

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Practice Statement Letter contains important information that is of interest to Noteholders (as defined herein) and contains matters which may affect their legal rights and entitlements. Noteholders are recommended to consult their own professional advisors as to legal, tax, financial or other aspects relevant to any action they might take in relation to contents of this Practice Statement Letter. All depositories, custodians and other intermediaries receiving this letter are requested to expedite re-transmittal to the Noteholders in a timely manner.

This Practice Statement Letter does not constitute an offer to sell or the solicitation of an offer to buy any securities. None of the securities referred to in this Practice Statement Letter may be sold, issued or transferred in any jurisdiction to or from any person to whom it is unlawful to make such an offer or invitation or solicitation in such jurisdiction, or in contravention of applicable law.

Nothing contained in this Practice Statement Letter constitutes a recommendation, or the giving of advice, by the Company (as defined herein) or any other member of the Group (as defined herein) to take a particular course of action or to exercise any right conferred by the Existing Notes (as defined herein) in relation to, buying, selling, subscribing for, exchanging, redeeming, holding, underwriting, disposing of, or converting Existing Notes or any other financial instruments, securities, assets or liabilities of the Company or any other member of the Group.

From: Dexin China Holdings Company Limited (德信中國控股有限公司) (the "Company")

To: The Scheme Creditors (defined in paragraph 3 below);

To: China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the "Existing Notes Trustee") solely in its capacity as trustee and existing notes common depository under the Existing Notes Indenture (defined in paragraph 2 below); and

To: Morrow Sodali Limited in its capacity as the Company's information agent in connection with the Scheme (as defined in paragraph 1 below) (the "Information Agent").

11 April 2023

Dear Sir/Madam

Proposed scheme of arrangement in relation to the Company pursuant to Section 86 of the Cayman Islands Companies Act (As Revised) (the "Companies Act")

INTRODUCTION

- 1 The Company is proposing a scheme of arrangement (the "Scheme") pursuant to Section 86 of the Companies Act. You have received this letter because we believe you are a Scheme Creditor as defined below. This letter is written pursuant to procedures and guidance laid down by the Grand Court of the Cayman Islands (the "Cayman Court") in Practice Direction No. 2 of 2010 (pursuant to Order 1, Rule 12 of the Cayman Islands Grand Court Rules, 1995 (Revised Edition)).
- 2 The Scheme relates to the 9.95% senior notes due 3 December 2022 (ISIN: XS2262084374, Common Code: 226208437) issued by the Company pursuant to the indenture dated 3 December 2020, as amended, supplemented, or otherwise modified from time to time (the "Existing Notes Indenture"), between the Company, the Subsidiary Guarantors (as defined below) and the Existing Notes Trustee (the "Existing Notes").
- 3 The ultimate beneficial owners of the Existing Notes are described herein as the "Noteholders". Without double counting, a person who is an existing Noteholder as at a yet to be determined cut-

off date (i.e. the "Record Time" under the Scheme), the Existing Notes Common Depository and the Existing Notes Trustee will be a scheme creditor (each a "Scheme Creditor" and together, the "Scheme Creditors") for the purposes of the Scheme. For the avoidance of doubt, Account Holders and intermediaries are not Scheme Creditors for the purpose of voting and receiving distributions of the Restructuring Consideration unless they also have a beneficial interest as principal in the Existing Notes held in global form through the Clearing Systems as at the Record Time (for voting purposes). The Existing Notes Common Depository (and its nominee) and the Existing Notes Trustee will not (in accordance with their respective customary practices) exercise any voting rights they may have in respect of the Existing Notes at the Scheme Meeting.

