loan Period)	Loan Amount as of the valuation base date (RMB Ten Thousand)
State-owned construction land use right	Hu (2023) Yang Zi. Real Estate Certificate No. 002322	Plot 3/7, Block 85, Daqiao Subdistrict	Land use right	Bank of Communications Co., Ltd. Shanghai Yangpu Sub-branch	6,172.60	From June 13, 2023 to June 12, 2038	16,827.08

This appraisal has not taken into account the impact of the above mortgage and guarantee matters on the valuation. Users of this Report are reminded to pay due attention thereto.

2. According to Article 23 of the State-owned Construction Land Use Contract provided by the enterprise, the transferee shall own 60% of the office property area for no less than 20 years from the date of passing the comprehensive project planning and land acceptance inspection; the transferee shall own 100% of the commercial property in its entirety for the term of transfer.

Based on the Economic and Technical Indicators provided by the enterprise, the parking spaces and the office properties with 60% of self-owned area and subject to the self-owned requirement of no less than 20 years are currently planned to be self-owned. Accordingly, this appraisal is conducted on the basis that all such parts are treated as self-owned. Users of this Report are reminded to pay due attention thereto.

Area breakdown of Plot M2 is as follows:

Type of Property under Development	Gross floor area	Of Which: Above-ground Area	Under-ground Area	Of Which: Saleable (Transferable) Area	Mandatory self-owned area	Non-saleable Area
Office	17,688.20	17,688.20	0.00	6,860.38	10,827.82	
Commercial	2,064.12	2,064.12	0.00		2,064.12	
Parking space	9,450.00		9,450.00		9,450.00	
Supporting facilities	455.73	455.73	0.00			455.73
Total	**29,658.05**	**20,208.05**	**9,450.00**	**6,860.38**	**22,341.94**	**455.73**

If any of the above data is changed, the appraised value shall be adjusted accordingly.

The special matters above may have impacts on the appraisal conclusions, and report users are reminded to pay due attention thereto when conducting this economic activity. In addition, users of the Appraisal Report shall also pay attention to the appraisal assumptions stated in the text of the Appraisal Report and impact of subsequent significant matters on the appraisal conclusions, and shall use this Appraisal Report properly.

TOTAL SHAREHOLDERS' EQUITY VALUE OF SHANGHAI Xingkongshui'an ENTERPRISE DEVELOPMENT CO., LTD. (上海星空水岸企業發展有限公司) IN RELATION TO THE PROPOSED CAPITAL REDUCTION BY CERTAIN SHAREHOLDERS OF SHANGHAI BINQIAO ENTERPRISE MANAGEMENT CO., LTD. (上海濱橋企業管理有限公司)

Asset Appraisal Report

Dong Zhou Ping Bao Zi [2025] No. 3229

Text

Shanghai Yangpu Binjiang Investment and Development (Group) Co., Ltd. (上海楊浦濱江投資開發(集團)有限公司), Shanghai Lianke Shenhuo Network Technology Co., Ltd. (上海聯可深活網絡科技有限公司), Mengxiang Qiangyin Culture Broadcast (Shanghai) Company Ltd. (夢響強音文化傳播(上海)有限公司):

Entrusted by your company, Shanghai Orient Appraisal Co., Ltd. (上海東洲資產評估有限公司) has, in accordance with laws, administrative regulations and asset appraisal standards, adhering to the principles of independence, objectivity and impartiality and by adopting the asset-based approach and following necessary appraisal procedures, appraised the market value, as at July 31, 2025, of the total shareholders' equity of Shanghai Xingkongshui'an Enterprise Development Co., Ltd. involved in the proposed capital reduction by Mengxiang Qiangyin Culture Broadcast (Shanghai) Company Ltd., a shareholder of Shanghai Binqiao Enterprise Management Co., Ltd., and the proposed payment by Shanghai Binqiao Enterprise Management Co., Ltd. to the shareholder planning capital reduction with the equity it holds in Shanghai Xingkongshui'an Enterprise Development Co., Ltd. The details of the asset appraisal are hereby presented as follows:

I. Client, Subject Entity and Other Asset Appraisal Report Users

(I) Overview of client no. 1

Company name: Shanghai Yangpu Binjiang Investment and Development (Group) Co., Ltd. (**"Client No. 1"**)

Unified social credit code: 91310110787840205A

Legal representative: Guan Yuanfa

Date of establishment: April 17, 2006

Business duration: April 17, 2006 to no fixed term

Registered capital: RMB6,900,000,000

Company type: Limited liability company (wholly state-owned)

Registered address: Room 301, 3F, No. 1366 Yangshupu Road, Yangpu District, Shanghai

Business scope: industrial investment; business information consultation; asset management; technology development, technical consultation, technical services and technology transfer in the fields of intelligent technology, Internet of Things technology, network technology, computer technology and digital technology; data processing; financial consultation; startup incubator management; e-commerce (excluding financial business); exhibition services; advertising design, production, agency and publication; property management; building materials processing and sales; landscaping; domestic trade (excluding items subject to special approval). The items subject to approval according to law may only be operated upon approval by the competent authorities.

(II) Overview of client no. 2

Company name: Shanghai Lianke Shenhuo Network Technology Co., Ltd. ("Client No. 2")

Unified social credit code: 91310000MA7JU2AE4U

Legal representative: Song Jia

Date of establishment: March 2, 2022

Business duration: March 2, 2022 to no fixed term

Registered capital: RMB1,600,000,000

Company type: Limited liability company (wholly owned by legal person from Hong Kong, Macao or Taiwan)

Registered address: 16F, No. 127 Guotong Road, Yangpu District, Shanghai (centralized registration address)

Business scope: general items: network technology services; information system integration services; wholesale and retail of computer software, hardware and auxiliary equipment; sales of communication equipment; sales of electronic products. (The enterprise may independently carry out business activities with business license in accordance with the law, except for the items subject to approval according to law).

(III) Overview of client no. 3

Company name: Mengxiang Qiangyin Culture Broadcast (Shanghai) Company Ltd. (**"Client No. 3"**)

Business scope: 91310104057695683D

Legal representative: Shen Ning

Date of establishment: December 6, 2012

Business duration: December 6, 2012 to December 5, 2042

Registered capital: RMB30,000,000

Company type: Limited liability company (sole proprietorship enterprise invested or controlled by natural person through legal entity)

Registered address: Room B1-22, Basement Level 1, Building 1, No. 158 Longqi Road, Xuhui District, Shanghai

Business scope: Licensed items: radio and TV program production and operation; commercial performances; performance brokerage. (The items subject to approval according to law may only be operated upon approval by the competent authorities, and the specific business items shall be subject to the approval documents or licensed certificates issued by the competent authorities.) General items: TV drama distribution; marketing planning; exhibition and display services; advertising design, production and agency; advertising publishing (excluding radio stations, TV stations and newspaper publishers); public relations services; translation services; computer graphic design and production; corporate image design; market information consultation and survey (excluding social survey, social research, public opinion poll and opinion polling); e-commerce (excluding value-added telecommunications and financial business); technology development, technical consultation, technical services and technology transfer in the professional fields of computer software, electronic information, automation equipment and digital publishing; cultural and artistic exchange planning; production and integration of digital works; database management of digital works; sales of electronic products, communication equipment, furniture, household articles, daily necessities, bags, artworks, stationery and clothing; intellectual property agency. (The enterprise may independently carry out business activities with business license in accordance with the law, except for the items subject to approval according to law).

(IV) Overview of the subject entity

Company name: Shanghai Xingkongshui'an Enterprise Development Co., Ltd. (the "subject entity" or the "Company")

Business scope: 91310110MABWD99D5M

Legal representative: Zhang Guangzhi

Date of establishment: August 1, 2022

Business duration: August 1, 2022 to no fixed term

Registered capital: RMB193,490,000

Company type: Limited liability company (sole proprietorship enterprise invested or controlled by non-natural person through legal entity)

Registered address: Room 655, Building 1, No. 1616 Changyang Road, Yangpu District, Shanghai

Business scope: Licensed items: real estate development and operation. (The items subject to approval according to law may only be operated upon approval by the relevant competent authorities, and the specific business items shall be subject to the approval documents or license certificates issued by the competent authorities.) General items: enterprise management; enterprise management consultation; information consultation services (excluding licensed information consultation services); human resource services (excluding vocational intermediary services and labor dispatch services); property management; parking lot services; urban landscaping management; technical services, technical development, technical consultation, technical exchange, technology transfer and technology promotion; data processing services; market entity registration agency; financial consultation; conference and exhibition services; real estate consultation; marketing planning. (The enterprise may independently carry out business activities with business license in accordance with the law, except for the items subject to approval according to law).

1. Company History and Shareholder Structure

The Company's shareholding structure has remained unchanged since its establishment to the benchmark date, with and is set out below:

No.	Name of Shareholder	Shareholding Ratio	Subscribed Capital Contribution (RMB Ten Thousand)	Paid-in Capital Contribution (RMB Ten Thousand)
1	Shanghai Binqiao Enterprise Management Co., Ltd.	100.00%	19,349.00	19,349.00

2. Company Overview

Shanghai Xingkongshui'an Enterprise Development Co., Ltd. is an enterprise mainly engaged in the real estate industry. Established in August 2022, its current main business is to engage in real estate development and operation in the transferred plot.

The Company's current major asset is inventory – development cost, with a book value of RMB625,268,540.68, representing the development project of "Yangpu Binjiang Innovation and Intelligence Center M2 (楊浦濱江創智中 M2)". The details are as follows:

No.	Name, Spec. and Model	Book Amount (RMB)
1	Land acquisition and resettlement compensation	486,022,623.39
2	Preliminary engineering costs	16,652,119.57
3	Construction & installation costs	98,858,282.91
4	Infrastructure costs	1,521,171.35
5	Development overhead costs	15,738,378.85
6	Capitalized interest	6,475,964.61
	Total:	**625,268,540.68**

The inventory under development included in this evaluation consists of assets owned by Shanghai Xingkongshui'an Enterprise Development Co., Ltd.(上海星空水岸企業發展有限公司) for the "Yangpu Binjiang Innovation and Intelligence Center M2 (楊浦濱江創智中心M2)" development project at Plot 3/7, Block 85, Daqiao Subdistrict. The project is located on Plot 3/7, Block 85, Daqiao Subdistrict, Yangpu District, and is primarily developed for office space, retail, and underground parking. The development covers a total land area of 6,172.60 square meters, with a planned gross floor area of 29,658.05 square meters. The above-grade floor area is 19,752.32 square meters, consisting of 17,688.20 square meters of office space, 2,064.12 square meters of commercial building area, 9,450.00 square meters of underground parking space, and 455.73 square meters for supporting facilities and utilities.

The breakdown is as follows:

Unit: m^2

Type of development property	Gross floor area	Of Which: Above-grade area	Below-grade area	Of Which: Sellable (transferable) area	Area required to be held for own use	Non-sellable area
Office	17,688.20	17,688.20		6,860.38	10,827.82	
Commerce	2,064.12	2,064.12			2,064.12	
Parking space	9,450.00		9,450.00		9,450.00	
Supporting facilities	455.73	455.73				455.73
Total	**29,658.05**	**20,208.05**	**9,450.00**	**6,860.38**	**22,341.94**	**455.73**

Boundaries: east to Guangde Road, west to planned Sanxing Road, south to planned Anpu Road, and north to planned Yangpu Road.

The land details are as follows:

Item	**Yangpu Binjiang Innovation and Intelligence Center M2**
Owner	Shanghai Xingkongshui'an Enterprise Development Co., Ltd.
Property Certificate No.	Hu (2023) Yangzi Real Estate Right No. 002322
Location	Plot 3/7, Block 85, Daqiao Subdistrict
Ownership	State-owned construction land use rights
Nature of ownership	Transfer
Land Use	Commerce & office
Area	6,172.60 m^2
Term of Use	From September 19, 2022 to September 18, 2072

Remarks: According to Article 23 of the land transfer contracts, namely the Shanghai Yangpu State-Owned Construction Land Use Contract Supplement (2022) No. 21 (Version 4.0), the Shanghai Yangpu State-Owned Construction Land Use Contract Supplement (2022) No. 11 (Version 2.0) and the Shanghai Yangpu State-Owned Construction Land Use Contract (2022) No. 7 (Version 1.0), the transferee shall hold for its own use 60% of the office floor area for not less than twenty (20) years following the comprehensive planning and land completion inspection. In addition, the transferee shall hold 100% of the commercial floor area for the entire transfer term.

As of the valuation base date, for Unit 1, the floor screed for F/2 to F/5 has been completed; for Unit 2, the floor screed for F/3 to F/5 has been completed. The wet equipment rooms and washrooms have been completed below grade, and 80% completed above grade. The floor tiles in the wet equipment rooms have been completed, the edge protection with angle steel for drainage channels and collection pits has been fully completed, and the floor screed in the basement has been 70% completed (the vehicle ramp floor has not been done). The installation of fire-rated door frames is 80% complete. The work in the electrical distribution rooms is 90% complete (brackets are lagging). For the electrical works, cable tray installation is 95% complete; wire pulling is 90% complete; lightning protection and grounding is 98% complete. For the collection pit system and municipal water system, pressurized pipe installation is 95% complete. For the stormwater drainage system, HDPE pipe installation is 85% complete. For the basement general exhaust system, installation is 90% complete. For the civil defense wartime ventilation system, installation is 95% complete. Seismic bracket installation is 95% completed.

3. Equity Investments

As of the valuation base date, the Company had no equity investments.

4. Asset, Liability and Financial Position of the Company

As of the valuation base date, the company had total assets of RMB639.0552 million, total liabilities of RMB445.9997 million, and owners' equity of RMB193.0555 million. The asset, liability and financial position of the Company for the two preceding years and as of the valuation base date are set out in the following table:

Asset, Liability and Financial Position of the Company

Unit: RMB0'000

Item	**December 31, 2023**	**December 31, 2024**	**July 31, 2025**
Total assets	50,001.47	58,230.01	63,905.52
Liabilities	30,678.41	38,913.80	44,599.97
Owners' equity	19,323.06	19,316.21	19,305.55

Item	2023	2024	January to July 2025
Operating revenue	0.00	0.00	0.00
Operating profit	-25.95	-6.85	-10.66
Net profit	-25.95	-6.85	-10.66

The above data are extracted from the special purpose audit report prepared by Zhonghui Certified Public Accountants (Special General Partnership).

The Company applies the Accounting Standards for Business Enterprises. The VAT rates are 5%, 6%, 9%, and 13%. The urban maintenance and construction tax, educational surcharge, and local educational surcharge are 7%, 3%, and 2% of turnover tax, respectively. The corporate income tax rate is 25%.

Pursuant to the Announcement on Further Implementing the Preferential Corporate Income Tax Policy for Small and Micro Enterprises (Ministry of Finance and State Taxation Administration Announcement No. 12 of 2023), small and micro enterprises are permitted to calculate their taxable income at a reduced rate of 25% and pay corporate income tax at the rate of 20%. This policy has been extended through December 31, 2027.

(V) Relationship between the client and the subject entity

Client A is a shareholder holding 36.02% of the equity in Shanghai Binqiao Enterprise Management Co., Ltd., the parent company of the subject entity. Client B is a shareholder holding 46.39% of the equity in Shanghai Binqiao Enterprise Management Co., Ltd., the parent company of the subject entity. Client C is a shareholder holding 17.59% of the equity in Shanghai Binqiao Enterprise Management Co., Ltd., the parent company of the subject entity.

(VI) Other users of the appraisal report

As stipulated in the Assets Appraisal Engagement Contract, the users of the appraisal report are the client, relevant management and regulatory authorities, other users of the appraisal report as agreed in the engagement contract, and those specified by national laws and administrative regulations. No other third party is entitled to be a legitimate user of the appraisal report merely by having access to it.

II. Appraisal Purpose

According to the resolution of the 2025 First Extraordinary Shareholders' Meeting of Shanghai Binqiao Enterprise Management Co., Ltd. and the resolution of the 13th Meeting of the First Session of the Board of Directors of Shanghai Binqiao Enterprise Management Co., Ltd., Mengxiang Qiangyin Culture Broadcast (Shanghai) Co., Ltd., a shareholder of Shanghai Binqiao Enterprise Management Co., Ltd., intends to reduce its capital contribution, and Shanghai Binqiao Enterprise Management Co., Ltd. intends to pay the reducing shareholder with its equity interest in Shanghai Star Shuian Enterprise Development Co., Ltd. as consideration. The purpose of this appraisal is to reflect the market value of the entire shareholders' equity of Shanghai Star Shuian Enterprise Development Co., Ltd. as of the valuation base date, and to provide a value reference for this economic transaction.

This economic transaction has been approved by the Board of Directors of Shanghai Binqiao Enterprise Management Co., Ltd.

III. Appraisal Object and Appraisal Scope

(I) Appraisal object

The appraisal object is the value of the entire shareholders' equity of the subject entity. The appraisal object is consistent with the proposed economic transaction.

