

8 October 2025

*To: Independent Board Committee and the Independent Shareholders*

Dear Sirs

**CONTINUING CONNECTED TRANSACTION —  
REVISION OF ANNUAL CAPS OF THE 2024 REAL ESTATE  
TECHNOLOGY SERVICE FRAMEWORK AGREEMENT**

**INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Supplemental Agreement of the 2024 Real Estate Technology Service Framework Agreement, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 8 October 2025 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

Reference is made to the announcement and circular of the Company both dated 16 August 2024 in respect of the 2024 Real Estate Technology Service Framework Agreement entered into between the Company and Midea Construction. Pursuant to the Agreement, the Group shall provide real estate technology services such as (i) the industrialisation, digitalisation and green transformation of construction processes; and (ii) the provision of smart space solutions, to the Midea Construction Group. Principal terms and details of the Agreement are set out in the aforementioned announcement and circular of the Company.

The Board has reviewed and evaluated the existing continuing connected transactions under the Agreement, and anticipates the services required by the Midea Construction Group will exceed the Existing Annual Caps. Accordingly, on 18 September 2025, the Company and Midea Construction entered into the Supplemental Agreement to revise the Existing Annual Caps to the Revised Annual Caps. The above transactions form continuing connected transactions and are subject to the reporting, announcement, annual review and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Tan Jinsong, Mr. O’Yang Wiley and Mr. Lu Qi (all being the independent non-executive Directors and have no material interest in the transaction contemplated under the Supplemental Agreement) had been established to advise the Independent Shareholders on: (i) the fairness and reasonableness of the terms of the Supplemental Agreement (including the Revised Annual Caps) and the transaction contemplated thereunder; and (ii) how to vote on the resolution in relation to the Supplemental Agreement at the EGM.

We have been appointed, and approved by the Independent Board Committee, as the Independent Financial Adviser. As at the Latest Practicable Date, we are not connected with the Directors, chief executive or substantial shareholders of the Company or any of their respective associates and are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. We were not aware of any relationships or interest between us and the Company, Midea Construction nor any other parties that could be reasonably be regarded as a hindrance to our independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement (including the Revised Annual Caps).

Save for the Distribution and the transactions contemplated under the Non-exempt Continuing Connected Transaction Agreements, on which we opined in the circular of the Company dated 16 August 2024, there was no other engagement between us and the Company or Midea Construction during the two years preceding the date hereof. Apart from normal professional fees payable to us by the Company in connection with the current appointment of us as independent financial adviser, no arrangement exists whereby we will receive any fees or benefits from the Company or the Directors, chief executive or substantial shareholders of the Company or any of their respective associates. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules and are eligible to give independent advice on the Supplemental Agreement (including the Revised Annual Caps).

## **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have discussed with management of the Group and reviewed, including but not limited to, the relevant information contained in (i) the Supplemental Agreement (ii) the Company's announcements, (iii) the Company's annual reports for the years ended 31 December 2022, 2023 and 2024 and (iv) the Company's interim results for the six months ended 30 June 2025. We have also relied on the information and facts contained in the Circular and all information supplied to us by the Company, the information and representations expressed by the management of the Group and the research results performed by us. We have assumed that all information, facts and representations that have been provided by the Group's management, for which they are fully responsible, in all material aspects, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of beliefs, opinions, expectations and intentions made by the Group's management in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions and representations expressed by the Company and its advisers, which have been provided to us. Our opinion is based on the representation and confirmation of the Group's management that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Supplemental Agreement (including the Revised Annual Caps).

The Directors have collectively and individually accepted full responsibility for the accuracy and authenticity of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not

misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

Having completed the above mentioned work done, we consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules. We have not, however, conducted any independent verification and in-depth investigation into the information and documents provided by the Company as well as the business and affairs of the Group or its associates. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in the market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is our responsibility to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent verification and in-depth investigation or into the accuracy and completeness of those information.

## **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion in respect of the Supplemental Agreement (including the Revised Annual Caps), we have taken into consideration the following principal factors and reasons:

### **1. Information on the parties**

#### ***1.1 The Group***

The Company is an investment holding company incorporated in the Cayman Islands with limited liability. The Group is based in the PRC and operates the following major businesses: (i) property management services; (ii) asset operation; (iii) real estate technology; and (iv) project management services.

#### ***1.2 The Midea Construction Group***

Midea Construction is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Midea Construction is indirectly wholly owned by Ms. Lu, one of the Controlling Shareholders, through entities wholly-owned by her, namely, Midea Development Holding (BVI) Limited and Midea Field Company Limited.

The Midea Construction Group is primarily engaged in the property development and sales business in the PRC since completion of the Distribution and the Disposal. For details, please refer to the announcements of the Company dated 23 June 2024, 2 September 2024 and 22 October 2024 and the circular of the Company dated 16 August 2024.