- 4 The primary purpose of the Scheme is to effect a restructuring of the Existing Notes. Under the Scheme, the Existing Notes will be released, cancelled, fully compromised and forever discharged and new 7.95% senior notes with a maturity date that is two (2) years from the Restructuring Effective Date, in the amount of the outstanding principal amount of the Existing Notes plus interest accrued at a rate of 2% per annum on the Existing Notes in respect of the period from (and including) the stated maturity of the Existing Notes up to (but excluding) the Restructuring Effective Date minus the Cash Prepayment Fee payable to all eligible Scheme Creditors (the "New Notes"), will be issued by the Company to the Scheme Creditors pro rata to their current beneficial holding in the principal amount of the Existing Notes. The New Notes contain various other terms and conditions and will be subject to certain additional covenants as compared to the Existing Notes. Further details relevant to the New Notes are set out at paragraph 37 below and are otherwise contained in the RSA (as defined below).
- 5 If you have assigned, sold or otherwise transferred your interests in the Existing Notes or intend to do so, you should forward a copy of this Practice Statement Letter immediately to the person or persons to whom you have assigned, sold or otherwise transferred your interests in the Existing Notes (or to any proposed assignee and/or transferee). If you remain a beneficial holder of principal in the Existing Notes (and will be such at the time to be fixed for the purpose of identifying Scheme Creditors entitled to attend and vote at the Scheme Meeting (as defined below)) you will be the person entitled to vote at the Scheme Meeting and should read this Practice Statement Letter and the Company's Explanatory Statement (as defined below) when available.
- 6 The purpose of this Practice Statement Letter is to inform you of:
 - (a) the Company's decision to propose the Scheme to implement the Restructuring (as defined below);
 - (b) the background to and proposed objectives of the Scheme;
 - (c) the Company's intention to apply to the Cayman Court at a court hearing scheduled to be held on 28 April 2023 (the "Convening Hearing") for an order to convene a meeting of Scheme Creditors for the purpose of considering and, if thought fit, approving, the Scheme (the "Scheme Meeting"). The Convening Hearing may take place remotely by video-link, if the Cayman Court deems it necessary or appropriate in the circumstances. Alternatively, the Cayman Court may determine that directions may be given on the papers without the need for an oral hearing; and
 - (d) the Company's view that all the Scheme Creditors constitute a single class for the purposes of voting on the Scheme.
- 7 This letter will also be published on the website of the Information Agent in relation to the Scheme at <https://projects.morrowsodali.com/DexinScheme> (the "Scheme Website").
- 8 If you are a Scheme Creditor and wish to attend the Convening Hearing, please in the first instance contact the Information Agent whose contact information is contained in this letter.
- 9 If you have any other questions in relation to this letter, the Scheme or the Restructuring, please contact the Company's financial advisor and/or the Company's legal advisor, each of whose contact

information is contained in this letter.

BACKGROUND TO THE COMPANY AND THE GROUP

- 10 The Company was incorporated as an exempted company with limited liability under the laws of the Cayman Islands on 16 January 2018 with company number 331733. The Company's registered office address is currently situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company is registered as a non-Hong Kong company in Hong Kong with registration number F0024474. The shares of the Company were listed on the main board of The Stock Exchange of Hong Kong Limited (Stock Code: 2019) on 26 February 2019. As at 30 June 2022, the authorized share capital of the Company was US\$2,500,000 divided into 5,000,000,000 ordinary shares of a nominal or par value of US\$0.0005 each, of which 2,701,341,000 of the 5,000,000,000 ordinary shares of US\$2,500,000 have been issued and are fully paid up, or credited as fully paid up, with the rest remaining unissued.
- 11 The Company is, principally, the holding company in respect of a group of companies comprising the Company and its subsidiaries, including the Subsidiary Guarantors (as defined below) (the "Group"). The Group is a leading comprehensive property developer in Zhejiang Province and the Yangtze River Delta Region in the People's Republic of China ("PRC") focusing primarily on the development of residential properties and the development, operation and management of commercial and mixed-use properties.
- 12 The principal assets of the Company comprise shares in its subsidiary entities which ultimately undertake the Group's business operations in the PRC.
- 13 Pursuant to the terms of the Existing Notes Indenture, four (4) of the Company's direct and indirect subsidiaries (each a "**Subsidiary Guarantor**" and together the "**Subsidiary Guarantors**") have each jointly and severally guaranteed to each Noteholder all the obligations of the Company to, amongst others, pay the principal and interest under the Existing Notes (the "**Subsidiary Guarantees**").

BACKGROUND TO THE RESTRUCTURING

Circumstances leading to the Restructuring

- 14 Since the second half of 2021, Chinese property developers and the related capital markets have experienced an inflection point. The PRC government has continued to take measures to stabilize the development of the real estate sector. Reduced bank lending for real estate development has resulted in reduced access by property developers to onshore capital. In addition, real estate sales declined significantly due to the overall macro economy affected by the COVID-19 and concerns about the ability of real estate developers to complete projects as a result of a number of negative credit events. As a result of the drastic changes in market conditions, the majority of real estate developers in China experienced a contraction in operating and financing cash flows.
- 15 Against the backdrop of the adverse market conditions and resurgences of the COVID-19 outbreaks, the Group's total unaudited contracted sales for the year ended 31 December 2022 decreased by approximately 43.5% as compared to the same period in 2021. The Group anticipates that the market condition in the real estate sector will remain under pressure in 2023. In addition, in light of the widespread threats by homeowners to halt mortgage payments in early July 2022, the PRC government and banks have further strengthened regulation of commercial housing presale capitals to ensure timely deliveries of presold homes and safeguard people's livelihoods.