(II) Appraisal scope

The appraisal covers all assets and all liabilities of the subject entity, including current assets, non-current assets, and liabilities. The total carrying amount of all assets declared by the subject entity is RMB639,055,179.09, the total carrying amount of liabilities is RMB445,999,686.64, and owners' equity is RMB193,055,492.45. The scope of entrustment for appraisal is consistent with the appraisal scope involved in the proposed economic transaction.

The asset types and carrying amounts within the appraisal scope of the appraisal report have been audited by Zhonghui Certified Public Accountants (Special General Partnership), which issued a special purpose audit report with a standard unqualified opinion. The report reference number is Zhonghui Kuai Shen [2025] No. 11774.

(III) Principal information on the entrusted assets

The entrusted assets within this appraisal scope are primarily current assets and non-current assets. The details are as follows:

1. Current assets

Current assets consist mainly of monetary funds, prepayments, inventory, other current assets, etc.

Among these, inventory is development costs, with a carrying amount of RMB625,268,540.68, representing the "Yangpu Binjiang Innovation and Intelligence Center M2" development project. The details are set out in the following table:

No.	Name and Specification	Carrying Amount (RMB)
1	Compensation costs for land acquisition and demolition	486,022,623.39
2	Preliminary project expenses	16,652,119.57
3	Construction and installation costs	98,858,282.91
4	Infrastructure costs	1,521,171.35
5	Development overheads	15,738,378.85
6	Capitalized interest	6,475,964.61
	Total:	**625,268,540.68**

(IV) Other intangible assets declared by the subject entity

The subject entity did not declare any other intangible assets.

(V) Types and amounts of off-balance-sheet assets declared by the subject entity

The subject entity did not declare any other off-balance-sheet assets.

(VI) Asset types, amounts, and carrying amounts involving conclusions from reports issued by other institutions

The appraisal report does not involve any conclusions from reports issued by other institutions.

IV. Type of Value and Its Definition

Given that the purpose of this appraisal is a capital reduction by a shareholder, and that the asset appraisal engagement being performed has no special restrictions or requirements regarding market conditions or the use of the appraisal object, the type of value for the appraisal object is determined to be market value based on factors such as the appraisal purpose, market conditions, and the condition of the appraisal object itself.

Market value refers to the estimated amount for which the appraisal object could be exchanged in an arm's length transaction on the valuation base date between a willing buyer and a willing seller, each acting prudently and without any compulsion.

"Arm's length transaction" refers to a transaction between parties who have no particular or special relationship, i.e., a transaction assumed to be between parties who are unrelated and acting independently.

V. Valuation Base Date

The valuation base date for this appraisal is July 31, 2025.

The valuation base date was determined through consultation between the appraiser and the client after comprehensively considering the needs for implementing the economic transaction, the convenience of provision of information at the end of an accounting period, and changes in interest rates and exchange rates around the valuation base date.

VI. Appraisal Basis

The appraisal bases followed in this appraisal are as follows:

(I) Economic transaction basis

1. The resolution of the 2025 First Extraordinary Shareholders' Meeting of Shanghai Binqiao Enterprise Management Co., Ltd.;

2. The resolution of the 13th Meeting of the First Session of the Board of Directors of Shanghai Binqiao Enterprise Management Co., Ltd.

(II) Basis for laws and regulations

1. The Assets Appraisal Law of the People's Republic of China (adopted at the 21st Meeting of the Standing Committee of the 12th National People's Congress on July 2, 2016);

2. The Company Law of the People's Republic of China (revised at the 7th Meeting of the Standing Committee of the 14th National People's Congress on December 29, 2023);

3. The Measures for Financial Supervision and Administration of Assets Valuation Industry (Issued as Ministry of Finance Order No. 86, amended by Ministry of Finance Order No. 97);

4. The Land Administration Law of the People's Republic of China (amended at the 12th Meeting of the Standing Committee of the 13th National People's Congress on August 26, 2019);

5. The Urban Real Estate Administration Law of the People's Republic of China (amended at the 12th Meeting of the Standing Committee of the 13th National People's Congress on August 26, 2019);

6. The Law of the People's Republic of China on State-owned Assets of Enterprises (adopted at the 5th Meeting of the Standing Committee of the 11th National People's Congress on October 28, 2008);

7. The Interim Measures for the Supervision and Administration of State-owned Assets of Enterprises (Order No. 378 of the State Council, revised by Order No. 709 of the State Council);

8. The Administrative Measures for State-Owned Assets Assessment (revised by Order No. 91 of the State Council, revised by Order No. 732 of the State Council in 2020);

9. The Circular on Printing and Distributing the Detailed Rules for the Implementation of the Administrative Measures for State-owned Assets Assessment (Guo Zi Ban Fa [1992] No. 36);

10. The Interim Measures for the Administration of Assessment of State-owned Assets of Enterprises (Order No. 12 of State-owned Assets Supervision and Administration Commission of the State Council);

11. The Circular of Issues on Strengthening the Administration of Assessment of State-owned Assets of Enterprises (Guo Zi Wei Chan Quan [2006] No. 274);

12. The Circular on Relevant Matters Concerning the Audit of State-owned Asset Valuation Report of Enterprises (Guo Zi Chan Quan [2009] No. 941);

13. The Guidelines for the Filing of State-owned Assets Valuation Projects of Enterprises (Guo Zi Fa Chan Quan [2013] No. 64);

14. Shanghai Municipal Enterprise State-Owned Assets Appraisal Report Review Manual (Hu Guo Zi Wei Ping Gu [2018] No. 353);

15. The Interim Measures of Shanghai on the Administration of Assessment of State-owned Assets of Enterprises (Hu Guo Zi Wei Ping Gu [2019] No. 366);

16. Operating Manual for Appraisal Approval Filing of State-owned Assets of Shanghai Municipal Enterprises (Hu Guo Zi Wei Ping Gu [2020] No. 100);

17. The Enterprise Income Tax Law of the People's Republic of China (the second amendment at the 7th Meeting of the Standing Committee of the 13th National People's Congress on December 29, 2018);

18. The Decision of the State Council on Repealing the Interim Regulations of the People's Republic of China on Business Tax and Amending the Interim Regulations of the People's Republic of China on Value Added Tax (Order No. 691 of the State Council);

19. The Rules on the Implementation of the Provisional Regulations on Value-added Tax of the People's Republic of China (Order No. 50 of the Ministry of Finance and the State Administration of Taxation; revised according to Order No. 65 of the Ministry of Finance and the State Administration of Taxation in 2011);

20. The Circular on Carrying out Pilot Operation of Change from Business Tax to Value-added Tax (Cai Shui (2016) No. 36);

21. The Circular of the Ministry of Finance and the State Administration of Taxation on Adjusting the VAT Rate (Cai Shui [2018] No. 32);

22. The Announcement on Policies Concerning Deepening Value Added Tax Reform issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs (Announcement No. 39 of 2019 the Ministry of Finance, the State Taxation Administration, and the General Administration of Customs);

23. The Civil Code of the People's Republic of China (adopted at the 3rd Meeting of the 13th National People's Congress on May 28, 2020);

24. Other laws and regulations relevant to the appraisal.

(III) Appraisal standards and basis

1. Asset Evaluation Standards — Basic Standards (Cai Zi [2017] No. 43);

2. The Code of Professional Ethics for Asset Valuation (CAS [2017] No. 30);

3. The Practice Guidelines for Asset Valuation-Assets Appraisal Engagement Contract (CAS [2017] No. 33);

4. The Practice Guidelines for Asset Valuation-Using Expert Work and Related Reports (CAS [2017] No. 35);

5. The Practice Guidelines for Asset Valuation-Real Estate (CAS [2017] No. 38);

6. The Practice Guidelines for Asset Valuation-Asset Valuation Report (CAS [2018] No. 35);

7. The Practice Guidelines for Asset Valuation-Asset Valuation Procedures (CAS [2018] No. 36);

8. The Practice Guidelines for Asset Valuation-Asset Valuation Archives (CAS [2018] No. 37);

9. The Practice Guidelines for Asset Valuation-Enterprise Value (CAS [2018] No. 38);

10. The Practice Guidelines for Asset Valuation-Asset Valuation Approach (CAS [2019] No. 35);

11. The Guidelines for the Asset Valuation Report of State-owned Assets of Enterprises (CAS [2017] No. 42);

12. The Guidelines for Business Quality Control of Asset Appraisal Institutions (CAS [2017] No. 46);

13. The Guiding Opinions on Value Types of Assets Valuation (CAS [2017] No. 47);

14. The Guiding Opinions on Legal Ownership of Assets Valuation Objects (CAS [2017] No. 48).

(IV) Assets basis of ownership

1. Enterprise Property Rights Registration Form;

2. Property Ownership Certificate, Building Ownership Certificate, and Immovable Property Right Certificate;

3. Land Use Right Transfer Contract;

4. Major asset purchase contracts or accounting vouchers;

5. Fixed asset register, accounting ledgers, etc.;

6. Other documents evidencing ownership of assets.

(V) Appraisal pricing basis

1. The latest loan prime rate (LPR) authorized for publication by the National Interbank Funding Center;

2. The effective deposit and loan benchmark interest rate table of the People's Bank of China as at the valuation base date;

3. Online real estate transaction cases;

4. Land transaction results published on the Shanghai Land Market website;

5. China urban land price dynamic monitoring website;

6. Historical annual financial statements and audit reports of the subject entity;

7. Site inspection records of the appraiser and other relevant appraisal information collected.

(VI) Other references

1. The accounting statements, ledgers and vouchers, and the appraisal declaration forms as at the valuation base date provided by the subject entity and its management;

2. Common Methods and Parameter Handbook for Appraisal (Machinery Industry Press, 2011 edition);

3. Technical statistical data of Shanghai Orient Appraisal Co., Ltd.;

4. Other relevant references.

VII. Appraisal Approach

(I) Overview of appraisal approaches

Pursuant to the Basic Standards for Asset Valuation and the Practice Guidelines for Asset Valuation – Asset Valuation Approach, the appraisal approaches to determine asset value include the three basic approaches of market approach, income approach, and cost approach and their derivatives.

Pursuant to the Practice Guidelines for Asset Valuation – Enterprise Value, the three basic approaches that may be applied in performing an enterprise valuation engagement are the income approach, the market approach, and the asset-based approach:

The income approach refers to an appraisal approach that determines the value of the appraisal object by capitalizing or discounting expected future income. Applying the income approach to enterprise valuation emphasizes the overall expected profitability of the enterprise.

The market approach refers to an appraisal approach that determines the value of the appraisal object by comparing it with comparable listed companies or comparable transaction cases. Applying the market approach to enterprise valuation has the characteristics that valuation data are directly selected from the market and the valuation results are highly persuasive.

The asset-based approach refers to an appraisal approach that determines the value of the appraisal object by using the balance sheet of the subject entity as at the valuation base date as a basis and reasonably assessing the value of all assets and liabilities within the entity's books and identifiable off-balance-sheet assets and liabilities. Applying the asset-based approach to enterprise valuation may involve situations where not every asset and liability can be fully identified and individually valued.

(II) Selection of appraisal approach

Pursuant to the Practice Guidelines for Asset Valuation – Enterprise Value, "in performing an enterprise valuation engagement, the applicability of the three basic approaches of the income approach, market approach, and asset-based approach shall be analyzed, and the appraisal approach shall be selected, based on factors such as the appraisal purpose, appraisal object, type of value, and material collection." "Where it is appropriate to apply different appraisal approaches to enterprise valuation, the asset appraisal professional shall apply two or more appraisal approaches."

The basic concept of the asset-based approach is to rebuild or replace the appraised assets under current conditions, and a potential investor, when deciding to invest in a particular asset, would not pay a price higher than the current cost to acquire or construct that asset. This appraisal project satisfies the conditions required for applying the asset-based approach, namely, that the appraised assets are in continued use or are assumed to be in continued use, and that usable historical operating data are available. Applying the asset-based approach can meet the requirements of the type of value for this appraisal.

Since its establishment, Shanghai Star Shuian Enterprise Development Co., Ltd. has been engaged in the construction of the Block 85 Project, which has not yet been completed to date. There are inherent inconsistencies between the basic principle of the income approach and the business model as well as financial characteristics of real estate development enterprises. The core of the income approach (mainly the Discounted Cash Flow, DCF) is to forecast the sustainable and stable free cash flow to be generated by the enterprise in the future and discount it to the present value. It is most applicable to the valuation of enterprises with a stable business operation model and predictable cash flows. In contrast, real estate development enterprises feature a "project-based" operation model, cyclical development cycles, high leverage and high policy sensitivity, resulting in highly volatile future cash flows. Furthermore, the enterprises' future business directions entail possibilities across multiple dimensions, their profitability during the forecast period is affected by various factors, and operational risks are difficult to quantify. The major assets of the subject entity consist of inventories under development costs, whose book value accounts for 98% of the entity's total assets. Its core business covers the sales and self-owned operation of office properties, commercial premises and parking spaces. For assets related to the aforesaid core business, in combination with the project planning and design scheme as well as project budget, the hypothetical development method is adopted to value the salable portion, and the income approach is applied to value the self-owned portion. Meanwhile, the land and building separate valuation method is adopted to determine the total appraised value of the project. Among others, the value of land use right is measured by the market approach; incurred costs such as preliminary project fees, construction and installation costs, and capitalized interest are revalued at market value by the replacement cost method. The appraised value of the real estate project is finally obtained by aggregating the appraised land value and the revalued amount of each cost item. Given that the asset structure of the subject entity is dominated by development inventories, the value of core assets has been fully and reasonably reflected through dedicated valuation methods. In conclusion, the income approach is no longer adopted for the overall enterprise valuation in this appraisal.

Real estate development is a typical "project-based" business, and each project is unique in nature, making peer comparison among enterprises extremely difficult. Due to the extreme heterogeneity and project-specific attributes of real estate development enterprises, it is hard to identify truly comparable transaction counterparts. Accordingly, the adoption of the market comparison approach is technically flawed, rendering it inappropriate for the enterprise valuation in this appraisal.

In summary, based on an analysis of the characteristics of the valuation subject, industry conditions and the quality of data collected for appraisal, only the asset-based approach is adopted for valuation calculation in this appraisal.

Based on the above analysis, the asset-based approach is confirmed as the valuation method for this appraisal.

(III) Introduction to the asset-based approach

The asset-based approach specifically refers to a valuation method whereby the total appraised value of all constituent assets of an enterprise is aggregated, minus the appraised value of its liabilities, to derive the total equity value of the enterprise's shareholders.

The valuation methods adopted for major categories of assets and liabilities are set forth as follows:

1. Monetary funds

Monetary funds consist of bank deposits, with the verified amount taken as the appraised value.

2. Receivables

Receivables herein refer to prepayments. On the basis of verifying the authenticity and accuracy of prepayments, the appraised value is determined at the estimated recoverable amount of each item after deducting the assessed risk loss. For transactions with related parties and other items where full recovery is reasonably assured, the assessed risk loss rate is 0%. For items with conclusive evidence of irrecoverability or extremely long aging, the assessed risk loss rate is 100%. For items with a high probability of partial irrecoverability and where the irrecoverable amount cannot be reasonably quantified, the assessed risk loss shall be estimated by reference to the accounting provision method for bad debts. The estimation shall be made through comprehensive analysis of historical data and current due diligence information, including the outstanding amount, aging and causes, collection status, as well as the capital status, credit standing and operating conditions of the debtor. The appraised value of receivables is calculated after deducting the estimated assessed risk loss. The book value of the "provision for bad debts" recorded in the books shall be valued at zero.

3. Inventories

In accordance with the Practice Guidelines for Asset Appraisal – Real Estate, the applicability of the three basic asset appraisal methods (the market approach, income approach and cost approach), as well as derivative methods including the hypothetical development method and benchmark land price correction method, shall be analyzed based on the appraisal purpose, appraisal object, type of value and available data, followed by selection of appropriate valuation methods.

Inventories included in the scope of this appraisal represent development costs pertaining to ongoing real estate development projects, covering salable and self-owned properties. For such ongoing development projects, the value of the salable portion and self-owned portion shall generally be valued by adopting the methodologies of the hypothetical development method and income approach respectively, in combination with the project planning and design scheme as well as project budget. In addition, the land and building separate valuation method may also be applied to such assets to determine the total project value. The value of land use right is determined by the market approach; other incurred costs including preliminary engineering fees, construction and installation costs and capitalized interest are revalued at market value by the replacement cost method. The appraised value of the real estate project is finally obtained by summing up the assessed land value and the revalued amount of relevant costs. The aforesaid method essentially follows the logic of the cost approach (direct calculation method).

Upon comprehensive analysis, the values of the salable part and self-owned part derived by adopting the methodologies of the hypothetical development method and the income method are taken as the appraisal conclusion.

2) Introduction to valuation methods:

① Hypothetical development method (for salable part)

The hypothetical development method, also known as the residual method, anticipated development method or development method, is a valuation approach that forecasts the value of the appraisal subject upon completion of development, as well as the necessary subsequent development and construction expenditures and entitled profit. The value of the appraisal subject is then calculated by deducting the necessary subsequent development and construction expenditures and entitled profit from the post-development value.

