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23 January 2026

To: the Independent Board Committee and the Independent Shareholders

Dear Sir/Madam,

MAJOR AND CONNECTED TRANSACTION THE DISPOSAL OF SHENZHENSHI HUIANQI

INTRODUCTION

We refer to our appointment to advise the independent board committee and the independent shareholders of China ZhengTong Auto Services Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") in relation to the disposal of 100% of the equity interest of Shenzhenshi Huianqi Investment Advisory Co., Ltd.* (深圳市匯安啟投資諮詢有限公司) (the "**Disposal**"). Details of the Disposal are set out in the "Letter from the Board" (the "**Board Letter**") contained in the circular of the Company dated 23 January 2026 (the "**Circular**"), of which this letter forms part. Unless otherwise defined, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 7 January 2026 (after trading hours), the Vendor (an indirect wholly owned subsidiary of the Company) and Shenzhenshi Huianqi (an indirect wholly owned subsidiary of the Company) entered into the Equity Interest Transfer Agreement with the Purchaser (Xinda Information), pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the entire equity interest of Shenzhenshi Huianqi, and the Purchaser has also conditionally agreed to accept and bear the Related Debts. The principal asset of the Disposal Group is the Shenzhen Property, a parcel of land located at Shenzhen, China.

As set out in the Board Letter, as the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the Disposal is more than 25% but is less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. As at the Latest Practicable Date, ITG Holding is a controlling shareholder of the Company, and Xinda Information is wholly owned by ITG Holding. Xinda Information, as its wholly owned subsidiary, is therefore an associate of ITG Holding and is a connected person of the Company. Accordingly, the Disposal also constitutes a connected transaction of the Company, and is subject to reporting, announcement, circular, and Independent Shareholders' approval requirements under the Listing Rules.

The Independent Board Committee comprising all independent non-executive Directors, namely Dr. TSUI Wai Ling Carlye, Mr. SHEN Jinjun and Ms. YU Jianrong, has been formed to advise the Independent Shareholders in relation to the Disposal. We, Somerley Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard (the "**Engagement**").

During the past two years immediately preceding the Latest Practicable Date, Somerley Capital Limited has acted as the independent financial adviser to the independent board committee and independent shareholders of the Company in relation to the major and connected transaction in relation to the acquisition of Xiamen Xindeco's 4S dealership and automobile sales and export business (details of which are set out in the Company's circular dated 24 December 2025). The past engagement was limited to providing independent advisory services to the independent board committee and independent shareholders of the Company pursuant to the Listing Rules. Under the past engagement, Somerley Capital Limited received normal professional fees from the Company. Having considered the independent advisory nature of the past engagement, as at the Latest Practicable Date, there were no relationships or interests between (a) Somerley Capital Limited on one hand and (b) the Group, Xinda Information or their respective core connected persons on the other hand, 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 to the Independent Board Committee and the Independent Shareholders with respect to the Engagement.

In formulating our opinion, we have relied on the information as contained in the Circular and the information and facts supplied, and the opinions expressed, by the Directors and management of the Company (the "**Management**"). We have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects. We have also assumed that all representations contained or referred to in the Circular were true at the time they were made and at the date of the Circular and will continue to be true up to the time of the EGM. We have also sought and received confirmation from the Directors that all material relevant information has been supplied to us and that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld. We have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter. However, we have not conducted any independent investigation into the business and affairs of the Group or Xinda Information, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the Disposal, we have taken into account the following principal factors and reasons:

1. Information on the Group

The Group is principally engaged in 4S dealership business, automobile supply chain business and comprehensive properties business in the PRC.

(a) *Financial performance*

Set out below is a summary of the audited consolidated financial information of the Group for each of the year ended 31 December 2023 ("**FY2023**") and 31 December 2024 ("**FY2024**") and the unaudited consolidated financial information of the Group for each of the six months ended 30 June 2024 ("**HY2024**") and 30 June 2025 ("**HY2025**") as extracted from the 2024 annual report (the "**2024 Annual Report**") and the 2025 interim report (the "**2025 Interim Report**") of the Company respectively:

	For the six months ended 30 June		For the year ended 31 December	
	2025	**2024**	**2024**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	8,891,028	9,875,622	20,746,774	24,131,975
— 4S dealership business	8,731,928	9,682,250	20,342,814	23,464,573
— Supply chain business	155,438	180,775	378,393	667,402
— Comprehensive properties business	3,662	12,597	25,567	Nil
Gross profit	297,524	177,158	779,069	1,008,593
Net (loss) for the period	(887,537)	(634,840)	(1,529,086)	(820,480)

During FY2024, the Group recorded revenue of approximately RMB20.75 billion, representing a decrease of approximately 14.03% as compared to that for FY2023. According to the 2024 Annual Report and as advised by the Management, such decrease in revenue was mainly due to the decreases in the selling price (mainly as a result of market competition) and sales volume of new automobiles (mainly as a result of the closure of certain underperforming 4S stores for tradition fuel-powered automobiles to increase operation efficiency and the adjustment in the sales plan of the Group due to market condition) during the period. The Group recorded gross profit of approximately RMB779.07 million for FY2024, representing a decrease of approximately 22.76% as compared to that for FY2023. As set out in the 2024 Annual Report, such decrease in gross profit was mainly due to the decrease in the average selling price of new automobiles. The Group recorded net loss of approximately RMB1.53 billion for FY2024, representing an increase of approximately 86.36% as compared to that for FY2023. According to the 2024 Annual Report, such increase in loss was mainly due to the decreases in revenue from the sales of new automobiles and gross profit margin from sales of new automobiles as discussed above.

During HY2025, the Group recorded revenue of approximately RMB8.89 billion, representing a decrease of approximately 9.97% as compared to that for HY2024. According to the 2025 Interim Report and as advised by the Management, such decrease in revenue was mainly due to the decrease in selling price of new automobiles during the period as a result of market competition, while sales volume remained at similar level during HY2025 as compared to that for HY2024 as a result of the proactive efforts by the Group in driving sales and accurate business focus in sales and operation. The Group recorded gross profit of approximately RMB297.52 million for HY2025, representing an increase of approximately 67.94% as compared to that for HY2024. As set out in the 2025 Interim Report and as advised by the Management, such increase in gross profit was mainly due to the income generated from the provision of mortgage facilitation services, which has a relatively higher gross profit margin as compared to other income streams, being presented as revenue (as recorded in the 4S dealership business segment) starting from 1 April 2024, while mortgage facilitation services income earned during the period from 1 January 2024 to 31 March 2024 was included in "service income" under "other income". The Group recorded net loss of approximately RMB887.54 million for HY2025, representing an increase of approximately 39.80% as compared to that for HY2024. According to the 2025 Interim Report and as advised by the Management, such increase in loss was mainly due to the decline in selling price of new automobiles during HY2025, the impairment losses on goodwill and intangible assets of approximately RMB115.00 million recorded during HY2025 relating to the car dealership operation rights, and the impairment losses on property, plant and equipment of approximately RMB126.38 million recorded as a result of the closure of certain underperforming 4S stores for tradition fuel-powered automobiles during HY2025.

(b) Financial position

Set out below is a summary of the financial position of the Group as at 31 December 2023 (audited), 31 December 2024 (audited) and 30 June 2025 (unaudited) as extracted from the 2024 Annual Report and the 2025 Interim Report respectively:

	As at 30 June 2025	**As at 31 December 2024**	**As at 31 December 2023**
	RMB'000	*RMB'000*	*RMB'000*
Total assets	27,115,255	29,218,236	29,514,801
— Current assets	13,644,453	15,321,305	14,426,280
— Non-current assets	13,470,802	13,896,931	15,088,521
Total liabilities	25,469,212	28,148,498	28,227,741
— Current liabilities	20,212,460	23,654,203	22,644,392
— Non-current liabilities	5,256,752	4,494,295	5,583,349
Net assets	1,646,043	1,069,738	1,287,060

The Group recorded total assets of approximately RMB27.12 billion as at 30 June 2025, and major assets of the Group included property, plant and equipment of approximately RMB5.64 billion, prepayments, deposits and other receivables of approximately RMB4.72 billion, pledged bank deposits of approximately RMB3.41 billion, rights-of-use assets of approximately RMB2.41 billion and intangible assets of approximately RMB2.16 billion.

