FIRST

Room 1706–07, 17/F
China Insurance Group Building
141 Des Voeux Road Central
Central, Hong Kong

8 December 2025

To: The Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE, MAJOR AND CONTINUING CONNECTED TRANSACTIONS: RENEWAL OF: (1) 2026 LEASING FRAMEWORK AGREEMENT; (2) 2026 PROPERTY MANAGEMENT SERVICES FRAMEWORK AGREEMENT; AND (3) 2026 DEPOSIT 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 relation to the (i) 2026 Leasing Framework Agreement; (ii) 2026 Property Management Services Framework Agreement; and (iii) 2026 Deposit Service Framework Agreement (collectively referred to as the "**Renewal of Connected Transactions Framework Agreements**") and the related caps, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 8 December 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.

As at the Latest Practicable Date, Financial Street Group was interested in an aggregate of 34.35% of the total issued share capital of the Company, hence Financial Street Group is a controlling shareholder and thus a connected person of the Company. FS Finance is a wholly-owned subsidiary of Financial Street Group, and is therefore a connected person of the Company. Accordingly, the transactions contemplated under the 2026 Leasing Framework Agreement, the 2026 Property Management Services Framework Agreement and the 2026 Deposit Service Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of: (i) the Lease Annual Caps (for both rights-of- use assets and other payments); (ii) the Property Management Services Annual Caps and (iii) the Deposit Service Annual Caps exceed 5%, the transactions contemplated under the 2026 Leasing Framework Agreement, the 2026 Property Management Services Framework Agreement and the 2026 Deposit Service Framework Agreement constitute continuing connected transactions of the Company which are subject to announcement, reporting, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of Lease Annual Caps (for both right of use assets and other payments) exceed 5% but less than 25%, the transactions contemplated under the 2026 Leasing Framework Agreement also constitute discloseable transactions of the Company which are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratio in respect of Deposit Service Annual Caps exceed 25%, the transactions contemplated under the 2026 Deposit Service Framework Agreement also constitute major transactions of the Company which are subject to announcement, reporting and shareholders' approval requirements under Chapter 14 of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all independent non-executive Directors, has been established to consider and advise the Independent Shareholders regarding the Renewal of Connected Transactions Framework Agreements and the transactions contemplated thereunder. The Independent Board Committee will assess whether the terms are fair and reasonable and whether the related annual caps are fair and reasonable, all in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the Independent Financial Adviser..

We, First Global Corporate Finance Co., Limited (**"First Global"**), have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. First Global is a licensed corporation licensed under the Securities and Futures Ordinance ("**SFO**") to carry out Type 6 (advising on corporate finance) regulated activity. Mr. Jason Wong (**"Mr. Wong"**) is the person signing off the opinion letter from First Global contained in the Circular. Mr. Wong has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2022. Mr. Wong has participated in and completed various independent financial advisory transactions in Hong Kong.

OUR INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, save for this engagement of us as the Independent Financial Adviser, no other relationship has been formed and no direct engagement has been performed between the Group, the other party(ies) to the Renewal of Connected Transactions Framework Agreements, or a close associate or core connected person of any of them and us. As at the Latest Practicable Date, we did not have any relationship with, or interest in, the Group, the other party(ies) to the Renewal of Connected Transactions Framework Agreements, or a close associate or core connected person of any of them and us, or other parties that could reasonably be regarded as relevant to our independence. Apart from the normal advisory fee payable to us in connection with our engagement as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company and its subsidiaries or their respective substantial shareholders or any party acting in concert, or presumed to be acting in concert, with any of them. Accordingly, we considered that we are independent to act as the Independent Financial Adviser in respect of the Renewal of Connected Transactions Framework Agreements pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion and advice to the Independent Board Committee and the Independent Shareholders, we have relied on the information and facts supplied, opinions expressed, statements and representations made to us by the management of the Group (the "**Management**") (including but not limited to those contained or referred to in the Circular).. We have assumed that all statements, information and representations made or referred to in the Circular and all information and representations which have been provided by the Company and the Management, for which they are solely and wholly responsible, were true, accurate and complete at the time they were made and continue to be true as at the Latest Practicable Date.

We have reviewed the documents including but not limited to; (i) 2026 Leasing Framework Agreement; (ii) 2026 Property Management Services Framework Agreement; and (iii) 2026 Deposit Service Framework Agreement; (iv) the Leasing Framework Agreement; (v) the Property Management Services Framework Agreement; (vi) the Deposit Service Framework Agreement; (vii) the contract list setting out the information of leasing contracts entered into between the Group and its landlords for the six months ended 30 June 2025; (viii) the full contract list setting out the information of property management services contracts entered into between the Group and its customers for the financial year 2023, 2024 and for the six months ended 30 June 2025; (ix) summary of property management services project list for financial year 2026 to 2028; (x) the existing list of deposits setting out the information of all the deposit status within the financial year 2025 between the Group and FS Finance; and the Group and independent commercial banks; (xi) the historical transaction amounts under the Leasing Framework Agreement, the Property Management Framework Agreement and the Deposit Service Framework Agreement; (xii) the internal control policy for continuing connected transactions of the Group; (xiii) 2025 interim report published on 19 August 2025 by Financial Street Holdings; (xiv) the 2025 Company interim report; and (xv) this Circular.

We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. The Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM.

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 that, to the best of their knowledge and belief, there are no omission of other facts that would make any statements in 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. 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 no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any omission of any material facts that would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and/or the Management.

This letter is issued to the Independent Board Committee and the Independent Shareholders, solely in connection for their consideration of the Renewal of Connected Transactions Framework Agreements and the related annual caps, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing the Renewal of Connected Transactions Framework Agreements and the related annual caps and in giving our recommendations to the Independent Board Committee and the Independent Shareholders, we have taken into consideration of the following principal factors and reasons.

1. Information on the Company and the Group background information of the parties to the Renewal of Connected Transactions Framework Agreements

(i) Information on the Group

The Company is a joint stock company established under the laws of the PRC with limited liability, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange. As one of the leading comprehensive property management service providers for commercial and business properties in China, the Group focuses on mid- to high-end property management services.

(ii) Information on Financial Street Group

Financial Street Group and its subsidiaries mainly operate in real estate development, property operation and management, finance, education, medical health, cultural tourism, etc. The head office of Financial Street Group is located in Beijing, and its operating properties include office buildings, hotels, apartments, commercial properties, residential properties and parking lots, etc..

(iii) Information on FS Finance

FS Finance, a company incorporated in the PRC with limited liability on 30 June 2015, is a wholly-owned subsidiary of Financial Street Group. FS Finance is a non-bank financial institution (非銀行金融機構) which provides Deposit Services to Financial Street Group and its subsidiaries. FS Finance is subject to a number of regulatory requirements and guidelines issued by regulatory authorities in the PRC.

As at the Latest Practicable Date, Financial Street Group was interested in an aggregate of 34.35% of the total issued share capital of the Company, hence Financial Street Group is a controlling shareholder and thus a connected person of the Company. FS Finance is a wholly-owned subsidiary of Financial Street Group, and is therefore a connected person of the Company. Accordingly, the transactions contemplated under the Renewal of Connected Transactions Framework Agreements will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

2. Reasons for and benefits of the Renewal of Connected Transactions Framework Agreements

(i) In relation to the 2026 Leasing Framework Agreement

In view of the long term relationship with Financial Street Group for the provision of office and business premises, the entering into the 2026 Leasing Framework Agreement can reduce the Company's search cost of suitable premise, avoid incurrence of relocation cost and so to ensure the stability of the working environment of the Group. Further, the renting of premises from Financial Street Group can fulfill the business development needs of the Group, which enables the Group to further expand its business scale and development and the revenue generated from the value-added services (including but not limited to the asset operation services and catering business services). The Group will retain certain properties and car parks leased from Financial Street Group for operational purposes, including offices, company restaurants, retail stores, and asset operations. The remaining properties and carparks will be leased out to third parties tenants. We concur with the Board that the 2026 Leasing Framework Agreement and the transaction contemplated are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(ii) In relation to the 2026 Property Management Services Framework Agreement

The Board is of the view that the entering of the 2026 Property Management Services Framework Agreement is crucial to the business development and is beneficial to the Company as the Company may secure a stable source of revenue after considering that (i) the Company, as a subsidiary of Financial Street Group, has developed synergistically and maintained a long-term and stable relationship with Financial Street Group and its associates in real estate, investment, finance, education and medical health segments; and (ii) the steady development of each business segment of Financial Street Group will bring new business opportunities of the property management services provided by the Group, which is an important component of the Group's revenue from property management services. We concur with the Board that the 2026 Property Management Services Framework Agreement and the transaction contemplated are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(iii) In relation to the 2026 Deposit Service Framework Agreement

FS Finance has been providing the Deposit Services to the Group prior to the listing of the H Shares of the Company on the Stock Exchange, and has developed a solid understanding of the business operation and cash management model of the Group, and is capable of providing the Group with Deposit Services in a stable, suitable, efficient, convenient, and flexible manner. In addition, depositing funds with FS Finance is consistent with the Group's relevant requirements on treasury centralisation and overall management.

