艾 華 迪 集 團
AVISTA GROUP

VALUATION REPORT

Valuation Services in relation to
the Proposed Acquisition of 100% Equity Interest of
(i) 广州信基优享物业有限公司; and
(ii) 佛山信基优享商业服务有限公司

Prepared for:

Xinji Shaxi Group Co., Limited

Valuation Date:

31 December 2021

AVISTA GROUP 艾華迪集團

STRICTLY CONFIDENTIAL

Ref. No.: J21-00589

15 March 2022

The Board of Directors
Xinji Shaxi Group Co., Limited
1/F, Xinjicheng Club,
No. 250, Intersection of Nanda Road,
Panyu District, Guangzhou,
PRC

Dear Sirs / Madams,

Re: Valuation of 100% Equity Interest of (i) 广州信基优享物业有限公司 and (ii) 佛山信基优享商业服务有限公司

In accordance with your instructions, AVISTA Valuation Advisory Limited ("**AVISTA**" or "**we**") has conducted a business valuation in connection with the 100% equity interest of Guangzhou Xinji Youxiang Property Company Limited[1] (广州信基优享物业有限公司) ("**Target Company I**") and Foshan Xinji Youxiang Commercial Service Co., Ltd.[1] (佛山信基优享商业服务有限公司) ("**Target Company II**", together with Target Company I to be collectively referred to as the "**Targets**") as of 31 December 2021 (the "**Valuation Date**"). We understand that Xinji Shaxi Group Co., Limited (the "**Company**" or "**you**") intends to acquire the entire shareholdings of the Targets (the "**Proposed Acquisition**").

It is our understanding that this appraisal will be used as reference to your determining the price for the purchase of the Targets and, where relevant, for disclosure purpose under the requirement of the listing rules of the Hong Kong Stock Exchange (the "**Listing Rules**"). This report (the ''**Report**'') does not constitute an opinion on the commercial merits and structure of the Proposed Acquisition. 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 parties which we have used in connection with this Report. We assumed that financial and other information provided to us are accurate and complete.

This Report presents the summary of the business appraised, describes the basis of analysis and assumptions, explains the analysis methodology adopted in this appraisal process to calculate the value, also the additional supporting documentation has been retained as a part of our work papers.

[1] *For identification purpose only*

BASIS OF ANALYSIS

We have appraised the fair value of 100% equity interest of the Targets.

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

Xinji Shaxi Group Co Ltd operates and manages hospitality supplies and home furnishing shopping malls in the People's Republic of China (the "**PRC**"). The company has five shopping malls, including three shopping malls for hospitality supplies and two shopping malls for home furnishings. It also rents hospitality supplies; provides exhibition management services; and operates an online shopping mall.

Target Company I was established in the PRC with limited liability on 10 August 2021 as a subsidiary of Guangzhou Xinji Property Management Co., Ltd. ("**Guangzhou Xinji Property Management**" or "**Vendor I**"). Vendor I has transferred certain property management business encompassing the management of commercial complex (the "**Transferred Business**") to Target Company I. Guangzhou Xinji Property Management has provided property management services in relation to the Transferred Business for certain number of years before transferring to Target Company I.

Target Company II was established in the PRC with limited liability on 20 December 2021 as a subsidiary of Foshan Xinji Plaza Management Co., Ltd. ("**Foshan Xinji Plaza Management**", or "**Vendor II**"). Vendor II has transferred the property management business of Foshan Jiujiang Xinji Plaza (佛山九江信基广场) (the "**Mall**"). Foshan Xinji Plaza Management has provided property management services to the Mall for certain number of years before transferring to Target Company II.

We understand that the Company intends to acquire 100% equity interest of the Targets. As such, the Company would like to assess the fair value of the 100% equity interest of the Targets as of the Valuation Date.

SCOPE OF WORK

In conducting this valuation exercise, 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 Targets, including the legal documents, licenses, financial statements, etc. made available to us;
- Discussed with the Company to understand the history, business model, operations, customer base, business development plan, etc. of the Targets for valuation purpose;
- Carried out researches in the sector concerned and collected relevant market data from reliable sources for analysis;
- Investigated into the information of the Targets made available to us and considered the basis and assumptions of our conclusion of values;
- Designed an appropriate valuation model to analyze the market data and derived the estimated fair values of the Targets; and
- Compiled a report on the valuation, which outlines our findings, valuation methodologies and assumptions, and conclusion of value.