The Group recorded total liabilities of approximately RMB25.47 billion as at 30 June 2025, and major liabilities of the Group included loans and borrowings of approximately RMB17.95 billion and trade and other payables of approximately RMB5.00 billion.

As at 30 June 2025, the Group had net assets of approximately RMB1.65 billion.

2. Information on the Vendor

Goldrich Holdings, is a wholly owned subsidiary of the Company and a company incorporated in Hong Kong with limited liability. It is principally engaged in investment holding.

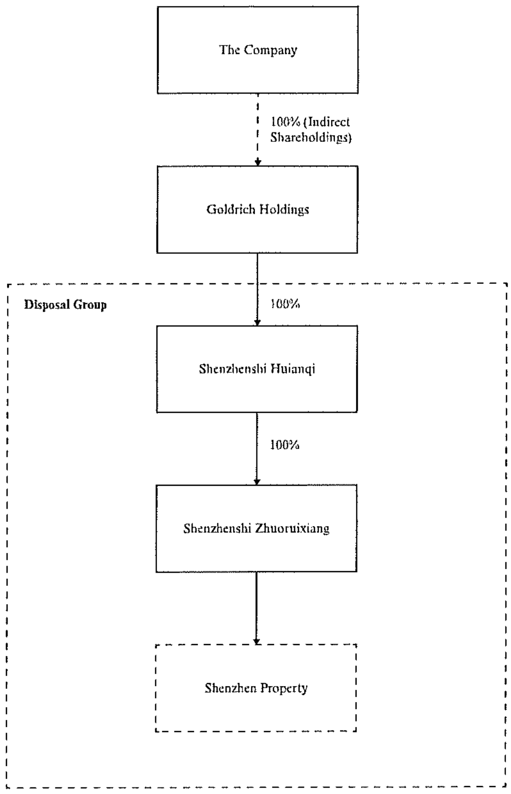
3. Information on the Purchaser

Xinda Information is a company incorporated in PRC with limited liability and is principally engaged in real estate development, operation, services and investments in other industries. Xinda Information is wholly owned by ITG Holding.

4. Information on the Disposal Group

(a) Business and background information

A simplified shareholding chart of the Disposal Group as at the Latest Practicable Date is illustrated as follows:



As at the Latest Practicable Date, each of Shenzhenshi Huianqi and Shenzhenshi Zhuoruixiang is an indirectly wholly-owned subsidiary of the Company and a limited liability company incorporated in the PRC. Shenzhenshi Huianqi is legally registered to be engaged in consulting services. The principal activity of Shenzhenshi Zhuoruixiang is consulting services and it holds the Shenzhen Property which is the principal asset of the Disposal Group.

The Shenzhen Property is a parcel of land located at the eastern side of Heping Road, Longhua Street, Longhua District in Shenzhen. It has a site area of approximately 31,260.44 square metres which was planned to be developed into a new industries park with a gross floor area of approximately 161,700 square metres. As at 30 November 2025, the Shenzhen Property comprised a parcel of land where the pile foundation construction had been basically completed, and most of the earthwork and foundation pit support engineering had also been finished.

(b) Financial performance

Set out below is a summary of the consolidated financial information of Shenzhenshi Huianqi and its subsidiaries ("**Shenzhenshi Huianqi Group**") for the years ended 31 December 2023 and 2024 and the three months ended 31 March 2025 ("**3M 2025**"):

	For the three months ended 31 March	**For the year ended 31 December**	
	2025	**2024**	**2023**
	RMB' million	*RMB' million*	*RMB' million*
Revenue	Nil	Nil	30.83
Loss before tax	1.82	6.34	1.15
Loss after tax	1.82	6.34	2.33

Shenzhenshi Huianqi Group recorded revenue of approximately RMB34.10 million for FY2023. As advised by the Management, such revenue was fully attributable to the advertising business operated by a wholly-owned subsidiary of Shenzhenshi Huianqi, which was disposed by Shenzhenshi Huianqi in 2023 (the "**Advertising Business Disposal**"). Upon the completion of the Advertising Business Disposal, Shenzhenshi Huianqi Group only comprises the Disposal Group, and the remaining business in the Disposal Group is only the holding and development of the Shenzhen Property. Shenzhenshi Huianqi Group recorded loss after tax of approximately RMB2.33 million for FY2023.

