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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Dexin China Holdings Company Limited**, you should at once hand this circular to the purchaser or the transferee or to the bank manager, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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你的生活知己

**DEXIN CHINA HOLDINGS COMPANY LIMITED**

**德信中国控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2019)**

**(1) MAJOR AND CONNECTED TRANSACTION  
IN RELATION TO  
THE DISPOSAL OF TARGET PARKING SPACES;  
(2) MAJOR AND CONNECTED TRANSACTION IN RELATION TO  
THE EQUITY DISPOSAL; AND  
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser  
to the Independent Board Committee and the Independent Shareholders**



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Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" of this circular.

A letter from the Board is set out on pages 7 to 27 of this circular. A letter from the Independent Board Committee is set out on pages 28 to 29 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 30 to 57 of this circular.

A notice convening the EGM to be held at 10th Floor, Dexin Group, No. 588 Huanzhan East Road, Jianggan District, Hangzhou, Zhejiang, PRC on Wednesday, 12 June 2024 at 10:00 a.m. is set out on pages 89 to 90 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. before 10:00 a.m. on Monday, 10 June 2024) or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the EGM and, in such event, the form of proxy shall be deemed to be revoked.

23 May 2024

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## DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	Dexin China Holdings Company Limited (德信中国控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2019)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Dexin Movie City”	Deqing Moganshan Dexin Movie City Development Co., Ltd. (德清莫干山德信影視城開發有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Dexin Services”	Dexin Services Group Limited (德信服務集團有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2215)
“Dexin Services Group”	collectively, Dexin Services and its subsidiaries
“Director(s)”	the director(s) of the Company
“Disposal of Target Parking Spaces”	the disposal of the rights-of-use of the Target Parking Spaces pursuant to the terms and conditions of the Underground Parking Space Use Rights Transfer Agreements
“Disposals”	collectively, the Disposal of Target Parking Spaces and the Equity Disposal

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## DEFINITIONS

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“Effective Date”	the effective date of each of the Underground Parking Space Use Rights Transfer Agreements and the Equity Transfer Agreement, being the date on which the Company obtains the approval by the Independent Shareholders for each of the transactions contemplated under the Disposal of Target Parking Spaces and the Equity Disposal
“EGM”	the extraordinary general meeting of the Company to be convened at 10th Floor, Dexin Group, No. 588 Huanzhan East Road, Jianggan District, Hangzhou, Zhejiang, PRC on Wednesday, 12 June 2024 at 10:00 a.m. to consider and, if thought fit, approve, among other things, the Underground Parking Space Use Rights Transfer Agreements, the Equity Transfer Agreement and the transactions contemplated thereunder including, but not limited to, the Disposal of Target Parking Spaces and the Equity Disposal
“Equity Disposal”	the disposal of the 100% equity interest in the Target Company pursuant to the terms and conditions of the Equity Transfer Agreement
“Equity Disposal Completion”	completion of the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 24 August 2023 and entered into by Shengquan Property, Dexin Movie City and the Target Company
“Group”	the Company and its subsidiaries
“Hangzhou Junde” or “Purchaser A”	Hangzhou Junde Commercial Operations Management Co., Ltd. (杭州駿德商業運營管理有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of Dexin Services
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China

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## DEFINITIONS

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“Hotel” or “Property”	Moganshan Yungu Dexin New Century Mingting Hotel (莫干山雲谷德信開元名庭酒店), located at No. 66 Sanmo Line, Moganshan Town, Deqing County, Huzhou City, Zhejiang Province, the PRC, of which the land use rights has been registered in the Real Estate Ownership Certificate – Zhe (2021) De Qing Xian Bu Dong Chan Quan Di No. 0024577 issued by the Deqing Municipal Bureau of Natural Resources and Planning (德清縣自然資源和規劃局)
“Independent Board Committee”	the independent board committee of the Company comprising Mr. Ding Jiangang and Mr. Chen Hengliu to advise the Independent Shareholders in relation to the Underground Parking Space Use Rights Transfer Agreements, the Equity Transfer Agreement and the transactions contemplated thereunder including, but not limited to, the Disposal of Target Parking Spaces and the Equity Disposal
“Independent Financial Adviser”	Optima Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Underground Parking Space Use Rights Transfer Agreements and the Equity Transfer Agreement and the respective transactions contemplated thereunder
“Independent Shareholder(s)”	the Shareholder(s) other than those who are required by the Listing Rules to abstain from voting at the EGM on the resolution to approve the transactions contemplated under the Underground Parking Space Use Rights Transfer Agreements and the Equity Transfer Agreement
“independent third party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Latest Practicable Date”	21 May 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Hu”	Mr. Hu Yiping, the executive Director and controlling shareholder of the Company
“Parking Space Leasing and Sales Agency Services Framework Agreement”	the Parking Space Leasing and Sales Agency Services Framework Agreement dated 9 June 2022 and entered into by the Company and Dexin Services
“percentage ratio”	has the meaning ascribed thereto under the Listing Rules
“PRC”	the People’s Republic of China, for the purpose of this circular only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the capital of the Company with a nominal value of US\$0.0005 each
“Shareholder(s)”	holder(s) of the Share(s)
“Shengquan Property” or “Purchaser B”	Dexin Shengquan Property Services Co., Ltd. (德信盛全物業服務有限公司) (formerly known as Shengquan Property Services Co., Ltd. (盛全物業服務股份有限公司)), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of Dexin Services
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Deqing Moganshan Ruijing Real Estate Co., Ltd. (德清莫干山瑞璟置業有限公司), a company established under the laws of the PRC with limited liability, which is directly wholly-owned by Dexin Movie City as at the Latest Practicable Date
“Target Parking Spaces”	collectively, the Target Asset A, the Target Asset B, the Target Asset C and the Target Asset D
“Target Parking Spaces Disposal Completion”	completion of the Underground Parking Space Use Rights Transfer Agreements

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## DEFINITIONS

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“Termination Agreement”	an agreement for termination of the Parking Space Leasing and Sales Agency Services Framework Agreement dated 24 August 2023 and entered into by the Company and Dexin Services
“Underground Parking Space Use Rights Transfer Agreement A”	the Heping Dexin Center Project underground parking space use rights transfer agreement dated 24 August 2023 and entered into by Hangzhou Junde and Hangzhou Desheng
“Underground Parking Space Use Rights Transfer Agreement B”	the Yinhu Technology Park Project underground parking space use rights transfer agreement dated 24 August 2023 and entered into by Hangzhou Junde and Hangzhou Deyin
“Underground Parking Space Use Rights Transfer Agreement C”	the Montnorth Project underground parking space use rights transfer agreement dated 24 August 2023 and entered into by Hangzhou Junde and Hangzhou Kaishen
“Underground Parking Space Use Rights Transfer Agreement D”	the Konggang City Project underground parking space use rights transfer agreement dated 24 August 2023 and entered into by Hangzhou Junde and Hangzhou Konggang
“Underground Parking Space Use Rights Transfer Agreements”	collectively, the Underground Parking Space Use Rights Transfer Agreement A, the Underground Parking Space Use Rights Transfer Agreement B, the Underground Parking Space Use Rights Transfer Agreement C and the Underground Parking Space Use Rights Transfer Agreement D, and each an Underground Parking Space Use Rights Transfer Agreement
“Valuer”	Savills Valuation and Professional Services (China) Limited, an independent professional valuer appointed by the Company
“Vendor A” or “Hangzhou Desheng”	Hangzhou Desheng Real Estate Co., Ltd. (杭州德昇置業有限公司), a company established under the laws of the PRC with limited liability and is an indirect non-wholly owned subsidiary of the Company
“Vendor B” or “Hangzhou Deyin”	Hangzhou Deyin Real Estate Co., Ltd. (杭州德銀置業有限公司) (formerly known as Hangzhou Wangxin Yinhu Real Estate Co., Ltd. (杭州網新銀湖置業有限公司)), a company established under the laws of the PRC with limited liability and is an indirect non-wholly owned subsidiary of the Company

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## DEFINITIONS

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“Vendor C” or “Hangzhou Kaishen”	Hangzhou Kaishen Enterprise Management Co., Ltd. (杭州凱樂企業管理有限公司) (formerly known as Hangzhou Kaishen Investment Management Co., Ltd. (杭州凱樂投資管理有限公司)), a company established under the laws of the PRC with limited liability and is an indirect wholly owned subsidiary of the Company
“Vendor D” or “Hangzhou Konggang”	Hangzhou Konggang Real Estate Co., Ltd. (杭州空港置業有限公司), a company established under the laws of the PRC with limited liability and is an indirect non-wholly owned subsidiary of the Company
“Vendors”	collectively, the Vendor A, the Vendor B, the Vendor C and the Vendor D
“%”	per cent



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LETTER FROM THE BOARD

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你的生活知己

**DEXIN CHINA HOLDINGS COMPANY LIMITED**

**德信中国控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2019)**

*Executive Directors:*

Mr. Hu Yiping (*Chairman*)

Mr. Fei Zhongmin

*Non-executive Director:*

Mr. Hu Shihao

*Independent Non-executive Directors:*

Dr. Wong Wing Kuen Albert

Mr. Ding Jiangang

Mr. Chen Hengliu

*Registered Address:*

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Headquarters and principal place  
of business in the PRC:*

Dexin Group

No. 588 Huanzhan East Road

Jiangan District

Hangzhou

Zhejiang, PRC

*Principal place of*

*business in Hong Kong:*

Room 1202, 12th Floor

China Resources Building

26 Harbour Road, Wanchai

Hong Kong

23 May 2024

*To the Shareholders*

Dear Sir or Madam,

- (1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO  
THE DISPOSAL OF TARGET PARKING SPACES;  
(2) MAJOR AND CONNECTED TRANSACTION IN RELATION TO  
THE EQUITY DISPOSAL; AND  
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**I. INTRODUCTION**

Reference is made to the announcements of the Company dated 24 August 2023 and 28 September 2023 in relation to, among other things, the Underground Parking Space Use Rights Transfer Agreements and the Equity Transfer Agreement. The purpose of this circular is to provide you with, among other things, (i) further details of the Disposals, (ii) the

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## LETTER FROM THE BOARD

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financial information of the Group; (iii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Disposals; (iv) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Disposals; (v) the valuation report of the Target Parking Spaces and the Property; (vi) the notice of the EGM; and (vii) other information as required to be disclosed under the Listing Rules.

### II. MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF TARGET PARKING SPACES

On 24 August 2023 (after trading hours), the Vendors, being subsidiaries of the Company, entered into the Underground Parking Space Use Rights Transfer Agreements with Hangzhou Junde, pursuant to which, Hangzhou Junde has conditionally agreed to purchase and each of Hangzhou Desheng, Hangzhou Deyin, Hangzhou Kaishen and Hangzhou Konggang has conditionally agreed to sell the rights-of-use of the Target Parking Spaces at an aggregate consideration of RMB211,435,000.

The principal terms of each of the Underground Parking Space Use Rights Transfer Agreements are set out below:

#### **Underground Parking Space Use Rights Transfer Agreement A**

Date	:	24 August 2023 (after trading hours)
Parties	:	(1) Hangzhou Junde, as the Purchaser A; and (2) Hangzhou Desheng, as the Vendor A;
Subject matter	:	The Purchaser A has conditionally agreed to purchase and the Vendor A has conditionally agreed to sell the rights-of-use of the designated 250 underground car parking spaces in Heping Dexin Center (和平德信中心) (the “ <b>Target Asset A</b> ”), which is situated at the intersection of Shaoxing Road and Desheng Road, Gongshu District, Hangzhou City, Zhejiang Province, the PRC (中國浙江省杭州市拱墅區紹興路與德勝路交匯處) upon the terms and conditions of the Underground Parking Space Use Rights Transfer Agreement A.

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## LETTER FROM THE BOARD

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The Target Asset A was constructed by the Vendor A itself, so there is no original acquisition cost of the Target Asset A. The construction cost in relation to the Target Asset A was approximately RMB44,872,000. The construction work in relation to the Target Asset A was completed in around March 2023, which were originally intended to be used for re-sale purpose instead of rental purpose. As such, the Target Asset A did not generate any revenue and net profits for the two financial years immediately preceding the Latest Practicable Date.

Consideration and payment conditions : The unit price of the car parking space use right ranges from RMB75,000 to RMB250,000 per car parking space under the Underground Parking Space Use Rights Transfer Agreement A and the total consideration for the Target Asset A (the “**Consideration A**”) is RMB52,825,000, which will be payable and settled by the Purchaser A in the following manner:

- (1) the first instalment: RMB26,412,500, being 50% of the Consideration A shall be transferred to the bank account as designated by the Vendor A within 5 working days after the Effective Date; and
- (2) the second instalment: RMB26,412,500, being the remaining 50% of the Consideration A, shall be transferred to the bank account as designated by the Vendor A within 5 working days upon the fulfilment of all the condition precedents of the Underground Parking Space Use Rights Transfer Agreement A.

Basis of consideration : The Consideration A was arrived at after arm’s length negotiations between the Purchaser A and the Vendor A after taking into consideration of factors including but not limited to the market price of the Target Asset A, the unaudited net asset value of the Target Asset A, and discussion with the Valuer.

Having considered the aforesaid factors, the Board is of the view that the Consideration A is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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Conditions precedent : The completion of the Underground Parking Space Use Rights Transfer Agreement A is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (i) the Company having issued the relevant circular in relation to the Disposal of Target Parking Spaces and the transactions contemplated thereunder in accordance with the Listing Rules; and
- (ii) the Company having obtained all necessary approvals for the Disposal of Target Parking Spaces (including but not limited to the approval by the Independent Shareholders).

Completion : The completion of the Underground Parking Space Use Rights Transfer Agreement A shall take place on a date to be agreed by the Purchaser A and the Vendor A after all the conditions precedent have been satisfied.

### **Underground Parking Space Use Rights Transfer Agreement B**

Date : 24 August 2023 (after trading hours)

Parties : (1) Hangzhou Junde, as the Purchaser A; and  
(2) Hangzhou Deyin, as the Vendor B;

Subject matter : The Purchaser A has conditionally agreed to purchase and the Vendor B has conditionally agreed to sell the rights-of-use of the designated 429 underground car parking spaces in Yinhu Technology Park (銀湖科技園) (the “**Target Asset B**”), which is situated at West of the intersection of Fuxian Road and Chuangyi Road, Fuyang District, Hangzhou City, Zhejiang Province, the PRC (中國浙江省杭州市富陽區富開路與創意路交匯處以西) upon the terms and conditions of the Underground Parking Space Use Rights Transfer Agreement B.

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## LETTER FROM THE BOARD

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The Target Asset B was constructed by Vendor B itself, so there is no original acquisition cost of the Target Asset B. The construction cost in relation to the Target Asset B was approximately RMB30,266,000. The construction work in relation to the Target Asset B was completed around August 2020, which were originally intended to be used for re-sale purpose instead of rental purpose. As such, the Target Asset B did not generate any revenue and net profits for the two financial years immediately preceding the Latest Practicable Date.

Consideration and payment conditions : The unit price of the car parking space use right is RMB50,000 per car parking space under the Underground Parking Space Use Rights Transfer Agreement B and the total consideration for the Target Asset B (the “**Consideration B**”) is RMB21,450,000, which will be payable and settled by the Purchaser A in the following manner:

- (1) the first instalment: RMB10,725,000, being 50% of the Consideration B shall be transferred to the bank account as designated by the Vendor B within 5 working days after the Effective Date; and
- (2) the second instalment: RMB10,725,000, being the remaining 50% of the Consideration B, shall be transferred to the bank account as designated by the Vendor B within 5 working days upon the fulfilment of all the condition precedents of the Underground Parking Space Use Rights Transfer Agreement B.

Basis of consideration : The Consideration B was arrived at after arm’s length negotiations between the Purchaser A and the Vendor B after taking into consideration of factors including but not limited to the market price of the Target Asset B, the unaudited net asset value of the Target Asset B, and discussion with the Valuer.

Having considered the aforesaid factors, the Board is of the view that the Consideration B is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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- Conditions precedent : The completion of the Underground Parking Spaces Use Rights Transfer Agreement B is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:
- (i) the Company having issued the relevant circular in relation to the Disposal of Target Parking Spaces and the transactions contemplated thereunder in accordance with the Listing Rules; and
  - (ii) the Company having obtained all necessary approvals for the Disposal of Target Parking Spaces (including but not limited to the approval by the Independent Shareholders).
- Completion : The completion of the Underground Parking Space Use Rights Transfer Agreement B shall take place on a date to be agreed by the Purchaser A and the Vendor B after all the conditions precedent have been satisfied.

### **Underground Parking Space Use Rights Transfer Agreement C**

- Date : 24 August 2023 (after trading hours)
- Parties : (1) Hangzhou Junde, as the Purchaser A; and  
(2) Hangzhou Kaishen, as the Vendor C;
- Subject matter : The Purchaser A has conditionally agreed to purchase and the Vendor C has conditionally agreed to sell the right-of-use of the designated 195 underground car parking spaces in Montnorth (嘉悦府) (the “**Target Asset C**”), which is situated at the intersection of Xingguo Road and Xingchen Road, Linping District, Hangzhou City, Zhejiang Province, the PRC (中國浙江省杭州市臨平區興國路與星辰路交匯處) upon the terms and conditions of the Underground Parking Space Use Rights Transfer Agreement C.

The original acquisition cost of the Target Asset C was RMB21,264,750 in or around December 2020. Since the Target Asset C was acquired for re-sale purpose instead of rental purpose, it had not been leased out and did not generate any revenue and net profits for the two financial years immediately preceding the Latest Practicable Date.

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## LETTER FROM THE BOARD

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Consideration and payment conditions : The unit price of the car parking space use right is RMB88,000 per car parking space under the Underground Parking Space Use Rights Transfer Agreement C and the total consideration for the Target Asset C (the “**Consideration C**”) is RMB17,160,000, which will be payable and settled by the Purchaser A in the following manner:

- (1) the first instalment: RMB8,580,000, being 50% of the Consideration C shall be transferred to the bank account as designated by the Vendor C within 5 working days after the Effective Date; and
- (2) the second instalment: RMB8,580,000, being the remaining 50% of the Consideration C, shall be transferred to the bank account as designated by the Vendor C within 5 working days upon the fulfilment of all the condition precedents of the Underground Parking Space Use Rights Transfer Agreement C.

Basis of consideration: : The Consideration C was arrived at after arm’s length negotiations between the Purchaser A and the Vendor C after taking into consideration of factors including but not limited to the market price of the Target Asset C, the unaudited net asset value of the Target Asset C, and discussion with the Valuer

Having considered the aforesaid factors, the Board is of the view that the Consideration C is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Conditions precedent : The completion of the Underground Parking Space Use Rights Transfer Agreement C is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (i) the Company having issued the relevant circular in relation to the Disposal of Target Parking Spaces and the transactions contemplated thereunder in accordance with the Listing Rules; and
- (ii) the Company having obtained all necessary approvals for the Disposal of Target Parking Spaces (including but not limited to the approval by the Independent Shareholders).

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## LETTER FROM THE BOARD

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Completion : The completion of the Underground Parking Space Use Rights Transfer Agreement C shall take place on a date to be agreed by the Purchaser A and the Vendor C after all the conditions precedent have been satisfied.

### **Underground Parking Space Use Rights Transfer Agreement D**

Date : 24 August 2023 (after trading hours)

Parties : (1) Hangzhou Junde, as the Purchaser A; and  
(2) Hangzhou Konggang, as the Vendor D;

Subject matter : The Purchaser A has conditionally agreed to purchase and the Vendor D has conditionally agreed to sell the rights-of-use of the designated 1,000 underground car parking spaces in Dexin Konggang City (德信空港城) (the “**Target Asset D**”), which is situated at East of the intersection of Jichang Avenue and Kanhong Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the PRC (中國浙江省杭州市蕭山區機場大道與坎紅路交匯處以東) upon the terms and conditions of the Underground Parking Space Use Rights Transfer Agreement D.