Essentially consistent with the income approach, the hypothetical development method determines real estate value guided by the future income of the property, specifically the residual amount after deducting subsequent development and construction expenditures and entitled profit from the post-development value. As a scientific and practical valuation approach, it is widely applied in the appraisal practice of real estate development projects.

Basic formula of the hypothetical development method:

Value of real estate to be developed = Post-development real estate value – Subsequent development costs – Administrative expenses – Sales expenses – Investment interest – Sales taxes and fees – Development profit – Taxes and fees for acquiring the undeveloped real estate

Real estate development features a long development cycle, and the actual occurrence time of development costs, administrative expenses, sales expenses, sales taxes and fees, and post-development real estate value varies greatly, especially for large-scale real estate development projects. Therefore, the time value of capital must be taken into account when applying the hypothetical development method. There are two ways to reflect the time value of capital: Discounting approach: the hypothetical development method under this approach is referred to as the discounted cash flow method (dynamic method); Interest calculation approach: the hypothetical development method under this approach is referred to as the conventional method (static method).

The static hypothetical development method is adopted for this appraisal.

② Income approach (for self-owned part):

Income approach: By investigating the market rent and occupancy rate of comparable properties of the same type in the same region, a reasonable objective rent level and occupancy rate is adjusted and determined in light of the current status of the valuation subject. Annual objective net income of the valuation subject is derived after deducting regular management fees, maintenance fees, insurance premiums, taxes, and rent payable to real estate authorities. A reasonable discount rate is selected, and the income value of the valuation subject is calculated via applicable formula.

Calculation formula: $P = \sum_{i-1}^{n} \frac{Fi}{(1+r)^i}$

Where: P — Appraised value (present discounted value); r — Selected discount rate; n — Income duration;

Fi — Expected annual income in the future income period

Rental income is calculated as: Contractual rent stipulated in actual lease agreements or objective rent outside the lease term × (1 – vacancy rate and rent loss rate).

Annual operating expenses include management fees, maintenance fees, insurance premiums, property tax, and additional taxes and surcharges.

③ Cost method (the land and building separate valuation method):

Appraised value = Appraised value of land use rights + Appraised value of preliminary engineering fees, construction and installation costs, and indirect development expenses – Tax and surcharge differentials – Land value-appreciation tax differentials – Income tax differentials

A. Valuation of land use rights: Given the abundance of comparable land transaction cases in the vicinity of the project in recent years and the presence of an active open market, the market approach was adopted for this appraisal.

The market approach is based on the principle of substitution. It involves comparing the subject land with similar properties that possess substitutive characteristics and have been traded on the market recently, near the valuation base date. By evaluating and aligning factors such as transaction conditions, transaction dates, regional factors, and individual characteristics against the subject land use rights, adjustments are applied to the comparable cases to determine the fair value of the subject land use rights.

Formula for the price of land use right via market approach:

Appraised land value = Comparable parcel price × Transaction condition correction coefficient × Transaction date correction coefficient × Regional factor correction coefficient × Individual factor correction coefficient.

Namely, $V = VB \times A \times B \times D \times E$

Where: V: Price of the parcel to be appraised;

VB: Price of comparable parcel;

A: Condition index of the parcel to be appraised/Condition index of comparable parcel = Normal condition index/Condition index of comparable parcel

B: Land price index of appraisal date for the parcel to be appraised/Land price index of transaction date for comparable parcel

D: Regional factor condition index of the parcel to be appraised/Regional factor condition index of comparable parcel

E: Individual factor condition index of the parcel to be appraised/Individual factor condition index of comparable parcel

When adjusting coefficients for comparable cases, impacts from transaction conditions, market conditions, regional factors and individual factors shall be considered respectively.

a. Transaction condition correction shall take into account the objectivity and rationality of transaction prices, and corresponding corrections shall be made for all factors that may cause the transaction prices of comparable instances to deviate from the normal market price.

At present, land use rights in China are mainly obtained through public market bidding, auction and listing. Actual transaction cases shall generally be selected; if such cases are insufficient, publicly listed cases near the benchmark date without actual transaction may be adopted. However, the listed prices are generally lower than the final transaction prices and require due correction.

With regard to transaction condition factors, correction calculation shall be performed after analyzing the actual situation and determining the scoring coefficient, and the specific formula is as follows:

$$\text{Comparable instance transaction price} \times \frac{100}{\text{Transaction condition scoring index}} = \text{Normal transaction price}$$

b. In terms of the market conditions of land use rights, as the transaction date of comparable instances is often not the benchmark date, changes may occur in the land market during the period. Market condition changes caused by adjustments such as national macro-control policies, local government land approval and planning, bank interest rates and economic environment shall generally be corrected with reference to the corresponding state-owned land use right monitoring index or relevant market index of the parcel's location, and the specific correction formula is as follows:

$$\text{Comparable instance transaction price} \times \frac{\text{Transaction date market index}}{\text{Benchmark date market index}} = \text{Comparable price of comparable case as of the benchmark date}$$

c. Regional factors

Agglomeration degree: For commercial and office land, agglomeration degree includes the location of the land parcel, its specific orientation on the street, distance to landmark buildings or business districts, pedestrian flow, etc. For commercial real estate, being closer to urban business districts, located in the core area of the community and having sound pedestrian flow will increase its land value; on the contrary, poor pedestrian flow will lead to lower its market value.

Traffic conditions: The traffic conditions of the land parcel mainly focus on accessible roads, availability of surrounding public transport, parking convenience for private vehicles, and accessibility to transportation hubs such as railway stations, wharves and airports. Land parcels adjacent to urban main traffic arteries, served by multiple bus lines or rail transit, with adequate parking spaces and close proximity to transportation hubs enjoy higher land use value.

Municipal supporting facilities: These mainly include municipal facilities such as water supply, drainage, electrical, HVAC pipeline connection and communication cable laying in surrounding plots, as well as public supporting facilities including primary and secondary schools, hospitals, financial services, cultural and sports venues. Sound municipal supporting facilities improve the use comfort of the land parcel and its attached real estate, resulting in higher market value.

Environmental and landscape conditions: These mainly include whether there is noise, garbage or light pollution around the land parcel, environmental sanitation, overhead high-voltage power lines and garbage houses around above-ground buildings, as well as the utilization status of adjacent land parcels and natural landscape conditions. In urban areas, noise, heavy industry and chemical pollution will reduce the quality of life and affect daily work and living. Improper use of other land in the surrounding area will damage the micro-environment and lead to lower land transaction prices.

Planning restrictions: As land in China is state-owned, enterprises and individuals only hold land use rights for a certain number of years. When following the principle of highest and best use, relevant planning restrictions issued by competent authorities shall be observed, including regional economic policies, land planning and urban planning restrictions.

d. Individual factors

Land parcel area: Mainly investigate the land area, including construction land area and requisitioned land area. Since only construction land is practically usable, a higher land utilization rate represents better intrinsic value. Moreover, land use rights are of relatively great value. Land use rights of overly large parcels feature a high total price, which is not conducive to market transaction and circulation and results in a lower unit price; an overly small parcel will adversely affect normal production and operation and restrict layout planning, thus requiring reverse correction.

Land shape: The outline shape of the land parcel also affects the land price level. In general, regular rectangular or polygonal sites have high usability with neat layout, facilitating planning and making full use of above-ground area; irregular shapes such as strip and triangular parcels tend to reduce use value.

Floor area ratio: It is necessary to consider the impact of above-ground buildings on land price. Different planned floor area ratios exert significant influence on land utilization value. An excessively high floor area ratio reduces living quality yet increases actual usable space, leading to a lower floor price but a higher corresponding land price. The impact of floor area ratio in various regions shall be comprehensively determined according to local socio-economic development and land utilization level, and shall generally be corrected by referring to the local benchmark land price floor area ratio correction system.

Development maturity: In addition to off-site community supporting and public service facilities, land parcel value is also affected by on-site conditions such as land leveling, hardened pavement and pipeline laying within the red line. Newly granted land is generally in raw land status, requiring demolition of existing buildings, preliminary site leveling, and completion of five connections and one leveling or seven connections and one leveling.

In summary: Valuation price of the subject = Comparable instance transaction price × Transaction condition correction coefficient × Transaction date correction coefficient × Regional factor correction coefficient × Individual factor correction coefficient

$$= \text{Comparable instance transaction price} \times \frac{100}{\text{Transaction condition scoring index}}$$

$$\times \frac{\text{Benchmark date market index}}{\text{Transaction date market index}} \times \frac{100}{\text{Regional factor scoring index}} \times \frac{100}{\text{Individual factor scoring index}}$$

B. The book value of preliminary engineering fees, construction and installation project funds and indirect development expenses incurred by the project represent reasonable costs as of the benchmark date. Therefore, the appraised values of preliminary engineering fees, construction and installation project funds and indirect development expenses shall be determined based on book value plus reasonable development interest and development profit.

Appraised value = Book value of preliminary engineering fees, construction and installation project funds, indirect development expenses + Reasonable capitalized interest + Development profit.

4. Other current assets

Other current assets mainly consist of deductible input VAT of the enterprise. The appraised value is determined based on the verified book value in this appraisal.

5. Liabilities

Liabilities mainly consist of current liabilities and non-current liabilities. On the basis of inventory verification, the appraised value of each liability is determined according to the actual obligor and liability amount to be borne by the subject entity upon the implementation of the economic behavior corresponding to the appraisal purpose.

VIII. Implementation Process and Overview of Appraisal Procedures

In accordance with the Chinese Valuation Standards as well as relevant national principles and provisions on asset appraisal, we have performed the appraisal procedures for this project. The overall appraisal process is divided into the following four stages:

(I) Appraisal preparation stage

1. After accepting the entrustment of this project, we communicated and reached consensus with the client on the appraisal purpose, valuation base date, scope of appraisal objects and other relevant matters, signed the business engagement contract, and formulated the asset appraisal plan for the project.

2. We coordinated with the enterprise in asset inventory, guided and assisted the enterprise in declaring assets within the appraisal scope, and prepared various documents and materials required for the asset appraisal.

(II) On-site Appraisal stage

In accordance with the overall schedule of the project, the on-site appraisal and investigation were conducted from August 27 to August 28, 2025. After selecting the applicable valuation methods for this appraisal, the main on-site appraisal procedures carried out are as follows:

1. Verification and confirmation of assets declared by the enterprise within the appraisal scope and relevant supporting materials:

   (1) Listened to introductions by personnel of the client and the subject entity on the overall operation of the enterprise as well as the historical and current status of assets included in the appraisal scope, and understood the enterprise's internal systems, operating conditions and asset utilization status.

   (2) Verified the contents of the asset appraisal declaration schedule provided by the enterprise, checked them against relevant financial records of the enterprise, and coordinated with the enterprise to make adjustments or supplements for any identified discrepancies.

   (3) Conducted on-site inspection and random spot inventory of physical assets in accordance with the asset appraisal declaration schedule.

   (4) Reviewed and collected ownership documents of assets within the appraisal scope, examined the title information provided by the subject entity, and verified the ownership status of relevant assets. Compiled statistics on defective assets, and requested the subject entity to verify and confirm the ownership of such assets as well as the existence of any ownership disputes.

   (5) For buildings and land use rights, understood the management system and actual implementation, as well as relevant maintenance, reconstruction and expansion conditions; reviewed and collected relevant technical documents, contracts, final accounts, completion acceptance documents, land planning documents and other supporting materials. Conducted market research by collecting market data, real estate transaction cases, local construction cost information and other relevant data for buildings, real estate and land use rights.

   (6) For liabilities within the appraisal scope, mainly verified the actual debt obligations to be borne by the subject entity.

2. We reviewed the historical and current operating performance of the subject entity, as well as the current state of its industry, to assess its likely future trends. Details are as follows:

   (1) We reviewed the legal aspects of the subject entity's ongoing operations, primarily including its articles of association, investment and capital contribution agreements, business premises, and operational capabilities;

   (2) We reviewed the accounting policies implemented by the subject entity, including its methods of recording inventory costs and accounting for inventory issuances, the tax rates applied and its tax compliance status, as well as its debt, borrowings, and debt costs over the past few years;

   (3) We reviewed the business type, operating model, and historical operating performance of the subject entity;

   (4) We obtained the recent audited financial statements, including balance sheets, income statements, and cash flow statements.

(III) Valuation conclusion summary stage

We analyzed, summarized, and organized the valuation data collected during the on-site assessment to establish a basis for the valuation and estimation. Based on the selected valuation methods, we adopted appropriate calculation formulas and reasonable valuation parameters to produce preliminary valuation results. After confirming that there were no duplicate or omitted valuations within the scope of the assets being valued, we compiled these results into preliminary valuation conclusions and conducted an analysis of the reasonableness of the conclusions.

(IV) Report preparation and submission stage

Based on the work described above, we prepared a preliminary asset appraisal report, discussed its contents with the client, and revised and refined the report after fully considering the feedback received. After completing the internal review procedures, we submitted the formal asset appraisal report to the client.

IX. Appraisal Assumptions

In this appraisal project, the appraiser adhered to the following appraisal assumptions and limitations:

(I) Basic assumptions

1. Transaction assumption

The transaction assumption assumes that all assets under appraisal are in the course of transaction. The asset appraiser carries out the valuation on the basis of simulated market conditions such as the transaction conditions of the assets under appraisal. The transaction assumption is one of the most fundamental pre-requisites on which the asset appraisal can be conducted.

2. Open market assumption

The open market assumption is an assumption regarding the market conditions into which the assets are intended to enter and the impacts on the assets under such market conditions. Open market refers to fully developed and mature market conditions, which means a competitive market with willing buyers and sellers, where buyers and sellers are on equal footing and have opportunity and time to access adequate market information, and where transactions between buyers and sellers are conducted under voluntary, rational, non-compulsory or unrestricted conditions. The basis of open market assumption is that the assets can be traded openly in the market.

3. Enterprise going concern assumption

The enterprise going concern assumption assumes that the subject entity will continue its operations lawfully under its current asset and resource conditions throughout the foreseeable future operating period, without experiencing material adverse changes to its operational status.

4. Assumption about the use of an asset for an existing purpose

Assumption about the use of an asset for an existing purpose means that it is assumed that the assets will continue to be used in their current manner for their intended purposes. First, it is assumed that the assets within the scope of valuation are in use. Then it is assumed that the assets will continue to be used for the current purpose and mode of use without considering asset use conversion or optimal utilization conditions.

(II) General assumptions

1. For this appraisal project, it is assumed that, following the valuation base date, there will be no unforeseeable material adverse changes in the external economic environment, including applicable laws, macroeconomic conditions, financial conditions, and industrial policies, nor will there be any material impact resulting from other unforeseeable or unavoidable factors.

2. For this appraisal project, no consideration has been given to the potential impact on the appraisal conclusions of future mortgages or guarantees that may be placed on the subject entity and its assets, or additional costs that may arise from special transaction arrangements.

3. It is assumed that there are no significant changes in the socioeconomic environment of the location where the subject entity is situated, as well as in fiscal and tax policies such as tax burdens and tax rates, and that financial policies such as credit policies, interest rates, and exchange rates remain generally stable.

4. It is assumed that the operations of the subject entity are currently and will continue to be lawful and compliant, and adhere to the relevant provisions of its business license and articles of association.

X. Appraisal Conclusion

In accordance with relevant national regulations on asset valuation, and guided by the principles of independence, impartiality, and objectivity, we performed the necessary valuation procedures. Based on the valuation purpose, assumptions, and limitations described in this report, we reached a conclusion regarding the market value of the total equity of the subject entity as of the valuation base date.

(I) Relevant appraisal results

1. Valuation under the asset-based approach

We adopted the asset-based approach to evaluate the total equity value of the company. The company's core assets are inventory – development costs. For the assets related to this core business, we incorporated the project planning and design proposals as well as the project budget, and separately applied the hypothetical development method to evaluate the value of the saleable portion and the income approach to evaluate the value of the retained portion. At the same time, a separate valuation approach for land and buildings was applied to determine the total appraised value of the project. Specifically, the value of the land use rights was calculated using the market approach, while costs already incurred, such as preliminary engineering expenses, construction and installation costs, and capitalized interest, were revalued at market value using the replacement cost method. Finally, the appraised value of the land was added to the revalued costs to arrive at the total appraised value of the real estate project. For this appraisal project, we used the results obtained from the hypothetical development approach and the income approach as the final appraised value.

The appraisal results for the subject entity as of the valuation base date are as follows:

As of the valuation base date, the book value of the subject entity's equity was RMB193,055,500, and the appraised value was RMB193,697,000, representing a valuation increase of RMB641,500 and a valuation increase rate of 0.33%. Specifically, the book value of total assets was RMB639,055,200, while the appraised value was RMB639,696,700, representing a valuation increase of RMB641,500 and a valuation increase rate of 0.10%. The book value of total liabilities was RMB445,999,700, and the appraised value was RMB445,999,700, with no changes in value.