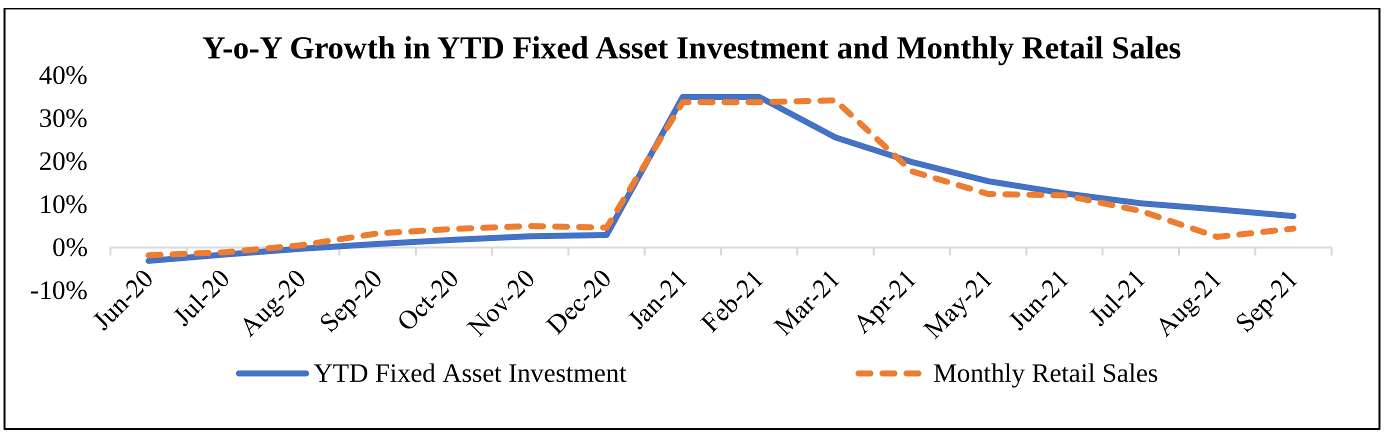
When performing our valuation, all relevant information, documents, and other pertinent data concerning the assets, liabilities and contingent liabilities should have been provided to us. We relied on such data, records and documents in arriving at our opinion of values and had no reason to doubt the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

ECONOMY OVERVIEW

Macroeconomic overview of the PRC

Owing to the successful vaccination program and gradual relief from lockdown policies, the global economy sustained a strong recovery from the economic downturn caused by COVID-19 in 2021H1. As the global economy is converging to the pre-pandemic level, the growth momentum has been normalized in 2021Q3. At the same time, due to the highly leveraged real estate industry and the supply chain disruption caused by power usage restriction policy in the PRC, economic prospect of the PRC is under increasing uncertainty.

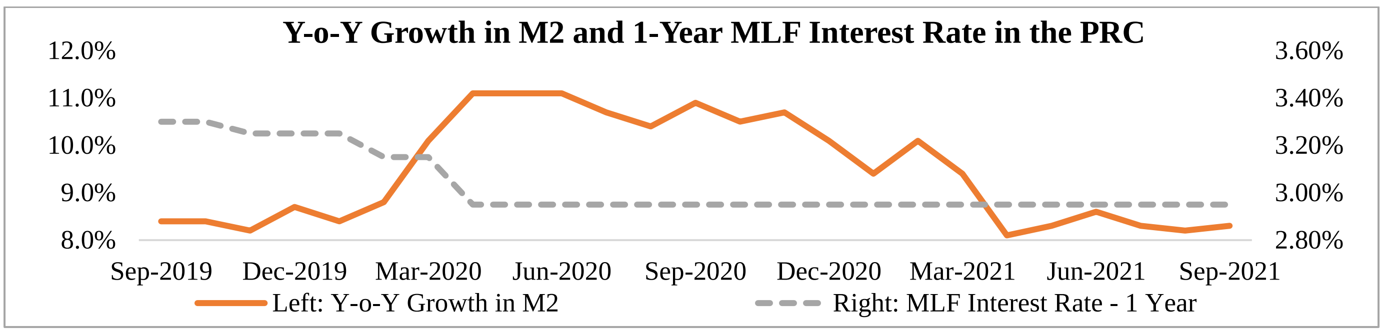
According to the PRC's National Bureau of Statistics ("**NBS**"), the PRC's gross domestic product ("**GDP**") expanded by 4.9% year-over-year ("**y-o-y**") in 2021Q3, a slower pace than the 7.9% y-o-y growth in 2021Q2. In terms of the domestic market, growths in both of consumption and fixed asset investment activities decelerated. Y-o-y growth rate in retail sales continuously decreased to 4.4% in September 2021 from 34.2% in March 2021. Online retail sales accounted for 23.6% of the total retail sales. Meanwhile, the growth in fixed asset investment also slowed down. Year-to-date ("**YTD**") fixed asset investment in the PRC was reported to amount RMB39,782.7 billion in September 2021, indicating a y-o-y growth of 7.3%. The growth was mainly driven by the strong expansion in the manufacturing sector with y-o-y growth of 14.8% in YTD fixed asset investment in September 2021. Beside the domestic economy, according to the PRC's General Administration of Customs, the PRC's international trade value increased by 15.4% y-o-y and reached RMB3,532.9 billion in 2021Q3, in which the export value accounted for RMB1,983.0 billion and recorded a y-o-y growth of 19.9%.