The Target Asset D was constructed by the Vendor D itself, so there is no original acquisition cost of the Target Asset D. The construction cost in relation to the Target Asset D was approximately RMB135,510,000. The construction work in relation to the Target Asset D was completed in around November 2022, which were originally intended to be used for re-sale purpose instead of rental purpose. As such, the Target Asset D did not generate any revenue and net profits for the two financial years immediately preceding the Latest Practicable Date.

Consideration and payment conditions : The unit price of the car parking space use right is RMB120,000 per car parking space under the Underground Parking Space Use Rights Transfer Agreement D and the total consideration for the Target Asset D (the “**Consideration D**”) is RMB120,000,000, which will be payable and settled by the Purchaser A in the following manner:



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## LETTER FROM THE BOARD

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- (1) the first instalment: RMB60,000,000, being 50% of the Consideration D shall be transferred to the bank account as designated by the Vendor D within 5 working days after the Effective Date; and
- (2) the second instalment: RMB60,000,000, being the remaining 50% of the Consideration D, shall be transferred to the bank account as designated by the Vendor D within 5 working days upon the fulfilment of all the condition precedents of the Underground Parking Space Use Rights Transfer Agreement D.

Basis of consideration: : The Consideration D was arrived at after arm's length negotiations between the Purchaser A and the Vendor D after taking into consideration of factors including but not limited to the market price of Target Asset D, the unaudited net asset value of the Target Asset D, and discussion with the Valuer.

Having considered the aforesaid factors, the Board is of the view that the Consideration D is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Conditions precedent : The completion of the Underground Parking Space Use Rights Transfer Agreement D is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (i) the Company having issued the relevant circular in relation to the Disposal of Target Parking Spaces and the transactions contemplated thereunder in accordance with the Listing Rules; and
- (ii) the Company having obtained all necessary approvals for the Disposal of Target Parking Spaces (including but not limited to the approval by the Independent Shareholders).

Completion : The completion of the Underground Parking Space Use Rights Transfer Agreement D shall take place on a date to be agreed by the Purchaser A and the Vendor D after all the conditions precedent have been satisfied.

For the avoidance of doubt, each of the Underground Parking Space Use Rights Transfer Agreements is not inter-conditional to each other.

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## LETTER FROM THE BOARD

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### **Termination Agreement**

References are made to the announcements dated 9 June 2022 and 23 September 2022 of the Company in relation to the Parking Space Leasing and Sales Agency Services Framework Agreement with a term from 11 October 2022 to 31 December 2024.

On 24 August 2023, in view of the Acquisition of Target Parking Spaces, the Company and Dexin Services entered into the Termination Agreement to terminate the Parking Space Leasing and Sales Agency Services Framework Agreement upon and subject to the Target Parking Spaces Disposal Completion. Pursuant to the Termination Agreement, both parties have agreed to terminate the Parking Space Leasing and Sales Agency Services Framework Agreement subject to the Target Parking Spaces Disposal Completion. The agency service fees receivable by the Dexin Services Group under the Parking Space Leasing and Sales Agency Services Framework Agreement up to the Target Parking Spaces Disposal Completion and the deposits that should be repaid to Dexin Services by the Company under the Parking Space Leasing and Sales Agency Services Framework Agreement (which, as of the Latest Practicable Date, amounted to RMB250,000,000) will be paid/repaid by the Company to Dexin Services prior to or concurrently with the payment of the first instalment (“**First Instalment**”) under the Underground Parking Space Use Rights Transfer Agreements and the Equity Transfer Agreement. In the event that the Company is unable to receive the First Instalment from Dexin Services, the Company is prepared to off-set the First Instalment against the Company’s obligation to repay the deposits to Dexin Services.

### **Reasons and Benefits of Entering into of the Disposal of Target Parking Spaces and the Termination of the Parking Space Leasing and Sales Agency Services Framework Agreement**

As at 31 December 2023, the unaudited net asset value of the rights-of-use of the Target Parking Spaces was approximately RMB223,253,000. Upon Target Parking Spaces Disposal Completion, the Group expects to recognise an unaudited loss of approximately RMB29,276,000, being the difference between the aggregate consideration for the Disposal of Target Parking Spaces after deduction of tax and the aforesaid net asset value of the rights-of-use of the Target Parking Spaces as at 31 December 2023. The actual gain or loss as a result of the Disposal of Target Parking Spaces to be recorded by the Group is subject to audit and will be determined as at the date of Target Parking Spaces Disposal Completion.

In the past few years, the real estate industry has shifted from a rapid growth period to a deep adjustment period, undergoing structural changes. The latest data from the National Bureau of Statistics also shows that sales of commercial building have continued to decline. In the face of new changes in the real estate market, the Company expects that the real estate market will continue to maintain its status quo in the short to medium term, and the road to recovery is still full of uncertainty and challenges. On the one hand, the real estate companies are facing obsolete inventory, weak sales, and long sales cycles. On the other hand, the real estate market has witnessed a loss of confidence, leading to a cautious stance among potential buyers to

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## LETTER FROM THE BOARD

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adopt a wait-and-see approach or seek to exit the market, whether they are purchasing for housing needs or investment purposes. Against this backdrop, the Company expects property prices may continue to fall. In anticipation of market instability and considering the financial pressure due to deteriorating sales, the lack of improvement in asset turnover, and further adjustments to asset prices, destocking has become one of the Company's important tasks. In order to revitalize assets and expedite fund turnover, the Company has been actively making efforts to increase the asset turnover rate, including the turnover rate of rental properties for investment purposes.

Having considered that (i) the Target Parking Spaces have not generated any revenue and net profits for the two financial years immediately preceding the Latest Practicable Date; (ii) the real estate market in the PRC remains sluggish which has led to increase in provision for impairment of the Target Parking Spaces; and (iii) the path to recovery in the real estate industry in the PRC is expected to remain challenging, the Directors are of the view that accelerating the disposal of Target Parking Spaces can alleviate the cash flow burden of the Group and improve the Company's asset turnover. The Directors consider that the Disposal of Target Parking Spaces represents a good opportunity for the Company to realise the value of the Target Parking Spaces at a reasonable price and approximate timing and enhance the Group's cash flow position.

The proceeds from the Disposal of Target Parking Spaces of RMB211,435,000 will be used to repay the deposits under the Parking Space Leasing and Sales Agency Services Framework Agreement to Dexin Services.

Given that after the Target Parking Spaces Disposal Completion, the Target Parking Spaces would be directly owned by Dexin Services, the Company and Dexin Services will terminate the Parking Space Leasing and Sales Agency Services Framework Agreement upon and subject to the Target Parking Spaces Disposal Completion.

In light of the above, the transactions contemplated under the Underground Parking Space Use Rights Transfer Agreements are conducted in the ordinary and usual course of business of the Company, the terms of the Underground Parking Space Use Rights Transfer Agreements are on normal commercial terms or better and the Board considers that the transactions contemplated under the Underground Parking Space Use Rights Transfer Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **III. MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE EQUITY DISPOSAL**

On 24 August 2023 (after trading hours), Dexin Movie City, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Shengquan Property (an indirect wholly-owned subsidiary of Dexin Services) and the Target Company, pursuant to which, Shengquan Property has conditionally agreed to acquire and Dexin Movie

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## LETTER FROM THE BOARD

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City has conditionally agreed to sell the 100% equity interest in the Target Company at a consideration of RMB90,000,000. The principal terms of the Equity Transfer Agreement are set out below:

- Date : 24 August 2023 (after trading hours)
- Parties : (1) Shengquan Property, as the Purchaser B;  
(2) Dexin Movie City, as the vendor; and  
(3) the Target Company, as the target company
- Subject matter : Purchaser B has conditionally agreed to acquire and Dexin Movie City has conditionally agreed to sell the 100% equity interest in the Target Company upon the terms and conditions of the Equity Transfer Agreement.

The principal asset of the Target Company is the Property. Further information of the Target Company and the Property is disclosed in the section headed “IV. INFORMATION ON THE RELEVANT PARTIES” in this letter.

- Consideration : The consideration for the Equity Disposal is RMB90,000,000, which will be payable and settled by the Purchaser B in the following manner:
- (1) the first instalment: RMB63,000,000, being 70% of the consideration for the Equity Disposal shall be transferred to the bank account as designated by Dexin Movie City within 5 working days after the Effective Date; and
  - (2) the second instalment: RMB27,000,000, being the remaining 30% of the consideration for the Equity Disposal, shall be transferred to the bank account as designated by Dexin Movie City within 5 working days upon the date of the industrial and commercial registration changes of the Target Company’s equity interest being completed.

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## LETTER FROM THE BOARD

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Basis of consideration : The consideration for the Equity Disposal was arrived at after arm's length negotiations between Purchaser B and Dexin Movie City after taking into consideration of factors including but not limited to (a) the net current liabilities of the Target Company of approximately RMB168,056,000 as at 31 December 2022; and (b) the appraised value of the Property being RMB260,000,000 as set out in the valuation report prepared by the Valuer as at 31 December 2023. The unaudited net asset value of the Target Company as at 31 December 2023 was RMB9,308,000 and the book value of the Property was approximately RMB179,756,000 as at 31 December 2023.

Having considered the aforesaid factors, the Board is of the view that the consideration of the Equity Disposal is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Conditions precedent : The Equity Disposal Completion is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (i) all representations, warranties and undertakings made by Dexin Movie City under the Equity Transfer Agreement remaining true, accurate and not misleading in all material aspects;
- (ii) there being no laws, regulations or rules which may render the Equity Transfer Agreement illegal or impractical, none of the Parties facing any pending or potential claims which would restrict the performance of the Equity Transfer Agreement or have a material adverse effect on the legality or otherwise of the Equity Disposal;
- (iii) all necessary and required consents and approvals regarding the transactions contemplated under the Equity Transfer Agreement and the completion of such transactions having been obtained and completed, including but not limited to the consents from the parties' respective shareholders (if applicable) and their respective board of directors;

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## LETTER FROM THE BOARD

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- (iv) the Equity Transfer Agreement having been duly signed and becoming effective;
- (v) no material adverse effect having resulted or being reasonably likely to result from the Equity Disposal;
- (vi) the equity interest in the Target Company shall be free from liabilities and/or contingent liabilities;
- (vii) the Purchaser B being satisfied with the results of its business, legal and financial due diligence review on the Target Company and the assets of the Target Company;
- (viii) the Company having issued the relevant circular in relation to the Equity Disposal and the transactions contemplated thereunder in accordance with the Listing Rules;
- (ix) the Company having obtained all necessary approvals for the Equity Disposal (including but not limited to the approval by the Independent Shareholders);
- (x) the legal title of the Property having been registered under the Dexin Services Group; and
- (xi) the Equity Transfer Agreement and the transactions contemplated thereunder have been completed in accordance with the articles of association of the Purchaser B and Dexin Movie City, the Listing Rules and any relevant laws and regulations.

Completion : Equity Disposal Completion shall take place on a date to be agreed by the Purchaser B and Dexin Movie City after all the conditions precedent have been satisfied.

Upon Equity Disposal Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Company.

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## LETTER FROM THE BOARD

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### **Reasons for and Benefits of Entering into of the Equity Transfer Agreement**

The Directors have been continuously evaluating the current business strategies of the Group with an aim to achieve the best use of its resources, improve its overall performance.

The Directors believe that the Equity Disposal represents a good opportunity for the Group to realise its investments in the Target Company, re-deploy its resources to the development of the Group's principal business, generate more cash flow for the Group and enhance the financial position of the Group.

Upon Equity Disposal Completion, the Group expects to recognise an unaudited gain of approximately RMB80,692,000, being the difference between the consideration for the Equity Disposal and the unaudited net asset value of the Target Company at 31 December 2023. The actual gain or loss as a result of the Equity Disposal to be recorded by the Group is subject to audit and will be determined as at the date of Equity Disposal Completion.

The proceeds from the Equity Disposal are approximately RMB90,000,000, among which RMB51,435,000 will be used as general working capital of the Group and RMB38,565,000 will be used to repay the deposits under the Parking Space Leasing and Sales Agency Services Framework Agreement to Dexin Services.

Having considered the above, the Directors consider the terms of the Equity Disposal are on normal commercial terms and fair and reasonable; and the Equity Disposal is in the best interests of the Company and its Shareholders as a whole.

#### **IV. INFORMATION ON THE RELEVANT PARTIES**

##### **Information about the Group, the Vendors and Dexin Movie City**

The Group is principally engaged in the property development and construction services, property investment and hotel operations in the PRC.

##### **Information about the Vendors**

Hangzhou Desheng is a company established in the PRC with limited liability and is an indirect non-wholly owned subsidiary of the Company. Hangzhou Desheng is indirectly owned as to 90.1% by the Company and directly owned as to 9.9% by Hu Yuegen (胡月根), the brother of Mr. Hu. It is principally engaged in real estate development and operation.

Hangzhou Deyin is a company established in the PRC with limited liability and is an indirect non-wholly owned subsidiary of the Company. Hangzhou Deyin is indirectly owned as to 90.1% by the Company and directly owned as to 9.9% by Hu Yuegen (胡月根), the brother of Mr. Hu. It is principally engaged in real estate development and operation.

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## LETTER FROM THE BOARD

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Hangzhou Kaishen is a company established in the PRC with limited liability and is an indirect wholly owned subsidiary of the Company. It is principally engaged in real estate development and operation.

Hangzhou Konggang is a company established in the PRC with limited liability and is an indirect non-wholly owned subsidiary of the Company. Hangzhou Konggang is indirectly owned as to 63.07% by the Company and directly and ultimately beneficially owned as to 12.36%, 9.00%, 6.93%, 4.40%, 3.24% and 1.00% by Sun Dashan (孫達山), Wu Jianrong (吳建榮), Hu Yuegen (胡月根), the brother of Mr. Hu, Sun Zhongliang (孫仲良), Shen Jianmei (沈建妹) and Shi Fengxiang (史鳳香), respectively. It is principally engaged in real estate development and operation.

Dexin Movie City is a company established in the PRC with limited liability and is the immediate holding company of the Target Company and is an indirect wholly owned subsidiary of the Company. It is principally engaged in development, construction and investment management of film and television base and tourist attraction; and development, construction, management services of tourist attractions and amenities.

### **Information about Dexin Services Group, Hangzhou Junde and Shengquan Property**

Dexin Services Group is principally engaged in the provision of property management services, community value-added services and value-added services to non-property owners.

Hangzhou Junde is a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of Dexin Services. It is principally engaged in provision of home decoration services, property sales and assistance services.

Shengquan Property is a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of Dexin Services. It is principally engaged in provision of property management services.

In light of (i) the interests of Mr. Hu in Dexin Services as further explained in the section headed “Implications under the Listing Rules” below; and (ii) the interests of Mr. Fei Zhongmin, being an executive Director holding 7.94% interests in Kaibang International Limited, a substantial shareholder of Dexin Services, they are deemed to have material interests in the Disposals, and therefore have abstained from voting on the resolutions in respect of the Underground Parking Space Use Rights Transfer Agreements, the Equity Transfer Agreement and the transactions contemplated thereunder at the Board meeting pursuant to the articles of association of the Company and the requirements under the Listing Rules.

Save as aforementioned, none of the Directors has a material interest in the Disposals. Therefore, no other Director has abstained from voting on such Board resolutions.



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## LETTER FROM THE BOARD

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### Information about the Target Company

The Target Company is a company incorporated in the PRC with limited liability and is wholly-owned by Dexin Movie City as at the Latest Practicable Date. The Target Company is principally engaged in real estate development and operation.

Set out below is an extract of the audited financial statements prepared for the three financial years ended 31 December 2023, 31 December 2022 and 31 December 2021 respectively of the Target Company:

	For the year ended		
	31 December 2023 <i>(RMB'000)</i> <i>(unaudited)</i>	31 December 2022 <i>(RMB'000)</i> <i>(audited)</i>	31 December 2021 <i>(RMB'000)</i> <i>(audited)</i>
Revenue	5,824	4,404	1,835
Profit (loss) before taxation	(21,691)	(21,676)	(16,350)
Profit (loss) after taxation	(16,268)	(21,676)	(16,350)

The unaudited net assets as at 31 December 2023, and audited net assets 31 December 2022 and 31 December 2021 of the Target Company amounted to approximately RMB9,308,000, RMB28,637,000 and RMB50,313,000 respectively.

### Information about the Property

The Property is located at No. 66 Sanmo Line, Moganshan Town, Deqing County, Huzhou City, Zhejiang Province, the PRC. The site area and the total gross floor area of the Property is 17,819.66 square metres and 31,955.09 square metres respectively. The Property comprises the 4-storey building (including 1-storey basement) providing a total of 186 guest rooms with 3 restaurants, a wine bar and a range of facilities including a pillar-free ballroom, several meeting rooms, an indoor swimming pool, home party and gym. In August 2021, the Property commenced business.

## V. FINANCIAL EFFECTS OF THE DISPOSALS

### Assets and liabilities

Upon completion of the Disposals, the audited consolidated total assets of the Group would decrease by approximately RMB374,424,000 and the audited consolidated total liabilities of the Group would decrease by approximately RMB142,487,000.

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## LETTER FROM THE BOARD

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### **Earnings**

Upon Target Parking Spaces Disposal Completion, the Group expects to recognise an unaudited loss of approximately RMB29,276,000, being the difference between the aggregate consideration for the Disposal of Target Parking Spaces after deduction of tax and the aforesaid net asset value of the rights-of-use of the Target Parking Spaces as at 31 December 2023. As the Target Parking Spaces have not generated any revenue for the two financial years ended 31 December 2022 and 2023, save as disclosed above, there will not be any other impact on the earnings of the Group as a result of the Disposal of Target Parking Spaces.

Upon Equity Disposal Completion, the Group expects to recognise an unaudited gain of approximately RMB80,692,000, being the difference between the consideration for the Equity Disposal and the unaudited net asset value of the Target Company at 31 December 2023. In addition, the aggregate effect of the Disposals would be an unaudited gain on disposal of approximately RMB51,416,000.

The actual amounts of the consolidated assets and liabilities of the Group upon completion of the Disposals and the gain or loss as a result of the Disposals to be recorded by the Group are subject to the audit to be performed by the Company's auditors.

### **VI. DIRECTORS' CONFIRMATION**

In light of the interests of (i) Mr. Hu in Dexin Services as further explained in the section headed "Implications under the Listing Rules" below; (ii) the interests of Mr. Hu Shihao, who is the son of Mr. Hu; (iii) Mr. Fei Zhongmin, being an executive Director holding 7.94% interests in Kaibang International Limited, a substantial shareholder of Dexin Services and (iv) Dr. Wong Wing Kuen Albert, being an independent non-executive director of Dexin Services, they are deemed to have material interests in the Disposals, and therefore have abstained from voting on the resolutions in respect of the Underground Parking Space Use Rights Transfer Agreements, the Equity Transfer Agreement and the transactions contemplated thereunder at the Board meeting pursuant to the articles of association of the Company and the requirements under the Listing Rules.

Save as aforementioned, none of the other Directors has a material interest in the Disposals. Therefore, no other Director has abstained from voting on such Board resolutions.

