

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular, received from AVISTA Valuation Advisory Limited, an independent valuer, in connection with its valuation as of 31 December 2022 on the fair value of total equity interest of the Target Company.



AVISTA Valuation Advisory Limited
Suite 2401-06, 24/F, Everbright Centre,
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Wan Chai, Hong Kong

June 27, 2023

The Board of Directors

Xinche Investment (Shanghai) Co., Ltd.

China (Shanghai) Pilot Free-Trade Zone F17, 3rd Floor, No. 2123 Pudong Avenue

June 27, 2023

Dear Sirs / Madams,

Re: Valuation Report on Fair value of Total Equity Interest in Dalian Rongxin Financing Guarantee Co., Ltd.

In accordance with your instructions, AVISTA Valuation Advisory Limited ("**AVISTA**" or "**we**") has performed an analysis on the total equity value ("**Valuation**") in relation to Dalian Rongxin Financing Guarantee Co., Ltd. ("**Dalian Rongxin**" or the "**Target Company**") on a controlling basis as of 31 December 2022 (the "**Valuation Date**").

We understand that Xinche Investment (Shanghai) Co., Ltd. ("**Xinche**" or the "**Company**" or "**you**", collectively with its subsidiaries as the "**Group**") is contemplating acquiring certain equity interest of the Target Company ("**Proposed Acquisition**") and the Valuation is prepared based on the underlying assumptions and information provided by the management of the Company and the Target Company (collectively, the "**Management**").

It is our understanding that this report (the "**Report**") will solely be used to assist you in determining total equity value in relation to the Target Company on a controlling basis for internal reference purpose in compliance with the Rules Governing the Listing of Securities on Stock Exchange ("**Listing Rules**") of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"). No third party shall have the right of reliance on this Report and neither receipt nor possession of this Report by any third party shall create any express or implied third-party beneficiary rights. We are not responsible for unauthorized use of the Report.

We accept no responsibility for the realisation and completeness of any estimated data, or estimates furnished by or sourced from any third party which we have used in connection with this Report. We assume that financial and other information provided to us is accurate and complete.

This Report identifies the business appraised, describes the scope of work, states the basis of the value, specifies key inputs and assumptions, explains the valuation methodology utilized in this Valuation, and presents our conclusion of value. The additional supporting documentation and schedules concerning confidential commercial matters has also been retained as a part of our work papers.

BASIS OF VALUE

We have appraised the fair value of 100.00% equity interest in the Target Company on the controlling basis.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

COMPANY BACKGROUND

Yixin Group Limited ("**Yixin Group**") is principally engaged in online automobile finance transaction platform in People's Republic of China (the "**PRC**"). Its shares are listed on the Main Board of the Stock Exchange of Hong Kong (stock code:2858). Leveraging its leading online automobile finance transaction platform, Yixin Group is dedicated to developing and strengthening its ecosystem, the participants of which comprise consumers, automakers, auto dealers, auto finance partners, and aftermarket service providers.

Xinche is an indirectly wholly-owned subsidiary of Yixin Group.

Established on 6 June 2016, Dalian Rongxin was a wholly-owned subsidiary of Bitauto Holdings Limited (the "**BitAuto**") which principally engaged in providing guarantees for the automobile finance transactions promoted by Yixin Group.

As a part of corporate restructuring, Xinche subscribed 32.2034% equity interest of the Target Company in September 2020.

The shareholding structure of the Target Company as of the Valuation Date was set out as below:

Shareholder	Approximate percentage of equity interest
BitAuto	67.7966%
Xinche	32.2034%
Total	100.0000%

Source: the Management

SCOPE OF WORK

In conducting this valuation appraisal, we have

- Co-ordinated with the Company's representatives to obtain the required information and documents for our valuation;
- Gathered the relevant information of the Target Company, including the financial statements, etc. made available to us;
- Discussed with the Management to understand the background of the history, operations and prospects of the Target Company for valuation purpose;
- Conducted research on the sector and competitive environment concerned and collected relevant market data from reliable sources for analysis;
- Investigated into the information of the Target Company made available to us and considered the basis and assumptions of our conclusion of value;
- Designed an appropriate valuation model to analyze the market data and derived the estimated fair value of the Target Company; and
- Compiled a report on the valuation, which outlines our findings, valuation methodologies and assumptions, and conclusion of value.

When performing our Valuation, all relevant information, documents, and other pertinent data concerning the assets, liabilities and contingent liabilities should have been provided to us. We relied on such data, records and documents in arriving at our opinion of value and had no reason to doubt the truth and accuracy of the information provided to us by the Company, the Target Company and their authorized representatives.

