

8 December 2025

*To: The independent board committee and the independent shareholders of  
Xingye Wulian Service Group Co., Ltd.*

Dear Sirs,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO  
(I) 2025 MASTER PROPERTY MANAGEMENT  
FRAMEWORK AGREEMENTS  
(II) 2025 MASTER PROPERTY ENGINEERING  
FRAMEWORK AGREEMENTS  
(III) 2025 MASTER CONSTRUCTION FRAMEWORK AGREEMENT**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2025 Master Property Management Framework Agreements, the 2025 Master Property Engineering Framework Agreements and the 2025 Master Construction Framework Agreement, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 8 December 2025 issued by the Company to the Shareholders (the “**Circular**”), of which this letter of advice forms part. Capitalized terms used in this letter of advice shall have the same meanings as ascribed to them under the section headed “Definitions” in the Circular unless the context requires otherwise.

As the Company intends to continue with the 2022 Master Property Management Framework Agreements, the 2022 Master Property Engineering Framework Agreements as well as the Master Construction Framework Agreement, and to renew the relevant agreements on or before their expiry date on 31 December 2025, the Board announces that on 20 November 2025, the Company entered into (a) the 2025 Master Property Management Framework Agreements and the 2025 Master Property Engineering Framework Agreements with each of Ever Diamond, Zensun Enterprises and Zensun Development respectively; and (b) the 2025 Master Construction Framework Agreement with Zensun Development.

According to the Letter from the Board, the transactions contemplated under the aforesaid agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to the announcement, circular and independent shareholders' approval requirements thereunder.

The Independent Board Committee comprising Messrs. Xu Chun, Mr. Feng Zhidong and Mr. Zhou Sheng (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the 2025 Master Property Management Framework Agreements, the 2025 Master Property Engineering Framework Agreements and the 2025 Master Construction Framework Agreement (including their respective annual caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the entering into of the 2025 Master Property Management Framework Agreements, the 2025 Master Property Engineering Framework Agreements and the 2025 Master Construction Framework Agreement is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the 2025 Master Property Management Framework Agreements, the 2025 Master Property Engineering Framework Agreements and the 2025 Master Construction Framework Agreement at the EGM. We, VBG Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

## **OUR INDEPENDENCE**

As at the Latest Practicable Date, we did not have any business relationship with the Company within the past two years. Save for the normal fees payable to us in connection with this appointment, no arrangement exists whereby we shall receive any fees or benefits from the Company and its subsidiaries or the Directors, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company or any of their associates. We consider ourselves independent to form our opinion in respect of the 2025 Master Property Management Framework Agreements, the 2025 Master Property Engineering Framework Agreements and the 2025 Master Construction Framework Agreement in compliance with Rule 13.84 of the Listing Rules.

## **BASIS OF OUR OPINION**

In formulating our opinion with regard to the 2025 Master Property Management Framework Agreements, the 2025 Master Property Engineering Framework Agreements and the 2025 Master Construction Framework Agreement, we have relied on the information and facts supplied, opinions expressed and representations made to us by the management of the Group (including but not limited to those contained or referred to in the Circular). We have assumed that the information and facts supplied, opinions expressed and representations made to us by the management of the Group were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of the EGM. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Group 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 expressed by the Company, its management and/or advisers, which have been provided to us.

The Directors have collectively and individually accepted full responsibility for the accuracy 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.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business and affairs or future prospects of the Group, Zensun Group or their respective shareholders, subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the 2025 Master Property Management Framework Agreements, the 2025 Master Property Engineering Framework Agreements and the 2025 Master Construction Framework Agreement. Our opinion is necessarily based on the market, financial, economic 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 change in 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. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we did not conduct any investigation into the accuracy and completeness of such information.

In addition, Shareholders should note that as the annual caps are relating to future events and estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2028, and they do not represent forecasts of revenues or costs to be recorded from the 2025 Master Property Management Framework Agreements, the 2025 Master Property Engineering Framework Agreements and the 2025 Master Construction Framework Agreement. Consequently, we express no opinion as to how closely the actual revenues and costs to be recorded from the 2025 Master Property Management Framework Agreements, the 2025 Master Property Engineering Framework Agreements and the 2025 Master Construction Framework Agreement will correspond with the annual caps.

## PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the 2025 Master Property Management Framework Agreements, the 2025 Master Property Engineering Framework Agreements and the 2025 Master Construction Framework Agreement, we have taken into consideration the following principal factors and reasons:

**1. Background of the 2025 Master Property Management Framework Agreements, the 2025 Master Property Engineering Framework Agreements and the 2025 Master Construction Framework Agreement**

### **Principal business of the Group**

Established in 1999, the Group is a reputable property management service provider in Henan Province. The Group provides a wide range of property management services which include, amongst others, security, cleaning, greening and gardening, parking space management, repair and maintenance for common areas and customer services, and other value-added services.

In 2024, the Group continued its business strategies to diversify its portfolio of pipeline properties in both non-residential properties and residential properties in provision of property management and value-added services. Its portfolio of properties under management expanded from GFA of approximately 8.5 million sq.m. as at 31 December 2023 to approximately 11.0 million sq.m. as at 31 December 2024, and further to approximately 11.5 million sq.m. as at 30 June 2025. As at 30 June 2025, the Group's portfolio of contracted properties covered GFA of approximately 15.8 million sq.m. in aggregate.