## **2. Reasons for and the benefits of the Supplemental Agreement and the Revised Annual Caps**

With reference to the Board Letter, the Board has reviewed and evaluated the existing continuing connected transactions under the Agreement, and anticipates the services required by the Midea Construction Group will exceed the Existing Annual Caps.

Regarding the transactions under the Supplemental Agreement, the ongoing partnership between the Group and the Midea Construction Group has proven mutually advantageous, with both parties gaining deeper insights into each other's operational requirements through sustained collaboration. The Board considers that the increased capacity for real estate technology service provision to the Midea Construction Group, resulting from the revised annual caps, will benefit the Group by enabling greater transactional flexibility when business opportunities arise, strengthening the collaborative partnership, and supporting sustainable long-term development. This enhanced capacity will facilitate the Group's business expansion, maximize the utilisation of its core competencies, enhance operational efficiency, and contribute positively to the Company's strategic growth objectives.

Shareholders are advised to refer to the section headed “Reasons for and the benefits of the Supplemental Agreement and the Revised Annual Caps” in the Board Letter set out in the Circular for further details.

## **3. Principal terms of the Supplemental Agreement**

Save for the revision of the Existing Annual Caps to the Revised Annual Caps, all other terms and conditions under the Agreement remain the same and are set out below:

Date: 18 September 2025

Parties: The Company and the Midea Construction (BVI) Limited

Revised Annual Caps: Pursuant to the Supplemental, the parties have agreed to revise the Existing Annual Caps as follows: (i) the maximum transaction amount between the Group and the Midea Construction Group for the year ending 31 December 2025 (“FY2025”) shall be increased from RMB240.0 million to RMB330.0 million; and (ii) the maximum transaction amount between the Group and the Midea Construction Group for the year ending 31 December 2026 (“FY2026”) shall be decreased from RMB215.0 million to RMB206.0 million.

- Term:** The term of the agreement commences from 26 October 2024 to 31 December 2026 (both days inclusive)
- Subject:** The Company shall provide real estate technology services such as (i) the industrialisation, digitalisation and green transformation of construction processes and (ii) the provision of smart space solutions, to Midea Construction (BVI) Limited.
- Payment terms:** The payment terms for the Group's real estate technology services will be stipulated in the separate agreements governing each particular transaction entered into pursuant to the Supplemental Agreement. In general, the continuing connected transactions contemplated thereunder will normally be settled in the form of bank transfer or such other manner as the parties may agree, and payment will be made usually within 30 days following a settlement audit.
- Pricing Policy:** In principle, the fees shall be determined taking into account the complexity and required resources for such services, and the fee quotes provided to Midea Construction shall not be lower than the fee quotes for similar services provided by the Group to at least two independent third parties.

We have reviewed the 2024 Real Estate Technology Service Framework Agreement and the Supplemental Agreement, and we noted that save for the revision of the Existing Annual Caps, all other terms and conditions (including the pricing policy) under the 2024 Real Estate Technology Service Framework Agreement remain unchanged. Following discussions with the Company's management, we note that the Group has implemented and will maintain internal control measures to ensure that all terms under the Supplemental Agreement, including pricing, are determined through arm's length negotiations between the Group and the Midea Construction Group.

We have discussed with the management of the Company and noted that the Group has adhered and will continue to adhere to a series of internal control measures to ensure the terms, including the pricing policy, in relation to Supplemental Agreement will be determined based on arm's length negotiations between the Midea Construction Group and the Group, and with reference to the market price for the same products that the Group purchases from independent third parties in similar quantities in the open market.

In assessing whether the terms of the Supplement Agreement are fair and reasonable, we have requested the Company to provide us with, among other things, 20 random samples of contracts for provision of real estate technology services entered into between the Company and the Midea Construction Group and 20 random samples of contracts for provision of real estate technology services entered into between the Company and the independent third-party customers respectively around the same period, for the period between 1 January 2025 up to 31 August 2025. We noted that key terms of the agreements, including but not limited to the

unit prices of similar products and payment terms offered to the Midea Construction Group, were all in line with or better than those offered to the independent third-party suppliers.

Having considered all the above, we concur that the pricing basis of the Supplemental Agreement is on normal commercial terms and fair and reasonable.