ECONOMIC OUTLOOK

Economic Overview of China

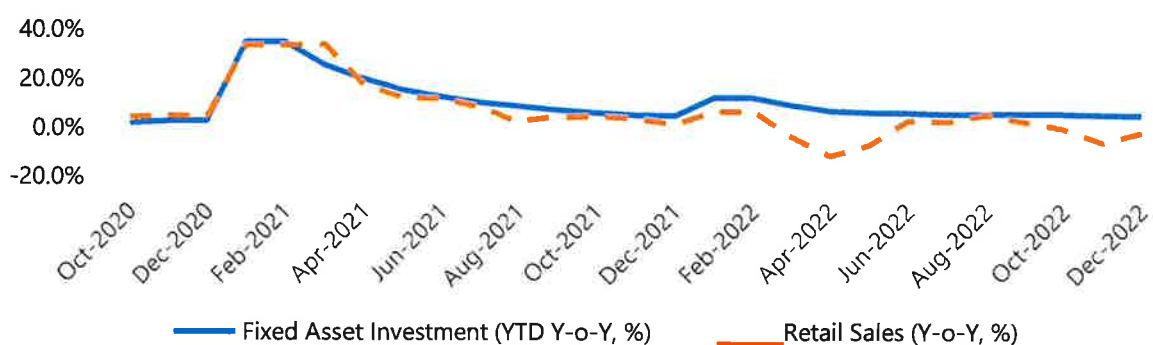
China's economy continued to slow down in 2022Q4, after a temporary pickup from the last quarter. Stringent COVID control measures such as lockdowns and travel restrictions was the main factor contributing to such gloomy economic outlook in China in this quarter.

According to China's National Bureau of Statistics ("NBS"), China's gross domestic product ("GDP") increased by 2.9% year-over-year ("y-o-y") in 2022Q4, a slower pace than the 3.9% y-o-y growth in 2022Q3.

Decline was noted in both growth in local consumption and fixed asset investment. While y-o-y growth in retail sales dropped from +2.5% in September 2022 to -1.8% in December 2022, that in fixed asset investment decreased from +5.9% to +5.1% during the same period. The slower pace of investment in infrastructure and manufacturing sectors has lowered the growth rate in fixed asset investment in 2022Q4.

In terms of foreign trading, China's international trade value reached CNY42,068 billion in 2022Q4, representing a 7.7% y-o-y growth according to China's General Administration of Customs. The export value amounted to CNY239,654 billion and recorded a y-o-y growth of 10.5%. With the lifting of strict COVID control measures and introduction of policies encouraging international trade, stable growth in foreign trading is expected to sustain in the coming years.

Figure 1: Y-o-Y Growth in YTD Fixed Asset Investment and Monthly Retail Sales



Source: NBS

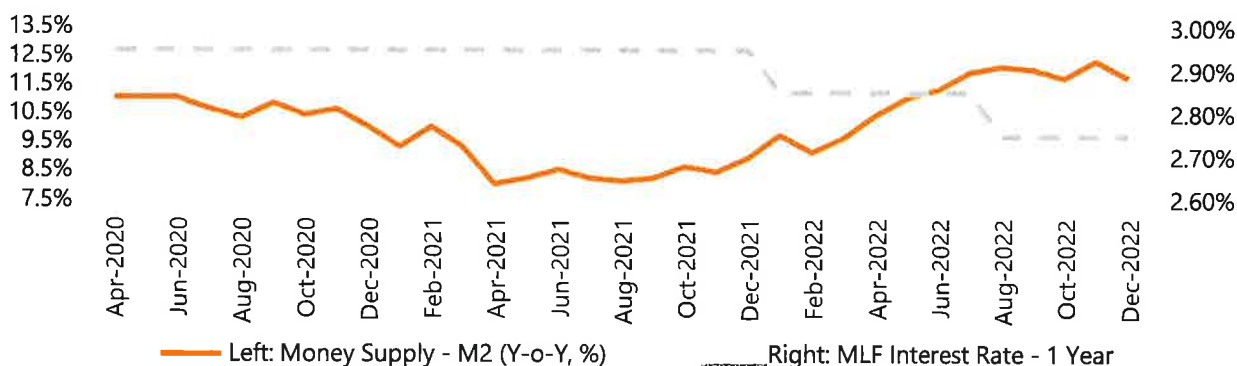
China's major gauge of price level recorded a mild inflation. NBS announced a 1.8% y-o-y growth in the consumer price index ("CPI") in China in December 2022, which was lower than the 2.8% y-o-y growth recorded in September

2022. Such drop is mainly attributed to the moderation of pork price, which accounts for a material weighting in China's CPI. The core CPI, which excludes the volatile food and energy prices, was reported to increase by only 0.7% y-o-y in December 2022. The producer price index ("PPI") fell by 0.7% y-o-y in December 2022, the third consecutive month recorded a negative growth since October 2022.