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## LETTER FROM THE BOARD

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### VII. IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, the Company is held as to 64.56% by Mr. Hu, of which (i) 2.52% were beneficially held by Tak Yuan International Limited, which is in turn held as to 100% by Mr. Hu; and (ii) 62.03% were beneficially held by Tak Shin International Limited, the Controlling Shareholder of the Company, which is in turn held as to 92% by Mr. Hu. Meanwhile, Dexin Services is held as to 56.46% by Shengfu International Limited, which is in turn held to 91.6% by Mr. Hu. Therefore, Dexin Services, and Hangzhou Junde and Shengquan Property, each being an indirect wholly-owned subsidiary of Dexin Services, are associates of Mr. Hu and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposals constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal of Target Parking Spaces is 5% or more but less than 25%, the Disposal of Target Parking Spaces, on a standalone basis, constitutes a discloseable transaction of the Company.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Equity Disposal is 5% or more but less than 25%, the Equity Disposal, on a standalone basis, constitutes a discloseable transaction of the Company.

Taking into account that the Disposal of Target Parking Spaces and the Equity Disposal will be entered into by the Group with subsidiaries of the same entity, Dexin Services, within a 12-month period, each of the Disposal of Target Parking Spaces and the Equity Disposal should be aggregated and treated as if the Disposals were one transaction with Dexin Services Group for the purpose of computing the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules), on an aggregate basis, in respect of the Disposals is more than 25% but less than 75%, the Disposals constitute major transactions of the Company under Chapter 14 of the Listing Rules. The Company shall be subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

As the continuing connected transactions under the Parking Space Leasing and Sales Agency Services Framework Agreement will be terminated upon the Target Parking Spaces Disposal Completion, the Company is also subject to the announcement requirement under Rule 14A.35 of the Listing Rules.

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## LETTER FROM THE BOARD

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### VIII. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee, comprising Mr. Ding Jiangang and Mr. Chen Hengliu, has been established to advise the Independent Shareholders on whether the terms of the Underground Parking Space Use Rights Transfer Agreements and the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the resolutions to be proposed at the EGM to approve the Underground Parking Space Use Rights Transfer Agreements and the Equity Transfer Agreement and the transactions contemplated thereunder.

The Company has appointed Optima Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Disposals.

### IX. THE EGM

The EGM will be convened at 10th Floor, Dexin Group, No. 588 Huanzhan East Road, Jianggan District, Hangzhou, Zhejiang, PRC on Wednesday, 12 June 2024 at 10:00 a.m., *inter alia*, for the Independent Shareholders to consider and, if thought fit, approve the terms of the Underground Parking Space Use Rights Transfer Agreements, the Equity Transfer Agreement and the transactions contemplated thereunder including, but not limited to, the Disposal of Target Parking Spaces and the Equity Disposal.

The notice of the EGM is set out on pages 89 to 90 of this circular. The voting in relation to the resolution proposed at the EGM will be conducted by way of poll.

Mr. Hu Yiping, Mr. Fei Zhongmin and their respective associates are interested in the Disposals and therefore will be required to abstain from voting on the resolutions at the EGM. As at the Latest Practicable Date, Mr. Hu Yiping and his associates held and controlled the voting rights of 1,916,886,000 Shares, representing approximately 64.56% of the total issued share capital of the Company. As at the Latest Practicable Date, Mr. Fei Zhongmin held and controlled the voting rights of 39,164,500 Shares, representing approximately 1.32% of the total issued share capital of the Company. Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Disposals and therefore no other Shareholder is required to abstain from voting at the EGM for the relevant resolutions.

Completion and return of the form of proxy will not preclude a Shareholder from attending and voting in person at the EGM or at any adjourned meeting should you so wish, but in such event the instrument appointing a proxy shall be deemed to be revoked.

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## LETTER FROM THE BOARD

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### X. RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 28 to 29 of this circular and (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 30 to 57 of this circular in connection with the Disposals, and the principal factors and reasons considered by the Independent Financial Adviser in arriving at its advice.

The Board (including the Independent Board Committee having taken into account the recommendation of the Independent Financial Adviser) considers that the Underground Parking Space Use Rights Transfer Agreements and the Equity Transfer Agreement were entered into in the ordinary and usual course of business of the Group, on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board (including the Independent Board Committee) recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM in relation to the Disposals.

### XI. ADDITIONAL INFORMATION

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

By Order of the Board of  
**Dexin China Holdings Company Limited**  
**Hu Yiping**  
*Chairman*



你的生活知己

**DEXIN CHINA HOLDINGS COMPANY LIMITED**

**德信中国控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2019)**

23 May 2024

*To the Independent Shareholders*

Dear Sir or Madam,

**(1) MAJOR AND CONNECTED TRANSACTION  
IN RELATION TO  
THE DISPOSAL OF TARGET PARKING SPACES;  
AND**

**(2) MAJOR AND CONNECTED TRANSACTION IN RELATION TO  
THE EQUITY DISPOSAL**

We refer to the circular dated 23 May 2024 issued by the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein, unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider and advise the Independent Shareholders regarding the Underground Parking Space Use Rights Transfer Agreements and the Equity Transfer Agreement. The Independent Financial Adviser, Optima Capital Limited, has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to (i) the letter from the Board, as set out on pages 7 to 27 of the Circular, and (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its opinion in respect of the terms of the Underground Parking Space Use Rights Transfer Agreements and the Equity Transfer Agreement as set out on pages 30 to 57 of the Circular.

After taking into consideration the advice from the Independent Financial Adviser, we consider that the Underground Parking Space Use Rights Transfer Agreements and the Equity Transfer Agreement were entered in the ordinary and usual course of business of the Group, on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM in relation to the terms of the Underground Parking Space Use Rights Transfer Agreements and the Equity Transfer Agreement.

Yours faithfully,

For and on behalf of the Independent Board Committee

**Ding Jiangan**

**Chen Hengliu**

*Independent Non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter of advice from Optima Capital Limited to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.*



Suite 1501, 15th Floor  
Jardine House  
1 Connaught Place  
Central, Hong Kong

23 May 2024

*To the Independent Board Committee and the Independent Shareholders*

Dear Sirs,

**MAJOR AND CONNECTED TRANSACTION IN RELATION TO  
(1) THE DISPOSAL OF TARGET PARKING SPACES;  
AND  
(2) THE EQUITY DISPOSAL**

**I. INTRODUCTION**

We, Optima Capital Limited (“**Optima Capital**”), have been appointed by the Company as the independent financial adviser in respect of (i) the Underground Parking Space Use Rights Transfer Agreements (the “**Parking Space Agreements**”, each a “**Parking Space Agreement**”) and the transactions contemplated thereunder; and (ii) the Equity Transfer Agreement and the transactions contemplated thereunder, details of which are contained in the letter from the Board (the “**Board Letter**”) in the circular of the Company dated 23 May 2024 (the “**Circular**”), of which this letter forms a part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 24 August 2023, the Vendors (being subsidiaries of the Company) and Purchaser A (an indirect wholly-owned subsidiary of Dexin Services) entered into the Parking Space Agreements, pursuant to which, the Vendors have conditionally agreed to sell, and Purchaser A has conditionally agreed to acquire, the rights-of-use of the Target Parking Spaces at an aggregate consideration of RMB211,435,000.

On even date, Dexin Movie City (an indirect wholly-owned subsidiary of the Company), Purchaser B (an indirect wholly-owned subsidiary of Dexin Services) and the Target Company entered into the Equity Transfer Agreement, pursuant to which, Dexin Movie City has conditionally agreed to sell, and Purchaser B has conditionally agreed to acquire, the entire equity interest in the Target Company at a consideration of RMB90,000,000.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of each of the Disposal of Target Parking Spaces and the Equity Disposal exceeds 5% but is less than 25%, each of the Disposal of Target Parking Spaces and the



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Equity Disposal, on a standalone basis, constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. While the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposals, on an aggregate basis, exceeds 25% but is less than 75%, the Disposals constitute a major transaction for the Company and are subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, the Company was held as to 64.56% by Mr. Hu, of which (i) 2.52% was beneficially held by Tak Yuan International Limited, which was in turn held as to 100% by Mr. Hu; and (ii) 62.03% was beneficially held by Tak Shin International Limited, the controlling Shareholder, which was in turn held as to 92% by Mr. Hu. On the other hand, each of Purchaser A and Purchaser B was wholly-owned by Dexin Services, which was held as to 56.46% by Shengfu International Limited, which was in turn held as to 91.6% by Mr. Hu. Thus, each of Dexin Services, Purchaser A and Purchaser B is a connected person of the Company pursuant to the Listing Rules. Accordingly, the Disposals also constitute connected transactions for the Company and are subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As (i) Mr. Hu has material interests in Dexin Services as aforementioned; and (ii) Mr. Fei Zhongmin, being an executive Director, holds 7.94% interests in Kaibang International Limited, a substantial shareholder of Dexin Services, Mr. Hu, Mr. Fei Zhongmin and each of their respective associates are required to abstain from voting on the relevant resolutions to be proposed at the EGM. Mr. Hu and Mr. Fei had also abstained from voting at the Board resolutions approving the Disposals. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, save as disclosed above, no other Shareholder has a material interest in the Disposals or should be required to abstain from voting on the relevant resolutions at the EGM.

The Independent Board Committee, comprising two independent non-executive Directors, namely Mr. Ding Jiangang and Mr. Chen Hengliu, has been established. Since Dr. Wong Wing Kuen Albert, an independent non-executive Director, also serves as an independent non-executive director of Dexin Services, he is deemed or may be perceived to have a material interest in the Disposals and is therefore excluded from the Independent Board Committee. The Independent Board Committee will advise and make recommendations to the Independent Shareholders on whether (i) the Parking Space Agreements and the Equity Transfer Agreement are entered into in the ordinary and usual course of business of the Group; (ii) the terms of the Parking Space Agreements and the Equity Transfer Agreement are on normal commercial terms, and fair and reasonable; and (iii) the Disposals are in the interests of the Company and the Shareholders as a whole. We, Optima Capital, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

We are not associated or connected with the Company, the Vendors, Dexin Movie City, Purchaser A, Purchaser B or their respective connected persons or associates. During the two years immediately prior to the date of our appointment, we have not (i) acted in the capacity as a financial adviser or independent financial adviser to the Company; (ii) provided any services to the Company; or (iii) had any relationship with the Company.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at the Latest Practicable Date, we were not aware of any relationships or interests among us and the Company, the Vendors, Dexin Movie City, Purchaser A, Purchaser B or their respective connected persons or associates that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser. Accordingly, we consider that we are independent from the Company and eligible to give independent advice in respect of the Disposals. Apart from normal professional fees paid or payable to us in connection with this engagement, no arrangement exists whereby we had received or will receive any fees or benefits from the Company, the Vendors, Dexin Movie City, Purchaser A, Purchaser B or their respective connected persons or associates.

### II. BASIS OF OUR OPINION

In formulating our advice and recommendations, we have relied on the information and facts supplied and the opinions expressed by the Directors and management of the Company (together, the “**Management**”) and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material respects at the time they were provided and expressed, and continue to be true, accurate and complete in all material respects up to the Latest Practicable Date.

We have reviewed, among other things, (i) the Parking Space Agreements; (ii) the Equity Transfer Agreement; (iii) the announcements of the Company dated 24 August 2023 and 28 September 2023 in respect of, among others, the Disposals; (iv) the annual reports for the three years ended 31 December 2021 (the “**2021 Annual Report**”), 2022 (the “**2022 Annual Report**”) and 2023 (the “**2023 Annual Report**”) published by the Company; (v) the accountants’ report of the Target Company for the two years ended 31 December 2022; (vi) the unaudited management accounts of the Target Company for the year ended 31 December 2023; (vii) the valuation report (the “**Valuation Report**”) in respect of the market value of the Target Parking Spaces (the “**Parking Space Valuation**”) and the Property (the “**Property Valuation**”, collectively, the “**Valuation**”) as at 31 March 2024 (the “**Valuation Date**”) prepared by Savills Valuation and Professional Services (China) Limited (the “**Valuer**”), an independent valuer, the text of which is set out in Appendix II to the Circular; (viii) the legal opinion in respect of the Target Parking Spaces (the “**Legal Opinion**”) issued by Beijing Junzhi Law Firm (the “**Legal Adviser**”), an independent legal adviser; (ix) the information contained in the Circular; and (x) other information obtained from the public domain.

We have also sought and received confirmation from the Management that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the business and affairs and taxation implications of the Disposals to the Group, nor have we carried out any independent verification of the information supplied.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### III. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating and giving our independent advice with regard to the Disposals, we have considered the following principal factors and reasons:

#### 1. Information of the Group

##### *1.1 Principal businesses of the Group*

The Group is principally engaged in (i) provision of property development and construction services (the “**Property Business**”); (ii) property investment (the “**Investment Business**”); and (iii) hotel operations (the “**Hotel Business**”) in the PRC.

##### *1.2 Financial performance of the Group*

The Property Business generates revenue from (i) sales of properties; (ii) provision of property construction and project management services; and (iii) provision of management and consulting services, and it is the principal operation of the Group contributing more than 99% of the total revenue to the Group. The Investment Business generates revenue from the lease of residential and/or commercial properties. The Hotel Business generates revenue from the operations of hotel.

Set out below is the summary of the financial performance of the Group for the three years ended 31 December 2021 (“**FY2021**”), 2022 (“**FY2022**”) and 2023 (“**FY2023**”), extracted from the annual reports of the Company for the respective years.

	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
	(Audited)	(Audited)	(Audited)
Revenue	23,109	22,145	24,510
– Property Business	22,935	21,987	24,364
– Investment Business	141	104	92
– Hotel Business	33	54	54
Gross profit	5,011	2,178	1,799
Gross profit margin	21.7%	9.8%	7.3%
Operating profit/(loss)	3,582	634	(755)
Profit/(loss) before income tax	3,614	1,162	(1,311)
<b>Profit/(loss) for the year attributable to owners of the Company</b>	<b>941</b>	<b>374</b>	<b>(2,189)</b>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *1.2.1 FY2022 vs FY2021*

The Group's revenue decreased by approximately 4.2% as compared to that for FY2021. Such decrease was mainly due to the decrease of the total gross floor area delivered to the buyers during FY2022. In particular, revenue from the sales of properties for FY2022 accounted for approximately 96.0% of the total revenue of the Group, representing a year-on-year decrease of approximately 4.6%.

The gross profit of the Group decreased by approximately 56.5% for FY2022 as compared to that for FY2021. The significant decrease was primarily due to the decrease in revenue from sales of properties and a drop in the overall gross profit margin, which was mainly due to the relatively high land acquisition costs of projects recognised by the Group during FY2022. This was mainly a result of the PRC government imposing regulations on the sales price of commercial housing in the past two years, which led to higher land acquisition costs as compared to the corresponding sales price of housing sold during FY2022. Furthermore, in light of the downturn in the PRC real estate market, the Group had made provisions for impairment in respect of properties under development and held for sale in the amount of approximately RMB895 million, which were recognised as cost of sales during FY2022, resulting in a significant drop in gross profit.

The operating profit of the Group decreased by approximately 82.3% for FY2022 as compared to that for FY2021. Apart from the substantial decrease in gross profit, the Group also recognised the fair value losses on investment properties in the amount of approximately RMB26 million for FY2022, as compared to a fair value gain of approximately RMB54 million for FY2021.

As a result of the above changes, the profit attributable to owners of the Company decreased by approximately 60.3% for FY2022.

### *1.2.2 FY2023 vs FY2022*

The revenue of the Group for FY2023 increased by approximately 10.7% as compared to that for FY2022. Such increase was mainly due to the increase in revenue from the sales of properties, which recorded a year-on-year increase of approximately 12.9% for FY2023. Revenue from the sales of properties accounted for approximately 97.8% of the total revenue of the Group.

The gross profit of the Group decreased by approximately 17.4% for FY2023 as compared to that for FY2022. The decrease was primarily due to the overall gross profit margin decreased by approximately 2.5 percentage points in FY2023, which was primarily due to the increase in the cost of sales of the recognised projects during FY2023.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Group turned from operating profit for FY2022 to operating loss for FY2023. The turnaround was mainly due to (i) a significant increase in fair value loss on investment properties recorded for FY2023; (ii) an increase in other losses by approximately 149.7% for FY2023, which mainly consisted of (a) loss on disposal of subsidiaries of approximately RMB88.5 million; (b) exchange loss of approximately RMB48.1 million; and (c) other loss of approximately RMB103.4 million; (iii) an increase in selling and marketing expenses by approximately 22.7% due to the increase in the capitalised sales of recognised properties and the selling expenses; and (iv) an increase in administrative expenses by approximately 21.2% due to the provision for impairment of inventories and receivables and other receivables as a result of the impact of the macroeconomic situation and the downturn in the real estate market.

As a result of the above changes, the Group turned from profit-making for FY2022 to loss-making for FY2023.

### 1.3 Financial position of the Group

Set out below is the summary of the financial position of the Group as at 31 December 2023 as extracted from the 2023 Annual Report.

	<b>As at 31 December 2023</b> <i>RMB'million</i> (Audited)
<b>Non-current assets</b>	
Investment properties	4,257
Investments accounted for using the equity method	4,775
Other non-current assets	1,371
	<b>10,403</b>
<b>Current assets</b>	
Properties under development	31,676
Completed properties held for sale	8,563
Amounts due from non-controlling interests	10,150
Amounts due from related parties	5,187
Restricted cash	145
Cash and cash equivalents	4,600
Other current assets	5,399
	<b>65,720</b>
Assets classified as disposal group held for sale ( <i>Note 1</i> )	374
	<b>66,094</b>

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	<b>As at 31 December 2023</b> <i>RMB'million</i> (Audited)
<b>Non-current liabilities</b>	
Borrowings	2,959
Other non-current liabilities	172
	<b>3,131</b>
<b>Current liabilities</b>	
Borrowings	13,450
Trade and other payables	9,922
Amounts due to related parties	6,886
Contract liabilities	26,200
Other current liabilities	4,672
	61,130
Liabilities classified with disposal group held for sale ( <i>Note 1</i> )	142
	<b>61,272</b>
<b>Net current assets</b>	<b>4,822</b>
<b>Total assets</b>	<b>76,497</b>
<b>Total liabilities</b>	<b>64,403</b>
<b>Total equity</b>	<b>12,094</b>
<b>Equity attributable to the owners of the Company</b>	<b>4,352</b>
Current ratio ( <i>Note 2</i> )	1.08 times
Net gearing ratio ( <i>Note 3</i> )	96.4%

*Notes:*

1. The asset and liabilities attributable to the Disposals, which are expected to be sold within twelve months, have been classified as held for sales and are presented separately in the consolidated statement of financial position.
2. The current ratio is calculated by dividing the current assets of approximately RMB66,094 million by the current liabilities of approximately RMB61,272 million.
3. The net gearing ratio is calculated by dividing the total borrowings of approximately RMB16,409 million, net of restricted cash and cash and cash equivalents of approximately RMB4,745 million, by total equity of approximately RMB12,094 million.

The total assets of the Group mainly comprised (i) properties under development and completed properties held for sales; (ii) amounts due from non-controlling interests; (iii) amounts due from related parties; (iv) investments

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accounted for using the equity method, representing the Group's investment in associates and joint ventures; (v) cash and cash equivalents; and (vi) investment properties, accounting for approximately 52.6%, 13.3%, 6.8%, 6.2%, 6.0% and 5.6% of the total assets of the Group as at 31 December 2023, respectively.

The total liabilities of the Group mainly comprised (i) contract liabilities, representing payments received by the Group from customers based on billing schedules under the contracts for property development and sales; (ii) borrowings from banks and other financial institutions, which were secured by the Group's properties under development, completed properties held for sale, land use rights and investment properties, with carrying value of approximately RMB20,315 million; (iii) trade and other payables; and (iv) amount due to related parties, accounting for approximately 40.7%, 25.5%, 15.4% and 10.7% of the total liabilities of the Group as at 31 December 2023, respectively.