Starting from October 2017, the Group also provides its customers with property engineering services which include planning, design and installation of security and surveillance systems, access control systems, carpark management systems and construction site management systems.

In 2024, the Group entered into 57 new property engineering contracts with an aggregate contract amount of approximately RMB37.4 million. During the six months ended 30 June 2025, the Group further entered into 20 new property engineering contracts with an aggregate contract amount of approximately RMB16.9 million.

In line with the strategic review of the Company's business and seeing the opportunity in the property construction industry in the PRC, in 2023, the Group acquired Zheng Zhi Yue Real Estate Co., Ltd.\* (河南正之悦置業有限公司) ("**Zheng Zhi Yue**") in order to expand into the property development business. The Group (through Zheng Zhi Yue) holds a property project (the "**Property Project**") located in Zhengzhou City, Henan Province, the PRC, with a total site area of approximately 14,923.11 sq.m. and GFA of approximately 44,655.14 sq.m. The Property Project is at the construction stage and involves the development of a hotel and saleable commercial units. The entire development is expected to be completed by the end of 2026.

### **Information on members of Zensun Group**

As extracted from the Letter from the Board, to the best of the Directors' knowledge, Ever Diamond Group is principally engaged in property development business in the PRC, Zensun Development Group is engaged in construction and renovation works in the PRC and Zensun Enterprises Group is engaged in property development, property investment, project management and sales services, hotel operations, and securities trading and investment.

As further advised by the Directors, Zensun Development Group possesses various required certifications, qualifications and registrations with abundant experience in carrying out construction services in the PRC, which includes Special-grade Qualification for Construction Main Contractor (建築工程施工總承包特級資質), being the highest construction qualification in the scope of construction main contractor recognized by the relevant government bureaus, and such qualifications and experience enable Zensun Development Group to take up large-scale non-municipal engineering construction projects without restrictions.

For our due diligence purpose, we have requested and obtained (i) copies of the construction and engineering qualification certificate(s) possessed by Zensun Development Group; and (ii) information regarding the track record of Zensun Development Group in providing construction services in the PRC.

### **Overview of the real estate market of Henan Province**

Amidst the overall downturn of the PRC's real estate market in recent years, the Henan Province's real estate market has also shrunk in 2024. Based on the statistics released by the Henan Province Bureau of Statistics, the total real estate development investment was approximately RMB390.8 billion, down by approximately 7.5% as compared to 2023. The annual housing construction area was approximately 463.1 million sq.m., down by approximately 11.1% as compared to 2023. The new construction area was approximately 46.2 million sq.m., down by approximately 17.9% as compared to 2023. The sales area of new commercial housing was approximately 62.0 million sq.m., down by approximately 11.0% as compared to 2023. At the end of 2024, the area of commercial housing for sale was approximately 25.8 million sq.m., down by approximately 4.9% as compared to 2023.

According to the Henan Province Bureau of Statistics, the province's real estate market began to stabilize, and the sales side demonstrated a positive recovery signal in the first half of 2025. In particular, the decline in real estate development investment has stayed at approximately 8.5% for three consecutive months, which was 0.6 percentage points narrower than that of the same period last year. In the face of the adjustment trend of the national real estate market, the sales area of new commercial housing in Henan Province fell by approximately 1.9% year-on-year, but the fall was approximately 1.6 percentage points lower than the national average and approximately 17.5 percentage points narrower than that of the same period last year; sales fell by approximately 1.3% year-on-year, but the fall was approximately 4.2 percentage points lower than the national average and approximately 21.3 percentage points narrower than that of the same period last year.

In addition, in the first half of 2025, the sales area of existing commercial houses in Henan Province increased by approximately 30.8% year-on-year, being approximately 5.3 percentage points faster than that of the first quarter. Existing housing sales increased by approximately 37.5% year-on-year, being approximately 10.4 percentage points faster than that of the first quarter.

As further pointed out by the Henan Province Bureau of Statistics, as residents' housing demand shifts to higher quality housing, the sales area of new commercial housing above 90 sq.m. in Henan Province increased by approximately 3.6% year-on-year during the first half of 2025 and has maintained positive growth for four consecutive months since March 2025. The sales of new commercial housing above 90 sq.m. in Henan Province also increased by approximately 4.3% year-on-year, continuing the growth trend since March 2025. At the same time, leveraging on the rise in per capita annual disposable income and steady urbanization, it is expected that the development of the property management and property engineering services industry in Henan Province would stay positive, as demand for higher quality property management and property engineering services would sustain along with the improving residents' livelihood.

#### **Reasons for the entering into of the 2025 Master Property Management Framework Agreements, the 2025 Master Property Engineering Framework Agreements and the 2025 Master Construction Framework Agreement**

As aforesaid, the Group is principally engaged in the provision of property management and value-added services and property engineering services, and both service segments have been expanding in terms of scale of operation. In line with the strategic review of the Company's business and seeing the opportunity in the property construction industry in the PRC, in 2023, the Group acquired Zheng Zhi Yue in order to expand into the property development business.



As advised by the Directors, Ever Diamond Group and Zensun Enterprises Group engage in property development businesses in the PRC and Zensun Development Group engages in, amongst others, construction and renovation works in the PRC, and the Group, from time to time, will provide property management services and value-added services and property engineering services to them. The Group has been providing such services to Zensun Group for a long time, thereby having established a long mutually benefit working relationship. For the two years ended 31 December 2024 and the nine months ended 30 September 2025, the Group has completed 39 projects for provision of Property Management and Value-added Services and was engaged in 47 Property Engineering Services work. Based on the historical transaction amounts as well as the long working relationship among the parties, the Board is confident that the 2025 Master Property Management Framework Agreements and the 2025 Master Property Engineering Framework Agreements will continue to bring in steady stream of revenue to the Group.