Financing costs stayed at a low level in 2022Q4. Interest rate of one-year medium-term lending facility ("MLF") loans to financial institutions remained at 2.75% in 2022Q4, according to the People's Bank of China (the "PBoC"). Despite the low MLF, the broad credit growth slowed down in 2022Q4 due to COVID Zero restrictions earlier in the quarter and property downturn. However, it is expected to rebound in 2023 as China's economy gradually recovers from the retraction of various COVID curbs starting from December 2022. In December 2022, the money supply ("M2") growth remained high at 11.8% y-o-y in 2022Q4 as the PBoC implemented rate cuts and easing monetary policies to deal with the virus-induced recession.

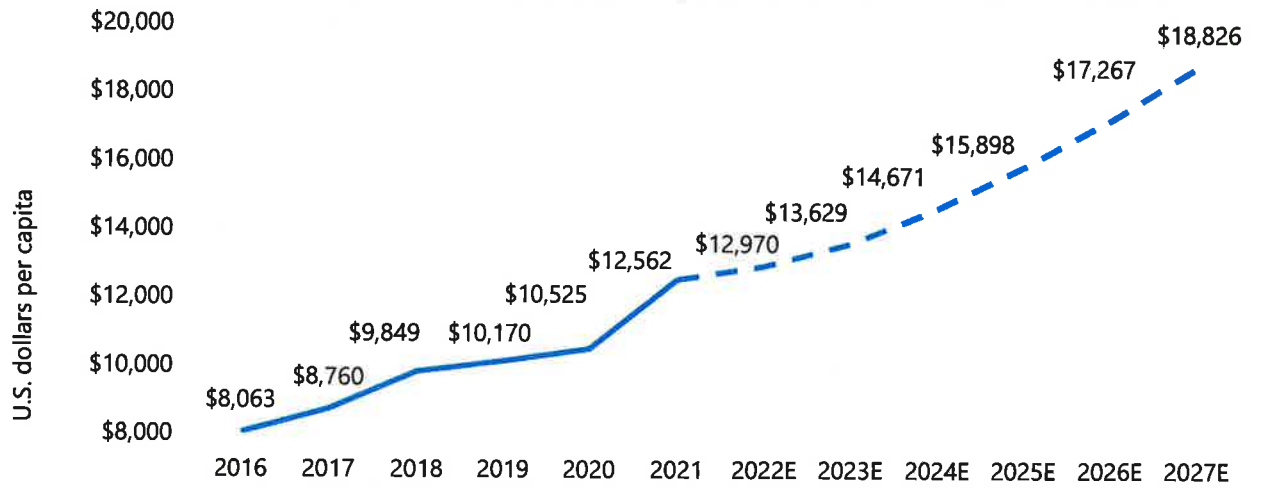
Looking forward, it is expected that the reopening of China to the world would create more opportunities for a potential economic growth. The International Monetary Fund ("IMF") forecasted the GDP per capita in China to continue its upward trend and reach USD18,826 in 2027.

Figure 2: Y-o-Y Growth in M2 and 1-Year MLF Interest Rate in China



Source: NBS, PBoC

Figure 3: GDP per capita of China (2018 - 2027E)



Source: IMF

INDUSTRY OVERVIEW

Since 2022, some newly added guarantee companies have entered the capital market, and the credit ratings of some individual guarantee agencies have changed. Under the influence of factors such as the slowdown in macroeconomic growth, the repeated outbreaks of COVID-19 in some regions, and the tightening of real estate regulation, financial guarantee agencies still expose to certain credit risks.

Being affected by factors such as the repeated outbreaks of COVID-19 in some regions, the consumer market has been greatly impacted by the epidemic, and real estate development investment has continued to bottom out recently. The economic downturn pressure is still high, and the average growth rate of GDP in the first three quarters has slowed down. The government has issued multiple policies to stabilize the economy. Financial guarantee companies still maintain a cautious business style, and the industry structure remains stable compared to previous years. Guarantee agencies continue to research and innovate financial products.