In particular, the total borrowings of the Group consisted of (i) bank borrowings of RMB11,160 million; (ii) borrowing from other financial institutions of RMB2,373 million; and (iii) senior notes (including accrued interest payables) of RMB2,875 million. Among the total borrowings, RMB13,450 million was repayable within one year.

We note that the Group announced a restructuring of the 9.95% senior notes due December 2022 in the principal amount of US\$350,000,000 (which is equivalent to approximately RMB2,500 million calculated based on an exchange rate of US\$0.14 to RMB1) by way of scheme of arrangement (the "**Scheme**") on 2 May 2023. By an order made at the hearing held on 9 June 2023 (Cayman Islands time), the Grand Court of the Cayman Islands sanctioned the Scheme, and all conditions of the Scheme had been satisfied on 9 June 2023 (Cayman Islands time). However, despite that the effective date of the Scheme was extended to 15 December 2023, the Company was not able to consummate the restructuring in accordance with the Scheme and on 20 March 2024, a winding-up petition against the Company (the "**Petition**") was filed by China Construction Bank (Asia) Corporation Limited (the "**Petitioner**") in the High Court of the Hong Kong Special Administrative Region (the "**High Court**") in relation to the non-payment of the 9.95% senior notes. The Petition is scheduled to be heard on 5 June 2024. As advised by the Management, as at the Latest Practicable Date, the Company had engaged legal advisers and was still in seeking legal advice for various feasible solutions in respect of the 9.95% senior notes. Further details of the Scheme are set out in the announcements of the Company dated 2 May 2023, 31 May 2023, 12 June 2023, 29 September 2023, 15 December 2023, 21 March 2024, 28 March 2024 and 25 April 2024 as well as in the 2023 Annual Report.

It is also worth noting that, as at 31 December 2023, the net debt of the Group amounted to approximately RMB11,664 million (calculated by subtracting the total borrowing of the Group of approximately RMB16,409 million by the cash and cash equivalents plus restricted cash of approximately RMB4,745 million), representing a net gearing ratio of approximately 96.4%, which was at a higher level as compared to that of 68.7% as at 31 December 2022. With such

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high level of gearing, the finance costs of the Group amounted to approximately RMB352 million for FY2023, representing approximately 46.7% of the operating loss of approximately RMB755 million for FY2023. We understood from the Management that the Company has been actively making efforts to enhance its asset turnover so as to enhance its financial position and reduce the gearing of the Group.

### **2. Information of Dexin Services Group, Purchaser A and Purchaser B**

#### ***2.1 Dexin Services Group***

Dexin Services is a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2215) since 15 July 2021.

Dexin Services Group is principally engaged in provision of property management services, community value-added services and value-added services to non-property owners, such as the Group.

#### ***2.2 Purchaser A***

Purchaser A is a company established under the laws of the PRC with limited liability and was an indirect wholly-owned subsidiary of Dexin Services as at the Latest Practicable Date. It is principally engaged in provision of home decoration services, property sales and assistance services.

#### ***2.3 Purchaser B***

Purchaser B is a company established under the laws of the PRC with limited liability and was an indirect wholly-owned subsidiary of Dexin Services as at the Latest Practicable Date. It is principally engaged in provision of property management services.

Purchaser B had been providing property management services to the Group for its property development projects prior to the listing of the Shares on the Stock Exchange and has been continuing. The provision of property management services by Purchaser B to the Group constituted a continuing connected transaction for the Company pursuant to the Listing Rules. Details of which are set out in the circulars of the Company dated 4 September 2020, 8 June 2021 and 3 April 2024. As set out in the 2021 Annual Report, the 2022 Annual Report and the 2023 Annual Report, the services fee in respect of provision of property management services by Purchaser B to the Group amounted to approximately RMB92.0 million, RMB72.4 million and RMB57.6 million for FY2021, FY2022 and FY2023, respectively.



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### 3. Information of the Vendors and Dexin Movie City

#### 3.1 Vendor A

Vendor A is a company established in the PRC with limited liability and was indirectly owned as to 90.1% by the Company and directly owned as to 9.9% by Mr. Hu Yuegen (胡月根), the brother of Mr. Hu, as at the Latest Practicable Date.

Vendor A is principally engaged in real estate development and operation. As at the Latest Practicable Date, Vendor A held the rights-of-use of the Target Asset A.

#### 3.2 Vendor B

Vendor B is a company established in the PRC with limited liability and was indirectly owned as to 90.1% by the Company and directly owned as to 9.9% by Mr. Hu Yuegen as at the Latest Practicable Date.

Vendor B is principally engaged in real estate development and operation. As at the Latest Practicable Date, Vendor B held the rights-of-use of the Target Asset B.

#### 3.3 Vendor C

Vendor C is a company established in the PRC with limited liability and was wholly-owned by the Company as at the Latest Practicable Date.

Vendor C is principally engaged in real estate development and operation. As at the Latest Practicable Date, Vendor C held the rights-of-use of the Target Asset C.

#### 3.4 Vendor D

Vendor D is a company established in the PRC with limited liability and was indirectly owned as to 63.07% by the Company and directly owned as to 12.36%, 9.00%, 6.93%, 4.40%, 3.24% and 1.00% respectively by Sun Dashan (孫達山), Wu Jianrong (吳建榮), Mr. Hu Yuegen, Sun Zhongliang (孫仲良), Shen Jianmei (沈建妹) and Shi Fengxiang (史鳳香), as at the Latest Practicable Date.

Vendor D is principally engaged in real estate development and operation. As at the Latest Practicable Date, Vendor D held the rights-of-use of the Target Asset D.

#### 3.5 Dexin Movie City

Dexin Movie City is a company established in the PRC with limited liability and was an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date. It is principally engaged in (i) development, construction and

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investment management of film, television base and tourist attraction; and (ii) development, construction, management services of tourist attractions and amenities. As at the Latest Practicable Date, Dexin Movie City wholly owned the Target Company.

#### **4. Information of the Target Parking Spaces**

##### **4.1 Target Asset A**

The Target Asset A comprises the designated 250 underground car parking spaces in Heping Dexin Center (和平德信中心), situated at the intersection of Shaoxing Road and Desheng Road, Gongshu District, Hangzhou City, Zhejiang Province, the PRC (中國浙江省杭州市拱墅區紹興路與德勝路交匯處).

The Target Asset A was constructed by Vendor A itself as part of the commercial property project known as Heping Dexin Center. The construction work of the Target Asset A was completed in around March 2023, and its construction cost was approximately RMB44,872,000.

##### **4.2 Target Asset B**

The Target Asset B comprises the designated 429 underground car parking spaces in Yinhu Technology Park (銀湖科技園), situated at West of the intersection of Fuxian Road and Chuangyi Road, Fuyang District, Hangzhou City, Zhejiang Province, the PRC (中國浙江省杭州市富陽區富閒路與創意路交匯處以西).

The Target Asset B was constructed by Vendor B itself as part of the commercial property project known as Yinhu Technology Park. The construction work of the Target Asset B was completed in around August 2020, and its construction cost was approximately RMB30,266,000.

##### **4.3 Target Asset C**

The Target Asset C comprises the designated 195 underground car parking spaces in Montnorth (嘉悅府), situated at the intersection of Xingguo Road and Xingchen Road, Linping District, Hangzhou City, Zhejiang Province, the PRC (中國浙江省杭州市臨平區興國路與星辰路交匯處).

The Target Asset C was acquired from an Independent Third Party in December 2020 in an original acquisition cost of RMB21,264,750.

##### **4.4 Target Asset D**

The Target Asset D comprises the designated 1,000 underground car parking spaces in Dexin Konggang City (德信空港城), situated at East of the intersection of Jichang Avenue and Kanhong Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the PRC (中國浙江省杭州市蕭山區機場大道與坎紅路交匯處以東).

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The Target Asset D was constructed by Vendor D itself as part of the commercial property project known as Dexin Konggang City. The construction work of the Target Asset D was completed in around November 2022, and its construction cost was approximately RMB135,510,000.

### *4.5 Title of the Target Parking Spaces*

As advised by the Legal Adviser, the Vendors legally hold the rights-of-use of the respective Target Parking Spaces in accordance with the applicable PRC law as (i) the Target Asset A, the Target Asset B and the Target Asset D have been constructed in accordance with the local planning provisions and the relevant Construction Work Planning Inspection Certificate has been obtained by Vendor A, Vendor B and Vendor D; and (ii) the rights-of-use of the Target Asset C has been contracted to be vested in Vendor C. As such, the Vendors are entitled to occupy, use, lease out the Target Parking Spaces or transfer the rights-of-use of the Target Parking Spaces.

### *4.6 Parking space leasing and sales agency services*

On 9 June 2022, the Company and Dexin Services entered into the Parking Space Leasing and Sales Agency Services Framework Agreement (the “**Agency Services Agreement**”), pursuant to which, Dexin Services Group shall provide exclusive parking spaces sales and leasing agency services in respect of the Target Parking Spaces (the “**Agency Services**”) to the Group to facilitate the sales and leasing activities of the Target Parking Spaces, with a term from 11 October 2022 to 31 December 2024. In order to obtain the exclusive leasing and sales rights and the cooperation rights for the Target Parking Spaces, Dexin Services Group paid a deposit in the amount of RMB250,000,000 (the “**Deposit**”) to the Group. On the other hand, the Group shall pay the agency service fees to Dexin Services Group on a monthly basis, after receiving the payment from third party customers for the sales or leasing of the Target Parking Spaces. Details of which are set out in the announcements of the Company dated 9 June 2022 and 23 September 2022.

As advised by the Management, given that the principal business activity of the Group is sales of properties, it had been the original intention to sell the Target Parking Spaces rather than leasing them for rental income. However, during FY2021, FY2022 and FY2023, due to various factors including the COVID-19 pandemic and the downturn of the PRC real estate market, the demand for the Target Parking Spaces had been low and the market price of the Target Parking Spaces had been lower than expectation. As such, none of the Target Parking Spaces were sold.

In view of the entering into of the Parking Space Agreements, on even date of the Parking Space Agreements, the Company and Dexin Services entered into the Termination Agreement to terminate the Agency Services Agreement upon and subject to Target Parking Spaces Disposal Completion.

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Upon Target Parking Spaces Disposal Completion, the rights-of-use of the Target Parking Spaces will be transferred to Dexin Services Group and the Termination Agreement will come into force. Pursuant to the Termination Agreement, the Company is obligated to (i) pay the outstanding agency service fees to the Dexin Services Group, if any; and (ii) repay the Deposit to the Dexin Services Group. As at the Latest Practicable Date, there was no agency service fee required to be payable to the Dexin Services Group. As advised by the Management, it is the intention of the Vendors, Purchaser A and Purchaser B that the consideration of the Disposal of Target Parking Spaces, the consideration of the Equity Disposal and the repayment of the Deposit by the Group to the Dexin Services Group will be set-off against each other at the date of the completion of the Disposals. Following which, it is expected that the gross proceeds in the amount of RMB51,435,000 will be receivable by the Group, which is calculated by subtracting the Deposit of RMB250,000,000 from the aggregate consideration for the Target Parking Spaces of RMB211,435,000 and the consideration for the Equity Disposal of RMB90,000,000.

### **5. Information of the Target Company and the Property**

#### ***5.1 Information of the Target Company***

The Target Company is a company incorporated in the PRC on 26 February 2019 with limited liability. It is principally engaged in real estate development and operation. Other than the Property, the Target Company did not have other major assets as at the Latest Practicable Date.

As advised by the Management, the construction of the Property was completed in July 2021 and since August 2021, the Property has been leasing out to a wholly-owned subsidiary of the Company for rental income.

#### ***5.2 Information of the Property***

The Property is situated at No. 66 Sanmo Line, Moganshan Town, Deqing County, Huzhou City, Zhejiang Province, the PRC. It occupies a site area of 17,819.66 square metres. The total gross floor area of the Property amounts to 31,955.09 square metres.

The Property consists of a 4-storey building, including a 1-storey basement, providing a total of 186 guest rooms and featuring 3 restaurants, a wine bar and a range of facilities including a pillar-free ballroom, several meeting rooms, an indoor swimming pool, a home party area and a gym.

#### ***5.3 Financial performance of the Target Company***

Set out below is the summary of the financial performance of the Target Company for FY2021, FY2022 and FY2023, extracted from the audited financial statements of the Target Group for the two years ended 31 December 2022 and the unaudited management accounts of the Target Company for FY2023.

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	For the year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
	(Audited)	(Audited)	(Unaudited)
Revenue	1,835	4,404	5,824
Loss before taxation	(16,350)	(21,676)	(21,691)
Loss after taxation	(16,350)	(21,676)	(16,268)

As advised by the Management, the revenue of the Target Company represents the rental income generated from leasing out the Property.

The Target Company had been generating net loss during FY2021, FY2022 and FY2023 which were mainly due to the depreciation expenses of the Property throughout the years.

#### 5.4 Financial position of the Target Company

	As at 31 December 2023 RMB'000 (Unaudited)
<b>Non-current assets</b>	
Investment properties	179,756
Other non-current assets	<u>9,692</u>
	<b>189,448</b>
<b>Current assets</b>	
Trade and other receivables	409
Inventories	1,300
Bank and cash equivalents	<u>122</u>
	<b>1,831</b>
<b>Non-current liabilities</b>	
Borrowings	<u>26,000</u>
	<b>26,000</b>

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As at 31  
December  
2023  
RMB'000  
(Unaudited)

<b>Current liabilities</b>	
Trade and other payables	11,602
Amounts due to fellow subsidiaries	44,369
Borrowings	100,000
	<hr/>
	<b>155,971</b>
<b>Net current liabilities</b>	<b>(154,140)</b>
<b>Total assets</b>	<b>191,279</b>
<b>Total liabilities</b>	<b>181,971</b>
<b>Net assets</b>	<b>9,308</b>

The total assets of the Target Company mainly comprised investment properties, representing the Property.

The total liabilities of Target Company mainly comprised (i) borrowings, representing (a) a borrowing of RMB100 million from a financial institution which is repayable with one year and secured by the Property; and (b) a bank borrowing of RMB26 million which is repayable within five years and secured by the properties owned by third-party, ultimate holding company and fellow subsidiary of the Target Company; and (ii) the amounts due to fellow subsidiaries, which are unsecured, non-interest bearing and has no fixed repayment terms.

### 6. Industry overview of the real estate market in the PRC

According to an article headlined “China’s property sector shrinks 5.1% in 2022 – NBS” published on 18 January 2023 by Reuters, China experienced one of its weakest rates of economic growth in nearly half a century in 2022, which primarily due to a slump in the property market and the impact of pandemic controls and COVID-19 outbreaks, particularly in the second and the fourth quarters of 2022. The National Bureau of Statistics of China (“NBS”) reported a 5.1% year-on-year decline in the property sector of China for 2022. The PRC government implemented a series of policies to address the challenges faced by homebuyers and property developers and alleviate the long-standing liquidity squeeze in the industry with an aim to expediting the completion of housing projects that had been delayed. However, despite these efforts, investment in real estate in 2022 still decreased by 10.0% as compared to 2021, marking the first decline since records began in 1999, and property sales experienced the most significant decline since 1992.

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Further according to an article headlined “China’s property market slide worsens despite government support” published on 17 January 2024 by Reuters, China’s troubled property market experienced the most significant declines in new home prices in nearly nine years by the end of 2022, despite the PRC government’s efforts to prop up the sector that was once a key driver of the world’s second-largest economy. In December 2023, new home prices recorded their sharpest drop since February 2015, while property sales measured by floor area decreased by 23% as compared to the corresponding month in the previous year. At the same time, property investment by developers in December recorded the fastest year-on-year decline since at least 2000, based on Reuters’ calculations using NBS data. Overall for 2023, property investment dropped by 9.6%, similar to the decline observed in 2022. The persistent downturn in the sector, which accounts for approximately a quarter of China’s economy, has the potential to impede the country’s broader recovery and place pressure on the PRC government to introduce additional favourable measures.

At the same time, the global economy has faced significant inflation over the past two years, leading to a rapid hike in interest rates and a strengthening of the US dollar against the renminbi. This confluence of factors has elevated the risk of debt default for certain developers, leaving debt restructuring as the only viable option for some companies.

With reference to a research publication titled “China Research 2024 – China Real Estate Outlook” released by Savills on 17 January 2024, in November 2023, Sunac China Holdings Limited (“Sunac”), a major property developer in the PRC and listed on the Mainboard of the Stock Exchange (stock code: 1918.hk), became the first domestic real estate developer to successfully complete its overseas debt restructuring. Its existing debt of approximately US\$10 billion was replaced with a combination of new notes, mandatory convertible bonds, convertible bonds, and shares of Sunac Services Holdings Limited (stock code: 1516.hk), a listed subsidiary of Sunac. Sunac’s success has established a potential model for other distressed developers to mitigate their debt crises. Companies such as China Evergrande Group (stock code: 3333.hk), Country Garden Holdings Company Limited (stock code: 2007.hk), Zhenro Properties Group Limited (stock code: 6158.hk) and Logan Group Company Limited (stock code: 3380.hk) are actively pursuing overseas debt restructuring as well. Savills emphasised that debt restructuring merely defers existing obligations rather than eliminating them. The ultimate resolution of developers’ debt crises depends on improving revenues by revitalising existing projects, accelerating sales, and enhancing operational efficiency.

### **7. Reasons for and benefits of the Disposals**

As set out in the Board Letter, the Management considered that (i) the real estate market in the PRC remains sluggish which has led to increase in provision for impairment of the Target Parking Spaces; (ii) the Target Parking Spaces had not generated any revenue and net profits for the two financial years immediately preceding the Latest Practicable Date; (iii) the path to recovery in the real estate industry in the PRC is expected to remain challenging; (iv) accelerating the disposal of Target Parking Spaces can alleviate the cash flow burden of the Group.

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As discussed in the section headed "1. Information of the Group" above, as at 31 December 2023, the net debt of the Group amounted to approximately RMB11,664 million and the Group had a net gearing ratio of 96.4%. In particular, the current portion of borrowings amounting to approximately RMB13,450 million, while the cash and cash equivalent only amounting to approximately RMB4,600 million, as at 31 December 2023. It is conceivable that the Group may face pressure in meeting its short-term liabilities, and that the Management has been striving to enhance asset turnover by actively accelerating the disposal of the Group's assets at reasonable prices so as to improve the Group's financial position.

As advised by the Management, in light of the downturn in the PRC economy and the real estate segment in the PRC, the Group had made provisions for impairment loss in the amount of approximately RMB2,500 million for the properties under development and held for sale in FY2023, representing a significant increase of approximately 179.5% as compared to that of approximately RMB895 million for FY2022.

As further advised by the Management, the Disposal of Target Parking Spaces and the Equity Disposal were negotiated with the Dexin Services Group as a package deal. Despite this, the Disposal of Target Parking Spaces and the Equity Disposal are not inter-conditional with each other so as to provide flexibility in completing the Disposal of Target Parking Spaces and the Equity Disposal for the purpose of enhancing asset turnover as mentioned above. Based on the aggregate consideration for the Disposals in the amount of RMB301,435,000, after deducting (i) the unaudited net asset value of the rights-of-use of the Target Parking Spaces as at 31 December 2023 of approximately RMB223.3 million; (ii) the unaudited net asset value of the Target Company as at 31 December 2023 of approximately RMB9.3 million; and (iii) the estimated tax payable incurred from the Disposals of approximately RMB17.5 million, the Disposals are expected to result in an unaudited net gain of approximately RMB51.4 million to the Group.