Moreover, the interest rate in respect of the Deposit Services provided by FS Finance to the Group will be equal to or higher than the average interest rate offered by independent major PRC state-owned commercial banks for comparable deposits of the same type and term.

The Board cannot control or predict interest rates that will be offered by commercial banks in the future. In the event interest rates offered by commercial banks become unattractive, or if the gap between the interest rates offered by commercial banks and that of FS Finance becomes significant, the Group must be afforded the option to choose the most beneficial interest rates, including depositing a sizable portion of its cash with FS Finance if indeed that is the best option. We concur with the Board that the 2026 Deposit Service Framework Agreement and the transaction contemplated are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

A. 2026 Leasing Framework Agreement

i) Principal terms of the 2026 Leasing Framework Agreement

The principal terms of the 2026 Leasing Framework Agreement are set out below:

Date:	1 December 2025 (after trading hour)
Parties:	(i) the Company; and (ii) Financial Street Group
Term:	1 January 2026 to 31 December 2028
Subject matter:	Pursuant to the 2026 Leasing Framework Agreement, the Company will lease the real property (currently consisting of office properties, operating properties and carparks) held or operated by Financial Street Group and its associates. The Company will lease (i) the office properties as, amongst others, the Company's office and warehouse; (ii) the operating properties for operation of catering, retail and other businesses of the Company; and (iii) carparks for subleases to third parties. The related subsidiaries and associates of both parties shall enter into separate leasing agreements, and such agreements shall contain specific terms and conditions. Under the same condition, the terms of these leasing agreement, shall be equivalent to the terms offered by Financial Street Group to other independent third parties. If the terms of these leasing agreements contravene with the terms of the 2026 Leasing Framework Agreement, the terms of the 2026 Leasing Framework Agreement shall prevail.
Pricing policy:	The rent payable by the Group pursuant to the 2026 Leasing Framework Agreement shall be determined after arm's length negotiations taking into account the prevailing market rentals of properties of similar nature located in similar areas with reference to the rent payable by the Independent Third Parties to Financial Street Group.

In order to ensure that the rent payable by the Group are in line with the pricing policy and are fair and reasonable, the business department of the Group will be responsible for liaising the commercial terms, etc. of the leasing agreements with Financial Street Group. Furthermore, it will assess the necessity and fairness of the leasing agreement to be entered into with Financial Street Group. In assessing the fairness of the leasing agreement, the business department of the Group will take into account not less than three rental payment reference quotations (the "**Reference Prices**") obtained, subject to the availability, from either: (i) the rental information readily available in the market from websites of property agents; (ii) market research and analysis conducted by the Company or professionals engaged by the Company in respect of rent, location, current condition, lease term, environment, supporting facilities and services of the property; or (iii) the prevailing market rents of leasing agreements previously entered into between the Group and other third parties of properties of similar nature and quality located in similar areas. The business department of the Group will ensure the rent payable by the Group will not be higher than the average of the Reference Prices obtained by the Company. The Group will not enter into the leasing agreement with Financial Street Group if the business department is of the view that such leasing agreement is not in line with the pricing policy and is not fair and reasonable.

Conditions precedent: The terms of the 2026 Leasing Framework Agreement are subject to the Company having obtained any approval or notice as required by the Listing Rules or other applicable laws (including without limitation the approval of the Independent Shareholders at the EGM).

ii) Assessment on the principal terms of the 2026 Leasing Framework Agreement

We were advised that the related subsidiaries and associates of both parties shall enter into separate leasing agreements, and such agreements shall contain specific terms and conditions. Under the same condition, the terms of these leasing agreement, shall be equivalent to the terms offered by Financial Street Group to other independent third parties. If the terms of these leasing agreements contravene with the terms of the 2026 Leasing Framework Agreement, the terms of the 2026 Leasing Framework Agreement shall prevail. In order to further assess the fairness and reasonableness of the terms of the 2026 Leasing Framework Agreement, we have obtained the 2026 Leasing Framework Agreement, the Leasing Framework Agreement and the contract list setting out the information of leasing contracts entered into between the Group and the Financial Street Group, as well as those between the Group and its independent third-party landlords (the "**Independent Landlords**") for the two years ended 31 December 2023 and 2024, and for the six months ended 30 June 2025 (the "**Leasing Contract List**"). We have selected and reviewed 10 existing contracts, consisting of 5 contracts between the Group and the Financial Street Group and 5 contracts between the Group and the Independent Landlords for the two financial years ended 31 December 2023 and 2024, and for the six months ended 30 June 2025 with reference to the Leasing Contract List. The samples selected covering different regions, property types, and lease terms. The samples chosen ensured diversity in geographical distribution, property type, with significant contract value of present value ranged from approximately RMB10.2 million to RMB20.6 million. We noted that the major contract terms of the existing contracts, which is expected to be renewed during the financial year 2026–2028 with existing terms unchanged, including but not limited to the rental levels, payment terms, and other key commercial conditions regarding the repairment responsibility, lease renewal priority and rental deposit amount between leases with the Financial Street Group and those with independent third-party landlords, and that these terms were comparable.

The sample contracts were selected with services terms which fall into the following criteria: (i) property types covering commercial and business properties and non-commercial properties including but not limited to the car parking spaces, commercial buildings, and facilities for various services such as catering and property management offices, etc., which covered all types of properties managed by and to be leased from the Financial Street Group; and (ii) the comparable contracts of the Independent Landlords are with comparable properties scales and locations of properties being provided by the Group (the "**Leasing Comparable Contracts**"). By comparing the terms of the contracts of Financial Street Group against the terms of the Leasing Comparable Contracts, we noted that the respective proposed rental fees for each of the (i) commercial and business properties and (ii) non-commercial properties charged by the Financial Street Group and its associates to the Group and the Independent Landlords are consistent with each other.

We have also enquired the Management and understand that the proposed rental agreed under the 2026 Leasing Framework Agreement was determined by making reference to the relevant market prevailing price by taking into account of factors including the class of the properties and the geographic location of the property, etc.. Besides, we have also compared the proposed rental fee of the rental properties of the Financial Street Group with the current market rental fee in the comparable location by conducting researches at the websites of several major PRC property information websites, including but not limited to: Lianjia (www.lianjia.com), Beike (www.ke.com), Anjuke (www.anjuke.com), and Fang.com (www.fang.com), among other well-known property information platforms. We noted that the Company has complied with the pricing policy, ensuring that the respective property rental fees charged by the Financial Street Group are comparable to the Reference Prices and were not higher than the average of the Reference Prices for the same type of property.

Having considered that the payment terms and arrangement with the Financial Street Group including but not limited to the annually or semi-annually payment cycle, the specific due date (For example, within 10 days after the start of the relevant year or issue of invoice.) and the late payment penalty percentage (0.05% per day after the due date) and calculations and the pricing agreed of the existing contracts, which will be renewed with the existing terms unchanged during the financial year 2026 to 2028, were determined by making reference to the relevant market prevailing price are comparable to those of the Independent Third Parties, it is considered that the terms of the existing contracts, which will be renewed with the existing terms unchanged during the financial year 2026 to 2028, and will form parts of the contracts under the 2026 Leasing Framework Agreement, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

iii) The Lease Annual Cap

Historical transaction amounts

The following table sets out the existing annual caps and the historical transaction amounts for the lease of properties payable by the Group to Financial Street Group and its associates:

	For the year ended 31 December		
	2023	**2024**	**2025**
	(RMB million)	*(RMB million)*	*(RMB million)*
Existing annual caps			
Right-of-use assets (for those lease of which the lease term exceeds one year)	69.7	86.7	100.7
Other payments (including rent for those leases of which the lease term is no more than one year)	22.0	34.0	49.7

	For the year ended 31 December		For the six months ended 30 June
	2023	**2024**	**2025**
	(RMB million)	*(RMB million)*	*(RMB million)*
Historical transaction amounts			
Right-of-use assets (for those lease of which the lease term exceeds one year)	12.77	32.11	3.91[1]
% to existing annual caps	18.32%	37.04%	3.88%
Other payments (including rent for those leases of which the lease term is no more than one year)	4.16	4.59	1.40[1]
% to existing annual caps	18.91%	13.50%	2.82%

Notes:

1. The figures represents the right-of-use assets and rental expenses for the six months ended 30 June 2025 based on the Company's management accounts and was an estimation only.

