

(I) BASIC OF PREPARATION OF THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP AFTER THE COMPLETION OF THE CAPITAL CONTRIBUTION

On 25 May 2023, Chengdu Huajian Yijin Real Estate Co., Ltd. (“**Chengdu Huajian**”) won a bidding in respect of the land use rights of a piece of land situated at Xi’an City (the “**Xi’an Land**”) at an aggregation consideration of RMB 1,230,500,000. On 1 June 2023, Xi’an Shanglin Huayuan Real Estate Co., Ltd. (the “**Project Company**”) was established in the PRC by Chengdu Huajian as a limited liability company with initial registered capital of RMB10,000,000. Chengdu Huajian entered into a land use right grant contract with the Xi’an Natural Resources and Planning Bureau on 7 June 2023, and the Project Company subsequently entered into an agreement with Chengdu Huajian and the Xi’an Natural Resources and Planning Bureau on 9 June 2023 to become the sole beneficiary and developer of the Xi’an Land. On 30 June 2023, Xi’an Mao On Property Development Company Limited (“**Xi’an Mao On**”), an indirect wholly owned subsidiary of the Company, entered into a cooperation agreement (the “**Cooperation Agreement**”) with Chengdu Huajian and the Project Company for the development of the Xi’an Land through the Project Company, pursuant to which the initial registered capital of the Project Company shall be increased and upon completion of the capital increase, the registered capital of the Project Company shall be held by Xi’an Mao On as to 99% and by Chengdu Huajian as to 1% (the “**Respective Shareholdings**”).

The unaudited pro forma financial information is prepared to provide information on the Group as a result of the Cooperation Agreement on the basis of notes set out below for illustrating the effect, as if the Cooperation Agreement had taken place on 30 June 2023 for the preparation of the unaudited pro forma statement of assets and liabilities of the Group.

The information is prepared for illustrative proposes only and because of its hypothetical nature, it does not purport to represent what the financial position of the Group would have been upon the completion of the capital contribution in any future periods or on any future dates.

The unaudited pro forma statement of assets and liabilities of the Group after the completion of the capital contribution has been presented on a basis consistent with the accounting policies of the Group. It is prepared based on the unaudited consolidated statement of financial position of the Group as at 30 June 2023 as extracted from the unaudited condensed consolidated financial statements set out in the latest published interim results of the Group and after making pro forma adjustments to the transaction, as if the transaction had completed on 30 June 2023.

(II) UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP AFTER THE COMPLETION OF THE CAPITAL CONTRIBUTION

Unaudited Pro Forma Statement of assets and liabilities of the Group

	The Group as at 30 June 2023 RMB'000 Note 1	The Project Company as at 30 June 2023 RMB'000 Note 2	Pro forma Adjustment RMB'000 Note 3	Unaudited Adjusted Pro forma of the enlarged group RMB'000
<b>Non-current assets</b>				
Property, plant and equipment	220,888	-	-	220,888
Right-of-use assets	69,226	-	-	69,226
Investment properties	3,197,363	-	-	3,197,363
Goodwill	160,210	-	-	160,210
Interests in associates	11,178,524	-	-	11,178,524
Interests in joint ventures	4,317,444	-	-	4,317,444
Financial asset at fair value through profit or loss	128,442	-	-	128,442
Other receivables	9,288,535	-	-	9,288,535
Deferred tax assets	1,134,920	-	-	1,134,920
	<u>29,695,552</u>	<u>-</u>	<u>-</u>	<u>29,695,552</u>
<b>Current assets</b>				
Properties for sale	72,346,979	1,267,415	308	73,614,702
Trade and other receivables	22,077,603	-	(645,948)	21,431,655
Contract costs	247,761	-	-	247,761
Prepaid income tax	3,029,620	-	-	3,029,620
Bank balances and cash	12,172,373	-	-	12,172,373
	<u>109,874,336</u>	<u>1,267,415</u>	<u>(645,640)</u>	<u>110,496,111</u>