On a separate note, we noted from the information provided from the Company that as at 30 June 2025, the gross amount of trade receivables from related parties (including Zensun Group) in respect of the Property Management and Value-added Services under the 2022 Master Property Management Framework Agreements and the Property Engineering Services under the 2022 Master Property Engineering Framework Agreements amounted to approximately RMB14.1 million and RMB1.6 million, respectively. As at 30 November 2025, the relevant subsequent settlements were approximately RMB3.8 million and RMB0.8 million respectively, representing approximately 27.1% and 46.3% respectively of the said gross amounts as at 30 June 2025. The subsequent settlements from related parties were not worse off than those from Independent Third Parties. From the information we further requested from the Company, we noted that as at 30 November 2025, the subsequent settlements of trade receivables from Independent Third Parties represented approximately 24.1% of the gross amount of trade receivables from them in respect of the Property Management and Value-added Services as at 30 June 2025.

Taking into account the expansion of the Group's principal business in the provision of property management and value-added services and property engineering services and the expected continual demand for Property Management and Value-added Services and Property Engineering Services by Ever Diamond Group, Zensun Development Group and Zensun Enterprises Group (as the case may be), we concur with the Directors that the entering into of the 2025 Master Property Management Framework Agreements and the 2025 Master Property Engineering Framework Agreements is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group.

On the other hand, as mentioned under the sub-section headed “Information on members of Zensun Group” of this letter of advice, Zensun Development Group possesses various required certifications, qualifications and registrations with abundant experience in carrying out construction services in the PRC, and such qualifications and experience enable Zensun Development Group to take up large-scale non-municipal engineering construction projects without restrictions. Accordingly, the Directors consider Zensun Development Group to be a competent candidate to continue to provide the Construction Services for the development of the Property Project.

Taking into account the above, we concur with the Directors that the entering into of the 2025 Master Construction Framework Agreement is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group.

**2. Principal terms of the 2025 Master Property Management Framework Agreements, the 2025 Master Property Engineering Framework Agreements and the 2025 Master Construction Framework Agreement**

**The 2025 Ever Diamond Master Property Management Framework Agreement and the 2025 Zensun Enterprises Master Property Management Framework Agreement**

Principal terms of the 2025 Ever Diamond Master Property Management Framework Agreement and the 2025 Zensun Enterprises Master Property Management Framework Agreement are summarized as follows:

<b>Parties:</b>	Under the 2025 Ever Diamond Master Property Management Framework Agreement:  (1) The Company; and  (2) Ever Diamond.  Under the 2025 Zensun Enterprises Master Property Management Framework Agreement:  (1) The Company; and  (2) Zensun Enterprises.
<b>Term:</b>	Commencing from 1 January 2026 and shall continue up to and including 31 December 2028, unless terminated earlier.



<b>Subject matter:</b>	<p>Pursuant to the 2025 Ever Diamond Master Property Management Framework Agreement and the 2025 Zensun Enterprises Master Property Management Framework Agreement, the Group shall provide the following Property Management and Value-added Services to Ever Diamond Group and Zensun Enterprises Group:</p> <ul style="list-style-type: none"> <li>– property management services which include, amongst others, security, cleaning, greening and gardening, parking space management, repair and maintenance and customer services for (i) common areas of properties under management; (ii) sales offices and show flats; and (iii) exclusive use areas designated by Ever Diamond or Zensun Enterprises (as the case may be); and</li> <li>– value-added services which include repair and maintenance for exclusive use areas, renovation waste clearance, intermediary leasing services, etc.</li> </ul>
<b>Payment terms:</b>	<p>For property management services, fees are generally charged in advance on a semi-annual basis according to the terms under the individual agreements in accordance with the market practice.</p> <p>For value-added services, fees are generally charged on a monthly basis when the related value-added services are rendered according to the terms under the individual agreements in accordance with the market practice.</p>
<b>Pricing policy:</b>	<p>The basis for charging the fees depend on the nature of the Property Management and Value-added Services provided.</p>

For property management services for (i) common areas of properties under management; (ii) greening and gardening services for sales offices and show flats; and (iii) exclusive use areas designated by Ever Diamond or Zensun Enterprises (as the case may be), fees to be charged are based on a unit rate ranging from approximately RMB3.0/month to RMB12.4/month for each sq.m. of GFA being managed by the Group.

For property management services for sales offices and show flats (save for greening and gardening services), fees to be charged are based on a fixed sum per month determined by a mark-up of approximately 8% on cost incurred by the Group in providing the services.

For value-added services, fees to be charged are based on a unit rate or fixed sum determined by a mark-up of a minimum of 8% on cost incurred by the Group in providing the services.

For each property project requiring property management services in common areas, the Group shall receive tender invitations from Ever Diamond Group or Zensun Enterprises Group. For other Property Management and Value-added Services (including property management services to sales offices and show flats and exclusive use areas designated by Ever Diamond Group or Zensun Enterprises Group, and value-added services), the Group shall receive quotations invitations from Ever Diamond Group or Zensun Enterprises Group.