Proposed lease annual cap and basis of determination

The following table sets out the Lease Annual Cap for the three years ending 31 December 2028 under the 2026 Leasing Framework Agreement:

	For the year ending 31 December		
	2026	**2027**	**2028**
	(RMB million)	*(RMB million)*	*(RMB million)*
Right-of-use assets (for those lease of which the lease term exceeds one year)	70.68	80.55	89.95
Other payments (including rent for those leases of which the lease term is no more than one year)	14.40	14.54	16.23

Note:

Different accounting treatments apply to different components of payments by the Group under the Leasing Framework Agreement and the 2026 Leasing Framework Agreement ("**these Leasing Framework Agreements**") in accordance with the HKFRSs applicable to the Group.

Under HKFRS 16, the Group as the lessee shall recognise leases for a term of more than one year as right-of-use assets and lease liabilities. The right-of-use assets represent its rights to use the underlying leased asset over the lease term and the lease liabilities represent its obligations to make lease payments (i.e. the rental payment). The assets and the liabilities arising from the lease are initially measured on present value basis and calculated by discounting the non-cancellable lease payments under these Leasing Framework Agreements, using the incremental borrowing rate as the discount rate. Under HKFRS 16 and in the consolidated statement of comprehensive income of the Group, the Group shall recognise (i) depreciation charge over the life of the right-of-use asset, and (ii) interest expenses amortised from the lease liability over the lease term. In accordance with the Listing Rules, the Company is required to set caps on the total value of right-of-use assets relating to the above leases.

Other amounts payable by the Group as lessee (including rent for those leases for a term of no more than one year) will be recorded as expenses by the Company over the remainder of term of the lease and separate caps will be set in accordance with the Listing Rules.

According to Board Letter, it is estimated that there will be 40 leases with a lease term for more than one year. Among which, there will be 39 leases with a lease term not more than three years and 1 leases ("**Long Term Leases**") with a lease term of five years. For the Long Term Leases, they include the lease of a retail venue for business purpose.

As advised by the Management, it is not uncommon for the company to rent the value-add services stores for more than three year such as five years. This is in order to promote the steady development of the value-added business and to consider setting up value-added service stores. The value-added services stores are "IZEE" brand product and service collection stores designed to promote the Company's value-added services and enhance brand exposure. Their business includes product retail, group purchasing, coffee and tea breaks, real estate brokerage consulting, and business cooperation discussions. As advised by the Company, retail will become the main business of the value-add services stores. Retail business is one of the value-added services under property management and related services of the Company.

Retail business focuses on service innovation and community business model practice, revolves around the core needs of property owners and customers, connects supply chain resources, and provides, amongst others, various food, daily necessities, and administrative office supplies to property owners and customers through offline exhibitions, markets, stores and other channels. In the future, as regards retail business, the Company will further expand its offline service matrix, broaden its sales channels, and provide this value-added service to more property owners and customers. These stores serve as important channels for brand image display and customer service extension, with clear commercial positioning and development plans. The Management also advised that there is no plan for relocating the value-add services stores in five years and the current capacity of the value-add services stores would be able to fulfill the five years plan of the Company. The Group will lease the value-add services stores from the Financial Street Group since 2026. The five years lease terms of the value-add services stores under 2026 Leasing Framework Agreement can stabilize the business operation of the Company and eliminate the potential cost of relocation. In light of the fact that value-added services stores will mainly operate as retail stores which is similar to retails and department stores operation nature, we conducted the researches on the six peers ("**the peers**") about the addresses of their respective retail shops, supermarkets and department stores in past three years based on their announcements or circulars at Stock Exchange.

The following table sets out the samples on leases period of stores operating business subsidiaries as lessees with its parent company listed on the Stock Exchange:

Name of the company	Stock code	Principal business	Nature of the operating stores	Lease period
Aeon Stores (Hong Kong) Co., Limited	984	The Group is principally engaged in the operation of general merchandise stores in Hong Kong and the PRC.	Supermarket	5–12
Parkson Retail Group Limited	3368	The principal activities of the Group are the operation and management of a network of department stores, shopping malls, outlets and supermarkets mainly in the PRC.	Department Stores	20
Lianhua Supermarket Holdings Co., Ltd.	980	The Company is principally engaged in retail chain business, including the operation of hypermarkets, supermarkets and convenience stores in the PRC.	Hypermarket, ancillary offices, warehouses and other commercial purposes	5.5
Shirble Department Store Holdings (China) Limited	312	The Group is principally engaged in the operation of department stores in the PRC. The Lessee is a wholly-owned subsidiary of the Company and its principal business is the operation of department stores in the PRC.	Department store	5
New World Department Store China Limited	825	The Group is principally engaged in department store and property investment operations in the PRC.	Department store	6–10.5
Beijing Jingkelong Company Limited	814	The Group is principally engaged in retail and wholesale distribution of daily consumer products, mainly operating supermarkets and convenience stores.	Supermarkets	5

Furthermore, in considering whether it is normal business practice for the 2026 Leasing Framework Agreement to have a term of such duration, We have identified and reviewed 6 listed companies listed on the Main Board of the Stock Exchange which are primarily engaged in retail business, specifically involving the leasing of retails stores supermarkets and department stores operation in the past three years ("**Comparable Transactions**") which are considered as recent transactions. We noted that the duration of the agreements of the Comparable Transactions ranged from 5 years to 20 years. As such, the lease period of the 2026 Leasing Framework Agreement, which is 5 years, falls within the range of those of the Comparable Transactions.

Having considered (i) the retail nature of the Long Term Leases is operating in the same industry of the peers; (ii) the area of the lease for the retail store to be operated by the Group is approximately 500 square meters, which is comparable to the size of small to medium stores or supermarkets operated by peers; (iii) the duration of the agreements of the Comparable Transactions regarding the retail nature shops ranged from 5 years to 20 years; and (iv) the value-add services stores with five years lease terms under 2026 Leasing Framework Agreement can stabilize the business operation of the Company and eliminate the potential cost of relocation, we are of the view that it is a normal business practice for a retail shop to be of such duration and is considered as common, fair and reasonable.

The Lease Annual Cap has been determined with reference to, among other things, the following factors:

(i) the historical value of the Group's right-of-use assets under the Leasing Framework Agreement, initially measured at the present value of lease payments discounted using the Group's incremental borrowing rate. Due to macroeconomic challenges during 2023 to 2025, the Group adopted a more conservative operational strategy, leading to a lower-than-expected number of leased properties and a low utilisation rate of the existing annual caps. Looking ahead to 2026 to 2028, the Group anticipates a gradual recovery in market conditions and an increase in leasing demand for retail and carpark spaces given the PRC government has repeatedly emphasized the importance of expanding domestic demand, promoting consumption, and increasing residents' income at various large-scale conferences, and has introduced corresponding policies, which the Group believes will bring about (i) expansion of scale of the Group's current retail and catering businesses, and thus giving rise to increases in demand for leasing business premises; and (ii) improvement of income expectations and consumption concepts, and thus giving rise to structural business opportunities in the operation of carpark spaces for residential, office, and commercial properties. Given the aforementioned anticipation, the Company plans to expand the scale of its catering, retail and carpark businesses, which will require leasing more properties for operation that forms part of the proposed lease annual caps.

    Retail business is one of the value-added services under property management and related services of the Company. Retail business focuses on service innovation and community business model practice, revolves around the core needs of property owners and customers, connects supply chain resources, and provides, amongst others, various food, daily necessities, and administrative office supplies to property owners and customers through offline exhibitions, markets, stores and other channels. In the future, as regards retail business, the Company will further expand its offline service matrix, broaden its sales channels, and provide this value-added service to more property owners and customers.

The Company has officially launched property agency business in 2025, and will conduct real estate operation business in a timely manner in the future. It will have leasing demand for real estate operation business such as offices, shops, and ordinary residences for customers, and therefore will create a buffer for the expansion of the property agency business and maintain the Lease Annual Cap at a level that is slightly lower than the previous annual cap.

(ii) it is expected that existing leases with the Financial Street Group and its associates will be renewed on substantially similar terms. Among these, 19 long-term leases (more than one year) will be renewed. The estimated value of right-of-use assets for the years ending 31 December 2026, 2027 and 2028 is approximately RMB18.6 million, RMB35.9 million and RMB17.5 million, respectively. 10 short-term leases (no more than one year) will be renewed. The rental expenses for the years ending 31 December 2026, 2027 and 2028 is approximately RMB8.7 million, RMB8.8 million and RMB10.5 million, respectively;

(iii) the expected increase in the right-of-use assets of 14 long-term (more than one year) carpark leases and the rental payments for 2 short-term (no more than one year) carpark leases to be entered into by the Group and Financial Street Group and its associates depending on the business development needs of the Group for the three years ending 31 December 2028, resulting in an estimated increase in the right-of-use assets of approximately RMB17.8 million, RMB40.7 million and RMB49.3 million for the three years ending 31 December 2026, 2027 and 2028, respectively, and an estimated increase in the rental expenses of approximately RMB5.7 million, RMB5.7 million and RMB5.7 million, respectively; and

(iv) the expected increase in the right-of-use assets of 7 long-term (more than one year) asset leases (for conducting asset operation and catering business) to be entered into between the Group and Financial Street Group and its associates for the three years ending 31 December 2028, resulting in an increase in the right-of-use assets of approximately RMB34.2 million, RMB3.9 million and RMB23.1 million for the three years ending 31 December 2028, respectively.

