

Valuation Report

China Merchants Land Limited

A parcel of land located in the southwest corner of
the intersection of Hangfei Road and Shenzhou Avenue,
Aerospace Base, Xi'an, Shaanxi Province,
the People's Republic of China

Valuation as at 30 June 2023

27/F, One Island East, Taikoo Place,
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8 September 2023

The Board of Directors
China Merchants Land Limited
Room 2603 to 2606, 26/F
China Merchants Tower, Shun Tak Centre
Nos. 168-200 Connaught Road Central
Hong Kong

Dear Sirs,

Re: A parcel of land located in the southwest corner of the intersection of Hangfei Road and Shenzhou Avenue, Aerospace Base, Xi'an, Shaanxi Province, the People's Republic of China (the "Property")

INSTRUCTIONS, PURPOSE & VALUATION DATE

In accordance with your instructions for Cushman & Wakefield Limited ("C&W") to value the captioned property (the "Property") in the People's Republic of China (the "PRC") in which China Merchants Land Limited (the "Company") together with its subsidiaries (collectively the "Group") have interests, we confirm that we have inspected the Property, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of Property as at 30 June 2023 (the "Valuation Date").

VALUATION BASIS

Our valuation of the Property represents its market value which in accordance with The HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors is defined as 'the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion'.

Our valuation of the Property is on an entirety interest basis.

VALUATION ASSUMPTIONS

Our valuation of the Property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

We confirm that we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of The Hong Kong Limited and The HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors.

In the course of our valuation of the Property, we have relied on the information and advice given by the Company and the Company's PRC legal adviser (the "Legal Adviser"), Beijing Jun He Law Firm (北京市君合律師事務所), regarding the titles to the Property and the interests of the Company in the Property. Unless otherwise stated in the legal opinion provided for the Property, in valuing the Property, we have assumed that the Company has an enforceable title to the Property and has free and uninterrupted rights to use, occupy or assign the Property for the whole of the respective unexpired land use term as granted.

The status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Company are set out in the notes of the valuation report.

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

VALUATION METHODS

The Property is a vacant site recently acquired by the Group and currently in pre-planning stage.

The Property which is held by the Group for future development in the PRC, is valued on the basis that it will be developed and completed in accordance with the latest proposed development schedule provided to us. In arriving at our opinion of value of the land, we have used Market Comparison Method which is universally considered the most accepted valuation method for valuing most forms of real estate. This involves analysis of relevant market sales evidence as available in the relevant market of similar properties to compare with the Property. Each comparable is analysed on the basis of its unit rate; each attribute of the comparable is then compared with the subject and where there is a difference, the unit rate is adjusted in order to arrive at the appropriate unit rate for the subject. This is done by making adjustments to the unit rate for various factors, such as location, size, accessibility, and so on.

SOURCE OF INFORMATION

We have accepted advice given by the Company on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, proposed development scheme, particulars of occupancy, site and floor areas, interest attributable to the Company and all other relevant matters.

Dimensions, measurements and areas included in the valuation report are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided.

We would point out that the copies of documents of the Property provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise you to make reference to the original Chinese editions of the documents and consult the Legal Adviser regarding the legality and interpretation of these documents.

TITLE INVESTIGATION

We have been provided with extracts of documents relating to the titles of the Property, but no title searches have been made. Moreover, we have not inspected the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the title of the Property and we have therefore relied on the advice given by the Company or the Legal Adviser regarding the interests of the Company in the Property.

SITE INSPECTION

Our valuer, Jiayi Yan (with master degree in Banking and Finance and 2 years' experience of property valuation) of our Xi'an Office, inspected the exterior and, where possible, the interior of the Property on 10 July 2023. However, we have not carried out any investigations on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary costs or delays will be incurred during the construction period. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report that the Property is free of rot, infestation or other structural defects. No test was carried out on any of the services. Unless otherwise stated, we have not carried out on-site measurements to verify the site and floor areas of the Property and we have assumed that the areas shown on the documents handed to us are correct.

CURRENCY

Unless otherwise stated, all monetary sums stated in our valuation are in Renminbi ("RMB"), the official currency in the PRC.

INDEPENDENCE

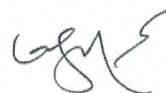
We hereby confirm that C&W and the undersigned have no pecuniary or other interests that could conflict with the proper valuation of the Property or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion.

INTENDED USE OF REPORT

This valuation report is issued for the use of the Company for regulatory disclosure purpose.

We enclose herewith our valuation report for your attention.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited



Grace S.M. Lam
MRICS, MHKIS, RPS (GP)
Senior Director
Valuation & Advisory Services, Greater China

Note: Ms. Grace S.M. Lam is a Member of the Royal Institution of Chartered Surveyors, a Member of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice). Ms. Lam has over 30 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries. Ms. Lam has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuation competently.