(II) Comparison of appraisal results with book value, changes, and explanation of reasons

The appraisal conclusions reached using the asset-based approach are as follows, with the main factors contributing to increases and decreases in value analyzed below:

Summary Table of Valuation Results Using the Asset-Based Approach

Valuation base date: July 31, 2025 Unit: RMB0'000

Item	Book value A	Appraised value B	Increase C=B-A	Increase rate (%) D=C/A×100%
Current assets	63,905.52	63,969.66	64.14	0.10
Non-current assets	0.00	0.01	0.01	
Total assets	63,905.52	63,969.67	64.15	0.10
Current liabilities	27,772.89	27,772.89	0.00	0.00
Non-current liabilities	16,827.08	16,827.08	0.00	0.00
Total liabilities	44,599.97	44,599.97	0.00	0.00
Owners' equity (net assets)	19,305.55	19,369.70	64.15	0.33

1) Current assets

The book value of current assets was RMB639,055,200, and the appraised value was RMB639,696,600, representing an increase of RMB641,400. The main reasons are as follows:

(1) Inventory: The increase in value is attributable to the recognition of profits from real estate development, resulting in an increase in the value of the properties under appraisal.

(III) Additional considerations regarding the appraisal conclusions

Given that the subject entity is a non-publicly traded company, the appraisal object is the value of the total shareholders' equity. In the application of the asset-based approach, we did not take into account the effects of control and liquidity, and the final valuation conclusion did not reflect these factors.

(IV) Validity period of the appraisal conclusions

In accordance with current valuation standards, the conclusions presented in this asset appraisal report are valid only if there are no material changes to the appraisal assumptions set forth herein, and generally only when the date of the economic transaction does not fall more than one year after the valuation base date. Accordingly, the conclusions in this asset appraisal report are valid from the valuation base date of July 31, 2025, through July 30, 2026.

The findings of this asset appraisal report may not be used to engage in economic activities after the expiration of the validity period specified above.

(V) Additional notes on the appraisal conclusions

During the validity period of the appraisal conclusion following the valuation base date, if there are changes in the quantity of assets involved in the valuation or in the asset pricing standards, the client may handle it in accordance with the following principles:

1. When the quantity of assets changes, the asset value should be adjusted accordingly in accordance with the original valuation method;

2. When there is a change in asset pricing standards that has a significant impact on the results of the asset appraisal, the client shall promptly engage a qualified asset appraisal firm to re-determine the appraised value;

3. The client should give full consideration to any changes in the quantity or pricing standards of the assets that occur after the valuation base date when engaging in economic activities.

XI. Special Notes

Users of this asset appraisal report should be aware of the following special considerations that may affect the appraisal conclusions and give them due consideration when making decisions or engaging in economic activities based on this report:

(I) Incomplete or defective materials (such as ownership information):

The documentation regarding the ownership of the assets under appraisal is generally complete, and the appraiser has not identified any apparent defects in title. The client and the subject entity have also explicitly stated that there are no defects in title.

(II) Explanation of other key information not provided by the client:

None.

(III) Uncertainties such as pending matters and legal disputes existing as of the valuation base date:

The appraiser is not aware of any uncertainties, such as pending matters or legal disputes, existing at the enterprise as of the valuation base date. The client and the subject entity have also explicitly stated that there are no pending matters, legal disputes, or other uncertainties.

(IV) Key information regarding the work of experts and related reports:

1. Use of expert reports:

In the course of conducting this valuation engagement, we obtained the following expert reports through lawful means and made prudent use of the relevant information contained therein:

(1) Special audit report issued by Zhonghui Certified Public Accountants LLP (Zhong Hui Kuai Shen [2025] No. 11774)

The types and carrying amounts of the assets included in this asset appraisal report have been audited by Zhonghui Certified Public Accountants LLP, which issued a special audit report with a standard unqualified opinion, report number: Zhong Hui Kuai Shen [2025] No. 11774. The opinion in this audit report is as follows: "We have audited the financial statements of Shanghai Xingkongshui'an Enterprise Development Co., Ltd., which comprise the balance sheets as of December 31, 2023, December 31, 2024, and July 31, 2025; the statements of income, cash flows, and changes in equity for the years ended December 31, 2023, and December 31, 2024, and for the seven-month period ended July 31, 2025; and the notes to the financial statements. In our opinion, the accompanying financial statements have been prepared in all material respects in accordance with the Enterprise Accounting Standards and present fairly the financial position of Shanghai Xingkongshui'an Enterprise Development Co., Ltd. as of December 31, 2023, December 31, 2024, and July 31, 2025, as well as its results of operations and cash flows for the years ended December 31, 2023, and December 31, 2024, and for the seven-month period ended July 31, 2025." Valuation professionals analyzed and assessed the financial statements based on the requirements for their use under the valuation methods employed. However, it is not the responsibility of valuation professionals to express a professional opinion on whether the relevant financial statements fairly present the entity's financial position, results of operations, and cash flows as of the valuation base date.

(V) Significant subsequent events:

The client and the subject entity have explicitly stated that there are no significant subsequent events between the valuation base date and the date of issuance of this asset appraisal report.

(VI) Limitations in the appraisal process, corrective measures taken by the appraisal firm, and an explanation of the impact on the appraisal conclusions:

None.

(VII) Nature and amount of the guarantees, leases and contingent liabilities or assets and their relationship with the appraisal object:

As of the date of this asset appraisal report, the state-owned construction land use rights of the subject entity have been pledged as collateral. The details of the pledge are as follows:

Name	Certificate number	Location	Type	Pledgee	Area covered by the pledge (m^2)	Period of pledge
State-owned construction land use rights	Hu (2023) Yang Zi. Real Estate Certificate No. 002322	Plot 3/7, Block 85, Daqiao Subdistrict	Land use rights	Bank of Communications Co., Ltd., Shanghai Yangpu Sub-branch	6,172.60	From June 13, 2023 to June 12, 2038

In the appraisal, we did not take into account the impact of the aforementioned pledge on the valuation. Users of this report are advised to note this.

(VIII) Deficiencies in the economic transactions underlying this asset valuation that could have a material impact on the appraisal conclusions:

None.

(IX) Other matters requiring clarification:

1. In this asset appraisal report, any discrepancies between the total amounts and the sum of the individual figures in tables or text where amounts are expressed in RMB ten thousand are due to rounding.

2. In conducting the valuation of the assets within the scope of appraisal, we did not take into account the income tax implications of the valuation gains on certain assets.

3. This asset appraisal report is intended solely to serve the appraisal purpose specified in the client's contract and does not constitute investment advice or a recommendation to other market investors regarding the subject property.

4. According to Article 23 of the State-owned Construction Land Use Contract provided by the enterprise, the transferee shall own 60% of the office property area for no less than 20 years from the date of passing the comprehensive project planning and land acceptance inspection; the transferee shall own 100% of the commercial property in its entirety for the term of transfer.

Based on the Economic and Technical Indicators provided by the enterprise, the parking spaces and the office properties with 60% of self-owned area and subject to the self-owned requirement of no less than 20 years are currently planned to be self-owned. Accordingly, this appraisal is conducted on the basis that all such parts are treated as self-owned. Users of this report are reminded to pay due attention thereto.

Area breakdown of Plot M2 is as follows:

Types of Property under Development	Gross Floor Area	Of Which: Above-ground Area	Underground Area	Of Which: Saleable (Transferable) Area	Mandatory Self-owned Area	Non-saleable Area
Office	17,688.20	17,688.20	0.00	6,860.38	10,827.82	
Commercial	2,064.12	2,064.12	0.00		2,064.12	
Parking space	9,450.00		9,450.00		9,450.00	
Supporting facilities	455.73	455.73	0.00			455.73
Total	**29,658.05**	**20,208.05**	**9,450.00**	**6,860.38**	**22,341.94**	**455.73**

If any of the above data is changed, the appraised value will be adjusted accordingly.

Users of this asset appraisal report should give due consideration to the impact of the aforementioned special matters on the appraisal conclusions when using this report.

XII. Restrictions on the Use of the Appraisal Report

(I) This asset appraisal report is intended solely for the appraisal purposes and economic activities specified in this report.

(II) The appraisal firm and the appraiser shall not be held liable if the client or any other user of this asset appraisal report fails to use it in accordance with the provisions of laws and administrative regulations and the scope of use specified in this asset appraisal report.

(III) Except for the client, other users of the asset appraisal report specified in the asset appraisal engagement agreement, and users of the asset appraisal report as prescribed by laws and administrative regulations, no other entity or individual may be a user of this report.

(IV) Users of the asset appraisal report shall properly understand and use the appraisal conclusions. The appraisal conclusions are not equivalent to the realizable value of the appraisal object, and should not be construed as a guarantee of the appraisal object's realizable value.

(V) If this appraisal project involves state-owned assets and is subject to filing and approval procedures with the state-owned assets management authorities in accordance with relevant regulations, this asset appraisal report may only be formally used after it has been filed with the state-owned assets supervision and administration authorities, and the appraisal conclusions apply solely to the economic activities described in this report.

(VI) This asset appraisal report includes several appendices and detailed appraisal schedules. All appendices and detailed appraisal schedules constitute an integral part of this report and are valid only when used in conjunction with the main body of this report. The appraisal firm and the appraiser assume no obligation or liability whatsoever for any use of this report beyond its intended scope, such as its disclosure to parties other than the intended users of the appraisal report or to intended users who have obtained the report through other means. We will not provide further consultation regarding this report, nor will we provide testimony or appear in court or at hearings in other legal proceedings. We reserve the right to seek compensation from parties other than the intended users of the appraisal report for any losses incurred as a result.

(VII) The appraisal firm reserves the right to interpret the contents of this asset appraisal report. Unless otherwise expressly provided by national laws and regulations, no other entity or department has the authority to interpret it. Any reproduction, citation, or disclosure of all or part of this asset appraisal report in public media must be reviewed by the appraisal firm and approved by the appraisal firm and the signing appraiser with written consent, unless otherwise provided by laws and regulations or agreed upon by the relevant parties.

XIII. Appraisal Report Date

The asset appraisal report date is the date on which the appraisal conclusion was reached. The asset appraisal report date for this report is January 20, 2026.

Appraisal firm	**Shanghai Orient Appraisal Co., Ltd.**	
Legal representative	**Xu Feng**	
Signing appraiser	Zhang Jingjing	Liu Haojie
Appraisal report date	January 20, 2026	

Asset Appraisal Report

(Report Appendix)

Project Name **Asset Appraisal Report on Total Shareholders' Equity Value of Shanghai Xingkongshui'an Enterprise Development Co., Ltd. in Relation to the Proposed Capital Reduction by Certain Shareholders of Shanghai Binqiao Enterprise Management Co., Ltd.**

Report No. Dong Zhou Ping Bao Zi [2025] No. 3229

SN	Appendix Name
1.	Documents Related to Economic Activities Corresponding to the Purpose of the Appraisal
2.	Business Licenses of the Client and the Subject Entity
3.	Enterprise Property Right Registration Form of the Client
4.	Special Audit Report for the Subject Entity
5.	Property Ownership Certificates and Other Proofs of Ownership of the Subject Entity
6.	Letters of Commitment from the Client and Relevant Parties
7.	Asset Appraisal Engagement Agreement
8.	Business License of Shanghai Orient Appraisal Co., Ltd.
9.	Certificate of Filing for Securities Services of Shanghai Orient Appraisal Co., Ltd.
10.	Asset Appraisal Qualification Certificate of Shanghai Orient Appraisal Co., Ltd.
11.	Documents Certifying the Qualifications of The Asset Appraisal Firm and the Asset Appraiser Responsible for this Appraisal Engagement
12.	Letters of Commitment from the Appraisal Firm and Appraiser
13.	Summary or Detailed Statement of Asset Appraisal

The following is the full text of the letter and valuation report issued by Shanghai Orient Appraisal Co., Ltd. (上海東洲資產評估有限公司), which presents their professional opinion on the market value of certain properties held by the Group in China as of April 30, 2026; this valuation report is prepared specifically for inclusion in this circular.

Valuation Report on the Market Value of Partial Assets of Shanghai Xingkongshui'an Enterprise Development Co., Ltd. (上海星空水岸企業發展有限公司), Shanghai Binxing Construction Development Co., Ltd. (上海濱星建設發展有限公司), and Shanghai Shengshi Chuangtuo Construction Development Co., Ltd. (上海聲視創拓建設發展有限公司), which STAR CM Holdings Limited (星空華文控股有限公司) intends to understand the underlying asset value of Shanghai Binqiao Enterprise Management Co., Ltd. (上海濱橋企業管理有限公司)

Dongzhou Appraisal Letter No. [2026] No. 1811

Volume 1

Shanghai Orient Appraisal Co., Ltd. (上海東洲資產評估有限公司)

July 14, 2026

Address: 11th Floor, T2 Building, Tianshan SOHO, Changning District, Shanghai, 200050, China
Tel: 021-52402166 Fax: 021-62252086
Website: www.dongzhou.com.cn

Dear Sirs,

INSTRUCTION, PURPOSE, AND VALUATION DATE

Shanghai Orient Appraisal Co., Ltd. ("**Orient Appraisal**"), following the instruction of STAR CM Holdings Limited (the "**Company**"), has conducted a valuation of certain properties ("**subject properties**") held in the People's Republic of China ("**China**") by Shanghai Xingkongshui'an Enterprise Development Co., Ltd. ("**SH Xingkongshui'an**"), Shanghai Binxing Construction Development Co., Ltd. ("**SH Binxing**"), and Shanghai Shengshi Chuangtuo Construction Development Co., Ltd. ("**SH Shengshi Chuangtuo**"). We confirm that we have conducted inspections, made relevant inquiries, and obtained other information deemed necessary to provide an opinion on the value of these properties as of April 30, 2026 ("**Valuation Date**").

VALUATION BASIS

The result of this property valuation is the Market Value of the properties. As defined by the Hong Kong Institute of Surveyors' "HKIS Valuation Standards 2024", market value is 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.

This property valuation strictly adheres to all the requirements of Chapter 5 and Practice Note 12 of the Hong Kong Joint Stock Exchanges Limited's "Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited" as well as the Hong Kong Institute of Surveyors' "HKIS Valuation Standards 2024".

VALUATION ASSUMPTIONS

Our valuation of the properties does not account for any upward or downward adjustments to the estimated transaction price resulting from special terms or circumstances, including special financing arrangements, sale and leaseback agreements, special considerations or concessions granted by transaction parties, or value enhancement factors available only to a specific owner or buyer.

In this property valuation, we have relied on information provided by the Company regarding the property ownership and the property interests held by your Group. This valuation is prepared based on the assumption that the owner holds legally enforceable property title, has paid all outstanding land premiums in full for the granted land use term which has been fully approved and not yet expired, and can use, occupy, and transfer the property freely and without interference.

Details of the ownership status, main title certificates, approval documents, and license issuance provided by the Company are detailed in the notes to this valuation report. We assume that all necessary approvals and permits from relevant government authorities have been obtained for each development project, without stringent additional conditions or approval delays; it is also assumed that the planning, design, and construction of the properties comply with local planning regulations and have been approved by the competent authorities.

This valuation does not make provision for any existing mortgages, pledges, outstanding debts, or any costs and taxes that may arise from the transfer of the properties. Unless otherwise stated, the valuation basis assumes that the properties are free from any onerous title restrictions, limiting conditions, or additional expenditures that would diminish their value.

VALUATION METHODOLOGY

The purpose of this valuation is to provide a value reference for understanding market value. Considering the characteristics of the assets within the valuation scope, corresponding valuation methods are applied to different assets.

The current principal assets of Shanghai Xingkongshui'an Enterprise Development Co., Ltd. are the "Yangpu Binjiang Innovation Center M2" development project; the current principal assets of Shanghai Binxing Construction Development Co., Ltd. are the "Yangpu Binjiang Innovation Center M3-01 and Underground Space" development project; and the principal assets of Shanghai Shengshi Chuangtuo Construction Development Co., Ltd. are the "Yangpu Binjiang Innovation Center M1-04 and Old Factory Building" development project. For development projects of this type, such as M2, M3-01 and Underground Space, and M1-04, the value of the saleable portion and the self-held portion should generally be estimated using the Residual Method and the Investment Method, respectively, based on the project's planning and design scheme and project budget.

Additionally, for the M1 Old Factory Building, according to the "Shanghai Power Station Auxiliary Equipment Plant West Plant Old Factory Building Purchase Agreement" (《上海電站輔機廠西廠老廠房購買協議》), it is stipulated that Shanghai Yangpu Binjiang Investment and Development (Group) Co., Ltd. (上海楊浦濱江投資開發(集團)有限公司) will purchase the portion of the old building owned by SH Shengshi Chuangtuo located within the red line boundary of plot M1-04. The acquisition price is determined by the actual comprehensive development cost + financing cost. Therefore, the value of the M1 Old Factory Building is calculated based on the book value + financing cost.