Our view on the Lease Annual Cap

In assessing the reasonableness and fairness of the Lease Annual Cap, we have discussed with the Management and note that the Lease Annual Cap for the three years ending 31 December 2028 are determined with reference to the following basis.

i) the historical transaction amount and the anticipated annual growth

Set out below are the original annual caps under the framework agreement for the three years ending 31 December 2025 and the historical transaction amount relating to the total rent for lease of properties payable by the Group to Financial Street Group and its associates:

	For the year ended 31 December		
	2023	**2024**	**2025**
	RMB million	*RMB million*	*RMB million*
Original annual caps			
Right-of-use assets (for those lease of which the lease term exceeds one year)	69.70	86.70	100.70
Other payments (including rent for those leases of which the lease term is no more than one year)	22.00	34.00	49.70

	For the year ended 31 December		**For the six months ended 30 June**
	2023	**2024**	**2025**
	RMB million	*RMB million*	*RMB million* (unaudited)
Historical transaction Amounts (right of use of assets)	12.77	32.11	3.91
Utilisation rate of the original annual caps (right of use of assets)	18.32%	37.04%	3.88%
Historical transaction amounts (other payments)	4.16	4.59	1.40
Utilisation rate of the original annual caps (other payments)	18.91%	13.50%	28.82%

Based on our discussion with the Management, we were advised that the low utilisation rate for the three years ended 31 December 2025 mainly due to macroeconomic challenges during 2023–2025, including but not limited to the Group adopted a more conservative operational strategy, there was a decrease and delay in the number of properties to be leased as compared to the original plan especially the commercial properties and car parking spaces.

In assessing the fairness and reasonableness of the Lease Annual Cap, we reviewed and discussed with the Management to understand the current business expansion plan of the Group including but not limited to the expansion of the value-add service business, property agency business and asset management business. According to the Company's interim report for the six months ended 30 June 2025, the Group accelerated the development of real estate agency and lifestyle services, focusing on service innovation and community business model implementation. The Group has set up its agency services through its wholly owned subsidiary Beijing IZEE Property Agency Co., Ltd. and will continue to expand its services in the future. It is expected that the property agency leasing will contribute approximately RMB10.2 million right of use of assets for the year ended 31 December 2026. We also reviewed the list of commercial properties for the property agency business, which primarily included commercial buildings for the agency's office and parking spaces of commercial and residential properties for its employees and outsiders, as provided by the Company. As advised by the Management, the Company commenced its property agency business in Beijing and is going to expand the property agency business to Tianjin in 2026. We concur with the Management and consider that the execution and development of the property agency business expansion plan are proceeding smoothly according to the Company's proposed timeline.

Also, we reviewed the list of commercial properties, car parking spaces and properties for catering business provided by the Company. As advised by the Management of the Company, the Company will be able to execute its original plan for leasing of commercial properties, car parking spaces and catering business properties in the future. As a result, it is expected that all existing leasing agreements entered into with Financial Street Group and its associates will be renewed with the existing terms and new lease contract property agency business will be engaged between the Group and the Financial Street Group and its associates for expansion purpose.

With the anticipation of stable business growth between the Group and Financial Street Group and its associates, it is considered that the total rent paid by the Group to the Financial Street Group and its associates will increase gradually for the year ended 31 December 2025 and for the next three years. Based on the information provided by the Company, the total amount of right-of-use assets to be recognised by the Group to the Financial Street Group and its associates will be amounted to approximately RMB70.68 million, RMB80.55 million and RMB89.95 million for the three years ended 31 December 2028 respectively. Approximately 26.3%, 44.6% and 19.5% of the Lease Annual Cap were contributed by the existing leasing agreements entered into with Financial Street Group and its associates assuming they will be renewed with the existing terms remain unchanged.

ii) the potential expansion of the value-added service business of the Group

As advised by the Management, the Group will focus on the development of the value-added services business in the future. The value-added business of the Group covered the asset operation business and consultancy business. In the view of expansion of the asset operation business, the Financial Street Group and its associates will lease the commercial properties and carparks for the asset operation business based on the business development needs of the Group for the three years ending 31 December 2028 for potential expansion of the Group. We were advised that the expected increase in the right-of-use assets is mainly attributed to the car parks and the asset operation business. The Company leases parking lots in the properties it manages, oversees them as a whole, and rents out the parking spaces, including hourly, monthly, and longer-term rentals. Therefore, it is expected that the asset management business will contribute an increase in the right-of-use assets of approximately RMB18.9 million, RMB nil and RMB20.6 million for the three years ending 31 December 2028, respectively. Also, the consultancy business will contribute an increase in the right-of-use assets of approximately RMB5.8 million for the year ended 31 December 2027.

We have reviewed the list of commercial properties provided by the Company and cross checked with latest 2025 interim report published on 19 August 2025 by Financial Street Holdings (the "**FSH Interim Report**"), we found that the number of commercial properties matches with the list.

We were advised that the parking spaces and commercial properties that are expected to lease from Financial Street Group and its associates for the three years ended 31 December 2028 and were confirmed that they are currently owned by the Financial Street Group and its associates. We reviewed the schedule for the estimated increases in right-of-use assets for different lease categories back to underlying supporting schedules, confirming alignment with operational plans. Moreover, we conducted researches at the websites of several major PRC property information websites, including but not limited to: Lianjia (www.lianjia.com), Beike (www.ke.com), Anjuke (www.anjuke.com), and Fang.com (www.fang.com), among other well-known property information platforms on the monthly rental of the parking spaces and the commercial properties beside and noted that the proposed rental are comparable to those of the parking spaces and commercial properties located in the same geographical area.

In view of i) the long business relationship between the Financial Street Group and the Group; ii) the new leasing agreements entered into with Financial Street Group and its associates will contribute majority of the Lease Annual Cap and is likely to execute for the three years ended 31 December 2028; and iii) the parking spaces and the commercial properties are controlled by the Financial Street Group, we concur with the Management's view and consider that the abovementioned proposal is likely to be executed in the next three years.

Taking into account the above, we are of the view that the 2026 Leasing Framework Agreement and the Lease Annual Cap are fair and reasonable.

B. 2026 Property Management Services Framework Agreement

i) Principal terms of the 2026 Property Management Services Framework Agreement

The principal terms of the 2026 Property Management Services Framework Agreement are set out below:

Date:	1 December 2025 (after trading hour)
Parties:	(i) the Company; and (ii) Financial Street Group
Term:	1 January 2026 to 31 December 2028
Subject matter:	Pursuant to the 2026 Property Management Services Framework Agreement, the Company, either directly, or indirectly through subsidiaries, agreed to provide property management services and related services ("**Property Management Services**") to Financial Street Group and its associates with respect to the following types of properties:

(i) properties owned by Financial Street Group and its associates or actually controlled by Financial Street Group and its associates with respect to which Financial Street Group and its associates have the right of possession, use, operation and disposal in accordance with laws and agreements; and

(ii) properties already developed by Financial Street Group and its associates but unsold, and/or properties already developed and sold but undelivered by Financial Street Group and its associates.

The related subsidiaries and associates of both parties shall enter into separate property management services agreements, and such agreements shall contain specific terms and conditions. Under the same condition, the terms of these property management services agreement shall be equivalent to the terms offered by Financial Street Group to other third parties.

Pricing policy: The property management fees to be charged pursuant to the 2026 Property Management Services Framework Agreement shall be determined after arm's length negotiations taking into account the location of the projects, the expected operational costs (including, amongst others, labour costs, material costs and administrative costs) with reference to the property management fees for similar services and similar types of projects in the market.

In order to ensure that the property management fees offered to the Financial Street Group by the Group are in line with the pricing policy and are fair and reasonable, the business department of the Group will be responsible for liaising the commercial terms, etc. of the property management service agreement with Financial Street Group. Furthermore, it will assess the necessity and fairness of the property management service agreement to be entered into with Financial Street Group. In assessing the fairness of the property management service agreement, the business department of the Group will take into account not less than three property management fees reference prices (the "**Property Management Fee Reference Prices**") obtained, subject to the availability, from either: (i) property management fees information readily available in the market; or (ii) the property management fees of property management service agreements previously entered into between the Group and other third parties of properties management service projects of similar nature and quality located in similar areas. The business department of the Group will ensure the property management fees offered by Financial Street Group will not be lower than the cost incurred in the provision of property management services (such as labour and material costs) by the Group and also the average of the Property Management Fee Reference Prices obtained by the Company. The Group will not enter into the property management service agreement with Financial Street Group if the business department is of the view that such property management service agreement is not in line with the pricing policy and is not fair and reasonable.