Besides, as mentioned in the paragraph headed "4.6 Parking space leasing and sales agency services" above, upon completion of the Disposals, the Group shall receive gross proceeds amounting to RMB51,435,000. After deducting the expenses, the net proceeds shall amount to approximately RMB50.9 million, which will be applied towards the general working capital of the Group.

In view that (i) the PRC economy, in particular, the real estate segment remains to be challenging; (ii) no income had been generated by the Target Parking Spaces since their completion of construction or acquisition (as the case may be) and substantial amount of provisions for impairment loss had been made for the Target Parking Spaces; (iii) the Target Company had recorded net loss over the years and had a net current liability position as shown in the section headed "5.4 Financial position of the Target Company" above, we concur with the views of the Management that the Disposals represent a good opportunity for the Group to realise the asset value of the Target Parking Spaces and the Target Company and re-deploy its resources to the development of the Group's principal business. The Disposals as a whole would also generate cash inflow for the Group and would record a gain on disposal as discussed



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above, which would overall enhance the financial position of the Group. Accordingly, we are of the view that the entering into of the Parking Space Agreement and the Equity Transfer Agreement is conducted in the ordinary and usual course of business of the Group, on normal commercial terms and is fair and reasonable, and the Disposals are in the interests of the Company and the Shareholders as a whole.

### **8. Principal terms of the Parking Space Agreements and the Equity Transfer Agreement**

#### *8.1 The Parking Space Agreements*

Set out below is a summary of the principal terms of the Parking Space Agreements. Details of each of the Parking Space Agreements are set out in the Board Letter.

##### *8.1.1 Subject Matter*

Each of Vendor A, Vendor B, Vendor C and Vendor D has conditionally agreed to sell, and Purchaser A has conditionally agreed to purchase, the rights-of-use of the Target Asset A, the Target Asset B, the Target Asset C and the Target Asset D, respectively.

##### *8.1.2 Consideration*

The consideration for the Target Asset A, the Target Asset B, the Target Asset C and the Target Asset D is RMB52,825,000, RMB21,450,000, RMB17,160,000 and RMB120,000,000, respectively. The aggregate consideration for the Target Parking Spaces amounts to RMB211,435,000.

##### *8.1.3 Conditions precedent*

The completion of each of the Parking Space Agreements is conditional upon the fulfilment or waiver (as the case may be) of the following conditions:

- (i) the Company having issued the relevant circular in relation to the Disposal of Target Parking Spaces and the transactions contemplated thereunder in accordance with the Listing Rules; and
- (ii) the Company having obtained all necessary approvals for the Disposal of Target Parking Spaces (including but not limited to the approval by the Independent Shareholders).

Each of the Parking Space Agreements is not inter-conditional to each other.

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### *8.1.4 Completion*

The completion of each of the Parking Space Agreements shall take place on a date to be agreed by the respective Vendors and Purchaser A after all the conditions precedent have been satisfied.

## **8.2 The Equity Transfer Agreement**

Set out below is a summary of the principal terms of the Equity Transfer Agreement. Details of the Equity Transfer Agreement are set out in the Board Letter.

### *8.2.1 Subject Matter*

Dexin Movie City has conditionally agreed to sell, and Purchaser B has conditionally agreed to acquire, the 100% equity interest in the Target Company upon the terms and conditions of the Equity Transfer Agreement.

### *8.2.2 Consideration*

The consideration for the Equity Disposal is RMB90,000,000.

### *8.2.3 Conditions precedent*

The Equity Disposal Completion is conditional upon the fulfilment or waiver (as the case may be) of the following conditions:

- (i) all representations, warranties and undertakings made by Dexin Movie City under the Equity Transfer Agreement remaining true, accurate and not misleading in all material aspects;
- (ii) there being no laws, regulations or rules which may render the Equity Transfer Agreement illegal or impractical, none of the parties to the Equity Transfer Agreement facing any pending or potential claims which would restrict the performance of the Equity Transfer Agreement or have a material adverse effect on the legality or otherwise of the Equity Disposal;
- (iii) all necessary and required consents and approvals regarding the transactions contemplated under the Equity Transfer Agreement and the completion of such transactions having been obtained and completed, including but not limited to the consents from the parties' respective shareholders (if applicable) and their respective board of directors;
- (iv) the Equity Transfer Agreement having been duly signed and becoming effective;

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- (v) no material adverse effect having resulted or being reasonably likely to result from the Equity Disposal;
- (vi) the equity interest in the Target Company shall be free from liabilities and/or contingent liabilities;
- (vii) Purchaser B being satisfied with the results of its business, legal and financial due diligence review on the Target Company and the assets of the Target Company;
- (viii) the Company having issued the relevant circular in relation to the Equity Disposal and the transactions contemplated thereunder in accordance with the Listing Rules;
- (ix) the Company having obtained all necessary approvals for the Equity Disposal (including but not limited to the approval by the Independent Shareholders);
- (x) the legal title of the Property having been registered under the Dexin Services Group; and
- (xi) the Equity Transfer Agreement and the transactions contemplated thereunder have been completed in accordance with the articles of association of Purchaser B and Dexin Movie City, the Listing Rules and any relevant laws and regulations.

### *8.2.4 Completion*

Equity Disposal Completion shall take place on a date to be agreed by Dexin Movie City and Purchaser B and after all the conditions precedent have been satisfied.

## **9. Assessment of the consideration for the Disposals**

### *9.1 Basis of the considerations*

#### *9.1.1 Disposal of Target Parking Spaces*

As set out in the Board Letter, the considerations were arrived at after arm's length negotiations between the respective Vendors and Purchaser A under each of the Parking Space Agreements after taking into consideration of factors including but not limited to (i) market price of the Target Parking Spaces; (ii) the unaudited net asset value of the Target Parking Spaces; and (iii) discussion with the Valuer.

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### *9.1.2 Equity Disposal*

As set out in the Board Letter, the consideration for the Equity Disposal was arrived at after arm's length negotiations between Dexin Movie City and Purchaser B after taking into consideration of factors including but not limited to (i) the net current liabilities of the Target Company of approximately RMB168,056,000 as at 31 December 2022; and (ii) the appraisal value of the Property of RMB260,000,000 as set out in the valuation report prepared by the Valuer as at 31 December 2023.

### *9.2 The Parking Space Valuation and the Property Valuation*

Reference is made to the Valuation Report contained in the Appendix II to the Circular. In assessing the fairness and reasonableness of the considerations for the Disposals, we have reviewed the Valuation Report and discussed with the Valuer regarding the respective Parking Space Valuation and Property Valuation as discussed below.

#### *9.2.1 Qualifications of the Valuer*

We have reviewed the terms of engagement of the Valuer and consider that its scope of work is typical of valuation carried out by independent valuers. We are not aware of any limitation on the scope of work which might adversely affect the degree of assurance given by the Valuation Report.

We have interviewed the Valuer and enquired into the qualification, experience and independence of the Valuer in relation to preparation of the Valuation Report. We understood that the valuation team is led by Ms. Jennie C.W. Chang, who is a Senior Associate Director of the Valuer and the signor of the Valuation Report. Ms. Chang 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), who has over 16 years of experience in valuation of properties in the PRC and has sufficient knowledge of the relevant market, the skills and understanding to handle the Valuation competently.

The Valuer has also confirmed that it is independent from the Company, the Vendors, Dexin Movie City, Purchaser A, Purchaser B and their respective connected persons or associates. Based on the above, we are satisfied with the expertise and independence of the Valuer.

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### *9.2.2 Valuation bases and assumptions*

As set out in the Valuation Report, the Valuation was carried out in accordance with the HKIS Valuation Standards 2020 of The Hong Kong Institute of Surveyors (“HKIS”), which incorporates the International Valuation Standards, and (where applicable) the relevant HKIS or jurisdictional supplement.

In general, the Valuer has made certain assumptions including, (i) the Group has good legal titles to the properties or has free and uninterrupted rights to occupy, use, transfer, lease or assign the properties for the whole of the respective unexpired terms as granted; and (ii) the properties are free from encumbrances, restrictions and outgoing of an onerous nature which could affect their values. With respect to the Parking Space Valuation, the Valuer has relied on the Legal Opinion and prepared the Parking Space Valuation on the basis that the rights-of-use of the Target Parking Spaces are freely transferrable by the Vendors and that the transferable land use rights in respect of the Target Parking Spaces for their respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable has already been fully paid.

We have reviewed the Valuation Report and the Legal Opinion, and discussed with the Valuer regarding the bases and assumptions adopted in the Valuation Report, we understood that such valuation bases and assumptions are adopted in line with general market practice. During the course of the review and discussion with the Valuer, we have not identified any major factors that would lead us to cast doubt on the fairness and reasonableness of the valuation bases and assumptions adopted in the Valuation Report.

### *9.2.3 Methodology of the Parking Space Valuation*

We have discussed with the Valuer on the methodology adopted in the Parking Space Valuation, and understood that there are three generally accepted valuation approaches, namely the direct comparison approach, the income approach and the cost approach. As advised by the Valuer, as the Target Parking Spaces lacked valid title documents at the Valuation Date, the market value is not applicable for the Target Parking Spaces, rendering the direct comparison approach is not applicable. Besides, the cost approach is usually adopted for property with special nature or when there is a lack of sales or rental transactions for similar properties in the vicinity. In this case, the cost approach was considered not appropriate for the Parking Spaces Valuation as there are comparable rental transactions available in the market for parking spaces. Under the circumstances, the Valuer adopted the income capitalisation method under the income approach by applying a reversionary yield (rate of return or discount rate) to an estimated rental income, to derive the investment value for each of the Target Asset A, the Target Asset B, the Target Asset C and the Target Asset D, as a reference value for the

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Company. As confirmed by the Valuer, the income approach by the income capitalisation method is commonly adopted methodology for valuation of similar type of properties without valid title documents.

Having considered the basis of selection of the methodology as explained by the Valuer, we are of the view that the adoption of income capitalisation method in the Parking Space Valuation is reasonable.

As further advised by the Valuer, the income capitalisation method is undertaken by capitalising the estimated rental income to be generated from the Target Parking Spaces for the residual term of its land use rights. As the Target Parking Spaces had not been leased out since their completion of construction or acquisition, the Valuer made reference to the monthly unit rent of comparable parking spaces (the “**Comparable Parking Spaces**”) with appropriate adjustments including but not limited to size, property type, location, floor levels and age (the “**Adjustment Factors**”) to arrive at the estimated rental income of the Target Parking Spaces. We have reviewed and discussed with the Valuer regarding the selection on the Comparable Parking Spaces and the adjustments made, and we understood that the Comparable Parking Spaces are recent market quotations of rents of car park properties similar to the Target Parking Spaces in terms of the Adjustment Factors. As advised by the Valuer, if the Target Parking Spaces are more favourable than the Comparable Parking Spaces in terms of each of the Adjustment Factors, an upward adjustment would be made. Alternatively, if the Target Parking Spaces is less favourable than the Comparable Parking Spaces in terms of each of the Adjustment Factors, a downward adjustment would be made. The average adjusted monthly unit rent of the Comparable Parking Spaces were adopted as the estimated monthly rental income to derive the Target Parking Space Valuation. As discussed with the Valuer, we understood that the adjustments made for Parking Space Valuation were with reference to the market practice and the Valuer’s experience in the valuation of other similar properties and are appropriate in deriving at the Parking Space Valuation.

As advised by the Valuer, we understood that a reversionary yield ranging from 2.50% to 4% was applied in calculating the present value of the estimated rental income (i.e. investment value) of each of the Target Asset A, the Target Asset B, the Target Asset C and the Target Asset D, and such reversionary yields were determined based on their research and/or analysis of the property market in the PRC, which was in line with usual market practice.

During the course of our discussion with the Valuer, we have not identified any major factors which would lead us to cast doubt on the fairness and reasonableness of the valuation methodology, bases, assumptions and adjustments adopted in arriving at the Parking Space Valuation. Accordingly, we agreed that the Parking Spaces Valuation is appropriate and sufficient as a reference value for assessing the consideration for the Disposal of Target Parking Spaces.

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### *9.2.4 Methodology of the Property Valuation*

We have also discussed the methodology adopted in the Property Valuation with the Valuer, and understood that there are three generally accepted valuation approaches, namely the direct comparison approach, the income approach and the cost approach, for the Property Valuation. With respect to the Property Valuation, the Valuer has adopted an income approach to arrive at the market value of the Property, given that (i) the direct comparison approach was considered not appropriate due to a lack of comparable sales transactions of hotels for comparison; and (ii) the cost approach was also considered not appropriate due to its inability to adequately reflect the income generation potential of the Property. The Valuer adopted the discounted cash flow method (the “**DCF method**”) under the income approach by discounting the future net cash flow that would be generated by the operation of the Property to its present value by using an appropriate discount rate that reflect the rate of return required by a typical investor for an investment of this type. As confirmed by the Valuer, the income approach by the DCF method is an appropriate and commonly adopted methodology for the valuation of income-generating properties, such as hotels. Having considered the above, we are of the view that the adoption of income approach for the Property Valuation is reasonable.

As advised by the Valuer, we understood that the Valuer has undertaken the DCF method on an annual basis over a five-year investment horizon, where periodic cash flow is estimated as gross income less operating expenses and other outgoings. The series of periodic net operating income, along with an estimate of the reversionary or terminal value anticipated at the end of the projection period, is then discounted at the discount rate of 8%. As confirmed by the Valuer, the discount rate of 8% is adopted based on terminal capitalisation rate plus terminal growth rate, which is in line with usual market practice.

The Valuer has assumed that the Property will be sold at the commencement of the sixth year and a terminal value using a terminal capitalisation rate of 5% has been adopted. We understood from the Valuer that based on the prevailing property market in the PRC, the adoption of a five-year period is a common practice and a reasonable holding period when assessing an income generating property such as a hotel, which allows (i) for the stabilisation of income over such a holding period; and (ii) for an investor to make an assessment of the long-term return. The Valuer further advised that the terminal value and the terminal capitalisation rate is adopted based on comparable cases of transferring similar hotel properties and is in line with usual market practice.

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We have further discussed with the Valuer and understood that the expected cashflows for the Property were calculated based on (i) the average daily room rate and occupancy rate, which were based on the historical operating data of the Property; (ii) the stabilised occupancy rate, which was referenced from comparable five-star hotels in tier 2 or 3 cities in the PRC as shown in the 2020 China Hotel Industry Study (Financial Year 2019) issued by China Travel and Tourism Press (the “**Hotel Industry Study**”); (iii) the growth rates of the average daily room rate and the occupancy rate, which were primarily reflecting the inflation rate; and (iv) the cost of goods sold and other operating expenses, which were primarily based on their respective cost-to-revenue ratio from the historical financial information of the Property as well as referenced from the Hotel Industry Study.

We have enquired with the Valuer on the appropriateness of making reference to the selected comparable hotels and the Hotel Industry Study instead of relying solely on the historical financial information of the Property. We understood that the references were made after taking into account that (i) the Property is a five-star hotel located in Huzhou, a third-tier city in the PRC; (ii) the Hotel Industry Study represents the most recent industry data unaffected by the COVID-19 pandemic; and (iii) the historical occupancy rates of the Property were significantly impacted by the COVID-19 pandemic, which might not accurately reflect the Property’s performance under normal circumstances. As such, the Valuer was of the view, and we concurred, that the comparable hotels and the Hotel Industry Study are appropriate reference for the purpose of the Property Valuation.

We have obtained and reviewed the historical operating data of the Property, the detailed calculation of the discounted cashflow model and the Hotel Industry Study. During the course of our discussion with the Valuer, we have not identified any major factors which would lead us to cast doubt on the fairness and reasonableness of the valuation methodology, bases and assumptions adopted in arriving at the Property Valuation. Accordingly, we agreed that the Property Valuation is appropriate and sufficient as a reference value for assessing the consideration for the Equity Disposal.



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### 9.3 Comparison between the Valuation and the consideration for the Disposals

#### 9.3.1 With respect to the Disposal of Target Parking Spaces

Set out below is the comparison of the consideration of the respective Target Parking Spaces with its corresponding Parking Space Valuation, being the respective investment value as set out in the Valuation Report:

	<b>Consideration</b> <i>RMB'000</i>	<b>Investment value</b> <i>RMB'000</i>
Target Asset A	52,825	52,600
Target Asset B	21,450	21,700
Target Asset C	17,160	17,100
Target Asset D	<u>120,000</u>	<u>118,000</u>
<b>Total</b>	<b><u>211,435</u></b>	<b><u>209,400</u></b>

It is noted that the aggregate consideration for the Disposal of Target Parking Spaces of RMB211,435,000 represents a premium of approximately 1.0% or RMB2.0 million over the Parking Space Valuation as appraised by the Valuer.

#### 9.3.2 With respect to the Equity Disposal

Set out below is the illustrative computations of the reassessed net asset value (the “**Adjusted NAV**”) of the Target Company having adjusted for the Property Valuation:

<b>The Target Company</b>	<b>Approximate</b> <i>RMB'000</i>
Unaudited net asset value of as at 31 December 2023	9,308
Less: Carrying amount of the Property as at 31 December 2023	(179,756)
Add: Market value of the Property as appraised by the Valuer	<u>260,000</u>
<b>Adjusted NAV of the Target Company</b>	<b><u>89,552</u></b>

It is noted that the consideration for the Equity Disposal of RMB90,000,000 represents a premium of approximately 0.5% over the Adjusted NAV of the Target Company.

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### *9.4 Our view*

As discussed above, we are of the view that (i) the Valuer is independent, qualified and experienced with sufficient knowledge, skills and understanding necessary to appraise the Target Parking Spaces and the Property competently; and (ii) the bases, assumptions and methodologies applied in the Parking Spaces Valuation and the Property Valuation are fair and reasonable.

Having considered the above, we concur with the view of the Management that the consideration for the Disposals are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **10. Financial effect of the Disposals**

### *10.1 Assets and liabilities*

As set out in the Board Letter, upon completion of the Disposals, the audited consolidated total assets of the Group would decrease by approximately RMB374,424,000 and the audited consolidated total liabilities of the Group would decrease by approximately RMB142,487,000.

### *10.2 Earnings*

Upon Target Parking Spaces Disposal Completion, the Group expects to recognise an unaudited loss of approximately RMB29,276,000, being the difference between the aggregate consideration for the Disposal of Target Parking Spaces after deduction of tax and the aforesaid net asset value of the rights-of-use of the Target Parking Spaces as at 31 December 2023. While upon Equity Disposal Completion, the Group expects to recognise an unaudited gain of approximately RMB80,692,000, being the difference between the consideration for the Equity Disposal and the unaudited net asset value of the Target Company as at 31 December 2023. The aggregate effect of the Disposals would be an unaudited gain on disposal of approximately RMB51,416,000.

The actual amounts of the consolidated assets and liabilities of the Group upon completion of the Disposals and the gain or loss as a result of the Disposal to be recorded by the Group are subject to the audit to be performed by the Company's auditors.

Upon Equity Disposal Completion, the Company will no longer have any interest in the Target Company, and the financial results of the Target Company will no longer be consolidated with the results of the Group.