<u>Introduction to Valuation Methods:</u>

(i) Residual Method (Saleable Portion):

The Residual Method involves forecasting the value of the property upon completion and the necessary subsequent development expenditures and reasonable profit. It then derives the value of the property being appraised by subtracting the subsequent development expenditures and reasonable profit from the value upon completion.

The residual method shares the same core principle as the investment method, being income-orientated by reference to the future returns of real estate. Such future returns refer to the residual balance derived from deducting necessary subsequent development and construction costs and reasonable developer's profit from the completed property value, for the purpose of ascertaining the value of the real estate. As a scientific and practical valuation technique, the residual method is widely adopted in the valuation practice of real estate development projects.

(ii) Investment Method (Self-Held Portion):

Investment Method: Investigate the normal rental rates and occupancy rates of similar properties in the same area, adjust based on the characteristics of the subject property to determine an objective rental level and occupancy rate, deduct daily management, maintenance, insurance, taxes, and fees payable to property authorities to obtain the annual objective net income of the subject property, select an appropriate discount rate, and use a suitable formula to calculate the income value of the subject property.

(iii) M1 Old Factory Building

According to the "Shanghai Power Station Auxiliary Equipment Plant West Plant Old Factory Building Purchase Agreement," it is stipulated that Shanghai Yangpu Binjiang Investment Development (Group) Co., Ltd. will purchase the portion of the old building owned by SH Shengshi Chuangtuo located within the red line boundary of plot M1-04. The acquisition price is determined by the actual comprehensive development cost + financing cost. Therefore, the value of the M1 Old Factory Building is calculated based on the book value + financing cost.

SOURCE OF INFORMATION

In this valuation, we have heavily relied upon information provided by the Company and have adopted your explanations regarding all relevant matters, including planning approvals, statutory announcements, easements, land use terms, title documents for land and buildings, property occupancy details, lease information, completion dates, plot and building areas, and the percentage of interests held by your Group.

The dimensions, measurements, and building areas stated in the report are calculated based on the information provided by your Group and are approximate figures. We have no reason to doubt the authenticity and accuracy of the key valuation information provided by the Company. The Company has also informed us that the submitted information contains no material omissions of fact. We believe we have obtained sufficient information to provide a prudent valuation opinion, and there is no indication that material information has been deliberately withheld.

TITLE INVESTIGATION

We have received summaries of the existing title documents for the properties from the Company but have not conducted independent title verification. We cannot independently determine the ownership status of the properties and have therefore relied on the professional opinions regarding the property interests held by your Group provided by the Company. This valuation heavily relies on the information regarding ownership provided by the Company.

We have not inspected the original documents to verify title information or checked any change registration records; all documents and information are for reference only. All dimensions, measurements, and building areas mentioned are approximate.

SITE INSPECTION

The on-site property inspection by our Shanghai headquarters was carried out under the overall supervision of Ms. Zhang Jingjing（張靜靜）, a registered asset appraiser who signed this valuation report. Ms. Ji Jie (姬潔)（with ten years of practical experience in real estate valuation）inspected the external parts and, where possible, the interiors of the properties on June 5, 2026. The inspection covered the exterior and accessible interior spaces. No structural measurements were taken, and no significant damage was observed during the inspection. However, we cannot guarantee that the properties are free from rot, insect infestation, or other structural issues, and all mechanical and electrical supporting facilities have not been tested.

Unless otherwise stated, we have not physically measured or verified the plot and building areas. This valuation assumes that the area data contained in the documents provided by the Company are accurate.

CURRENCY AND EXCHANGE RATE

Unless otherwise stated, all amounts mentioned in this valuation report are in the official Chinese currency, Renminbi ("RMB").

OTHER DISCLOSURE

We hereby confirm that Shanghai Orient Appraisal Co., Ltd. and the appraisers responsible for this valuation have no financial or other interests that would hinder the fair valuation of the properties, nor any circumstances that could reasonably be viewed as affecting our ability to issue an objective and impartial opinion. We are qualified independent appraisers as defined in Rule 5.08 of the Listing Rules.

Attached herewith is this valuation report for your review and reference.

Valuation Firm: Shanghai Orient Appraisal Co., Ltd.

Legal Representative: Xu Feng (徐峰)

Signed Certified Asset Appraisers: Zhang Jingjing (張靜靜), Liu Haojie (劉皓潔)

Report Date: July 14, 2026

Note: Zhang Jingjing and Liu Haojie are Certified Asset Appraisers in China. Both have over 10 years of experience in professional property valuation and advisory services in the Greater China region. Zhang Jingjing and Liu Haojie possess sufficient current national market knowledge, skills, and understanding required for the valuation work.

Address: 11th Floor, T2 Building, Tianshan SOHO, Changning District, Shanghai, 200050, China
Tel: 021-52402166 Fax: 021-62252086
Website: www.dongzhou.com.cn

Valuation Report

I. Property Address

Block 85, Daqiao Street, Yangpu District, Shanghai, People's Republic of China (中華人民共和國上海市楊浦區大橋街道85街坊).

II. Property Overview and Land Term

The projects developed and constructed by the three property owners are as follows:

Property held by SH Xingkongshui'an in the PRC

The main asset of SH Xingkongshui'an is inventory and development costs, with a book value of RMB720,099,382.65, for the "Yangpu Binjiang Innovation Center M2" development project.

The inventory and development costs included in this valuation scope correspond to the "Yangpu Binjiang Innovation Center M2" development project located at Plot 3/7, Block 85, Daqiao Street, Yangpu District, owned by SH Xingkongshui'an. This development project is mainly for office, commercial, and underground parking spaces. The total land area is 6,172.60 square meters, with a planned total GFA of 29,658.05 square meters, and a plot ratio GFA of 19,752.32 square meters, comprising 17,688.20 square meters of office space, 2,064.12 square meters of commercial space, 9,450.00 square meters of underground parking spaces, and 455.73 square meters for ancillary and municipal use.

Specific details are as follows:

Unit: Square meters

Development Property Type	Total GFA	Above Ground Area	Underground Area	Saleable (Transferable) Area	Required Self-Held Area	Non-Saleable Area
Office	17,688.20	17,688.20		6,860.38	10,827.82	
Commercial	2,064.12	2,064.12			2,064.12	
Parking Spaces	9,450.00		9,450.00		9,450.00	
Ancillary	455.73	455.73				455.73
Total	**29,658.05**	**20,208.05**	**9,450.00**	**6,860.38**	**22,341.94**	**455.73**

Boundaries: East: Guangde Road, West: Planned Sanxing Road, South: Planned Anpu Road, North: Planned Yangpu Road.

Land details are as follows:

Item	**Yangpu Binjiang Innovation Center M2**
Right Holder	Shanghai Xingkongshui'an Enterprise Development Co., Ltd.
Certificate No.	Hu (2023) Yang Zi Real Estate Right No. 002322
Location	Plot 3/7, Block 85, Daqiao Street
Ownership Type	State-owned Construction Land Use Right
Ownership Nature	Grant (Transfer)
Land Use	Commercial Land, Office Building
Area	6,172.60 sqm
Term	September 19, 2022 to September 18, 2072
Use Restriction	For office and commercial property only

Note: According to Article 23 of the Grant Contracts (Hu Yang State-owned Construction Land Use Contract Supplement (2022) No. 21 (Version 4.0) (《滬楊國有建設用地使用合同補(2022)21號(4.0版)》), Supplement (2022) No. 11 (Version 2.0) (《滬楊國有建設用地使用合同補(2022)11號(2.0版)》), and Contract (2022) No. 7 (Version 1.0) (《滬楊國有建設用地使用合同(2022)7號(1.0版)》), the transferee shall self-hold 60% of the office property for no less than 20 years from the date of comprehensive planning and land approval; the transferee shall self-hold 100% of the commercial property for the entire grant term.

As of the base date, the project completion rate has reached 90%. The market value of the property held by SH Xingkongshui'an is RMB722,390,000.

Property held by SH Binxing in the PRC

The main asset of SH Binxing is inventory and development costs, with a book value of RMB1,493,376,814.93. The inventory and development costs included in this valuation scope correspond to the "Yangpu Binjiang Innovation Center M3-01 and Underground Space" development project located at Plot 3/8, Block 85, Daqiao Street, Yangpu District, owned by SH Binxing. This development project is mainly for office, commercial, and underground parking spaces. The total land area is 15,445.00 square meters, with a planned total GFA of 63,637.45 square meters, and a plot ratio GFA of 40,434.71 square meters, comprising 36,258.27 square meters of office space, 4,176.44 square meters of commercial space, 22,596.00 square meters of underground parking spaces, and 606.74 square meters for ancillary and municipal use.

Specific details are as follows:

Unit: Square meters

Development Property Type	Total GFA	Above Ground Area	Underground Area	Saleable (Transferable) Area	Required Self-Held Area	Non-Saleable Area
Office	36,258.27	36,258.27	0.00	14,309.67	21,948.60	
Commercial	4,176.44	4,176.44	0.00		4,176.44	
Parking Spaces	22,596.00		22,596.00		22,596.00	
Ancillary	606.74	606.74	0.00			606.74
Total	**63,637.45**	**41,041.45**	**22,596.00**	**14,309.67**	**48,721.04**	**606.74**

Boundaries: East: Guangde Road, West: Planned Sanxing Road, South: Planned Anpu Road, North: Planned Yangpu Road.

Land details are as follows:

Real Estate Certificate Information 1:

Item	**Yangpu Binjiang Innovation Center M3-01 and Underground Space Project**
Right Holder	Shanghai Binxing Construction Development Co., Ltd.
Certificate No.	Hu (2023) Yang Zi Real Estate Right No. 002321
Location	Plot 3/8, Block 85, Daqiao Street
Ownership Type	State-owned Construction Land Use Right
Ownership Nature	Grant (Transfer)
Land Use	Commercial Land, Office Building
Area	10,928.30 sqm
Term	September 19, 2022 to September 18, 2072
Use Restriction	For office and commercial property only

Real Estate Certificate Information 2:

Item	**Yangpu Binjiang Innovation Center M3-01 and Underground Space Project**
Right Holder	Shanghai Binxing Construction Development Co., Ltd.
Certificate No.	Hu (2023) Yang Zi Real Estate Right No. 002324
Location	Plot 1/912, Block 85, Daqiao Street
Ownership Type	State-owned Construction Land Use Right
Ownership Nature	Grant (Transfer)
Land Use	Alleys (Underground Parking Garage and Equipment Rooms)
Area	4,516.70 sqm
Term	September 19, 2022 to September 18, 2072
Use Restriction	For office and commercial property only

Note: According to Article 23 of the Grant Contracts (Hu Yang State-owned Construction Land Use Contract Supplement (2022) No. 20 (Version 5.0), Supplement (2022) No. 11 (Version 2.0), and Contract (2022) No. 7 (Version 1.0)), the transferee shall self-hold 60% of the office property for no less than 20 years from the date of comprehensive planning and land approval; the transferee shall self-hold 100% of the commercial property for the entire grant term.

As of the base date, the project completion rate has reached 90%. The market value of the property held by SH Binxing is RMB1,494,230,000.

Property held by SH Shengshi Chuangtuo in the PRC

The main asset of SH Shengshi Chuangtuo is Inventory and development costs, with a book value of RMB1,936,880,483.35, for the "Yangpu Binjiang Innovation Center M1-04 and Old Factory Building" development project. The inventory and development costs included in this valuation scope correspond to the "Yangpu Binjiang Innovation Center M1-04 and Old Factory Building" development project located at Plot 3/6, Block 85, Daqiao Street, Yangpu District, owned by SH Shengshi Chuangtuo.

Introduction to M1-04 New Construction:

This development project is located at Plot 3/6, Block 85, Daqiao Street, Yangpu District. The development project is mainly for office, commercial, and underground parking spaces. The total land area is 15,000.30 square meters, with a planned total GFA of 66,751.62 square meters, and a plot ratio GFA of 46,475.75 square meters, comprising 45,221.78 square meters of office space, 1,253.97 square meters of commercial space, 19,212.62 square meters of underground parking spaces, and 1,063.25 square meters for ancillary and municipal use.

Specific details are as follows:

Unit: Square meters

Development Property Type	Total GFA	Above Ground Area	Underground Area	Saleable (Transferable) Area	Required Self-Held Area	Non-Saleable Area
Office	45,221.78	45,221.78	0.00	17,580.91	27,640.86	
Commercial	1,253.97	1,253.97	0.00		1,253.97	
Parking Spaces	19,212.62		19,212.62		19,212.62	
Ancillary	1,063.25	1,063.25	0.00			1,063.25
Total	**66,751.62**	**47,539.00**	**19,212.62**	**17,580.91**	**48,107.46**	**1,063.25**

Boundaries: East: Guangde Road, West: Planned Sanxing Road, South: Planned Anpu Road, North: Planned Yangpu Road.

Introduction to M1 Old Factory Building:

This development project is located at Plot 3/6, Block 85, Daqiao Street, Yangpu District. The development project is mainly the old factory building (historically preserved building). The total land area is 5,830.00 square meters, with a planned total GFA of 7,500.00 square meters, a plot ratio GFA of 5,600.00 square meters, and a non-plot ratio area of 1,900.00 square meters, including a total commercial area of 5,600 square meters and an above-ground building area of 7,500.00 square meters.

Land details are as follows:

Item	**Yangpu Binjiang Innovation Center M1-04 and Old Factory Building**
Right Holder	Shanghai Shengshi Chuangtuo Construction Development Co., Ltd.
Certificate No.	Hu (2023) Yang Zi Real Estate Right No. 002323
Location	Plot 3/6, Block 85, Daqiao Street
Ownership Type	State-owned Construction Land Use Right
Ownership Nature	Grant (Transfer)
Land Use	Commercial Land, Office Building
Area	20,830.30 sqm
Term	September 19, 2022 to September 18, 2072
Use Restriction	For office and commercial property only

Note: According to Article 23 of the Grant Contracts (Hu Yang State-owned Construction Land Use Contract Supplement (2022) No. 22 (Version 5.0), Supplement (2022) No. 11 (Version 2.0), and Contract (2022) No. 7 (Version 1.0)), the transferee shall self-hold 60% of the office property for no less than 20 years from the date of comprehensive planning and land approval; the transferee shall self-hold 100% of the commercial property for the entire grant term.

As of the base date, the project completion rate has reached 90%. The market value of the property held by SH Shengshi Chuangtuo is RMB1,942,088,448.

III. Occupancy Details

The entire building area is currently vacant and unleased.

IV. Valuation Result (Market Value as of April 30, 2026)

Total Market Value of Properties: RMB4,158,708,448.00 (excluding tax). In words: RMB Four Billion One Hundred Fifty-Eight Million Seven Hundred Eight Thousand Four Hundred Forty-Eight Only.

Breakdown:

- Property held by SH Xingkongshui'an: RMB722,390,000.00 (excluding tax).
- Property held by SH Binxing: RMB1,494,230,000.00 (excluding tax).
- Property held by SH Shengshi Chuangtuo: RMB1,942,088,448.00 (excluding tax).

Notes:

1. As of the date of this valuation report, the State-owned Construction Land Use Rights of the three property holding entities have been mortgaged. The mortgage details are as follows:

Mortgagor	Certificate No.	Address	Type	Mortgagee	Mortgaged Area (sqm)	Mortgage Period	Loan amount as of the benchmark date (RMB10,000)
Shanghai Binxing Construction Development Co., Ltd.	Hu (2023) Yang Zi Real Estate Right No. 002321	Plot 3/8, Block 85, Daqiao Street	Land Use Right	Industrial and Commercial Bank of China Ltd., Shanghai Yangpu Branch (中國工商銀行股份有限公司上海市楊浦支行)	10,928.30	From June 30, 2023 to June 18, 2038	46,337.98
Shanghai Binxing Construction Development Co., Ltd.	Hu (2023) Yang Zi Real Estate Right No. 002324	Plot 1/912, Block 85, Daqiao Street	Land Use Right	Industrial and Commercial Bank of China Ltd., Shanghai Yangpu Branch (中國工商銀行股份有限公司上海市楊浦支行)	4,516.70	From June 30, 2023 to June 18, 2038	
Shanghai Shengshi Chuangtuo Construction Development Co., Ltd.	Hu (2023) Yang Zi Real Estate Right No. 002323	Plot 3/6, Block 85, Daqiao Street	Land Use Right	Shanghai Pudong Development Bank Co., Ltd., Yangpu Branch (上海浦東發展銀行股份有限公司楊浦支行)	20,830.30	From November 15, 2023 to November 13, 2043	63,111.99
Shanghai Xingkongshui'an Enterprise Development Co., Ltd.	Hu (2023) Yang Zi Real Estate Right No. 002322	Plot 3/7, Block 85, Daqiao Street	Land Use Right	Bank of Communications Co., Ltd., Shanghai Yangpu Branch (交通銀行股份有限公司上海楊浦支行)	6,172.60	From June 13, 2023 to June 12, 2038	23,488.48

This valuation does not consider the impact of the above mortgage arrangements on the valuation. Users of this report are advised to take note.