Condition precedent:	The terms of the 2026 Property Management Services Framework Agreement are subject to the Company having obtained any approval or notice as required by the Listing Rules or other applicable laws (including without limitation the approval of the Independent Shareholders at the EGM).

ii) Assessment on the principal terms of the 2026 Property Management Services Framework Agreement

In order to assess the fairness and reasonableness of the terms of the 2026 Property Management Services Framework Agreement, we have obtained the 2026 Property Management Services Framework Agreement, and the full contract list setting out the information of property management services contracts entered into between the Group and its customers for the financial year 2023, 2024 and for the six months ended 30 June 2025 (the "**PM Contract List**"). We selected the existing contracts between the Group and the Financial Street Group assuming the existing contracts will be renewed with the existing terms and samples of service contracts entered into between the Group and its independent third parties customers (the "**Independent Customers**") with reference to the PM Contract List.

We have also obtained summary of property management services project list for financial year 2026 to 2028 which comprising (i) the existing contracts that cover the financial year 2026 to 2028; (ii) the existing contracts will be expired during the year 2026 to 2028 and are expected to be renewed with the existing terms; and (iii) the new contracts to be engaged between the Group and the Financial Street Group and its associates.

We were advised that the related subsidiaries and associates of both parties shall enter into separate property management services agreements, and such agreements shall contain specific terms and conditions. Under the same condition, the terms of these property management services agreement shall be equivalent to the terms offered by Financial Street Group to other third parties. Also, we have selected, reviewed and compared 10 existing contracts consisting of 5 contracts between the Group and the Financial Street Group and 5 contracts between the Group and the Independent Customers for the two financial years ended 31 December 2023 and 2024, and for the six months ended 30 June 2025. The sample contracts were selected with services terms which fall into the following criteria: (i) property types covering commercial and business properties and non-commercial properties, which covered all types of properties managed by the Group; (ii) property management area fall within the most concentrated GFA range, of which transactions are with a sizable contract sums. This includes contracts with property management area between approximately 70,000 sq.m. and approximately 450,000 sq.m.; and (iii) each contract of Financial Street Group having a comparable contract of the Independent Customers with comparable project scales, locations of managed properties and property management services being provided by the Group (the "**PM Comparable Contracts**"). By comparing the terms of the contracts against the terms of the PM Comparable Contracts, we noted that the respective property management fee and other major contract terms of the existing contracts between the Group and the Financial Street Group for the two financial years ended 31 December 2023 and 2024, and for the six months ended 30 June 2025 which will be renewed with the existing terms unchanged during the financial years 2026 to 2028 including but not limited to the payment cycle (quarterly or semi-annually) and the late payment penalty percentage (0.03% per day after the due date) and calculations for each of the (i) commercial and business properties and non-commercial properties charged by the Group to the respective Financial Street Group and the Independent Customers are consistent with each other.

We have also enquired the Management and understand that the pricing policy agreed under the 2026 Property Management Services Framework Agreement was determined by making reference to the general pricing policy of the Group, that is, adopting the relevant market prevailing price by taking into account factors including the class of the properties, the geographic location of the properties, the scope of the services, and the associated operation cost, etc..

We have further reviewed the details of the contracts signed by the Group with respective Financial Street Group and the Independent Customers for financial year 2025 as compared to the corresponding contracts signed during the financial years 2023 and 2024, including but not limited to, the estimated GFA of the managed properties, the geographical regions of the properties and the detailed classification of property types, so as to make appropriate comparison of the unit price charged by the Group among the comparable contracts. We noted that the general contract terms including but not limited to the payment cycles, the default interest provisions and the price adjustment mechanisms and property management fee determined by the Group with the Financial Street Group and its associates and the Independent Customers regarding to the same type of managed properties in the financial year 2025 have no material deviation from those recorded for the financial year 2023 and 2024. We consider that the property management fee charged by the Group to Financial Street Group and the Independent Customers is not materially deviated from their corresponding historical property management fee level.

Given (i) there is no material deviation between the terms offered to Financial Street Group and to the Independent Customers, and (ii) the general property management fee charged to Financial Street Group has complied with the pricing policy such that the fees offered by Financial Street Group will not be lower than the cost incurred in the provision of property management services (such as labour and material costs) by the Group and also the average of the Property Management Fee Reference Prices and are comparable to the Independent Customers for similar properties and services provided, we concur with the Directors that the terms of the 2026 Property Management Services Framework Agreement are on normal commercial terms or with terms no more favourable to Financial Street Group than those offered to its Independent Customers, and it is in the interest of the Company and the Shareholders as a whole to continue to enter into the 2026 Property Management Services Framework Agreement with Financial Street Group so as to secure sustainable income from provision of property management services to Financial Street Group.

iii) The Property Management Services Annual Caps revision

Proposed Property Management Services Annual Caps and basis of determination

The following table sets out the Property Management Services Annual Caps for the three years ending 31 December 2028 under the 2026 Property Management Services Framework Agreement:

For the year ending 31 December		
2026	**2027**	**2028**
(RMB million)	*(RMB million)*	*(RMB million)*
347.70	386.32	452.54

The Property Management Services Annual Caps have been determined with reference to, among other things, the following factors:

(i) the historical transaction amounts based on the existing 175 property management contracts with Financial Street Group and its associates during the term of the 2026 Property Management Services Framework Agreement. Affected by macroeconomic factors such as the downturn of the real estate market, the property services industry has been impacted. Therefore, for the years ended 31 December 2023 and 2024, and the six months ended 30 June 2025, the actual demand for property management services for developed but undelivered properties was lower than expected. Meanwhile, during the period, some projects were affected by the increase in sales rates or rental rates, and the property service fees originally paid by connected parties were converted to payment by third parties as the Group's connected parties leased out or sold the properties to third parties tenants or owners. This led to a decrease in the amount of connected transactions and a low utilization rate of the existing annual cap under the property management service agreements. However, the Property Management Services Annual Caps are also determined after factoring in the fact that (i) the sales rates or rental rates of existing connected party projects by the Group's connected parties to third parties tenants or owners is expected to remain stable and thus the pertinent amount of connected transactions is expected to remain largely unchanged; (ii) the expected increase in connected party projects in the future also constitutes a portion of the amount of connected transactions; and (iii) the provision by the Company of a series of derivative value-added services based on the needs of connected parties will also lead to an increase in the amount of connected transactions.

With the improvement of the macroeconomic environment, the government's continuous efforts to stabilize the real estate market and prevent further decline, and the accelerated development of a new model for real estate development, it is expected that the delivery of real estate development projects will proceed as scheduled. Meanwhile, as Financial Street Group and its associates continue to deepen their presence and develop in sectors such as real estate development, asset operation, urban renewal business, education, healthcare, cultural tourism, finance, and emerging industries, the Group will have the opportunity to provide more property management and related services for such relevant businesses. As a result, it is expected that all property management services agreements entered into with Financial Street Group and its associates will be renewed upon expiry of the respective terms with the existing terms remain unchanged;

(ii) the estimation of the increase in demand of Financial Street Group and its associates for property management services. Based on the understanding of the Company, the communication between the Company and Financial Street Group and its associates and the scale of the existing properties owned by and the future business development of Financial Street Group and its associates, the property management fees will increase due to the following factors: (i) as customers' requirements for the quality and efficiency of office, leisure and living services continue to rise, the demand for high-quality property management services will become more prominent, which will lead to an increase in the property management fees in the future. Therefore, there is room for a certain increase in the property service fees going forward; and (ii) in addition to property management services, a series of value-added services derived from property management services will be launched in the future, thereby driving up the property management fees. For the years ended 31 December 2026, 2027 and 2028, it is expected that the service fees will increase of approximately RMB157.1 million, RMB162.6 million and RMB221.7 million respectively, which will result from the addition of 67, 65 and 62 property management contracts in each respective year based on the expected rate of renewal of the existing property management contracts with the Group's connected parties which is expected to be approximately 100% and the new projects of Financial Street Group in the coming years that will request property management services from the Group; and

(iii) the volume of property management services that Financial Street Group and its associates require from the Group as a proportion of the total property management services required by Financial Street Group and its associates will remain steady.

Our view on the Property Management Services Annual Caps

In assessing the reasonableness and fairness of the Property Management Services Annual Caps, we have discussed with the Management and note that the Property Management Services Annual Caps for the years ending 31 December 2026, 2027 and 2028 are determined with reference to the following basis.