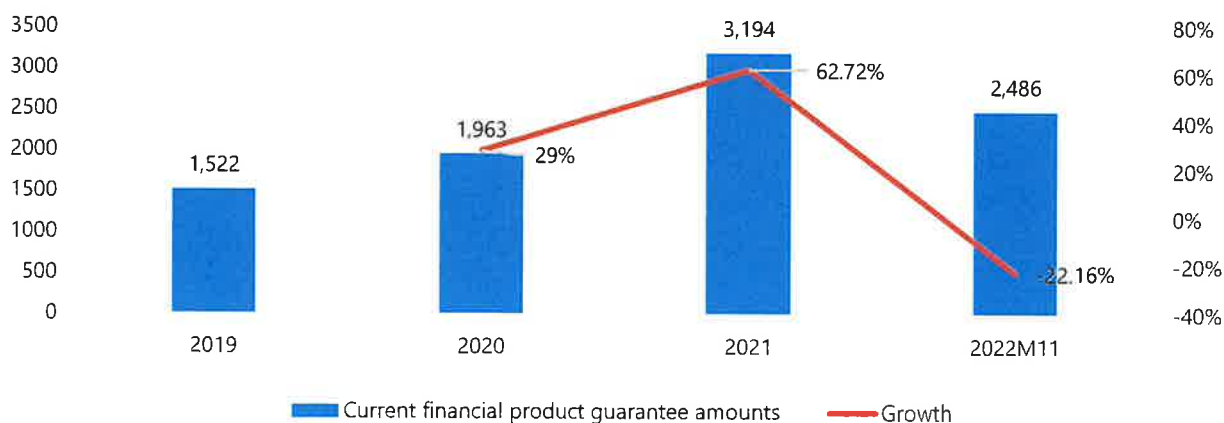
In recent years, bond market defaults have become normalized, and bond defaults and extension events have occurred frequently, mainly among private enterprises. In 2022, the proportion of real estate enterprise bond defaults has increased, real estate regulation has tightened, government platform financing has tightened, and credit risks are still relatively high. Under the transmission of credit risks in the bond market, financial guarantee agencies still face certain credit risks.

The balance of financial product guarantees has continued to grow lately. Currently, provincial-level platform financial guarantee agencies have relatively high credit ratings. The amplification level of guarantee agencies with credit enhancement institutions and some provincial-level guarantee agencies with fast business development is relatively high, which affects their business development space to a certain extent. Jiangsu Province still has the highest proportion of financial product guarantee balances. Due to the impact of policy issuance and rising credit risks, the credit ratings of guaranteed customer entities have continued to move upward. The concentration of guaranteed customer industries is still relatively high, mainly in the construction industry. In 2024, there will be a peak period of concentrated redemption of guarantee bonds, and attention should be paid to the compensation situation of financial guarantee agencies at that time.

The transaction amounts of financial guarantee product under financial guarantee agencies were increased from CNY 152.174 billion in 2019 to CNY 248.647 billion in Nov 2022, showing an overall growth trend. From 2020 to 2021, the implementation of a relatively loose monetary policy by the country has reduced the financing cost of the capital market, and the current financial product guarantee amounts of financial guarantee agencies have grown rapidly, with a growth rate of 62.72% in 2021. During January to November 2022, affected by factors such as the year-on-year

decrease in the issuance scale of credit bonds in the bond market, the scale of financial product guarantees by financial guarantee agencies has decreased by 22.16% compared to the whole year of 2021, and decreased by 10.46% compared to the same period last year.

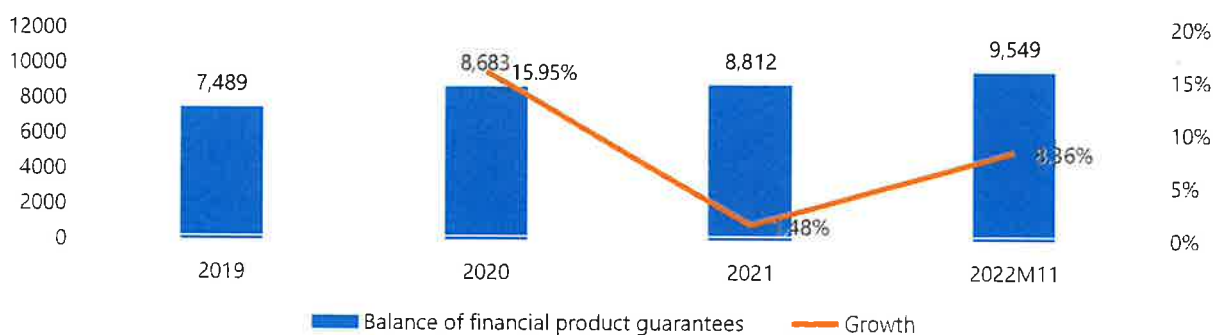
Figure 4: Transaction amounts of financial product guarantee during 2019 to Nov 2022 (CNY' Hundred Million)



Source: Wind, China Lianhe Credit Rating

According to Wind statistics, from 2019 to the end of November 2022, the balance of financial guarantee products under financial guarantee agencies has shown a continuous growth trend. As of the end of November 2022, the balance of guarantees by financial guarantee agencies was CNY 954.911 billion, an increase of 8.36% compared to the end of the previous year. The proportion of the guarantee balance to the credit bond market size (excluding financial bonds) during the same period was 2.84%, an increase of 0.14% compared with the previous year.