After the Advertising Business Disposal, Shenzhenshi Huianqi Group (being also the Disposal Group) did not recorded any revenue for FY2024 and 3M2025. The Disposal Group recorded loss after tax of approximately RMB6.34 million and RMB1.82 million respectively for FY2024 and 3M2025 mainly due to the management expenses in relation to the development of the Shenzhen Property.

(c) Financial position

Set out below is a summary of major items of financial position of Shenzhenshi Huianqi Group as at 31 December 2023, 31 December 2024 and 31 March 2025:

	As at 31 March 2025	As at 31 December 2024	2023
	RMB'000	*RMB'000*	*RMB'000*
Current assets	3,475	10,050	1,082
— Cash and cash equivalents	659	675	994
— Other receivables	2,787	9,324	37
— Inventory	29	51	51
Non-current assets	314,722	288,334	281,997
— Property, plant and equipment	13	13	58
— Construction in progress	140,584	115,420	105,300
— Intangible assets	165,096	166,322	171,227
— Other non-current assets	9,029	6,580	5,413
Current liabilities	357,985	336,356	314,715
— Other payables	357,985	336,356	314,640
— Other current liabilities	Nil	Nil	75
Non-current liabilities	Nil	Nil	Nil
Net (liabilities)	(39,788)	(37,972)	(31,636)

As at 31 March 2025, the major assets of Shenzhenshi Huianqi Group include construction in progress relating to the Shenzhen Property of approximately RMB140.58 million and intangible assets of approximately RMB165.10 million in relation to the land use rights of the Shenzhen Property; and the major liabilities of Shenzhenshi Huianqi Group (being also the Disposal Group) are other payables of approximately RMB357.99 million (inclusive of the Related Debts of approximately RMB353.25 million).

The net liability value of Shenzhenshi Huianqi Group (being also the Disposal Group) as at 31 March 2025 was approximately RMB39.79 million.

The book value of the Shenzhen Property as at 30 November 2025 was approximately RMB321.90 million.

5. Reasons for and benefits of the Disposal

As advised by the Management, the relevant land of the Shenzhen Property was initially planned for affordable housing development under the 12th five-year plan. After the Shenzhen Property was acquired by the Group in 2014 with the acquisition of Shenzhenshi Zhuoruixiang, the Group had applied for the removal of affordable housing development and was granted the approval in 2016. In 2017, the Group had further applied for an adjustment in land usage to new-type industrial land (M0) and was granted the approval in 2019. Since then, the Group had commenced the planning and development of the Shenzhen Property. However, due to the lack of capital and the operating pressure of the core 4S dealership business under the impact of the COVID-19 pandemic, the development of the Shenzhen Property, which only merely commenced, was suspended in 2020. The Company has attempted to conduct the disposal of the entire equity interest of Shenzhenshi Huianqi and the debts owed by the Disposal Group to the Group by way of public tender in 2023 (i.e. the 2023 Disposal Plan) in order to cash out its investment in the Shenzhen Property and focus its resources in the 4S dealership business of the Group. For details, please refer to the Company's announcement dated 28 February 2023 and the Company's circular dated 27 March 2023. According to the Company's announcement dated 4 August 2023, no bid was received as at the end of the period set for the first public tender, and the 2023 Disposal Plan did not proceed.

Since then, factors such as market competition and change of consumers' appetite towards fuel-powered automobiles has continued to affect the financial performance of the Group, resulting in deterioration of the Group's results and increases in the Group's net loss during FY2024 and HY2025. As advised by the Management, with the advent of new energy vehicles, which has heralded a paradigm shift towards sustainability and environmental consciousness, away from traditional internal combustion engine (ICE) vehicles, the 4S dealership businesses in the PRC are at a crossroads in market development and subject to intense market competition. Despite intense industry competition and profit pressure, the leading dealerships are exhibiting a "Matthew effect", where larger dealerships have greater bargaining power in the market and leaders in the industry have been able to squeeze out smaller players by leveraging their economies of scale and stronger financial capabilities. Therefore, the Management considers that it is necessary to focus its resources in maintaining its competitiveness and securing its position in the industry through expansion of its business scale and improvement of its strategic layout.