2. According to the "Shanghai Power Station Auxiliary Equipment Plant West Plant Old Factory Building Purchase Agreement" (hereinafter referred to as the "Purchase Agreement"), Shanghai Yangpu Binjiang Investment Development (Group) Co., Ltd. intends to acquire the relevant portion of the M1 Old Factory Building owned by Shanghai Shengshi Chuangtuo Construction Development Co., Ltd. located within the red line boundary of plot M1-04. The Purchase Agreement explicitly stipulates that the acquisition price shall be determined by the actual comprehensive development cost of the subject property plus the financing cost.

Based on the above agreement, in the estimation process for Shanghai Shengshi Chuangtuo Construction Development Co., Ltd., the valuation of the M1 Old Factory Building did not use conventional valuation methods such as the Residual Method or Investment Method. Instead, it strictly followed the terms of the Purchase Agreement, determining the valuation based on the book value of the subject property as of the base date, considering its reasonable financing cost. Additionally, as of the base date, the financing cost for the land cost has already been paid by Shanghai Yangpu Binjiang Investment Development (Group) Co., Ltd., so the financing cost for the land was not considered in this estimation.

The reasonableness of this valuation result is highly dependent on the agreed price determination method in the Purchase Agreement. If the terms of this agreement change or are deemed invalid, this valuation result will lose its applicability premise, and a suitable valuation method must be reselected for value calculation. Users of this report are advised to take note.

3. According to Article 23 of the "State-owned Construction Land Use Contract" (《國有建設用地使用合同》) provided by the property owner, the transferee shall self-hold 60% of the office property for no less than 20 years from the date of comprehensive planning and land approval; the transferee shall self-hold 100% of the commercial property for the entire grant term.

According to the "Economic and Technical Indicators" (《經濟技術指標》) provided by the property owner, the parking spaces and the 60% of office property that must be self-held for no less than 20 years are currently planned to be self-held. Therefore, this valuation treats all such portions as self-held. Users of this report are advised to take note.

Area Breakdown for Shanghai Binxing Construction Development Co., Ltd. (M3-01 Plot and Underground Space):

Development Property Type	Total GFA	Above Ground Area	Underground Area	Saleable (Transferable) Area	Required Self-Held Area	Non-Saleable Area
Office	36,258.27	36,258.27	0.00	14,309.67	21,948.60	
Commercial	4,176.44	4,176.44	0.00		4,176.44	
Parking Spaces	22,596.00		22,596.00		22,596.00	
Ancillary	606.74	606.74	0.00			606.74
Total	**63,637.45**	**41,041.45**	**22,596.00**	**14,309.67**	**48,721.04**	**606.74**

Area Breakdown for Shanghai Shengshi Chuangtuo Construction Development Co., Ltd. (M1-04 New Construction Plot):

Development Property Type	Total GFA	Above Ground Area	Underground Area	Saleable (Transferable) Area	Required Self-Held Area	Non-Saleable Area
Office	45,221.78	45,221.78	0.00	17,580.91	27,640.86	
Commercial	1,253.97	1,253.97	0.00		1,253.97	
Parking Spaces	19,212.62		19,212.62		19,212.62	
Ancillary	1,063.25	1,063.25	0.00			1,063.25
Total	**66,751.62**	**47,539.00**	**19,212.62**	**17,580.91**	**48,107.46**	**1,063.25**

Area Breakdown for Shanghai Xingkongshui'an Enterprise Development Co., Ltd. (M2 Plot):

Development Property Type	Total GFA	Above Ground Area	Underground Area	Saleable (Transferable) Area	Required Self-Held Area	Non-Saleable Area
Office	17,688.20	17,688.20		6,860.38	10,827.82	
Commercial	2,064.12	2,064.12			2,064.12	
Parking Spaces	9,450.00		9,450.00		9,450.00	
Ancillary	455.73	455.73				455.73
Total	**29,658.05**	**20,208.05**	**9,450.00**	**6,860.38**	**22,341.94**	**455.73**

4. Calculation Process

Example: Inventory for Shanghai Xingkongshui'an Enterprise Development Co., Ltd.

(i) Residual Method (Saleable Portion)

1) As of the valuation base date, the saleable area indicators for this project are shown in the table below.

① Project Overview

Company Name: Shanghai Xingkongshui'an Enterprise Development Co., Ltd.			Valuation Base Date	2026-04-30		Project Book Value (RMB10000)	72,009.94
Project Name	Yangpu Binjiang Innovation Center M2		Address	Plot 3/7, Block 85, Daqiao Street		City	Shanghai
Commencement Date	2023-05-08	Development Period (Years)	3.30	Expected Completion/ Handover Date	2026-08-24	Land Acquisition Date	2022-09-19
Pre-sale Start Date	2026-08-31	Sales Period (Years)	2.00	Tax Settlement Date	2028-08-30	Normal Holding Period from Land Acquisition to Base Date	1.00
Land Area (sqm)	6,172.60	Planned Total GFA (sqm)	29,658.05	Plot Ratio	3.20	Building Density	47.80%

Note: The "Project Completion/Handover Date" of August 24, 2026, is the overall project completion date, but various property types may complete and hand over in phases.

② Economic Indicators

Category		**Area (sqm)**	**Proportion**
1.	**Above Ground Building Area**	20,208.05	68.10%
	(A) Plot Ratio Area	19,752.32	97.74%
	Saleable Area	6,860.38	34.73%
	Required Self-Held Area	12,891.94	65.27%
	Non-Saleable Area		0.00%
	(B) Non-Plot Ratio Area	455.73	2.26%
2.	**Underground Building Area**	9,450.00	31.90%
	Garage Area	9,450.00	100.00%
	(1) Underground Saleable Parking Spaces		0.00%
	(2) Underground Required Self-Held Area	9,450.00	100.00%
	(3) Underground Non-Saleable Area		0.00%

Unit: Square Meters

Development Property Type	Total GFA	Above Ground Area	Underground Area	Saleable (Transferable) Area	Required Self-Held Area	Non-Saleable Area
Office	17,688.20	17,688.20	0.00	6,860.38	10,827.82	
Commercial	2,064.12	2,064.12	0.00		2,064.12	
Parking Spaces	9,450.00		9,450.00		9,450.00	
Ancillary	455.73	455.73	0.00			455.73
Total	**29,658.05**	**20,208.05**	**9,450.00**	**6,860.38**	**22,341.94**	**455.73**

③ Saleable Property Income, Cost Amortization, and Subsequent Development Cost Data

Land Cost:

Item	Total Estimated Land Cost for All Saleable Properties ①	Amortized Cost ②	Estimated Land Cost for Saleable Properties in this Valuation ③=①-②	Subsequent Development Cost for Saleable Properties in this Valuation ④
Land Transfer Fee	14,505.57		14,505.57	0.00
Land Requisition Fee	0.00		0.00	0.00
Relocation Compensation Fee	0.00		0.00	0.00
Land Related Taxes	442.42		442.42	7.25
Other	926.98		926.98	0.00
Total	**15,874.97**	**0.00**	**15,874.97**	**7.25**

Development Cost:

Item	Total Estimated Cost for All Saleable Properties (RMB10000)		Amortized Cost (RMB10000)		Estimated Development Cost for Saleable Properties in this Valuation (RMB10000)			Subsequent Development Cost (excl. tax) for Saleable Properties in this Valuation ⑧ (RMB10000)
	Tax-inclusive Price ①	Tax-exclusive Price ②	Tax-inclusive ③	Tax-exclusive ④	Tax-inclusive Development Cost ⑤=①-③	Less: Input Tax ⑥=⑤-⑦	Tax-exclusive Development Cost ⑦=②-④	
Preliminary Work	677.82	639.46		0.00	677.82	38.36	639.46	279.53
Construction & Installation	8,231.52	7,551.85		0.00	8,231.52	679.67	7,551.85	1,610.16
Infrastructure	0.00	0.00		0.00	0.00	0.00	0.00	0.00
Public Ancillary Facilities	569.69	522.65		0.00	569.69	47.04	522.65	267.59
Development Overheads	1,133.22	1,133.22		0.00	1,133.22	0.00	1,133.22	345.30
Interest Expense	495.73	495.73		0.00	495.73		495.73	198.16
Total	**11,107.98**	**10,342.91**	**0.00**	**0.00**	**11,107.98**	**765.07**	**10,342.91**	**2,700.75**
Cost Total	**26,982.95**	**26,217.88**	**0.00**	**0.00**	**26,982.95**		**26,217.88**	**2,708.00**

2) Determination of Operating Income as of the Valuation Base Date.

A. As of the base date, no pre-sale permit has been obtained, and no sales have taken place.

B. Determination of Sales Price:

- Office Sales Price

With reference to the above market background analysis, there are many comparable real estate transactions in this lot and the market is relatively active. The valuers conducted field research on the surrounding real estate market. Pursuant to the substitution principle, we collected a large number of comparable transaction examples with the same usage, location and price type. After analyzing all characteristics of the subject property, we selected the comparable cases as follows (all prices are inclusive of valued-added tax):

We have adopted the market approach to select relevant comparable sales cases and have collected and considered comparable sales evidence for three office properties in the vicinity. The comparables were selected on the basis that they have the same use as the subject property and are located in the same district.

The selection criteria for the comparable properties were as follows:

1. Properties with verifiable transaction evidence;

2. Properties located in the East Bund area of Yangpu District;

3. Properties with office use;

4. Properties with similar building quality;

5. Properties with similar year of completion; and

6. Properties with a gross floor area exceeding 500 square metres.

Details of the subject property and three comparable properties are set out below, the list of the comparable properties is exhaustive based on the above selection criteria as at the time we performed the valuation of the property.

Factor Comparison and Scoring Table

Comparison Factor		Subject Property	Example 1	Example 2	Example 3
Location		Plot 3/7, Block 85, Daqiao Street, Yangpu District, Shanghai	Tianyue Business Plaza (天閱商務廣場)	Yungong Building (雲工場大廈)	Xinxing Business Center (新興商務中心)
Unit Price (RMB/sqm)		Subject to be valued	55,000	52,800	58,000
Property Use		Office	Office	Office	Office
Score Factor		100	100	100	100
Transaction Status		Subject to be valued	Sold	Sold	Sold
Score Factor		100	100	100	100
Market Condition		2026/4/30	2025/4/30	2024/11/21	2024/5/21
Market Index		78.85	83.03	84.45	87.84
Location Conditions	Agglomeration	Good	Good	Average	Excellent
	Scoring Factor	100	100	95	105
	Transport	Good	Good	Good	Excellent
	Scoring Factor	100	100	100	105
	Municipal Facilities	Adequate	Adequate	Adequate	Adequate
	Scoring Factor	100	100	100	100
	Environment/Scenery	Average	Average	Average	Average
	Scoring Factor	100	100	100	100
Physical Conditions	Floor/Orientation	Mid-floor	Whole building	3rd floor	2nd-4th floor
	Scoring Factor	100	100	100	100
	Building Scale	Divisible and saleable	1,887.42 sqm	2,032.33 sqm	2,891.77 sqm
	Scoring Factor	100	100	100	100
	Building Structure	Reinforced concrete	Reinforced concrete	Reinforced concrete	Reinforced concrete
	Scoring Factor	100	100	100	100
	Fit-out	Bare shell	Simple renovation	Simple renovation	Simple renovation
	Scoring Factor	100	102.5	102.5	102.5
	Condition	Under construction	Completed 2019, good condition	Completed 2024, excellent condition	Completed 2020, good condition
	Scoring Factor	100	97	100	97
	Building Quality	Good	Good	Average	Good
	Scoring Factor	100	100	97	100
Ownership Conditions	Title	Full title held by enterprise	Full title	Full title	Full title
	Scoring Factor	100	100	100	100
	Property Management	Professional management	Professional management	Professional management	Professional management
	Scoring Factor	100	100	100	100
	Other Special Factors	No illegal structures or legal disputes	No illegal structures or legal disputes	No illegal structures or legal disputes	No illegal structures or legal disputes
	Scoring Factor	100	100	100	100

Adjusted Unit Price Calculation Table

Comparison Factor		Case 1	Case 2	Case 3
Location		Tianyue Business Plaza	Yungong Building	Xinxing Business Center
Transaction Price		55,000	52,800	58,000
Property Use		100/100	100/100	100/100
Transaction Status		100/100	100/100	100/100
Market Conditions		78.85/83.03	78.85/84.45	78.85/87.84
	Agglomeration	100/100	100/95	100/105
	Transport	100/100	100/100	100/105
Location	Municipal Facilities	100/100	100/100	100/100
	Environment	100/100	100/100	100/100
	Floor/Orientation	100/100	100/100	100/100
	Scale	100/100	100/100	100/100
	Structure	100/100	100/100	100/100
Physical	Fit-out	100/102.5	100/102.5	100/102.5
	Condition	100/97	100/100	100/97
	Quality	100/100	100/97	100/100
	Title	100/100	100/100	100/100
Ownership	Management	100/100	100/100	100/100
	Other	100/100	100/100	100/100
Adjusted Unit Price		**52,500**	**52,200**	**47,500**
Valued Unit Price		**50,700**		

After comprehensive analysis, the estimated average price for office properties in this area is RMB50,700/sqm.

Based on comprehensive analysis, the operating income for the subject development is as follows:

Property Type	Unit	Unsold Pre-sold Quantity ①	Unsold Pre-sold Tax-inclusive Contract Amount ② (RMB10000)	Avg. Tax-inclusive Sales Price ③=②÷①	Unsold Quantity ④	Estimated Tax-inclusive Avg. Price ⑤ (RMB10000/unit)	Valuation of Unsold Properties ⑥=④×⑤ (RMB10000)	Total Consideration & Incidental Income ⑦=②+⑥ (RMB10000)	Tax-exclusive Income (Accounting) (RMB10000)
Office	sqm				6,860.38	5.07	34,782.13	34,782.13	31,910.21
Total					6,860.38	5.07	34,782.13	34,782.13	31,910.21

3) Sales and Management Expenses

Item	Rate	Static Amount (RMB'000)	Remarks
Sales Expenses	3.60%	1,148.80	Calculated as a percentage of tax-exempt income from unsold portion.
Management Expenses	4.60%	124.60	Calculated as a percentage of subsequent development costs.

4) Taxes and Surcharges

Item	Rate	Line	Total Amount (RMB'000)	Subject Amount (RMB'000)
I. Output VAT Payable				
Total Consideration		1	34,782.13	34,782.13
Less: Deductible Land Cost		2	14,505.57	14,505.57
Taxable Sales (1-2)/(1+tax rate)		3	18,602.35	18,602.35
Output VAT Payable (3×tax rate)	9.00%	**4**	**1,674.21**	**1,674.21**
II. Input VAT Deductible				
Development Cost Input VAT		5	765.07	765.07
Other Cost Input VAT		6	-	-
Total Input VAT Deductible		**7**	**765.07**	**765.07**
III. VAT Payable (4-7)		**8**	**909.14**	**909.14**
IV. Taxes and Surcharges (8×tax rate)	12.00%	**9**	**109.10**	**109.10**

5) Land Appreciation Tax Calculation

Item	Rate	Line	Total Amount (RMB'000)	Subject Amount (RMB'000)
I. Total Income from Transfer of Real Estate		**1**	**33,107.92**	**33,107.92**
Of which: Monetary Income		2	33,107.92	33,107.92
In-kind and Other Income		3	-	-
II. Total Deductible Amount (4=5+6+12+15+20)		**4**	**33,547.90**	**33,547.90**
1. Land Acquisition Cost		5	15,874.97	15,874.97
2. Development Cost (6=7+8+9+10+11)		6	9,847.18	9,847.18
Of which: Preliminary Engineering		7	639.46	639.46
Construction & Installation		8	7,551.85	7,551.85
Infrastructure		9	0.00	0.00
Public Facilities		10	522.65	522.65
Development Overheads		11	1,133.22	1,133.22
3. Development Expenses (12=13+14)		12	2,572.22	2,572.22
Of which: Interest Expense		13	0.00	0.00
Other Development Expenses (5+6)×10%	10%	14	2,572.22	2,572.22
4. Taxes and Surcharges		15	109.10	109.10
5. Other Deductions (5+6)×20%	20%	16	5,144.43	5,144.43
III. Appreciation Amount (1-4)		**17**	**(440.00)**	**(440.00)**
IV. Appreciation % (17÷4)		**18**	**0.00%**	**0.00%**
V. Land Appreciation Tax Payable		**19**	**-**	**0.00**

6) Income Tax Calculation

Item	Rate	Line	Subject Amount (RMB'000)
I. Total Income from Transfer of Real Estate		**1**	**33,107.92**
II. Operating Cost		**2**	**26,217.88**
1. Land Acquisition Cost		3	15,874.97
2. Development Cost		4	9,847.18
3. Financing Cost		5	495.73
III. Taxes and Surcharges		**6**	**109.10**
IV. Sales Expenses (1×3.6%)	**3.60%**	**7**	**1,148.80**
V. Management Expenses (2×4.6%)	**4.60%**	**8**	**127.71**
VI. Land Appreciation Tax		**9**	**0.00**
VII. Total Profit (1-2-6-7-8-9)		**10**	**5,504.40**
VIII. Income Tax (10×25%)	**25%**	**11**	**1,376.10**
IX. Net Profit (10-11)		**12**	**4,128.30**
Direct Development Cost Net Profit Margin			14.50%

7) Partial Profit Determination

Model	Discount Rate	Weight
Net Profit Discount Rate (Income Model)	100.00%	20.00%
Net Profit Discount Rate (Cost Model)	10.00%	80.00%
Net Profit Discount Rate Applied		**28.00%**
Industry Pre-tax Sales Profit Margin		1.70%
Partial Profit Deducted		**113.90**

8) Residual Method Valuation

Item	Amount (RMB10000)
Total Consideration & Incidental Income	34,782.13
Less: VAT	1,674.21
Tax-exclusive Income	33,107.92
Less: Subsequent Development Cost	2,708.00
Taxes and Surcharges	109.10
Selling Expenses	1,148.80
Management Expenses	124.60
Land Value Appreciation Tax	0.00
Income Tax	1,376.10
Partial Profit	113.90
Residual Method Valuation	**27,527.00**

The estimated Residual Method valuation for the saleable portion of the Yangpu Binjiang Innovation Center M2 project is RMB275,270,000.00.