VALUATION REPORT

Property held for future development by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2023																		
A parcel of land located in the southwest corner of the intersection of Hangfei Road and Shenzhou Avenue, Aerospace Base, Xi'an, Shaanxi Province, the PRC	The Property comprises a parcel of land of 59,386.50 sq.m., including 58,240.99 sq.m. for residential uses and 1,145.51 sq.m. for commercial uses. The Property is proposed to be developed for a composite residential and commercial development.	As at the Valuation Date, the Property was a vacant site.	RMB1,230,500,000																		
中國 陝西省西安市 航天基地航飛路與神州大道 十字西南角	As advised by the Company, the proposed development has a total planned gross floor area of 173,322.00 sq.m., details are as follows:		(RENMINBI ONE BILLION TWO HUNDRED THIRTY MILLION AND FIVE HUNDRED THOUSAND)																		
			(99% interest attributable to the Group: RMB1,218,195,000)																		
	<table><tr><th>Use</th><th>Proposed gross floor area (sq.m.)</th></tr><tr><td>Above ground</td><td></td></tr><tr><td>Residential</td><td>111,506</td></tr><tr><td>Commercial</td><td>2,291</td></tr><tr><td>Ancillary & Kindergarten</td><td>4,975</td></tr><tr><td>Sub-total</td><td>118,772</td></tr><tr><td>Below ground</td><td></td></tr><tr><td>Underground portion</td><td>54,550</td></tr><tr><td>Total:</td><td>173,322</td></tr></table>	Use	Proposed gross floor area (sq.m.)	Above ground		Residential	111,506	Commercial	2,291	Ancillary & Kindergarten	4,975	Sub-total	118,772	Below ground		Underground portion	54,550	Total:	173,322		
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Sub-total	118,772																				
Below ground																					
Underground portion	54,550																				
Total:	173,322																				
	The land use rights of the Property have been granted for a term of 40 years due to expire on 4 August 2063 for commercial use and for a term of 70 years due to expire on 4 August 2093 for residential use.																				

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2023
	<p>The Property is located at the south of Hangfei Road, east of Wangyue Road, north of Shaoling Road and west of Aerospace Conference Centre of the Aerospace Base Community.</p> <p>The Property is about 20-minute walking distance from the nearest Metro Station, Shenzhou Avenue Station.</p> <p>In terms of first-hand residential market in Xi'an, in 2022, there was a new supply of about 12.8 million sq.m., which is the lowest in the past decade. Despite transaction volume dropped to 10.4 million sq.m., the average transaction price increased to about RMB15,700/sq.m..</p>		

Notes:-

- (1) According to Grant Contract for State-owned Construction Land Use Rights No. HT02946 dated 30 November 2022, the land use rights of the Property have been contracted to be granted to Chengdu Huajian Yijin Real Estate Co., Ltd. (成都華建益錦置業有限公司) for residential and commercial uses. Details are as follows:

- | | | |
|-----|-------------------|--|
| (a) | Location: | Southwest corner of the intersection of Hangfei Road and Shenzhou Avenue, Aerospace Base, Xi'an City, Shaanxi Province, the PRC |
| (b) | Site area: | 59,386.50 sq.m. |
| (c) | Use: | Residential and commercial |
| (d) | Gross floor area: | <p>Above ground portion: not more than 118,772 sq.m.</p> <p><i>(not more than 111,646 sq.m. for residential, not less than 4,835 sq.m. for ancillaries (including public preserved kindergarten with a gross floor area of 2,200 sq.m.), not more than 2,291 sq.m. for commercial)</i></p> <p>Underground portion: not less than 49,330 sq.m.</p> <p>(Subject to final approval)</p> |

- | | | |
|-----|--------------------|---|
| (e) | Plot ratio: | Not less than 1.0 and not more than 2.0 |
| (f) | Building height: | Not more than 80 m.
(comply with the height limit requirements of general aviation airports) |
| (g) | Building density: | Not more than 25% |
| (h) | Greenery ratio: | Not less than 35% |
| (i) | Land use term: | 70 years for residential and 40 years for commercial |
| (j) | Land Premium: | RMB1,230,500,000 |
| | | (1) the first instalment of RMB615,250,000 payable by 6 June 2023; and |
| | | (2) the second instalment of RMB615,250,000 payable by 6 June 2024. |
| (k) | Building Covenant: | Construction to commence before 31 May 2024 and to complete before 30 May 2027 |
- (2) According to Realty Title Certificate No. (2023) 0305440 dated 16 June 2023, the land use rights of the Property with a site area of 59,386.50 sq.m. have been vested in Xi'an Shanglin Huayuan Real Estate Co., Ltd. (西安尚林華苑房地產有限公司) for a term of 40 years due to expire on 4 August 2063 for commercial use and for a term of 70 years due to expire on 4 August 2093 for residential use. Details are as follows:

Use	Site area (sq.m.)	Land use term	Expiry date
Residential	58,240.99	70 years	4 August 2093
Commercial	1,145.51	40 years	4 August 2063
Total	59,386.50		