(i) historical transaction amounts based on existing property management projects with Financial Street Group and its associates during the term of the 2026 Property Management Services Framework Agreement

Review of the historical transaction amount

Set out below are the original annual caps under the framework agreement for the three years ending 31 December 2025 and the historical transaction amount relating to the provision of Property Management Services by the Group to Financial Street Group and its associates:

	For the year ended 31 December		
	2023	**2024**	**2025**
	RMB million	*RMB million*	*RMB million*
Original annual caps	431.8	455.4	505.4

	For the year ended 31 December		**For the six months ended 30 June**
	2023	**2024**	**2025**
	RMB million	*RMB million*	*RMB million* (unaudited)
Historical transaction amount	180.3	172.2	57.48[1]
Utilisation rate of the original annual caps	41.76%	37.81%	11.38%

Note:

1. The figure represents the fee amount for the six months ended 30 June 2025, which is based on the management account of the Company.

As illustrated in the table above, we note that the utilisation rate of the original annual caps for the two years ending 31 December 2024 amounted to approximately 41.8% and 37.8% respectively. As advised by the Management, the historical transaction amount with Financial Street Group and its associates for the six months ended 30 June 2025 amounted approximately RMB57.5 million. The utilization rate of the original annual caps for the year ended 31 December 2025 is estimated to be approximately 25% by taking into account the historical transaction amount with Financial Street Group and its associates for the six months ended 30 June 2025. Based on the latest information available to the Company, the Directors expect that the transaction amount relating to the provision of Property Management Services by the Group to Financial Street Group for the three years ended 31 December 2028 will increase gradually as all existing property management service agreements entered into with Financial Street Group and its associates will be renewed with the existing terms remain unchanged and the utilisation rate is expected to be increased as the Group adjusted the Property Management Services Annual Caps to a lower value comparing with the previous annual caps. The Property Management Services Annual Caps is considered as fair and reasonable which reflects i) approximately 10.5% to 19.5% downward adjustment to the previous annual caps was imposed to reflect the government's ongoing efforts to stabilize the real estate market, combined with the current developments in the industry; ii) estimated new phases/units of existing projects sourced from Financial Street Group and its associates to be completed and delivered in the coming three years; and iii) estimated new property management projects to be obtained from Financial Street Group and its associates and delivered in the coming three years in addition to the property management fee generated from the existing property management projects. Accordingly, the Management decided to revise the original annual caps to Property Management Services Annual Caps to cope with the future development of the Group.

(ii) The estimate increase in amount of the connected transactions contemplated under the 2026 Property Management Services Framework Agreement

As advised by the Management, the Property Management Services Annual Caps are determined with reference to the (i) historical transaction amounts based on approximately 175 existing property management contracts representing a revenue of approximately RMB190.6 million, RMB223.7 million and RMB230.8 million for the year ending 31 December 2026, 2027 and 2028, respectively; with Financial Street Group and its associates during the term of the 2026 Property Management Services Framework Agreement which represents 54.8%, 57.9% and 51.0% of the Property Management Services Annual Caps; and (ii) additional revenue to be generated from estimated new phases/units of existing contracts and estimated new property management projects to be obtained from Financial Street Group and its associates to be completed and delivered in the coming three years, representing 67, 65 and 62 service contracts for the year ending 31 December 2026, 2027 and 2028 and revenue of approximately RMB157.1 million, RMB162.6 million and RMB221.7 million for the year ending 31 December 2026, 2027 and 2028, respectively, with an anticipated increase in total contracted GFA.

As advised by the Management, the Financial Street Group and its associates will maintain a long-term business relationship with the Group and expect to provide the growth opportunities in the Property Management Services segment to the Group. We have reviewed and sample checked Financial Street Group and its associates properties and the list of additional investment properties and cross checked with the FSH Interim Report, we noted that the names and locations of the related properties match with the list. Also, as per the Management, we were confirmed that they are currently owned by the Financial Street Group and its associates. We reviewed the Company's business plan to support its estimation on upcoming projects, in particular the estimated new property management projects to be obtained from Financial Street Group and its associates to be completed and delivered in the coming three years. Moreover, we conducted researches on the monthly management fee per square meter of the investment properties besides and noted that the proposed management fee per square meter are comparable to those of the investment properties located in the similar geographical area.

(i) Also, we have enquired with the Management and noted that owing to

    (i) the increase in property management fee in the future as the residents' demands for living standards continue to rise, the demand for high-quality property management services will become more pronounced. Therefore, there will be some room for an increase in property service fees in the future; and

    (ii) a series of value-added services will be developed in addition to the property management services in the future, including property agency services, labor services, and group catering services, which lead to an increase in property management fee. Therefore, it demonstrates the annual caps should be maintained at a level to provide a buffer for the increment of the property management fee. It is estimated that approximately RMB347.7 million, RMB386.3 million and RMB452.5 million property management income will be generated from the existing and new projects from Financial Street Group and its associates. Therefore, it is considered that the

Property Management Services Annual Caps is just sufficient to cope with the demand of Financial Street Group for property management services; and

(iii) With the improvement of the macroeconomic environment and the government's continued promotion of the real estate market to stabilize, the construction of a new real estate development model has been accelerated. It is expected that real estate development projects will be delivered as scheduled. The demand in the Property Management Services from Financial Street Group will increase due to additional revenue to be generated from new phases/units of existing projects and new property management projects assigned by Financial Street Group and its associates to be completed and delivered in the coming three years and the potential increase in property management fee due to the value- added services provided.

we concur with the Directors that the basis of determining the Property Management Services Annual Caps is reasonable.

C. 2026 Deposit Service Framework Agreement

i) Principal terms of the 2026 Deposit Service Framework Agreement

The principal terms of the 2026 Deposit Service Framework Agreement are set out below:

Date:	1 December 2025 (after trading hours)
Parties:	(i) the Company; and (ii) FS Finance.
Term:	1 January 2026 to 31 December 2028
Subject matter:	Pursuant to the 2026 Deposit Service Framework Agreement, FS Finance shall provide the Deposit Services to the Group. The Deposit Service Framework Agreement does not restrict the Group's use of services provided by other commercial banks or independent financial institutions. The Group may (but is not obliged to) use the Deposit Services provided by FS Finance.

Pricing policy:	FS Finance undertakes to provide the Deposit Services to the Group according to the following pricing policy with the interest rate in respect of the deposits placed by the Group with FS Finance will be equal to or higher than the average interest rate offered by independent major PRC state-owned commercial banks for comparable deposits of the same type and term. In order to ensure that the deposit interest rate and commercial terms provided by FS Finance are in line with the pricing policy and are fair and reasonable, the Company's finance department was responsible for liaising the commercial terms, etc. of the deposit service agreement with FS Finance, and has compared deposit services of the same type and term provided by FS Finance with those offered by other independent major PRC state-owned commercial banks (i.e. China Construction Bank, Industrial and Commercial Bank of China, Agricultural Bank of China or Bank of China etc.), and also obtain not less than three quotations on deposits via conducting online enquiries. The above steps would ensure the interest rate to be provided by FS Finance to the Group will be equal to or higher than the average interest rate offered by the comparable banks for comparable deposits of the same type and term. Furthermore, the Company's finance department will also quarterly monitor and confirm that the applicable interest rates provided by FS Finance to the Group will not be lower than the interest rates of the above-mentioned four PRC state-owned commercial banks as provided in their quotations.
Condition precedent:	The terms of the 2026 Deposit Service Framework Agreement are subject to the Company having obtained any approval or notice as required by the Listing Rules or other applicable laws (including without limitation the approval of the Independent Shareholders at the EGM).

For the current deposit, the Group could withdraw the deposit from FS finance and independent major PRC state-owned commercial banks at any time and without any restrictions. For the fixed deposit, there will not be any penalty for early withdrawal from FS finance and independent major PRC state-owned commercial banks by the Group at any time.

ii) Assessment of the terms of the 2026 Deposit Service Framework Agreement

In order to assess the fairness and reasonableness of the terms of the 2026 Deposit Service Framework Agreement, we have obtained and reviewed the Deposit Service Framework Agreement, the 2026 Deposit Service Framework Agreement, the Company's internal control policy and the list of deposits setting out the information of all the deposit status within the financial year 2025 between (i) the Group and FS Finance; and (ii) the Group and independent commercial banks (the "**List of Deposits**"). We have reviewed 10 sample deposit contracts between the Group and FS Finance from the List of Deposits for the two financial years ended 31 December 2023 and 2024, and for the six months ended 30 June 2025, to examine whether the deposit interest rates and other commercial terms provided by FS Finance are in line with the pricing policy specified in the Deposit Service Framework Agreement which is similar to the pricing policy stated in the 2026 Deposit Service Framework Agreement.