(ii) Investment Method (Self-Held Portion):

1) Office and Parking Spaces:

① Property Status Table

No.	Item Name	Content	Remarks
1	Building Name	M2 Self-Held Office and Parking Spaces	
2	Building Address	Plot 3/7, Block 85, Daqiao Street	
3	Completion Date	2026/8/24	Company provided data
4	Building Occupancy Date	2026/8/24	Date company starts using the property
5	Land Use	Office, Commercial Land	As per property certificate
6	Source of Land Use Rights	Grant (Transfer)	As per property certificate
7	Land Use Term	2072/9/18	As per property certificate
8	Building Area (sqm)	20,277.82	Company provided
9	Building Use	Office and Parking	Company provided
10	Building Structure	Reinforced Concrete	Site inspection
11	Income-generating Area (sqm)	20,277.82	Company provided
12	Income Expiry Date	2072/9/18	As per property certificate

② Parameter Description Table

No.	Item Name	Content	Value	Remarks
1	Normal Market Rent (excl. tax)	Market Comparison	Office daily rent 5.14 RMB/sqm, Parking monthly rent 1,101 RMB/space	See note
2	Rental Growth Rate	Compound Annual Growth Rate	2.00%	See note
3	Vacancy Rate	Annualized Vacancy Rate	10.00%	80% in year 1, 60% in year 2, 30% in year 3, 20% in year 4, 10% in stable period
4	Management Fee Rate	% of Income	0.7%	Generally 0.5% – 2%
5	Maintenance Cost Rate	% of Replacement Cost	0.60%	Ranges 0.5% (new) to 2% based on property condition
6	Insurance Rate	% of Replacement Cost	0.20%	
7	Property Tax Rate	% of Income	12.00%	
8	Business Tax Surcharge Rate	% of Tax-exempt Income	1.08%	
9	Subsequent Development Cost	Tax-exempt Subsequent Cost	4,762.43	Applicable to unfinished self-held properties
10	Income Tax Rate	Deducted from Post-tax Income	0.00%	
11	Construction Cost per sqm (RMB/sqm)	Reference similar building costs	7,100.00	
12	Remaining Income Period		46.4	
13	Discount Rate	Office Type	4.62%	

Based on market research, the valuation staff surveyed the surrounding real estate market and selected three comparable cases according to the substitution principle (same use, same location, same price type).

Office Rent:

We have adopted the market approach to select relevant comparable rental cases and have collected and considered comparable rental evidence for three office properties in the vicinity. The comparables were selected on the basis that they have the same use as the subject property and are located in the same district.

The selection criteria for the comparable properties were as follows:

1. Properties located in the East Bund area of Yangpu District;

2. Properties with office use;

3. Properties with similar building quality;

4. Properties with similar year of completion; and

5. Properties with a gross floor area exceeding 500 square metres.

Details of the subject property and three comparable properties are set out below, the list of the comparable properties is exhaustive based on the above selection criteria as at the time we performed the valuation of the property.

Factor Comparison and Scoring Table

Comparison Factor		**Subject Property**	**Example 1**	**Example 2**	**Example 3**
Location		Plot 3/7, Block 85, Daqiao Street, Yangpu District, Shanghai	Yanwu Dongfang Building (燕舞東方大廈)	Anlian Building (安聯大廈)	Everbright Anshi Center (光大安石中心)
Unit Price (RMB/sqm)		Subject to be valued	6.50	6.30	6.00
Property Use		Office	Office	Office	Office
Score Factor		100	100	100	100
Transaction Status		Subject to be valued	Listed	Listed	Listed
Score Factor		100	105	105	105
Market Condition		2026/4/30	2026/5/31	2026/5/31	2026/5/31
Market Index		100	100	100	100
Location Conditions	Agglomeration	Good	Excellent	Excellent	Excellent
	Scoring Factor	100	105	105	105
	Transport	Good	Good	Good	Good
	Scoring Factor	100	100	100	100
	Municipal Facilities	Adequate	Adequate	Adequate	Adequate
	Scoring Factor	100	100	100	100
	Environment/Scenery	Average	Average	Average	Average
	Scoring Factor	100	100	100	100
Physical Conditions	Floor/Orientation	Mid-floor	Mid-zone	Mid-zone	Mid-zone
	Scoring Factor	100	100	100	100
	Building Scale	Divisible and saleable	1,223 sqm	721 sqm	1,500 sqm
	Scoring Factor	100	100	100	100
	Building Structure	Reinforced concrete	Reinforced concrete	Reinforced concrete	Reinforced concrete
	Scoring Factor	100	100	100	100
	Fit-out	Bare shell	Simple renovation	High-end renovation	High-end renovation
	Scoring Factor	100	102.5	105	105
	Condition	Under construction	Completed 2017, good condition	Completed 2017, good condition	Completed 2018, good condition
	Scoring Factor	100	97	97	97
	Building Quality	Good	Good	Good	Good
	Scoring Factor	100	100	100	100

Comparison Factor		Subject Property	Example 1	Example 2	Example 3
Ownership Conditions	Title	Full title held by enterprise	Full title	Full title	Full title
	Scoring Factor	100	100	100	100
	Property Management	Professional management	Professional management	Professional management	Professional management
	Scoring Factor	100	100	100	100
	Other Special Factors	No illegal structures or legal disputes	No illegal structures or legal disputes	No illegal structures or legal disputes	No illegal structures or legal disputes
	Scoring Factor	100	100	100	100

Adjusted Unit Price Calculation Table

Comparison Factor		Case 1	Case 2	Case 3
Location		Yanwu Dongfang Building	Anlian Building	Everbright Anshi Center
Transaction Price		6.50	6.30	6.00
Property Use		100/100	100/100	100/100
Transaction Status		100/105	100/105	100/105
Market Conditions		100/100	100/100	100/100
Location	Agglomeration	100/105	100/105	100/105
	Transport	100/100	100/100	100/100
	Municipal Facilities	100/100	100/100	100/100
	Environment	100/100	100/100	100/100
	Floor/Orientation	100/100	100/100	100/100
Physical	Scale	100/100	100/100	100/100
	Structure	100/100	100/100	100/100
	Fit-out	100/102.5	100/105	100/105
	Condition	100/97	100/97	100/97
	Quality	100/100	100/100	100/100
Ownership	Title	100/100	100/100	100/100
	Management	100/100	100/100	100/100
	Other	100/100	100/100	100/100
Adjusted Unit Price		**5.90**	**5.60**	**5.30**
Valued Unit Price		**5.60**		

After comprehensive analysis, the average office rent in this area is RMB5.6/sqm/day (incl. tax), equivalent to RMB5.14/sqm/day (excl. tax).

Parking Rent:

Case	Property	Monthly Rent (RMB/space)
Case 1	No. 788, Zhongshan South Road, Huangpu District, Shanghai (上海市黃浦區中山南一路 788 號)	1,200
Case 2	No. 175, Longyao Road, Xuhui District, Shanghai (上海市徐匯區龍耀路 175 號)	1,200
Case 3	No. 1366, Yangshupu Road, Yangpu District, Shanghai (上海市楊浦區楊樹浦路 1366 號)	1,200

After comprehensive analysis, the average rent in this area is RMB1,200/space/month (incl. tax), equivalent to RMB1,101.00/space/month (excl. tax).

③ Investment Method Results Summary

Residual Value Calculation Formula:

Income Year		Calculation Formula	May-Dec 2026	2027	2028	2029	2030	Subsequent Years Total
I.	Total Annual Income	Annual Rent × (1 – Vacancy & Loss Rate) + Deposit Interest	300.52	914.80	1,631.59	1,902.99	2,184.04	143,419.96
II.	Annual Operating Expenses	1+2+3+4+5						
1.	Management Fee	Annual Rent Income × 0.7%	2.10	6.40	11.41	13.31	15.28	1,003.17
2.	Maintenance Fee	Replacement Cost × 0.6%	57.88	86.82	87.25	87.69	88.13	4,100.70
3.	Insurance Fee	Replacement Cost × 0.2%	19.29	28.94	29.08	29.23	29.38	1,367.23
4.	Property Tax	Annual Rent Income × 12.0%	36.04	109.69	195.64	228.18	261.88	17,196.87
5.	Business Tax Surcharge	Annual Rent Income × 1.08%	0.00	0.00	0.00	0.00	21.27	1,503.73
6.	Income Tax	Pre-tax Income × 0.0%	0.00	0.00	0.00	0.00	0.00	0.00
7.	Subsequent Development Cost		2,857.46	1,904.97	0.00	0.00	0.00	0.00
III.	Annual Net Income	Total Annual Income – Annual Operating Expenses	-2,672.25	-1,222.02	1,308.21	1,544.58	1,768.10	118,248.26
IV.	Discount Rate	4.62%	4.62%	4.62%	4.62%	4.62%	4.62%	4.62%
V.	Discounted Value		-2,632.00	-1,159.00	1,186.00	1,339.00	1,465.00	37,795.00
Investment Method Valuation (rounded to RMB10000)		Sum of discounted values			**37,994.00**			
Residual Value (RMB10000)					513.00			
Valuation incl. Residual Value (rounded to RMB10000)					**38,507.00**			

Residual Value Calculation upon Expiry	Office Category
Building Cessation Year	2086/08/24
Land Cessation Year	2072/09/18
Remaining Useful Life of Building when Land Expires	13.90
Useful Life of Building	60.00
Building Condition Assessment when Land Expires	23.0%
Replacement Cost of Building (RMB/sqm)	7,100.00
Annual Construction Cost Growth Rate	0.5%
Replacement Cost of Building when Land Expires (RMB/sqm)	8,950.00
Income-generating Area (sqm)	20,277.82
Residual Value of Building when Land Expires (RMB10000)	4,174.19
Income Period	46.40
Building Discount Rate	4.6%
Present Value of Building Residual Value (RMB10000)	513.00

2) Commercial Space:

① Property Status Table

No.	Item Name	Content	Remarks
1	Building Name	M2 Self-Held Commercial	
2	Completion Building Address	Plot 3/7, Block 85, Daqiao Street	
3	Completion Date	2026/8/24	Company provided data
4	Building Occupancy Date	2026/8/24	Date company starts using the property
5	Land Use	Office, Commercial Land	As per property certificate
6	Source of Land Use Rights	Grant (Transfer)	As per property certificate
7	Land Use Term	2062/9/18	As per property certificate
8	Building Area (sqm)	2,064.12	Company provided
9	Building Use	Commercial	Company provided
10	Building Structure	Reinforced Concrete	Site inspection
11	Income-generating Area (sqm)	2,064.12	Company provided
12	Income Expiry Date	2062/9/18	As per property certificate

② Parameter Description Table

No.	Item	Calculation Method	Value	Remarks
1	Normal Market Rent (excl. tax)	Market Comparison	6.06	See note
2	Rental Growth Rate	Compound Annual Growth Rate	2.00%	
3	Vacancy Rate	Annualized Vacancy Rate	10.0%	80% in year 1, 60% in year 2, 30% in year 3, 20% in year 4, 10% in stable period
4	Management Fee Rate	% of Income	0.7%	Generally 0.5% – 2%
5	Maintenance Cost Rate	% of Replacement Cost	0.60%	Ranges 0.5% (new) to 2% based on property condition
6	Insurance Rate	% of Replacement Cost	0.20%	
7	Property Tax Rate	% of Income	12.00%	
8	Business Tax Surcharge Rate	% of Tax-exempt Income	1.08%	
9	Subsequent Development Cost	Tax-exempt Subsequent Cost	824.08	Applicable to unfinished self-held properties
10	Income Tax Rate	Deducted from Post-tax Income	0.00%	
11	Construction Cost per sqm (RMB/sqm)	Reference similar building costs	8,600.00	
12	Remaining Income Period		36.4	
13	Discount Rate	Commercial Type	5.32%	

Based on market research, the valuation staff surveyed the surrounding real estate market and selected three comparable cases.

Commercial Rent:

We have adopted the market approach to select relevant comparable rental cases and have collected and considered comparable rental evidence for three commercial properties in the vicinity. The comparables were selected on the basis that they have the same use as the subject property and are located in the same district.

The selection criteria for the comparable properties were as follows:

1. Properties located in the East Bund area of Yangpu District;

2. Properties with commercial use; and

3. Ground-floor properties.

Details of the subject property and three comparable properties are set out below, the list of the comparable properties is exhaustive based on the above selection criteria as at the time we performed the valuation of the property.

Factor Comparison and Scoring Table

Comparison Factor	Subject Property	Example 1	Example 2	Example 3
Location	Plot 3/7, Block 85, Daqiao Street, Yangpu District, Shanghai	Longchang Building Street-front Commercial (隆昌大樓臨街商業)	Intersection of Huangxing Road and Jiutan Road Commercial (黃興路與九潭路交叉口商業)	Intersection of Longchang Road and Shuangyang Road (隆昌路與雙陽路交叉路口)
Unit Price (RMB/sqm)	Subject to be valued	7.78	7.12	7.50
Property Use	Commercial	Commercial	Commercial	Commercial
Score Factor	100	100	100	100
Transaction Status	Subject to be valued	Listed	Listed	Listed
Score Factor	100	105	105	105
Market Condition	2026/4/30	2026/5/25	2026/6/1	2026/5/26
Market Index	100	100	100	100

After comprehensive analysis, the average commercial rent in this area is RMB6.6/sqm/day (incl. tax), equivalent to RMB6.06/sqm/day (excl. tax).

③ Investment Method Results Summary

Income Year		Calculation Formula	May-Dec 2026	2027	2028	2029	2030	Subsequent Years Total
I.	Total Annual Income	Annual Rent × (1 – Vacancy & Loss Rate) + Deposit Interest	61.23	186.35	332.56	387.91	445.15	19,855.38
II.	Annual Operating Expenses	1+2+3+4+5						
1.	Management Fee	Annual Rent Income × 0.7%	0.43	1.30	2.33	2.71	3.11	138.89
2.	Maintenance Fee	Replacement Cost × 0.6%	7.14	10.70	10.75	10.80	10.85	374.77
3.	Insurance Fee	Replacement Cost × 0.2%	2.38	3.57	3.59	3.61	3.63	125.65
4.	Property Tax	Annual Rent Income × 12.0%	7.34	22.34	39.88	46.51	53.38	2,380.80
5.	Business Tax Surcharge	Annual Rent Income × 1.08%	0.00	0.00	0.00	1.49	4.69	210.04
6.	Income Tax	Pre-tax Income × 0.0%	0.00	0.00	0.00	0.00	0.00	0.00
7.	Subsequent Development Cost		494.45	329.63	0.00	0.00	0.00	0.00

Income Year		Calculation Formula	May-Dec 2026	2027	2028	2029	2030	Subsequent Years Total
III.	Annual Net Income	Total Annual Income – Annual Operating Expenses	-450.51	-181.19	276.01	322.79	369.49	16,625.21
IV.	Discount Rate	5.32%	5.32%	5.32%	5.32%	5.32%	5.32%	5.32%
V.	Discounted Value		-443.00	-171.00	247.00	274.00	298.00	5,871.00
Investment Method Valuation (rounded to RMB10000)		Sum of discounted values			**6,076.00**			
Residual Value (RMB10000)					129.00			
Valuation incl. Residual Value (rounded to RMB10000)					**6,205.00**			

Residual Value Calculation:

Residual Value Calculation upon Expiry	Category
Building Cessation Year	2086/08/24
Land Cessation Year	2062/09/18
Remaining Useful Life of Building when Land Expires	23.90
Useful Life of Building	60.00
Building Condition Assessment when Land Expires	40.0%
Replacement Cost of Building (RMB/sqm)	8,600.00
Annual Construction Cost Growth Rate	0.5%
Replacement Cost of Building when Land Expires (RMB/sqm)	10,310.00
Income-generating Area (sqm)	2,064.12
Residual Value of Building when Land Expires (RMB10000)	851.24
Income Period	36.40
Building Discount Rate	5.3%
Present Value of Building Residual Value (RMB10000)	129.00

3) Income Estimation Summary for Self-Held Properties

No.	Project Name	Property Type	Building Area (sqm)	Self-Held Quantity (sqm)	Valuation Method	Valuation (RMB)
1	M2 Self-Held Office & Parking	Office & Parking	20,277.82	20,277.82	Investment Method	385,070,000.00
2	M2 Self-Held Commercial	Commercial	2,064.12	2,064.12	Investment Method	62,050,000.00
	Total					**447,120,000.00**

Therefore, the estimated value of the self-held portion is RMB447,120,000.00.