The Group's recent financial conditions and mitigating actions taken

- 16 Until these recent severe difficulties affecting the Chinese property development sector, the Group was consistently robust in its operating fundamentals and liquidity position and it has met its debt servicing obligations as they became due.

17 To improve the financial position of the Group, the Company's management has demonstrated its resolution and commitment to mitigating the effects of these recent adverse market conditions, including close management of expenditures, reduction of land banking, opportunistic financing and asset disposals. Despite the best efforts of the Group, the challenging market conditions as discussed above have reduced the options and the amount of financing available to the Group to meet its short-term debt maturities (including under the Existing Notes).

Negotiations with Noteholders and appointment of advisors

18 In light of market conditions, and following a comprehensive consideration of the strategic options available to the Company, the Company's board of directors (the "Board") was of the view that formulating a comprehensive restructuring with the Noteholders would be the best option for all stakeholders of the Company (including the Noteholders) and took proactive steps to agree and implement such restructuring (as described below).

19 In this regard, in light of the then upcoming Existing Notes' maturity, the Company launched an exchange offer on 18 November 2022, as part of an overall strategy to improve its financial condition, extend its debt maturity profile, strengthen its balance sheet and improve its cash flow management (the "Exchange Offer"). The Company offered certain eligible holders of the Existing Notes the opportunity to, among other things, exchange their Existing Notes for new notes with an extended maturity and terms designed to allow the Group to improve its financial condition and provide the necessary financial stability to continue as a going concern. The Company also required, as a condition to participating in the Exchange Offer, each holder of the Existing Notes to execute a restructuring support agreement (or an accession thereto) in support of a potential plan to be effected pursuant to, amongst other things, a scheme of arrangement under Cayman Islands law (the "Scheme").

20 As at 15 December 2022, the Company had received accession to the RSA (as defined below) from holders of the Existing Notes holding in aggregate over 75% of the Existing Notes outstanding. Given the high levels of support, the Company therefore announced its intention to proceed with the Scheme to exchange the Existing Notes with substantially the same commercial terms as the Exchange Offer, as contemplated under the RSA, in lieu of the Exchange Offer, to seek a more holistic resolution.

21 Since late October 2022, the Company has appointed Guotai Junan Securities (Hong Kong) Limited as financial advisor and Sidley Austin as legal advisor and, together with these advisors, conducted extensive negotiations and discussions with certain significant Noteholders. These discussions were guided by the Group's ongoing objectives of (i) managing the maturity of its borrowings to optimize cash flow; (ii) ensuring that all stakeholders are treated fairly and in accordance with their respective legitimate expectations; and (iii) formulating a restructuring plan that would be a consensual and holistic resolution that would ensure the best possible outcome for all stakeholders, in each case taking into account the Group's business operations, financial position, available financing sources, and cash flow position.

Announcement of Restructuring and RSA

22 Further to such discussions, the Company and the Subsidiary Guarantors entered into a restructuring support agreement dated 18 November 2022 which was amended by amendment deeds dated 29 November 2022, 12 December 2022 and 15 December 2022 (the "RSA") with certain Noteholders representing 81.30% of the aggregate outstanding principal amount of Existing Notes. As at the date of this Practice Statement Letter, holders of 81.30% of the aggregate outstanding principal amount of the Existing Notes have entered into or acceded to the RSA. These holders have, accordingly, agreed, amongst others, that they will:

- (a) work in good faith with the Company and its advisors to implement the Restructuring in a timely manner, including voting in favour of the Scheme at the Scheme Meeting; and
- (b) not take any step that may interfere with or delay the Scheme or the Restructuring.