Considering the aforesaid adversity and challenges faced by the traditional automobile dealership industry in the PRC, the Group remains steadfast in its aims to focus on its automobile sales and automobile-related derivative business and has made various efforts such as transitioning to new energy automobile sector and expanding its international automobile business, and property development is no longer a business the Company prioritises in developing. In addition, given the construction progress of the Shenzhen Property is still at its preliminary stage, it is expected that a material amount of additional development cost will be required. As advised by the Management, the Disposal represents a renewed attempt to dispose of the Disposal Group's property business which is not the core business of the Group. Taking into account (i) the unsuccessful attempt to dispose the property business by public tender in 2023; (ii) that as compared to a public tender, a direct disposal with purchaser involves less administrative procedures; and (iii) that the consideration of the Disposal is determined based on, among other things, the valuation of the Shenzhen Property conducted by an independent valuer, the Management considers that the Disposal is in the interest of the Company and the Shareholders as a whole.

As mentioned in the Board Letter, the Company intends to use 60% of the proceeds from the Disposal to repay bank loans of the Group and remaining 40% of the proceeds to replenish the operation cash flow of the Company, focusing on the expansion of international automobile business and/or the transition to new energy automobile sector. Taking into account the current market conditions and also the cash flow requirements of the Group, the Disposal will improve the Group's capital and debt structure and relieve the Group from the financial burden of incurring further capital expenditure on the development of the Shenzhen Property, so that the Group can focus its resources on the transition, upgrading and sustainable development of the automobile related business. Further, the Disposal will also allow the management to focus more of their time and effort on managing the principal business of the Group.

Having considered the reasons for and benefits of the Disposal as mentioned above, we consider that although the Disposal is not in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole.

6. Principal terms of the Disposal

Set out below are the principal terms of the Equity Interest Transfer Agreement, further details of which are set out in the Board Letter.

Date:	7 January 2026
Parties:	Xiamen Xinda Information Co., Ltd* (廈門信息信達有限公司) (as Purchaser) Goldrich Holdings Limited (as Vendor) Shenzhenshi Huianqi Investment Advisory Co., Ltd.* (深圳市匯安啟投資諮詢有限公司) (as target company)
Subject Matter to be disposed:	100% of the equity interest of Shenzhenshi Huianqi and the Related Debts
Consideration:	The provisional Disposal Price is approximately RMB803.10 million. The provisional Disposal Price is inclusive of the Related Debts as at 31 March 2025 of approximately RMB353.25 million. The Purchaser agreed to accept and bear the Related Debts as at the end of Transitional Period and accordingly, the provisional Disposal Price will be subject to an upward adjustment to reflect any increase of the Related Debts from 31 March 2025 to the end of the Transitional Period.

The Related Debts as at 30 November 2025 was approximately RMB370.32 million. Assuming Completion takes place by 31 March 2026, the amount of the Related Debts as at the end of the Transitional Period is not expected to exceed RMB420.00 million.

Payment terms:

The Earnest Money of approximately RMB224.93 million shall be paid by the Purchaser to Xiamen ZhengTong as the Vendor's designated recipient within 10 days of the Board's approval of the Equity Interest Transfer Agreement. As at the Latest Practicable Date, Xiamen ZhengTong had received from the Purchaser the Earnest Money pursuant to the terms of the Equity Interest Transfer Agreement.

The Disposal Price will be payable in two tranches, on the same day, within 10 days of the fulfillment of all conditions precedent:

(i) a payment of RMB449.85 shall be paid by the Purchaser to the Vendor by bank transfer, and upon receiving such payment the Vendor shall procure Xiamen ZhengTong to return the Earnest Money to the Purchaser; and

(ii) another payment representing the Related Debts, subject to the upward adjustment mentioned above, shall be paid by the Purchaser (on behalf of the Disposal Group) to Wuhan ZhengTong and Xiamen ZhentTong by bank transfer.

Conditions precedent:

Completion of the Disposal will be subject to the fulfilment of all of the following conditions precedent:

(i) the obtaining by the parties to the Equity Interest Transfer Agreement and the Company of their respective board of directors, shareholders and relevant governmental authorisation and/or permission as required by the Listing Rules, applicable laws and regulations and their respective constitutional document to fulfil the Equity Interest Transfer Document and carry out the transactions contemplated thereunder; and

(ii) the fulfilment of the necessary State-owned Assets Supervision and Administration procedures in respect of the Equity Interest Transfer Agreement and the transactions contemplated thereunder.