- (3) According to Construction Land Use Planning Permit No. 610116202320189HT dated 12 June 2023, the construction works of the development with a site area of 89.08 mu and a total permissible gross floor area of 118,772 sq.m. are in compliance with urban planning requirements. Details are as follows:

Use	Permissible gross floor area (sq.m.)
Residential	≤111,646
Ancillaries	≥4,835
Commercial	≤2,291
Total (above ground)	≤118,772

- (4) According to Construction Works Planning Permit No. 610116202330273HT dated 16 June 2023, the construction works of the foundation of the Property were in compliance with the requirement of urban planning and were permitted to be developed.
- (5) According to Construction Works Commencement Permit No. 610147202306160101, the construction works of the foundation of the Property with a planned gross floor area of approximately 11,000 sq.m. were in compliance with the requirement for works commencement and were permitted to be developed.
- (6) According to Business Licence No. 91610138MACJHQQH4A, Xi'an Shanglin Huayuan Real Estate Co., Ltd. (西安尚林華苑房地產有限公司) was established as a limited liability company on 1 June 2023 with a registered capital of RMB10,000,000.
- (7) As advised by the Company, the total construction cost as at the Valuation Date was approximately RMB566,000,000.
- (8) We have been provided with a legal opinion issued by the Company's Legal Adviser, which contains, inter alia, the following information:-
- (a) The content of the Grant Contract for State-owned Land Use Rights between the Group and the grantor does not violate the mandatory provisions of laws and administrative regulations, and is legally binding on both parties;
 - (b) the Group has fully paid the first instalment of the contracted land price;
 - (c) the Group shall settle the second instalment of the contracted land price before 6 June 2024 and apply for an updated Realty Title Certificate; and
 - (d) the Property has no mortgage or seized restriction.
- (9) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company are as follows:-
- | | |
|--|-----|
| Grant Contract for State-owned Land Use Rights | Yes |
| Realty Title Certificate | Yes |
| Construction Land Use Planning Permit | Yes |
| Construction Works Planning Permit | Yes |
| Construction Works Commencement Permit | Yes |
| Business Licence | Yes |
- (10) In valuing the market value of the Property, Market Comparison Method is adopted. We have made reference to relevant land sales comparables which are selected based on criteria of
- (a) time – comparables transacted in the past 12 months;
 - (b) location – comparables of similar accessibility as Property located in Xi'an;
 - (c) size – comparables within 5,000 to 30,000 sq.m.;
 - (d) plot ratio – comparables of plot ratio within 2 to 3;
 - (e) land use – comparables of residential use; and
 - (f) remaining land use term – comparables of remaining land use term of 70 years.

We have selected three relevant land comparables. The site value of the selected comparables range from about RMB23,290/sq.m. to RMB27,290/sq.m.. Our concluded site value of the Property is about RMB20,721/sq.m.. Details of the land comparables considered are listed below:

No.	Land Comparable	Location	Transaction Time	Site Area (sq.m.)	Plot Ratio	Land Use	Remaining Land Use Term	Transacted Site Value (RMB/sq.m.)
1	GX3-34-2-1	High-Tech Zone	Nov-22	18,350	2.5	Residential	70 years	27,790
2	GX2-7-15-3	High-Tech Zone	Dec-22	8,960	2.6	Residential	70 years	23,290
3	HT01-26-3-2	Aerospace Base Community	Oct-22	26,385	2.8	Residential	70 years	23,500

The major adjustments made to arrive at our valuation, include but not limited to, are summarised below:

Adjustment	Range
Time	+2% to +3%
Location & accessibility	-6% to -7%
Size & plot ratio	-8% to -10%
Land use & remaining land use term	-5%

The general basis of adjustment is that if the Property is better than the comparable, an upward adjustment is made. Alternatively, if the Property is inferior to or less desirable than the comparable, a downward adjustment is made.

The selected land comparables represent an exhaustive list based on the above-mentioned selection criteria. Adjustment details are illustrated below:

In terms of time factor, we adjust the land comparables with reference to the land price index in Xi'an. Upward adjustment is applied to all the comparables as they were transacted in October to December 2022 whilst the Property was in June 2023.

All comparables are within proximity to the city centre and public bus stop whilst the Property's location is slightly inferior, hence, downward adjustments are made. Moreover, the neighborhood of Comparables 1 and 2 are considered superior to the Property, hence, downward adjustments are applied to these two comparables.

In terms of size and plot ratio, the Property has a site area of approximately 59,387 sq.m. with a plot ratio of 2.0 whilst the comparables have higher plot ratios yet smaller site area. Considering the development potential, downward adjustments are applied to all comparables.

As the Property is a composite residential/commercial land with land use terms of 70 and 40 years respectively, all the selected comparables are for residential use only with remaining land use terms of 70 years, the same downward adjustments are applied to all comparables.