Instruction Fee, Cash Prepayment Fee and Eligible Creditors¹

- 23 Under the terms of the RSA, the Company has undertaken to pay, or procure the payment to each Consenting Creditor which is an Eligible Creditor of, (i) on the Restructuring Effective Date (or as soon as practicable thereafter), the Cash Prepayment Fee in cash in an amount equal to 3.0%, and (ii) on or around 30 December 2022, the Instruction Fee in cash in an amount equal to 0.5%, of the aggregate principal amount of the Eligible Restricted Notes held as at the Cash Prepayment Fee Deadline in each case, if such Consenting Creditor entered into the RSA on or before the Cash Prepayment Fee Deadline.
- 24 The original Cash Prepayment Fee was in an amount of 2.5% of the aggregate principal amount of the Eligible Restricted Notes held by each eligible Consenting Creditor as of the Cash Prepayment Fee Deadline. However, on 15 December 2022, the Company announced on the HKEX, published on the Exchange Website and distributed to all Scheme Creditors via the Clearing Systems that there would be an increase of the Cash Prepayment Fee to 3.0% of the aggregate principal amount of the Eligible Restricted Notes held by each eligible Consenting Creditor as of the Cash Prepayment Fee Deadline. The Company fully paid the Instruction Fee of US\$1,415,880 on 29 December 2022, in accordance with the terms of the RSA.
- 25 The only other way in which a person may acquire an entitlement to the Cash Prepayment Fee is if there has been a valid and effective Transfer (as defined in the RSA) (or, if applicable, a chain of valid Transfers) of the Eligible Restricted Notes in accordance with the terms of the RSA, including that the relevant transferee is either a Consenting Creditor or has first agreed to be bound by the terms of the RSA as a Consenting Creditor by acceding to the RSA in accordance with its terms, and the transferee complies with the applicable terms of the RSA.
- 26 The Cash Prepayment Fee and the Instruction Fee are considered by the Company to be appropriate in order to secure early support for the Restructuring from the Noteholders and to provide the Group with stability and visibility over the implementation of the Restructuring. All Noteholders have had the opportunity to become eligible to receive Cash Prepayment Fee and the Instruction Fee provided that they satisfy the relevant conditions.
- 27 It is also a term of the RSA that the Company shall ensure the settlement of all reasonable professional fees and expenses associated with the Restructuring (including fees of advisors with whom the Company has signed a fee letter or an engagement letter) which the Company has agreed to pay and which has been duly invoiced to the Company prior to the Restructuring Effective Date. These payments are considered by the Company to be appropriate to compensate the identified advisors for the work, time and risks associated with negotiating the Restructuring.
- 28 Please refer to the RSA for further details in respect of the Cash Prepayment Fee and the Instruction Fee and other terms. A copy of the original RSA, which was appended to the Company's exchange offer memorandum dated 18 November 2022, along with a copy of each of the amendment deeds dated 29 November 2022, 12 December 2022 and 15 December 2022, have been distributed to the Noteholders through clearing systems previously and are also available for download at the Scheme Website: <https://projects.morrowsodali.com/DexinScheme>, subject to eligibility and registration.
- 29 Further details regarding the background to the Restructuring will also be provided to the Scheme Creditors in the Company's Explanatory Statement (as defined below), which will be made available in due course.

Jurisdiction of the Cayman Court

- 30 The Company considers that the Cayman Court has jurisdiction in relation to the Scheme and jurisdiction to convene the Scheme Meeting in respect of the Company, on the basis that the Company is a Cayman Islands incorporated and registered exempted company with limited liability and is liable to be wound up under Part V of the Companies Act.

¹ Capitalised terms used in paragraphs 24 to 40 of this Practice Statement Letter have the same meaning as given in the RSA.

PURPOSE OF THE SCHEME AND THE RESTRUCTURING

31 The purpose of the Scheme and the Restructuring is to:

- (a) avoid the Company and the other members of the Group potentially entering into insolvent liquidation (or other insolvency proceedings) in the near future, as a result of which the anticipated recoveries for Scheme Creditors are likely to be significantly less than if the Restructuring were to be completed successfully; and
- (b) put the Group's capital structure on a more sustainable footing and to allow the Group an opportunity to continue to operate on a going concern basis.

OVERVIEW OF THE RESTRUCTURING AND THE SCHEME

32 The Restructuring shall be implemented through the Scheme. It will affect the rights of the Scheme Creditors under and in connection with the Existing Notes.

33 In essence, "**Scheme Claims**" held by Scheme Creditors refer principally to any claim or claims in respect of any liability of the Company, any member of the Group or any Subsidiary Guarantor to a Scheme Creditor arising directly or indirectly, in relation to, or arising out of or in connection with, the finance documents entered into in connection with the Existing Notes (including without limitation, the Subsidiary Guarantees entered into in connection with, the Existing Notes).

