

14 April 2021

*The Board of Directors***China Ecotourism Group Limited**

(formerly known as China LotSynergy Holdings Limited)

Unit 3308, 33rd Floor

Office Tower, Convention Plaza

No. 1 Harbour Road

Wanchai

Hong Kong

Dear Sirs,

**Re: Valuation of Unit No. 207, No. 57 Jinxing First Street, Huangpu Avenue Middle Road, Tianhe District, Guangzhou City, Guangdong Province, the People's Republic of China**

In accordance with the instructions from **China Ecotourism Group Limited**, which is formerly known as China LotSynergy Holdings Limited (hereinafter referred to as the "Company") for us to value the captioned property (hereinafter referred to as the "Subject Property") located in the People's Republic of China (the "PRC"), we confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Subject Property as at 28 February 2021 (hereinafter referred to as the "Date of Valuation").

This letter, forming part of our valuation report, identifies the Subject Property being valued, explains the basis and methodology of our valuation and lists out the assumptions and the title investigation we have made in the course of our valuation as well as the limiting conditions.

## **BASIS OF VALUATION**

Our valuation of the property interest in the Subject Property is our opinion of the market value which we would define as intended to mean ‘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.

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of the Subject Property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

Our valuation has been carried out in accordance with “HKIS Valuation Standards 2020” issued by The Hong Kong Institute of Surveyors and the “International Valuation Standards (IVS)” published by the International Valuation Standards Council which came into effect in 2020.

Our valuation has been prepared under the generally accepted valuation procedures and is in compliance with the requirements of Rule 11 of The Code on Takeovers and Mergers and Share Buy-backs (the “Takeovers Code”) issued by The Securities and Futures Commission.

## **VALUATION METHODOLOGY**

In assessing the market value, we have considered the Direct Comparison Method which is based on comparing the Subject Property to be valued directly with other comparable properties, which have transferred its legal ownership close to the date of valuation. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of the capital values. Locational and economical characteristics are important criteria to be analysed when comparing such comparables against the Subject Property to be valued.

## **VALUATION ASSUMPTIONS**

In valuing the property interests, we have assumed that the Company has free and uninterrupted rights to use or to assign the property interests for the whole of the unexpired term granted subject to payment of rent and that all requisite land premium/purchase consideration otherwise payable have been fully settled.

Our valuation has also been made on the assumption that the Subject Property is to be sold in the open market without the benefit of a deferred terms contract, leaseback, joint venture, or any similar arrangement that would serve to affect its value. No account has been taken of any option or right of pre-emption concerning or affecting the sale of the Subject Property and no forced sale situation in any manner is assumed in our valuation.

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

It is assumed that all applicable zoning, land use regulations and other restrictions have been complied with unless a non-conformity has been stated, defined and considered in the valuation report.

#### **TITLE INVESTIGATION**

Due to the nature of the land registration system in the PRC, no investigation has been made for the legal title or any liabilities attached to the Subject Property. However, we have been provided by the Company with copies of documents relating to the titles of the property interests. We have not examined the original documents to verify the ownership and to ascertain the existence of any amendments that may not appear on the copies handed to us. In the course of our valuation, we have relied upon the advice and information given by the Company's PRC legal advisor — Zheng Qian Law Firm (廣東政乾律師事務所) regarding the title of the property located in the PRC. All documents have been used for reference only.

#### **LIMITING CONDITIONS**

We have inspected the exterior, and where possible, the interior of the Subject Property by Mr. Simon Liu (MRICS, MHKIS, RPS(GP)) on 1 April 2021. However, no structural survey has been made nor have any tests been carried out on any of the services provided in the Subject Property. We are, therefore, not able to report that the Subject Property is free from rot, infestation or any other structural defects. Yet, in the course of our inspection, we did not note any serious defects.

Moreover, we have not carried out any site investigations to determine or otherwise the suitability of the ground conditions, the presence or otherwise of contamination and the provision of or otherwise suitability for services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred in the event of any redevelopment.

No detailed on-site measurements have been made during our inspection. Dimensions, measurements and areas included in the valuation report attached are based on information contained in the documents provided to us and are therefore approximations only.

Having reviewed all relevant documentation, we have relied to a considerable extent on the information provided by the Company and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, completion date of buildings, particulars of occupancy, site and floor plans, floor areas and other relevant matters in the identification of the Subject Property in which the registered owner has valid interest. We have not seen original planning consents and have assumed that the Subject Property has been erected and is being occupied and used in accordance with such consents.



We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We were also advised by the Company that no material facts have been omitted from the information supplied. We considered that we have been provided with sufficient information to reach an informed view and have no reason to suspect that any information has been withheld.

For the purpose of compliance with Rule 11.3 of the Takeovers Code and as advised by the Company, the potential tax liabilities which may arise from the sale of the property includes:

- Value-added tax at a rate of 5% of consideration for the property in the PRC;
- Stamp duty at a rate of 0.05% of consideration for the property in the PRC; and
- Land value appreciation tax for the property in the PRC at progressive tax rates ranging from 30% to 60% on the appreciation.