If the Group decides to submit a tender or quotation, the Group shall determine its tender sum or quotation either based on a unit rate or fixed sum as set out above after taking into account (i) the nature and location of the properties; (ii) scope and quality of the service required; (iii) expected operational costs (including staff costs, subcontracting costs, material costs and operational administrative expenses); (iv) the 50% discount for the property management fees the Group usually offers for unsold properties; and (v) potential competitors' pricing. The service fees and terms set out in the tender or quotation shall be no less favourable to the Group than the standard fees to be offered and terms available to Independent Third Parties.

In order to ensure the fees charged by the Group to Ever Diamond Group or Zensun Enterprises Group would be comparable to/no less favourable than the fees charged to other Independent Third Parties, the marketing department of the Group shall review at least two recent contracts entered into by the Group for provision of the Property Management and Value-added Services by the Group to Independent Third Parties to ensure that the prices and terms offered to Ever Diamond Group or Zensun Enterprises Group shall be no less favourable to the Group than that offered to Independent Third Parties.

As confirmed by the Directors, the unit rate of the service fees that the Group charged to Ever Diamond Group and Zensun Enterprises Group was determined in accordance with the standard pricing terms maintained by the Group (the "**Standard Pricing Terms**"), which was equally applicable to all customers; whereas the payment terms for Property Management and Value-added Services were also determined in accordance with market practice. Under the Standard Pricing Terms, for common areas of properties under management and exclusive use areas, the unit rate of service fees would be subject to factors such as the nature and location of the properties and scope and quality of the service required. We consider (i) the Standard Pricing Terms, which are set based on objective factors such as the nature and location of the properties and scope and quality of the services required and are equally applicable to both connected persons and Independent Third Parties; and (ii) the payment terms which were determined in accordance with market practice, to be fair and reasonable.

Additionally, based on our independent research, the results of which to the best of our knowledge are fair and exhaustive, the mark-up of 8% on cost for providing the Property Management and Value-added services adopted by the Group is within the range and higher than the net profit margin of six out of the seven comparable companies. The comparable companies are Main Board listed companies which are principally engaging in similar businesses as the Group, being the provision of property management and related services within the PRC, profit making in 2024 and are of similar market capitalization as the Company (i.e. below HK\$200 million as at 30 September 2025) (Note: the Company's market capitalization was approximately HK\$136 million as at 30 September 2025). The table below sets out our relevant findings:

<b>Company name (stock code)</b>	<b>Approximate market capitalization as at 30 September 2025 (HK\$ million)</b>	<b>Net profit margin in 2024</b>
Xi'an Kingfar Property Services Co., Ltd. (1354)	81	6.42%
Redsun Services Group Limited (1971)	151	1.47%
Roiserv Lifestyle Services Co., Ltd. (2146)	128	5.93%
Suxin Joyful Life Services Co., Ltd. (2152)	154	7.15%
Beijing Capital Jiaye Property Services Co., Limited (2210)	102	4.27%
Lushang Life Services Co., Ltd. (2376)	105	7.41%
Hollwin Urban Operation Service Group Co., Ltd (2529)	112	10.46%

As further advised by the Directors, the Group was required to submit a tender or quotation for provision of Property Management and Value-added Services to Ever Diamond Group or Zensun Enterprises Group. Upon successful winning of the tender, the Group would enter into an individual property management services agreement based on the bidding proposal submitted by the Group. The Company would ensure that the service fees and terms (including the payment terms) set out in its bidding proposal shall be no less favourable to the Group than the standard fees to be offered and terms (including the payment terms) available to Independent Third Parties. For our due diligence purpose, we have reviewed five samples of the relevant tender documents which were selected by us on a random basis and were considered to be sufficient and representative.

In view of the foregoing, we consider that the terms of the 2025 Ever Diamond Master Property Management Framework Agreement and the 2025 Zensun Enterprises Master Property Management Framework Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

### **The 2025 Zensun Development Master Property Management Framework Agreement**

Principal terms of the 2025 Zensun Development Master Property Management Framework Agreement are summarized as follows:

- Parties:**
- (1) The Company; and
  - (2) Zensun Development.
- Term:** Commencing from 1 January 2026 and shall continue up to and including 31 December 2028, unless terminated earlier.
- Subject matter:** Pursuant to the 2025 Zensun Development Master Property Management Framework Agreement, the Group shall provide the following Property Management and Value-added Services to Zensun Development Group:
- property management services which include, amongst others, security, cleaning, greening and gardening, parking space management, repair and maintenance for common areas and customer services; and
  - value-added services which include repair and maintenance for exclusive use areas, renovation waste clearance, intermediary leasing services, etc.
- The Property Management and Value-added Services to Zensun Development Group will usually be provided in the construction site or renovation site where Zensun Development Group undertakes construction or renovation works.
- Payment terms:** For property management services, fees are generally charged in advance on a semi-annual basis according to the terms under the individual agreements in accordance with the market practice.

For value-added services, fees are generally charged on a monthly basis when the related value-added services are rendered according to the terms under the individual agreements in accordance with the market practice.

**Pricing policy:**

The fees to be charged for the Property Management and Value-added Services will usually be a lump-sum fee charged on each construction site or renovation site and such fee will be determined after taking into account:

- (a) the nature and location of the properties;
- (b) the length of service period, scope and quality of the service required;
- (c) the expected operational costs (including staff costs, subcontracting costs, material costs and operational administrative expenses); and
- (d) the potential competitors' pricing.