34 The Scheme provides that the Scheme Creditors shall release their Scheme Claims in consideration for receiving entitlements under the Scheme (i.e. the "**Restructuring Consideration**"), which for a participating Scheme Creditor consists of:

- (a) where the Voting Requirements are satisfied by the Scheme Creditor as at the Voting Deadline:
 - (i) the Cash Prepayment Fee (to the extent it is eligible to receive), payable in cash;
 - (ii) the Instruction Fee (to the extent it is eligible to receive), which was fully paid in cash on 29 December 2022;

(iii) the Accrued Interest, consisting of: (1) all accrued and unpaid interest on the Existing Notes held by such Scheme Creditor at the Record Time up to (but excluding) the stated maturity of the Existing Notes, payable in cash; and (2) all accrued and unpaid interest on the Existing Notes held by such Scheme Creditor at the Record Time from (and including) the stated maturity of the Existing Notes up to (but excluding) the Restructuring Effective Date, among which: (A) interest accrued at a rate of 7.95% per annum will be paid in cash; (B) interest accrued at a rate of 2% per annum will be included in the principal amount of the original principal amount of the New Notes; and

(iv) the New Notes in an aggregate principal amount equal to the result of the Scheme Creditor Claim of such Scheme Creditor minus (i), (iii)(1) and (iii)(2)(A) above.

(a)(i), (a)(iii) and (a)(iv) above will be paid on the Restructuring Effective Date (or as soon as practicable thereafter).

(b) where the Voting Requirements are not satisfied by the Scheme Creditor as at the Voting Deadline but the Scheme Creditor has submitted required documentation by the relevant deadlines in accordance with the terms of the Scheme Document, in order to claim its entitlement to the Restructuring Consideration:

(i) the Accrued Interest, consisting of:

(1) all accrued and unpaid interest on the Existing Notes held by such Scheme Creditor at the Record Time up to (but excluding) the stated maturity of the Existing Notes, payable in cash; and

(2) all accrued and unpaid interest on the Existing Notes held by such Scheme Creditor at the Record Time from (and including) the stated maturity of the Existing Notes up to (but excluding) the Restructuring Effective Date, among which: (A) interest accrued at a rate of 7.95% per annum will be paid in cash; and (B) interest accrued at a rate of 2% per annum will be included in the principal amount of the original principal amount of the New Notes; and

(ii) the New Notes in an aggregate principal amount equal to the result of the Scheme Creditor Claim of such Scheme Creditor minus (i)(1) and (i)(2)(A) above.

(b)(i)(1) and (b)(i)(2)(A) above will be paid on the Restructuring Effective Date (or as soon as practicable thereafter). (b)(i)(2)(B) and (b)(ii) above will not be paid on the Restructuring Effective Date, but will be paid during or at the end of the Holding Period (as the case may be).

35 Under the terms of the Scheme, each Scheme Creditor will be entitled to receive its Restructuring Consideration provided that it has submitted the relevant documents by the relevant deadline and has otherwise complied with the relevant conditions set out in the Scheme.

36 In summary, the key terms of the New Notes are as follows:

- (a) **Principal:** the total outstanding principal amount of the Existing Notes held by the Scheme Creditors at the Record Time; plus interest accrued at a rate of 2% per annum on the Existing Notes held by the Scheme Creditors at the Record Time in respect of the period from (and including) the stated maturity of the Existing Notes up to (but excluding) the Restructuring Effective Date; minus the Cash Prepayment Fee payable to all eligible Consenting Creditors;
- (b) **Maturity date:** two (2) years from the Restructuring Effective Date (the "**New Notes Maturity Date**");
- (c) **Interest:** 7.95% per annum, payable semi-annually in cash in arrears;
- (d) **Optional redemption:** at any time prior to the New Notes Maturity Date, the Company may, at its option, redeem the New Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the New Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date; and
- (e) **Mandatory redemption:** on each redemption date set forth below (each, a "**Mandatory Redemption Date**"), the Company shall redeem at least the Minimum Principal of the New Notes at a redemption price equal to 100% of the principal amount of the New Notes redeemed plus accrued and unpaid interest, if any, to (but not including) the relevant Mandatory Redemption Date:

Mandatory Redemption Date	Required Principal
31 December 2023	10% of the initially issued amount of the New Notes
The date falling 12 months after the Restructuring Effective Date	20% of the initially issued amount of the New Notes
The date falling 18 months after the Restructuring Effective Date	40% of the initially issued amount of the New Notes

"**Minimum Principal**" means the greater of (a) zero and (b) a principal amount of the New Notes calculated as (i) the required principal set forth in the table appearing above on the relevant Mandatory Redemption Date minus (ii) the aggregate principal amount of the New Notes redeemed or repurchased and cancelled on or prior to such Mandatory Redemption Date.