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### IV. OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, in particular that:

- (i) the Disposals align with the Group's ordinary and usual course of business and would facilitate realisation of the asset value of the Target Parking Spaces and the Target Company and re-deployment of resources to the development of the Group's principal business amidst the challenging market environment;
- (ii) in view of the high gearing of the Group and the cashflow pressure considering the cash level and the short-term liabilities, the net proceeds from the Disposals of approximately RMB50.9 million would strengthen the working capital of the Group and enhance its financial position;
- (iii) the aggregate consideration for the Disposal of Target Parking Spaces of RMB211,435,000 represents a premium of approximately 1.0% over the Parking Space Valuation of RMB209,400,000;
- (iv) the consideration for the Equity Disposal of RMB90,000,000 represents a premium of approximately 0.5% over the Adjusted NAV of the Target Company; and
- (v) the Group is expected to record an unaudited gain on disposal of approximately RMB51.4 million upon completion of the Disposals,

we consider that (i) the Parking Space Agreements and the Equity Transfer Agreement are entered into in the ordinary and usual course of business of the Group; (ii) the terms of the Parking Space Agreements and the Equity Transfer Agreement are on normal commercial terms and are fair and reasonable; and (iii) the Disposals are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Parking Space Agreements and the Equity Transfer Agreement and the respective transactions contemplated thereunder.

Yours faithfully,  
for and on behalf of  
**OPTIMA CAPITAL LIMITED**  
**Ng Ka Po**

*Managing Director Corporate Finance*

*Mr. Ng is a responsible officer of Optima Capital Limited and a licensed person registered with the Securities and Futures Commission to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. Mr. Ng has participated in the provision of independent financial advisory services for various transactions involving companies listed on the Stock Exchange.*

## 1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the financial years ended 31 December 2021, 2022 and 2023 were set out in the relevant annual reports of the Company posted on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<http://www.dothinkgroup.com>). Please also see below quick links to the annual reports:

- Annual report of the Company for the year ended 31 December 2021 (pages 144 to 283) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0515/2022051500023.pdf>)
- Annual report of the Company for the year ended 31 December 2022 (pages 144 to 295) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042703592.pdf>)
- Annual report of the Company for the year ended 31 December 2023 (pages 135 to 287) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0430/2024043002850.pdf>)

## 2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 March 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had the following liabilities:

### **Bank borrowings**

As at 31 March 2024, the Group had guaranteed and secured bank borrowings of approximately RMB10,296,000,000 and unguaranteed and secured bank borrowings of approximately RMB453,000,000.

### **Other borrowings**

As at 31 March 2024, the Group had guaranteed and secured other borrowings of approximately RMB2,348,000,000, guaranteed and unsecured other borrowings of approximately RMB16,000,000 and unguaranteed and unsecured senior notes of approximately RMB2,993,000,000.

### **Commitments**

As at 31 March 2024, the Group's commitments that are contracted but not provided were approximately RMB6,972,654,000, among which the commitments for property development activities were approximately RMB6,396,355,000, the commitments for property, plant and equipment were approximately RMB146,860,000 and the commitments for investment properties were approximately RMB429,439,000.

**Financial guarantees**

As at 31 March 2024, the Group's total financial guarantees were approximately RMB4,977,082,000, of which the guarantees provided for the mortgage facilities for certain purchasers were approximately RMB3,609,789,000 and the financial guarantees provided for the borrowings of joint ventures and associates were approximately RMB1,367,293,000.

**Lease liabilities**

As at 31 March 2024, the Group had lease liabilities of approximately RMB11,021,000.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, at the close of business on 31 March 2024, the Group did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but unissued and term loans of other borrowings, indebtedness in the nature of borrowings, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities.

**3. WORKING CAPITAL**

For the year ended 31 December 2023, the Group incurred net loss of RMB1,960,305,000. As at 31 December 2023, the Group's net current assets amounted to RMB4,821,819,000. As of that date, the Group's current portion of borrowings amounted to RMB13,449,949,000, while its cash and cash equivalents amounted to RMB4,599,819,000.

On 13 December 2023, the Company announced that the restructuring support agreement for restructuring of senior notes was not proceed as scheduled such that the aggregate principal amount of the relevant outstanding senior notes of US\$350,000,000 and the accrued interest of US\$17,413,000 became overdue. As of the date of approval of these consolidated financial statements, the Company has not made such payments.

In additions, as at 31 December 2023, certain bank borrowings and other borrowings of the Group with the principal balance of RMB2,219,550,000 became cross-default and repayable on demand under the circumstances that the unpaid senior notes as described above.

On 20 March 2024, a winding-up petition against the Company (the "**Petition**") was filed by China Construction Bank (Asia) Corporation Limited in the High Court of the Hong Kong Special Administrative Region (the "**High Court**") against the Company, in relation to the nonpayment of the above mentioned senior notes issued by the Company. The above conditions indicated the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. In view of aforesaid mentioned, the

directors of the Group have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern.

The Directors prepared a working capital forecast for the 12 months from the date of this circular based on certain assumptions and events which are expected to take place.

Major assumptions and events taken into account by the Directors in preparing the working capital forecast include:

- (i) The Disposals will be completed and the payment of the Consideration will be settled in accordance with the respective Agreements;
- (ii) Feasible solutions will be agreed with the creditors of the senior notes, that they will extend the maturity dates and will not demand partial or full repayment of the outstanding principal amount and interest of the senior notes;
- (iii) Lenders of bank borrowings and other borrowings will not exercise their rights to demand immediate repayment of relevant bank borrowings and other borrowings prior to their schedule contractual repayment dates;
- (iv) Core business operation and asset base of the Group and the market conditions in which the Group operates and/or invests in will not differ materially from those of present.

As certain bank borrowings and other borrowings and the senior notes has been due or cross-default and repayable on demand while the future operating cash inflow of the Group may be insufficient to match the repayment borrowings and relevant interest payment, the Group was unable to confirm that it would have sufficient working capital for its present requirements for at least the next 12 months from the date of this circular as required under paragraph 30 of Appendix D1B to the Listing Rules. The Group has the following plans to ensure that the it would have sufficient working capital for at least the next 12 months from the date of this circular:

- (i) the Group will actively negotiate with its creditors of the senior notes and seek external financial advisers for various feasible solutions to the relevant notes;
- (ii) the Group is actively negotiating with several existing financial institutions and investors on the extension of certain borrowings. The Group is also actively negotiating with various financial institutions to secure new loans at reasonable costs;
- (iii) the Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables. Recent relaxation of policies with regards to pre-sale requirements have been encouraging

to increase buyer interests and stimulate demand. The Group will also continue to actively adjust sales and pre-sale activities to better respond to changing markets to achieve the latest budgeted sales and pre-sales volumes and amounts;

- (iv) the Group continues to identify suitable buyers and engage in discussions with certain potential buyers regarding the possible disposal of the equity interests in certain property development projects or shopping malls of the Group in order to raise additional funds; and
- (v) the Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

The Directors, after due and careful enquiry, are of the opinion that, taking into account the Disposals and the financial resources available to the Group, including internal resources, the net proceeds to be received from the Disposals and the available credit facilities, and based on the assumptions that the Group's management will be able to achieve the aforementioned plans and measures, the Group will have sufficient working capital to fund its operations and to meet its financial obligations as and when they fall due for at least the next twelve months from the date of this circular, in the absence of unforeseen circumstances. However, if the implementation of plans and measures of the Group become unsuccessful, the Group will not have sufficient working capital for at least the twelve months from the date of this circular.

The Company has obtained the relevant letter as required under Rule 14.66(12) of the Listing Rules.

#### **4. FINANCIAL AND TRADING PROSPECTS**

Looking ahead, the real estate market will continue to adhere to the positioning that housing is used for living, not for speculation, establish and implement a long-term real estate mechanism, expand the supply of subsidised housing, support the demand of first- and second-time home buyers, push forward the construction of a long-term rental housing market, accelerate the renovation of old residential communities and dilapidated buildings, stabilise land prices, housing prices and market expectations, and promote the healthy development of the real estate market with the implementation of city-specific measures.

As the largest economic circle in China, the Yangtze River Delta region is an important center for national economic development. The Group has been deeply rooted in the Yangtze River Delta region for many years and will continue to consolidate and capitalise on the brand reputation in the region by adhering to the business philosophy of focusing on customer needs and creating value for customers, and upholding the quality image of "Hangzhou workmanship". The Group will always adhere to high quality as well as the standardised construction operation concepts in the manufacturing industry, run business like running a marathon, and rely on its extensive experience in development and management as well as its efficient operation capability to judge and respond to changes and control risks in a prudent manner.

Against the backdrop of the central government’s persistence on “housing is used for living, not for speculation” and the “Three Stabilize” policy, the Group will insist on healthy development and doing the right and difficult thing, and doing the best with the whole industrial chain support and mutual empowerment to consolidate foundation, cultivate internal strengths, and strengthen the strategic positioning of “becoming a pan-real estate whole industry chain continuous innovator”, remaining true to its original aspiration, belief and passion. The Group will continue to adhere to the marathon-alike long-termism with the original aspiration of “being positive, following the right path, and being authentic”, and make every effort to move forward to a new spring with a more solid and determined pace.



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## APPENDIX II VALUATION REPORT OF THE TARGET PARKING SPACES AND THE PROPERTY

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The following is the text of a letter, summary of values and valuation report prepared for the purpose of incorporation in this circular received from Savills Valuation and Professional Services (China) Limited, an independent valuer, in connection with their opinion of values of the properties held by the Group as at 31 March 2024.

The Directors  
Dexin China Holdings Company Limited  
Dexin Group  
No. 588 Huanzhan East Road  
Jiangan District  
Hangzhou  
Zhejiang Province  
PRC

23 May 2024



Savills Valuation and  
Professional Services (China) Limited  
Room 1208, 12/F  
1111 King's Road  
Taikoo Shing, Hong Kong

T: (852) 2801 6100  
F: (852) 2530 0756

savills.com

Dear Sirs,

In accordance with your instructions for us to value the properties situated in the People's Republic of China (the "**PRC**") in which Dexin China Holdings Company Limited (the "**Company**") and/or its subsidiaries (hereinafter together referred to as the "**Group**") have interests, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of market value of the properties as at 31 March 2024 (the "**valuation date**") for incorporation in a circular.

### **BASIS OF VALUATION**

Our valuation of each of the properties is our opinion of its 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".

Moreover, market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

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## **APPENDIX II VALUATION REPORT OF THE TARGET PARKING SPACES AND THE PROPERTY**

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Our valuation has been undertaken in accordance with the HKIS Valuation Standards 2020 of The Hong Kong Institute of Surveyors (“**HKIS**”), which incorporates the International Valuation Standards (“**IVS**”), and (where applicable) the relevant HKIS or jurisdictional supplement. We have also complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### **IDENTIFICATION AND STATUS OF THE VALUER**

The subject valuation exercise is handled by our Ms. Jennie C.W. Chang. Ms Chang is a Senior Associate Director of Savills Valuation and Professional Services (China) Limited (“**SVPSCL**”) and a Member of the HKIS (General Practice Division) with over 16 years’ experience in valuation of properties in the PRC and has sufficient knowledge of the relevant market, the skills and understanding to handle the subject valuation exercise competently.

Prior to your instructions for us to provide this valuation services in respect of the properties, SVPSCL had not been involved in valuation of the properties in the past 12 months.

We are independent of the Company and its subsidiaries. We are not aware of any instances which would give rise to potential conflict of interest from SVPSCL or Ms. Chang in the subject exercise. We confirm SVPSCL and Ms. Chang are in the position to provide objective and unbiased valuation for the properties.

### **VALUATION METHODOLOGY**

In valuing the properties in Group I, we have ascribed no commercial value to these properties which are held by the Group for sale in the PRC as these properties lack valid title documents. For the Group’s internal management reference purpose, we have reported the investment value of these properties in the valuation report. According to the IVS, which the HKIS Valuation Standards follows, investment value is defined as “the value of an asset to the owner or a prospective owner for individual investment or operational objectives”. Investment value is an entity-specific basis of value which reflects the benefit received by an entity from holding the asset (such as rental income) and therefore, does not necessarily involve a hypothetical exchange. We have primarily adopted the income capitalization method whereby the estimated rents to be generated from the property are capitalized for the residue term of its land use rights.

In valuing the property in Group II, which is held by the Group for operation in the PRC, we have adopted the Discounted Cash Flow (“**DCF**”) method to value this property. DCF method involves discounting the future net cash flow of this property until the expiry date of the land use rights to its present value by using an appropriate discount rate that reflect the rate of return required by a typical investor for an investment of this type. We have undertaken a discounted cash flow on yearly basis over a 5-year investment horizon for this property. In preparing the DCF analysis, we have also made reference to the projected cash flow and budget of this property prepared by the Group.

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## APPENDIX II VALUATION REPORT OF THE TARGET PARKING SPACES AND THE PROPERTY

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In the course of our valuation, we have made reference to the historical operating data of the hotel and taken into account of main factors of comparable hotels such as daily room rate and occupancy rate for the 1st year's data. We also referenced to the projected cash flow prepared by the Group on daily room rates growth, departmental revenues/expenses, other operating expenses, etc. and examined the key data with our understanding, experience, and market analysis of city and hotel development in China.

### TITLE INVESTIGATION

We have been provided with copies of the title documents relating to the properties. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies provided to us. In the course of our valuation, we have relied on the information and advice given by the Group and the legal opinion issued by Beijing Junzhi Law Firm (北京市君致律師事務所) (the "Group's PRC legal adviser") regarding the titles to the properties.

### SOURCE OF INFORMATION

In the course of our valuation, we have relied to a considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, completion dates, site and floor areas, profit & loss records and projections and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on the information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Group, which is material to our valuation. We are also advised by the Group that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view.

### VALUATION ASSUMPTIONS

In valuing the properties in the PRC, unless otherwise stated, we have relied on the legal opinion issued by the Group's PRC legal adviser and prepared our valuation on the basis that transferable land use rights in respect of the properties for their respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable has already been fully paid. Unless otherwise stated, we have also assumed that the owners of the properties have good legal titles to the properties and have free and uninterrupted rights to occupy, use, transfer, lease or assign the properties for the whole of the respective unexpired terms as granted.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on any property or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

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## APPENDIX II VALUATION REPORT OF THE TARGET PARKING SPACES AND THE PROPERTY

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### SITE INSPECTION

We have inspected the exterior and where possible, the interior of the properties. Site inspections of the properties were carried out by Mr. Dirk Li and Ms. Alice Yin between 28 August 2023 and 11 May 2024. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report that the properties are free from rot, infestation or any other structural defect. No test has been carried out to any of the services.

Relevant experiences for each of the valuers who carried out the site inspections are as below:

Mr. Dirk Li	CREA, senior associate director, Over 16 years' experience in valuation of properties in the PRC
Ms. Alice Yin	CREV, senior manager, Over 16 years' experience in valuation of properties in the PRC

### CURRENCY

Unless otherwise stated, all money amounts stated are in Renminbi (“**RMB**”).

We enclose herewith our summary of values and valuation report.

Yours faithfully,

For and on behalf of

**Savills Valuation and Professional Services (China) Limited**

**Jennie C.W. Chang**

*MRICS MHKIS RPS(GP)*

*Senior Associate Director*

*Note: Ms. Jennie C.W. Chang is a professional surveyor who has over 16 years' experience in valuation of properties in the PRC.*

Encl.

**APPENDIX II VALUATION REPORT OF THE TARGET PARKING SPACES  
AND THE PROPERTY**

**SUMMARY OF VALUES**

No.	Property	Market value in existing state as at 31 March 2024	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 March 2024
<b>Group I – Properties held by the Group for sale in the PRC</b>				
1.	195 car parking spaces of Montnorth, Intersection between Xingguo Road and Xingchen Road, Linping District, Hangzhou, Zhejiang Province, PRC (中國浙江省杭州市臨平區興國路與 星辰路交匯處嘉悅府的195個車位)	No commercial value	100%	No commercial value
2.	429 car parking spaces of Yinhu Technology Park, West of the Intersection between Fuxian Road and Chuangyi Road, Fuyang District, Hangzhou, Zhejiang Province, PRC (中國浙江省杭州市富陽區富閑路與 創意路交匯處以西銀湖科技園的429個 車位)	No commercial value	90.1%	No commercial value
3.	250 car parking spaces of Heping Dexin Center, Intersection between Shaoxing Road and Desheng Road, Gongshu District, Hangzhou, Zhejiang Province, PRC (中國浙江省杭州市拱墅區紹興路與 德勝路交匯處和平德信中心的250個 車位)	No commercial value	90.1%	No commercial value

**APPENDIX II VALUATION REPORT OF THE TARGET PARKING SPACES AND THE PROPERTY**

No.	Property	Market value in existing state as at 31 March 2024	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 March 2024
4.	1,000 car parking spaces of Dexin Konggang City, East of the Intersection between Jichang Avenue and Kanhong Road, Xiaoshan District, Hangzhou, Zhejiang Province, PRC (中國浙江省杭州市蕭山區機場大道與坎紅路交匯處以東德信空港城的1,000個車位)	No commercial value	63.07%	No commercial value
	Sub-total:	<u>No commercial value</u>		<u>No commercial value</u>
<b>Group II – Property held by the Group for operation in the PRC</b>				
5.	Mogan Maison New Century, No. 66 Sanmo Line, Deqing County, Huzhou, Zhejiang Province, PRC (中國浙江省湖州市德清縣三莫線66號莫干山雲谷德信開元名庭酒店)	RMB260,000,000	100%	RMB260,000,000
	Sub-total:	<u>RMB260,000,000</u>		<u>RMB260,000,000</u>
	<b>Grand Total:</b>	<b><u>RMB260,000,000</u></b>		<b><u>RMB260,000,000</u></b>

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**APPENDIX II VALUATION REPORT OF THE TARGET PARKING SPACES  
AND THE PROPERTY**

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**VALUATION REPORT**

**Group I – Properties held by the Group for sale in the PRC**

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2024
1.	<p>195 car parking spaces of Montnorth, Intersection between Xingguo Road and Xingchen Road, Linping District, Hangzhou, Zhejiang Province, PRC (中國浙江省杭州市臨平區興國路與星辰路交匯處嘉悅府的195個車位)</p>	<p>Montnorth (the “<b>Development</b>”) is a residential development erected on a parcel of land with a site area of 77,631.00 sq.m.</p> <p>The Development is situated on the intersection between Xingguo Road and Xingchen Road in Linping District of Hangzhou.</p> <p>Developments in the vicinity are dominated by various residential buildings. It takes about a 50– minute drive from the Development to the city center of Hangzhou.</p> <p>According to the information provided by the Group, the property comprises 195 car parking spaces (including 152 non-civil defence car parking spaces and 43 civil defence parking spaces).</p> <p>As advised by the Group, the Development was completed in 2020.</p> <p>The land use rights of the property have been granted for a term expiring on 7 December 2087 for residential use.</p>	<p>As at the valuation date, the property was vacant.</p>	<p>No commercial value (refer to Note 6)</p>

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## APPENDIX II VALUATION REPORT OF THE TARGET PARKING SPACES AND THE PROPERTY

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*Notes:*

1. The detailed addresses of the property are as follows:

Car parking spaces Nos.63, 65 to 68, 93, 97 to 99, 119 to 120, 127, 155 to 161, 163, 170, 176, 187 to 193, 195, 239, 305, 318 to 319, 321 to 322, 333, 335 to 336, 351, 367 to 369, 387, 398 to 399, 500, 509 to 510, 521 to 523, 536 to 539, 550, 555 to 563, 569, 572 to 573, 575, 598 to 603, 605 to 607, 613, 615 to 622, 635 to 639, 650 to 653, 655 to 656, 659 to 661, 716 to 721, 723, 725, 727, 751, 761, 804, 838, 867, 891, 893, 898, 921 to 922, 924, 934, 936 to 970, 972, 977, 982, 987 to 988, 992 to 995, 1021, 1024 to 1025, 1028, 1030 to 1041, 1044 to 1045, 1047, 1050 to 1053, 1059 to 1080, 1083, 1087, 1109, 1114 to 1115, 1117 to 1128, 1136 to 1176, 1178, 1184, 1186 to 1187, 1189 to 1244, 1247, 1250, 1257, 1267, 1270, 1273, 1276 to 1277, 1279, 1281 to 1288, 1297 to 1337, 1341 to 1348, 1350 to 1359, 1396 to 1406, 1425 to 1436 on basement 1 floor, Montnorth, Linping District, Hangzhou, Zhejiang Province, PRC.
2. Pursuant to the Real Estate Title Certificate – No. Zhe (2017) Yu Kang Qu Bu Dong Chan Quan No. 0196670, the land use rights of a parcel of land of the Development with a site area of 77,631.00 sq.m. have been granted to Hangzhou Yuerong Real Estate Development Co., Ltd. (杭州越榮房地產開發有限公司) for a term expiring on 7 December 2087 for residential use.
3. Pursuant to the Completion Inspection and Acceptance Filing Form, the construction work of the Development with a gross floor area of 231,562.38 sq.m. has been examined and such examination has been recorded.