In order to ensure the fees charged by the Group to Zensun Development Group would be comparable to/no less favourable than the fees charged to other Independent Third Parties, the marketing department of the Group shall review at least two recent contracts entered into by the Group for provision of the Property Management and Value-added Services by the Group to Independent Third Parties in pre-development stages to ensure that the price and terms offered to Zensun Development Group shall be no less favourable to the Group than that offered to Independent Third Parties.

As advised by the Directors, the Company will take into account factors (a) to (d) above to determine the fees to be charged for the Property Management and Value-added Services. We consider those factors to be fair and reasonable taking into account the nature of the Property Management and Value-added Services. Given that the Group shall further review the comparable contracts for provision of the Property Management and Value-added Services to Independent Third Parties to ensure that the price and terms (including payment terms) offered to Zensun Development Group shall be no less favourable, the fairness and reasonableness of fees to be charged to Zensun Development Group is warranted.

In view of the foregoing, we consider that the terms of the 2025 Zensun Development Master Property Management Framework Agreement (including the pricing policy and payment terms) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

#### **The 2025 Master Property Engineering Framework Agreements**

Principal terms of the 2025 Ever Diamond Master Property Engineering Framework Agreement, the 2025 Zensun Development Master Property Engineering Framework Agreement and the 2025 Zensun Enterprises Master Property Engineering Framework Agreement are summarized as follows:

**Parties:** Under the 2025 Ever Diamond Master Property Engineering Framework Agreement:

- (1) The Company; and
- (2) Ever Diamond.

Under the 2025 Zensun Development Master Property Engineering Framework Agreement:

- (1) The Company; and
- (2) Zensun Development.

Under the 2025 Zensun Enterprises Master Property Engineering Framework Agreement:

- (1) The Company; and
- (2) Zensun Enterprises.

**Term:** Commencing from 1 January 2026 and shall continue up to and including 31 December 2028, unless terminated earlier.



**Subject matter:** Pursuant to the 2025 Master Property Engineering Framework Agreements, the Group shall provide the following Property Engineering Services to Ever Diamond Group, Zensun Development Group and Zensun Enterprises Group:

- procurement, planning, design, installation, commissioning and testing of equipment and materials for the perimeter prevention system, surveillance system, visual intercom system, electronic patrol system, background music system, vehicle management system, pedestrian management system, construction site management system, wireless wifi system, LED display, and its intelligent basic network system, etc.;
- submission of all technical documents required for equipment and material inspection, testing, operation, maintenance, training and other requirements for each system; and
- warranty services during the warranty period.

**Payment terms:** Payment is generally due upon achieving certain milestones or successful completion of the service plans under the individual agreements for the Property Engineering Services in accordance with the market practice.

In relation to the provision of Property Engineering Services, the Group generally offers a credit period within 30 days.

**Pricing policy:** The fees to be charged for the Property Engineering Services will usually be based on a unit rate or fixed lump-sum fee and such fee will be determined after taking into account:

- (a) the complexity and the scope of service required;
- (b) the materials to be used in the systems to be installed and the quality required;

- (c) the expected operational costs (including staff costs and material costs); and
- (d) the competitors' pricing.

In order to ensure the fees charged by the Group to Zensun Group would be comparable to/no less favourable than the fees charged to other Independent Third Parties, the Group shall conduct market research and make reference to the price of successful tenders of Zensun Group to understand at least two potential competitors' pricing and the fees charged by the Group to Zensun Group shall not be less favourable to the Group than the fees charged by Independent Third Parties.

We understand from the Directors that the service fees for the Property Engineering Services were fixed with reference to relevant price information collected through market research, after taking to account the complexity and the scope of service required by the customers. Normally, the service fees were a fixed sum per month determined by a margin on costs for providing the Property Engineering Services. Based on the information provided by the Company, the net profit margins of the individual property engineering agreements entered into between the Group and Zensun Group were around 8% to 10% which was favourable to the Company based on the peers' profit margin comparison as discussed in Section 2. above.

For our due diligence purpose, we have requested the Company to provide us with 15 samples of individual property engineering agreements entered into between the Group (as service provider) and members of Zensun Group. From the sample agreements provided, we noted that their salient terms include:

<b>Responsibilities</b>	The Group was typically responsible for providing services in accordance with the scope and standards prescribed in the relevant agreement and in compliance with all applicable laws and regulations.
<b>Payment terms</b>	Payment was generally due upon achieving certain milestones or successful completion of property engineering services.
<b>Warranty</b>	The Group was required to provide further warranty period after the date of delivery of service.
<b>Rights and obligations of property developers</b>	Property developers were responsible for paying the service fees. They were also responsible for assisting in the property engineering process in their best endeavors and monitoring and inspecting the progress and quality of the services.

<b>Termination</b>	If the Group failed to provide the services in accordance with the scope and standards prescribed in the relevant agreement, the Group was required to take necessary rectification measures within the period required by the property developers. In the event that the Group failed to do so, property developers had the right to terminate the agreement.
<b>Dispute resolution</b>	Parties were typically required to resolve any contractual disputes through negotiations or mediation first, failing which the dispute was to be resolved through court proceedings.

We are of the opinion that the salient terms above on normal commercial terms.