37 An application will be made for the listing and quotation of the New Notes on the SGX-ST by way of debt issues to Professional Investors only. The New Notes will be traded on the SGX-ST in a minimum board lot size of US\$150,000 for as long as the New Notes are listed on the SGX-ST and the rules of the SGX-ST so require.

38 Please refer to the restructuring term sheet appended as Schedule 4 (*Term Sheet*) of the RSA and the Amendment Deeds to the RSA dated 29 November 2022, 12 December 2022 and 15 December 2022 for a fuller summary of the proposed terms and conditions of the Restructuring.

39 The Restructuring Consideration is provided to the Scheme Creditors on the Restructuring Effective Date, in exchange for, principally:

- (a) the cancellation of the Existing Notes;
- (b) the termination of the guarantees granted in connection with the Existing Notes; and
- (c) each Scheme Creditor agreeing that it shall fully release all of its claims against (among others) the Company, any and all of the subsidiaries of the Company, including the Subsidiary Guarantors, the Company's shareholders as well as, the Company's officers, directors, directors/managers/officers (or equivalent), the Existing Notes Trustee, the Existing Notes Paying and Transfer Agent and Registrar and the Existing Notes Common Depositary, in each case, under or in connection with (among other things) the Existing Notes, including the guarantees and security granted in connection with the Existing Notes and the Existing Notes Indenture in accordance with terms that will be set out in the Scheme.

CONSEQUENCES IF THE SCHEME IS NOT SUCCESSFUL

40 FTI Consulting (Hong Kong) Limited has been engaged by the Company to carry out a detailed analysis (the "**Liquidation Analysis**") that estimates the likely returns to Scheme Creditors in a liquidation scenario, which is considered by the Company, based on advice, to be the likely alternative in the event the Scheme is unsuccessful.

41 If the Scheme is not implemented in accordance with its terms, the Company and other members of the Group are likely to be required to enter a liquidation (or equivalent) process. The Liquidation Analysis outlines the estimated total recovery to the Scheme Creditors in the event of a liquidation of the Company and other members of the Group and a piecemeal realization of the assets of the Company in that scenario in order to meet the claims of Scheme Creditors.

42 For the avoidance of doubt, the returns to Scheme Creditors in a liquidation scenario are expected to be significantly worse than the returns to Scheme Creditors if the Scheme is successful and the Restructuring implemented.

WHAT IS A SCHEME OF ARRANGEMENT?

43 A scheme of arrangement is a compromise and/or arrangement entered into between a company and its creditors as provided for under Section 86 of the Companies Act.

44 For the Scheme to become effective in accordance with its terms:

- (a) it must be approved by a majority in number of the Scheme Creditors representing 75% in value (by reference to the Scheme Creditors' claims) of the single class of Scheme Creditors present and voting (either in person or by proxy) at the Scheme Meeting convened for the purpose of considering the Scheme;
- (b) it must be sanctioned by the Cayman Court; and
- (c) a copy of the order sanctioning the Scheme must be filed with the Registrar of Companies in the Cayman Islands.

45 If the Scheme becomes effective, Scheme Creditors will be bound by its terms irrespective of whether they voted in favor of or against the Scheme or whether they voted at all.

Classes of Scheme Creditors

46 It is the responsibility of the Company to determine whether more than one meeting of creditors is required and, if so, to ensure that the meeting(s) is/are properly constituted. Each class of creditors must be properly constituted so that any meeting of that class comprises creditors whose rights against the Company are not so dissimilar as to make it impossible for them to consult together with a view to their common interest. If the rights of Scheme Creditors in a class are so different or would be affected so differently by the Scheme as to make it impossible for them to consult together with a view to their common interest, they must be divided into separate classes and a separate scheme meeting must be held for each class of creditors so concerned.

47 The Company, with the assistance of its legal advisors, has considered the current rights of each of the Scheme Creditors against the Company and the way in which those rights will be affected by the Scheme. The Company has concluded that, in the circumstances, the Scheme Creditors fall into one single class for the purposes of voting on the Scheme at the Scheme Meeting as the rights of the Scheme Creditors are sufficiently similar so as to make it possible for them to consult together with a view to their common interests.