#### 4. Revised Annual Caps

Set out below are (i) the Existing Annual Caps amounts for the two years ending 31 December 2026 and (ii) the Revised Annual Caps for the two years ending 31 December 2026:

	<b>For the year ending 31 December</b>	
	<b>2025</b>	<b>2026</b>
	<i>RMB in million</i>	<i>RMB in million</i>
Existing Annual Caps	240.0	215.0
Revised Annual Caps	330.0	206.0

As disclosed in the Board Letter of the Circular, in determining the Revised Annual Caps, the Company has considered various factors with reference to:

- (i) the actual transaction amount of approximately RMB218.1 million for the eightmonths ended 31 August 2025;
- (ii) the number of contracts awarded and the number of contracts expected to be awarded by the Midea Construction Group under the Supplemental Agreement in each of the two years ending 31 December 2026. The numbers of contracts initially expected to be awarded were 1,215 contracts in 2025, and 1,200 contracts in 2026, such numbers of which have now been adjusted, based on the Board's latest assessment, to 1,596 and 1,129 contracts, for 2025 and 2026;
- (iii) the types of real estate technology services to be provided by the Group in each of the two years ending 31 December 2026;
- (iv) the expected service fees to be received by the Group in each of the two years ending 31 December 2026, which is estimated primarily based on the costs of providing such services (such as including but not limited to labour costs and administrative costs), the expected profit margin for real estate technology services and the service fees the to be received by the Group for services of similar scope and quality provided to independent third parties; and
- (v) a buffer of 10% have been incorporated to provide flexibility for unforeseeable circumstances in business needs.

We noted that the historical transaction amount between the Group and the Midea Construction Group for the eight months ended 31 August 2025 was approximately RMB218.1 million, representing approximately 90.9% of the existing annual cap for FY2025 and according to the Company, the existing annual cap for FY2025 under the 2024 Real Estate Technology Service Framework will not be sufficient to fulfil the additional demand from the Midea Construction Group. As shown in the table above, the 2025 revised annual cap represented an increase of approximately 37.5% to the existing 2025 annual cap. The 2026

revised annual cap represents a reduction of approximately 4.2% compared to the existing 2026 annual cap.

In order to assess the fairness and reasonableness of the Revised Annual Caps under the Supplement Agreement, we have obtained and reviewed schedules and documents prepared by the management of the Company and discussed with the management. We noted that the Revised Annual Caps are estimated based on (i) actual and projected transaction amounts from existing contracts for real estate technology services; (ii) projected transaction amounts from anticipated future contracts for real estate technology services; and (iii) additional buffers of 10% applied to the combined amounts from (i) and (ii) above.

***(i) Actual and projected transaction amounts from existing contracts for real estate technology services***

As advised by the Directors, the projected transaction amounts from existing contracts are based on the contracted amounts and actual progress achieved during the first eight months of 2025. Project managers have prepared month-by-month projections for the remaining periods in FY2025 and FY2026 based on updated project timelines and delivery schedules.

During 2025, the Group has been providing real estate technology services to the Midea Construction Group under the Agreement. These services are delivered and accepted in batches, with revenue recognised based on the completion progress of each service project. Certain development projects of the Midea Construction Group have progressed at an accelerated pace compared to original expectations. As the designated service provider for these projects, the Group has been required to adjust its service delivery schedule and resource allocation to align with these expedited project timelines.

This acceleration has resulted in: (i) a significant increase in actual transaction amounts from existing contracts during the first eight months of 2025, reaching approximately RMB218.1 million (representing approximately 90.9% of the existing annual cap of RMB240 million for FY2025); (ii) correspondingly accelerated projections for the remaining periods of existing contracts, with the accelerated projection methodology taking into account the faster-than-anticipated project completion rates, increased resource deployment requirements, and the compressed delivery timelines for multiple concurrent projects under existing agreements; and (iii) a corresponding impact on FY2026 projections for existing contracts, as projects originally scheduled for completion in FY2026 have been brought forward to FY2025. Accordingly, the number of contracts initially expected to be awarded have been revised from 1,215 contracts in 2025 and 1,200 contracts in 2026 to 1,596 and 1,129 contracts respectively, reflecting this temporal acceleration in project delivery schedules. Given that projects originally scheduled for completion in FY2026 have been brought forward to FY2025, this temporal shift in existing contract delivery schedules consequently results in a decrease in the projected transaction amounts from existing contracts for FY2026. This required a revised forecast that reflects the sustained higher activity levels needed for Midea Construction Group's expedited development schedule for existing contracts in FY2025, while also accounting for the reduced project pipeline expected in FY2026.

***(ii) Projected transaction amounts from anticipated future contracts for real estate technology services***

The projected transaction amounts from anticipated future contracts with the Midea Construction Group are estimated based on the addition of contract values derived from annual trend analysis and forecast market conditions. The Group assesses the expected demand for real estate technology services from the Midea Construction Group by analysing historical growth patterns, current market dynamics, and anticipated development activities within the Midea Construction Group's project pipeline.