Source: NBS

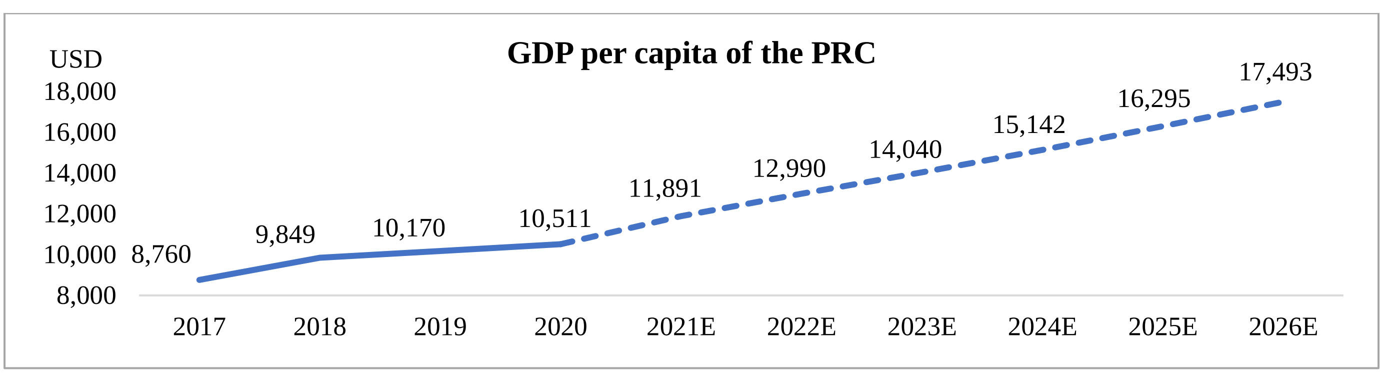
Price level in the PRC is stabilizing after the rapid recovery from COVID-19. The NBS announced a 0.7% y-o-y growth in the consumer price index ("**CPI**") in the PRC in September 2021. The core CPI, which excludes the volatile food and energy prices, was reported to increase by 1.2% y-o-y in September 2021. On the other hand, due to the surging price of energy inputs and producer goods, inflation pressure is emerging from the supply side in the PRC. The producer price index ("**PPI**") grew by 10.7% y-o-y in September 2021. Therefore, the Chinese government strengthened its management of commodity supply and demand in order to prevent sharp rises in prices from being passed on to consumers.

Borrowing costs in the PRC remained stable in the first three quarters of 2021. The interest rate of one-year medium-term lending facility ("MLF") loans to financial institutions remained steady at 2.95% as of September 2021, according to the People's Bank of China (the "**PBoC**"). However, the growth of money supply ("**M2**") further eased in the first three quarter of 2021 in light of the weak demand for financing. In September 2021, the M2 growth was reported at 8.3% y-o-y which eased from a higher level around 11% y-o-y in early 2020 when the PBoC announced rate cuts and numerous monetary measures to tackle the virus-induced economic downturn.



Source: NBS, the PBoC

Looking ahead, the PRC's economy is expected to continue to be the bellwether of global recovery, supported by the ongoing growth in private consumption and fixed asset investment. With the government's policy to control inflation pressure, the profit level of the PRC's companies in the downstream sector would follow at the same pace with economic recovery. According to the International Monetary Fund ("**IMF**"), the PRC's GDP per capita is forecasted to continue its growth path going forward to a level of USD17,493 in 2026.



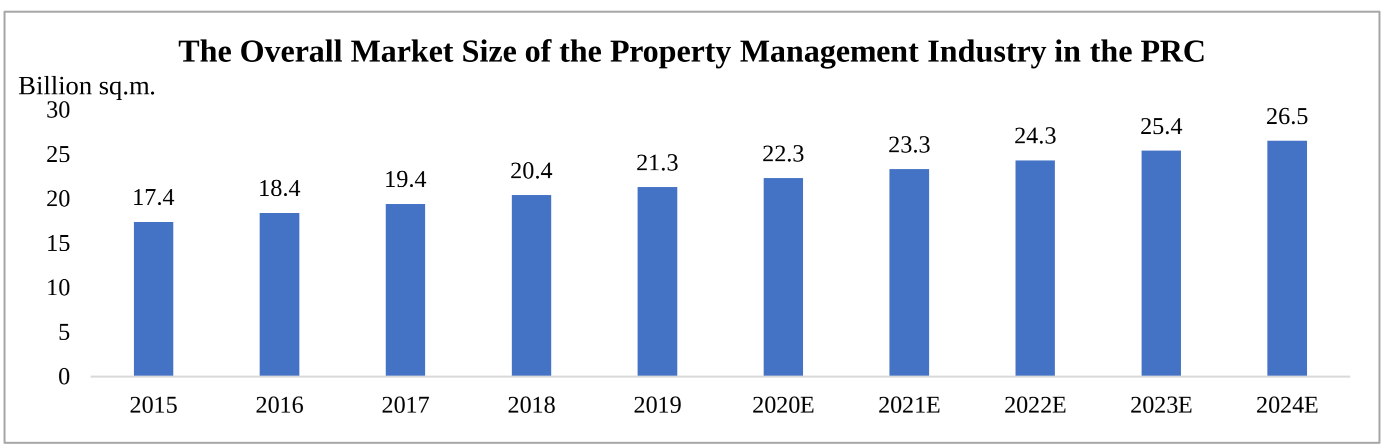
Source: IMF

INDUSTRY OVERVIEW

Overview of Property Management Industry in the PRC

In the early stage of the PRC's property management industry, the market was severely scattered and only few property management services were provided. After the establishment of the China Property Management Association in 2020, more regulations, standards and licenses were set up to better support the development of the property management industry in the PRC. Along with the effect of cancelling the license of Certified Property Manager and removing the management fee cap in the market, the PRC's property management industry was developing rapidly. The industry was getting more mature as more developers entered the market and provided more value-added services. Besides, the outbreak of COVID-19 also facilitated the development of property management industry. Under pandemic situation, preventive measures including temperature taking, record keeping and other security and hygiene measures became one of the most significant factors to prevent the outbreak of COVID-19 in local communities. Property managers are acting a more important role for tenants and property owners after the outbreak of COVID-19 and the importance of property management services has strengthened.