48 This is because:

- (a) the Scheme Creditors have materially the same rights against the Company and the Group, on the basis that the Scheme Claims rank *pari passu* as between themselves in all scenarios;
- (b) in the event the Scheme fails, it is likely that the Company will enter a liquidation or equivalent process. In those circumstances, the rights of all Scheme Creditors against the Company would rank *pari passu* as between themselves and the Scheme Creditors would each have substantially the same rights against the Company;
- (c) if the Scheme becomes effective in accordance with its terms, the Scheme Creditors' rights will be compromised in materially the same way as between themselves; and
- (d) in all the circumstances, there is more to unite than divide all of the Scheme Creditors, so as to make any further classes unnecessary.

49 The Company has also considered whether the terms of the relevant Cash Prepayment Fee and the Instruction Fee (consisting of the Cash Prepayment Fee and the Instruction Fee) offered to those creditors who enter into or accede to the RSA before a certain date and agree to vote in favor of the Scheme pursuant to the RSA should have an impact on the classification of creditors for the purposes of the Scheme. The Company has considered that they do not for the following reasons:

- (a) all Noteholders have been given equal opportunity to accede to the RSA and therefore to become entitled to receive an Cash Prepayment Fee and the Instruction Fee; and
- (b) the Cash Prepayment Fee and the Instruction Fee is/are not material when compared to the predicted compensation that the Scheme Creditors will receive under the Scheme. Therefore, it is unlikely that a Scheme Creditor who considered the substantive aspects of the Scheme to be against their interests would be persuaded by virtue of the Cash Prepayment Fee and the Instruction Fee alone to enter into or accede to the RSA and to vote in favour of the Scheme.

50 ***IMPORTANT: If any Scheme Creditor has comments as to the class constitution of the Scheme Meeting which is proposed, wishes to raise any other issues with the Cayman Court, or wishes to participate at the Convening Hearing for the Scheme and, for that purpose, obtain a copy of the relevant papers filed with the Cayman Court, they should in the first***

in instance contact the Information Agent using the contact details set out below.

COURT HEARINGS

- 51 The Company intends to apply to the Cayman Court at the Convening Hearing to be held on 28 April 2023 for an order granting directions in relation to the Scheme, including permission to convene a single meeting of Scheme Creditors for the purpose of considering and, if thought fit, approving the Scheme.
- 52 Scheme Creditors have the right to attend in person or through counsel and make representations at the Convening Hearing, although they are not obliged to do so. Scheme Creditors who wish to attend the Convening Hearing in person or through counsel should in the first instance contact the Information Agent (using the contact details below) to obtain instructions for attending the Convening Hearing. At the Convening Hearing, the Company will also draw to the Court's attention any issues raised by Scheme Creditors in response to this letter.
- 53 Prior to the Record Date, to the extent practicable, the Company shall cancel or procure the cancellation of any Existing Notes that it or any other member of the Group has a beneficial interest in or which it or any other member of the Group has redeemed, converted, acquired or purchased (if any) and, for the avoidance of doubt, any such Existing Notes shall not be voted in the Scheme.
- 54 If the Scheme is approved by the requisite statutory majorities at the Scheme Meeting, there will be a second Court hearing at which the Cayman Court will decide whether to exercise its discretion to sanction the Scheme (the "Sanction Hearing").
- 55 Scheme Creditors will also have the opportunity to raise objections at the Sanction Hearing (if the Scheme is approved at the Scheme Meeting by the requisite statutory majorities).

THE SCHEME WEBSITE AND COMMUNICATIONS WITH SCHEME CREDITORS

- 56 Communications with Scheme Creditors will take place via the Scheme Website maintained by Morrow Sodali Limited (in its capacity as the Information Agent under the Scheme) at <https://projects.morrowsodali.com/DexinScheme>. The Scheme Website is password protected, therefore Scheme Creditors will need to first confirm their eligibility on the home page and then register their details on the registration page in order to obtain a password.
- 57 The Information Agent has set up the Scheme Website to disseminate information in relation to the Scheme and to help facilitate the implementation of the Scheme. Scheme Creditors may download documents relating to the Scheme from the Scheme Website once they have registered their details via the registration page and obtained a password.
- 58 Scheme Creditors are encouraged to register their details on the Scheme Website so that they can receive notices from the Information Agent relating to the Scheme Meeting and other communications relating to the Scheme. Further, in the event the Scheme will no longer proceed or will not become effective, Scheme Creditors will be notified by way of a notice published on the Scheme Website.
- 59 In addition to this Practice Statement Letter being delivered to the Clearing Systems for further distribution to the Scheme Creditors, the Information Agent will also make available an electronic copy of this Practice Statement Letter to all Scheme Creditors on the Scheme Website.