In view of the foregoing, we consider that the terms of the 2025 Master Property Engineering Framework Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

#### **The 2025 Master Construction Framework Agreement**

Principal terms of the 2025 Master Construction Framework Agreement are summarized as follows:

<b>Parties:</b>	<p>(1) The Company; and</p> <p>(2) Zensun Development.</p>
<b>Term:</b>	Commencing from 1 January 2026 and shall continue up to and including 31 December 2028, unless terminated earlier.
<b>Subject matter:</b>	Pursuant to the 2025 Master Construction Framework Agreement, the Group shall conditionally appoint Zensun Development Group as its service provider to provide Construction Services to the Group during the term of the 2025 Master Construction Framework Agreement. Relevant members of the Group may from time to time enter into individual agreement(s) with relevant members of Zensun Development Group in relation to the provision of Construction Services during the term. The individual agreement(s) shall be on the basis of the service plans prepared by the Group and confirmed by both the Group and Zensun Development Group and the terms of the individual agreement(s) shall be subject to the terms and conditions of the 2025 Master Construction Framework Agreement.

**Services to be provided:**

Pursuant to the 2025 Master Construction Framework Agreement, Zensun Development Group shall provide Construction Services to the Group which shall be construction, engineering and related services, including but not limited to, building and general construction, civil engineering, building exterior and interior design, building repair, renovation, maintenance, consultancy and other services, demolition, piling and foundation, building and property fitting out and decoration work, construction and project management, supply of construction and building equipment and materials, electrical and mechanical engineering works, supply and installations of air-conditioning, heating and ventilation systems, fire services systems, plumbing and drainage systems, lift repair and maintenance services and electrical systems.

**Payment terms:**

Payment is generally made based on project progress with reference to the completion schedule of the service plans under the individual agreements for the Construction Services in accordance with the market practice.

**Pricing policy**

For contracts in relation to procurement of Construction Services with contract sum of RMB2 million or above, the Group shall issue tender invitations to at least three construction contractors on the list of authorized contractors (including Independent Third Parties and Zensun Development Group) (the “**Authorized Contractors List**”) maintained by the Group with the required qualifications and capability to undertake construction projects as well as good reputation and credibility.

For contracts in relation to procurement of Construction Services with contract sum of less than RMB2 million, the Group shall obtain quotations from at least three construction contractors with the required qualifications and capability as well as good reputation and credibility.

Upon our further enquiry with the Directors, we understand that the Assessment Committee will assess the tenders or quotations submitted in respect of the Construction Services with the following principal assessment criteria (the “**Criteria**”):

- (i) the pricing of the tender or quotation (in particular, in respect of a quotation or tender submitted by Zensun Development Group, the service fees and terms shall be no less favourable to the Group than the fees quoted by and terms available from Independent Third Parties);

- (ii) the technical specifications of the tender including construction planning, technical skills, quality and construction schedule; and
- (iii) the evaluation of the service provider considering the background and qualification, industry reputation, track record and previous work experience with the Group (if any).

In the event that the Company fails to receive enough bids or quotations at its satisfaction, the Company may reassess the scope of services required or revisit the design requirements and relaunch the tender or seek revised quotations.

Bidders assessed with the highest score based on the above Criteria will be awarded the individual agreement(s) for the Construction Services. If a member of Zensun Development Group is considered by the Assessment Committee to have achieved the highest score based on the Criteria, an individual agreement will be entered into, where the fees for the Construction Services will be the pricing bid or quotation placed by relevant member of Zensun Development Group.

In relation to the aforesaid pricing and procurement process, we have (i) requested the Company to provide us with copies of the relevant internal control policy of the Group and the Authorized Contractors List; and (ii) discussed with the Directors regarding the implementation of the entire process. Based on the documents we obtained and our discussion with the Directors, we understand that there are four qualified and competent construction contractors on the Authorized Contractors List from which the Group can select to issue tender invitations for contracts in relation to procurement of Construction Services with contract sum of RMB2 million or more. Such number of qualified and competent construction contractors is sufficient to fulfil the tender invitations requirement. As for contracts with contract sum of less than RMB2 million, the Group shall obtain quotations from at least three construction contractors with the required qualifications and capability as well as good reputation and credibility. The Group has set up the Assessment Committee, whose members shall consist of Mr. Qiu Ming, the Chief Executive Officer and Chairman of the Board, Mr. Liu Zhenqiang, a non-executive Director, Mr. Feng Zhidong, an independent non-executive Director, Mr. Yang Xiaohui, the vice president of the Group, and other responsible management officers of the Group, to assess the tenders or quotations submitted in respect of the Construction Services based on the standard objective Criteria as highlighted above. Having considered that (i) suitable independent contractors will be invited to compete with Zensun Development Group as service provider for the Construction Services; (ii) the Assessment Committee, comprising senior executives/ officers of the Group, shall oversee the entire appraisal and scoring process; and (iii) the assessment Criteria are objective and appropriate, we consider that the pricing and procurement process under the 2025 Master Construction Framework Agreement is fair and reasonable.