Figure 5: Balance of financial product guarantees during 2019 to Nov 2022 (CNY' Hundred Million)



Source: Wind, China Lianhe Credit Rating

LIMITATIONS OF THE REPORT

The intended use of the Report is to serve as the basis for internal reference purpose. We will not be liable for any unauthorized use of the Report. Accordingly, the Report may not be used nor relied upon in any other connection by, and are not intended to confer any benefit on, any person (including without limitation the respective shareholders of the Company and the Target Company).

The Report does not constitute a fairness opinion, a solvency opinion, or an investment recommendation on the commercial merits and structure of the Proposed Acquisition. The Report does not purport to contain all the information that may be necessary or desirable to fully evaluate the Proposed Acquisition. We are not required to and have not conducted a comprehensive review of the business, technical, operational, strategic or other commercial risks and merits of the Proposed Acquisition and such remain the sole responsibility of the Directors and the management of the Company. The ultimate transaction, if happens, and the corresponding acquisition prices would be the results of negotiations between the transacting parties. The responsibility for determining the agreed acquisition price of the Target Company rests solely with the Company.

We have assumed and relied upon, and have not independently verified the accuracy, completeness and adequacy of the information provided or otherwise made available to us or relied upon by us in the Report, whether written or verbal, and no representation or warrant, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information. To the extent that any of these assumptions or facts changed, the result of our fair value conclusion should be different.

VALUATION ASSUMPTIONS OF EQUITY VALUE ANALYSIS

In arriving at our opinion of value, we have considered the following principal factors:

- The stage of development of the Target Company;
- The economic outlook for the region operated by the Target Company and specific competitive environment affecting the industry;
- The business risks associated with the Target Company;
- The selected comparable companies are engaging in business operations similar to the Target Company;
- The experience of the Target Company's management team and support from its shareholders; and
- The legal and regulatory issues of the industry in general.

Due to the changing environment in which the Target Company is operating, a number of general assumptions have to be made in arriving at our value conclusion. The key assumptions adopted in this valuation include:

- There will be no material changes in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Target Company;
- There are no material changes in the financial positions of the Target Company and the comparable companies between the respective financial reporting dates and the Valuation Date;
- The Target Company has obtained the relevant licenses in conducting financial guarantee and related business;
- The Target Company will not be constrained by the availability of finance; and
- The Target Company will retain competent management, key personnel and technical staff to support their ongoing operations.

We have assumed that there are no hidden or unexpected conditions associated with the business entity valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

VALUATION APPROACH

General Valuation Approaches

There are three generally accepted approaches to appraise the fair value of the Equity Interest (the "**Equity Interest**") of the Target Company, namely Income Approach, Cost Approach and Market Approach. All three of them have been considered regarding this Valuation:

Income Approach The income approach provides an indication of value based on the principle that an informed buyer would pay no more than the present value of anticipated future economic benefits generated by the subject asset.

The fundamental method for income approach is the discounted cash flow ("**DCF**") method. Under the DCF method, the value depends on the present value of future economic benefits to be derived from the ownership of the enterprise. Thus, an indication of the equity value is calculated as the present value of the future free cash flow of a company less outstanding interest-bearing debt, if any. The future cash flow is discounted at the market-derived rate of return appropriate for the risks and hazards of investing in a similar business.

Cost Approach The cost approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence (physical, functional or economical) present, taking into consideration the past and present maintenance policy and rebuilding history.

Market Approach The market approach provides an indication of value by comparing the subject asset to similar assets that have been sold in the market, with appropriate adjustments for the differences between the subject asset and the assets that are considered to be comparable to the subject asset.

Under the market approach, the guideline company method ("**GCM**") computes a price multiple for publicly listed companies that are considered to be comparable to the subject company and then applies the multiple to the corresponding financial metric of the subject company. The comparable transaction method ("**CTM**") computes a price multiple using recent transactions of assets that are considered to be comparable to the subject asset and then applies the result to the corresponding financial metric of the subject company.