As advised by the Group, the property comprises portion of the buildings as stated in the Completion Inspection and Acceptance Filing Form mentioned above.
4. Pursuant to the Transfer Agreement dated 28 December 2020, the right of use for 611 car parking spaces of the Development has been transferred to Hangzhou Kaishen Investment Management Co., Ltd. (杭州凱燊投資管理有限公司) (now known as Hangzhou Kaishen Enterprise Management Co., Ltd. (杭州凱燊企業管理有限公司)) (“**Hangzhou Kaishen**”), a wholly-owned subsidiary of the Company, at a consideration of RMB66,629,550.

As advised by the Group, the property comprises portion of the car parking spaces as stated in the Transfer Agreement mentioned above.
5. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
  - i. Hangzhou Kaishen is entitled to occupy, use, lease out or transfer the car parking spaces of the property according to the aforesaid transfer agreement. However, as there is no title certificate for the aforesaid car parking spaces, they cannot be used as collateral at the moment.
6. We have ascribed no commercial value to the property as the property lacks valid title documents. For the Group’s internal management reference purpose, we have reported the investment value of these properties in the valuation report. According to the IVS, which the HKIS Valuation Standards follows, investment value is defined as “the value of an asset to the owner or a prospective owner for individual investment or operational objectives”. Investment value is an entity-specific basis of value which reflects the benefit received by an entity from holding the asset (such as rental income) and therefore, does not necessarily involve a hypothetical exchange. Therefore, we are of the opinion that the investment value of the property was RMB17,100,000 (Renminbi Seventeen Million and One Hundred Thousand) (100% interest attributable to the Group: RMB17,100,000 (Renminbi Seventeen Million and One Hundred Thousand)) as at the valuation date.



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## APPENDIX II VALUATION REPORT OF THE TARGET PARKING SPACES AND THE PROPERTY

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7. We have prepared our valuation on the following basis and analysis:
- (i) in undertaking our valuation of the property, we have made reference to the similar properties which are located within the vicinity of the subject property. The monthly unit rents of these comparables ranged from RMB250 to RMB350 per car parking space. Appropriate adjustments have been made to reflect the difference in factors between the property and comparable properties such as time, location, size, floor difference and quality in arriving at our key assumptions; and
  - (ii) Based on our market research, the market yields of comparable car parking spaces in the vicinity ranged from 2.5% to 3.5% as at the valuation date.

Since the property was vacant as at the valuation date, we have capitalized the estimated rent to be generated from the property for the remaining land use right term. In our valuation, we have adopted an average market rent of RMB260 per car parking space and a capitalisation rate of 3.0%.

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**APPENDIX II VALUATION REPORT OF THE TARGET PARKING SPACES AND THE PROPERTY**

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**VALUATION REPORT**

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2024
2.	<p>429 car parking spaces of Yinhu Technology Park, West of the Intersection between Fuxian Road and Chuangyi Road, Fuyang District, Hangzhou, Zhejiang Province, PRC (中國浙江省杭州市富陽區富開路與創意路交匯處以西銀湖科技園的429個車位)</p>	<p>Yinhu Technology Park (the “Development”) is a commercial development erected on a parcel of land with a site area of 77,030.00 sq.m.</p> <p>The Development is situated on West of the intersection between Fuxian Road and Chuangyi Road in Fuyang District of Hangzhou.</p> <p>Developments in the vicinity are dominated by various commercial and residential buildings. It takes about a 40-minute drive from the Development to the city center of Hangzhou.</p> <p>According to the information provided by the Group, the property comprises 429 car parking spaces (including 292 non-civil defence car parking spaces and 137 civil defence parking spaces).</p> <p>As advised by the Group, the Development was completed in 2020.</p> <p>The land use rights of the property have been granted for a term expiring on 1 September 2053 for commercial use.</p>	<p>As at the valuation date, the property was vacant.</p>	<p>No commercial value  (refer to Note 6)</p>

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## APPENDIX II VALUATION REPORT OF THE TARGET PARKING SPACES AND THE PROPERTY

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*Notes:*

1. The detailed addresses of the property are as follows:

Car parking spaces Nos. 63, 65 to 68, 93, 97 to 99, 119 to 120, 127, 155 to 161, 163, 170, 176, 187 to 193, 195, 239, 305, 318 to 319, 321 to 322, 333, 335 to 336, 351, 367 to 369, 387, 398 to 399, 500, 509 to 510, 521 to 523, 536 to 539, 550, 555 to 563, 569, 572 to 573, 575, 598 to 603, 605 to 607, 613, 615 to 622, 635 to 639, 650 to 653, 655 to 656, 659 to 661, 716 to 721, 723, 725, 727, 751, 761, 804, 838, 867, 891, 893, 898, 921 to 922, 924, 934, 936 to 970, 972, 977, 982, 987 to 988, 992 to 995, 1021, 1024 to 1025, 1028, 1030 to 1041, 1044 to 1045, 1047, 1050 to 1053, 1059 to 1080, 1083, 1087, 1109, 1114 to 1115, 1117 to 1128, 1136 to 1176, 1178, 1184, 1186 to 1187, 1189 to 1244, 1247, 1250, 1257, 1267, 1270, 1273, 1276 to 1277, 1279, 1281 to 1288, 1297 to 1337, 1341 to 1348, 1350 to 1359, 1396 to 1406, 1425 to 1436 on basement 1 floor, Yinhu Technology Park, Fuyang District, Hangzhou, Zhejiang Province, PRC.
2. Pursuant to the State-owned Land Use Certificate – No. Fu Guo Yong (2016) No. 009288, the land use rights of a parcel of land of the Development with a site area of 77,030.00 sq.m. have been granted to Hangzhou Wangxin Yinhu Real Estate Co., Ltd. (杭州網新銀湖置業有限公司) (now known as Hangzhou Deyin Real Estate Co., Ltd. (杭州德銀置業有限公司) (“**Hangzhou Deyin**”)), a 90.1%-owned subsidiary of the Company, for a term expiring on 1 September 2053 for commercial use.
3. Pursuant to the Completion Inspection and Acceptance Filing Form, the construction work of the Development with a gross floor area of 136,674.80 sq.m. has been examined and such examination has been recorded.
4. As advised by the Group, the property comprises portion of the buildings as stated in the Completion Inspection and Acceptance Filing Form mentioned above.
5. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
  - i. Hangzhou Deyin is entitled to occupy, use, lease out or transfer the car parking spaces of the property. However, as there is no title certificate for the aforesaid car parking spaces, they cannot be used as collateral at the moment.
6. We have ascribed no commercial value to the property as the property lacks valid title documents. For the Group’s internal management reference purpose, we have reported the investment value of these properties in the valuation report. According to the IVS, which the HKIS Valuation Standards follows, investment value is defined as “the value of an asset to the owner or a prospective owner for individual investment or operational objectives”. Investment value is an entity-specific basis of value which reflects the benefit received by an entity from holding the asset (such as rental income) and therefore, does not necessarily involve a hypothetical exchange. Therefore, we are of the opinion that the investment value of the property was RMB21,700,000 (Renminbi Twenty One Million and Seven Hundred Thousand) (90.1% interest attributable to the Group: RMB19,551,700 (Renminbi Nineteen Million Five Hundred Fifty One Thousand and Seven Hundred)) as at the valuation date.
7. We have prepared our valuation on the following basis and analysis:
  - (i) in undertaking our valuation of the property, we have made reference to the similar properties which are located within the vicinity of the subject property. The monthly unit rents of these comparables ranged from RMB200 to RMB300 per car parking space. Appropriate adjustments have been made to reflect the difference in factors between the property and comparable properties such as time, location, size, floor difference and quality in arriving at our key assumptions; and
  - (ii) Based on our market research, the market yields of comparable car parking spaces in the vicinity ranged from 3.0% to 4.0% as at the valuation date.

Since the property was vacant as at the valuation date, we have capitalized the estimated rent to be generated from the property for the remaining land use right term. In our valuation, we have adopted an average market rent of RMB230 per car parking space and a capitalisation rate of 3.5%.

**APPENDIX II VALUATION REPORT OF THE TARGET PARKING SPACES AND THE PROPERTY**

**VALUATION REPORT**

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2024
3.	<p>250 car parking spaces of Heping Dexin Center, Intersection between Shaoxing Road and Desheng Road, Gongshu District, Hangzhou, Zhejiang Province, PRC</p> <p>(中國浙江省杭州市拱墅區紹興路與德勝路交匯處和平德信中心的250個車位)</p>	<p>Heping Dexin Center (the “Development”) is a commercial development erected on a parcel of land with a site area of 16,895.00 sq.m.</p> <p>The Development is situated on the intersection between Shaoxing Road and Desheng Road in Gongshu District of Hangzhou.</p> <p>Developments in the vicinity are dominated by various commercial and residential buildings. It takes about a 20-minute drive from the Development to the city center of Hangzhou.</p> <p>According to the information provided by the Group, the property comprises 250 car parking spaces (including 234 non-civil defence car parking spaces and 16 civil defence parking spaces).</p> <p>As advised by the Group, the Development was completed in 2023.</p> <p>The land use rights of the property have been granted for a term expiring on 21 July 2060 for commercial use.</p>	<p>As at the valuation date, the property was vacant.</p>	<p>No commercial value (refer to Note 5)</p>

*Notes:*

- The detailed addresses of the property are as follows:

Car parking spaces Nos.78 to 82, 85 to 129, 204 to 226, 243 to 266, 268 to 342, on basement 1 floor and Nos. 358 to 363, 466 to 471, 475 to 478, 512 to 523, 526 to 532, 535 to 541, 544 to 550, 553 to 567, 595 to 608 on basement 2 floor, Heping Dexin Center, Gongshu District, Hangzhou, Zhejiang Province, PRC.

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## APPENDIX II VALUATION REPORT OF THE TARGET PARKING SPACES AND THE PROPERTY

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2. Pursuant to the Real Estate Title Certificate – No. Zhe (2020) Hang Zhou Shi Bu Dong Chan Quan No. 0164484, the land use rights of a parcel of land of the Development with a site area of 16,895.00 sq.m. have been granted to Hangzhou Desheng Real Estate Co., Ltd. (杭州德昇置業有限公司) (“**Hangzhou Desheng**”), a 90.1%-owned subsidiary of the Company, for a term expiring on 21 July 2060 for commercial use.
3. Pursuant to the Completion Inspection and Acceptance Filing Form, the construction work of the Development with a gross floor area of 75,045.00 sq.m. has been examined and such examination has been recorded.

As advised by the Group, the property comprises portion of the buildings as stated in the Completion Inspection and Acceptance Filing Form mentioned above.

4. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
  - i. Hangzhou Desheng is entitled to occupy, use, lease out or transfer the car parking spaces of the property. However, as there is no title certificate for the aforesaid car parking spaces, they cannot be used as collateral at the moment.
5. We have ascribed no commercial value to the property as the property lacks valid title documents. For the Group’s internal management reference purpose, we have reported the investment value of these properties in the valuation report. According to the IVS, which the HKIS Valuation Standards follows, investment value is defined as “the value of an asset to the owner or a prospective owner for individual investment or operational objectives”. Investment value is an entity-specific basis of value which reflects the benefit received by an entity from holding the asset (such as rental income) and therefore, does not necessarily involve a hypothetical exchange. Therefore, we are of the opinion that the investment value of the property was RMB52,600,000 (Renminbi Fifty Two Million and Six Hundred Thousand) (90.1% interest attributable to the Group: RMB47,392,600 (Renminbi Forty Seven Million Three Hundred Ninety Two Thousand and Six Hundred)) as at the valuation date.
6. We have prepared our valuation on the following basis and analysis:
  - (i) in undertaking our valuation of the property, we have made reference to the similar properties which are located within the vicinity of the subject property. The monthly unit rents of these comparables ranged from RMB1,000 to RMB1,500 per car parking space. Appropriate adjustments have been made to reflect the difference in factors between the property and comparable properties such as time, location, size, floor difference and quality in arriving at our key assumptions; and
  - (ii) Based on our market research, the market yields of comparable car parking spaces in the vicinity ranged from 3.5% to 4.5% as at the valuation date.

Since the property was vacant as at the valuation date, we have capitalized the estimated rent to be generated from the property for the remaining land use right term. In our valuation, we have adopted an average market rent of RMB1,090 per car parking space and a capitalisation rate of 4.0%.

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**APPENDIX II VALUATION REPORT OF THE TARGET PARKING SPACES AND THE PROPERTY**

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**VALUATION REPORT**

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2024
4.	1,000 car parking spaces of Dexin Konggang City, East of the Intersection between Jichang Avenue and Kanhong Road, Xiaoshan District, Hangzhou, Zhejiang Province, PRC (中國浙江省杭州市蕭山區機場大道與坎紅路交匯處以東德信空港城的1,000個車位)	<p>Dexin Konggang City (the “<b>Development</b>”) is a commercial development erected on a parcel of land with a site area of 99,078.04 sq.m.</p> <p>The Development is situated on East of the intersection between Jichang Avenue and Kanhong Road in Xiaoshan District of Hangzhou. Developments in the vicinity are dominated by various commercial and residential buildings. It takes about a 30-minute drive from the Development to the city center of Hangzhou.</p> <p>According to the information provided by the Group, the property comprises 1,000 non-civil defence car parking spaces.</p> <p>As advised by the Group, the Development was completed in 2023.</p> <p>The land use rights of the property have been granted for a term expiring on 10 September 2053 for commercial use.</p>	As at the valuation date, the property was vacant.	No commercial value (refer to Note 5)

*Notes:*

- The detailed addresses of the property are as follows:

Car parking spaces Nos.B1-191 to B1-198, B1-272 to B1-333, B1-591 to B1-699, B1-810 to B1-907, B1-929 to B1-990, B1-1009 to B1-1045, B1-1070 to B1-1126, B1-1128 to B1-1194, on basement 1 floor and Nos B2-544 to B2-649, B2-683 to B2-791, B2-834 to B2-930, B2-960 to B2-965, B2-968 to B2-969, B2-971 to B2-1025, B2-1047 to B2-1069, B2-1071 to B2-1082, B2-1107 to B2-1119, B2-1124 to B2-1136, B2-1138 to B2-1145, B2-1147 to B2-1166, B2-1205, B2-1207, B2-1211 to B2-1234, B2-1237 to B2-1238, B2-1240 to B2-1247 on basement 2 floor, Dexin Konggang City, Xiaoshan District, Hangzhou, Zhejiang Province, PRC.

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## APPENDIX II VALUATION REPORT OF THE TARGET PARKING SPACES AND THE PROPERTY

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2. Pursuant to the State-owned Land Use Certificate – No. Hang Xiao Guo Yong (2013) No. 1200019, the land use rights of a parcel of land of the Development with a site area of 99,078.04 sq.m. have been granted to Hangzhou Konggang Real Estate Co., Ltd. (杭州空港置業有限公司) (“**Hangzhou Konggang**”), a 63.07%- owned subsidiary of the Company, for a term expiring on 10 September 2053 for commercial use.
3. Pursuant to the Completion Inspection and Acceptance Filing Form, the construction work of the Development with a gross floor area of 393,821.50 sq.m. has been examined and such examination has been recorded.

As advised by the Group, the property comprises portion of the buildings as stated in the Completion Inspection and Acceptance Filing Form mentioned above.

4. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alias, the following information:
  - i. Hangzhou Konggang is entitled to occupy, use, lease out or transfer the car parking spaces of the property. However, as there is no title certificate for the aforesaid car parking spaces, they cannot be used as collateral at the moment.
5. We have ascribed no commercial value to the property as the property lacks valid title documents. For the Group’s internal management reference purpose, we have reported the investment value of these properties in the valuation report. According to the IVS, which the HKIS Valuation Standards follows, investment value is defined as “the value of an asset to the owner or a prospective owner for individual investment or operational objectives”. Investment value is an entity-specific basis of value which reflects the benefit received by an entity from holding the asset (such as rental income) and therefore, does not necessarily involve a hypothetical exchange. Therefore, we are of the opinion that the investment value of the property was RMB118,000,000 (Renminbi One Hundred and Eighteen Million) (63.07% interest attributable to the Group: RMB74,422,600 (Renminbi Seventy Four Million Four Hundred Twenty Two Thousand and Six Hundred)) as at the valuation date.
6. We have prepared our valuation on the following basis and analysis:
  - (i) in undertaking our valuation of the property, we have made reference to the similar properties which are located within the vicinity of the subject property. The monthly unit rents of these comparables ranged from RMB300 to RMB600 per car parking space. Appropriate adjustments have been made to reflect the difference in factors between the property and comparable properties such as time, location, size, floor difference and quality in arriving at our key assumptions; and
  - (ii) Based on our market research, the market yields of comparable car parking spaces in the vicinity ranged from 2% to 3% as at the valuation date.

Since the property was vacant as at the valuation date, we have capitalized the estimated rent to be generated from the property for the remaining land use right term. In our valuation, we have adopted an average market rent of RMB470 per car parking space and a capitalisation rate of 2.5%.

**APPENDIX II VALUATION REPORT OF THE TARGET PARKING SPACES AND THE PROPERTY**

**VALUATION REPORT**

**Group II – Property held by the Group for operation in the PRC**

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2024
5.	Mogan Maison New Century, No. 66 Sanmo Line, Deqing County, Huzhou, Zhejiang Province, PRC (中國浙江省湖州市 德清縣三莫線66號 莫干山雲谷德信開元 名庭酒店)	<p>Mogan Maison New Century (the “<b>Development</b>”) is a hotel development erected on a parcel of land with a site area of 17,819.66 sq.m.</p> <p>The Development is situated on the northeastern side of Sanmo Line in Deqing County of Huzhou.</p> <p>Developments in the vicinity are dominated by various resorts and tourist facilities. It takes about a 60-minute drive from the Development to the city center of Huzhou.</p> <p>According to the information provided by the Group, the property comprises a hotel building with a total gross floor area of approximately 31,955.09 sq.m.</p> <p>As advised by the Group, the Development was completed in 2021.</p> <p>The land use rights of the property have been granted for a term expiring on 24 March 2059 for commercial use.</p>	As at the valuation date, the property was held for hotel operation.	<p>RMB260,000,000 (Renminbi Two Hundred and Sixty Million)</p> <p>(100% interests attributable to the Group: RMB260,000,000 (Renminbi Two Hundred and Sixty Million))</p>

*Notes:*

- Pursuant to the Land Grant Contract No. 3305212019A210004 dated 4 January 2019, the land use rights of a parcel of land of the Development have been agreed to be granted to Deqing Moganshan Dexin Movie City Development Co., Ltd. (德清莫干山德信影視城開發有限公司) (“**Dexin Movie City**”), a wholly-owned subsidiary of the Company, at a consideration of RMB31,249,460.