According to Savills, the overall market size of the property management industry in the PRC increased from 17.4 billion square meter in 2015 to 21.3 billion square meter in 2019, representing a compound annual growth rate ("**CAGR**") of 5.2%. Savills also expected that the property management industry in the PRC will continue to grow stably in the coming years due to the stable amount of investment in real estate. According to the National Bureau of Statistics of China ("**NBS**"), the floor space of buildings under construction of enterprises for real estate development has increased from 7,590 million square meter in 2016 to 9,268 million square meter in 2020, representing a CAGR of 5.1% across the period. With the huge amount of floor area under construction, the demand of property management services is expected to increase stably. According to Savills, the overall market size of the property management industry in the PRC will increase at a CAGR of 4.4%, from 22.3 billion square meter in 2020 to 26.5 billion square meter in 2024.



Source: Savills and EH Consulting

LIMITATIONS OF THE REPORT

The Report serves as reference to your determining the price for the purchase of the Targets and, where relevant, for a basis for disclosure purpose under the requirement of the Listing Rules. 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 Targets).

The Report does not constitute an opinion 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.

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 especially for the financial information of the Targets and the financial projections of Target Company II (the "**Projection**") as of 31 December 2021 provided by the management of the Company (the "**Management**"), 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.

VALUATION ASSUMPTIONS OF BUSINESS ENTERPRISE VALUE ANALYSIS

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

- the economic outlook for the region operated by the Targets and specific competitive environments affecting the industry;
- the financial and operating results of the Targets;
- the economic outlook in general and the specific economic and competitive elements affecting the Targets' businesses, their industry and their market;
- the nature and prospects of the industry of the Targets are operating;
- the market-derived investment returns of entities engaged in a similar line of business and returns from other similar types of business;
- the stage of development of the Targets' operation;
- the business risks of the Targets;
- the price multiples of the comparable companies engaging in business operations similar to the Targets;
- the experience of the management team of the Targets and support from its shareholders; and
- the legal and regulatory issues of the industry in general.

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 change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Targets;
- There will be no major changes in the current taxation law in the country that the Targets are operating, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;
- Exchange rates and interest rates will not differ materially from those presently prevailing;
- The Projection has been prepared on a reasonable basis, reflecting estimates (i.e. assumptions and parameters adopted in the Projection) which have been arrived at after due and careful consideration by the Management;
- The availability of finance will not be a constraint on the forecast growth of the Foshan Xiji operation in accordance with the Projection;

- The Targets will retain and have competent management, key personnel, and technical staff to support their ongoing operation;
- Industry trends and market conditions for related industries will not deviate significantly from economic forecasts including but not limit to market relative factors adopted in the discount rate; and
- Target Company II would remain as the assigned property management company of the Mall.

VALUATION APPROACH

General Valuation Approaches

There are three generally accepted approaches to appraise the fair value of the equity value of the Targets, namely Income Approach, Cost Approach and Market Approach. All three of them have been considered regarding the valuation of the Targets:

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 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 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 comparable company method computes a price multiple for publicly listed companies that are considered to be comparable to the subject asset and then applies the result to a base of the subject asset. The comparable transaction method computes a price multiple using recent sales and purchase transactions of assets that are considered to be comparable to the subject asset and then applies the result to a base of the subject asset.

Selected Valuation Approach

Each of the abovementioned approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature.

In the appraisal regarding the fair value of the equity value of Target Company I, we have adopted Market Approach due to the following reasons:

- the property management business has been generating stable income for numerous years before transferring to Target Company I, and the relevant property management contracts have been completely transferred to Target Company I as of the Valuation Date;
- The Transferred Business has recorded net profit for the year ended 31 December 2021 based on the information provided by the Management; and
- there are sufficient transactions relating to companies in a similar nature and business to that of Target Company I, in which the transaction price multiples could be served as good proxies.

In the appraisal regarding the fair value of the equity value of Target Company II, we have adopted Income Approach due to the following reasons:

- Target Company II was established in the PRC with limited liability on 20 December 2021 as a subsidiary of Vendor II. According to Management, prior to completion of the transfer of the property management business of the Mall to Target Company II, both the rental business and property management business were operated by Vendor II on a consolidated basis. As a result, the property management business segment is unable to be segregated and hence financial statements in relation to the property management business on standalone basis are not available. Given that Target Company II has been established for less than a month, no meaningful historical financial metrics of Target Company II could be obtained. Market Approach is therefore considered to be inappropriate in determining the equity value of Target Company II as of the Valuation Date;
- pursuant to a business transfer agreement dated 23 December 2021 and entered into between Vendor II and Target Company II, Vendor II transferred its property management business to Target Company II. Target Company II has entered into the relevant property management services entrustment agreement in respect of the Mall as of the Valuation Date;
- the management of the Company was able to provide the 5-year financial projections of Target Company II with reasonable and valid bases, Income Approach is hence considered to be appropriate for the valuation of the equity value of Target Company II.

Valuation of the Equity Value of Target Company I – Market Approach

There are two methods commonly used in performing market approach, namely Guideline Transaction Method ("**GTM**") and Guideline Public Company Method ("**GPCM**"). GTM is considered to be more appropriate since the stock price of public companies is usually easily affected by short-term market conditions and short-term market speculative activities, whereas the consideration prices of transactions are relatively more stable. In addition, public companies are usually of a larger market size, which make them less comparable to Target Company I. Therefore, GTM is considered to be the preferred valuation method under Market Approach. By adopting GTM, we have to select the appropriate comparable transactions. The selection of the comparable transactions was based on the comparability of the overall industry sector of the target companies of these transactions. 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.