An annual/monthly conversion rate is then applied to the new contract values to determine the expected transaction amounts with the Midea Construction Group for the respective financial years. This conversion methodology is based on the historical conversion rates of existing contracts with the Midea Construction Group for similar service types, taking into account factors such as project duration, delivery schedules, and completion timelines. The historical conversion rates from the Group's engagements with the Midea Construction Group provide a reliable benchmark for estimating the timing and magnitude of revenue recognition from newly secured contracts, ensuring that the projections reflect realistic service delivery patterns and payment cycles consistent with the Group's past performance in comparable engagements with the Midea Construction Group.

***(iii) Buffers applied to the estimated transaction amounts***

As mentioned above, a buffer of 10% was adopted in addition to the estimated transaction amounts for FY2025 and FY2026. As advised by the Directors, this arrangement was determined after considering unexpected circumstances that may arise (i.e., new scenario coverage which could lead to unexpected acceleration in project progress of Midea Construction Group, etc.). Having considered (i) that unexpected circumstances may arise, which requires appropriate contingency allowances in forecasting; and (ii) that incorporation of buffers of no more than 10% in proposed annual caps are not uncommon among companies listed on the Stock Exchange, we consider the 10% buffers to be acceptable.

We further noted from the internal control procedures that the finance department and compliance department of the Company will jointly monitor the actual transaction amounts relating to the continuing connected transactions under the Real Estate Technology Service Framework Agreement on a monthly basis to ensure they do not exceed the annual caps. The compliance department will report to the audit committee on a half-yearly basis regarding the effectiveness of these monitoring measures. Therefore, we also consider that there will be sufficient procedures to monitor the annual caps.

Given that above, we consider that the Revised Annual Caps under the Supplement Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

**5. Internal Control Measures**

As disclosed in the Board Letter, the Group has implemented the following internal control measures in relation to continuing connected transactions contemplated under the Supplemental Agreement:



- The Group has established a series of measures to ensure that the continuing connected transactions will be conducted in accordance with the principal terms of the Supplemental Agreement, such as the business department preparing quotations (including comparing prices to independent third parties) based on the Midea Construction Group's requirements and specifications for commonly available services prior to confirming an order; and the implementation of the separate agreements governing each particular transaction must be approved by, depending on size of the transaction, the business department, the legal department, the finance department and/or the management to ensure that it is in accordance with the pricing policy;
- The finance department of the Group will keep proper documentation of the agreements governing each particular transaction entered into between the Group and the Midea Construction Group pursuant to the Supplemental Agreement;
- The compliance department of the Group will report to the audit committee of the Board on a half-yearly basis whether the internal control measures in respect of the continuing connected transactions remain complete and effective;
- The finance department and compliance department of the Group shall be jointly responsible for monitoring the transaction amounts of the continuing connected transactions on a monthly basis to ensure it does not exceed the annual caps; and
- The Company will provide information and supporting documents to the independent non-executive Directors and the auditors in order for them to conduct an annual review of the continuing connected transactions entered into by the Company. In accordance with the requirements under the Listing Rules, the independent non-executive Directors will provide an annual confirmation to the Board as to whether the continuing connected transactions have been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms and are in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and the auditors will provide an annual confirmation to the Board as to whether anything has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board, are not in accordance with the pricing policies of the Group in all material respects, are not entered into in accordance with the relevant agreements governing the transactions in all material respects or have exceeded the proposed annual caps.

We have examined the periodic reports and accompanying supporting documents prepared by the Company for the Directors' review, which contain details of its existing continuing connected transactions. In addition, we have reviewed circulars in relation to continuing connected transactions released by other Hong Kong listed companies (the "**Similar Circulars**") and noted that the internal control procedures adopted by the Group as stated above are similar to those disclosed in the Similar Circulars. Given that (i) the internal control procedures adopted by the Group are similar to those adopted by other Hong Kong listed companies; and (ii) the independent non-executive Directors and the auditors of the Group will, pursuant to Chapter 14A, review, among other matters, whether continuing connected transactions are conducted on normal commercial terms, we are of the view that

adequate internal control procedures have been in place to monitor the Revised Annual Caps contemplated under the Supplemental Agreement.

## **OPINION AND RECOMMENDATION**

Having taken into consideration the factors and reasons as stated in the section headed “Principal Factors and Reasons Considered” in this letter above, we are of the opinion that the terms of the terms of the Supplemental Agreement (including the Revised Annual Caps) are on normal commercial terms, in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Revised Annual Caps, and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully  
For and on behalf of  
**Shenwan Hongyuan Capital (H.K.) Limited**



**Donald Leung**  
*Executive Director*  
*Corporate Finance*

*Note:* Mr. Leung is a licensed person registered with the Securities and Futures Commission and a responsible officer of Shenwan Hongyuan Capital (H.K.) Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has more than 19 years of experience in corporate finance advisory industry.