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## APPENDIX II VALUATION REPORT OF THE TARGET PARKING SPACES AND THE PROPERTY

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2. Pursuant to the Real Estate Title Certificate – No. Zhe (2021) De Qing Xian Bu Dong Chan Quan No. 0024577, the building ownership rights of the buildings of the property with a gross floor area of 31,955.09 sq.m. together with their corresponding land use rights of a parcel of land with a site area of 17,819.66 sq.m. have been granted to Deqing Moganshan Ruijing Real Estate Co., Ltd. (德清莫干山瑞璟置业有限公司) (“**Deqing Moganshan Ruijing**”), a wholly-owned subsidiary of the Company, for a term expiring on 24 March 2059 for commercial use.
  
3. We have been provided with a legal opinion regarding the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
  - i. the property is subject to mortgages;
  
  - ii. Deqing Moganshan Ruijing has obtained the legal rights of the property under the existing mortgages. If the existing mortgages on the property have been discharged, Deqing Moganshan Ruijing will be entitled to own, use, lease out, occupy, transfer/sell or mortgage the property; and
  
  - iii. Deqing Moganshan Ruijing has confirmed that the property is not subject to other mortgages, leases, debts or pre-emptive rights.
  
4. In undertaking our valuation of the property, we have made reference to the historical operating data of the hotel and cross-check the data by comparing various market comparables of similar developments which have characteristics comparable to the property. We have identified and analyzed various relevant asking average room rate evidence in the locality which have similar characteristics as the property. The selected comparables were based on criteria such as scale, location, usage, and star rating. In undertaking our valuation of the Property, we have made reference to the following comparable properties:

	<b>Comparable 1</b>	<b>Comparable 2</b>	<b>Comparable 3</b>	<b>Comparable 4</b>
Property	Landison Joykie Resort Moganshan	Moganshan Kaiyuan Life Resort Hotel	Moganshan Mountain Villa	Mogan Valley Resort
Location	No. 99 Hecun Village, Deqing, Zhejiang, China	No. 9, Moganshan Gaonan Line, Deqing, Zhejiang, China	Building 7, Wuling Village, Deqing, Zhejiang, China	Building 18, Moganxiguyue Mansion, Fuxi Street, Deqing, Zhejiang, China
Usage	Hotel	Hotel	Hotel	Hotel
Completion year	2017	2022	2014	2021
Facilities	Restaurant, Outdoor Swimming Pool, Meeting Room and Car Parking Facilities	Restaurant, Meeting Room, Fitness Room and Car Parking Facilities	Restaurant, Multi-Function Room, Café, Bar, Fitness Room and Car Parking Facilities	Restaurant, Multi-Function Room, KTV and Car Parking Facilities
Average daily room rate (ADR)	598	590	918	720
Linear distance to the subject property	4km	1km	6km	6km

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## APPENDIX II VALUATION REPORT OF THE TARGET PARKING SPACES AND THE PROPERTY

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All of the four selected comparable properties are operated under as a hotel and located within 10 kilometres with similar operating nature as the subject property. The average daily room rate of these comparable properties ranges from RMB590 to RMB920. Appropriate adjustments have been made to reflect the difference in factors between the property and comparable properties including location and accessibility, facilities and quality to arrive at the assumed room rate. The general basis of adjustment is that if the comparable property is superior to the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. For the occupancy rate, we have made reference to the 4 - 5-star hotels that situated in tier 2-3 cities of the PRC, which ranged from approximately 46-72%.

5. The main parameters of the valuation are listed as below:

Average Daily Room Rate in the 1st Year:	RMB765
Occupancy Rate in the 1st year	50%
Stabilized Occupancy Rate	60%
Discount Rate	8%

## 1. RESPONSIBILITY STATEMENT

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.

## 2. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE

### a) Interests in Shares and underlying Shares

As at the Latest Practicable Date, the interests or short positions of each of the Directors and chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning in Part XV of the SFO), which (i) were required 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 he was taken or deemed to have under such provisions of SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, were as follows:

Name of Director	Capacity	Number of Shares interested <sup>(Note 1)</sup>	Approximate percentage of the Company's issued share capital <sup>(Note 2)</sup>
Mr. Hu Yiping <sup>(Note 2)</sup>	Interest in controlled corporation <sup>(Note 1)</sup> Interest of spouse <sup>(Note 1)</sup>	1,916,886,000 (L)	64.56%
Mr. Fei Zhongmin	Beneficial owner	39,164,500 (L)	1.32%

*Notes:*

- The letter "L" denotes the person's long position in the Shares.
- The calculation is based on the total number of 2,969,341,000 Shares in issue as at the Latest Practicable Date.
- The entire issued share capital of Tak Yuan International Limited ("Tak Yuan") is held by Mr. Hu Yiping, therefore Mr. Hu Yiping is deemed to be interested in the 74,950,000 Shares held by Tak Yuan by virtue of the SFO. Since Mr. Hu Yiping owns 92% of Tak Shin International Limited ("Tak Shin"), Mr. Hu Yiping is also deemed to be interested in the 1,841,936,000 Shares held by Tak Shin by virtue of the SFO.
- The percentage represents the number of ordinary Shares interested divided by 2,701,341,000 Shares in issue as at the Latest Practicable Date.

## b) Interests in shares of the Company's the associated corporation

Name of Director	Name of associated corporation	Capacity	Number of shares interested <sup>(Note 1)</sup>	Approximate percentage of shareholding interest
Mr. Hu Yiping	Tak Shin <sup>(Note 2)</sup>	Beneficial owner	460(L)	92.00%
Mr. Hu Shihao	Tak Shin <sup>(Note 2)</sup>	Beneficial owner	40(L)	8.00%

*Notes:*

1. The letter "L" denotes the person's long position in the shares.
2. Tak Shin is the holding company of the Company and therefore an "associated corporation" of the Company within the meaning of Part XV of the SFO. Tak Shin held 1,841,936,000 Shares of the Company which accounted for approximately 62.03% of the total share capital of the Company.

Saved as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) of the Company which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, save as disclosed below, so far as is known to the Directors, no Director was a director or employee of a company which has an interest or short position in the shares and underlying share of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of the company	Name of Director	Position held by the Director in the Company
Tak Shin	Mr. Hu Yiping	Executive Director

### 3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any of the Directors and based on the publicly available information as of the Latest Practicable Date, the following persons (other than a person who is a Director or chief executive of the Company) had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more in the issued Shares according to the register of interests required to be kept by the Company under section 336 of the SFO:

Name of substantial Shareholder	Capacity	Number of Shares interested <sup>(Note 1)</sup>	Approximate percentage of the Company's issued share capital <sup>(Note 2)</sup>
Tak Shin	Beneficial owner	1,841,936,000 (L)	62.03%
Ms. Wei Peifen <sup>(Note 3)</sup>	Interest of spouse	1,916,886,000 (L)	64.56%

Notes:

1. The letter "L" denotes the person's long position in the Shares.
2. The calculation is based on the total number of 2,969,341,000 shares in issue as at the Latest Practicable Date.
3. Ms. Wei Peifen is the wife of Mr. Hu Yiping. Under the SFO, Ms. Wei Peifen is deemed to be interested in Mr. Hu Yiping's interests in Tak Shin and Tak Yuan.

Save as disclosed above, as at the Latest Practicable Date, so far as it was known by or otherwise notified to any Directors or the chief executive of the Company, no person (other than the Directors or chief executives of the Company) had any interests or short positions in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### 4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

## 5. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date which are or may be material:

- a) an equity transfer agreement dated 25 July 2023 entered into between Zhejiang Jingrun Enterprise Management Co., Ltd.\* (浙江精潤企業管理有限公司), an indirect non-wholly owned subsidiary of the Company, and Hangzhou Zhenkun Investment Co., Ltd.\* (杭州臻坤投資有限公司), Hangzhou Zheyu Enterprise Management Co., Ltd.\* (杭州浙豫企業管理有限公司), and Deqing Lvcheng ZheYu Real Estate Co., Ltd.\* (德清綠城浙豫置業有限公司), in relation to the Group's acquisition of 45.5% equity interests in Hangzhou Zheyu Enterprise Management Co., Ltd.\* (杭州浙豫企業管理有限公司) at a consideration of RMB81,900,000, details of which are set out in the announcement of the Company dated 25 July 2023;
- b) an equity transfer agreement dated 25 July 2023 entered into between Zhejiang Jingrun Enterprise Management Co., Ltd.\* (浙江精潤企業管理有限公司), an indirect non-wholly owned subsidiary of the Company, and Yucheng Group Co., Ltd.\* (宇誠集團股份有限公司), Hangzhou Zheyu Enterprise Management Co., Ltd.\* (杭州浙豫企業管理有限公司), and Deqing Lvcheng ZheYu Real Estate Co., Ltd.\* (德清綠城浙豫置業有限公司), in relation to the Group's acquisition of 10% equity interests in Hangzhou Zheyu Enterprise Management Co., Ltd.\* (杭州浙豫企業管理有限公司) at a consideration of RMB18,000,000, details of which are set out in the announcement of the Company dated 25 July 2023;
- c) an equity transfer agreement dated 25 July 2023 entered into between Zhejiang Jingrun Enterprise Management Co., Ltd.\* (浙江精潤企業管理有限公司), an indirect non-wholly owned subsidiary of the Company, and Yucheng Group Co., Ltd.\* (宇誠集團股份有限公司), Hangzhou Zhezhen Enterprise Management Co., Ltd.\* (杭州浙真企業管理有限公司), Zhejiang Runguan Enterprise Management Co., Ltd.\* (浙江潤冠企業管理有限公司) and Deqing Lvxin Real Estate Co., Ltd.\* (德清綠信置業有限公司) in relation to the Group's acquisition of 45.5% equity interests in Zhejiang Runguan Enterprise Management Co., Ltd.\* (浙江潤冠企業管理有限公司) at a consideration of RMB81,900,000, details of which are set out in the announcement of the Company dated 25 July 2023;
- d) an equity transfer agreement dated 25 July 2023 entered into between Zhejiang Jingrun Enterprise Management Co., Ltd.\* (浙江精潤企業管理有限公司), an indirect non-wholly owned subsidiary of the Company, and Yucheng Group Co., Ltd.\* (宇誠集團股份有限公司), Zhejiang Runguan Enterprise Management Co., Ltd.\* (浙江潤冠企業管理有限公司) and Deqing Lvxin Real Estate Co., Ltd.\* (德清綠信置業有限公司), in relation to the Group's acquisition of 10% equity interests in Zhejiang Runguan Enterprise Management Co., Ltd.\* (浙江潤冠企業管理有限公司) at a consideration of RMB18,000,000, details of which are set out in the announcement of the Company dated 25 July 2023;

- e) an equity transfer agreement dated 28 June 2023 entered into between Dexin Real Estate Group Co., Ltd.\* (德信地產集團有限公司) (an indirect wholly-owned subsidiary of the Company), Hangzhou Chenxu Enterprise Management Co., Ltd.\* (杭州宸胥企業管理有限公司), Deqing Hongrong Enterprise Management Partnership\* (德清弘容企業管理合夥企業) and the Beijing Xinleqing Property Management Co., Ltd.\* (北京新樂青物業管理有限公司), in relation to the Group's disposal of 70% equity interest in Beijing Xinleqing Property Management Co., Ltd.\* (北京新樂青物業管理有限公司) at a consideration of RMB207,547,945.23, details of which are set out in the announcement of the Company dated 28 June 2023;
- f) an equity transfer agreement dated 11 May 2023 entered into between Zhejiang Junfeng Enterprise Management Co., Ltd.\* (浙江駿豐企業管理有限公司) (an indirect non-wholly owned subsidiary of the Company) and Hangzhou Yuhong Enterprise Management Co., Ltd.\* (杭州毓洪企業管理有限公司), in relation to the Group's disposal of 35% equity interest in Wuhu Dingxiang Real Estate Development Co., Ltd. (蕪湖鼎祥房地產開發有限公司) at a consideration of RMB102,000,000, details of which are set out in the announcement of the Company dated 11 May 2023;
- g) an equity transfer agreement dated 6 April 2023 entered into between Ningbo Houdong Real Estate Information & Consulting Co., Ltd. (寧波厚東房地產信息諮詢有限公司) (an indirect non-wholly owned subsidiary of the Company), the Company, Zhongyi Ningbo Eco-garden Holding Co., Ltd. and New Zhonyu Group Co., Ltd. (新中宇集團有限公司), in relation to the Group's disposal of 100% equity interests in Yuyao Houxin Property Co. Ltd. (余姚厚新置業有限公司) at a consideration of RMB372,540,000, details of which are set out in the announcement of the Company dated 6 April 2023;
- h) the placing and subscription agreement dated 13 December 2022 and entered into between the Company, Tak Shin International Limited (“**Tak Shin**”) and Huatai Financial Holdings (Hong Kong) Limited (“**Placing Agent**”), pursuant to which, (i) Tak Shin agreed to sell, and the Placing Agent agreed, as the sole agent of Tak Shin to place, on a best effort basis, 268,000,000 existing Shares at the placing price of HK\$0.881 per Share; and (ii) Tak Shin conditionally agreed to subscribe for, and the Company conditionally agreed to issue, 268,000,000 new Shares at the subscription price of HK\$0.881 per Share, details of which are set out in the announcement of the Company dated 13 December 2022; and
- i) the parking space leasing and sales agency services framework agreement dated 9 June 2022 and entered into between the Company and Dexin Services, pursuant to which Dexin Services Group will provide exclusive parking spaces sales and leasing agency services in respect of the target parking spaces to the Group, with the respective proposed annual caps for deposits of RMB250 million, RMB300 million and RMB300 million for the years ended 31 December 2022, 2023 and the year ending 31 December 2024 and the respective proposed annual caps for agency service fees of RMB50 million, RMB90 million and RMB90 million for

the years ended 31 December 2022, 2023 and the year ending 31 December 2024, details of which are set out in the announcement of the Company dated 9 June 2022.

#### **6. MATERIAL LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and, so far as the Directors were aware, no litigation or claim of material importance was pending or threatened against any members of the Group.

#### **7. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into a service contract with any member of the Group which will not expire or is not determinable within one year without payment of compensation (other than statutory compensation).

#### **8. DIRECTORS INTEREST IN COMPETING BUSINESS**

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with business of the Group, or had or might have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

#### **9. DIRECTORS' INTEREST IN ASSETS, CONTRACTS OR ARRANGEMENT**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2023, being the date to which the latest published audited accounts of the Group were made up.

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors was materially interested in any contracts or arrangements subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.



**10. EXPERT AND CONSENT**

- a) The following is the qualification of the experts who have provided advice referred to or contained in this circular:

<b>Name</b>	<b>Qualification</b>
Optima Capital Limited	a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Savills Valuation and Professional Services (China) Limited	Independent Valuer

- b) As at the Latest Practicable Date, each of the experts named above had no shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.
- c) As at the Latest Practicable Date, each of the experts named above has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter of advice and reference to its name in the form and context in which it appears.
- d) As at the Latest Practicable Date, each of the experts named above did not have any direct or indirect interests in any assets which has been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023 (being the date to which the latest published audited financial statements of the Company were made up).

**11. GENERAL**

- a) The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- b) The Company's headquarter and principal place of business in the PRC is Dexin Group at No. 588 Huanzhan East Road, Jianggan District, Hangzhou Zhejiang, the PRC.
- c) The principal place of business of the Company in Hong Kong is located at Room 1202, 12th Floor China Resources Building 26 Harbour Road, Wanchai, Hong Kong.
- d) The principal share registrar and transfer office of the Company is Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1110, Cayman Islands.

- e) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- f) The company secretary of the Company is Mr. Diao Shaolong who is a member of The Hong Kong Chartered Governance Institute and a member of The Chartered Governance Institute in the United Kingdom.
- g) This circular is in both English and Chinese. In the event of inconsistency, the English text shall prevail.

## **12. DOCUMENTS ON DISPLAY**

Electronic copies of the following documents are published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.dothinkgroup.com](http://www.dothinkgroup.com)) for a period of 14 days from the date of this circular (both days inclusive):

- a) the Underground Parking Space Use Rights Transfer Agreement A;
- b) the Underground Parking Space Use Rights Transfer Agreement B;
- c) the Underground Parking Space Use Rights Transfer Agreement C;
- d) the Underground Parking Space Use Rights Transfer Agreement D;
- e) the Equity Transfer Agreement;
- f) the valuation report of the Target Parking Spaces and the Property issued by Savills Valuation and Professional Services (China) Limited as set out in Appendix II to this circular; and
- g) the written consents from the experts referred to in the paragraph headed "10. Expert and Consent" in this Appendix.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### DEXIN CHINA HOLDINGS COMPANY LIMITED

德信中国控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2019)**

**NOTICE IS HEREBY GIVEN THAT** the extraordinary general meeting (the “**EGM**”) of Dexin China Holdings Company Limited (the “**Company**”) will be held at 10th Floor, Dexin Group, No. 588 Huanzhan East Road, Jianggan District, Hangzhou, Zhejiang, PRC on Wednesday, 12 June 2024 at 10:00 a.m. for considering and, if thought fit, passing, with or without amendments, the following resolution as ordinary resolutions of the Company. In this notice, unless the context otherwise requires, terms used herein shall have the same meanings as defined in the Company’s circular dated 23 May 2024 (the “**Circular**”).

#### **ORDINARY RESOLUTIONS**

1. To consider and approve the transactions contemplated under the Underground Parking Space Use Rights Transfer Agreement A.
2. To consider and approve the transactions contemplated under the Underground Parking Space Use Rights Transfer Agreement B.
3. To consider and approve the transactions contemplated under the Underground Parking Space Use Rights Transfer Agreement C.
4. To consider and approve the transactions contemplated under the Underground Parking Space Use Rights Transfer Agreement D.
5. To consider and approve the transactions contemplated under the Equity Transfer Agreement.

By order of the Board  
**Dexin China Holding Company Limited**  
**Hu Yiping**  
*Chairman*

Hong Kong, 23 May 2024

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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<i>Registered Office:</i>	<i>Headquarters and principal place of business in the PRC:</i>	<i>Principal place of business in Hong Kong:</i>
Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands	Dexin Group No. 588 Huanzhan East Road Jiangan District Hangzhou Zhejiang, PRC	Room 1202 12/F, China Resources Building 26 Harbour Road Wanchai, Hong Kong

*Notes:*

- (i) A shareholder entitled to attend and vote at the EGM is entitled to appoint another person as his/her proxy to attend and vote instead of him/her; a proxy need not be a shareholder of the Company. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf at the EGM. On a poll, votes may be given either personally or by proxy.
- (ii) In the case of joint holders, any one of such joint holders may vote at the EGM, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the EGM, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (iii) In order to be valid, a form of proxy must be deposited at the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting or any adjournment thereof. 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.
- (iv) The transfer books and register of members of the Company will be closed from Thursday, 6 June 2024 to Wednesday, 12 June 2024, both days inclusive, during which period no share transfers can be registered. Shareholders of the Company whose names appear on the register of members of the Company at the close of business on Wednesday, 12 June 2024 are entitled to attend and vote at the EGM. In order to qualify for attending the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 5 June 2024.

*As of the date of this notice, the board of directors of the Company comprises Mr. Hu Yiping and Mr. Fei Zhongmin as executive directors, Mr. Hu Shihao as a non-executive director, and Dr. Wong Wing Kuen Albert, Mr. Ding Jiangan and Mr. Chen Hengliu as independent non-executive directors.*