Target Company I is principally engaged in the provision of property management services and related value-added services in the PRC. As a result, we have conducted our research to cover transactions relating to acquisitions of companies with majority of revenue generated from real estate property management and related businesses in the PRC. The comparable transactions are selected with reference to the following selection criteria:

- The transaction was announced within two years prior to the Valuation Date;
- The transaction has been completed as of the Valuation Date;
- The acquiree is principally engaged in the provision of property management and related services (i.e. over 50% of total revenue);
- The acquiree is principally operated in the PRC; and
- The financial information of the transaction is available to the public.

The list of comparable transactions based on the selection criteria is considered to be exhaustive. As of the Valuation Date, none of the acquirees of the comparable transactions are listed company. Details of the comparable transactions are illustrated as follows:

Comparable Transaction 1

Announcement date:	22 December 2021
Acquirer:	Shenzhen Xishui Investment Co., Ltd.
Target name:	Shenzhen Excellence Operation Management Co., Ltd.
Description of the Business:	The acquiree holds 60% equity interests in each of Wuhan Yuyang and Zhejiang Gangwan. Wuhan Yuyang and Zhejiang Gangwan are both companies established in the PRC and are both principally engaged in property management..

Comparable Transaction 2

Announcement date: 22 July 2021

Acquirer: Hevol Services Group Co. Limited (SEHK:6093)

Target name: Guiyang Xinglong Property Management Co., Ltd.

Description of the Business: Guiyang Xinglong Property Management Co., Ltd. operates as a property management company. The company is based in Guiyang, the PRC.

Comparable Transaction 3

Announcement date: 4 March 2021

Acquirer: Yida China Holdings Limited (SEHK:3639)

Target name: Yida Property Service Company Limited

Description of the Business: Yida Property Service Company Limited provides property management services for residential, commercial, and industrial parks. The company was founded in 2000 and is based in Dalian, the PRC.

Comparable Transaction 4

Announcement date: 25 February 2021

Acquirer: Country Garden Services Holdings Company Limited (SEHK:6098)

Target name: Sichuan Languang Justbon Services Group Co., Ltd.

Description of the Business: Sichuan Languang Justbon Services Group Co., Ltd. provides property management services in the PRC. The company was founded in 2000 and is based in Chengdu, the PRC.

Comparable Transaction 5

Announcement date: 7 December 2020

Acquirer: KWG Living Group Holdings Limited (SEHK:3913)

Target name: Guangzhou City Runtong Property Management Company Limited (Private Company as of Valuation Date)

Description of the Business: Guangzhou City Runtong Property Management Company Limited engages in property management business. The company was founded in 1998 and is based in the PRC.

Comparable Transaction 6

Announcement date: 15 October 2020

Acquirer: Fineland Real Estate Services Group Limited (SEHK:9978)

Target name: Guangzhou Fineland E-life Service Co., Ltd.

Description of the Business: Guangzhou Fineland E-life Service Co., Ltd. provides real estate management services. The company was founded in 1996 and is headquartered in Guangzhou, the PRC.

Comparable Transaction 7

Announcement date:	17 May 2020
Acquirer:	Yida China Holdings Limited (SEHK:3639)
Target name:	Dalian Qingyun Sky Property Service Company Limited
Description of the Business:	Dalian Qingyun Sky Property Service Company Limited provides property management services. the company is based in the PRC.

Comparable Transaction 8

Announcement date:	7 May 2020
Acquirer:	S-Enjoy Service Group Co., Limited (SEHK:1755)
Target name:	Chengdu Chengyue Times Property Services Ltd (Private Company as of Valuation Date)
Description of the Business:	Chengdu Chengyue Times Property Services Ltd provides property management services for residential, commercial, office buildings, and industrial parks. The company was founded in 2004 and is based in the PRC.

Comparable Transaction 9

Announcement date:	22 April 2020
Acquirer:	Aoyuan Healthy Life Group Company Limited (SEHK:3662)
Target name:	Easy Life Smart Community (Beijing) Investment Development Co.,LTD.
Description of the Business:	Easy Life Smart Community (Beijing) Investment Development Co.,LTD. provides property management services. The company was founded in 2003 and is based in Beijing, the PRC.

Comparable Transaction 10

Announcement date:	24 March 2020
Acquirer:	Times Neighborhood Holdings Limited (SEHK:9928)
Target name:	Guangzhou Haoqing Property Management Co., Ltd.
Description of the Business:	Guangzhou Haoqing Property Management Co., Ltd. Offers property management services. The company is based in the PRC.

Comparable Transaction 11

Announcement date:	16 March 2020
Acquirer:	Yincheng Life Service Co., Ltd. (SEHK:1922)
Target name:	Nanjing Huiren Hengan Property Management Co., Ltd.
Description of the Business:	Nanjing Huiren Hengan Property Management Co., Ltd. provides property management services. The company is based in Nanjing, the PRC.

Comparable Transaction 12

Announcement date:	27 February 2020
Acquirer:	Ever Sunshine Lifestyle Services Group Limited (SEHK:1995)
Target name:	Qingdao Yinshengtai Property Management Services Limited
Description of the Business:	Qingdao Yinshengtai Property Management Services Limited engage sin property management services of residential and commercial properties. The company is based in the PRC.