Selected Valuation Approach

Each of the above-mentioned approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a certain approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature. In this appraisal, we have applied the Market Approach to determine the fair value of the Equity Interest of the Target Company due to the following reasons:

- Cost Approach is not appropriate in the current appraisal as it fails to consider the economic benefits of the ownership of the business. We considered the consolidated net book value of the Target Company as of the Valuation Date may not truly reflect the value of its Equity Interest, as part of value will be attributed to future benefits of the Target Company.
- Income Approach is also considered inappropriate as plenty of assumptions were involved in formulating the financial projection of the Target Company, and the assumptions might not be able to reflect the uncertainties in the future performance of the Target Company. Given that improper assumptions will impose significant impact on the fair value, Income Approach is not adopted in this valuation.
- Fair value arrived from Market Approach reflects the market expectations over the corresponding industry as the price multiples of the comparable companies were arrived from market consensus. Since there are several

public companies in a similar nature and business to that of the Target Company, their market values are good indicators of the industry of the Target Company. Meanwhile, since there are several transactions closed/announced during the last few years with the acquiree engaging in similar businesses as the Target Company in the PRC, the price multiples implied in these transactions may serve as good indicators as well. Our valuation procedures under the guideline company method and comparable transaction method are illustrated as follow.

Guideline Company Method

By adopting guideline company method, we have to select the appropriate comparable public companies. The selection of the comparable companies was based on the comparability of the overall industry sector. Although no two companies are ever exactly alike, behind the differences there are certain business universals such as required capital investment and overall perceived risks and uncertainties that guided the market in reaching the expected returns for companies with certain similar attributes.

The Target Company is principally engaged in provision of financial guarantee and related services in the PRC. We have reviewed public companies which have certain business exposure in financial guarantee. We consider this selection basis is reasonable and the sample list is fair and representative.

The comparable public companies are selected with reference to the following selection criteria:

- The company is listed on the stock markets of Hong Kong, the PRC or the United States;
- The company is engaged in financing guarantee or financial guarantee related business in the PRC;
- A significant portion of total revenue (i.e. over 30%) is attributable to financial guarantee and related business;
- The financial information of the companies is available to the public.

During our research process, as obtained on the best effort basis, we have identified an exhaustive list of three comparable companies that engaged in the financial guarantee and related business. As mentioned above, since no two companies are ever exactly alike, the differences should not overshadow the similarities of the business nature of the companies. We consider these companies are comparable to the Target. Details of the comparable companies based on the selection criteria above are illustrated as follows:

No.	Company Name	Stock Code	Listing Location	Business Description	Revenue Contribution from Business Segment(s)
1	China Success Finance Group Holdings Limited	SEHK: 3623	Hong Kong Stock Exchange	China Success Finance Group Holdings Limited, an investment holding company, provides financial and non-financial guarantee, financial leasing and factoring, and financial consultancy services in the PRC.	Guarantee Revenue 31.8% Pig Selling 66.9% Service fee from consulting services 1.3%
2	Guangdong Join-Share Financing Guarantee Investment Co., Ltd.	SEHK: 1543	Hong Kong Stock Exchange	Guangdong Join-Share Financing Guarantee Investment Co., Ltd., together with its subsidiaries, provides credit-based financing solutions to small and medium-sized enterprises (SMEs) for their financing and business needs in the PRC.	Net Guarantee fee income 55.7% Net interest income 34.6% Service fee from consulting services 9.7%
3	Hanhua Financial Holding Co., Ltd.	SEHK: 3903	Hong Kong Stock Exchange	Hanhua Financial Holding Co., Ltd., together with its subsidiaries, provides financial services in the PRC.	Net guarantee and consulting fee income 55.6% Net interest and handling fee income 38.5% Other 5.9%
4	Greater China Financial Holdings Limited	SEHK:431	Hong Kong Stock Exchange	Greater China Financial Holdings Limited and its subsidiaries are principally engaged in investment holding, industrial property development and loan financing operations including the provision of loan financing, financial guarantee services, loan referral and consultancy services.	Industrial property development 7.1% Loan financing I ¹ 59.5% Loan financing II ² 30.5% Other 2.9%

Source: S&P Capital IQ

Notes:

- (1) Loan financing I represents the provision of loan financing, financial guarantees, loan referral and consultancy services in Hong Kong and Beijing..
- (2) Loan financing II represents the provision of micro-financing, loan referral and consultancy services in Ningbo.

As the selected three companies are engaged in providing financial guarantee services, these comparable companies, together with the Target Company, might be similarly subject to fluctuations in the economy and performance of the industry, among other factors. Thus, we consider they are confronted with similar industry risks and rewards.

Adopted Valuation Multiples

After selecting the above mentioned comparable companies, we have to determine the appropriate valuation multiples for the valuation of the Target Company, in which we have considered price-to-earnings ("**P/E**"), price-to-book ("**P/B**"), price-to-sales ("**P/S**"), enterprise value/sales ("**EV/S**") and enterprise value/earnings before interests, taxes, depreciation and amortization ("**EV/EBITDA**") multiples.