As advised by the Company, the likelihood of any potential tax liability being crystalized is remote as the Company has no intention to dispose of the property.

Except for the purpose of disclosure in the public circular to be issued by the Company in connection with the rights issue, neither the whole nor any part of this valuation report or any reference thereto may be included in any published document, circular or statement, nor published in any way whatsoever without the prior written approval of Prudential Surveyors (Hong Kong) Limited as to the form and context in which it may appear.

## DECLARATION

We hereby certify, to the best of our knowledge and belief, that:

- We are an external valuer, independent from the Company and the property owners, their subsidiaries and their jointly controlled entities (collectively, the “Group”) and their respective directors and controlling shareholder and that we do not have any direct or indirect material interests in the securities or assets of the Group, its connected persons, or any associate of the Group and we have no bias with respect to the parties involved.
- We have previous, current or anticipated involvement with the Company in respect of the Subject Property in the past 24 months from the date of instruction or date of agreement of the engagement, whichever is earlier.

**REMARKS**

We hereby confirm that we have neither present nor prospective interests in the Company, the Subject Property and the value reported herein.

The exchange rate adopted is the average rate as at the Date of Valuation being RMB1=HK\$1.1888. There has been no significant fluctuation in the exchange rate between that date and the date of this report.

We attach herewith our valuation report.

Pursuant to Rule 11.5(c) of the Takeovers Code, we have given and not withdrawn our consent to the issue of this circular of the Company with the inclusion of this report.


Yours faithfully,

For and on behalf of

**PRUDENTIAL SURVEYORS (HONG KONG) LIMITED**



Leo S D Cheung  
BSc MSc MFin EMBA FRICS FHKIS RPS(GP)  
Director



Simon C H Liu  
MBA MRICS MHKIS RPS(GP) CIREA  
General Manager, Professional Valuation

*Mr. Leo S D Cheung is a Registered Professional Surveyor (GP) with over 20 years of post-qualification experience in valuation of properties in the HKSAR, Macau, mainland China and the Asia Pacific Region. Mr. Cheung is a Fellow of The Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors.*

*Mr. Simon C H Liu is a Member of The Royal Institution of Chartered Surveyors in United Kingdom and The Hong Kong Institute of Surveyors in Hong Kong with over 40 years of post-qualification experience in valuation of properties in the HKSAR, mainland China and the Asia Pacific Region.*

*Both Mr. Cheung and Mr. Liu are on the Hong Kong Stock Exchange's list of property valuers for undertaking valuations for incorporation or reference in listing particulars and circulars and valuation in connection with takeovers and mergers.*

*The address of the valuer is 3rd Floor, Tung Hip Commercial Building, Nos. 244-252 Des Voeux Road Central, Hong Kong*

## VALUATION REPORT ON SUBJECT PROPERTY

Subject Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 28 February 2021
Unit No. 207, No. 57 Jinxing First Street, Huangpu Avenue Middle Road, Tianhe District, Guangzhou City, Guangdong Province, the PRC	The Subject Property comprises a residential unit on Level 2 of a 9-storey composite building within a development named “金興花園” completed in about 1999.	The Subject Property is vacant.	RMB3,400,000 (HK\$4,042,000)
中國廣東省廣州市天河區黃埔大道中路金興一街57號207房	The gross floor area (“GFA”) of the Subject Property is approximately 73.6993 sq.m. (or about 793.3 sq.ft.). The land use rights of the Subject Property have been granted for a term of 70 years from 3 August 1999 for residential use.		

## Notes:

1. The Subject Property is situated within a development named “金興花園” in Tianhe District. Land use pattern in the locality is mainly domestic. Developments in the locality are characterized by some newly completed residential developments intermingled with aged developments. Accessibility to the Subject Property is considered to be convenient and the nearest metro station “Tianhe Park Station” is only 5 minutes’ walking distance from the Subject Property.
2. Pursuant to a Real Estate Title Certificate, 粵 (2021) 廣州市不動產權第00003344號 (Yue (2021) Guang Zhou Shi Bu Dong Chan Quan Di No. 00003344), the Subject Property with a GFA of approximately 73.6993 sq.m. is legally vested in 廣州洛圖終端技術有限公司 (Guangzhou Lottnal Terminal Company Limited) (“Guangzhou Lottnal”), a non wholly-owned subsidiary of the Company, for a term of 70 years commencing from 3 August 1999 for residential use.
3. As advised by the PRC legal advisor, the Subject Property is free from any material encumbrances.
4. The Subject Property is held for investment.

5. The opinion of the PRC legal advisor to the Company contains, *inter alia*, the following:
- a. Guangzhou Lottnal is in possession of a proper legal title to the Subject Property;
  - b. Guangzhou Lottnal has settled the transfer payment of the Subject Property;
  - c. The Subject Property is not subject to mortgage or any other material encumbrances;
  - d. Guangzhou Lottnal has the rights to legally occupy, use, transfer, lease and mortgage the property; and
  - e. Guangzhou Lottnal is entitled to transfer the Subject Property at no extra land premium payable to the government.