As at the Latest Practicable Date, the necessary State-owned Assets Supervision and Administration procedures in respect of the Equity Interest Transfer Agreement and the transactions contemplated thereunder had already been fulfilled, and other than obtaining the approval of the Independent Shareholders, all other conditions precedent had been fulfilled.

Completion: Completion shall take place on the day the Purchaser completes payment of the full Disposal Price (or such other date as the Vendor and the Purchaser may agree in writing).

7. Assessment of the consideration of the Disposal

(a) Basis of consideration

As mentioned in the Board Letter, the provisional Disposal Price of RMB803.10 million was determined upon arm's length negotiations between the Group and Xinda Information. In agreeing to the preliminary Disposal Price, the Group had made reference to (i) the consolidated net liability value of Shenzhenshi Huianqi as at 31 March 2025 of approximately RMB39.79 million, (ii) the increase in value of the Shenzhen Property of approximately RMB478.10 million based on the valuation of the Shenzhen Property as at 30 November 2025 at approximately RMB800.00 million as compared to its book value as at 30 November 2025, (iii) the Related Debts to be accepted and borne by the Purchaser, which as at 31 March 2025 amounted to approximately RMB353.25 million, and (iv) the prevailing PRC property market conditions and benefits of the Disposal to the Company.

(b) Valuation of the Shenzhen Property

The Valuation Report (Shenzhen Property) on the valuation of the Shenzhen Property as at 30 November 2025 (the "**Shenzhen Property Valuation**") has been issued by the Valuer, details of which are set out in Appendix II to the Circular. For our due diligence purpose, we have reviewed the Valuation Report (Shenzhen Property) prepared by the Valuer, and have discussed with the Valuer regarding the Shenzhen Property Valuation with details set out below.

(i) Scope of work and qualifications of the Valuer

We reviewed and enquired into (i) the terms of engagement of the Valuer; (ii) the Valuer's qualification in relation to the preparation of the Valuation Report (Shenzhen Property); and (iii) the steps and due diligence measures taken by the Valuer for conducting the Shenzhen Property Valuation. From the engagement letter and the relevant information provided by the Valuer and based on our interview with them, we were satisfied with the terms of engagement of the Valuer as well as their qualification for preparation of the Shenzhen Property Valuation and the Valuation Report (Shenzhen Property). The Valuer also confirmed that they are independent to the Group and the Purchaser.

(ii) Valuation methodologies

Based on our discussion with the Valuer and review of the Valuation Report (Shenzhen Property), it is noted that the Valuer has adopted the direct comparison method under the market approach in arriving at the valuation of the land use rights of the Shenzhen Property as there are readily identifiable market comparables. The direct comparison method consists of comparisons based on actual sales transactions and/or asking prices of comparable cases; and comparable cases with same usage, similar location, size, and character are selected and then analysed and carefully weighed against all the respective advantages and disadvantages. For construction in progress of the Shenzhen Property, as there are no readily identifiable market comparables, the construction in progress have been valued by the depreciated replacement costs method under cost approach. The depreciated replacement cost method is based on an estimate of the current cost of replacement of the existing constructions less deductions for physical deterioration and all relevant forms of obsolescence and optimization. We have discussed with the Valuer and understand that the direct comparison method and depreciated replacement cost method are commonly adopted approaches for valuation of property interest and are also consistent with normal market practice and valuation standards. Regarding the land use rights, we agree with the Valuer that the direct comparison method is appropriate for valuing the land use rights given that the valuation will be derived by the market prices of comparable cases with appropriate adjustments to reflect the differences in price based on the circumstances between the comparable cases. Regarding the construction in progress, since construction in progress represents mainly costs for early development (e.g. pile foundation construction and earthwork and foundation pit support engineering) which normally does not have an open market, we also agree with the Valuer that it is appropriate to value the construction in progress based on depreciated replacement cost method.