P/S and EV/S multiple are considered not appropriate for this valuation because they do not consider the profitability of the Target Company. As P/S and EV/S multiple only focus on the sales amounts but not the margin, the results will be easily distorted if the cost structure is not being taken into account. Thus, P/S and EV/S multiple are not adopted in this valuation.

According to the Management, the profitability of the Target Company has been fluctuating in recent years amid the pandemic situation. Meanwhile, the increasing regulatory requirements imposed on the industry is also considered to cause uncertainty regarding the stability and hence the reliability of earnings. As a result, despite the Target Company was profit making in FY2022, EV/EBITDA and P/E multiples are not appropriate in this valuation.

Nonetheless, P/B multiple is one of the most commonly used valuation multiples for capital-intensive business such as financial institutions and intermediary service firms. It relates the fair value of the company's equity value to its net asset. The scale of capital is the key value and profit driver for the Target Company. Therefore, P/B multiple is considered to be the most appropriate valuation multiple for this valuation under guideline public company method.

The process of computing the valuation multiple in this valuation consists of the following two procedures:

- Determination of the market capitalization of each comparable company as of the Valuation Date.
- Determination of the net asset of each comparable company as of the Valuation Date.

The P/B multiples, along with the market capitalization and net asset of the following guideline public companies as of the Valuation Date, are listed in the below table:

No.	Company Name	Stock Code	Currency	Market Capitalization ⁽¹⁾	Net Asset ⁽²⁾	P/B before LOMD and Control Premium ⁽³⁾	P/B after LOMD and Control Premium ⁽⁴⁾
				a	b	c=a/b	d=c*(1-LOMD)*(1+CP)
1	China Success Finance Group Holdings Limited	SEHK:3623	CNY in million	391	366	1.07x	1.08x
2	Guangdong Join-Share Financing Guarantee Investment Co., Ltd.	SEHK:1543	CNY in million	2,278	2,049	1.11x	1.12x
3	Hanhua Financial Holding Co., Ltd.	SEHK:3903	CNY in million	1,506	7,329	0.21x	0.21x
4	Greater China Financial Holdings Limited	SEHK:431	HKD in million	1,026	71	NA ⁽⁵⁾	NA ⁽⁵⁾
Average							0.80x
Median							1.08x
Maximum							1.12x
Minimum							0.21x

Source: S&P Capital IQ

Notes:

(1) Data sourced from S&P Capital IQ database as of 31 December 2022.

(2) Data sourced from financial statements published by the comparable companies as of 31 December 2022.

- (3) Lack of marketability discount ("**LOMD**") reflects the fact that there is no ready market for shares in a closely held company. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in publicly listed companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly listed company. The P/B multiple adopted in the valuation was calculated from public listed companies, which represents marketable ownership interest; fair value calculated using such P/B multiple, therefore, represents the marketable interest. Thus, LOMD was adopted to adjust such marketable interest fair value to non-marketable interest fair value.

In this Valuation, we applied a LOMD of 20.5% on the Target Company. LOMD is determined with reference to the research result as published in 2022 edition of Stout Restricted Stock Study Companion Guide, a research study to assist the valuation profession in determining LOMD and is based on 772 private placement transactions of unregistered common issued by publicly traded companies from July 1980 through March 2022. We have reviewed an extract of 2022 edition of Stout Restricted Stock Study Companion Guide and noted that the average discount for the 772 abovementioned transactions in the study was 20.5%.

The value of non-marketable interest can be calculated from marketable interest using the following formula:

Fair Value of Non-Marketable Interest = Fair Value of Marketable Interest x (1– LOMD)

- (4) Control premium is the amount that a buyer is willing to pay over the minority equity value of the company in order to acquire a controlling interest in that company. The P/B multiple adopted in the valuation was calculated from public listed companies, which represents minority ownership interest; fair value calculated using such P/B multiple, therefore, represents the minority interest. Thus, control premium was adopted to adjust such minority interest fair value to controlling interest fair value.

According to the Control Premium Study 2022Q4 Report sourced from Mergerstat Control Premium Study, we have adopted the median equity CP classified by finance, insurance and real estate industry, which is 26.7%.

The value of controlling interest can be calculated from minority interest using the following formula:

Fair Value of Controlling Interest = Fair Value of Minority Interest x (1 + Control Premium)

Combining the adjustments on LOMD and control premium,

Adjusted P/B multiple = P/B multiple x (1– LOMD) x (1 + Control Premium)

- (5) According to 2022 Annual Report of Greater China Financial Holdings Limited, its net asset value has subsequently become negative as of the Valuation Date, hence it is considered to be more appropriate to have the subject company being excluded in the analysis.