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

The P/B multiple is considered not appropriate for this valuation because book value captures only the tangible assets of a company which, if a company creates any added market value (as reflected by a P/B multiple of larger than one), should have its own intangible competencies and advantages. These intangible company-specific competencies and advantages are not captured in the P/B multiple and so in general, the equity's book value has little bearing with its fair value. Thus, the P/B multiple is not a good measurement of the fair value of a company.

The P/S multiple is commonly used in the valuation of start-up enterprises. However, it ignores the cost structure of a company and hence the profitability of a company, which is critical in reflecting the fair value. Hence, we are of the view that it is not appropriate to adopt the P/S multiple to assess the fair value of a company.

The EV/EBITDA multiple uses the market capitalization of a company as the starting point, considering of the value of debt, minority interest, preferred shares and excludes excess cash and cash equivalents to represent enterprise value, which is then divided by EBITDA amount. Enterprise value generally requires normalized adjustments on debts and/or non-operating assets/liabilities on Target Company I which may be subjective. In addition, there is no sufficient publicly available information for deriving the EV/EBITDA multiple of most of these comparable transactions. As a result, the EV/EBITDA multiple is also not adopted.

The P/E multiple is considered to be the most appropriate indicator as it is the most relevant and the most commonly used valuation multiple for profit-making business and earnings is one of the most direct drivers of equity value.

The calculation of the P/E multiples of each comparable transaction is tabulated as follow:

No.	**Total Consideration[(1)] (RMB'000)**	**% Sought[(1)]**	**Implied 100% Equity Value (RMB'000)**	**Financial Reporting Date**	**LTM Net Profits[(1)] (RMB'000)**	**Implied P/E**
1	350,000	100.0%	350,000	12/31/2020	56,298	6.2
2	156,800	70.0%	224,000	12/31/2020	15,463	14.5
3	1,273,000	100.0%	1,273,000	12/31/2020	48,840	26.1
4	5,432,323	71.2%	7,632,884	12/31/2020	549,984	13.9
5	214,400	80.0%	268,000	12/31/2019	18,734	14.3
6	68,000	66.3%	102,549	6/30/2020	12,511	8.2
7	2,550	50.0%	5,100	12/31/2019	574	8.9
8	104,550	61.5%	170,000	12/31/2019	16,363	10.4
9	247,904	80.0%	309,880	12/31/2018	22,489	13.8
10	32,723	100.0%	32,723	12/31/2019	3,789	8.6
11	45,900	51.0%	90,000	12/31/2019	4,240	21.2
12	8,640	50.0%	17,280	12/31/2019	3,666	4.7
	Maximum					26.1
	Minimum					4.7
	Average					12.6
	Median[(2)]					**12.1**

Notes:

(1) Data sourced from S&P Capital IQ database and announcement of the transactions. Net profits data are based on the trailing 12-month ("**LTM**") financial data of the acquirees available as of the announcement dates.

(2) Although both median and average share the same role in understanding the central tendency of a sets of numbers, median is less affected by outliers and skewed data, and is usually the preferred measure of central tendency when the distribution is not symmetrical. Hence, median has been adopted in this valuation analysis.

Valuation Result of 100% Equity Value of Target Company I

(in RMB'000 unless otherwise specified)

LTM Net Profits of Target Company I [(1)]	6,203
Adopted P/E Multiple	12.1x
Estimated 100% Equity Value of Target Company I	**75,061**

Notes:

(1) The net profit of the Transferred Business for the year ended 31 December 2021 is provided by the Management. Any items that are non-operating or non-recurring in nature have been excluded in the calculation of net profits.

Valuation of the Equity Value of Target Company II – Income Approach

DCF method of Income Approach was adopted to appraise the fair value of the business enterprise of Target Company II. The business enterprise value depends on the present value of future economic benefits to be derived from ownership of the enterprise. 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.

Under DCF method, a forecast of free cash flow streams has to be made throughout the projection period until an assumed stabilization occurs for the assets being appraised or until the end of economic useful life of the subject assets. Free cash flow will not necessarily be assumed to be stable in the near forecast period but is expected to be matured and stabilized in the long run.

To determine the future cash flow derived from Target Company II, we relied on the Projection provided by the Management. We have performed high-level analysis and review on the Projection and discussed with the Management about the reasonableness and validity of the Projection. Brief descriptions on major assumptions of the Projection have been shown below:

(1) Projection Period

A 5-year projection has been adopted (i.e. 1 January 2022 to 31 December 2026).

(2) Revenue

The revenue of Target Company II is mainly attributable to the provision of property management services to the tenants of the Mall. According to the Management, the area under management is expected to increase from 44,064 sq. meters in FY2022 to 48,064 sq. meters in FY2024, and remain constant afterwards. The effective unit rate expected to be RMB 14.44 per month per sq. meter in FY2022, and is expected to gradually increase to RMB 16.92 per month per sq. meter in FY2026.

Apart from property management income, Target Company II also generates revenue from providing services in relation to the advertising board and common area of the Mall, which accounts for approximately 5.3% to 6.0% of the total revenue.

The total revenue of Target Company II is expected to be RMB8,126 thousand in FY2022 and gradually increase to RMB10,306 thousand in FY2026, with annual growth rates range from 3.1% to 9.9%.

(3) Operating Expenses

The operating expenses mainly include salary expenses, maintenance expenses and cleaning expenses. The total operating expenses is expected to be RMB 4,350 thousand in FY2022, and gradually increase to RMB 5,200 thousand in FY2026, representing 49.7% to 53.5% of the total revenue in the projection period.