Other than the valuation methodologies set out above, we understand that the Valuer has also evaluated the income approach and the residual method. The Valuer considered income approach not appropriate for valuing the Shenzhen Property as the Shenzhen Property was still under development and had not generated any income. Additionally, the Valuer considered residual method not appropriate for valuing the Shenzhen Property, for the reasons that: (1) the Shenzhen Property was in the early civil engineering phase of its development; and (2) the relevant parameters and assumptions required for residual method (which derives the valuation based on the transaction price of the property after the completion of development, deducting total development costs and relevant allowances for risk and profit) were not easy to be readily and reliably determined. Taking into account that the Shenzhen Property was in the early stage of its development (with mainly pile foundation construction and earthwork and foundation pit support engineering completed) and had not generated income, we concur with the Valuer that the income approach and the residual method are not appropriate for valuing Shenzhen Property.

Based on the above, we concur with the Valuer on the adoption of the selected valuation methodologies, and accordingly, we did not cross-check the Shenzhen Property Valuation with other valuation approaches.

(iii) Valuation assumptions and details of the valuation

We have reviewed the Valuation Report (Shenzhen Property) and discussed with the Valuer in respect of the key valuation assumptions adopted for performing the Shenzhen Property Valuation. We understand from the Valuer that the assumptions are commonly adopted in other valuations of similar assets and there is no unusual assumption which has been adopted during the Shenzhen Property Valuation. We also consider that the assumptions adopted in the Valuation Report (Shenzhen Property) are general in nature and we are not aware of any material facts which lead us to doubt the reasonableness of the assumptions adopted by the Valuer.

The value of the land use rights of the Shenzhen Property is derived by summing up the appraised value of different parts of the Shenzhen Property. Based on our discussion with the Valuer, we understand that the Valuer has valued the land use rights of the respective parts of the Shenzhen Property according to the respective usage of different parts of the land (including residential, commercial and industrial) by comparing market evidence of similar cases located in the neighborhood area of the Shenzhen Property. For our due diligence purpose, we have discussed with the Valuer and have reviewed the details of the Shenzhen Property Valuation. For the selection criteria of the comparable cases, we noted that the Valuer has identified sales of comparable cases for each type of land use rights in districts nearby the Shenzhen Property. After taking into account the availability of comparable cases and their proximity to the valuation date, the Valuer has primarily selected comparable cases within one year, while all cases fall within past 4 years. For comparable cases exceeding one year, adjustments have been made by the Valuer in accordance with the market land price index. As advised by the Valuer, the considerations for selecting comparable transactions and the adjustments factors are consistent with normal market practice. For our due diligence purpose, we have reviewed the transaction details of the comparable cases identified (including the transaction date, the consideration, size, address, usage and other relevant information of the relevant land). We noted that the Valuer has weighed the advantages and disadvantages of the comparable cases against the relevant parts of the Shenzhen Property and has made adjustments to the relevant comparable land to reflect the differences as compared to the relevant parts of the Shenzhen Property in various aspects such as the size of the properties, location, transaction time and duration of land use rights. In particular, for the adjustments to the duration of land use rights, the Valuer referred to the "Standard of Calculation of Land Price of Shenzhen (Revised 2025)" published by Shenzhen Municipal Planning and Natural Resources Bureau, which sets out the adjustments for properties of different usage and with different duration of land use rights. For each of other adjustments made, we have inquired with the Valuer and reviewed the detailed basis for adjustments, and we considered such adjustments to be justifiable.

In determining the replacement cost of the construction in progress, the Valuer has considered the current construction status of the Shenzhen Property and estimated the various costs required to reconstruct the subject property. For our due diligence purpose, we have obtained a breakdown of the balance of construction in progress of the Shenzhen Property. Upon our inquiry, we understand that the Valuer has reviewed the relevant contracts in relation to the development of the Shenzhen Property to verify the existence of construction in progress, including the construction costs, the management fees and other expenses in respect of the relevant structures of the Shenzhen Property. In addition, the construction in progress of the Shenzhen Property mainly includes civil engineering works which do not have a finite useful life as buildings or structures, and are not subject to functional or economic obsolescence, the Valuer concluded that the physical deterioration and obsolescence of the construction in progress of the Shenzhen Property was not significant. Based on our review, we noted that the valuation is determined based on the verified carrying amount, which represented the accumulated amount paid for the construction costs incurred as well as preliminary consultation and design fees up to 30 November 2025.

During our discussion with the Valuer and review of the valuation details, we did not identify any major factors which caused us to doubt the fairness and reasonableness of the principal bases and assumptions adopted for the Shenzhen Property Valuation.