CROSS-BORDER RECOGNITION

- 60 Should it be required, the Company undertakes to appoint the appropriate person or persons who shall be authorised to act as the representative of the Company on and in connection with any application for recognition and assistance in relation to the Scheme in any jurisdiction and under whatever law including (without limitation) Chapter 15 of Title 11 of the United States Code, 11 U.S.C.

§§ 101 et seq. (as amended).

NEXT STEPS

61 If permission to convene the Scheme Meeting is granted by the Cayman Court at the Convening Hearing, the Information Agent will make available to you via the Scheme Website the following important documents in electronic format:

- (a) a notice convening the Scheme Meeting;
- (b) the explanatory statement, containing all information reasonably necessary for Scheme Creditors to make an informed decision about the merits of the Scheme (the "**Explanatory Statement**");
- (c) the solicitation packet (which will be appended at Schedule 4 (*Solicitation Packet*) to the Explanatory Statement), which will include an account holder letter containing, amongst others, a form of proxy and a voting form for Scheme Creditors to vote on the Scheme, and a securities confirmation form for the Scheme Creditors to confirm their eligibility to receive the New Notes; and
- (d) the Scheme and the supplementary documents to which it refers,

(together, the "**Scheme Documents**"). The Scheme Documents are important and will require your immediate attention once they are made available by the Company.

62 In respect of the Existing Notes, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) in its capacity as the Existing Notes Trustee will provide undertakings to, amongst others: (i) not exercise its respective rights to vote on the Scheme; and (ii) be bound by the terms of the Scheme in such form as may be sanctioned by the Cayman Court and take such steps as may be necessary or desirable to give effect to the Scheme once it is made effective. For completeness, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) in its capacity as common depositary for Euroclear Bank S.A./N.V. and Clearstream Banking S.A. (acting through its nominee as registered holder of the Existing Notes, CCB Nominees Limited) (the "**Existing Notes Common Depository**") will not (in accordance with its respective customary practices) exercise any rights to vote on the Scheme. In this regard, it is also anticipated that an order of the Cayman Court will be made at the Convening Hearing that the Existing Notes Common Depository and the Existing Notes Trustee will not exercise their respective rights to vote on the Scheme at the Scheme Meeting and will be bound by the Scheme.

63 If you are a Scheme Creditor and wish to attend the Convening Hearing, or have any questions in relation to this Practice Statement Letter or the Scheme, you should contact the Company's joint financial advisors or legal advisor, or the Information Agent using the contact details below:

Financial Advisors

Guotai Junan International (including Guotai Junan Securities (Hong Kong) Limited and Guotai Junan Capital Limited)

Address: 27/F, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong

Phone: (852) 2509 5465

Email: horizonlm@gtjas.com.hk

Legal Advisors

Sidley Austin

Address: 39/F Two International Finance Centre, 8 Finance Street, Central, Hong Kong

Phone: (852) 2509 7888

Email: dexin@sidley.com

Conyers Dill & Pearman LLP

Address: SIX, 2nd Floor, Cricket Square, 171 Elgin Ave, George Town, Grand Cayman, Cayman Islands

Phone: (345) 945 3901

Email: projectdexin@conyers.com

Information Agent

Morrow Sodali Limited

Address:

In Hong Kong: The Hive, 33-35 Hillier Street, Sheung Wan, Hong Kong

In London: 103 Wigmore Street, W1U 1QS, London

Phone: Hong Kong: (852) 2319 4130 / London: (44) 20 4513 6933

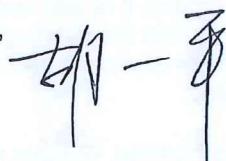
Scheme Website: <https://projects.morrowsodali.com/DexinScheme>

Email: dexin@investor.morrowsodali.com

64 The Company considers that the Scheme is in the best interests of the Scheme Creditors. As explained above, any failure to conclude the Restructuring is likely, in the view of the Company's Board (which view is supported by the Liquidation Analysis), to force one or more of the companies within the Group to enter into an insolvency procedure in the near future. In such circumstances, any return to the Groups creditors, including the Noteholders, is inherently uncertain.

65 For this reason, all Scheme Creditors are encouraged to support and vote in favor of the Scheme at the Scheme Meeting.

Yours faithfully,



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Mr. HU Yiping

**For and on behalf of the Board of
DEXIN CHINA HOLDINGS COMPANY LIMITED**