In light of the above, we are of the opinion that the terms of the 2025 Master Construction Framework Agreement (including the payment terms and pricing policy) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

### 3. The annual caps

#### The Property Management Annual Caps

The following table illustrates (i) the historical transaction amounts for the Property Management and Value-added Services provided by the Group to each of Ever Diamond Group, Zensun Enterprises Group and Zensun Development Group; and (ii) the proposed annual caps for the three years ending 31 December 2028 under the 2025 Master Property Management Framework Agreements (the “Property Management Annual Caps”):

	The historical transaction amounts		
	2023	2024	For the nine months ended 30 September 2025
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Ever Diamond Group	10.8	10.1	6.2
Zensun Enterprises Group	17.3	19.7	6.9
Zensun Development Group	2.1	3.4	2.8

  

	The Property Management Annual Caps		
	2026	2027	2028
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Ever Diamond Group	5.9	5.9	5.9
Zensun Enterprises Group	8.3	8.6	8.8
Zensun Development Group	5.0	5.6	6.3

As advised by the Directors, when determining the Property Management Annual Caps, they have taken into account (i) the historical transaction amounts; (ii) the properties to be delivered by Zensun Group based on their current development schedule and plans for 2026 to 2028; and (iii) the percentage of historical and expected unsold GFA for properties delivered or to be delivered by Zensun Group which require the Property Management and Value-added Services.

For our due diligence purpose, we have requested and obtained the schedule of the properties to be delivered by Zensun Group for 2026 to 2028 which require the Property Management and Value-added Services, with detailed information regarding the expected delivery date and sales timetable of each of those properties. We have also requested and obtained the list of other pipeline properties which are on schedule to be developed by Zensun Group, with detailed information regarding the expected GFA to be delivered, the roll-out plan and expected proportion of unsold properties of those pipeline properties. Among those projects as listed out for calculations of the Property Management Annual Caps, we have randomly selected and reviewed 25 of them to check as if the contract values and expected term of services as stated in the Property Management Annual Caps' calculations match with the corresponding agreement terms. We consider the samples we selected to be fair, representative and sufficient for checking purpose.

After reviewing the aforesaid documents and calculations, it is noted that the Property Management Annual Caps were reasonably estimated based on the projects need of Zensun Group.

Furthermore, we noted that the Property Management Annual Caps (except for the proposed annual caps under the 2025 Zensun Development Master Property Management Framework Agreement which are relatively small-scale and comparable to the actual transaction amount for 2024) are significantly lower than their respective actual transaction amounts for 2024. Upon our enquiry, the Directors advised us that amidst the overall downturn of the PRC's real estate market, the Henan Province's real estate market has also shrunk in recent years. As a result, the number and scale of planned property development projects to be undertaken by Zensun Group reduced and therefore it is expected that there would be a corresponding reduction in its demand for Property Management and Value-added Services from the Group. Based on our research results as revealed under the sub-section headed "Overview of the real estate market of Henan Province" of this letter of advice, the total real estate development investment of Henan Province was down by approximately 7.5% as compared to 2023. The annual housing construction area was down by approximately 11.1% as compared to 2023. The new construction area was down by approximately 17.9% as compared to 2023. Accordingly, we could see that the possible extraction in business operation scale of Zensun Group is in alignment with the real estate market recession and the estimation of the Property Management Annual Caps is fair and reasonable to reflect such market recession.

In light of all the above, we are of the opinion that the Property Management Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.



## The Property Engineering Annual Caps

The following table illustrates (i) the historical transaction amounts for the Property Engineering Services provided by the Group to each of Ever Diamond Group, Zensun Development Group and Zensun Enterprises Group; and (ii) the proposed annual caps for the three years ending 31 December 2028 under the 2025 Master Property Engineering Framework Agreements (the “**Property Engineering Annual Caps**”):

	The historical transaction amounts		
			For the nine months ended
	2023	2024	30 September
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Ever Diamond Group	1.8	0.9	4.9
Zensun Development Group	11.4	5.6	2.8
Zensun Enterprises Group	26.3	13.3	8.7
	The Property Engineering Annual Caps		
	2026	2027	2028
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Ever Diamond Group	6.4	6.2	5.7
Zensun Development Group	5.1	5.4	5.6
Zensun Enterprises Group	11.8	11.7	11.6

As advised by the Directors, when determining the Property Engineering Annual Caps, they have taken into account: (i) the historical transaction amounts; (ii) the number of projects for which the Group had been engaged by Zensun Group to provide Property Engineering Services; and (iii) the number of property projects under development and planning by Zensun Group requiring Property Engineering Services based on their current development schedule and plans for 2026 to 2028.

For our due diligence purpose, we have requested and obtained the schedule of the projects under development of Zensun Group which require the Property Engineering Services, with detailed information regarding the expected working timetable and completion date of each of those properties. We have also requested and obtained the list of other pipeline projects which are on schedule to be developed by Zensun Group, with detailed information regarding the expected GFA to be constructed, the roll-out and expected development plan of those pipeline properties. Among those projects as listed out for calculations of the Property Engineering Annual Caps, we have randomly selected and reviewed 18 of them to check as if the contract values and expected term of services as stated in the Property Engineering Annual Caps' calculations match with the corresponding agreement terms. We consider the samples we selected to be fair, representative and sufficient for checking purpose.

After reviewing the aforesaid documents and calculations, it is noted that the Property Engineering Annual Caps were reasonably estimated based on the projects need of Zensun Group.

Furthermore, we noted that the Property Engineering Annual Caps (except for the proposed annual caps under the 2025 Ever Diamond Master Property Engineering Framework Agreement) are largely comparable to their respective actual transaction amounts for 2024. As regards the proposed annual caps under the 2025 Ever Diamond Master Property Engineering Framework Agreement, they are largely comparable to the annualized transaction amount for 2025 and there has been an extensive rise in the annualized transaction amount for 2025 as compared to the actual transaction amount for 2024. We have thus enquired into the Directors as to why Ever Diamond has required more Property Engineering Services from the Group in 2025 and why would the trend continue in the coming years. As advised by the Directors, the increase in demand for Property Engineering Services from Ever Diamond was mainly due to the addition of charging pile business which is expected to continue in the coming years.