(4) Tax Expense

The corporate tax rate is 25.0% in China.

(5) Capital Expenditure

Target Company II had no fixed asset as of the Valuation Date. The Management expected there will be a capital expenditure of RMB 48 thousand on office equipment in FY2022, and an annual maintenance capital expenditure of approximately RMB 10 thousand starting from FY2023. The fixed assets balance would range from 0.3% to 0.5% of the total revenue in the projection period.

(6) Working Capital

Major working capital items of Target Company II include operating cash, account receivables in relation to the management fee, account payable in relation to the operating expenses, salary payable and tax payables. The net working capital is expected to maintain at approximately 2.8% of the total revenue in the projection period.

Discount Rate and Other Adjustments

In this valuation, we have adopted a discount rate of 15.0%. The discount rate was computed from the Capital Asset Pricing Model ("**CAPM**") by assuming that the capital structure of Target Company II will be similar to the comparable companies in the market.

Based on the CAPM methodology, the cost of equity equals to the risk-free rate plus the product of systematic risk ("**Beta**") and equity market premium. In computation of the Beta, we have observed the share price movements relative to the respective equity market indices of the listed comparable companies.

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

1) The companies are primarily engaged in the provision of property management services;

2) The business activities of the companies with majority of revenue generated from property management services in the PRC;

3) The companies are listed in The Stock Exchange of Hong Kong ("**SEHK**") with more than 3 years' listing period; and

4) The financial information of the companies is available to the public.

The list of comparable companies based on the selection criteria is considered to be exhaustive. Details of the comparable companies are illustrated as follows:

No.	Stock Ticker	Company Name	Brief Description
1	SEHK:6098	Country Garden Services Holdings Company Limited ("**Country Garden**")	Country Garden provides property management services to property owners, residents, and property developers in the PRC. It offers security, cleaning, green landscaping, gardening, repair and maintenance, and other services.
2	SEHK:3319	A-Living Smart City Services Co., Ltd. ("**A-Living**")	A-Living provide property management, sale, and inspection services in the PRC. It operates through five segments: Property Management Services, Asset Management Services, Public Services, City Services, and Community Commercial Services.
3	SEHK:2869	Greentown Service Group Co. Ltd. ("**Greentown**")	Greentown provides residential property management services in PRC, Australia, and Hong Kong. The company offers property management services, including security, cleaning, gardening, and repair and maintenance services; project planning, design management, construction management, and marketing management consulting services to real estate developers; and management consulting services to real estate developers and property management companies.

4	SEHK:1995	CIFI Ever Sunshine Services Group Limited ("**CIFI**")	CIFI provides property management services in the PRC. It offers services for residential and non-residential properties, such as office buildings, shopping malls, industrial parks, school campuses, hospitals, highway services stations, subway rail transits, tourist scenic spots, and industrial exhibition centers.
5	SEHK:1755	S-Enjoy Service Group Co., Limited ("**S-Enjoy**")	S-Enjoy provides property management and related value-added services for property developers in the PRC. It offers a range of property management services, including property and equipment maintenance, security, cleaning, gardening, public area maintenance, and other property management related services.
6	SEHK:2168	Kaisa Prosperity Holdings Limited ("**Kaisa**")	Kaisa provides property management services in PRC. Its property management services include management of properties, maintenance and repair of buildings and ancillary facilities, community security management, car-park management, equipment installation, and property consulting services.
7	SEHK:982	Huafa Property Services Group Company Limited ("**Huafa**")	Huafa provides property management services in PRC. It also offers property management related value-added services, including municipal supporting and other services; hotel advisory; and exhibition planning and organization services.
8	SEHK:1538	Zhong Ao Home Group Limited ("**Zhong Ao**")	Zhong Ao operates as an independent property management company in the PRC. The company offers property management services; ancillary services, such as cleaning, gardening, security, repair and maintenance, and butler services to the residential and non-residential properties, and commercial and government buildings, as well as

			indoor and outdoor environmental cleaning, greening and maintenance services;
9	SEHK:1778	Colour Life Services Group Co., Limited (“**Colour Life**”)	Colour Life provides property management and community services through an online platform in the PRC. The company is involved in the provision of services for communities under commission basis and lump sum basis; pre-delivery services for property developers; and consultancy services for regional property management companies.

Calculation of Weighted Average Cost of Capital (“WACC”)

Parameters	**Input as of the Valuation Date**	**Note**
Average Debt-to-Equity Ratio	0.4%	(1)
Proportion of Equity	99.6%	(1)
Proportion of Debt	0.43%	(1)
Unlevered Beta	1.07	(1)
Re-levered Beta	1.08	(2)
Equity Risk Premium	4.97%	(3)
Risk Free Rate	2.78%	(4)
Cost of Equity	8.13%	
Small Size Premium	3.21%	(5)
Company Specific Premium	4.00%	(6)
Cost of Equity Adopted	15.34%	
Cost of Debt	4.65%	(7)
Tax Rate	25.00%	(8)
After-Tax Cost of Debt	3.49%	
WACC	15.00%	

Notes:

(1) It is derived based on the selected comparable companies as of the Valuation Date, sourced from S&P Capital IQ;

(2) Re-levered beta in accordance to the average D/E ratio of the industry;

(3) Based on implied equity risk premium estimated by Aswath Damodaran as of July 2021;
(4) The yield-to-maturity of the government bond with the longest maturity (plus term premium) in the PRC, sourced from S&P Capital IQ;
(5) Sourced from "Duff and Phelps Cost of Capital Navigator";
(6) Given the uncertainties in achieving the financial projections and future operational risks given that Target Company II has relatively short operating history, as well as the concentration risk with a single mall's operation, an additional 4.00% risk premium reflects the business uncertainties of Target Company II;
(7) According to the 5 Years Loan Prime Rate of the People's Bank of China; and
(8) The corporate income tax rate in the PRC.