According to the List of Deposits, we were able to compare the interest rates with respect to each type of Deposit Services including current deposit, fixed deposit and corporate deposit offered by FS Finance against the similar type of Deposit Services with comparable duration and size offered by independent commercial banks for each quarter of the financial year 2025. We noted that the deposit interest rates offered by FS Finance ranged from approximately 0.45% to 2.05% for each type of the Deposit Services; while the corresponding interest rates offered by independent commercial banks ranged from approximately 0.05% to 1.35%. We found that by making comparison between each similar type of Deposit Services with comparable duration and size offered by FS Finance and independent commercial banks which the Group engaged during the same quarter of the financial year 2025, the interest rates offered by FS Finance were more favourable compared to those offered by independent commercial banks, we consider that the deposit interest rates offered by the FS finance are fair and reasonable and the pricing terms of the sample contracts entered into with FS Finance are not less favourable than those entered into by the Company with independent third parties. We noted that the interest rates charged by FS Finance have complied with the pricing policy. Also, we were advised that, in general practice, for the current deposit, the Group could withdraw the deposit from FS finance and independent major PRC state-owned commercial banks at any time and without any restrictions. For the fixed deposit, there will not be any penalty for early withdrawal from FS finance and independent major PRC state-owned commercial banks by the Group at any time. We also compared the major terms of the contracts such as service fees and the restrictions on deposit withdrawal procedures. It is considered that these arrangements are more favourable to the Group and expected to remain unchanged during the terms of the 2026 Deposit Service Framework Agreement.

We understand that the Company will ensure that the deposit interest rate and commercial terms provided by FS Finance are in line with the pricing policy and are fair and reasonable, the Company's finance department was responsible for liaising the commercial terms, etc. of the deposit service agreement with FS Finance, and has compared deposit services of the same type and term provided by FS Finance with those offered by other independent major PRC state-owned commercial banks (such as China Construction Bank, Industrial and Commercial Bank of China, Agricultural Bank of China or Bank of China, etc.), and also obtain not less than three quotations on deposits via conducting online enquiries. The pricing policy would ensure the interest rate to be provided by FS Finance to the Group will be equal to or higher than the average interest rate offered by the comparable banks for comparable deposits of the same type and term. Furthermore, the Company's finance department will also quarterly monitor and confirm that the applicable interest rates provided by FS Finance to the Group will not be lower than the interest rates of other major PRC state-owned commercial banks as provided in their quotations. Based on the list of deposits and the samples deposit contracts provided by the Company, we noted that the Group followed the abovementioned pricing policy. Also, in view of the pricing policy can ensure that the interest rates offered by FS Finance to the Group were equal to or higher than the interest rates offered by the comparable banks for comparable deposits of the same type and term and creates a more favorable option to the Group, we consider that the pricing policy is fair and reasonable and on normal commercial terms.

Also, as the 2026 Deposit Service Framework Agreement is made on a non-commitment basis, the Group has the discretion in deciding whether or not to use the Deposit Services provided by FS Finance. The Group is not obliged to use the Deposit Services provided by FS Finance if it decided not to do so. The Group is free to choose the most beneficial interest rates, including depositing a sizable portion of its cash with FS Finance if indeed that is the best option.

Having considered that (i) the interest rates offered by FS Finance were more favourable compared to those offered by independent commercial banks to the Group with respect to the similar type of Deposit Services with comparable duration and size under same period of time; (ii) other commercial terms offered by FS Finance were no less favourable than that offered by independent commercial banks to the Group with respect to the similar type of Deposit Service; and (iii) the Group has sole discretion to make its selection according to the relevant conditions and quality of services being delivered by other commercial banks or FS Finance, we concur with the Directors' view that the terms of the Deposit Service Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

iii) *The Deposit Service Annual Caps revision*

Existing annual caps and historical transaction amounts

The following table sets out the existing annual caps, the historical maximum daily deposit balances and accrued interests our Group deposited with FS Finance:

	For the year ending 31 December		
	2023	**2024**	**2025**
	(RMB million)	*(RMB million)*	*(RMB million)*
Existing annual caps			
Maximum daily deposit balance	1,000	1,000	1,000
Maximum interest income	10.4	10.4	10.4

	For the year ended 31 December		For the six months ended 30 June
	2023	**2024**	**2025**
	(RMB million)	*(RMB million)*	*(RMB million)*
Historical transaction amounts			
Maximum daily deposit balance	367.98	380.83	402.47[1]
% to existing annual caps	36.80%	38.08%	40.25%
Maximum interest income	5.07	5.13	2.71[1]
% to existing annual caps	48.75%	49.33%	26.06%

Note:

1. The figure represents the maximum deposit balance (including accrued interests) for the six months ended 30 June 2025 based on the Company's management accounts and was an estimation only.

Proposed Deposit Service Annual Caps and basis of determination

The following table sets out the Deposit Service Annual Caps for the three years ending 31 December 2028 under the 2026 Deposit Service Framework Agreement:

	For the year ending 31 December		
	2026	**2027**	**2028**
	(RMB million)	*(RMB million)*	*(RMB million)*
Maximum daily deposit balance	1,000	1,060	1,120
Maximum interest income	15.12	16.02	16.93

The Deposit Service Annual Caps have been determined with reference to, among other things, the following factors:

In relation to the deposit amount

(i) the historical transaction amounts of the Deposit Services: The maximum daily deposit balances placed by the Group with FS Finance for each of the two years ended 31 December 2023 and 2024 and for the six months ended 30 June 2025 was RMB367.98 million, RMB380.83 million and RMB402.47 million, respectively, and as the Group has adopted a prudent and risk diversification investment approach, it has not utilised the annual cap in the previous years and has deposited its cash in different financial institutions;

(ii) the historical cash position of the Group: the cash and cash equivalents of the Group as at 31 December 2023 and 2024 and 30 June 2025 was RMB1,316.2 million, RMB1,458.6 million and RMB1,424.4 million respectively; and

(iii) the Deposit Services will be obtained by the Group on a voluntary and non- exclusive basis. There is no restriction under the 2026 Deposit Service Framework Agreement on the Group's use of Deposit Services from other commercial banks or independent financial institutions; the Group has sole discretion to make its selection according to the relevant conditions and quality of services being delivered by other commercial banks or independent financial institutions. In general, other than FS Finance, the Group also places cash deposits with other commercial banks and independent financial institutions in the PRC.

Before placing deposits with FS Finance, the Company has carried out several due diligence works on FS Finance, including but not limited to inspection of its business certificates and certificate of incorporation, checking of legal compliance status of FS Finance and inspection of the financial report of FS Finance for the most recent financial year, to ensure FS Finance is entitled to and capable of providing financial services. Considering: (i) FS Finance has obtained all the relevant licences to provide Deposit Services; (ii) there exists no legal non-compliance incident by FS Finance; (iii) FS Finance is a non-bank financial institution subject to supervision of the National Financial Regulatory Administration (國家金融監督管理總局) and shall operate business in accordance with the Measures for the Administration of Finance Companies of Enterprise Groups (《企業集團財務公司管理辦法》) (the "**Administrative Measures**"), which sets forth several rules/measures on supervision, management and risk control with regard to operating finance companies of enterprise groups, including but not limited to maintaining certain financial ratios and reporting to the NFRA; and (iv) compare to the Major Supervisory Indicators of Commercial Banking Institutions* (商業銀行主要監管指標情況表) published on the website of the NFRA which states that the bad debt ratio and capital adequacy ratio of commercial banks in the PRC in second quarter of 2025 were approximately 1.49% and 15.58%, respectively. Whilst the respective financial ratios of FS Finance is approximately nil and 26.2% as at 30 June 2025, thus FS Finance's financial ratios show a better performance than those of the independent major state-owned commercial banks in the PRC. Also, in view of (i) FS Finance has obtained all the relevant licences to provide Deposit Services; (ii) there exists no legal non-compliance incident by FS Finance; (iii) FS Finance is a non-bank financial institution subject to supervision of NFRA; (iv) FS Finance's financial ratios show a better performance than those of the independent major state-owned commercial banks in the PRC by comparing the data in website of the NFRA with the financial data of the FS Finance; (v) as advised by the Management, the Group did not encounter any recoverability problem with the deposits placed with FS Finance; and (vi) in view of the long-term cooperation relationship, the strong state-owned enterprise background and good credit records and being subject to highly-regulated requirements of FS Finance, the Company also considers that placing deposits with FS Finance, if to the extend of the maximum daily deposit balances, will not result in concentration risk. We concur with the Directors that the credit risk for placing deposits with FS Finance is minimal and the credit risk assessment work performed by the Company in relation to the recoverability of the deposits placed with FS Finance is sufficient.