In light of all the above, we are of the opinion that the Property Engineering Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

## The Construction Annual Caps

The following table illustrates (i) the historical transaction amounts for the Construction Services provided by Zensun Development Group to the Group; and (ii) the proposed annual caps for the three years ending 31 December 2028 under the 2025 Master Construction Framework Agreement (the “**Construction Annual Caps**”):

	From 26 December 2023 (being the effective date of the Master Construction Framework Agreement) up to 31 December 2023 <i>RMB million</i>	2024 <i>RMB million</i>	For the nine months ended 30 September 2025 <i>RMB million</i>
<b>The historical transaction amounts</b>	Nil	27.2	2.8
	2026 <i>RMB million</i>	2027 <i>RMB million</i>	2028 <i>RMB million</i>
<b>The Construction Annual Caps</b>	255	70	10

As aforementioned, in view of the expertise, qualification and reputation of Zensun Development Group in property development and construction, the Directors consider it to be a competent candidate to continue to provide the Construction Services for the development of the Property Project. With this being the case, the Construction Annual Caps were mainly determined with reference to the current development plan and schedule of the Property Project, as well as the total contract sum in relation to the existing projects that have been awarded to Zensun Development Group by the Group under a general construction contract entered into between both parties. In this relation, we have requested and obtained from the Company the said development plan and construction schedule of the Property Project, together with a copy of the said general construction contract. We have further discussed with the Directors regarding the construction progress and scale, and breakdown of the contract fee. Upon our enquiry, we understand that there has been a delay in the construction schedule of the Property Project in 2025 and at present, the Property Project has completed site preparation, levelling and foundation work, and is expected to undergo the major rough framing and exterior construction work, the chief mechanical, electrical and plumbing, and other interior

fixtures work in 2026. Should the construction work be carried out as planned, it is expected that the entire development of the Property Project will be completed by the end of 2026. Accordingly, the Construction Annual Cap for 2026 represents the contract fee payable to Zensun Development Group for the Construction Services required in 2026, when the key construction work is to be carried out. Whereas the Construction Annual Caps for 2027 and 2028 are mainly to cater for the service fees payable to Zensun Development Group for certain ongoing maintenance and aftercare services which may be required from time to time after the main construction of the Property Project is completed.

In view of the above basis of determination of the Construction Annual Caps, we are of the view that the Construction Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

#### **4. Internal control and compliance with the Listing Rules**

As referred to in the Letter from the Board, the Group has formulated a series of internal control measures to supervise the continuing connected transactions contemplated under the 2025 Master Property Management Framework Agreements, the 2025 Master Property Engineering Framework Agreements and the 2025 Master Construction Framework Agreement. We noted that the Group's internal control measures involve the checking by the marketing department of the Company that shall keep the Group abreast of market trend, and supervision by the chief financial officer of the Company who is familiar with the finance and business operations of the Group.

Furthermore, the Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 and 14A.55 of the Listing Rules pursuant to which (i) the amounts of the continuing connected transactions must be restricted by their respective annual caps for the years concerned under the 2025 Master Property Management Framework Agreements, the 2025 Master Property Engineering Framework Agreements and the 2025 Master Construction Framework Agreement; (ii) the terms of the 2025 Master Property Management Framework Agreements, the 2025 Master Property Engineering Framework Agreements and the 2025 Master Construction Framework Agreement (together with their respective annual caps) must be reviewed by the independent non-executive Directors annually; and (iii) details of independent non-executive Directors' annual review on the terms of the 2025 Master Property Management Framework Agreements, the 2025 Master Property Engineering Framework Agreements and the 2025 Master Construction Framework Agreement (together with their respective annual caps) must be included in the Company's subsequent published annual reports and financial accounts. Moreover, as stipulated under Rule 14A.56 of the Listing Rules, auditors of the Company must provide a letter to the Board confirming, among other things, that the continuing connected transactions are carried out in accordance with the pricing policies of the Company, and the annual caps are not being exceeded. In the event that the total amounts of the continuing connected transactions exceed their respective annual caps, or that there is any material amendment to the terms of the 2025 Master Property Management Framework Agreements, the 2025 Master Property Engineering Framework Agreements and the 2025 Master Construction Framework Agreement, the Company, as confirmed by the Directors, shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

With the internal control measures of the Group as well as the aforesaid stipulated requirements for continuing connected transactions of the Listing Rules in place, the continuing connected transactions will be monitored and thus the interest of the Independent Shareholders would be safeguarded.

## RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the 2025 Master Property Management Framework Agreements, the 2025 Master Property Engineering Framework Agreements and the 2025 Master Construction Framework Agreement (including their respective annual caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) the entering into of the 2025 Master Property Management Framework Agreements, the 2025 Master Property Engineering Framework Agreements and the 2025 Master Construction Framework Agreement is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the 2025 Master Property Management Framework Agreements, the 2025 Master Property Engineering Framework Agreements and the 2025 Master Construction Framework Agreement, and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,  
For and on behalf of  
**VBG Capital Limited**

A handwritten signature in black ink that reads "SingRL". The letters are stylized and cursive.

**Doris Sing**  
*Managing Director*

*Ms. Doris Sing is a licensed person and responsible officer of VBG Capital Limited registered with the Securities and Futures Commission to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has over 20 years of experience in corporate finance industry.*