(iv) Conclusion

Having discussed with the Valuer and reviewed with them the reasons for adopting the valuation methodologies, the bases and assumptions, including the relevant underlying information, used for the valuation and the valuation result, we are of the opinion that the chosen valuation methodologies, bases and assumptions in establishing the Shenzhen Property Valuation as at 30 November 2025 are in line with the industry practice. In assessing the fairness of the consideration, we consider it is appropriate to refer to the Shenzhen Property Valuation conducted by the Valuer.

(c) Our view on the terms of the Disposal

As set out in the section headed "4. Information on the Disposal Group" of this letter above, the key asset of the Disposal Group is the Shenzhen Property. Other than the advertising business which had been disposed of in 2023, the Disposal Group had not carried out any operations. In view of the above, we consider that it is appropriate to refer to the book values of assets and liabilities (other than the Shenzhen Property) of the Disposal Group when assessing the fairness and reasonableness of the Disposal Price. Regarding the Shenzhen Property, as we set out above, we are of the opinion that the chosen valuation methodologies, bases and assumptions in establishing the Shenzhen Property Valuation as at 30 November 2025 are in line with the industry practice, and it is appropriate to refer to the Shenzhen Property Valuation in assessing the fairness and reasonableness of the Disposal Price. Set out below is an illustration of our assessment of the provisional Disposal Price:

	RMB' million
Consolidated net (liability) of the Disposal Group as at 31 March 2025	(39.79)
Add:	
— Valuation surplus on the Shenzhen Property (i.e. the increase in value of the Shenzhen Property as at 30 November 2025)	478.10
Adjusted net asset value	438.31
Related Debts	353.25
Total	791.56

As set out in the table above, the total value of the subjects of the Disposal amounted to approximately RMB791.56 million, and the provisional Disposal Price represents a premium of approximately 1.5% over such value. Accordingly, we consider that the provisional Disposal Price is fair and reasonable.

Pursuant to the Equity Interest Transfer Agreement, the Purchaser has conditionally agreed to accept and bear the Related Debts. The provisional Disposal Price will be subject to an upward adjustment to reflect any increase in the Related Debts from 31 March 2025 to the end of the Transitional Period.

In light of that (i) the Disposal Price is determined based on, among others, the Shenzhen Property Valuation, which we considered to be an appropriate reference taking into account our independent due diligence work performed in relation to Shenzhen Property Valuation as detailed in the sub-section headed "(b) Valuation of the Shenzhen Property" above; and (ii) the provisional Disposal Price, which represents a premium of approximately 1.5% over the total value of the subjects of the Disposal, will be subject to an upward adjustment to reflect any increase in the value of Related Debts from 31 March 2025 to the end of the Transitional Period, we consider that the terms of the Disposal are on normal commercial terms and are fair and reasonable.

8. Financial effects of the Disposal

As confirmed by the Management, upon Completion, Shenzhenshi Huianqi will cease to be a subsidiary of the Company and the financial results of the Disposal Group will no longer be consolidated into the Group's accounts.

Taking the provisional Disposal Price of approximately RMB803.10 million as reference, the Company will receive gross proceeds of approximately RMB803.10 million from the Disposal.

Based on information available, the Group is expected to record a gain on disposal of approximately RMB34.26 million after Completion, calculated by deducting from the provisional Disposal Price of approximately RMB803.10 million the followings: (i) the Related Debts of approximately RMB353.25 million as at 31 March 2025; (ii) the book value of the net assets of Shenzhenshi Huianqi in the Group's consolidated accounts of approximately RMB370.42 million as at 31 March 2025; and (iii) expected income tax and stamp duty expenses arising from the Disposal of approximately RMB45.17 million. The actual effect of the Disposal on the consolidated financial statements of the Group is subject to the review and final audit by the auditor of the Company.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we are of the view that (i) the terms of the Disposal are on normal commercial terms and are fair and reasonable; and (ii) although the Disposal is not in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolution(s) in relation to the Disposal to be proposed at the EGM.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED

Clifford Cheng
Director

Mr. Clifford Cheng is a licensed person registered with the Securities and Futures Commission and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has fifteen years of experience in the corporate finance industry.

* *For identification purpose only*