	The Group as at 30 June 2023 RMB'000 Note 1	The Project Company as at 30 June 2023 RMB'000 Note 2	Pro forma Adjustment RMB'000 Note 3	Unaudited Adjusted Pro forma of the enlarged group RMB'000
<b>Current liabilities</b>				
Contract liabilities	30,364,835	–	–	30,364,835
Trade and other payables	34,385,418	615,250	–	35,000,668
Lease liabilities	56,860	–	–	56,860
Loans from				
non-controlling interests	34,700	–	6,525	41,225
Loans from an intermediate				
holding company	7,938,091	–	–	7,938,091
Loan from the sole				
shareholder	–	652,473	(652,473)	–
Bank and other borrowings	5,677,640	–	–	5,677,640
Income tax payable	3,290,081	–	–	3,290,081
	<u>81,747,625</u>	<u>1,267,723</u>	<u>(645,948)</u>	<u>82,369,400</u>
<b>Net current assets</b>	<u>28,126,711</u>	<u>(308)</u>	<u>308</u>	<u>28,126,711</u>
<b>Total assets less current liabilities</b>	<u><u>57,822,263</u></u>	<u><u>(308)</u></u>	<u><u>308</u></u>	<u><u>57,822,263</u></u>
<b>Non-current liabilities</b>				
Loans from				
non-controlling interests	1,547,302	–	–	1,547,302
Loans from an intermediate				
holding company	6,683,266	–	–	6,683,266
Bank and other borrowings	13,546,023	–	–	13,546,023
Lease liabilities	349,141	–	–	349,141
Deferred tax liabilities	496,282	–	–	496,282
	<u>22,622,014</u>	<u>–</u>	<u>–</u>	<u>22,622,014</u>
<b>Net assets</b>	<u><u>35,200,249</u></u>	<u><u>(308)</u></u>	<u><u>308</u></u>	<u><u>35,200,249</u></u>

*Notes:*

1. For the preparation of unaudited pro forma statement of assets and liabilities of the Group after the completion of the capital contribution, the amounts are extracted from the latest published unaudited condensed consolidated statement of financial position of the Group as at 30 June 2023.
2. On 30 June 2023, the Group entered into the Cooperation Agreement with Chengdu Huajian and the Project Company pursuant to which the initial registered capital of the Project Company shall be increased and upon completion of the capital increase, the registered capital of the Project Company shall be held by Xi'an Mao On as to 99% and by Chengdu Huajian as to 1% (the "**Respective Shareholding**"). The Group shall have the power to cast the majority of votes at the shareholders' meetings of Project Company, which was able to exercise control over Project Company and accordingly Project Company became a subsidiary of the Group.
3. Pursuant to the Cooperation Agreement, Xi'an Mao On and Chengdu Huajian shall bear the land price and the related tax in connection to the development of the Xi'an Land in proportion to their Respective Shareholding in the Project Company. The adjustment represents the amount of the Project Company's loan due to Chengdu Huajian of RMB652,473,000 as at 30 June 2023, upon completion of the proposed capital contribution, to be repayable by Xi'an Mao On for 99% (i.e. RMB645,948,000), in which this amount shall be net off with the amount of RMB645,948,000 paid by the Group to the immediate holding company of Chengdu Huajian in June 2023 accounted in other receivables. The remaining 1% amount shall be reclassified as loans from non-controlling interests.

Assuming the Project Company has not carried out any significant business transaction except for holding a piece of undeveloped land on 30 June 2023, the acquisition would be accounted for by the Group as acquisition of assets in according to Hong Kong Financial Reporting Standard 3, and the adjustment of RMB308,000 represents the amount of the Group allocating the difference of purchase price with the identifiable assets and liabilities of the Project Company to properties under development for sale of the Project Company.

4. No adjustment has been made to reflect the trading results or any other transaction of the Group entered into subsequent to 30 June 2023.

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

### **To the Directors of China Merchants Land Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Merchants Land Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 30 June 2023 and related notes as set out on pages III-1 to III-4 of the circular issued by the Company dated 8 September 2023 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages III-1 to III-4 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed capital contribution into Xi'an Shanglin Huayuan Real Estate Co., Ltd. for 99% of its equity interest on the Group's financial position as at 30 June 2023 as if the transaction had taken place at 30 June 2023. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's unaudited condensed financial statements for the period ended 30 June 2023, on which no auditor's report or review report has been published.

### **Directors' Responsibilities 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, or Other Assurance or Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and 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 unaudited pro forma financial information included in an investment 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 event or transaction at 30 June 2023 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 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 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.

A handwritten signature in black ink that reads "Deloitte Touche Tohmatsu". The signature is written in a cursive, flowing style.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
8 September 2023