Given the fact that the major business of the comparable companies listed above are providing financial guarantee in the PRC, the P/B multiples derived based on the guideline company method should be representable for our Valuation.

Comparable Transaction Method

Under comparable transaction method, for market transactions with the acquisition target having a similar or equivalent business model to the total equity interest, observable financial ratios are derived based on the market transactions. Adjustments may be made on the financial ratios derived with reference to the differences between the total equity interest and the acquisition target in the comparable transactions.

The comparable transactions are selected with reference to the following selection criteria:

- The acquiree is engaged in financing guarantee or financial guarantee related business in the PRC;
- The transaction was completed and announced between December 2019 and December 2022;
- The financial information of the acquirees is available to the public.

During our research process, as obtained on the best effort basis, we have identified an exhaustive list of three comparable transactions with the acquirees engaging in similar businesses as the Target Company within the selected timeframe. As mentioned above, since no two companies are ever exactly alike, the differences should not overshadow the similarities of the business nature of the companies. We consider these acquirees are comparable to the Target. The P/B multiples, along with the acquisition consideration and net assets of the acquiree as of the Valuation Date, are listed in the below table:

No.	Acquisition Date	Acquiree	Acquirer	Currency	Total Consideration	% of interest Sought	Implied Total Equity Value	Net Asset	P/B
1	2020/1/14	Ningbo Haishu District Xiangyi Financing Guarantee Co., Ltd. ⁽¹⁾	Sunny Loan Top Co. Ltd.	CNY in million	75.93	75%	101.24	101.24	1.00x
2	2020/6/2	Jvranshijia (Tianjin) Financing Guarantee Co., Ltd. ⁽²⁾	Easyhome New Retail Group Corporation Limited	CNY in million	100.00	100%	100.00	100.77	0.99x
3	2020/11/4	Zhejiang Zhongqing Financing Guarantee Co., Ltd. ⁽³⁾	Three Acquirers ⁽⁴⁾	CNY in million	159.72	100%	159.72	125.39	1.27x
Average									1.09x
Median									1.00x
Maximum									1.27x
Minimum									0.99x

Notes:

- (1) Ningbo Haishu District Xiangyi Financing Guarantee Co., Ltd. mainly engages in financing guarantee business and engage in concurrent operations in non-financing guarantee business, financial advisory and consulting intermediary services related to guarantee business.
- (2) Jvranshijia (Tianjin) Financing Guarantee Co., Ltd was established in 2019. The company mainly engages in financing guarantee business (including loan guarantee business, issuance of bond guarantee business and other financing guarantee business).
- (3) Zhejiang Zhongqing Financing Guarantee Co., Ltd was established in 2007. The company mainly engages in financing guarantee business.
- (4) Three Acquirers refer as Shaoxing County Old Village Reconstruction Investment Development Co., Ltd, Shaoxing County State-owned Assets Investment Operation Co., Ltd. And Shaoxing Keqiao Water Group Co., Ltd.

VALUATION RESULT

(in CNY'000 unless otherwise specified)

P/B Derived by Guideline Company Method	a	1.08x
<i>Weight of Guideline Company Method</i>	<i>b</i>	<i>50%</i>
P/B Derived by Comparable Transaction Method	c	1.00x
<i>Weight of Comparable Transaction Method</i>	<i>d</i>	<i>50%</i>
P/B (Weighted Average)	e=a*b+c*d	1.04x
Net Assets of the Target Company ⁽¹⁾	f	1,055,721
Total Equity Value	g=e*f	1,097,950

Notes:

- (1) Net Asset of the Target Company is sourced from the audited financial statements as of 31 December 2022 prepared by the Target Company.

CONCLUSION OF VALUE

Based on our investigation and valuation method employed, it is our opinion that the fair value of Total Equity Value in the Target Company on a controlling basis as of the Valuation Date is CNY 1,098 million.

The conclusion of the fair value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We hereby certify that we have neither present nor prospective interests in the Target Company, the Group nor the value reported.

Yours faithfully,

For and on behalf of

AVISTA Valuation Advisory Limited



Vincent C B Pang

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Note: Mr. Vincent Pang is a member of CFA Institute, a fellow member of Hong Kong Institute of Certified Public Accountants and a fellow member of CPA Australia and a member of Royal Institution of Chartered Surveyors. Vincent has over 20-year experience in financial valuation and business consulting in Hong Kong and the PRC.

APPENDIX – GENERAL LIMITATIONS AND CONDITIONS

This Report was prepared based on the following general assumptions and limiting conditions:

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