In relation to the interest amount

(i) the percentage, being approximately 1.5%, of the total deposits by the Company with FS Finance being kept in current account. Such percentage is derived from the average percentage of the total deposit by the Company with FS Finance being kept in current account as at 31 December 2022, 2023 and 2024 and 30 June 2025;

(ii) the percentage, being approximately 73.5%, of the total deposits by the Company with FS Finance being kept in corporate deposit and 7-day notification deposit. Such percentage is derived from the average percentage of the total deposit by the Company with FS Finance being kept in corporate deposit and 7-day notification deposit as at 31 December 2022, 2023 and 2024 and 30 June 2025;

(iii) the percentage, being approximately 25%, of the total deposits by the Company with FS Finance being kept as fixed deposit. Such percentage is derived from the average percentage of the total deposit by the Company with FS Finance being kept as fixed deposit as at 31 December 2022, 2023 and 2024 and 30 June 2025; and

(iv) the projected maximum interest rate to be offered by FS Finance of approximately 2.05% for fixed deposit, approximately 1.35% for corporate deposit and 7-day notification deposit and approximately 0.45% for current deposit during the term of the 2026 Deposit Service Framework Agreement, which is in compliance with the pricing policy (i.e., higher than the average interest rate offered by independent major PRC state-owned commercial banks for comparable deposits of the same type and term) and determined based on the RMB deposit benchmark interest rate issued by the People's Bank of China, and within the scope of guidance issued by the People's Bank of China.

Our view on the Deposit Service Annual Caps

In assessing the fairness and reasonableness of the Deposit Service Annual Caps, we reviewed the relevant information provided by the Company and discussed with the Management on the basis and assumptions of determining the Deposit Service Annual Caps and formed our opinion after considering the following factors: As noted from Board Letter, the Deposit Service Annual Caps remains the same as the historical annual caps after the Company has taken into account, including but not limited to:

(i) the historical transaction amounts of the Deposit Services between the Group and FS Finance and the high cash level maintained by the Group all the time.

The Group recorded the historical maximum daily deposit balances (including accrued interests) deposited with FS Finance amounted to approximately RMB373.1 million, RMB386.0 million and RMB405.2 million, for the year ended 31 December 2023, 2024 and for the six months ended 30 June 2025 respectively. It is comparable to the historical maximum daily deposit balances for the year ended 31 December 2023, 31 December 2024 and for the six months ended 30 June 2025. As advised by the Management, it is expected that the maximum daily deposit balances will increase gradually in the coming three years due to the high level of idle cash retained by the Group.

According to the 2025 Company interim report, the Group maintained cash and cash equivalents amounted approximately RMB1.4 billion as at 30 June 2024 and 2025. In view of the gradual increase in historical maximum daily deposit balances and cash and cash equivalents balance is much larger than the Deposit Service Annual Caps at all time, it is considered that the Deposit Service Annual Caps is reasonable and just sufficient to meet the operation need of the Group if it decides to deposit most of the idle cash in FS Finance.

(ii) The expansion of business operation will fuel the Group's cash flow generated from the operating activities

According to the Company interim report, we noted that the revenue of the Group increased by approximately 16.9% from approximately RMB813.694 million for the six months ended 30 June 2024 to approximately RMB951.377 million for the six months ended 30 June 2025. Such increase was primarily driven by the increase in GFA under management arising from the rapid increase in the projects undertaken by the Group. Further, the Group would continue to optimize the value-added business operating mechanism based on the characteristics of projects under management and current actual conditions of value-added services, establishing a three-tiered collaboration of "headquarters-regional business units-projects". The Group accelerated the development of real estate agency and lifestyle services as well as the self-owned value added service brand, namely "IZEE" (怡己), focusing on service innovation and community business model implementation. As advised by the Management, it is believed that the business expansion will continue in the coming years and it will further boost up the cash level as well as the demand in Deposit Services to be provided by FS Finance. In view of the abovementioned, it is considered that the Deposit Service Annual Caps is reasonable.

Also, we have been advised by the Management that, when determining the interest amount of the Deposit Service Annual Caps, the Company has made reference to the average daily balance deposited in FS Finance amongst current accounts and fixed deposits as at 31 December 2023 and 2024 and 30 June 2025, and noted that approximately 1.5% of the average daily balance were maintained in current accounts, approximately 73.5% of the average daily balance were maintained in agreement deposit and 7-day call deposit accounts and with the remaining balance was kept as fixed deposits. The management then determined interest amount of the Deposit Service Annual Caps to be the weighted sum of (i) 1.5% of the Deposit Service Annual Caps with the projected maximum current account interest rate of approximately 0.45%; (ii) 73.5% of the Deposit Service Annual Caps with the projected maximum interest rate of the agreement deposit and 7-day call deposit accounts of approximately 1.35%; and (iii) 25% of the Deposit Service Annual Caps with the projected maximum one-year fixed deposit interest rate of 2.05%. We reviewed the calculation provided by the Company and no material deviation was found.

INTERNAL CONTROL MEASURES

Subject to the general principle disclosed above,

(i) the Group will maintain a database of fees paid to the Group in respect of property management services, which is compiled by property type, geographical location of the property, the scope of property management services to be provided by the Group and the identity of the customer;

(ii) the Group will closely observe the market conditions and monitor the prevailing market prices or market rates, including the pricings of transactions between the Group and independent third parties in respect of similar services or materials. Before entering into any connected transactions, the relevant business departments of the Group will compare at least three quotations obtained according to the respective pricing policies. Accordingly, the Company ensures that the pricing terms under the framework agreements are on normal commercial terms, in line with the pricing policy, and that the interest rates offered by FS Finance will be equal to or higher than the average interest rates provided by independent major PRC state-owned commercial banks for comparable deposits of the same type and term, and no less favorable than those available from independent third parties;

(iii) the connected transaction panel (consists of members from the office of the Board, financial management center, and compliance and audit center) of the Company will be responsible for regular monitoring of the continuing connected transaction contemplated under the 2026 Leasing Framework Agreement, the 2026 Property Management Services Framework Agreement and the 2026 Deposit Service Framework Agreement to ensure that the Lease Annual Caps, Property Management Services Annual Caps and Deposit Service Annual Caps will not be exceeded. When the transaction volume approaches 90% of the Lease Annual Caps, Property Management Services Annual Caps and Deposit Service Annual Cap for the respective financial year, the connected transaction panel will report immediately to the management and the Board and the Group will cease to enter into any new transaction;

(iv) prior to entering into any transactions contemplated under the 2026 Leasing Framework Agreement, the 2026 Property Management Services Framework Agreement and the 2026 Deposit Service Framework Agreement, the relevant key management personnel of various business departments of the Group will review and assess the specific terms and conditions of the transactions to ensure their consistency with the 2026 Leasing Framework Agreement, the 2026 Property Management Services Framework Agreement and the 2026 Deposit Service Framework Agreement. The relevant officers will examine, among others, (a) information of the parties; (b)the terms of the agreement and compare it with the terms of similar services offered by Independent Third Parties; (c) the type and scope of services to be provided by the Group thereunder; and (d) whether the contract price is in line with the relevant pricing policies, in order to ensure comments (if any) from various departments of the Group will be properly addressed;

(v) the Company will engage its auditors to conduct an annual review of the continuing connected transactions to be conducted pursuant to the 2026 Leasing Framework Agreement, the 2026 Property Management Services Framework Agreement and the 2026 Deposit Service Framework Agreement; and

(vi) the independent non-executive Directors will review the continuing connected transactions to be conducted pursuant to the 2026 Leasing Framework Agreement, the 2026 Property Management Services Framework Agreement and the 2026 Deposit Service Framework Agreement on an annual basis and confirm whether such continuing connected transactions have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and in accordance with the 2026 Leasing Framework Agreement, the 2026 Property Management Services Framework Agreement and the 2026 Deposit Service Framework Agreement on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

In view of the above, we consider that the terms of reference, if implemented effectively by the Company, are sufficient to safeguard Shareholders' interest in the provision the Renewal of Connected Transactions Framework Agreements. We have reviewed the internal control manual concerning the aforementioned continuing connected transactions. As at the date of this letter, we are not aware of any matters which would affect the effectiveness of the implementation. Accordingly, we are of the view that the internal control procedures are in place and in compliance with the internal measures as mentioned above.

OPINION AND RECOMMENDATIONS

Having considered the above principal factors and reasons, we are of the view that the Renewal of Connected Transactions Framework Agreements and the related caps are (i) in the ordinary and usual course of the business of the Group; (ii) on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we also recommend Independent Shareholders to vote in favour of the relevant resolution for approving the 2026 Leasing Framework Agreement, the 2026 Property Management Services Framework Agreement and the 2026 Deposit Service Framework Agreement and the related annual caps at the EGM.

Yours faithfully,
For and on behalf of
First Global Corporate Finance Co., Ltd.

Jason Wong
Executive Director
Responsible Officer

Mr. Jason Wong is currently an executive director and responsible officer of First Global Corporate Finance Co., Ltd. to carry out Type 6 (advising on corporate finance) regulated activities under the SFO. Mr. Wong has over 11 years of experience in the corporate finance industry, and has participated in the provision of financial advisory and independent financial advisory services for various connected transactions involving companies listed in Hong Kong.