After applying the above calculation methods, the results are:

- Residual Method (Saleable Portion) result: RMB275,270,000.00
- Investment Method (Self-Held Portion) result: RMB447,120,000.00
- Total Value: RMB722,390,000.00

The valuation of Development Costs is RMB722,390,000.00.

Conclusion:

The market value of the property held by Shanghai Xingkongshui'an Enterprise Development Co., Ltd. as of the base date is RMB722,390,000.00 (excluding tax). In words: RMB Seven Hundred Twenty-Two Million Three Hundred Ninety Thousand Only.

RESPONSIBILITY LETTER

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DISCLOSURE OF INTEREST

(a) Directors' and chief executives' interests and short positions in the securities of the Company or its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), were as follows:

Interest in our Company

Name of Director	Capacity/Nature of interest	Number of ordinary Shares	Approximate percentage of holding(3)	Long position/ Short position
Mr. Tian Ming	Interest in controlled corporations; interest held jointly with other persons(1)(2)	273,471,477	68.62%	Long position
Mr. Jin Lei	Interest in controlled corporations; interest held jointly with other persons(1)(2)	273,471,477	68.62%	Long position
Mr. Xu Xiangdong	Interest in controlled corporations; interest held jointly with other persons(1)(2)	273,471,477	68.62%	Long position

Notes:

(1) As at the Latest Practicable Date, the ultimate controlling shareholders of our Company were Mr. Tian Ming, Mr. Jin Lei and Mr. Xu Xiangdong (together the "**Ultimate Controlling Shareholders**").

(2) As at the Latest Practicable Date, Unionstars is owned as to 7.53%, 17.64%, 34.18% and 40.65% by East Brothers, Goldenbroad, Beamingstars and Harvest Sky, respectively. East Brothers is owned as to 81.76%, 6.22% and 12.02% by Mr. Tian Ming, Mr. Jin Lei and Mr. Xu Xiangdong, respectively. Goldenbroad is wholly-owned by Mr. Jin Lei. Beamingstars is owned as to 51.99% and 48.01% by SH Zhihua and Harvest Sky, respectively. Harvest Sky is wholly-owned by Mr. Tian Ming. Pursuant to a joint control agreement dated August 3, 2021 and its supplemental agreement dated December 22, 2025 entered into by and among our Ultimate Controlling Shareholders and each of Unionstars, East Brothers, Goldenbroad, Beamingstars, Harvest Sky, Mr. Tian Ming, Mr. Jin Lei, Mr. Xu Xiangdong (together, the "**Controlling Group Entities**"), SH Zhihua, CMC (Shanghai) and CMC (Tianjin), each of the Controlling Group Entities agreed to vote unanimously at board meetings and general meetings (as applicable) at all levels along the control chain to jointly exercise control over our Company. Therefore, each of the Controlling Group Entities is deemed to be interested in the 213,961,796 Shares held by Unionstars and the 59,509,681 Shares held by Harvest Sky under the SFO. For further details, see "History, Reorganization and Corporate Structure – Reorganization – Offshore Restructuring – Step 5. Signing of the Joint Control Agreement" of the prospectus of the Company dated December 15, 2022 (the "**Prospectus**") and announcement of our Company dated December 22, 2025.

(3) The calculation is based on the total number of 398,538,168 Shares in issue as at the Latest Practicable Date.

Interest in our associated corporations

Name of Director	Capacity/Nature of interest	Associated Corporations	Approximate Percentage of Shareholding[1]	Long position/Short position
Mr. Tian Ming	Interest in a controlled corporation	Shaanxi Star Shuolan Real Estate Co., Ltd	100.0%[2]	Long position
	Interest in a controlled corporation	Shaanxi Star Yuanlv Real Estate Co., Ltd.	100.0%[3]	Long position
	Beneficial interest	Canxing Culture	1.77%	Long position
	Interest in a controlled corporation		23.09%[4]	Long position
	Interest in a controlled corporation; interest held jointly with other persons		73.71%[5]	Long position
Mr. Jin Lei	Interest in a controlled corporation; interest held jointly with other persons	Canxing Culture	73.71%[5]	Long position
Mr. Xu Xiangdong	Interest in a controlled corporation; interest held jointly with other persons	Canxing Culture	73.71%[5]	Long position

Notes:

(1) To the best knowledge of the Company, as of the Latest Practicable Date and based on publicly available information.

(2) As at the Latest Practicable Date, Shaanxi Star Shuolan Real Estate Co., Ltd. was owned as to 60% by SH Zhouxing Investment Co., Ltd., a company wholly-owned by Mr. Tian Ming and 40% by Qinhan New City Star Chinese Culture Media Co., Ltd., a wholly-owned subsidiary of our Company in which Mr. Tian Ming controlled more than one-third of voting power, respectively. Therefore Mr. Tian Ming is deemed to be interested in the Shares in Shaanxi Star Shuolan Real Estate Co., Ltd. held by SH Zhouxing Investment Co., Ltd. and the Shares in Qinhan New City Star Chinese Culture Media Co., Ltd. held by our Company under the SFO.

(3) As at the Latest Practicable Date, Shaanxi Star Yuanlv Real Estate Co., Ltd. was owned as to 60% by SH Zhouxing Investment Co., Ltd., a company wholly-owned by Mr. Tian Ming and 40% by Qinhan New City Star Chinese Culture Media Co., Ltd., a wholly-owned subsidiary of our Company in which Mr. Tian Ming controlled more than one-third of voting power, respectively. Therefore Mr. Tian Ming is deemed to be interested in the shares in Shaanxi Star Yuanlv Real Estate Co., Ltd. held by SH Zhouxing Investment Co., Ltd. and the shares in Qinhan New City Star Chinese Culture Media Co., Ltd. held by our Company under the SFO.

(4) As at the Latest Practicable Date, SH Zhouxing Investment Co., Ltd. was wholly-owned by Mr. Tian Ming. Therefore Mr. Tian Ming is deemed to be interested in the shares in Canxing Culture held by SH Zhouxing Investment Co., Ltd. under the SFO.

(5) Each of Mr. Tian Ming, Mr. Jin Lei, and Mr. Xu Xiangdong is a party to the Canxing JCA. See "History, Reorganization and Corporate Structure – Reorganization" of the Prospectus. In light of the Canxing JCA, each of Mr. Tian Ming, Mr. Jin Lei and Mr. Xu Xiangdong is deemed to be interested in the shares in Canxing Culture held by SH Xingtou under the SFO. For further details, see "History, Reorganization and Corporate Structure – Our History and Corporate Development – Entering into the Canxing JCA and Joint-stock Reform" of the Prospectus.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interest or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors is a director or employee of a company which had, or was deemed to have, an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Substantial Shareholders' interests and short positions in Shares and underlying Shares

As at the Latest Practicable Date, so far as it was known to the Directors or the chief executives of the Company, the following persons, other than the Directors or the chief executives of the Company, had interests or short positions in the Shares and underlying Shares which would (i) fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (ii) were recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of ordinary Shares	Approximate percentage of holding[5]	Long position/Short position
Unionstars[1][2]	Beneficial interest	213,961,796	53.69%	Long position
	Interest held jointly with other persons	59,509,681	14.93%	Long position
Harvest Sky[1][2][6]	Beneficial interest	59,509,681	14.93%	Long position
	Interest in a controlled corporation; interest held jointly with other persons	213,961,796	53.69%	Long position
East Brothers[1][2]	Interest in a controlled corporation; interest held jointly with other persons	273,471,477	68.62%	Long position
Goldenbroad[1][2]	Interest in a controlled corporation; interest held jointly with other persons	273,471,477	68.62%	Long position
Beamingstars	Interest in a controlled corporation	213,961,796	53.69%	Long position
SH Zhihua	Interest in a controlled corporation	213,961,796	53.69%	Long position
CMC (Shanghai)	Interest in a controlled corporation	213,961,796	53.69%	Long position
CMC (Tianjin)	Interest in a controlled corporation	213,961,796	53.69%	Long position

Name of Shareholder	Capacity/Nature of interest	Number of ordinary Shares	Approximate percentage of holding(5)	Long position/Short position
Tibet Yuanhe Enterprise Management Co., Ltd.(3)(4)	Beneficial interest	21,851,163	5.49%	Long position
Zhefu Group(3)(4)	Interest in a controlled corporation	21,851,163	5.49%	Long position

Notes:

(1) As at the Latest Practicable Date, the Ultimate Controlling Shareholders of our Company are Mr. Tian Ming, Mr. Jin Lei and Mr. Xu Xiangdong.

(2) As at the Latest Practicable Date, Shaanxi Star Shuolan Real Estate Co., Ltd. was owned as to 60% by SH Zhouxing Investment Co., Ltd., a company wholly-owned by Mr. Tian Ming and 40% by Qinhan New City Star Chinese Culture Media Co., Ltd., a wholly-owned subsidiary of our Company in which Mr. Tian Ming controlled more than one-third of voting power, respectively. Therefore Mr. Tian Ming is deemed to be interested in the Shares in Shaanxi Star Shuolan Real Estate Co., Ltd. held by SH Zhouxing Investment Co., Ltd. and the Shares in Qinhan New City Star Chinese Culture Media Co., Ltd. held by our Company under the SFO.

(3) Tibet Yuanhe Enterprise Management Co., Ltd. (西藏源合企業管理有限公司) ("**Tibet Yuanhe**"), a company established in the PRC on August 31, 2015 and one of our Pre-IPO investors. For further details, see "History, Reorganization and Corporate Structure – Reorganization – Pre-IPO Investments – Information about the Pre-IPO Investors" of the Prospectus.

(4) As at the Latest Practicable Date, Tibet Yuanhe was wholly-owned by Zhefu Holding Group Co., Ltd. (浙富控股集團股份有限公司) ("**Zhefu Group**"). Therefore Zhefu Group is deemed to be interested in the Shares held by Tibet Yuanhe under the SFO.

(5) The calculation is based on the total number of 398,538,168 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive officers of the Company were not aware of any other person (other than the Directors or the chief executives of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Part XV of the SFO or was recorded in the register required to be kept by the Company under section 336 of the SFO.

COMPETING INTERESTS

To the best knowledge of the Directors, as at the Latest Practicable Date, none of the Directors or any of their respective close associates (having the meaning ascribed to it under the Listing Rules) were interested in any business apart from the business of the Group, which competes or is likely to compete either directly or indirectly with the business of the Group.

DIRECTOR'S INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of or leased to, any member of the Group. As at the date of this circular, none of the Directors was materially interested in any contract or arrangement subsisting as at the date of this circular which is significant in relation to the business of the Group.

LITIGATION

As at the Latest Practicable Date, no member of the Group was involved in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which was not expiring or determinable by the employer within one year without payment of compensation other than statutory compensation.

MATERIAL CONTRACT

The following contract (not being contracts entered into in the ordinary course of business) was entered into by members of the Group within two years immediately preceding the issue of this circular which are or may be material:

(a) the Restructuring Agreement.

EXPERTS AND CONSENTS

The following experts have been named in this circular or have given opinion or advice which are contained in this circular:

Name	Qualification
Crowe (HK) CPA Limited	Certified Public Accountants
Shanghai Orient Appraisal Co., Ltd.	Independent valuer and property valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or report (as the case may be) and references to its names, in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the above experts did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares, convertible securities, warrants, options or derivatives, which carry voting rights in any member of the Group.

As at the Latest Practicable Date, each of the above experts did not have any interest, either directly or indirectly, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up (i.e. 31 December 2025), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

GENERAL

(a) The registered office of the Company is situated at P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands;

(b) The principal place of business in Hong Kong of the Company is situated at 4/F, Jardine House, 1 Connaught Place, Central, Hong Kong;

(c) The branch share registrar and the transfer office of the Company in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong; and

(d) The company secretary of the Company is Ms. Wu Di, who is an associate member of The Hong Kong Chartered Governance Institute.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published (i) on the website of the Company (www.starcmgroup.com); and (ii) on the website of the Stock Exchange (www.hkexnews.hk/) for the period of not less than 14 days from the date of this circular up to and including the date of the Extraordinary General Meeting:

(a). the Restructuring Agreement;

(b). the Audited Financial information of SH Xingkongshui'an, the text of which is set out in Appendix III to this circular;

(c). the Report on Unaudited Pro Forma Financial Information of the Group, the text of which is set out in Appendix V to this circular;

(d). the Equity Valuation Report of Shanghai Binqiao, the text of which is set out in Appendix VI to this circular;

(e). the Equity Valuation Report of SH Xingkongshui'an, the text of which is set out in Appendix VII to this circular;

(f). the Property Valuation Report, the text of which is set out in Appendix VIII to this circular;

(g). the letters of consent referred to in the paragraph under the heading "Experts and Consents" in this appendix to this circular; and

(h). this circular.

STAR CM Holdings Limited
星空華文控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6698)

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the "**Extraordinary General Meeting**") of STAR CM Holdings Limited (the "**Company**") will be held at 23M/F, Canxing Building, No. 158 Longqi Road, Shanghai, China on Wednesday, July 29, 2026 at 10:00 a.m. for the following purposes:

ORDINARY RESOLUTION

1. **"THAT**:

   (a) the Restructuring Agreement dated June 2. 2026 and entered into by Mengxiang Qiangyin, Binjiang Group, Lianke Shenhuo, Shanghai Binqiao, SH Shengshi Chuangtuo, SH Binxing, SH Xingkongshui'an and SH Yangshupu, in relation, among other things, the disposal of of the Group's equity interest in Shanghai Binqiao and the shareholder's loan to Shanghai Binqiao from Mengxiang Qiangyin in the total sum of approximately RMB266,592,000 and the acquisition of the entire equity interest in SH Xingkongshui'an and Shanghai Binqiao's loan receivable from SH Xingkongshui'an in the total sum of approximately RMB266,126,000 and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and;

(b) the Directors be and are hereby authorised for and on behalf of the Company and in its name to execute all such documents, instruments and agreements and do all such acts, matters and things as they may in their absolute discretion consider necessary, desirable or expedient for the purposes of or in connection with implementing, completing and giving effect to the Restructuring Agreement and the transactions contemplated thereunder and to agree to such variations of the terms of the Restructuring Agreement as they may in their absolute discretion consider necessary or desirable and all such acts and things the Directors have done, all such documents the Directors have executed, and all such steps the Directors have taken are hereby approved, confirmed and ratified."

By Order of the Board
STAR CM Holdings Limited
Mr. Tian Ming
Chairman, Executive Director and Chief Executive Officer

Hong Kong, July 14, 2026

Registered Office:
PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Head office in PRC:
23M/F, Canxing Building
No. 158 Longqi Road
Shanghai
PRC

Principal Place of Business in Hong Kong:
4/F, Jardine House, 1 Connaught Place
Central, Hong Kong

Notes:

1. A shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. The proxy does not need to be a shareholder of the Company.

2. Where there are joint registered holders of any shares, any one of such persons may vote at the above meeting (or at any adjournment of it), either personally or by proxy, in respect of such shares as if he/she were solely entitled thereto but the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

3. In order to be valid, the completed form of proxy, must be deposited at the Hong Kong share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practice in Hong Kong), at least 48 hours before the time appointed for holding the above meeting (i.e. not later than 10:00 a.m. on Monday, July 27, 2026) or any adjournment thereof (as the case may be). The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.

4. The register of members of the Company will not be closed to ascertain shareholders' eligibility to attend and vote at the EGM. However, in order to qualify for attending and voting at the Extraordinary General Meeting or the adjournment thereof, all transfers accompanied by the relevant share certificates must be lodged for registration with the Hong Kong share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, July 28, 2026 (record date).

5. Pursuant to Rule 13.39(4) of the Listing Rules, voting for all the resolutions set out in this notice will be taken by poll at the above meeting.

As at the date of this notice the Board comprises (i) Mr. Tian Ming, Mr. Jin Lei, Mr. Xu Xiangdong, Mr. Lu Wei, Ms. Wang Yan and Ms. Shen Ning as executive Directors, and (ii) Mr. Li Liangrong, Mr. Chen Rehao and Mr. Sheng Wenhao as independent non-executive Directors.