Business Enterprise Value

Based on the above key inputs and discount rates, the total business enterprise value of Target Company II is approximately RMB 29,320 thousand.

While the DCF method gives an indicative BEV as a whole, the equity value is derived from BEV after adjustment of non-operating assets / liabilities, interest bearing debt, excess assets / liabilities and lack of marketability discount ("**LoMD**"). Brief description on those items has been shown below:

(1) Other non-operating assets/ liabilities

As of the Valuation Date, the non-operating assets and liabilities mainly compose of other receivables and receipt in advance. The total net non-operating liabilities was RMB 28 thousand as of the Valuation Date.

(2) Interest bearing debt

As of the Valuation Date, there is no outstanding interest-bearing debt.

(3) Free excess cash

As of the Valuation Date, free excess cash was the book value of cash after deduction of operating cash, which was amounted to RMB 28 thousand.

(4) Lack of Marketability Discount ("LOMD")

The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted to cash if the owner chooses to sell. 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.

As the shares of Target Company II are unlikely to be listed in any major stock exchange or be marketable in any over-the-counter market in near future, the ownership interests in Target Company II are not readily marketable. However, the discount rate adopted in the valuation was calculated from public listed companies, which represents marketable ownership interest; fair value calculated using such discount rate, therefore, represents the marketable interest. Thus, LOMD was adopted to adjust such marketable interest fair value to non-marketable interest fair value.

The report "Stout Restricted Stock Study Companion Guide (2021 edition)" by Stout Risius Ross, LLC, a reputable research company, suggested a average marketability discount is 15.8%. A marketability discount of 15.8% is considered appropriate and suitable for this valuation as we understand that Target Company II is a privately held company.

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)

Valuation Result of 100% Equity Value of Target Company II

Based on the above key assumptions and discount rate, the equity value of Target Company II is estimated at approximately RMB 24,692 thousand.

CONCLUSION OF VALUE

Based on our investigation and analysis method employed, it is our opinion that the fair values of the 100% equity interest of Target Company I and Target Company II as of the Valuation Date are RMB 75,061,000 and RMB 24,692,000 respectively.

Our valuation is prepared in compliance with the requirements of International Valuation Standards published by The International Valuation Standards Council, with the conclusion of value relying 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 Xinji Shaxi Group Co., Limited nor the value reported.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited

Vincent C B Pang
CFA, FCPA(HK), FCPA (Aus.), MRICS,
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Analysed and Reported by:

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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 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:

- All data, including historical financial data, which we relied upon in reaching opinions and conclusions or set forth in the Report are true and accurate to our best knowledge. Whilst reasonable care has been taken to ensure that the information contained in the Report is accurate, we cannot guarantee its accuracy and we assume no liability for the truth or accuracy of any data, opinions, or estimates furnished by or sourced from any third parties which we have used in connection with the Report.

- We also assume no responsibilities in the accuracy of any legal matters. In particular, we have not carried out any investigation on the title of or any encumbrances or any interest claimed or claimable against the property appraised. Unless otherwise stated in the Report, we have assumed that the owner's interest is valid, the titles are good and marketable, and there are no encumbrances that cannot be identified through normal processes.

- We have not verified particulars of property, including their areas, sizes, dimensions, and descriptions, which we have used or have referred to in connection with the preparation of this Report, unless otherwise stated in this Report. Any information regarding areas, sizes, dimensions, and descriptions of property mentioned in this Report are for identification purposes only, and no one should use such information in any conveyance or other legal document. Any plans or graphical illustrations presented in this Report are intended only for facilitating the visualization of the property and its surroundings and such plans or graphical illustrations should not be regarded as a survey or a scale for size.

- The value opinion presented in this Report is based on the prevailing or then prevailing economic conditions and on the purchasing power of the currency stated in the Report as of the date of analysis. The date of value on which the conclusions and opinions expressed apply is stated in this Report.

- This Report has been prepared solely for the use or uses stated. Except for extraction of or reference to the Report by the Company, its financial advisor and/or its independent financial advisor for their respective work in relation to the Proposed Acquisition, it is not intended for any other use or purpose or use by any third parties. We hereby disclaim that we are not liable for any damages and/or loss arisen in connection with any such unintended use.

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- No environmental impact study has been carried out, unless otherwise stated in this Report. We assume all applicable laws and governmental regulations are being complied with unless otherwise stated in this Report. We have also assumed responsible ownership and that all necessary licenses, consents, or other approval from the relevant authority or private organisations have been or to be obtained or renewed for any use that is relevant to value analysis in this Report.

- Unless otherwise stated in this Report, the value estimate set out in this Report excludes the impact of presence of any harmful substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of structural damage or environmental contamination. For purposes of evaluating potential structural and/or environmental defects, where their existence could have a material impact on value of the property, we would recommend that advices from the relevant experts, such as a qualified structural engineer and/or industrial hygienist, should be sought.